

# **THE EDUCATION FUNDING AGENCY**

**Invitation to Quote for:**

**Estates Professional Services**

**Academy Land & Buildings Valuations**

Estates Professional Services Framework (RM928)

**SCHEDULE 3**  
**SCOPE OF REQUIREMENTS & SPECIFICATION FOR DRC**  
**VALUATIONS**

Estates Professional Services Framework RM928

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## 1. BACKGROUND AND CONTEXT

1. The Education Funding Agency (“EFA”) is an Executive Agency of the Department for Education (“DfE”). Any resulting Contracts will be entered into in the name of the Secretary of State for Education (“SoS”) on behalf of the EFA.

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2. Statute requires DfE to produce a set of financial statements that include all central government bodies that are funded by the DfE. Academy trusts (ATs) funded by the DfE are classified as central government public sector bodies and are within scope of the DfE’s financial statements. The EFA is the DfE’s agent in performing a consolidation of ATs’ financial statements into the financial statements of the EFA itself. The EFA’s financial statements will then be consolidated into those of the DfE.
3. **The consolidated financial statements of the DfE are to include the value of assets in use and occupation by ATs.** To enable the DfE to obtain up-to-date valuation data on AT establishments England, it (through the EFA) procures a centrally funded national programme of valuation of English ATs.
4. **The valuations may also be included within the financial statements of ATs for their financial year 2015/2016 onwards if the individual ATs choose to include them. However, the EFA does not expect the Successful Tenderer to owe any additional duty of care to the ATs in this regard.**

## 2. SCOPE OF WORK

- A.2 **The programme involves carrying out land & property valuations on approximately 2,200 AT establishments (academies) across England. There will be approximately 500 academies to be valued by (batch A) with approximately a further 50 to be valued to by later dates to be specified (batch B). There will also be approximately 1,650 academies that were previously valued at 31<sup>st</sup> August 2012 to be revalued by a date to be agreed. (batch C). Tenderers are asked to pay particular attention to the timeline in ITQ and the date requested for the delivery of batch C. EFA will work with the successful service provider to manage the workload efficiently.** Provisional listings of the academies included in batches A and C are provided at Annexes 4 and %The map provided at Annex 1 within this Specification shows the Government Office Regions (“GO Regions”) ..

**A table showing the number of ATs including a breakdown of the GO Regions is included in paragraph 8 of the Invitation to Quote.**

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### 3. DELIVERY OF PROJECT

1. The key programme deliverables are to procure and appoint surveyors that will:
  - Carry out approximately 500 land & property valuations across the academy estate by end May 2016 (batch A);
  - Carry out a further 50 land and property valuations across the academy estate by dates yet to be determined (batch B);
  - Carry out approximately 1,650 land and property valuations across the academy estate by a date to be agreed (batch C)
  - Attend the following meetings for the duration of the contract delivery:
    - Weekly telephone meetings (1 hour)
    - Moderation meeting (1 day)
    - Post project review meeting (half day)

### 4. STAKEHOLDERS

1. There are a variety of stakeholders that will both provide and use the data outputs for a variety of tasks. The main stakeholders are:

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- **Department for Education (“DfE”);**
- **Education Funding Agency (“EFA”);**
- **Academy Trusts (head teachers, board of trustees, business managers, finance managers, diocese, sponsors, professional advisors etc.);**
- **Charity Commissioners;**
- **National Audit Offices (“NAO”); and**
- **The EFA’s accountancy services contractor (Deloitte).**

### 5. PROJECT PERSONNEL

1. The approach to this work requires (considerable relevant valuation and surveying experience and a high level of knowledge, skill and professional competence in terms of:
  - Assessing costs and values,
  - Taking proper account of background information,

- Making adjustments for obsolescence and in
- Estimating remaining economic life.

