

OFFICER DELEGATED DECISION 15 OCTOBER 2021

Report title: Extension to Asset Valuation Contract

Wards: All

Portfolio: Cabinet Member for Finance and Performance: Councillor Andrew Wilson

Report Authorised by: Fiona McDermott: Strategic Director for Finance and Investment

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REPORT SUMMARY

This report seeks approval to extend the existing contract that the Council has with the external valuation firm, Wilks Head & Eve (WHE) for a further 12 months. The total contract value will exceed £100k upon extension.

In 2019, the Council invited Requests for Quotations (RFQ) for this work and through that process WHE were awarded the contract spanning two financial years. The contract expired on 19 September 2021.

It is proposed to extend the contract to ensure service continuity within this period of uncertainty as a result of the pandemic which has made physical valuations difficult. There has also been a greater focus on scrutinising asset valuations and the data underpinning these by external audit since the 2019/20 financial year and this will continue going forward. Maintaining continuity with our valuers, who have valued our assets for several years and therefore hold significant data on our behalf, will be useful in supporting the audit process whilst the organisation adjusts to the new audit requirements in this area.

FINANCE SUMMARY

The cost of the extension to the existing contract, for 2021/21 valuation services from WHE is estimated to be £32,450 thereby taking the total contract value over the 3-year period (19-20/20-21/21-22) to £116,789. The costs will be met from existing budgets within Corporate Finance.

RECOMMENDATIONS

1. To extend the current contract with Wilks Head & Eve from 1 October 2021 to 30 September 2022 at a cost of £32,450.

1. CONTEXT

- 1.1 Local authorities throughout the UK are required by statute to produce accounts in accordance with the proper accounting practice specified in the “Code of Practice on Local Authority Accounting in the United Kingdom” (the Code). As part of the Code, an asset valuation programme is required to provide valuations for capital accounting purposes.
- 1.2 The Council’s entire asset base consists of dissimilar classes of assets, that are required to be valued using different valuation methods in tandem with The Code and the guidance notes issued by the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (‘The Red Book’). The existing contract requires WHE to value the Council’s assets on a rolling program.
- 1.3 WHE will Undertake the programme of asset valuations on behalf of the Council in accordance with the CIPFA and RICS guidance and in accordance with requirements of the Council
- 1.4 WHE were appointed in 2019 following Requests for Quotations (RFQ) to undertake asset valuations spanning two financial years at a cost of £84,339.
- 1.5 This is a GW3 Procurement Report

2. PROPOSAL AND REASONS

- 2.1 As the Council has had a contract with WHE since 2019/20, they have a greater understanding of the Council’s property portfolio. There has been greater scrutiny since 2019/20 by external audit of asset valuations and the data underpinning these, including property size estimates and floor area measurements. As WHE have historically valued the council’s assets, they hold significant data which would aid the external audit process whilst the council takes forward a project to enhance its own data in this regard. To ensure service continuity an extension is sought with the existing service provider up to 30 September 2022.
- 2.2 Social distancing requirements have made it difficult for valuers to access properties and conduct full valuations, given that WHE have an understanding and a library of research materials in respect of our property portfolio, it is in the Council’s best interest to retain them to continue these services over the current financial period.
- 2.3 The valuations are undertaken for financial purposes, the RFQ process undertaken had established the competitiveness of WHE’s fee structure with the programme of asset valuations being undertaken to the highest possible standards on behalf of the Council in accordance with the CIPFA and RICS guidance and in accordance with requirements of the Council.

Contract Management

- 2.4 The contract is managed by the Assistant Director of Corporate Finance.

3. FINANCE

- 3.1 The cost of the extension to the existing contract for valuation services from WHE, is estimated to be £32,450 thereby taking the total contract value over the 3-year period (19-20/20-21/21-22) to £116,789.

3.2 The associated costs are provided for within existing budgets.

4. LEGAL AND DEMOCRACY

4.1 The Council has delegated the authority to enact this report's recommendation to the Strategic Director for Finance and Investment. Before exercising that authority, the approval of the relevant Category Board should be obtained.

4.2 The Public Contracts Regulations 2015 only apply to services contracts which are valued above £189,330. For contracts valued below that threshold, the Council's duty is to act reasonably and proportionately when advertising contract opportunities and evaluating the efficacy of awarding a contract to a particular provider. By analogy, the Regulations do allow contracting authorities to negotiate contract extensions where additional services are required from the contractor that through unforeseen circumstances were not included in the original contract term.

