

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

<b>Reference Number:</b>	4072
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<b>Subject:</b>	2020-21 Asset Valuations
<b>Total Value:</b>	Exempt (Type: Revenue)
<b>Decision Being Taken:</b>	<ol style="list-style-type: none"><li>1) To approve the procurement of an external valuer(s) to complete a number of specialist asset valuations for accounts purposes;</li><li>2) To approve the expenditure for the external valuation work (amount contained in the exempt appendix);</li><li>3) To undertake a compliant procurement process to appoint a valuer(s) or to seek quotes from specialist valuers for specific unique assets identified in the exempt appendix; and</li><li>4) To delegate approval to the Director for Economic Growth and Property to appoint a valuer(s) to complete the external asset valuation work.</li></ol>
<b>Reasons for the Decision(s)</b>	<p>In accordance with the Code of Practice on Local Authority Accounting and International Financial Reporting Standards (IFRS) Nottingham City Council is required to complete revaluations of its operational and non-operational assets including Investment Properties, Surplus Assets, Assets Held for Sale, Council Dwellings, Operational Property, Specialised High Value Plant and Equipment.</p> <p>The valuations are completed on a number of bases including Fair Value, Depreciated Replacement Cost Method and Existing Use Value. The Council holds/controls a wide variety of property types and in various locations which requires specialist external input.</p>
<b>Other Options Considered:</b>	Not to appoint external valuers - this option has been rejected as in house officers do not have the relevant skills or experience to value the properties.
<b>Background Papers:</b>	None

<b>Published Works:</b>	None
<b>Affected Wards:</b>	Citywide
<b>Colleague / Councillor Interests:</b>	None
<b>Any Information Exempt from publication:</b>	Yes
<b>Exempt Information:</b>	
<b>Description of what is exempt:</b>	<p>Details of the proposed fee for completing the work and details of the valuations.</p> <p>An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972</p>
<b>3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).</b>	The public interest in maintaining the exemption outweighs the public interest in disclosing the information because it contains details of the potential cost of the work which it would not be appropriate to make public ahead of the tenders/quotes being received because it could affect the tenders/ quotes.
<b>Documents exempt from publication:</b>	2020-21 External Valuer Proposal V3 23.11.20.docx
<b>Use of Consultants</b>	<p><b>Number of Days:</b>80</p> <p><b>Rate per Day:</b>91 Ya dh</p> <p><b>Total value:</b>91 Ya dh</p> <p><b>Start date:</b>14/12/2020</p> <p><b>End date:</b>19/03/2021</p>
<b>Reason for using a consultant:</b>	The Council does not have the skills or expertise in house to complete the required valuations to the standard expected to comply with IFRS rules, the RICS requirements and the requirements of our external auditors.
<b>Other options considered:</b>	Not to use external valuers - this option has been rejected as the Council will not be able to complete the required valuations which are a statutory requirement.

<b>Name of consultant:</b>	To be confirmed after procurement process.
<b>Reason for selection?</b>	The consultant will be selected on their ability to complete the valuations in the timeframe required and for the best value. Given the bespoke nature of some of the valuations we may have to appoint more than one consultant.
<b>Has the consultant previously completed work for the City Council?</b>	The consultants being approached have all completed work for the Council over the past 5 years.
<b>Specific activities to be undertaken by the consultant are:</b>	To provide IFRS and RICS compliant valuations for use within our statutory accounts.
<b>Period of engagement:</b>	80 days
<b>By what process was the consultant selected?</b>	The consultant will be asked to submit a tender/quote along with confirmation that they can complete the instruction in the time frame required.
<b>Consultations:</b>	Those not consulted are not directly affected by the decision.
<b>Crime and Disorder Implications:</b>	There are no crime and disorder implications associated with this decision.
<b>Equality:</b>	EIA not required. Reasons: The decision does not relate to Council policy, services or functions.
<b>Social Value Considerations:</b>	Not applicable
<b>Relates to staffing:</b>	Yes
<b>Relates to Council Property Assets:</b>	Yes
<b>Decision Type:</b>	Portfolio Holder
<b>Subject to Call In:</b>	Yes
<b>Call In Expiry date:</b>	21/12/2020
<b>Advice Sought:</b>	Legal, Finance, Procurement, Human Resources, Property

**Legal Advice:**

This report seeks authority to award appoint a specialist property asset valuer. Provided the award of the contract is made in accordance with the City Council's Financial Regulations this report does not raise any significant legal issues. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 30/11/2020.

**Finance Advice:**

The Council is required to prepare annual Financial Statements which comply with the Code of Practice on Local Authority Accounting and recognised International Financial Reporting Standards (IFRS). The timelines for the completion of the draft and final accounts are subject to statutory deadlines with the accounts being subsequently reviewed and tested by the council's external auditors, currently Grant Thornton.

Compliance with the requirements of the accounting framework within statutory deadlines necessitates the support of both internal and external valuation specialists, working to recognised RICS standards.

As detailed in the exempt appendix these asset value have carry a material value and therefore asset valuations have become a key focus point for external audit. The level of support contained within this decision is considered essential to providing the level of assurance requested by the external auditors.

The funding for this decision is yet to be identified, so further work is to be undertaken and resources secured prior to awarding any contracts.

This decision doesn't mitigate the current risk the Council is facing regarding Depreciated Replacement Cost valuations (Balance Sheet value c£650m), shown within the 'Internal Valuers' section of the exempt appendix. At present there is a budget gap in Design Services and the Council has a single point of failure who is employed externally to the Council (i.e. agency).

Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 23/11/2020.

**HR Advice:**

Management should carefully consider the need for Consultants in light of current processes underway. However, an exploration of internal resources has been considered and the Council does not have the skills or expertise in house to complete the required valuations to the standard expected in order to comply with appropriate regulations and rules.

The Council's policy and procedures on sourcing consultants through the E-Tips and GRI frameworks should be reviewed if not already done so. However, due to the level of expertise required, the manager should engage with procurement to source appropriate resources.

The proposal to engage a Consultant due to the specialist nature of the work is therefore supported. Advice provided by Leanne Sharp (Service Redesign Consultant) on 08/12/2020.

**Property Advice:**

Specialist valuation advice is required for a variety of assets the Council own to ensure compliance with financial regulations. In addition support is required for asset valuations to make sure the strict timelines set are met and the appointment of external valuers will support this. Advice provided by Pippa Hall (Portfolio and Investment Manager) on 25/11/2020.

**Procurement Advice:**

**There are no procurement issues with the decision being sought. The proposed approach is acceptable at the values indicated, and the Procurement Team will work with Property Services to ensure the appointments are made in accordance with Contract Procedure Rules. Advice provided by Jonathan Whitmarsh (Lead Procurement Officer) on 20/11/2020.**

**Signatures:**

<b>David Mellen (Leader/ PH Regeneration, Schools, Communications)</b>
<b>SIGNED and Dated: 12/12/2020</b>
<b>David Mellen (Leader/ PH Regeneration, Schools, Communications)</b>
<b>SIGNED and Dated: 12/12/2020</b>
<b>Chris Henning (Corporate Director for Development and Growth)</b>
<b>SIGNED and Dated: 10/12/2020</b>