## 6. QUALITY ASSURANCE

1. Checking for data accuracy, completeness and quality needs to take place as a continuous process during the programme. There needs to be an effective method employed by the surveyor to ensure high quality outputs, consistency and to avoid duplication and omissions.
2. The Service Provider shall ensure that the project is resourced and managed by a robust and formalised Quality System, to a relevant industry certification, e.g. ISO 9000 series etc. It shall also ensure that the client requirements (as set out in this Specification document) are fully accommodated. It is a requirement that only suitably experienced and competent personnel should be deployed on the project, and this should be complemented through contributing factors such as management, resources, expertise and training.
3. To minimise the effect of surveyor variability the Service Provider needs to ensure that the project is managed before, during and after the valuation. It should employ strategies including:
  - Thorough briefing before the project, with guidance on issues where there are likely to be common variations of opinion;
  - Standardised information pack provided to all surveyors specifying exactly what documentation is and is not provided for each property, together with fixed checklists and guidelines;
  - Inclusion of a property reference document specifying which properties each surveyor is required to value;
  - Regular coordination of meetings of the valuation team during the project where decision-making is discussed in order to cascade information, share knowledge and lessons learnt to achieve a consensus view;
  - Undertaking validation checks and process compliance checks on the project and reports;
  - Appointing a central management/monitoring function to routinely audit and measure team consistency across the programme; and
  - Identify/develop robust succession planning processes for key individuals covering holidays/unexpected absence.

7. REGULATORY FRAMEWORK FOR THE VALUATIONS

1. **All valuations must comply with the requirements of the *RICS Valuation – Professional Standards* (March 2012) (the “*Red Book*”). Tenderers must demonstrate how they will ensure compliance within the required delivery timescale.**
2. **The accounting framework for the valuations is UK Generally Accepted Accounting Practice (UKGAAP) adapted and interpreted for the public sector context with the approval of the Financial Reporting Advisory Board.**
3. **For the avoidance of doubt we are not requiring a “Critical Review” of earlier valuations as described in VS 2.6 of the Red Book.**
4. **The valuations may be included within the financial statements of individual academies for their financial year 2015-2016 onwards if the individual academies choose to include them. However, the EFA does not expect the successful Tenderers to owe any additional duty of care to the academies in this regard.**

8. CORE SERVICES

1. **For each asset, the Service Provider shall provide:**
  - 8.1.1 **A separate valuation (in £ Sterling) as at 31<sup>st</sup> March 2016 of (a) the land element and (b) the non-land element, on an Existing Use basis as defined by IFRS, as interpreted for the public sector in FReM.**
  - 8.1.2 **The remaining economic life of each non-land element for its designed purpose.**

**For the purposes of the above valuations and economic life estimates ‘non-land element’ is to be regarded as every improvement to bare land. This will for example include buildings, structures, boundary walls & fences, sheds, greenhouses, pavilions, outhouses, retaining walls, access roads, car parking, drainage, plant rooms, outdoor all-weather multi-use sports pitches, hard play areas, improvements to external areas etc.**

2. **There is no requirement to componentise the non-land element.**
3. **In undertaking the valuations and estimates of economic life the Service Provider will be expected to follow the method statement**

they submitted as part of the tender evaluation, except where, in the interests of consistency, this is formally varied by us at appointment.

4. The EFA has appointed professional experts, the Valuation Office Agency (VOA), to advise on the technical requirements of these valuations. The VOA will carry out a moderation of the valuations provided and may be called upon to provide other technical support to the EFA in connection with these valuations. The contractor will be expected to liaise with the VOA in their work and respond to all reasonable requests for information in relation to these valuations.
5. The contractor will be expected to deliver the valuations required under this contract directly to the Valuation Office and the EFA's accountancy services contractor. For the avoidance of all doubt, any additional work outside the scope of this contract which will result in additional charges can only be carried out with advance authorisation from the EFA.
6. Being part of the whole of government accounts process the valuations are subject to audit and scrutiny by the National Audit Office (NAO), after completion of the valuation programme. Service Providers are expected, as part of any appointment, to take a full and active part in this process until final sign-off by NAO.
9. INTEREST TO BE VALUED AND SPECIAL VALUATION ASSUMPTIONS
  1. ATs will either own the freehold of their site or will have the benefit of a 125 year lease at nil premium and a peppercorn rent. For the purpose of this project it is to be assumed that at the valuation date each AT holds a leasehold interest of not less than 125 years at a nil premium and a peppercorn rent.
  2. The leasehold interest of both the land element and the non-land element is assumed to be a "Finance Lease" as defined by SSAP 21.
  3. The lease to each AT is excluded from s24-s28 of the Landlord & Tenant Act 1954 (as amended).
  4. It is our expectation that most, if not all, of the assets to be valued will be regarded as a specialised asset and valued using a depreciated replacement cost approach. Where the Service Provider considers that any of the assets is not specialised and intends to depart from the DRC approach this should first be agreed in writing with the EFA.

