ACES Terrier

The Association of Chief Estates Surveyors & Property Managers in the Public Sector   Volume 24 Issue 4 Winter 2019/20

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VOLUME 24 - ISSUE 4 - Winter 2019/20

ACES TERRIER

The Journal of ACES - The Association of Chief Estates Surveyors & Property Managers in the Public Sector

EDITORIAL

Betty Albon

Welcome to the 2019/20 Winter Terrier. I wonder what bombshells the new decade will bring? Hardly dare contemplate.

We have our new President, Peter Gregory, in post. The Annual Meeting of ACES was held in the splendid surroundings of Glasgow City Chambers, on 15 November 2019. This issue includes Peter's inaugural speech, and summaries of the presentations given by 3 specialists of Scottish-based Graham + Sibbald, who also kindly sponsored the event. My thanks to Alastair and his team.

I'm pleased to report a bumper issue containing an interesting and thought-provoking range of topics, including town and country locations, theory and practice, written by experts working in the public, private and voluntary sectors. For those readers involved with viability appraisals for planning purposes, there is a summary of the current consultation document from the RICS, and a practitioner's views. There is a variety of professional topics - just take a look down the contents page and I'm sure there's something for you and your colleagues.

For those readers who always used to turn immediately to the back, very sadly, my best friend and colleague, William (Bert) Marshall died last November, after battling against debilitating illness. It is only fitting that his obituary graces the last pages of this issue of ACES' Terrier. Suffolk Scribbler, your wit will be greatly missed.

Published by Marcus Macaulay Design & Photography
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Cover photo: Peter Gregory, ACES President 2019/20, Glasgow City Chambers. Photo by courtesy of Marcus Macaulay.

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PRESIDENT'S KEYNOTE ADDRESS, GLASGOW 15 NOVEMBER 2019

Peter Gregory

Good afternoon and welcome to Glasgow.

Firstly, many thanks to every single one of you for coming. I know that many of you have travelled an awfully long way to be here today. I am particularly grateful that so many are here from the North West Branch – your support means a very great deal.

ACES is very appreciative of the support it has received today from Graham + Sibbald, for their sponsorship of the event, for the introduction from Alastair, and the interesting presentations by Charlie, Kerrie and Ian [Ed – see this edition of ACES' Terrier for summaries], thank you very much. Thanks too to Tom Fleming and the Scottish Branch, in conjunction with Trevor Bishop, for their work in putting this event together. I would also like to thank Glasgow City Council for making this great space available to us – in Rochdale we like to think that we have a wonderful town hall, but I tell you what, this place is something else!

I would like to indulge myself for a few moments by reading a brief extract from one of my favourite works of classic literature, the Diaries of the Rt Honourable James Hacker MP. The context is that Hacker has just been appointed as a minister and is desperate to make an impact as a new leader, and desperate to get to grips with his new role – sounds familiar:

"I decided to take charge at once. I sat behind my desk and to my dismay I found it had a swivel chair. I don't like swivel chairs. But Bernard immediately assured me that everything in the office can be changed at my command – furniture, décor, paintings, office routine. I am unquestionably the boss! Bernard then told me they have 2 types of chairs in stock, to go with 2 kinds of minister – one sort folds up instantly and the other sort goes round and round in circles."

I will be working hard in the next 12 months to ensure that the chair design for my presidential year is fit for purpose.

Haydock Park Racecourse is synonymous with ACES in the minds and hearts of many generations of estate surveyors in the north west of England. My 30+ year association with ACES began at Haydock Park. We used to hold – and still hold - evening CPD sessions there. We used to trek down the East Lancs road, for what were very relevant and interesting presentations. Several generations of north west surveyors will be looking back at Haydock with fond and lasting memories – of events that were value for money and targeted at our specific interests and needs. In the early days of the 1980s and 1990s, I did not have a clue who the ACES great and good were, nor did I have any appreciation of what was involved in putting on such events, but looking back, I am really grateful that they bothered to give of their own time and talents. We are still doing it, and we should be proud of ACES' members that this is happening.

It was not until 2008 that I fell victim to the time-honoured way in which new members used to be recruited to the ACES North West Branch. It went something like this….

Dring dring. Dring dring. "Hello, Peter Gregory". "Peter. Keith Jewsbury 'ere. Why aren't you a member of ACES?"

ACES meets Peaky Blinders. If you like!

But ultimately, 11 years on, why am I still a member of ACES? Apart from the fact that I daren't leave while Keith is still around (he knows where I live!), the answer is simple – I am a member because ACES meets my professional needs, and the needs of the surveyor in the public sector for training, networking, advice, support, familiarisation with trends and issues of the day, and with all due respect to guests from other professional bodies, like no other professional forum. As it says in our business plan – ***"ACES is unique".***

What is not explained, however, is why I would allow myself the presumption of becoming your President. I want briefly to try to answer that question.

My first thought was that the answer might be found in the book of Ecclesiastes, which says with a certain amount of caustic wisdom that: *"Fools are put in many high positions"*. However, the problem of advancing that as a theory for my present predicament is that I would pretty much offend everyone in the room. Looking for other reasons, there is of course the very simple explanation that it is very difficult to say no to Daniella Barrow, a former president, once she has looked you in the eye. Or maybe it was because Richard Wynn, another former president, told me that it would be fun – I have to tell you, I'm not feeling it yet Richard!

I think, though, that a more complex but also more accurate answer would result from a look around this room. I can identify people who have worked tirelessly and selflessly, often without much thanks, and in some cases for many years, to provide services to ACES members. I meet such people at ACES Council, branch meetings, conferences, and other ACES events. One of the things I am looking forward to over the next 12 months is getting to know many more ACES members, getting to know what makes us tick, and to understand the depth of their commitment to the organisation and their vision for it. I suspect that many of you would agree with me that the more we are prepared to put in, the more we will get out. And ACES is one of those organisations that depends entirely upon the contribution of as many of its members as possible, in order to stay relevant and responsive to changing circumstances and sector challenges.

I have been involved with National Council for some years now, and it has been my privilege to observe several presidents, each with different characters and talents, trying to get to grips with leading this organisation and representing the membership effectively. We owe them all a debt of thanks. Today, it is my particular pleasure to pay tribute to our outgoing President, Graeme Haigh, for his year in office. Graeme is probably unmatched in his passion and enthusiasm for ACES and its role across the profession; he is able to communicate that passion in all manner of forums. I have been struck by his perceptiveness in identifying ACES' weaknesses and the issues that need to be addressed. Despite Graeme's peculiarly difficult challenge of delivering a conference on the Isle of Wight, it was an event that those of us attending will remember for a very long time, and in many ways, an event that cannot be emulated.

I have to tell you that from my perspective today, Graeme and my other predecessors are a hard act to follow. While retaining our traditional values and strengths, they have built on new foundations, to create an organisation that looks and feels very different from the one that I joined 11 years ago. In recent months and years:

- We have articulated and are seeking to express our role and objectives as an organisation. The message of ACES is being presented and heard more clearly than previously
- We have widened our membership criteria and have seen a growth of membership from non-local authorities, increasing ACES' diversity and relevance
- We have revised our governance model to make us a much more adaptable organisation
- We have a renewed focus on the quality and relevance of our programmes
- We have invested to increase our national resources; a commitment that increases our profile and the range of activities and organisations we can engage with, and the consequent impact we can make.

But I think that former presidents would all agree that there is still much to do, if we wish to build and maintain an organisation that is truly representative of the public sector surveyor.

The public sector is excellent: it has its faults and weaknesses, but it nevertheless does succeed in impacting positively upon everybody's life. ACES exists to help the public sector deliver its good projects. But given the size of the sector, it is perhaps worth pausing every now and then to consider the challenge for us as an association, which is how, with a few hundred members, we can make a genuinely positive contribution to people's lives, and how that impact can be sustained and improved.

We approved the ACES Business Plan this time last year. The Plan is designed to articulate our vision of what ACES should be and become. It is formed around 3 strategic objectives, the first of which I have already touched on, to equip our members to fulfil their responsibilities. But we have decided that our objectives as an organisation do not stop with the inward focus of making ourselves and our teams better surveyors. Our organisational strategy is based on 2 other, more outward-facing, pillars. We are also committed to the work of influencing and promoting:

- **Influencing** the formulation of regulation, policies and strategies governing the use of public sector property assets
- **Promoting** opportunities and best practice in the effective use and management of assets, in order to support organisational priorities of the public sector.

No other organisation is in a stronger position than ACES to give public sector surveyors a platform, and enable them to shape the future of public sector asset management. ACES has at its disposal a massive collective pool of knowledge, experience and expertise. If we are inclined to speak, we can do so with great authority. A key to the success of our organisation is how effectively we can galvanise the full resource of our membership, to influence and promote the profession and public service.

We are fortunate enough to be supported by a host of partners who make our organisation more effective, a number of whom are here today as our guests, and you are welcome. My thanks to Graham + Sibbald, the sponsors of this event, other partners who have sponsored and exhibit at our conferences, and speak at numerous events across the country. We value our links with other associations such as SPACES and IRRV, and of course RICS. Recent changes to our constitution have made it so much easier for us to welcome and to engage with the private sector. The benefits that ACES derives from these partnerships may be obvious, but I would not like to think we take them for granted. More than that, we should not overlook the way in which ACES can in its turn support and equip its partners

to make a real contribution to the public sector. I would very much welcome discussions designed to make our partnerships more effective in that way.

So, what can you expect from me during the coming months?

- I would like us to develop the influencing and promoting agenda
- I will be encouraging each of us to both ask and to answer the question of what ACES' value and relevance should look like to those outside the organisation, and to work towards that vision
- I am looking forward to getting around all our branches, to understand what best practice looks like for our organisation, understanding more about members' vision for us, and more about the issues we need to tackle at a regional and national level
- We need to continue with the objective of strengthening the links, the communication and understanding between ACES Council and its grass roots membership, and more than that, between ACES and the estate management staff in member organisations – they are ACES' future members, officers and contributors
- I will be continuing our work to take the message of ACES to public sector surveyors who are not engaged with us, and to establish creative links with the private sector.
-

However, it will be a pretty catastrophic year if I were to try to do it all myself, which is why it is so important to ensure that there is an excellent team and succession in place. At which point, I need to pay tribute to members who have stepped up to the plate:

- To Trevor Bishop, as always, for his wise counsel, and for his hard work and commitment, usually well above and beyond
- To Betty Albon for presiding over the best professional property publication out there
- To Neil Webster, who is working tirelessly to present the public face of our organisation
- To Keith Jewsbury. Despite my cheap laughs at his expense, every organisation needs a Keith Jewsbury. I am extremely proud and pleased that ACES has the original and the best
- To Willie Martin for keeping us on the financial straight and narrow
- To Simon Hughes and Chris Rhodes, our Vice Presidents, who I am sure will be capable of picking up any mess I leave to them
- To all our liaison officers who, I believe, have a crucial role in the influencing and promoting agenda
- To all members of Council. We have a great team at Council and at core management team, who I know will continue to pull in the same direction.

Just a few more personal thank yous

- My wife, Jenny, who has been nothing other than supportive
- North West Branch members, particularly members of the executive committee, who are always willing to help
- My team at Rochdale Council, who unanimously supported my acceptance of the role, despite what it might mean for them
- My employer, Rochdale Council for its support. Rochdale is represented here by my director John Searle, who has very kindly agreed to act today as my Responder.

I was looking through my collection of ACES publications the other day – I wanted something for the coffee table (it had a wonky leg!). I found "A Century Surveyed", the history of the first 100 years of ACES, 1908-2008. I am sure many of you have a copy and have read it [Ed – the pdf can be downloaded from www.acos.org.uk/publications]. I took some time out to look through it again, notable for very youthful-looking photos of people here present. What it very clearly provides is a sense of the effectiveness and constant relevance of ACES during its long history – achievements brought about by the number of men and women who have worked selflessly to create a legacy for ACES.

One such person is the first President of ACES, Remo Verrico. From the latest President of ACES to the first, I am honoured that Remo was able to be here today, and for the people that followed him.

Next year's conference, Greater Manchester 2020, will be on the theme of the legacy that we, as public sector surveyors, want to leave for future generations. Perhaps over the next 12 months, we can consider what we would like that legacy to look like, and to work towards it as an organisation.

Today is somewhat surreal for me, and in view of those who have gone before, it is very humbling to be entrusted with the responsibility, but I am proud to be elected as the President of an organisation that has a decades-long history of impacting upon the property industry in general, and on the public sector in particular. Thank you for placing your confidence in me.

ACES Award for Excellence 2019

ACES members are doing a lot of great work. My only wish is that more members would be prepared to share and shout about what they are doing. This is the second year that I have been on the judging panel of the Award for Excellence. On both occasions, I have been of the opinion that each and every entrant would be a worthy winner. However, unfortunately that is not how it works and after some deliberation, the panel this year shortlisted 2 entries.

The highly commended award goes to a soundly professional approach to property investments, showing a good mix of social value and financial return. The highly commended award goes to Eastleigh Borough Council. Unfortunately the council could not be represented here today.

The 2019 ACES Award for Excellence goes to an innovative project to reverse the decline in social housing stock. The panel felt that this was a project that combined professional skills and excellent delivery, with very clearly defined outcomes and social value.

The winner of the 2019 ACES Award for Excellence is Marc Clayton of East Riding of Yorkshire Council (ERYC). Below is a summary of the contending submissions.

This marked the end of the proceedings. The President again thanked the audience for attending. He had found it an interesting day, he very much appreciated the support and good wishes, and wished everybody a safe return home, and sincere thanks.

