

Report to the Cabinet

Report reference: C-007-2008/09

Date of meeting: 8 June 2009



**Epping Forest
District Council**

Portfolio: Corporate Support and ICT Services

Subject: External Review of the Estates and Valuation Service

Responsible Officer: Mike Tipping (01992 564280).

Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

To consider the recommendations arising from an external review of the Estates and Valuation Service carried out by CIPFA Consulting.

Executive Summary:

An external review of the Estates and Valuation Service within Corporate Support Services has been undertaken by the consulting arm of the Chartered Institute of Public Finance and Accountancy (CIPFA), known as CIPFA Consulting. The brief was to consider various options and make recommendations on how the service is to be provided in the future. The options included retaining the service in house or outsourcing either in part or in total. The report concludes and recommends that best value will be achieved by retaining the service in house.

Reasons for Proposed Decision:

To achieve best value and optimise efficiency in the management and development of the commercial portfolio in accordance with the Council's strategy as contained in the Asset Management Plan.

Other Options for Action:

To not accept the recommendations in the external report and decide on an alternative course of action. There would appear to be no logic in doing this given the expertise and experience of CIPFA in conducting this type of review.

Report:

1. Against a background during 2008 of a long term staff absence, difficulties in recruiting to a part time Valuers post and the departure of the Principal Valuer and Estates Surveyor to a new post with another authority the Portfolio holder for Corporate Support and ICT Services requested that a comprehensive review be carried out of how the service should be provided in the future.

2. As an interim measure whilst the review was undertaken it was agreed that the two vacant posts would be covered by agency staff to ensure that a backlog of work, mainly

caused by the long term staff absence did not become any greater.

3. The member of staff on long term sickness absence has now returned to work and since the section has been fully staffed albeit with agency cover the backlog of work, particularly on rent reviews and lease renewals has pretty much been eliminated.

4. This however has only been possible because of a reduction in other work, notably the absence of any major land sales or acquisitions and a reduction in the number of council house sale valuations largely as a result of the current economic situation.

5. The consulting arm of the Chartered Institute of Public Finance and Accountancy (CIPFA) were commissioned to conduct a review. That review has now been completed and their detailed report including the terms of reference for the review is attached.

6. In summary the review has found that by comparing likely costs for operating an outsourced service with a reduced core of retained staff would be more expensive than retaining the service in house.

7. The review has also concluded that for the size of the commercial portfolio managed by the Council and the income this generates, in excess of £4 million in 2008/09, the section is under resourced compared to other authorities with comparable portfolios and income (mainly City Councils and London Boroughs). The suggestion is that an establishment of 5 to 6 Full Time Equivalent (FTE) professional staff with administrative support is the required resource level rather than the current establishment of 4.4 FTE including administrative support.

8. In considering the report the complexity and diversity of the Council's commercial and industrial portfolio should not be underestimated as evidenced by the following statistics taken from the Business Plan for 2009/10. The portfolio is made up of 297 properties consisting of:

Shops (some with associated flats)	136
Public Houses	6
Workshop Units	18
Doctors/Dentist Surgeries	5
Petrol Filling Station	1
Tennis Centre	1
Retail Warehouse	1
Golf Driving Range	1
Commercial Starter Units	67
Airfield with commercial lettings and retail market	1
Industrial Premises	56
Business Park	1
Golf Course	1
Football Ground	1
Supermarket and Associated Shops	1

9. There are also 37 operational property as follows:

Offices	3
Leisure Centres	5
Museum	1
Public Toilets (traditional)	1
Public Toilets (automatic)	6
Allotment Sites	7

Recreational Lettings	6
Depots	4
Nursery	1
Vacant/surplus land sites	3

10. The Council's operational and non-operational land and properties (excluding HRA Housing Stock) as at 1 April 2008 has a book value of around £91.44 million. This is composed of approximately £39.54 million operational and £51.9million non-operational land and buildings.

11. If the Council decides, during the current recession, to change its investment strategy with an increased focus on property, numbers and values may well increase and the complexity become even greater both in terms of the advice required and the diversity of investment. The development of a strategy for the future use of North Weald Airfield will in itself constitute a significant and complex piece of work which will require in house expertise as well as specialist external advice to enable progress to be made.

12. Cabinet is asked to consider the Report by CIPFA Consulting and decide whether it wishes to accept and adopt the recommendations contained in the report.

13. If the recommendations in the external report are approved and adopted it is proposed to submit a further report with recommendations how they might be implemented.

14. If the recommendations in the external report are not approved or adopted Cabinet is asked to determine what alternative course of action it wishes to take.

Resource Implications:

Dependent on the decisions made in relation to the CIPFA recommendations.

Legal and Governance Implications:

Compliance with Asset Management Strategy to achieve value for money, optimal use of assets and maximise income from those assets.

Safer, Cleaner and Greener Implications:

N/A.

Consultation Undertaken:

By CIPFA of other local authorities for comparison information contained in the report.

Background Papers:

CIPFA Consulting report, available from either of the Officers listed at the head of the report.

Impact Assessments:

Risk to maintaining and increasing income from the commercial portfolio if not managed in the most efficient and cost effective way.

There are no equalities issues arising from this report.