

**Non-HRA Property Valuation 2019/20**

**Specification**

**Introduction**

Folkestone & Hythe District Council ("the Council" or "FHDC") wishes to select and appoint a suitable supplier to provide a property valuation service to the council for its non-housing property assets including those it manages as a trustee of a the Folkestone Parks and Pleasure Grounds Charity.

* The key work streams required for this service are;-
* Revaluation as at 1 April 2019 of all non-HRA property assets of the council classified as Property Plant and Equipment (PPE) for inclusion on the council’s balance sheet.
* Annual revaluation as at 31 March 2020 of all property assets of the Folkestone Parks and Pleasure Grounds Charity where the council acts as trustee (including Investment Assets) for inclusion on the charity’s balance sheet
* 2019-20 year end review of the council’s investment and surplus property assets valuations to comply with CIPFA’s Accounting Code for inclusion on the council’s balance sheet at 31 March 2020
* 2019-20 year end review of non-HRA property assets classified as PPE to value any impairment and general price changes (increases or decreases) to the portfolio for inclusion on the council’s balance sheet at 31 March 2020.

The council’s overall non-housing property portfolio includes, car parks, public conveniences, industrial units, sports buildings, a swimming pool, offices and depots, commercial and industrial properties generating income, land, plus a small number of surplus properties and sites either awaiting disposal or regeneration.

Charities

The Council is also trustee to several charities. The most notable of these is the Folkestone Park and Pleasure Grounds Charity with land and property assets with an approximate value of £0.65m.

**1. Revaluation of the non-HRA property assets of the council for inclusion on the council’s balance sheet as Property Plant and Equipment (PPE). Specifically this excludes property classified by the council as Investment and Surplus Assets**

Description of Work

* Valuation of properties to be based on values at 1st April 2019 for inclusion on the council’s balance sheet reflecting their existing use.
* Where applicable valuations to be apportioned between land and buildings to support depreciation assessments.
* Valuer to classify between specialised and non-specialised categories.
* Valuer to determine valuation method applicable based on categorisation, above.
* Valuer to estimate the market value for properties where they are considered to be materially different from those in their existing use.
* Valuer to estimate the useful economic life in years of the revalued properties assuming they are adequately maintained to support their current use to support depreciation assessments.
* Valuation to meet the minimum requirements of the RICS ‘Red Book’ and CIPFA’s Accounting Code of Practice.

Reporting Requirements

* Certified valuation report available in electronic format.
* Must show valuation methods and any assumptions.
* Valuation schedule showing all properties valued including those classified as ‘de minimis’ in Excel format (De-minimis level is £10k per individual asset).
* Report and schedule must be suitable for public inspection.
* Final format to be agreed between the council and the valuer.

Information Provided by FHDC

Excel schedule of property portfolio identifying:

* Properties by location
* Current gross book value split between land and buildings where appropriate
* Tenure – freehold or leasehold
* Useful life of each property when last revalued used for depreciation assessment
* Sample properties currently classified as ‘de minimis’ requiring a valuation to be undertaken to clarify whether or not they remain as ‘de minimis’

Timescale to Complete

* 6 weeks from final instruction being agreed
* Final report required by 31 January 2020

**2. Annual revaluation of all property assets, including investment assets, of the Folkestone Parks and Pleasure Grounds Charity where the council acts as trustee for inclusion on the charity’s balance sheet**

Description of Work

* Valuation of properties to be based on values at 31 March 2020 for inclusion on the Charity’s balance sheet reflecting their existing use
* Where applicable valuations to be apportioned between land and buildings to support depreciation assessments
* Valuer to classify between specialised and non-specialised categories
* Valuer to determine valuation method applicable based on categorisation, above
* Valuer to estimate the market value for properties where they are considered to be materially different from those in their existing use
* Valuer to estimate the useful economic life in years of the revalued properties assuming they are adequately maintained to support their current use to support depreciation assessments
* Valuations required by 28 February 2020, in advance of the end of the financial year, so will be based on best estimated information

Update note at 31 March 2020 to clarify if the estimated valuations provided in advance of the year end remain valid or advice on any amendments required

* Valuation to meet the minimum requirements of the RICS ‘Red Book’ and CIPFA’s Accounting Code of Practice.