Submission Authority	Subject	Summary
Eastleigh Borough Council	Investment acquisitions	Developing and managing a diverse property portfolio, to deliver significant dividends to the council, so as not to reduce services to residents and businesses. Playing a key role in investing in its community, to provide local facilities and business premises
East Riding of Yorkshire	Supplementing the HRA portfolio	Proactive corporate approach to replace social housing lost to the RTB scheme, including 'Turnkey Delivery', s106 acquisitions, '1-4-1 Capital Receipts', 'ERYC Building Programme', acquiring other providers' stock, shared ownership, purchase and repair, and empty homes programme. Coordinated by the new post of Principal Residential Surveyor
NHS Property Services	NHS Open Space	Developed a hybrid estate and technology solution which leverages NHSPS' national portfolio of accessible, flexible and affordable accommodation, combining it with innovative technology to provide healthcare service providers more choice and control on how they use space within NHS properties
London Borough of Sutton	New use for a problem property	Refurbishment of a closed public convenience and reopened as a new café/WC. Secured for the council income generation, to limit outgoings. Project led by a trainee surveyor at the council

RESPONSE TO THE PRESIDENT'S KEYNOTE SPEECH

John Searle, Director of Economy, Rochdale Borough Council

President, ACES' members, and guests.

Thank you, Mr. President, for your speech. I have been wondering what I now call Peter in the office?

It is great to be here. Everybody has already said what a fantastic building this is, so thank you Glasgow Council for inviting us all here. Rochdale does have a Grade I town hall building, and people do say that it is only second internally to the Palace at Westminster. But to walk up that staircase, that is fantastic, and I think this opinion needs reconsidering.

A little bit about me, before I talk about Peter, which will set the context. My background is a BSc in economics, but I have a master's degree in property. During my studies, I quickly learnt that valuation is both an art and a science. By way of an example, Peter and I had a colleague who swears by a sixth method of valuation – the "Darrowby Method". Some of you may have heard of this. He told me he often uses the Darrowby method. "So what is Darrowby?" "Oh, 'darra be about a million pounds". That leads me to conclude that I'm actually only the true scientist in the room, and you are a bunch of artists!

More seriously, property, planning, and regeneration is changing rapidly: to get things done takes a whole different approach. Knowing when to negotiate, and when to stand firm, is a part of the whole process which you people know better than me. Peter, by the way, has an unbelievable poker face, and I wouldn't like to play against him in negotiation.

A bit about Peter. He is probably panicking a little at this stage. While he's relieved that his speech is over, mine is only just getting going. Peter shared his draft with me; I didn't share my draft with him! I've known Peter for probably around 10 years. Both of us have experience of the private sector, and then we both returned to the public sector. He became my property manager about 4 years ago; both of us have a strong interest in property. I often wonder what he thinks about having a director who has this experience in property – is it a good or a bad thing? Hopefully it's good. We've certainly done more delivery since working together.

The one thing we do have in this professional relationship is respect for each other. That is paramount. When I first took on the role, we did an icebreaker in the management team. I quickly realised that Peter is not necessarily the shy and retiring type. You can break him down a bit and gain his confidence.

I'd describe Peter as someone who is passionate about his profession. He is very loyal and supportive for his staff, and he is never afraid to speak out. He is well respected by local elected members, and that is probably because of his tremendous local knowledge. More personally, he has a real love of walking in the great outdoors and the Lake District is high on his list. He is a committed family man.

In terms of the changing world of councils' estates, surveyors such as Peter, and most of you in this room, have had to deal with many years of austerity. Rochdale has lost 60-70% of its budget in the last 10 years. It has not necessarily meant many staff cuts to his team; that has been because of policy strategy and asset disposals, asset rationalisation, income generation activities, and more recently, commercial property investment, have meant that the property staff are fully occupied. There is a constant pressure to do more with less, and juggling balls seems to be what it's all about. But Peter has really got to make juggling some of those balls work.

Like many local authorities, Rochdale has been purchasing income-generating assets for commercial returns and for regeneration purposes. We've also been able to undertake our own development schemes, for example, to provide accommodation for small businesses to produce jobs, but also of course, to generate valuable revenue returns. Some of this income has been protected by ring-fencing and released capital receipts. However, it is something that we have been doing as a council for over 30 years.

Peter has been leading the rationalisation programme of relocating community and council services into hubs, including community centres and library assets, which for Rochdale are sacred cows. What of course we have been keen not to do is close services in rationalised buildings, and there is a crucial difference between those two. We are working very carefully with local members, which is something that Peter is particularly adept at.

Peter and I have been involved in developing a £100m Property Growth Fund (PGF). It includes sub committees to handle the commercial decisions in a timely way, with a core group of members. Peter in his usual understated fashion named this committee himself. I never realised until recently that he named this sub-committee after himself, because 'PGF' is now called the 'Peter Gregory Fund', and he has invested about half of these proposed funds so far!

More recently, Peter's team has been selling small assets at auctions; he has been buying sites for master planning and regeneration purposes. It is a lot of really interesting work, undertaken with less time and less money. He went to auction recently and came back with a semi-detached house. We are a local authority which doesn't have any housing stock, so he must have bought this for a purpose, and that purpose was for regeneration. So, contrary to what I was saying earlier, the lines between planners, surveyors, transport engineers, project managers, economists, and accountants, are less important. We have a small team now to look at dealing with council houses; there is a joint body with a clinical commissioning group. With asset rationalisation and the One Public Estate programme, the 2 organisations are working together. That is certainly no easy task for anybody to understand the complexities of the health sector assets.

I wish you all the best Peter, and I wish ACES all the best as an organisation over the next year; hopefully a profitable year. May I ask the guests to toast the members of ACES.

ACES ANNUAL GENERAL MEETING

Notes of AGM held at Glasgow City Chambers on 15 November 2019

Trevor Bishop MRICS, ACES Secretary

The 2019 Annual General Meeting, held in the magnificent surroundings of Glasgow City Chambers, was attended by 43 ACES members. The minutes of the Annual General Meeting held in London on 16 November 2018 were approved as a correct record.

Annual report of Council

The President (Graeme Haigh) and Secretary (Trevor Bishop) presented a comprehensive report (available on the website) on the work of Council and the Association for the year 2018/19 which was approved by members. The Secretary thanked all the liaison officers and branch representatives for devoting their time to preparing reports and for their valuable contribution to a successful year for the Association.

Financial matters

The Honorary Treasurer (Willie Martin) presented his report of the accounts for the period ending 30th June 2019, with recommendations for subscriptions for the coming year.

It was agreed to adopt the accounts as presented and to maintain the annual subscriptions level at £125 for full members, £80 for additional full members and associate members, and retain the current £40 for retired members. It was further agreed to retain Wortham Jaques as the auditors for the coming year.

Annual conference 2019, Isle of Wight

The President reported on his Annual Conference 2019 held in Cowes on the Isle of Wight [Ed – see this issue of ACES' Terrier for summaries of some of the presentations, and 2019 Autumn Terrier for an overall account of the conference].

He noted a very successful event, providing the usual good value for money for ACES members and excellent feedback from delegates on the speakers and networking opportunities. The conference was held over 2 days (in magnificent weather for September), comprising a wide variety of speakers and including the ever popular gala dinner held at the prestigious Royal Yacht Squadron, Cowes.

The President noted the considerable resource input that was necessary to achieve a successful conference and referred to some useful experience gained and new initiatives that would be carried over into the 2020 conference.

Business Plan

The Senior Vice President (Peter Gregory) presented a monitoring report arising from his review of the actions contained in the Business Plan, approved at the national AGM in 2018. It was reported that a number of targets had been met and, reflecting the 3-year duration of the plan, he noted actions that needed to be addressed in the next 12 months.

Members noted the report (contained in the Annual Report) and the proposals for future progression and development of the Business Plan.

Rebuild of ACES website

The Secretary, on behalf of Paul Over, provided an update on progress with the rebuild of the ACES website and the appointment of a specialist website developer. A team had been assembled under the lead of Paul Over and dialogue with the developer has been progressed. The structure and design of the new site had been agreed and the Secretary displayed webpage samples. At the time of the AGM, the build of the new website was in hand. The cost of the rebuild was, at the time of reporting, contained within the established budget. The Secretary undertook to keep members informed on progress and, in particular, the launch date.

RICS Regulated, Unregulated, and Registered

Jeremy Pilgrim talked through discussions he had been conducting with RICS on the matter of RICS Registration, issues of terminology and definitions, and the question of local authorities registering. Jeremy undertook to report back to Council when discussions had been

satisfactorily concluded and with a view to ACES ultimately producing an explanatory leaflet for chief executives.

MHCLG/ACES Working Party

It was agreed that the following members serve on the Working Party for 2019/20: Neil Webster (principal lead), Peter Gregory, and Heather McManus.

Consultations

The Senior Vice President reported on several consultations responded to throughout the year. It was recognised that some consultations were not directly relevant to some members for various reasons, but it was confirmed that consultations would still be sent to all members, to avoid the risk of exclusions and to enable full capture of valuable member experience and knowledge.

Officers of the Association

The following were approved as officers of the Association for 2019/20:

President	Peter Gregory
Senior Vice President	Simon Hughes
Junior Vice President	Chris Rhodes
Immediate Past President	Graeme Haigh
Secretary	Trevor Bishop
Treasurer	Willie Martin
Editor	Betty Albon
Business & Marketing Manager	Neil Webster
Hon Auditor	Wortham Jaques

Liaison officers

The following were approved as liaison officers for 2019/20:

a	Compensation	Roger Moore
b	Valuation	Vacant
c	Rating & Taxation	John Murray
d	Housing	Rachel Kneale
e	Strategic Asset Management	Lee Dawson & Jeremy Pilgrim
f	Commercial Asset Management	Andy Kehoe
g	Agricultural Asset Management	Rachel Howes
h	Consultation	Simon Hughes
i	RICS	Sam Partridge & Daniella Barrow
j	MHCLG/ACES	Neil Webster
k	Post Graduate Courses	Malcolm Williams
l	Health	Neil Webster
m	Regeneration	Paul Brooks
n	Branch Liaison	Keith Jewsbury

Nominations for the vacant role of Valuation Liaison Officer are to be pursued by the Secretary.

Council membership

Tim Foster and Keith Jewsbury were elected to serve on Council for 2019/20, representing Past and Honorary members of the Association.

Tom Fleming, Neil McManus and Daniella Barrow were elected as members of Council for 2019/20.

Any other business

It was noted that Richard Allen had stepped down from his role as a member of the Council, but continued to be an active member, and Treasurer, of the Heart of England Branch. The meeting expressed its thanks to Richard for his tireless efforts over many years in promoting ACES, and for his valuable contribution to achieving the objectives of ACES through Council and other meetings. Members wished Richard well in his continuing membership of ACES.

The meeting closed and was followed by presentations from a team from Graham + Sibbald [Ed – see summaries in this issue of ACES' Terrier] and the annual lunch. Thanks to Graham + Sibbald for sponsoring the event.

See page 80 for more photos of the AGM

Future meetings

The following future meetings were

Annual Conference
24/25 September 2020
Greater Manchester

Annual Meeting
13 November 2020London

Annual Conference
September 2021, Norfolk

Annual Meeting
12 November 2021, Cardiff City Hall

ACES Council
24 January 2020, Guildhall, London

ACES Council
24 April 2020, Camden, London

ACES Council
12 July 2020, Birmingham

ACES MEMBERSHIP

Trevor Bishop MRICS, ACES Secretary

I list below the changes in membership between 1 October 2019 and 31 December 2019.

New members approved

There were 21 new applications approved during the period:

First Name	Surname	Organisation	Branch Ref
David	Allan	Argyll & Bute Council	S
Kamay	Toor	Bracknell Forest Council	SE
Russell	Clinker	Brentwood Borough Council	E
Clinton	Judge	Bury Metropolitan Borough Council	NW
Jonathan	Nettleton	Cardiff and Vale University Local Health Board	W
Paul	Clutterbuck	Chelmsford City Council	E
Andrew	Playfer	Cheshire West & Chester Borough Council	NW
Kevin	Gillett	Chichester District Council	SE
Chris	Brain	Chris Brain Associates	W
David	Evans	Essex County Council	E
Andy	Husband	Herefordshire Council	HE
Alan	McCarthy	London Borough of Tower Hamlets	L
Emily	Atack	Mid Suffolk District Council	E
Simon	Moore	Mid Sussex District Council	SE
Simon	Brennan	Neath Port Talbot CBC	W
Benjamin	Hanks	Newport City Council	W
Ian	Martin	North Lanarkshire Council	S
Kate	Leer	Perth & Kinross Council	S
Amy	Rushton	Suffolk County Council	E
Cecilia	Reed	Valuation Office Agency	NW
Sharon	Short	Valuation Office Agency	W

Members transferred during the period.

3 members transferred during the period.

First Name	Surname	Branch Ref
Ade	Adebayo	L
Alison	Hext	HoE
Paul	Over	SE

Resignations

The following 24 members resigned during the period:

First Name	Surname	Organisation	Branch Ref
Peter	Legood	ACES Retired Member	SE
Ian	Nisbet	ACES Retired Member	S
Ross	McLaughlin	Argyll & Bute Council	S
Steven	Caplan	Bracknell Forest Council	SE
Alex	Holland	Bury Metropolitan Borough Council	NW
Helen	Thomas	Cardiff Council	W
Julie	Powell	Cheshire West & Chester Borough Council	NW
Julie	Fittock	City of London Corporation	L
Iain	Love	Glasgow City Council	S

Ian	Capper	Knowsley Metropolitan Borough Council	NW
Maureen	McDonald-Khan	London Borough of Hammersmith & Fulham	L
Sophie	Linton	London Borough of Lambeth	L
Jane	Taylor	London Borough of Waltham Forest	L
Clare	Hills	Mid Sussex District Council	SE
Sally	Hewetson	Mole Valley District Council	SE
Andrew	Ward	Mole Valley District Council	SE
Gareth	Nutt	Neath Port Talbot CBC	W
Chris	Rushton	Newable Properties Limited	L
Eric	Hislop	North Lanarkshire Council	S
Anthony	Smith	NPS Peterborough	E
Natasha	Morgan	Powys County Council	W
Monique	Clarke	Watford Council	E
Neil	Turvey	West Suffolk Council	E
Michele	Brand	West Sussex County Council	SE

Membership

Summary of current membership at 31 December 2019:

Total Membership	
Status	No.
Full	233
Additional	57
Honorary	32
Associate	22
Retired	41
Total	385

380 members at 31/12/18

AGM PRESENTATIONS

Planning, compensation, valuation – Getting the deal done

Ian Kelly

Ian was one of the team of 3 speakers from Graham + Sibbald who gave a presentation at ACES' Annual Meeting, held in the City Chambers, Glasgow in November 2019. Through a number of case studies, Ian draws attention to the current challenges and issues with CPO, and the particular need to refocus skills in in-house estates teams. The other 2 presentations are included in this issue of ACES' Terrier.

