

**To:** Cabinet  
**Date:** 22 October 2025  
**Report of:** Nigel Kennedy – Group Finance Director  
**Title of Report:** Contract in relation to Real Estate Asset Valuations

Summary and recommendations	
<b>Decision being taken:</b>	Giving Project Approval and delegating authority to officers to enter into a new contract or contracts with suitably qualified firms to undertake real estate valuations.
<b>Key decision:</b>	Yes – <a href="#">see link</a>
<b>Cabinet Member:</b>	Cllr Ed Turner – Deputy Leader (Statutory) – Finance and Asset Management
<b>Corporate Priority:</b>	Well Run Council
<b>Policy Framework:</b>	Procurement Strategy

Recommendation(s): That Cabinet resolves to:	
1.	<p><b>1. Give Project Approval</b> to approve the procurement of a suitably qualified firm of real estate valuers to undertake valuations of council-owned properties recorded within the General Fund and Housing Revenue Accounts</p> <p><b>2. Delegate</b> authority to the Deputy Chief Executive – Place in consultation with the Group Director of Finance, the Director of Law, Governance and Strategy (Monitoring Officer), and the Cabinet Member for Finance and Corporate Assets to determine the form of the procurement, contract, and award and enter into the final contract with the preferred supplier</p>

Information Exempt From Publication	
<b>State in here what information is to be exempt from publication</b>	None

Appendix No.	Appendix Title	Exempt from Publication
Appendix 1	Risk Assessment	No

## Introduction and background

1. Local Authorities in 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”). The Code is published annually by the Chartered Institute of Public Finance and Accountancy. The Code is prepared under International Financial Reporting Standards, which have been adopted as the basis for public sector accounting in the UK.
2. Audits of Local Authorities are undertaken in-line with the International Standards on Auditing (UK) under *Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom*.
3. Real estate assets are required to be valued in accordance with the Royal Institution of Chartered Surveyors Valuation – Global Standards as updated and amended. It should be noted that Public Sector Valuer Rotation Working Group recommended that the requirement for valuer rotation does not apply to the public sector; this has been approved by the RICS Standards and Regulation Board. This decision was reached on the following basis:
  - Public sector valuations of investment properties are distinct from the private sector in terms of both actual risk and public perception.
  - Public sector valuations are not relied on by third party investors, public sector debt is considered in total and not relative to individual property values.
  - The existing oversight mechanics of other bodies, such as the government, along with annual external audits of the valuations are robust and ensure that all investment valuations are reviewed.

## Current Practice

4. The real estate assets owned by OCC are reviewed on desktop basis annually with at least 20% of the portfolio being inspected and formally valued annually. These valuations form part of the annual accounts that are prepared by the finance team. OCC outsource the valuation of their real estate assets to firms that are suitably qualified to undertake valuations in accordance with relevant guidance.

## Proposal

5. The contracts for the existing valuers have now expired and OCC are undertaking a tender to find a new firm or firms of valuers to undertake the valuations.
6. We are asking firms to submit proposals to undertake valuations of the properties within both the General Fund and Housing Revenue Account in accordance with the relevant guidance from both the Royal Institution of Chartered Surveyors and Chartered Institute of Public Finance and Accounting. Firms will have the option to submit proposals to cover both the General Fund and Housing Revenue Account or just one of the funds.
7. We are proposing to enter into a new contract of up to six years with a suitable firm or firms of qualified valuers to undertake the valuations. In line with our standard requirements the contract will require the successful contractor to pay, at a minimum, the Oxford Living Wage. In addition the successful contractor will need to be able to demonstrate that they will be able to help meet the Council’s priorities.

8. The intention is for the new contracts to start in late 2025. This will enable the valuers to have sufficient time to review the portfolio in more detail and undertake all necessary inspections of the properties in advance of preparing the valuations as at 31 March 2026.
9. It is likely the cost of the contract will be £220,000 per year (excluding VAT). The total contract value including VAT will be approximately £1,584,000. The indicative split of the cost is as follows, General Fund: £140,000; Housing Revenue Account: £80,000. The costs are covered within the budget.

### **Alternative Options Considered**

10. We have considered undertaking the valuations in-house, this is permitted by the various regulations that govern the public sector. However, it is difficult to recruit suitably qualified valuation surveyors, and given the size of the portfolios we would need to recruit a large number of valuers. The cost of directly employing a new team along with the costs of procuring the appropriate software and ongoing training would be greater than the cost of outsourcing the work. It would also take a considerable amount of time to create a new team and to make them familiar with the various portfolios leading to an increased pressure on existing resources.

### **Other implications**

11. As real estate assets form the majority of the Council's balance sheet this is a material area, and one of increased audit focus. Failure to gain suitable valuations will lead to materially incorrect financial statements. This will, in turn lead to the inability of our auditors to sign-off the financial statements. This will lead to reputational damage, and additional increased future audit scrutiny.

### **Financial implications**

12. The cost of the annual valuation work will be classed as a revenue expenditure as it is an operational cost of the authority. As it is a statutory requirement to prepare materially correct financial statements, there is no alternative to procuring year end valuations, either in-house or externally.

### **Legal issues**

13. In accordance with 18.12 of the Constitution, Cabinet is empowered to give Project Approval for all capital or revenue projects over £750,000
14. In accordance with 4.5 (10) and (11) Cabinet is empowered to give project approval for projects of £750,000 or over and award contracts over £750,000
15. In accordance with 19.17
16. Procurement of goods and services must be carried out in accordance with the Council's Constitution, Contract Rules, procurement procedures and in compliance with the Procurement Act 2023 (or any successor legislation), including adherence to transparency, fairness and best value principles.

### **Level of risk**

17. Please see attached risk register in Appendix 1.

### Equalities impact

The decision does not have an impact on anyone with protected characteristics, on this basis an Equalities Impact Assessment is not necessary.

### Carbon and Environmental Considerations

18. For key decisions only

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### Background Papers:

None.