Reporting Requirements

* Certified valuation report available in electronic format
* Must show valuation methods and any assumptions
* Valuation schedule showing all properties valued including those classified as ‘de minimis’ in Excel format (De-minimis level is £10k per individual asset)
* Report and schedule must be suitable for public inspection
* Final format to be agreed between the council and the valuer

Information Provided by FHDC

Excel schedule of property portfolio identifying:

* Properties by location
* Current gross book value split between land and buildings where appropriate (last valuation date was 31 March 2019)
* Tenure – freehold or leasehold
* Useful life of each property when last revalued used for depreciation assessment
* Tenancy details for Investment Assets to be provided on award of contract
* Properties currently classed as ‘de mininis’

Timescale to Complete

* Final instruction from FHDC by 17 January 2020.
* Estimated valuations required by 28 February 2020
* Clarification note required by 31 March 2020 regarding the estimated valuations provided

**3. 2019-20 year end review of Investment and Surplus Assets valuations to comply with CIPFA’s Accounting Code for inclusion on the council’s balance sheet at 31 March 2020**

Description of Work

* Desktop review of the valuations of properties classified as Investment and Surplus Assets
* Valuation of properties to be estimated at 31st March 2020
* Apportion between land and buildings where applicable
* Valuation to meet the minimum requirements of the RICS ‘Red Book’ and CIPFA’s Accounting Code of Practice
* Valuations to comply with the ‘highest and best’ concept required under International Financial Reporting Standard (IFRS) 13
* Valuations required by 28 February 2020, in advance of the end of the financial year, so will be based on best estimated information
* Update note at 31 March 2020 to clarify if the estimated valuations provided in advance of the year end remain valid or advice on any amendments required
* FHDC to provide a final instruction for the valuation of these classes of assets by 17 January 2020 to include an updated list of properties to be valued.

Reporting Requirements

* Certified valuation report available in electronic format
* Must show valuation method and any assumptions, including estimation techniques used
* Valuation schedule of properties in Excel format
* Must be suitable for public inspection
* Final format to be agreed between the council and the valuer

Information Provided by FHDC

Excel schedule of the current investment and surplus property portfolio including:

* Properties by location
* Current gross book value split between land and buildings where appropriate
* Latest tenancy details including any changes made since last valuation assessment

Timescale to Complete

* Final instruction from FHDC by 17 January 2020.
* Estimated valuations required by 28 February 2020
* Clarification note required by 31 March 2020 regarding the estimated valuations provided

**4. 2019/20 year end review of non-HRA property assets classified as PPE to value any impairment and general price changes (increases or decreases) to the portfolio for inclusion on the council’s balance sheet at 31 March 2020**

Description of Work

* Annual impairment assessment based on information supplied by the council
* Desktop assessment of the general price change for a sample of the top 20 non-HRA property portfolio PPE assets by value for the period from 1 April 2019 to 31 March 2020 (Sample to be determined from outcome of valuation work in ‘category of work no. 1’, above)
* Valuation to meet the minimum requirements of the RICS ‘Red Book’ and CIPFA’s Accounting Code of Practice.
* Valuations required by 28 February 2020, in advance of the end of the financial year, so will be based on best estimated information
* Update note at 31 March 2020 to clarify if the estimated valuations provided in advance of the year end remain valid or advice on any amendments required
* FHDC to provide a final instruction for the valuation of these classes of assets by 17 January 2020 to include an updated list of properties to be valued.

Reporting Requirements

* Certified valuation report available in electronic format
* Must show valuation method and any assumptions, including estimation techniques used
* Valuation schedule of properties in Excel format if applicable
* Must be suitable for public inspection
* Final format to be agreed between the council and the valuer

Information Provided by FHDC

* Details of individual properties where damage or other issues which may affect its valuation
* (Historically, the council has had very few properties where an impairment assessment has been required)
* Sample of top 20 assets by value to be determined from the outcome of ‘category of work no. 1’ from this schedule.

Timescale to Complete

* Final instruction from FHDC by 17 January 2020.
* Estimated valuations required by 28 February 2020
* Clarification note required by 31 March 2020 regarding the estimated valuations provided