Alastair introduced his team of 3 speakers and was thanked for sponsoring this event. He expressed his delight at being able to speak at ACES' AGM, especially in such a prestigious building as the City Chambers. Graham + Sibbald is one of the largest private practice surveying firms in Scotland, with a network of 13 offices and 212 staff, including 20 valuers. The practice has recently opened an office in Manchester and is now working for its first local authority in this area.

The firm has strong ties to the public sector, with framework contracts, and a dedicated public sector team, members of which would today give 3 punchy but topical presentations.

Compensation history and current issues

My previous public sector CPO experience goes back many years, and includes slum housing clearance areas, town centre redevelopments, and the acquisition of derelict land for decontamination. This experience was gained very early in my career, and crucially, I worked in an integrated planning and estates department, with a single director, below which was a chief estates officer and a chief planning officer, who worked together. That department ran at a substantial profit.

All the properties were acquired through CPO. The compensation packages were agreed in every case and delivered through the Valuation Office in Scotland. For all cases, there were no unresolved objections and no public inquiries.

My current cases which involve CPO are the Inverness West Link Road and the A9 dualling. At Inverness, I act for private clients and a large industrial holding – BBH, Dores Road - which are all affected by the scheme; for the A9 dualling, I have a range of clients including the Dunfallandy Estate at Pitlochry, Dalmarnock Fishings, which is a 4-mile salmon fishing beat on the River Tay affected by the road, and Dowally Church. I thought the church would be a problem, as the proposed dualling comes

Alastair Weltch is a chartered surveyor. He joined the Building Surveying Department in the Glasgow Office in March 1999, after working at Richard Ellis and Bell Ingram. He is responsible for project managing refurbishment and demolition works for various types of property, managing insurance reinstatement works to both commercial and residential properties, and condition surveys. He has dilapidation experience for landlords, tenants and arbitration cases, and is a qualified Commercial EPC Assessor.
Alastair.welch@g-s.co.uk

Ian is a chartered planner, with 42 years' public sector, private sector and international experience. He joined Graham + Sibbald in 2005 and led the development of a planning team that provides support to the other partnership specialisms, as well as undertaking specialist planning advice, based in Glasgow. More recently Ian has specialised in a range of expert witness commissions with a particular focus on renewable energy. He has specific compulsory purchase experience. Today was Ian's last day of work (so felt liberated to say what he liked!).

GRAHAM SIBBALD

very close. We decided to market test and somebody offered more than our estimated top price, so that is resolved.

Today, there are a number of issues when dealing with compensation. Interestingly, there seems to be no scheme design negotiations. For both these cases, his clients were presented with a 'preferred alignment' fait accompli, and told to take it or leave it. For Dunfallandy Estate, a very slight adjustment to the alignment of the dual carriageway would have removed that objection – just a few metres. For the Dalmarnock Fishings, Transport Scotland is trying to acquire just the line of the carriageway: no thought has been given to how the contractors are going to access and build the road, whereas in reality, the construction site could easily extend up to 50m on either side. It is this inexperience and an inability to agree the basic planning parameters. Additionally, there is no serious negotiation progress with the District Valuer. I have been trying to get valuation figures from the DV, without which we cannot progress anything.

Future expected issues

The Planning (Scotland) Act 2019 [Ed – see presentation from Kerri] will result in an explosion of CPO and planning valuation cases. In many cases, the agenda will be driven by the Land Commission for Scotland. Some of these are:

- CPO cases for infrastructure schemes
- Compulsory Sales Orders for sustainable development and housing re-use
- Community land buy outs, which now extend to urban areas in Scotland
- Land value capture disputes
- Variations to planning agreements.

In the face of these future issues, there is growing frustration with the statutory processes. For example, failing to account for planning gain -the current debate about compensation and betterment takes no account of planning gain. In the case of BBH at Dores Road, a total of £2.7m was paid to the Highland Council as planning gain. The DV has been asked how he can account for that in the valuation of betterment, when the council is starting from the position of +£2.7m.

There are delays in the payment of compensation. It could take up to 10 years after negotiations have started! While a large organisation might be able to accommodate that in its accounts, some individual private businesses cannot wait that length of time, especially if their businesses are wiped out. There are also project and scheme delays, such as are currently experienced with the A9 dualling.

The challenges

My view is that we have to find a way ahead that works for doing deals and delivering in a shorter time frame. To do that, we need to develop the procedures to deliver more effectively. Critically, there is a need to strengthen the skills base, to cope effectively with this increased workload.

There has been a lull in Scotland in the last 10-15 years in the use of CPOs and related procedures, so there is a whole generation of planning and estates staff who simply do not have any experience in CPO procedures. For example, we have Certificates of Appropriate Alternative Development (CAAD), which is the means of establishing the land use basis for valuation purposes. I have been involved in CAAD schemes recently. The application is an entirely theoretical exercise in the no-scheme world. However, LPAs have refused to issue CAAD certificates, saying these proposals cannot be built, and do not understand that it is a tool towards valuation: it is a skill set which has not been developed in the last decade.

We need to develop a compensation system that is planned, affordable, takes account of the planning gain position, which applies to all major developments, and is fair for all parties.

A way ahead

For small scale schemes, you need to know the local market – just pay the market rate and be done with it: get the transaction completed. For all larger and multi-owner schemes, I think there is a way forward. The start is to prepare, consult on, and adopt a planning brief for each scheme and acquisition. This is the key.

In many of the cases where we are currently experiencing difficulties, it is not the actual valuation – that is a technical exercise once we agree the planning parameters; let's get the brief completed up-front, instead of negotiating these after the CPO is confirmed and while you are trying to negotiate compensation. Then develop a land parcel or land parcel group acquisition indicative budget and timeline based on the planning brief.

I know of cases where compensation negotiations cannot be progressed because the acquiring authority has simply not allocated sufficient funds. For the Inverness West Link Road, the Chief Engineer stood up at council committee and told the councillors that he was going to get all the land for the scheme for nothing! Therefore no land budget was included for this scheme.

Publish all of the above, along with the relevant proposals or statutory orders. Involve the District Valuer, but critically, the acquiring authority has to lead on the case. That is a change of tactic we have adopted now for some of our negotiations, so I am negotiating with the council, rather than through the DV.

Finally, do the deals and deliver.

Solutions – key issues

- Learning from my own experience
- The acquiring authority staff need to be team players, linking planning and estates functions. From my experience, I don't now see integrated planning and estates teams in local authorities, yet it works; staff must be more entrepreneurial, and more risk taking, within a framework, and be focussed on delivering agreed deals
- Build for the future, by encouraging and mentoring more younger professional staff. I was very lucky early on in my career to be responsible to deliver deals and learn from that. I don't now see any young planners and valuers getting those opportunities. This has to change. For example, some councils have reorganised and professional staff have left. There should be a training programme to learn CPO skills: councils need to invest long-term, and see the private sector as a short-term answer only. Similarly, there has to be in-house skilled lawyers to deal with CPO
- Then trust them to deliver.

COMPULSORY PURCHASE
The No-Scheme World – Beyond Pointe Gourde

Tim Surry, John Davies and Georgina Chillingworth

Tim agreed to write an article for Terrier when he was manning the BNP Paribas stall at the Isle of Wight conference. It is acknowledged that public sector surveyors need to become reacquainted with this all-important area of professional skills, and here Tim and his colleagues explain the Pointe Gourde principle.

Introduction

Public bodies considering acquiring land by compulsory purchase need to stay abreast of the complex rules surrounding the assessment of compensation because, as we shall see, they can have a profound impact on the quantum of compensation payable, and have potential far reaching implications on the overall success of the scheme.

In this article, we concern ourselves with the application of the valuation rules with regard to land with development potential and recent changes in the legislation brought in by the Neighbourhood Planning Act 2017 (NPA 2017).

There have been several reviews into the mechanisms by which the value the land being acquired is calculated, in part concerned with the perception that landowners are unfairly profiting from uplifts in development value created by the scheme underlying the compulsory purchase order (CPO). In our opinion, this concern is misguided as there are several safeguards within existing legislation and caselaw which prevent landowners profiting from the underlying scheme - often referred to as the 'Pointe Gourde' principle, or the 'no-scheme world' assumption (Pointe Gourde Quarrying Co Limited v Sub Intendant of Crown Lands [1947] PC).

Pointe Gourde and no-scheme principle explained

The Pointe Gourde principle was established in 1947, in a case concerning compensation for a quarry in Trinidad, and whether the landowner should benefit from the uplift in value of the quarry caused by the additional demand for materials from a new naval base – the scheme that necessitated the acquisition. Since then, there have been numerous attempts to clarify the principle in statute and many cases in the Lands Tribunal and beyond, but the principle remains perhaps the most contentious and difficult to interpret area of CPO law.

The NPA 2017 first seeks to clarify some of the practical issues in the application of the existing principle, and secondly goes on to widen application of the no-scheme principle to exclude certain transport infrastructure improvements.

The new statutory assumptions set out in the Land Compensation Act 1961 (as amended by the NPA 2017) to be applied in assessing Market Value under Rule 2, (s5 Land Compensation Act 1961 – 6 rules for assessing compensation) being defined as:

"the amount which the land if sold in the open market by a willing seller might be expected to realise"

Pointe Gourde, the Land Compensation Act 1961, and the changes to the 1961 Act made by the NPA 2017, require the imagining of the market value in the 'no scheme world', disregarding any increase or decrease in value caused by the scheme. To clarify this point, the NPA 2017 has now inserted into the legislation the following:

"The value of land referred to in rule (2) is to be assessed in the light of the **no-scheme principle** set out in section 6A" (emphasis added).

Tim is a Director and is a development surveyor and CPO specialist, acting on various claims across the country for both acquiring authorities and claimants. He has worked for BNP Paribas Real Estate for the last 5 years, having previously worked at the London Borough of Southwark in the regeneration team. timothy.surry@realesatate.bnpparibas

John is a Director and is a compulsory purchase specialist who has advised on numerous town centre regeneration, transport and infrastructure projects across the UK. He regularly acts for both acquiring authorities and claimants, and has settled some of the largest claims against HS2 including those based on development values. john.davies@realestate.bnpparibas

Georgina is a graduate surveyor. She joined the CPO team at BNP Paribas Real Estate in 2019, having graduated from Oxford Brookes with a first class degree in real estate management. She assists on the formulation and assessment of claims pursuant to complex compulsory purchase orders and development appraisals. georgina.chillingworth@realestate.bnpparibas

This new 'no-scheme' definition sets out clearly that any increase or decrease in the value of the land caused by the scheme is to be disregarded. The previous sections 6-9 are substituted with new sections 6A-6E in the Land Compensation Act 1961.

Section 6A sets out 5 rules that must be followed when applying the 'no-scheme principle':

Rule 1: it is to be assumed that the scheme was cancelled on the relevant valuation date

Rule 2: it is to be assumed that no action has been taken (including acquisition of any land, and any development or works) by the acquiring authority wholly or mainly for the purposes of the scheme

Rule 3: it is to be assumed that there is no prospect of the same scheme, or any other project to meet the same or substantially the same need, being carried out in the exercise of a statutory function or by the exercise of compulsory purchase powers

Rule 4: it is to be assumed that no other projects would have been carried out in the exercise of a statutory function or by the exercise of compulsory purchase powers if the scheme had been cancelled on the relevant valuation date

Rule 5: if there was a reduction in the value of land as a result of:

a. the prospect of the scheme (including before the scheme or the compulsory acquisition in question was authorised), or

b. the fact that the land was blighted land as a result of the scheme, that reduction is to be disregarded.

Under section 6D, clarification is set out about the meaning of the 'scheme'.

With regard to relevant transport projects, 6E provides clarification as to which projects are to be disregarded. The intention is to ensure that the acquiring authority does not pay for land it is acquiring at values that are inflated by its own or other public investment. Some of the elements seek to cover a 5-year transitionary period and schemes that were announced before the relevant date of 22 September 2017. Pre 2017 CPOs will still be subject to the old legislation. From large national infrastructure schemes to smaller local authority schemes, the new rules will likely apply to all.

Why change?

The drive behind these amendments is that the pre-September 2017 rules were inherently complex and difficult to apply. However, the question of what precisely is the scheme underlying the acquisition will continue to generate debate, particularly where projects have been long in the planning and have gone through many iterations. Pointe Gourde and subsequent case law will remain relevant to that debate.

The disregard of relevant transport schemes introduced by the NPA 2017 goes a step beyond clarifying the existing no-scheme principle, and could dramatically reduce the ability of claimants to argue that profitable development could have happened in the absence of the CPO. Transport improvements are the key driver that enables many large-scale regeneration and redevelopment schemes to happen. Valuers will in many cases have to imagine a world where not just the current CPO scheme has been cancelled, but where other transport improvements have not or will not take place.

Some have recently argued that in order to meet demand for new housing, land should be compulsory acquired at Existing Use Value, not reflecting the uplift in value from any potential development of the land. Politically attractive as that may be, until legislation is in place capturing planning gain on the grant of planning consent generally [Ed – see 2 articles in this issue of ACES' Terrier on planning viability], we believe that anything other than a Market Value approach would be inconsistent with the long-established principle of equivalence that underpins CPO law and is likely to fall foul of human rights legislation, which ensures that owners are paid "an amount reasonably related to [the value of the property]" (Lithgow judgment, para. 121).