4.3 The Council's Constitution requires that issues of an important or sensitive nature will be published on the Council's website for five clear days prior to the decision being taken (Constitution, Part 2, Section 3) by the Cabinet Member or officer concerned. It is suggested that this proposed decision is published online in the interests of transparency. Any representations received during this period must be considered by the decision-maker before the decision is taken.

5. CONSULTATION AND CO-PRODUCTION

5.1 Consultation has been undertaken with all relevant internal stakeholders.

6. RISK MANAGEMENT

6.1 The main risks that impede on the successful delivery of this procurement and contract are:

Table 1 – Risk Register

Item	Risk	Likelihood	Impact	Score	Control Measures
1	Disruption of service continuity	2	4	8	Current provider has agreed to continue services under the existing contractual conditions
2	Covid-19 impact	2	2	4	No disruption is anticipated with service delivery undertaken remotely
3	Brexit impact	2	2	4	No risk is anticipated

Key

Likelihood	Very Likely = 4	Likely = 3	Unlikely = 2	Very Unlikely = 1
Impact	Major = 8	Serious = 4	Significant = 2	Minor = 1

7. EQUALITIES IMPACT ASSESSMENT

7.1 No adverse impacts are anticipated as a result of this contract.

8. COMMUNITY SAFETY

8.1 Not applicable.

9. ORGANISATIONAL IMPLICATIONS

Environmental

9.1 Not applicable

Health

9.2 Not applicable.

Corporate Parenting

9.3 Not applicable.

Staffing and accommodation

9.4 Not applicable.

Responsible Procurement

9.5 The key Responsible Procurement priorities addressed within the current contractual arrangements are detailed below.

Good Quality Jobs with Fair Pay and Decent Working Conditions

9.6 All staff working on this contract to deliver services for Lambeth are paid the Living Wage. The arrangements ensure Living-Wage is paid for directly employed staff and sub-contractors. The provider has confirmed compliance with the Modern Slavery Act (2015) and all employees have the freedom to join a trade union and not be unfairly treated for not belonging to one.

Quality Apprenticeships, targeted Employment for Lambeth residents and Lambeth Priority Group

9.7 The provider support apprenticeships within their own operations.

Reduce Emissions: Lambeth Council has a commitment to being Zero Carbon by 2030

9.8 The provider has targets to reduce carbon emissions through their own operations. Where floor space measurements are undertaken as part of a valuation this data will be shared with the Council's Sustainability Team to assist with the reporting of Council emissions.

Positive Health and Wellbeing

9.7 Not applicable

Other Offers (Innovation)

9.8 Not applicable

10. TIMETABLE FOR IMPLEMENTATION

10.1 The table below details the stages and deadlines for implementing the recommendations:

Activity	Proposed Date
Publication on Decisions online	07.10.21
Clearance on Decisions online	15.10.21

AUDIT TRAIL				
Consultation				
Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:
Councillor Andrew Wilson	Cabinet Member for Finance and Performance	29.09.21	29.09.21	
Fiona McDermott, Strategic Director	Finance and Investment	29.09.21	04.10.21	
Hamant Bharadia Assistant Director	Finance and Investment/ Finance and Property	28.09.21	29.09.21	
Nisar Visram, Finance	Finance and Property	12.08.21	12.08.21	
Michael O'Hora, Legal Services	Legal and Governance	19.08.21	19.08.21	
Nazyer Choudhury, Democratic Services	Legal and Governance	19.08.21	31.08.21	
Theresa Greene, Sustainability Officer	Sustainable Growth and Opportunity	07.09.21	28.09.21	
Malcolm de Vela, Category Manager – Energy and Corporate Resources	Finance and Investment/ Finance and Property	11.08.21	11.08.21	

REPORT HISTORY	
Original discussion with Cabinet Member	29.09.21
Report deadline	N/A
Date final report sent	06.10.21
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	No
Date first appeared on forward plan	Not applicable.
Key decision reasons	Not applicable.
Background information	Not applicable

APPROVAL BY OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board, and taken account of their advice and comments in completing the report for approval:

Signature: _____ **Date:** _____

Post: Kavitha Naicker
Group Manager – Finance and Investment

I approve the above recommendations:

Signature: _____ **Date:** _____

Post: Fiona McDermott
Strategic Director for Finance and Investment

Any declarations of interest (or exemptions granted): Not applicable

Any conflicts of interest: Not applicable

Any dispensations: Not applicable