5. **Any other special assumptions upon which the valuer intends to rely must be agreed in writing with the EFA before issuing the valuation report.**

10. **PROVISION OF BACKGROUND INFORMATION**

1. **In view of the restricted timescale for delivery of the valuations it is not feasible for the Service Provider to be afforded access to the properties to be valued. It is our aim to provide to the Service Provider a range of relevant background information relating to the properties to be valued that would normally be verified by an inspection. This information will be collated from a number of information sources including the DfE, EFA, local authorities and the ATs themselves. The following information will be provided for all Academy Trusts sites to be valued:**

- **Academy name**
- **Type**
- **Phase (secondary, primary, all through, special)**
- **SEN provision**
- **Age Range**
- **Sixth form**
- **Head teacher**
- **Faith**
- **Trust**
- **Post code**
- **Local authority**
- **Predecessor name**
- **Ex GO region**
- **Capacity – pre and post 16 and total**
- **Roll – pre and post 16 and total**

10.2 A range of further information will be provided where available and where provided by academy trusts themselves. This will include:

- **No of sites**

For each site:

- Whether temporarily or permanently occupied
  - Whether freehold or leasehold
  - Number of classrooms, main halls, sports halls, swimming pools, playing fields, boarding houses and caretakers houses.
  - Number of buildings operated by others.
  - Number of buildings occupied by the academy.
  - Number of storeys
  - Approximate age of buildings
  - Gross internal floor area in sq m
  - Any relevant supporting documents
2. **Not all the information may be available for each and every AT and where this is the case Service Providers will be expected to follow the approach they have set out in the survey and valuation methodology supplied in response to the invitation to quote.**
11. **TIMESCALE FOR DELIVERY**
1. **The project timescales for the valuations are outlined in the table below. Tenderers should note the importance of the requirement for the batch A valuations to be delivered in the required format by midday on ??.**