That said, by introducing a specific disregard for transport improvements, Parliament has now taken a major step away from the real world and into a hypothetical no-scheme world. The NPA 2017 may presage further attempts to capture planning gain through compulsory purchase.

Tony is an Associate Director, Professional Groups and Forums, at the RICS. He has worked in a wide range of areas of planning and property in both the public and private sectors. He is actively involved in promoting an understanding of development economics within the planning system and has given evidence to the UK House of Commons Select Committee on Town Centre Planning Policy. He represents RICS in a number of bodies, including the International Federation for Housing and Planning. He has presented at UN/World Bank Conferences and gives occasional lectures at several universities.

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PLANNING VIABILITY

Assessing financial viability in planning under the National Planning Policy Framework for England, RICS guidance note, 1st edition

Tony Mulhall, Associate Director, RICS tmulhall@RICS.org

Tony outlines the draft RICS guidance note on assessing financial viability for planning applications, given the changes in 2019 in national planning policies, to assess viability earlier in the process – at the plan making stage. It is a very useful summary both for practitioners and consultees (until 9 February). In the article that follows, Gilian Macinnes outlines some shortcomings of developers and their advisors in applying government policy.

Draft consultation

RICS guidance note 'Financial viability in planning' (2012) is currently being updated and a draft guidance note entitled 'Assessing financial viability in planning under the National Planning Policy Framework for England' has been issued for consultation until 9 February 2020.

https://consultations.rics.org/consult.ti/financialviabiltygn/consultationHome

The purpose of the draft guidance note is to enable practitioners to apply consistently government's National Planning Policy Framework (NPPF)/ Planning Practice Guidance (PPG) 2018/19 on viability. The consultation is to obtain feedback on how well the draft guidance gives effect to the provisions of the NPPF/ PPG 2018/19.

The consultation also seeks feedback on whether the guidance enables the assessment of viability in a proportionate way, consistent with the delivery of effective public administration, in response to Mr J Holgate's High Court comments on this ["It might be thought that an opportune moment has arrived for the RICS to consider revisiting the 2012 Guidance Note, perhaps in conjunction with MHCLG and the RTPI, in order to address any misunderstandings about market valuation concepts and techniques, the "circularity" issue and any other problems encountered in practice over the last 6 years, so as to help avoid protracted disputes of the kind we have seen in the present case and achieve more efficient decision-making." (Holgate J, Parkhurst Road Ltd v Secretary of State for Communities and Local Government, and London Borough of Islington, Para 147 NCN: [2018] EWHC 991 (Admin)].

The draft guidance note has been produced by a working group drawn from a wide range of professional bodies and organisations with expertise in the area. The consultation document is intended to elicit views from stakeholders on how practitioners can best apply government policy and practice guidance.

Important public policy

Assessment of financial viability is an area in which the professional opinion of chartered surveyors is centrally positioned in the delivery of public policy objectives. This is the case because the government seeks to deliver planning obligations, including affordable housing, through the planning system. It is a multidisciplinary area where planners, surveyors, engineers, lawyers, public administrators, local officials, elected members, and community representatives are closely engaged.

Under the government's previous NPPF 2012/PPG 2014, viability was principally assessed at the development management stage and had an important role in determining the level of planning obligations, including affordable housing. Under the NPPF/PPG 2018/19, viability is to be assessed earlier in the process – at the plan making stage – so that landowners and developers take full account of the level of planning obligations and affordable housing in establishing land prices. Only in justifiable circumstances will viability issues be given weight at the development management stage.

Government approach to assessing viability through the PPG

The government has provided a framework for practitioners to generate the evidence base required to assess the viability of the local plan, and the circumstances in which a viability appraisal of development proposals at the decision-making stage may be justified. The framework requires that viability is considered under standardised inputs:

1. identifies the preferred method for assessment of viability
2. defines benchmark land value as existing use value plus a premium to the land owner
3. describes the preferred data and information inputs
4. states the preferred timing for conducting viability assessments, and
5. prescribes what 'policy-compliant' means.

The government's viability assessment framework adopts approaches, methodologies and data sources that are different to those relied upon in conventional valuation methods. In the context of RICS Red Book Global (RICS Valuation – Global Standards) requirements, it falls into the category of 'authoritative requirements' (PS 1 section 6.3). Red Book Global clearly states that compliance with 'authoritative requirements' takes precedence over RICS requirements set out in the Red Book.

Arrangement of RICS draft guidance 2019

The draft guidance is arranged in 6 sections with 4 appendices and a glossary of terms. Section 1 introduces the NPPF/PPG 2018/19. Since publication of the original revisions in 2018, it should be noted that the government introduced further revisions in 2019. Among other aspects, Section 2 describes how this government framework for assessment of viability in planning relates to the requirements of the RICS Red Book.

Reflecting the priority which government is giving to assessment of viability at plan making stage, Section 3 provides detailed advice on the application of viability assessment at this stage. This section seeks to give practical effect to government advice on the iterative nature of this process. Ensuring early engagement between the planning authority and landowners in a collaborative way is a key intention of the framework. Government's planning practice guidance refers to the development of typologies to enable the deliverability of the plan objectives. This section provides a methodology for developing these typologies. Development typologies should be representative of the development that is planned and reflect the characteristics of groups of sites identified within the proposed land supply. These typologies will be a combination of 'site' typologies (e.g. greenfield or brownfield) and scheme typologies (e.g. houses or flats for sale or build to rent, other specialist housing, and commercial or mixed-use schemes.

Section 4 focuses on the assessment of viability at site specific level, based on the government's framework. Where a viability appraisal is provided at the decision taking stage, it must be based upon, and refer back to, the original viability appraisal at the plan making stage and identify what has changed since then, to justify the site-specific viability assessment.

Section 5 addresses one of the key challenges of the government framework i.e. assessing the benchmark land value (BLV), defined as 'existing use value plus a premium for the landowner'. This is where the decision-maker will establish a reasonable premium to the landowner and determine the BLV. This exercise will be informed by the professional judgement of the assessor, based on standardised inputs as described in the PPG and using market comparison as a cross check. Government is seeking to address the pricing of land which does not reflect planning obligations.

Section 6 looks at a number of other considerations such as projection models and the important area of sensitivity testing.

The appendices provide further details on the role of the assessor in plan making viability assessments. Additional advice is also provided on assessing Existing Use Value and Alternative Use Value. Finally, an appendix is provided on analysing market evidence in the context of the government framework.

Related RICS guidance

In the context of this draft guidance, chartered surveyors must adhere to the mandatory professional statement which came into effect on 1 September 2019 entitled 'Financial viability in planning – conduct and reporting'. https://www.rics.org/uk/upholding-professional-standards/sector-standards/building-surveying/financial-viability-in-planning-conduct-and-reporting/

This applies to all RICS members working in this sector, regardless of changes in government planning policy.

It is also important to understand the distinction between government's preferred framework for assessing viability with its standardised inputs, and the 2 recently published RICS guidance notes 'Valuation of development property' GN 2019 https://www.rics.org/uk/upholding-professional-standards/sector-standards/valuation/valuation-of-development-property/ and

'Comparable evidence in real estate valuation' GN 2019 https://www.rics.org/uk/upholding-professional-standards/sector-standards/valuation/comparable-evidence-in-real-estate-valuation/

Additionally, chartered surveyors should also be aware of the inter-relationship between national planning policy, planning practice guidance, professional guidance and the compulsory purchase/statutory compensation regime.

Gilian set up Gilian Macinnes Associates in 2016 and has advised many local authorities in relation to developer contributions, CIL, infrastructure delivery, viability policy and approaches, planning service reviews, transformation programmes and supplementary planning guidance. She works with local authorities and delivers viability training courses for local authority planners and has been an expert speaker/trainer on the PAS Permission in Principle, CIL and viability seminars.

Gilian was a member of the government's CIL Review Panel (2015-2016) and a member of the Pre-NPPG Viability Technical Expert Panel.

STANDARDISED PLANNING VIABILITY

What is it and is it being implemented?

Gilian Macinnes Bsc MBA MRTPI gilian@gmacinnes.co.uk

Gilian's article dovetails with Tony Mulhall's previous summary of the draft RICS guidance and draws attention to the policy changes required to apply standardised viability assessments, and the state of current practice. Sadly, often the community and infrastructure advantages that should follow from this approach do not materialise.

Policy changes 2019

A new National Planning Policy Framework (NPPF) was introduced in July 2018 and then further amended in February 2019 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810197/NPPF_Feb_2019_revised.pdf). One of the significant changes to the NPPF was the clear instruction that all viability assessments should reflect the standardised approach in the Planning Practice Guidance (PPG) (https://www.gov.uk/guidance/viability). The changes to the NPPF and PPG leave no doubt that viability should be undertaken at plan making stage and should take into account affordable housing and infrastructure policy costs; and that the expectation is that the requirements of planning policy should be met at planning application stage. If the specific circumstances of a site are considered to affect the viability, it will be for the applicant to justify the need to submit a viability assessment, but the weight given to any viability assessment is for the decision maker e.g. local planning authority (LPA) to determine.

The tone of the guidance has significantly changed from NPPF 2012 (https://www.gov.uk/guidance/national-planning-policy-framework). It is a move away from 'competitive return' to landowner and the developer, to a 'minimum return to a reasonable landowner' and a specified 15-20% on Gross Development Value (GDV) as profit for the developer. The PPG clearly states that planning viability is about helping to strike a balance between return against risk and the aim of the planning system to secure maximum benefits in the public interest through the granting of planning permission.

The standardised approach to viability is a residual land valuation approach, deducting the costs of the scheme/plan making typology, including profit for the developer, from the total value of the scheme, to leave that amount available to buy the site. This is then compared to the existing use value (EUV) plus a premium for the landowner to incentivise them to sell - this is the Benchmark Land Value (BLV). This premium is the minimum return at which the reasonable landowner would sell. The guidance is extremely clear that price paid is not relevant to planning viability, either in terms of the EUV or in the determination of the BLV. The guidance is also clear that the BLV should reflect the abnormal costs, site specific infrastructure costs and professional site fees – the planning viability approach should not standardise the value of sites that need extensive site works or infrastructure to be the same as those that are not encumbered by abnormal issues, are well located, and connected to infrastructure. The planning approach to viability is not based on price paid for land, it is not a 'market value/transactional approach' to viability and does not require valuations to be undertaken. The aim of the approach is to be transparent, making the assessment publicly available and based on available information e.g. Land Registry data.

The transacted value of land (and properties) can be used as a cross-check, provided the values are based on comparable sites and developments that are fully compliant with emerging or up to date policies, or they have been adjusted to take into account policy divergence, condition, location, etc. The need for the adjustment and consideration of historical lack of compliance or subsequent changes in policy is required, to avoid the issue of 'circularity'.

Circularity occurs with the failure properly to ensure that the values for land and the BLV have regard to development plan policies and all other material planning considerations. If land value and BLV only take into account the price being paid in the market, then the less policy compliant a development is, the higher the 'market' price. This circularity creates spirals of increasing land value and reduces the ability to meet policy requirements (HDH Planning and Development and Gilian Macinnes Associates Planning Viability Course).

The market value/transactional approach to viability for planning and the BLV that could create 'circularity' by ignored planning policy requirements, was discredited and rejected in the Parkhurst Road Appeal and High Court case (https://www.bailii.org/ew/cases/EWHC/Admin/2018/991.html) and has no doubt led to some degree in the changes in the NPPF/PPG.

Standardised approach to plan making/CIL viability

Based on the changes to the NPPF and PPG, there should be a consistent and standardised approach taken to plan and CIL viability assessments, but although there is a lot of good practice, there is still those consultants/practitioners that are engaged by councils, or competing for council tenders, that are not using the standardise methodology in full. The examples of those not following the standardised methodology include nationally known companies. The examples are:

- where they are undertaking a residual approach, but instead of it being residual land value, it is residual profit and still focus on market/transactional values. This is difficult to understand when the PPG specifies the profit level and rejects the market value approach
- Where the 'Shinfield' approach to dividing the value uplift between the land owner and the local authority (for affordable housing, infrastructure, etc) is used (https://www.local.gov.uk/sites/default/files/documents/shinfield-pdf-32-pages-29-433.pdf). This approach fails to take into account that in the standardised approach, affordable housing costs, policy costs, and infrastructure mitigation, are all costs that are integral to the overall cost of development and therefore should be included in the calculation of the residual value prior to considering the premium to identify the benchmark land value.

There are also examples of consultants proposing an approach that follows almost all of the standardised approach, but may include a variation. These include:

- Where the abnormal costs are added to the cost but when identifying the BLV they have not been taken into account. The flaw in this is, for example, where a site is contaminated or riddled with mine workings it should not have the same BLV as a site that is not
- Engaging cost consultants to provide costings when the PPG recommends using BCIS, this adds to the cost for the LPA and can increase the risk at examination
- Undertaking a wide range of valuations to identify 'market/transactional values' when these are not required by the standardised approach but can be costly for the LPA client when only used as a cross check and where the actual Land Registry transactions adjusted for the site and planning permission situation would be more reliable evidence.

Standardised approach and decision making

Based on the changes to NPPF and PPG, the LPAs should be expecting applications that are compliant with viability tested local plan policies, providing the stated plan level of affordable housing and infrastructure to mitigate the impacts of the development. The changes aim to reduce the need for viability assessments, the costs and complexity that they introduce, and the undermining of public confidence in the planning system that fails to deliver the planned affordable housing and infrastructure. The PPG sets out the 4 circumstances where the LPA would expect a viability assessment:

- where the development is on an unallocated site of a wholly different type to those used in the viability assessment that informed the plan
- where the information on infrastructure or site costs has changed
- where the format/model of development is significant different to that tested for the plan; or
- where there has been a recession.

