

For general release

Meeting: Shoreham Airport Joint Committee

Date: Friday 23 September 2005

Report of: Airport Treasurer and Airport Manager

Subject: Revaluation of the fixed assets of Shoreham Airport

1. Purpose of Report

- 1.1 The fixed assets of Shoreham Airport need to be revalued and the new values reflected in the revised Statements of Accounts for 2004/05 for the Airport and the two owning councils. This report advises Members that as only one quote has been obtained for the revaluation, under the Airport's Contract Standing Orders this has to be reported to the next Joint Committee meeting.

2. Recommendations

- 2.1. That the Committee notes that a quote has been accepted from Drivers Jonas to revalue the land, buildings and infrastructure owned by Shoreham Airport

3.0 Background

- 3.1 It is a requirement of the Code of Practice on Local Authority Accounting in the UK that fixed assets (such as land, buildings, vehicles, plant etc) should be valued every five years. In the past the District Auditor has accepted that this requirement has not been complied with because the two owning councils were actively taking steps to find a purchaser for the Airport. However, now that we are in the process of determining the preferred bidder, the District Auditor requires that the Airport's Statement of Accounts for 2004/05 should be amended to show current valuations of the fixed assets, to inform the procurement process.
- 3.2 A quotation has been accepted from Drivers Jonas to revalue the land, buildings and infrastructure in accordance with local authority accounting requirements. As three competitive quotations have not

been sought, this has to be reported to the Airport Joint Committee in accordance with the Airport's Contract Standing Orders.

3.3 This quotation has been accepted for the following reasons:-

(1) Speed is essential in order to revalue the assets by early September 2005 to enable amendments to be made to the Statement of Accounts for the Airport, (as well as the Statements for the city council and Worthing Borough Council, which consolidate the Airport's assets on a two-thirds/one-third basis), so that the Accounts can be re-presented to Members in October and signed by the District Auditor by the statutory deadline of 31st October 2005.

(2) Drivers Jonas are recognised nationally as chartered surveyors with significant experience in the valuation of airports, and have been working with Brighton & Hove and Worthing for the past 2 years to market Shoreham Airport and seek a purchaser, and are therefore very familiar with its assets, and have said they are able to complete the revaluation in accordance with the timescale.

(3) The city council's internal valuers as well as Cluttons, who are the consultant valuers to the Airport, have both stated that they would not have the specialist expertise to revalue an airport.

(4) Locally another firm of chartered surveyors have advised that the Airport should expect to have to pay fees for this revaluation in the region of the Drivers Jonas quotation but do not themselves have the expertise to revalue the fixed assets.

4. Consultation

4.1 There has been consultation with the Property Services section of the city council.

APPENDIX 1

Meeting/Date	Shoreham Airport Joint Committee - 23 September 2005		
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Subject	Revaluation of the fixed assets of Shoreham Airport		
Wards affected	None		
Financial Implications			
Every effort will be made to contain the revaluation costs within the Airport's existing budget for 2005/06 to avoid drawing on the Airport's General Reserves, which stood at £229,000 as at 31 st March 2005.			
<i>Finance Officer consulted</i> Peter Wright			