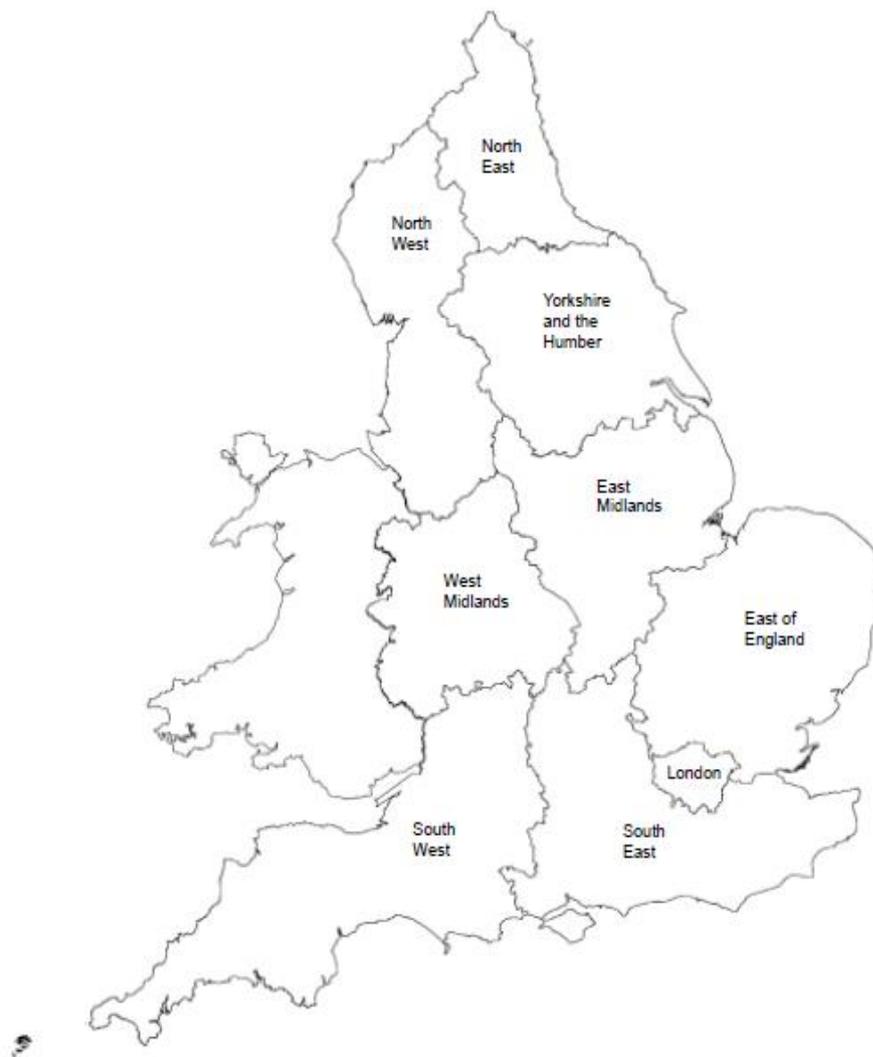
<b>Task</b>	<b>Date</b>
Contract Awarded	25 <sup>th</sup> April 2016
Contractor briefing day	26 <sup>th</sup> April 2016
Batch A Valuation Period	27 <sup>th</sup> April – 9 <sup>th</sup> June 2016
Batch A Valuation Report to EFA	Midday 10 <sup>th</sup> June 2016
Batch A Moderation Period	13 <sup>th</sup> June 2016 – 22 <sup>nd</sup> June 2016
Batch A Final adjustments to valuations	23 <sup>rd</sup> June 2016
Batch A Final Valuations to EFA	24 <sup>th</sup> June 2016
Batch B Valuation Delivery	6 weeks from provision of all information by EFA
Batch C Valuation Delivery	To be agreed

NAO Audit Period	To be advised
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2. **The valuation report, in compliance with VS 6.1 of the Red Book, must be provided in the following format:**
  - **Valuation Report for each property in the form of the Valuation Report Template in Annex 2, with the Unique Provider Identification Number (UPIN) Number clearly distinguishable in the file and in the file name. The UPINs are provided in the excel file in Annexe 2, which contains the list of academies to be valued.**
  - **A fully populated Valuation Schedule in the excel spreadsheet format that will be provided to the successful Service Providers. Data must be transferred between the documents in Annex 2 and the spreadsheet in Annex 3 by use of an automated process. A PDF image of the spreadsheet contents which indicates the information expected to be required is in Annex 3.**
3. **The valuation report must set out the survey & Valuation methodology adopted, supported with the working papers, calculation used, information relied upon by the valuer (or valuers) and its source. The relevant cost index date used for estimation of gross replacement cost will be 31<sup>st</sup> March 2016.**
4. **Where a depreciated replacement cost method has been used the valuation report must:**
  - **Include a statement that the valuation is subject to the prospect and viability of the continued occupation and use by the AT.**
  - **State (a) the market value for any readily identifiable alternative use, if higher: or (b) if appropriate, that the market value on cessation of the business would be materially lower.**

## ANNEX 1: MAP SHOWING GOVERNMENT OFFICE REGIONS

### Map of Government Office regions



ANNEX 2: VALUATION REPORT TEMPLATE

***(Please see attached)***

ANNEX 3: PDF OF VALUATION SPREAD-SHEET  
SCHEDULE

***(Please see attached)***