If one or more of these has occurred, the PPG indicates that a viability assessment may be appropriate, but then it is not a viability assessment from scratch: it should be a compare and contrast exercise based upon the viability assessment undertake for the plan, looking at what has changed and the impact of that change. It is for the decision maker to then determine the weight that should be given to the viability assessment. Therefore, the revised NPPF and standardised methodology in the PPG should result in a significant reduction in the number and complexity of the viability appraisals being received by councils. However, this does not appear to be happening on the ground.

It is apparent that this change in policy is taking a long time (18 months+) to be implemented effectively, which means the more favourable circumstance that exist for LPAs to deliver their policies is being squandered. LPA officers either seem not to appreciate the nature of the changes, what they mean, and how they should be implemented or, even when there is an understanding of the changes, they lack the confidence or the knowledge actively to challenge the need for a viability appraisal, or where there may be a justification for it, only to focus in on the areas that have changed since the plan.

In terms of consultancy, even those that purport to be 'viability experts' are failing to implement the standardised approach to viability. Practitioners/consultants created a viability industry that was neither standard or consistent, and are now reluctant to move away from their template and embrace the NPPF/PPG standardised approach that will hopefully restore confidence in planning to create plans and then deliver them. At present there is no clear indication that the majority of LAs are requiring their advisors and consultants to adhere to and advise them on the basis of the standardised approach in the NPPF/PPG, but hopefully LAs will focus on engaging only those that do, whether at the Valuation Office Agency or consultants.

Those involved in engaging viability or other property advice for public or private projects that will ultimately end in a planning application, e.g. sale of land public or private, also need to ensure that their advisors are fully aware of the standardised approach to planning viability, as it may have a significant impact on the price that can be achieved for sites. In the case of the Parkhurst Road appeal/High Court Case, the Red Book valuation was given limited weight.

"48. Whilst I attach limited weight to the Red Book exercise, which is required to be in accordance with professional standards, it is a market valuation which does not, in my view, adequately demonstrate proper consideration of, or give adequate effect to, the guidance in PPG or the requirements of the development plan (https://www.bailii.org/ew/cases/EWHC/Admin/2018/991.html).

In assessing the suitability of those that tender for local authority work, there are many viability practitioners that are not professionally qualified or regulated; this lack of accountability can seriously undermine the confidence in their viability assessments and advice. All RICS surveyors should follow the requirements of the NPPF and PPG and undertake the standardised approach as required by the RICS, which became mandatory for all RICS members from 1 September 2019 [Ed – see refs in previous article]. Therefore, to implement effectively the NPPF/PPG, LAs, when engaging viability experts to undertake or review viability assessments should, whether for plan/CIL making or planning applications, set clear requirements that they are professionally qualified and their advice on viability must be fully compliant with the NPPF/PPG standardised approach.

The LPA as the client should also have the expectation that the advice they receive might be 'there is no need for a viability assessment in this case; if one is submitted, it should be given very limited weight' and that this is an acceptable response that accords with the national guidance and the planning practice standardised approach. This standardised approach, if followed, will, in my view, enable most LPAs to secure the delivery of a greater amount of affordable housing and infrastructure to support their growth, and may begin to build greater public trust in the planning system.

TACKLING THE HOUSING CRISIS

Dave Ayre david.ayre@cipfa.org

Dave lays out a frightening array of statistics which pinpoint the extent and breadth of the housing crisis. He concludes that there is a positive role that local authorities can play in providing much needed housing choice.

Dave is the Property Networks Manager for CIPFA and advises on asset management, partnering and wider property issues throughout the UK. He is a member of CIPFA's Housing Panel and manages CIPFA's Housing Advisory, Highways Asset Management Planning, Strategic Assets and Property Training Networks.

CIPFA Property: www.cipfa.org/services/property

CIPFA performance in public services

Right to Buy fallout

All political parties set out policies to tackle the housing crisis in their manifestos, but with a clear majority, it is the new Conservative Government's manifesto commitments that have to be delivered. We need to look back to see what has contributed to the current housing crisis, in order to provide the insight into the policies that will work, and those that make the situation worse.

Successive governments have been committed to increasing housing supply, with a particular emphasis on expanding home ownership. The 1979 Thatcher Government was the first to make it mandatory for council tenants to have the Right to Buy at a discount, although some Labour councils such as South Tyneside had already introduced a similar policy. The narrative at the time was clear - people should become less reliant on the state. It was thought that the sale of council houses at a discount would create a home-owning democracy which was more likely to vote conservative.

At the time there were warnings that this move could see the demise of affordable homes to rent for those who could not afford to buy. Indeed, few could have predicted that this, along with a number of other measures, would not only contribute to the housing crisis of today, but would result in fewer people owning their own homes in the future.

Housing trends

If we study the DHCLG's Annual English Housing Surveys, we can see that the proportion of households in the social rented sector fell from 31% in 1980 to 19% in 2000 as council houses were sold and not replaced. It was standing at 17% in 2013/14, where it remains. Initially, the proportion of all households in owner occupation increased steadily from the 1980s to 2003, when it reached a peak of 71%. Since then, there has been a gradual decline in owner occupation to 63% in 2013/14, where it has plateaued. Throughout the 1980s and 1990s, the proportion of private renters was steady at around 10%. However, the sector has more than doubled in size since then, and there are now 2.5m more households in the private renting sector than there were in 2000. By 2015/16, 4.5m households were renting in the private sector, representing 20% of all households in England.

These changing trends have been driven by a number of factors. In the late 1990s, rent controls were removed and assured short tenancies became standard. Lenders also introduced the buy-to-let mortgage at around the same time. Paradoxically, the right to buy has also been a major driver. Over 40% of homes bought under the right to buy are now in the private rented sector and on current trends, it is set to increase to more than 50% by 2026. It is even higher in some parts of the country. In Milton Keynes, over 70% of former right to buy homes are now in the private rented sector. There are now only around 2m council homes left in Britain, down from 6.5m in 1980 when the right to buy was first made mandatory, although some of this reduction is through the transfer of homes to housing associations and arm's length management organisations, which have been incentivised by successive governments.

Implications

What are the implications for households and the wider community from these changes in housing trends? The first and most obvious consequences are the overall costs of housing. On average, private renters are paying around double the rent of social housing tenants and some private renters will be living alongside social housing tenants, paying twice as much rent for a property that is less well maintained than their neighbours'. Furthermore, selling off social housing and not replacing it has contributed in part to inflated house prices generally, and created the conditions in which home ownership has become unaffordable for a growing proportion of the population.

The historic decline of social housing, the shifts from home ownership, and the growth of the private rented sector, also impacts on health. The Social Determinants of Health Rainbow Model developed by Dahlgren and Whitehead, and widely adopted by the United Nations, sets out a hierarchy of determinants with the general socio-economic, cultural and environmental conditions at the top and living and working conditions, including housing, at the next level. One way of measuring the propensity of housing to determine health risks and outcomes is to use the Housing Health and Safety Rating System (HHSRS). The HHSRS lets an assessor judge whether housing conditions are poor enough that there is a risk to health and safety. It can be applied to all tenure groups and is one of the main tools local authorities can use to act against poor housing conditions in the private rented sector. Problems identified by HHSRS that are likely to have a serious impact on the tenant's health are termed 'Category 1 hazards'.

In 2015, 17% of private rented homes had a Category 1 hazard. This compared with 13% of owner-occupied homes, and 6% of the social rented sector. Of the 2 most common Category 1 hazards, (excess cold and falls) 6% of private rented homes were found to have excess cold, compared to just 1% for social rented; 10% of private rented homes were a fall hazard, compared to 4% for social rented.

Energy efficiency and quality of the private rented sector have improved to an extent, but standards lag behind the social rented sector. Over a quarter (28%) of private rented homes failed to meet the Decent Homes standard in 2015. The comparative figure for the social rented sector was 13%. Although the private rented sector has always performed less well than other tenures, using this measure of housing quality, there was a marked improvement in the proportion of non-decent private rented homes over the 2006-2013 period, from 47% to 30%. Since then, the proportion of non-decent homes in the sector has remained virtually unchanged.

Within the private rented sector, households on low incomes and those supported by housing benefit are more likely to have a Category 1 hazard in their home. The same is true of households with a disabled or long-term ill person, or households with someone over 60 living in them.

Rough sleeping is one of the greatest determinants of poor health and one of the most visible consequences of the housing crisis. An estimated 726 people died while homeless in England and Wales in 2018. This was up 22% on the previous year – the highest year-to-year rise since this data began being collected. The average life expectancy was 45 years for men and 43 years for homeless women – compared to 76 years and 81 years for the wider population.

Homelessness

Between 4,000 and 5,000 people bed down on the streets on any given night, a figure that has almost doubled since 2010. Rough sleeping is the most visible tip of the homelessness crisis. An estimated 320,000 people are homeless in the UK, according to the latest research by Shelter. This was an increase of over 40% since the low point in 2009.

As a result of the lack of social housing, 84,740 households are in temporary accommodation as of March 2019, up more than 75% since December 2010. Shelter estimate that there were 135,000 children living in temporary accommodation over Christmas 2019. Councils spent £1.1bn on temporary accommodation for homeless households in the year to March 2019, a 78% increase over the previous 5 years.

In addition to the official homeless figures are concealed households - younger adults staying in the parental home longer and 'sofa surfers'. There are an estimated 3.74m adults in concealed households who would prefer to live separately. Over the last decade, there has been an increase of nearly 700,000 in the number (or 28% in the share) of 20-34 year olds living with their parents, with no less than a 48% increase in London and the South East.

Causes of the crisis

Housing and welfare policy over the last 40 years have contributed to the housing crisis, and there have thus been consequences for vulnerable people and hard-pressed health and local government services already suffering from the pressures of austerity. We have already seen the impact of the right to buy on the changing trends in tenure, but this in isolation cannot account for the rapid rises in homelessness and rough sleeping over the last 10 years. Sector experts lay the blame for this on welfare changes and in particular, the housing benefit cuts through reduced local housing Allowance rates, the benefit cap, the freeze in benefits, and the delays in payments with the introduction of Universal Credit.

Solving the crisis

In more recent years, the rapid changes in tenure trends have slowed and some of the worst increases in rough sleeping and homelessness have been stemmed. This has been as a result of Help to Buy, and additional duties, powers and some funding for local authorities through the Homeless Reduction Act 2017. The previous Conservative Government of Teresa May also accepted that the shortage of affordable homes could not be solved by the market alone, and recognised the role that councils can play by lifting the borrowing cap on Housing Revenue Accounts - signalling the need for councils to start building homes for social rent once again.

The new Johnson-led Conservative Government has unfortunately given mixed messages, by increasing the costs of borrowing through the Public Works Loan Board and making scant reference to tackling the housing crisis in the Queens Speech. The Conservative Manifesto did include policies on housing:

- Maintaining the Right to Buy for all council tenants and extending it further in the housing association sector
- Extend the Help to Buy and require councils to use developers' contributions to create cheaper homes for local people
- A Social Housing White Paper to provide better regulation and improve the quality of social housing
- Renewal of the Affordable Homes Programme
- Expansion of Rough Sleeping Initiative and Housing First pilots to tackle homelessness
- Banning of 'no fault' evictions and introduction of a 'lifetime' deposit which moves with the tenant
- Confirming the target of 300,000 new homes built per year by the mid-2020s.

As we have seen, these policies will produce mixed results. Extension of the right to buy will continue to reduce the numbers of social homes for rent, or at best will neutralise any investment by councils to build more homes. Although the benefit freeze for in and out of work families will be lifted during 2020, this will not apply to housing benefit. Yet, the government announced just before Christmas a £260m allocation to tackle rough sleeping and homelessness.

Council capacity

The government seems set to spend money to tackle some of the worse symptoms of the crisis, but does not fully understand the underlying causes. How can councils, therefore, gear up to make the best of the positive elements of government policy to build more homes?

- Councils which have retained a Housing Revenue Account will need to revise their 30-Year Business Plans and to change from simply managing their existing estate to ambitious investment plans to deliver more social homes for rent at a rapid pace
- Councils without a Housing Revenue Account will have to give some serious thought to re-establishing a HRA and setting up a housing service with all of the skills and capacity that will have been lost for some years previous
- Housing services will need to become more corporate in their outlook as councils include the provision of more homes in their corporate strategies
- The government has committed to spend £100bn on improved infrastructure and the regeneration of town centres. Councils will need to look more creatively on the use of their property assets to deliver regeneration projects which include more homes
- All of this will require more skills, capacity and the use of innovative modern methods of construction
- Many councils have declared climate emergencies which requires the integration of sustainable technologies in the construction of new homes, retrofitting existing homes and the need to win over the hearts and minds of residents and communities for the changes necessary.

I have not touched on the changing needs of an ageing population, requiring the construction of new and specialist housing developments that are more dementia-friendly.

In 2020 CIPFA will be making its contribution to supporting the sector in navigating this changing housing environment by launching a rejuvenated Housing Advisory Network with a series of conferences and events for directors, heads of service, housing accountants, development and asset managers. It will be delivered by sector experts and will feature a range of topics all designed to address the challenges for local government to transform housing delivery for their communities.

For more information go to https://www.cipfa.org/services/property/housing-advisory-network

Bryony is the new Head of the Right to Build Task Force, an independent advisory body working with landowners, local authorities, community-led housing groups and others to support them as they work to diversify housing supply through custom and self build.

Bryony has been a core member of the Right to Build Task Force since its founding year, working with a panel of experts to compile and disseminate best practice. Bryony joined the Task Force from Graven Hill, the UK's largest Custom and Self-Build development, where she helped coordinate the project through the early stages of its set-up, well into the sales and construction phase.

