

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	3593
Author:	John West
Department:	Development and Growth
Contact:	John West (Job Title: Estates Surveyor, Email: john.west@nottinghamcity.gov.uk, Phone: 01158763086)
Subject:	To procure, appoint and project manage consultants in relation to the provision of Housing Stock Revaluations and Right to Buy Valuations
Total Value:	£175,000 (anticipated) (Type: Revenue)
Decision Being Taken:	1) To approve a procurement exercise to deliver the re-valuation of up to 200 Housing Stock Beacon Properties for the purpose of Asset Re-valuation, and to undertake Right to Buy valuations for a period of up to 5-years. 2) To delegate authority to the Director of Strategic Assets and Property to award the contract in accordance with the award criteria set out in the procurement documentation.

Reasons for the Decision(s)

Under the IFRS Code of Practice on Local Authority Accounting all Council Housing stock is required to be valued on a 5-yearly cycle. Nottingham City Council currently has some 25,000 houses in its ownership. In order to do this, 'Beacon Properties' are identified which act as a representative cross-section of the total portfolio. These are inspected, measured and valued, and used in a calculation to assess the total value of the Council's holding. The Property Section are instructed by the Capital Finance section to project manage and oversee this exercise, to be undertaken by an external firm of agents.

For this exercise it is expected that up to 200 properties may be identified as Beacons, and each will require a full valuation being carried out on it. A review exercise to determine the beacon properties is currently being undertaken by Finance and will be completed prior to the contract being awarded.

An annual desktop re-valuation of the Housing Stock is then required in each of the next 4 years. This does not involve a full valuation of the Beacons but does still require specialist consideration. All work will be undertaken in accordance with RICS Valuation Standards, CIPFA guidance, Central Government guidance on Stock Valuation for HRA Resource Accounting, and the process is subject to External Audit. The current contract for Beacon valuations was last awarded in 2014, and expired on 31st March 2019.

In addition;

The Council has a statutory requirement to provide a valuation to Council House tenants who apply to buy their home under the Right to Buy scheme. This requires a full inspection and valuation, and is a time consuming process. Numbers of RTB applications rise and fall depending on political and economic circumstances, but as a trend have been increasing in recent years. All Right to Buy valuations have been undertaken externally since since 2002, and this has worked successfully for the council and the applicants.

Termination provisions will be placed in the proposed contract to ensure that the Council have the ability to re-tender the RTB element of the contract when appropriate, or limit the number of RTB's given to the consultant.

Other Options Considered:

The option to undertake Beacon and Right to Buy valuations in-house was rejected as the undertaking of these valuations is resource intensive and the current resources within the Property section are better utilised focusing on other priorities. There is a risk that statutory deadlines would be missed, which would cause significant distress to the council, especially in terms of Account auditing. The option to re-award the Right to Buy Valuations to the current consultants was rejected as one half of the partnership has recently ceased operating and confirmation is required that the consultants can manage the number of applications expected.

Background Papers:

None

Published Works:

None

Affected Wards:

Citywide

Colleague / Councillor Interests:	None
Use of Consultants	Number of Days:0 Rate per Day:0 Total value:175000 Start date:01/11/2019 End date:31/03/2024
Reason for using a consultant:	All Right-to-Buy and Beacon valuations have been carried out externally for many years, and they are identical in their scope and nature meaning that full internal knowledge of the market is missing. Furthermore these valuations and the preceding inspections and measurement exercises are lengthy and time consuming and the current high workload within the Property section make it cost effective to appoint a private sector surveyor to carry out this work.
Other options considered:	As per the reasons listed earlier in the decision.
Name of consultant:	To be confirmed
Reason for selection?	To be confirmed
Has the consultant previously completed work for the City Council?	To be confirmed
Specific activities to be undertaken by the consultant are:	- Inspection, measurement and Valuation of Beacon properties identified by Financial Accounting section.- Inspection, measurement and Valuation of Right To Buy applications as they are received.
Period of engagement:	01 November 2019 - 31 March 2024
By what process was the consultant selected?	Quotes will be sought from local agents via the Council's usual Procurement sources, and adhering to all procurement procedure.
Consultations:	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	There are no Crime or disorder implications included in this decision.
Equality:	EIA not required. Reasons: This is not a new or changing policy, service or function. The decision adheres to all Council Equality policies.
Social Value Considerations:	Not Applicable
Relates to staffing:	Yes

Relates to Council Property Assets:	Yes
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	31/07/2019
Advice Sought:	Legal, Finance, Procurement, Human Resources, Property
Legal Advice:	<p>Given the total estimated value of the contract at least 3 tenders in writing should be obtained to comply with CPR 5.1.2 Dispensation from CPR 5.1.2 under financial regulation 3.29 will be required to obviate the need to seek 3 written tenders and to obtain quotations instead.</p> <p>Advice provided by Sarah O'Bradaigh (senior solicitor) on 26/06/2019.</p>
Finance Advice:	<p>Council Dwellings represents a materially significant portion of the council's balance sheet value for fixed assets. The 2019/20 Code of Practice on Local Authority Accounting requires a full beacon revaluation of council dwellings every five years and annual reviews to ensure the value remains materially correct. The Ministry of Housing, Communities and Local Government produced Stock Valuation Guidance for valuers in 2016. Consultants appointed to carry out this work will be subject to External Audit testing against this guidance.</p> <p>The cost of the valuation is funded from an existing budget within the Housing Revenue Account (HRA), ie the Council's ring-fenced landlord account. There is no impact on the Council's MTFP.</p> <p>The cost of property valuations for Right to Buy (RTB) applications can be and is deducted from the RTB capital receipt received by the council. Therefore the cost of the valuations is funded and does not impact on the Council's MTFP.</p> <p>By offering both pieces of work combined it is possible that economies of scales will be achieved through the procurement process.</p> <p>Advice provided by Julie Dorrington (Senior Accountant (Housing Revenue Account)) on 10/07/2019.</p>
Property Advice:	<p>This is a Strategic Assets and Property report and therefore no further comment is required.</p> <p>Advice provided by Rodney Alan Martin (Development Manager) on 12/07/2019.</p>

Procurement Advice:

There are no procurement issues with the decision being sought. The Procurement Team will work with the client section to ensure that the appointment is made in accordance with Contract Procedure Rules.

Advice provided by Jonathan Whitmarsh (Lead Procurement Officer) on 20/06/2019.

HR Advice:

The option to undertake Beacon and Right to Buy valuations in-house was considered and rejected as the undertaking of these valuations is resource intensive and the current resources within the Property section are better utilised focusing on other priorities. This approach has previously been adopted successfully within the Property Section. There is a risk that statutory deadlines would be missed, which would cause significant distress to the council, especially in terms of Account auditing. Further, the Property Section is carrying a number of vacancies due to difficulties with recruitment and retention. The use of a consultant is, therefore, supported.

Advice provided by Shilpa Arya (HR Consultant) on 27/06/2019.

Signatures:

David Mellen (Leader/ PH Regeneration, Safety and Communications)

SIGNED and Dated: 22/07/2019

Chris Henning (Corporate Director for Development and Growth)

SIGNED and Dated: 18/07/2019