

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

5201

Author:

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Department:

Growth and City Development

Contact:

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Subject:

Asset Revaluation Programme 2024-2025

Total Value:

Up to £500,000 (Type: Revenue)

Decision Being Taken:

1) To approve the expenditure to undertake the Asset Revaluation Programme 2024-25;2) To approve the procurement of a supplier(s) to provide property valuation services for the above mentioned programme through a framework agreement, in line with the Public Contract Regulations (2015) and Contract Procedure Rules;3) To delegate authority to the Corporate Director for Growth and City Development to award the contract(s).4) To note that Spend Control Board approval will be sought once exact quotes have been received from suppliers.

Reasons for the Decision(s) Nottingham City Council is required to complete a revaluation exercise of its operational and non-operational land and property assets in order to complete annual financial statements. This is a Statutory requirement in accordance with the Code of Practice on Local Authority Accounting, and International Financial Reporting Standards (IFRS). These assets include Investment Properties, Surplus Assets, Assets Held for Sale, Council Dwellings, Operational Property, and Specialised High Value Plant and Equipment. The valuations have a required date of 31st March 2025 and are completed on two principles, being Fair Value or Existing Use Value. The Council holds and controls a wide variety of property types and in various locations which requires specialist external input. In order to achieve completion of this programme in a timely manner to meet the Statutory financial deadlines for reporting, as well as sourcing the specialist and technical expertise needed for the exercise, additional resource to supplement the council's in-house Property / Valuation team is required. The Capital Accounting Teams have produced a list of assets which require valuation. There are expected to be circa 300, and will require being completed by external valuers. There is insufficient resource in-house to take on this additional work whilst maintaining a satisfactory focus on revenue generation through management of the Investment Portfolio and Property Trading Account, and the Capital Receipt / Disposals programme. Relevant skill and expertise is also lacking with regard to certain assets needing to be valued. For reference and clarity, HRA Beacon properties require restatement, and it is proposed to use consultants to advise in this process. A separate standalone approval, including comments from Housing Finance colleagues will be submitted. Properties requiring specialist valuation by the Depreciated Replacement Cost Method will also be completed by an external valuer, and is not included in this decision. An Officer Decision Form will be completed for this. This is noted here for information only.

Briefing notes documents: 2024-09-26 Additional Information Asset Values 2425 (003).docx

Other Options Considered: The other option to consider was sourcing all valuations in-house. This option was rejected as there is not currently enough resource in-house to take on this additional work whilst maintaining a satisfactory focus on revenue generation through management of the Investment Portfolio and Property Trading Account, and the Capital Receipt / Disposals programme. The Strategic Assets & Property team also doesn't hold the relevant skillset for specialist valuations therefore outsourcing is required.

Background Papers: None

Published Works: None

Affected Wards: Citywide

Colleague / Councillor Interests: None

Consultations: Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

There are no Crime and Disorder implications.

Equality:

EIA not required. Reasons: The decision does not relate to Council policy, services or functions.

Social Value Considerations:

Not applicable

Relates to Council Property Assets:

Yes

Decision Type:

Portfolio Holder

Subject to Call In:

Yes

Call In Expiry date:

06/11/2024

Advice Sought:

Legal, Finance, Procurement, Property

Commissioner Comments:

The Commissioners are content with this decision

Legal Advice:

The Report seeks approval to conduct a compliant procurement process in accordance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015 to appoint one or more Valuers under a Framework Agreement. The report author has confirmed that in conducting this exercise, it envisions that the necessary appointments that needs to be made will enable the Council to meet the regulatory requirements for such annual valuations, by utilising this Framework.

As referenced in the Code of Practice on Local Accounting and International Financial Reporting Standards, (IFRS) the Council is required to complete revaluation of its' operational and non-operational assets on a continual basis and to update annually. It is recommended that any contract entered should have a requirement for likely or potential changes to the Code which should be included as an obligation in any contractual arrangements.

This report raises no significant legal concerns and legal services is available to assist and support with the preparation of relevant contractual documentation as may be required.

Vendie Charles, Contracts and Commercial Solicitor, 11.10.2024
Advice provided by Vendie Charles (Contracts & Commercial Solicitor) on 11/10/2024.

Finance Advice:

Property valuations represent a material and substantial portion of the council's asset value. The Council is required to prepare Financial Statements which comply with the Code of Practice on Local Authority Accounting and recognised International Financial Reporting Standards (IFRS). This is subject to review and testing by the council's external auditors, currently Grant Thornton. The support of external RICS valuation specialists is needed to ensure compliance with the accounting framework and to provide the external auditor with the level of assurance they require.

The cost of this decision is £0.500m, funded from existing revenue budget within Property Services. It provides a revenue resource to fund externally prepared and certified property valuations for financial year 2024/25.

Advice provided by Richard Pearson (Senior Accountant - Capital Accounting) & Sarah Baker (Commercial Business Partner) Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 03/10/2024.

Procurement Advice:

Procurement colleagues will assist with the tendering exercise for the provision of a supplier(s) to provide property valuation services in compliance with our Contract Procedure Rules and value for money objectives. Advice provided by Paul Ritchie (Procurement Manager) on 27/09/2024.

Property Advice:

This decision is supported by Strategic Assets & Property. The Council is required to undertake a programme of annual asset valuations for the Council's annual accounts. The Strategic Assets & Property team do not have the resource to undertake this programme in house therefore outsourcing is the only option to ensure completion of the required valuations in line with the statutory timetable. The Strategic Assets & Property team will continue to work with Strategic Finance to ensure the valuations are completed on time. Advice provided by Beverley Gouveia (Head of Property) on 01/10/2024.

Signatures

Ethan Radford (Exec Member - Skills, Growth, Economic Development)

SIGNED and Dated: 30/10/2024

Nicki Jenkins (Corporate Director of Growth and City Development)

SIGNED and Dated: 25/10/2024