SELF BUILD HOUSING

Custom and self build housing as a challenger to the status quo

Bryony provides an update on progress towards making self build an effective option: "Despite a slow pace of change, custom and self build is growing, and it is changing the face of our housing market by driving innovation. Finally, it strikes a chord with a public tired of the big housebuilders unimaginative and margin-driven products, while also offering them more choice than ever before."

Bryony Harrington bryony@nacsba.org.uk

Background

For nearly 3 years, the Right to Build Task Force has been supporting landowners and local authorities to deliver custom build and self build on serviced plots. It was set up by the National Custom and Self Build Association (NaCSBA) to support the delivery of plots, following the commencement of the Right to Build legislation in 2016, which placed a duty on local authorities in England to keep and publicise a register of people wanting to build. However, in order to ensure its supportive, advice-giving relationship with local authorities, the Task Force operates with an ethical wall from NaCSBA's lobbying work.

The self build and custom housebuilding registers create a record of demand from people interested in an owner-commissioned home, including groups of people; authorities in England must have regard to this when exercising their planning, housing, land disposal and regeneration functions. Acting as a consultancy, the Task Force shares examples of best practice in a range of models coming forward nationally.

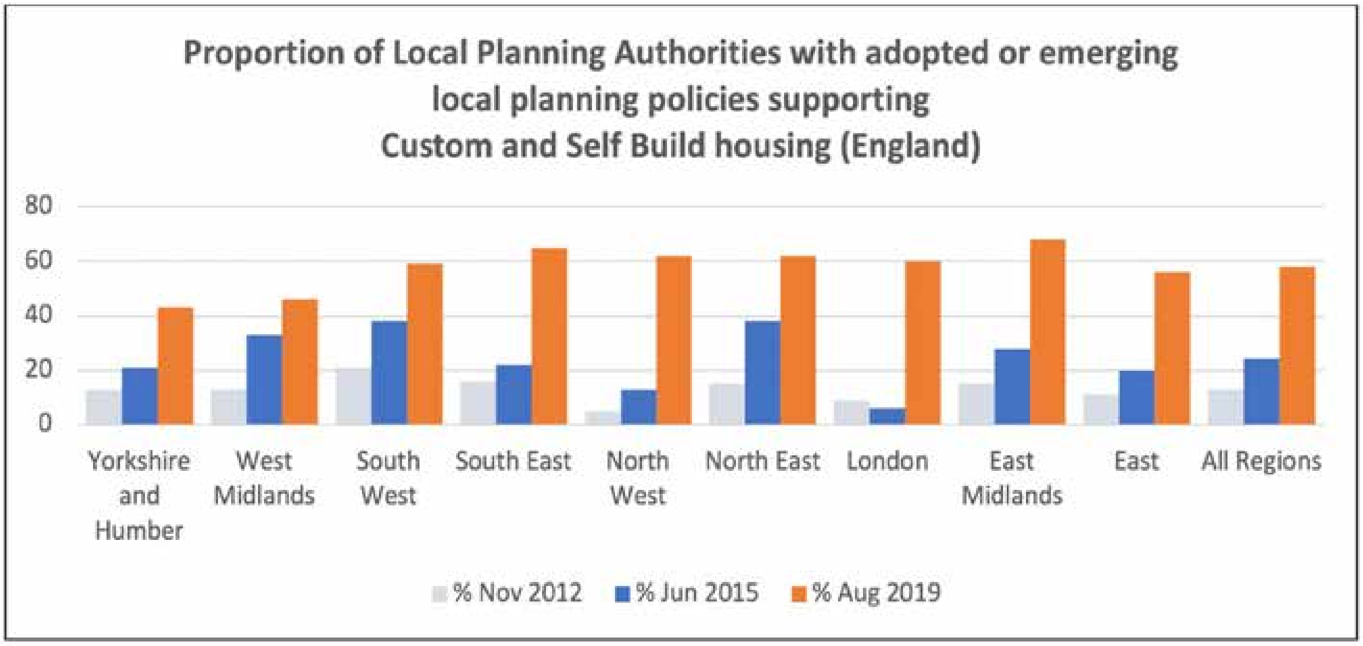
2019 has been a pivotal year for custom and self build, as it marks the close of the first 3-year base period, when local authorities must evidence how many plots they have granted planning permission ('permissioned') to reflect the demand indicated by their registers. Following a Freedom on Information request, NaCSBA is in the process of analysing the responses from all authorities, to see how many of the 18,000 who signed up in the first year actually ended up with a plot. Early information points to widely varying results – partly a reflection of the discretionary nature of planning. NaCSBA will be sharing the results with industry and also with government.

Putting custom and self build in the spotlight

The Right to Build is a fledgling piece of legislation, and the expectation is that more will be done to refine its workings and application. Although plot delivery to reflect numbers is mixed, the huge success is that it has put owner-commissioned homes on the agenda, both for local authorities, and also for the wider spectrum of housing professionals and landowners.

What's more, custom and self build fits well with many of the leading housing debates in the UK at the moment, including:

- Housing diversity (NPPF, Para 122) and speed of delivery, per the finding of Sir Oliver Letwin's Independent Review of Build Out
- An increase in the provision of small sites (NPPF, Para 68)
- Quality in housebuilding - as self builders typically build beyond Building Regulations (which are, anyway, a minimum standard)
- Beauty and placemaking
- Community – people sharing experiences quickly creates a sense of community in a new development; and
- Building local economy and supporting the return of small and medium-sized house builders to the market.



Source: Assessment of all Local Plans in England, Right to Build Task Force, August 2019, unpublished.

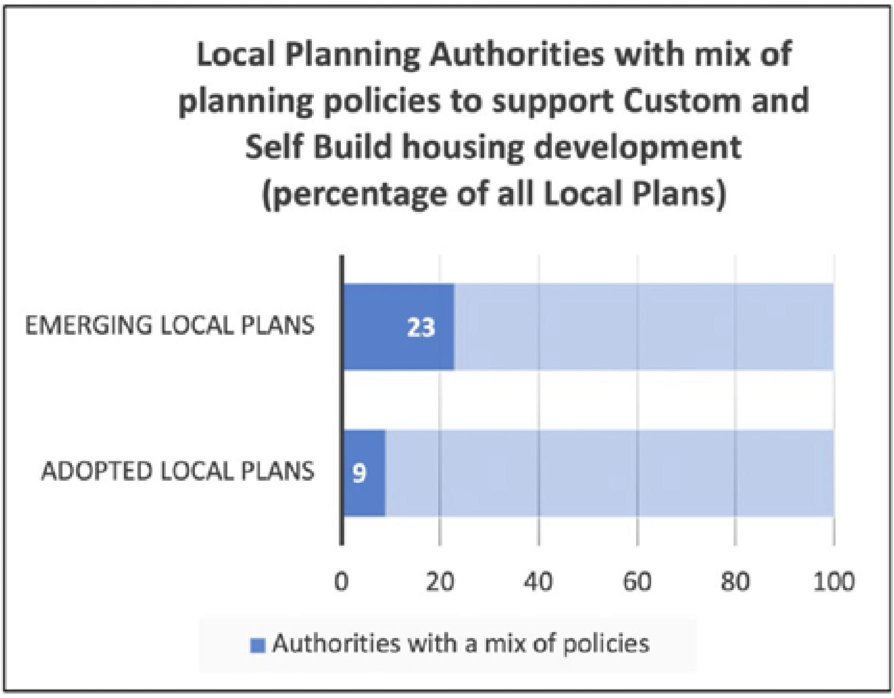
With local plan making typically on a 5-year review, there is an expectation that by now, the majority of local plans should make reference to custom and self building. Consequently, in 2019 the Right to Build Task Force conducted an audit of local plans, to ascertain the picture in England. The results were, again, mixed, although the Task Force welcomed the fact that 58% of all local authorities now have provision in their local or emerging plans.

Plans are a key tool to help authorities meet their legal duties under the Self-build and Custom Housebuilding Act 2015, and the assessment revealed that 76% of authorities with an adopted post-legislation plan now have a planning policy that supports custom and self build housing, up from 13% from the pre-legislation position prior to April 2016.

The Task Force also found that while adopted post-legislation plans are becoming more ambitious, with a range of approaches emerging in practice, few offer the necessary meaningful support within the spirit of the legislation and government policy actually to support delivery.

This is where the Right to Build Task Force can make a real difference, as its experience draws on best practice from England and Europe, embracing a range of models and with a focus on pinch-points that can threaten delivery.

The audit also revealed that proactive authorities were adopting a variety of planning approaches, with certain examples dominating:



Source: Assessment of all Local Plans in England, Right to Build Task Force, August 2019, unpublished.

- land allocations and identification of larger sites
- affordable housing policies
- 'package' approaches
- 'percentage policies'

Of these, the Task Force identified the 'package' approach as especially good practice. This is where the model brings together several key elements as part of a wider delivery strategy, which is more likely to ensure successful delivery. The 'package' creates a link with other plan elements, such as affordability, site allocations and/or 'percentage policies' to create a more joined-up piece of policy.

Percentage policies refer to authorities that have put a percentage expectation on housing delivery, for example, that a percentage, say 5%, of all housing will be custom or self build – either borough-wide or on large sites. However, this can be an overly simplistic approach unless

Examples of Custom and Self Build in local plans

Adopted: Stratford-on-Avon District Council's Core Strategy supports custom and self build as an integral part of the housing mix within identified new settlements; requiring at least 5% of plots on larger housing sites to be for self build; allocating sites; and, offering policy support for custom and self build on unallocated sites within main rural centres and local service villages.

Emerging: Bristol City Council's local plan includes site allocations; support for community-led housing projects to provide policy-compliant affordable housing; a percentage policy for larger sites; and, identified opportunities in growth areas.

supported by wider ranging and robust policies to aid delivery.

The ambitions set out in these plans can be hampered by lack of knowledge around delivery, which is where the Task Force's panel of experts can provide targeted advice, picking out the opportunities from the National Planning Policy Framework and translating these into homes. To date, it estimates that its work has led to around 7,000 plots starting to move through the pipeline.

Custom build benefits for land disposal

For landowners and managers, there are several important messages, not least the NPPF's requirement for plans to support delivery on smaller sites:

"identify, through the development plan and brownfield registers, land to accommodate at least 10% of their housing requirement on sites no larger than one hectare;" Para 68(a) (Part)

"work with developers to encourage the sub-division of large sites where this could help to speed up the delivery of homes." Para 68(d)

Through its work, the Task Force has supported a range of landowners and councils working to deliver custom and self build opportunities locally, acknowledging the central role of land and creating the right balance of house types and tenures for the market, including affordable housing.

Custom Build homes at Graven Hill, Bicester. The Lyde Custom Build homes at Graven Hill allow buyers to tailor layouts to their needs. Photographs courtesy of Graven Hill

Some of this work has been based around the provision of small sites created from local authority land holdings, while others are on a larger scale, such as custom and self build site inclusion as part of regeneration or new development projects, with new garden villages/towns being a recurring element.

Core to this work is helping to assess demand and viability, and establishing the balance between open market and affordable housing. Land disposal in this way can result in higher land values than via the traditional open market, as those wanting to commission their own home typically pay more per plot on an individual basis due to the limited availability, and the completed homes are typically worth more too.

In addition, from a developer's perspective, development comes with a reduced risk, as most models will provide a serviced plot with a set of design principles – and this can be an especially attractive route to market for

The Design Code and Plot Passports at Graven Hill help control the streetscapes, with different areas have more, or less, leniency in design and materials.

local authorities who don't want to become developers themselves. This also requires less finance to bring on the development.

One of the big advantages of the route is that it provides additionality to local market offerings, both as a standalone small site or as a distinct part of a larger development, and – with careful planning – this can speed up delivery.

Including a custom build or serviced plots zone as part of a larger planning obligation mix can help secure planning permission too, not least in that it can support the authority in meeting its duty to permission sufficient plots for those on its registers, or if the local plan includes provision for custom and self build.

Task Force's expertise makes it unique in the advice it can provide, ensuring that these sites are realised and maximised, both securing profit from the process of land disposal and a premium result in the type of homes that are produced. Quite simply, it holds the highest level of knowledge and expertise in the sector.

Getting the word out

Custom build and self build operates on a spectrum, with a whole range of models of delivery, from a traditional DIY build (which is rare) to a custom build 'turn-key' (finished home) model. However, the biggest barrier to growth is the difficulty seeing this type of housing as achievable at scale, which is why the Task Force offers organised guided site tours of Graven Hill . In most cases, the phrase 'self build' is a misnomer, as in fact most homes are commissioned to the owner's brief, with custom build typically involving a third-party enabler or developer that helps the process happen.

Housing and development is a slow moving sector, and traditional models can be hard to evolve, but the traditional self build barriers of land, finance and planning have improved drastically in the years since the Right to Build was introduced. Despite a slow pace of change, custom and self build is growing, and it is changing the face of our housing market by driving innovation. Finally, it strikes a chord with a public tired of the big housebuilders unimaginative and margin-driven products, while also offering them more choice than ever before.

Find out more

To find out more about the Right to Build Task Force, visit the www.righttobuildtoolkit.org.uk. The Toolkit is large resource of help and advice and is the first point of contact for anyone interested in getting support, which they can do by filling in an expression of interest form on the website.

The Task Force also runs national training courses, as well as trips to Graven Hill, the UK's largest custom and self build site in Bicester. The next trip is on February 13. https://www.eventbrite.co.uk/e/graven-hill-site-tour-for-housing-professionals-tickets-83590937745

Bryony will be presenting at the first ever Custom Build Summit on 26 March, curated by Homebuilding and Renovating in partnership with The National Custom and Self Build Association. The Custom Build Summit is the first ever conference for professionals working in custom build and serviced plots delivery in the UK. https://www.futureevents.uk/custombuildsummit

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James is a Partner in Knight Frank's Rural Asset Management team, which has specialist public sector land management expertise, and currently supports a number of public bodies with strategic and day-to-day rural estate management matters. Advising on environmental projects, health and safety, tenancy management, re-structuring and diversification opportunities (to name just a few themes!) provides a busy team with a varied workload.

