

My Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

Date: 24 April 2018

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Dear Davina,

You will have been informed that last week's call in to the Policy Review and Performance Scrutiny Committee of officer decision SED/PR/29303 – Disposal of Wedal Road HWRC, led to the decision being referred back to the decision maker.

During the scrutiny Neil Hanratty, Director of Economic Development, confirmed that Council procedures confine him to one independent valuation when disposing of council land and property. He expressed some frustration about this protocol, and the Committee decided that I should write to you separately to express our concern about this restriction, which could lead to the council undervaluing its assets when disposing of them.

The Committee's view was that the Director should have the authority to seek more than one independent valuation, particularly when the asset is substantial or where there has been political challenge and community concern. Our view is that this restriction needs to be re-considered, to ensure the Council is supported in its need to maximise income from disposals.

I, and the Committee, look forward to hearing your view on how this matter might be considered and the protocol potentially amended. I look forward to your response.

Yours sincerely,

COUNCILLOR DAVID WALKER
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Members of the Policy Review & Performance Scrutiny Committee
Paul Orders, Chief Executive
Neil Hanratty, Director of Economic Development



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Councillor David Walker
Chair Policy Review and
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Date/Dyddiad 3rd May 2018

Dear Cllr Walker;

Thank you for your letter of 24th April.

I have discussed the Committee's concerns with Neil Hanratty, the Director of Economic Development and Geoff Shimell, the Council's legal advisor on commercial property matters.

The Council's Procedure Rules for the Acquisition and Disposal of Land which are in the Council's constitution, provide that a property should be marketed unless a decision maker concludes that there is a special reason for proceeding with a single bid. There is no statutory requirement for a market sale provided that the Council obtains the best price that can be reasonably obtained. The Rules also provide for a decision maker to consider professional valuation advice at every stage of a disposal.

The Council also follows the Welsh Government's Estate Co-ordination and Land Transfer Protocol, which incorporates a best practice guide for the disposal, transfer and sharing of land and property assets between public sector bodies in Wales. This is a protocol and therefore is not binding on the Council in all circumstances.

In the case of a direct off-market transaction, it is widely adopted practice across the public sector to obtain an external valuation from a commercial surveyor appointed by a procurement process, rather than to produce an internal valuation report. External valuations are procured at a commercial fee and the valuation information is supported by the surveyor's professional indemnity insurance. It would usually be inappropriate to expend more than one fee and potentially incur difficulties with any claim against the surveyor's insurance. Existing delegated powers would allow a second valuation to be requested, however it is not usually appropriate or advisable to do so.

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Cyflawni ein gwledigaeth o ddod y brifddinas orau i fyw ynnddi yn Ewrop

Mae'r Cynghor yn croesawu gohebiaeth yn Gymraeg a Saesneg a byddwn yn sicrhau ein bod yn cyfathrebu â chi yn eich dewis iaith boed yn Gymraeg, yn Saesneg neu'n ddwyieithog dim ond i chi roi gwybod i ni pa un sydd well gennych. Ni fydd gohebu yn Gymraeg yn creu unrhyw oedi.

The appointment of an external valuer is normally made by a professionally qualified internal surveyor who also has the opportunity to review the valuation report before presenting it to a decision maker. In the event that the internal valuer is not satisfied with the valuation report a dialogue would take place with the external valuer to discuss issues of concern.

I understand that the Director of Economic Development told the Committee there are times he finds the outcome of valuations frustrating. However, he has subsequently confirmed that he believes the process is fit for purpose and does not need to be changed, as demonstrated by its adoption right across the public sector. The Council retains the opportunity to challenge the external valuer and ultimately has the comfort of knowing that the valuation is backed-up by Professional Indemnity Insurance (PI). The Director has also confirmed that he is satisfied that the valuation report provided for the Wedal Road site disposal is robust, but given the political interest in the disposal, he intends to refer the decision to Cabinet.

I hope this clarifies the position, but I am of course happy to deal with any further inquiries the Committee may have.

Yours sincerely

Davina

Davina Fiore

Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol /
Director Governance and Legal Services