RURAL ESTATES
Looking ahead and a land market round-up

James Shepherd MA Cantab MRICS james.shepherd@knightfrank.com

This article is aimed at those who deal with rural estates and agricultural land portfolios. It covers some of the key industry news, market activity and touches on a few opportunities on the horizon. James hopes it provides a talking point for officers who deal day to day with rural estates and allows senior management in general to stay abreast of rural issues.

Introduction

The environment often took centre stage in the media in 2019; whether brought about by policy, extreme weather events or Extinction Rebellion, I am confident it will frequently be centre stage again during 2020. As a result, agricultural property owned by the public sector will increasingly come into the spotlight. The interaction between climate change, agriculture and Extinction Rebellion is only getting more frequent, with the latter promising to protest at the Oxford Farming Conference 2020. Media coverage of environmental matters appears to be growing and, perhaps as a consequence (and/or catalyst), emerging policy reflects this.

Whether it be policies to meet the legally binding target of net zero carbon emissions by 2050 to help address climate change, linking the provision of public goods for receipt of public money (as part of the Agriculture Bill), or providing sufficient incentives to plant an extra 75,000 acres of trees each year by 2025, environmental policy is a big topic for the public sector to grapple with. Rural estates must play their part.

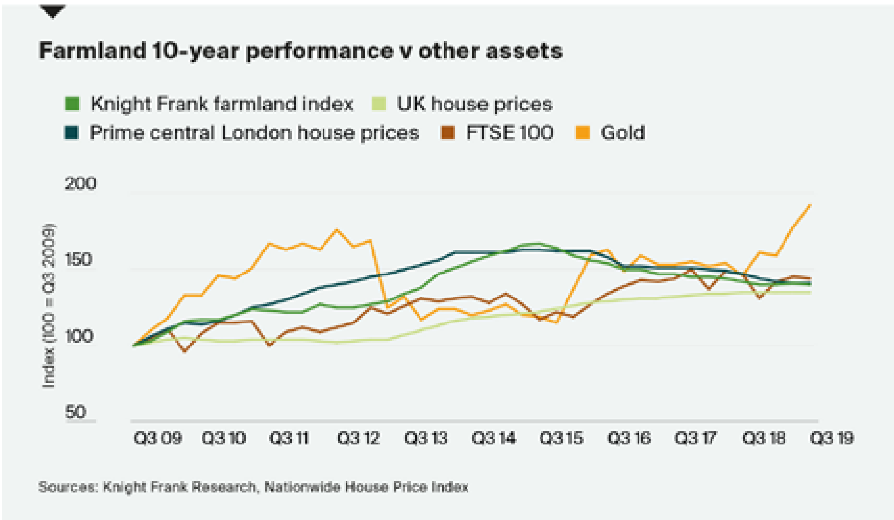
As I write this article (January 2020) I reflect on 2019 as a year with plentiful agricultural policy announcements, all be it with little firm legislative progress. The agricultural sector has long been second guessing what comes next in relation to Brexit and the Agriculture Bill, which are necessarily linked. This time last year the Agriculture Bill seemed likely to reach the statute books in 2019; looking back we know, just like the UK's departure from the European Union, this didn't happen.

This year, the legislative agenda (and Parliamentary arithmetic) promises not only the departure of the UK from the EU on 31 January 2020, through the European Union (Withdrawal Agreement) Bill, but also the re-introduction of the Agriculture and Environment Bills. I delve a little deeper into the emerging detail of each Bill below, provide readers with a brief update on the agricultural land market and discuss some of the opportunities presenting themselves.

Brexit

The Withdrawal Agreement (at the time of writing) now looks set to sail through Parliament and allow for the UK's departure from the EU on 31 January 2020. The Agreement provides for an 11-month implementation period, ending 31 December 2020, during which the UK will follow all the EU's rules, and remain in the single market and customs union. While the "Divorce Bill" may be agreed, the renewed vows for our farmers' future trading relationship with the EU (and much of the rest of the world) remain ahead of us.

Expect lobbying, politicking, second guessing and posturing aplenty again in 2020. Those who export or import agricultural produce (or sell to those further along in the supply chain who export or import) are keeping a close watch. Without a comprehensive trade deal with the EU by the end of December, there will be significant disturbance to the agricultural sector across the continent



Source: Knight Frank's Farmland Index, Q3 2019

3-month change	12-month change	5-year change	10-year change	50-year change
-0.8%	-1.0%	-9.0%	40%	3,630%

and arguably beyond, which would not go un-noticed by the UK consumer. The fundamental importance of feeding the UK will ensure agriculture and, more widely, the food and drink sector, is not ignored. Over the next 6-12 months, investment decisions taken by many businesses operating in the rural sector will surely be muted, reflecting the continuing uncertainty regarding future trading relationships.

Agriculture Bill

This Bill is expected to revolutionise the current system of agricultural subsidy payments, long considered unfit for purpose by many. In tandem with the UK's withdrawal from the EU, the Bill will pave the way for the current Basic Payment Scheme (BPS) system of Direct Payments to be abolished over a 7-year period starting 2021, or possibly 2022. A new system of environmental payments will be introduced, with the intention of public money being spent for the provision of public goods (including environmental protection, access to the countryside, and flood alleviation).

The detail is still unclear; however, public sector landlords need to be aware that a landowner as well as, or potentially rather than, a tenant farmer could be an eligible claimant for public funds under the proposed new 'Environmental Land Management Scheme (ELMS)', which is to replace BPS. For example, if timber is reserved to the landlord in an agricultural tenancy (as often is the case), then should an environmental payment linked to the maintenance of trees or woodland be paid to a tenant farmer who did not plant the trees, or does not necessarily bear the cost of their management? As the eligibility criteria and details of the emerging scheme come forward, it would be advisable to consider tenancy agreement terms and tenant's entitlement to claim such payments.

Environment Bill

Rural property managers would be well advised to keep an eye on this forthcoming legislation. The Bill is expected to capture the public's attention with some interesting proposals, including the establishment of an Office for Environmental Protection, mandating the principle of 'biodiversity net gain' through the planning system, and improving air quality through new legally binding targets to reduce fine particulate matter. More taxes on single use plastic and the promise of more effective litter enforcement is also proposed.

The government's commitment to tackling climate change, as well as the wider public's growing interest in environmental matters, will ensure significant scrutiny and publicity for this legislation as it comes forward.

Land market

Among all the political deadlock and uncertainty, the farmland market suffered a significant decline in supply throughout 2019. As of October 2019, there was a 44% fall in the annual quantity of land (in acres) being marketed in the Farmer's Weekly. According to Knight Frank's Farmland Index (Q3 2019), the average price of bare agricultural land in England and Wales has dipped very slightly, although the market continues to be increasingly localised. The competing uses for land in this inactive market, combined with the relatively illiquid nature of agricultural property, is a steadying influence on price fluctuations. Over a 10-year time period, the average price of farmland remains in the mix with the performance of other assets, including the FTSE 100, with less month to month (or quarter to quarter) volatility.

The rental market is in a similar position: while agricultural rental yields are low, market rents have largely been uneventful over the past 12-24 months. However, there can still be reasons for rent reviews to be initiated on a routine basis. Tenants' agents talk understandably about uncertainty in respect of Brexit and BPS subsidies, and yet the likely direction of both is becoming clearer, providing arguably more certainty than in the recent past. Similarly, the limited supply of farms available to let, and competing uses for land in parts of the country (particularly the south of England) has yielded resilience in the level of rent being paid for new Farm Business Tenancies. Rent levels for >200-acre blocks of productive bare arable land coming to the market varies significantly and in ways that are not always predicted. For illustration, Knight Frank is aware of rents typically tendered in the region of

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£140-200/acre p.a. for medium to long-term Farm Business Tenancies of such land with BPS entitlements. Rents above and below this level exist and each holding needs considering on its own merits.

Opportunities

Notwithstanding the land market, the public sector's rural property portfolios will surely be coming under increased scrutiny and pressure to deliver environmental gains, community benefits and income. Anecdotally, from my own professional experience, I see plenty of opportunity to deliver more of all three. Careful, strategic, planning and awareness (by more officers than ever before) of the esoteric legislation governing agricultural property, alongside emerging policy, will be fundamental to success.

Large-scale tree planting, 're-wilding', and creating habitats to accommodate 'biodiversity net gain' could provide exciting opportunities to public sector landowners seeking to deliver public goods with public money on public land. As a result of emerging policy, the availability of income streams to incentivise such projects seems likely to increase.

Community interest in the above matters and the government's expectation for action to be taken on public sector owned farms (as well as those in the private sector's hands), is kick-starting debate up and down the country about what a rural estate in public ownership could, or should, accommodate.

Taking stock of the opportunities, reviewing objectives of ownership, and ensuring a strategic vision for each portfolio, will be fundamental to success. Leadership with stakeholder engagement needs to be coupled with a thorough understanding of the opportunities and constraints for projects to meet, or exceed, expectation.

Please do contact me if you require any advice on the matters discussed above.

Charlie is a Partner in the Inverness Office, having joined Graham + Sibbald in Summer 2015 and has 16 years' experience in the commercial property market. He worked initially as a graduate surveyor for CBRE, London, then GVA Grimley, Glasgow. He specialises in valuation, including public sector asset valuations, and also in general practice surveying work, covering rent reviews, lease renewals, rating appeals, agency work including lettings, acquisitions, disposals, development appraisals and general consultancy advice. He is an RICS APC Assessor and a Director on Inverness BID.

AGM PRESENTATIONS

Asset valuation – A proactive approach

Charlie Lawrence Charlie.Lawrence@g-s.co.uk

Charlie was one of the team of 3 speakers from Graham + Sibbald who gave a presentation at ACES' Annual Meeting, held in the City Chambers, Glasgow in November 2019. He outlines the current approach to asset valuations, and illustrates with case studies how those valuations can be applied to wider asset management. The other 2 presentations are included in this issue of ACES' Terrier.

Most of you probably view asset valuations as a necessary evil; I would like to try to show you how a proactive approach to asset valuation can be to the benefit of your organisation.

Accounting standards and valuation approaches

Within Scotland, under the Public Finance and Accountability (Scotland) Act 2000, public bodies have set accounting requirements. Within these generally, International Financial Reporting Standards (IFRS) are applied as directed within the Financial Reporting Manual (FReM). The 2 key things in these standards are that the principle of best value is enshrined, and there are set requirements to report contingent liabilities.

Within these documents, for valuation purposes, generally most property assets are reported under IFRS13 using Fair Value as the applicable basis. However, Fair Value can be confusing, as there are 2 definitions in the guidance. Generally the definition used by public sector valuers is: 'The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. Valuers generally form the view that Fair Value is broadly consistent with the term 'Market Value', because of its reference to 'market participants', although you have to appreciate that Fair Value is a slightly broader term.

Another issue which needs to highlighted, and which is very important for the valuation of assets, are the

significant changes to the valuation of leasehold interests. Accounting standard IFRS16 was introduced in 2018 [Ed – see articles in this edition of ACES' Terrier, and 2019 Autumn Terrier]. Previously, operating leases were off-balance sheet and were viewed in the accounts as a running cost. Coming into force in 2020, under this new standard, leases have to be valued and shown as a right to use that asset, and be included on-balance sheet. That, depending on your organisation and the extent of leasehold interests you have, can have a significant impact on your accounts, as well as the technical issue of actually valuing leases. Personally, valuing leases is a misnomer: it is almost like stating a liability.

Valuers rely on the RICS Valuation Global Standards 2017 incorporating the UK national supplement - the Red Book. Within this, 'Valuation for inclusion in financial statements' is set out within VPGA1. In certain circumstances, assets can be valued traditionally using Fair Value/Market Value, such as industrial, office, retail, and land, but quite often, the public sector has specialist assets, eg. schools, and the Cairngorm Railway, and they can also be accounted for at cost, normally using Depreciated Replacement Cost. Componentisation is normally required; Remaining Economic Life and VAT implications must be considered. Crucially, if it is a specialist asset, for example, City Chambers, Glasgow, which would cost £millions to rebuild in this form and accordingly have an impact on the DRC value, the Modern Equivalent Asset must be considered. Remember that land does not depreciate!

The current situation is that the majority of public sector bodies complete asset valuations in-house. There is increased pressure on public finances and this has led to the reduction of in-house staffing levels. There is now greater scrutiny by external auditors, so there is a requirement for robust valuations. There is also a need to achieve 'best value', which requires a broader market outlook.

How to get the most out of asset valuations

Graham and Sibbald undertakes asset valuations for a wide range of public sector bodies, including Visit Scotland, Caledonian Maritime Assets Ltd, Police Scotland, Highlands and Islands Enterprise (HIE), as well as several local authorities. These clients all have large and complex portfolios requiring technical valuation skills and increasingly requiring local market knowledge.

The private sector can bring in wider expertise to asset valuation. For example, if you have a land asset, the valuer can link issues such as planning, and undertake development appraisals, to justify how assets could be developed to add value. A suitable disposal (or acquisition) strategy can be agreed to improve any portfolio, and any strategy can be linked to the organisation's wider aims, such as improved service delivery, regeneration, or to maximise investment return.

A positive and proactive approach to asset valuation and partnership working can identify opportunities to add value, and so benefit an organisation. The 2 case studies demonstrate these points.

Relevant case studies

Highlands and Islands Enterprise portfolio

We provide economic development advice to HIE, whose primary aim is to generate employment in remote and rural locations. Recognising this, valuing the portfolio annually includes looking for opportunities. The valuation, planning and agency teams work together to explore change of use options to add value and achieve disposals.

A tangible example of how we are able to add value is that we have helped HIE to build small industrial units and facilitating the development of large office buildings and land at Forres Enterprise Park, Moray. Another interesting example is that HIE wants to develop in the far north of Scotland a proposed space port in Sutherland. It will be a rocket launch facility. There is great employment potential in the space industry and could be really valuable to the economy of the country.

Visit Scotland portfolio

Its portfolio consists of information centres across Scotland. The prime aim is service delivery of its TIC core function and achieving best value. Most of the centres are held on leases, so the IFRS16 changes will have a significant impact on valuation. Visit Scotland will go from a position of having 50 shops which incur running costs in the accounts, and which will from 2020 will also include lease liabilities. This is having justifiable concern across the portfolio of assets from city to rural locations, although I believe that not everyone is aware of the impact this will have.

The valuation, planning, accounts and agency teams will work together to agree an acquisition and disposal strategy, to achieve service delivery and cost efficiencies.

Summary

- Asset valuations perform a crucial function
- Significant changes are coming to the valuation of leases
- Robust valuations are required for accounting and often loan security purposes
- Technical valuation skill can be linked with market knowledge and broader skillsets, including planning and agency advice, to deliver the significant benefit/outcomes of these wider aims
- Private sector can add value
- Partnership working is key.

Questions

Two questions were raised, both of which in the answering suggested a possible solution lying with pro-active approaches from local authorities:

Company voluntary arrangements – CVAs require careful valuation, as capital values are derived from rent levels. If rents are reduced through CVAs, there is a large risk associated with adopted capital values and this has to be factored in. It is at the behest of councils to get involved with town centre regeneration, where many retail properties with CVAs are located. If they can revitalise town centres, it will help to sustain rent levels.

Energy efficient buildings – there are currently issues with valuing energy efficient buildings: the costs of improvements to energy efficiency are not being reflected in higher property values. Again, the public sector should get involved, to improve the economy and environment. At the moment, the private sector is unlikely to take the initiative, as profit margins are too low.

Chris spent nearly 25 years working in local government, involved in estate management, landlord & tenant work and latterly CCT, best value and strategic asset management. Having moved on to CIPFA in 2003, Chris has been delivering property consultancy and training across the public sector. In 2019, Chris established his own consultancy, Chris Brain Associates, and he continues to support the public sector with property consultancy and training throughout the UK, in strategic asset management, organisational efficiency and asset valuation. Chris is now a member of ACES.

ASSET STRATEGIES

Execution of your asset strategy - My top 10 challenges you need to overcome (Part 1)

Chris Brain FRICS chris@chrisbrainassociates.com

This is going to be a new year cliff hanger……Chris has kindly prepared a very comprehensive article on the 'top 10 challenges' that face both asset managers and organisations that are attempting to implement an asset strategy. Here are the first 4 challenges – challenges 6-10 will be continued in Part 2, Spring Terrier.

Execution is an odd word. On the one hand, it means "the carrying out of a plan or course of action." On the other, it means, "the carrying out of a death sentence."

When asset managers talk about "executing a strategy," they usually mean the former — putting an idea into action. But those efforts all too often end up meaning the latter. Execution is often where asset strategies go to die.

In conversation after conversation, the execution of a carefully developed asset strategy comes in as a key problem that evades many local authority asset managers that I talk with. Many acknowledge that they can't seem to get it right. It's one thing to design an asset strategy, and quite another to get it operating at all levels of the organisation.

As the Japanese proverb goes, *"Vision without action is a daydream. Action without vision is a nightmare."*

You have what you think is a solid strategy, and the Strategic Property Board, Cabinet and your leadership team are all aligned around it. You and your team have already reorganised the structure — new teams, revised roles, redesigned policies and processes — all to support your strategy. Perhaps you have even introduced a corporate landlord model to support the implementation of the strategy.

What is left to worry about? Well as it happens, there are a number of challenges that face both asset managers and organisations that are attempting to implement an asset strategy. If the execution of your asset strategy is faltering, then you might find that one or more of my 'top 10 challenges' is a cause. Any one of them could prevent the execution of your asset strategy.

Challenge 1: The Big Prize

The first step in developing an asset strategy is that the organisation must commit to an identity through a shared understanding of its value proposition and distinctive capabilities. In short, the organisation must commit to focus on what it is going after, and then go after it. The hardest part of this is getting to that one most important thing, the thing that would be a catalyst for driving the rest of the strategy forward: The 'Big Prize'.

Strategic issues and operational issues always compete for senior manager and member attention. If the day-to-day (operational) problems appear on the meeting agenda of your asset management board alongside the longer-term (strategic) problems then, try as the chair may to achieve otherwise, the day-to-day will take precedence. All asset managers I know acknowledge this problem without hesitation.

But it isn't just about the management of meetings. This competition between operational and strategic activities can permeate through everything the organisation tries to do in executing its asset strategy. That is why knowing your Big Prize is so important.

In the invasion of Iraq in 2002, the coalition Big Prize was to control Baghdad within 72 hours. 72 hours was the target because that is the time limit of how long a soldier can fight without sleep. In that invasion, when army units hit resistance, they simply avoided contact, called in an air strike, and kept focussed on the strategic objective, or Big Prize, which was controlling Baghdad within 72 hours. Some have called it 'shock and awe'. In WW2 Hitler called it Blitzkrieg.

In contrast with the army, the marines got distracted. They did lots of fighting – marines like fighting – and it slowed them down. They were very successful in this fighting, but they won lots of unimportant battles and lost focus on the strategic objective. They had lost sight of their Big Prize.

What your Big Prize is will depend on what is important to you. If you are struggling with financial sustainability, then the prime focus for you might be building new income streams, either through existing or new assets. If your organisation has just declared a climate emergency, then the main focus of your strategy might be how you align your property portfolio to that commitment.

If you have a network of assets that are in the wrong place, in terms of how service delivery models have shifted, then realignment with service needs will be your priority. Equally, your big local issue might be condition of the building stock, or inefficient use of assets, or a lack of a corporate approach to property asset management. In all these examples, the thing that you need to focus on will be different to someone else's, and your Big Prize will be different to someone else's. Identifying what your Big Prize is requires wide stakeholder engagement.

Once you can define the Big Prize, you can test it with a series of questions. If you answer "yes" to each of these questions, it's likely that your Big Prize is on target:

- Will success in the Big Prize drive the mission of the larger organisation?
- Is the Big Prize supporting, and supported by, your primary business goals?
- Will achieving it make a statement to the organisation about what's most important?
- Will it lead to the execution of your asset strategy?
- Is it the appropriate stretch?
- Are you excited about it? Do you have an emotional connection to it?

Once the Big Prize is clear, you can work to identify the people who are most essential to achieving the goal. Doing this is critical, because you want to focus your efforts and resources on the people who will have the most impact on the Big Prize.

Once you establish the key people, you have to work with each of them and their managers to determine their:

- Key contribution to moving the Big Prize forward
- Pivotal strength that will allow them to make their key contribution
- Game changer, the thing that, if the person improves, will most improve their ability to make their key contribution.

It is important to ask yourself whether the fire you are fighting now is going to prevent future fires. Is this the best use of your time? Can it wait? Should it be ignored or delegated while you focus on the Big Prize?

Challenge 2: No strategy at all

One major reason for the lack of action is that 'asset strategies' are often not strategies at all. A real asset strategy involves a clear set of choices that define what the organisation is going to do and, as important, what it's not going to do. Many asset strategies fail to get implemented, despite the ample efforts of hard-working people, because they do not represent a set of clear choices.

A set of a limited number of choices that fit together is easy to communicate, which is one reason you need them. You cannot communicate a list of 20 or 30 choices; staff and members simply will not remember them. And if they don't remember them, the choices cannot influence their behaviour, in which case you do not have a strategy. Not only that, this would require far too much resource and considerable officer time. It would be a mammoth task.

I very often hear asset managers complaining about the strategy-setting processes and meetings, or the asset strategy output. People tire of sitting down and writing out all the things that the organisation 'could' achieve, which then end up in the asset strategy, but which rarely get delivered. People often look back 5 years after adopting what they thought was a solid asset strategy, only to find that little of it has actually been achieved.

It is far better to aim for a few important things for each year of the asset strategy planning horizon, then celebrate success when they're achieved. The more you try to achieve, the less you'll accomplish.

Challenge 3: Depth versus length

There are 2 aspects to this. Firstly, the size of the asset strategy itself, and secondly the planning horizon – in other words, how far ahead the asset strategy is looking.

On the first point, I have seen some very large asset strategies, that were so large that clearly nobody in an organisation is ever going to read it. Not only that, but being so large, you just know that it cannot possibly be focussing on the main strategic objectives. The asset strategy needs to be punchy and to the point. Content is more important than size. If the strategy is too large, then it will be impossible to communicate progress, and for people to understand where you are in the journey.

On the second point, asset strategy is about what you are going to be focussing on and why. And as mentioned above, what you are <u>not</u> going to be focussing on. It is a process of channelling your resources and commitment towards your strategic objective. In this sense, the time horizon is far less important than you might think. What is more important is that you have put sufficient work into the thinking and planning process, so that you have got the right direction. It is not about the long term or the short terms, but about the fundamentals of what you are seeking to achieve. Strategy is not so much about what we are going to do in the future, but about what we are going to do <u>now</u>.

Challenge 4: Call to action

Your Big Prize will be supported by a small number of other strategic outcomes as mentioned above (Challenge 2) and all these should link together. Each of these strategic objectives needs to be translated into action. One of the key things you need to do is to design an action-plan to capture the actions that will deliver your strategic objectives. You need to remember that 'actions' are not the same as 'activities', and you need clear and defined actions.

You must, however, take care not to be too rigid in your approach. Things change and your strategy needs to be able to flex to accommodate changes in context, or internal or external environments. As such, your call to actions need to change with time. An asset strategy should not be shaped on the basis of "head down, here we go, and see you at the other end!"

Strategy execution could be described as seizing strategic opportunities, while co-ordinating areas across an organisation and adjusting as necessary. If this is the case, then agility is important, as is the ability and desire to re-allocate resources through changing circumstances.

It is also worth remembering that while being agile is good and positive, it is no replacement for having a strategy. Agility without strategy equals chaos.

Because while strategy development and communication are about <u>knowing</u> something, strategy execution is about <u>doing</u> something. And the gap between what you know and what you do is often huge. Add in the necessity of having everyone acting in alignment with each other, and it gets even huger.

The reason strategy execution is often glossed over by even the most astute asset strategy consultants is because primarily it's not an asset strategy challenge. It's a human behaviour one.

To deliver results, people need to be hyper-aligned and laser-focused on the highest-impact actions that will drive the organisation's most important outcomes. But even in well-run, stable organisations, people are misaligned, too broadly focused, and working at cross-purposes.

A big reason many asset strategy implementation efforts fail is that they usually require changing people's habits. And habits in organisations are notoriously sticky and persistent. Habits are deeply embedded and not easy to change. If they were then we would not have such a big problem with alcoholism, drugs, smoking and over-eating.

Habits certainly don't change by telling people that they should act differently. People are often not even aware that they are doing things in a particular way and that there might be different ways to run the same process. The habit problem applies equally to individuals and to groups of individuals.

Identifying and countering the bad habits that keep your strategy from getting executed is not an easy process, but there are various practices you can build into your organisation to make it work. It just takes a little effort, alongside a willingness to accept that habits actually exist.

Ed – part 2 will feature in 2020 Spring Terrier.

The Terrier is published quarterly by ACES. The inclusion of any individual article in the Terrier should not be taken as any indication that ACES approves of or agrees with the contents of the article.

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CORPORATE LANDLORD

Corporate landlord and strategic asset management

Anthony Bamford MBA MRICS MIWFM MCMI anthonybamfordmba@gmail.com

In this article, Tony purposely lays out some fresh and challenging approaches to thinking about the corporate landlord role and its associated responsibilities.

Introduction

Having overseen the corporate landlord operating at 2 of the largest councils in the country, this important role and the opportunities it affords deserve further analysis. Given the role of regeneration and environment at local authorities, the corporate landlord role has perhaps become overlooked, if not become a bit of a Cinderella activity. Yet the importance of governance and compliance in this essential area is crucial, and the role has a key position in an organisation of any size. After all, compliance - or failure to comply - attracts the most severe penalties.

The key areas of legionella, asbestos management, fire safety and associated matters remain crucial issues. Public sector bodies deal with the most frail and vulnerable in our society, whether it be those that are ill, infants at school, or the elderly in care homes. Due care and attention must be paid to these important issues in such environments.

Major failures

The severe legionella case from a local authority leisure centre cooling tower, resulting in the death of 7 people in 2002, is perhaps fading a little. However, the Grenfell Tower fire (2017) will, like the collapse at Ronan Point (1968), be an issue that will live on in national memory, given the sad and shocking pictures. In recent years, the introduction of new frameworks has significantly changed and enhanced responsibility regarding corporate and individual responsibility. Likewise, the change in the role and interaction of the Health and Safety Executive has dramatically altered this landscape.

Responsibilities and sanctions

The roles and responsibilities of non-executive directors, trustees, school governors and by extension, elected mayors, council leaders and executive councillors, are perhaps, for want of a better phrase, considerably more exposed under this new regime than previously. At a compliance-focused conference last year, a speaker from the insurance industry emphasised the change in environment, with the example of a major supermarket retailer having similar issues brought to court shortly before and after the change in regime. After the change, the fine was close to £1million, some 10 times what a similar issue had led to some 18 months before under the old regime.

It is also worth bearing in mind in an egregious failing, the possibility of misconduct in public office, which carries a potential lifetime prison sentence, could in theory be applied to those working in the public sector. Given the considerable development of the political role into an executive function, with clear instruction and direction frequently being provided, this provides some serious pause for thought. Direct consequences are perhaps more easily recognised, and the risks managed more clearly, than longer term incremental weaknesses. The most likely example of this latter scenario might be the ongoing and continued reduction in the maintenance budgets for buildings. Public sector buildings are expensive to maintain and specialist buildings such as leisure centres require extensive and ongoing refurbishment of services and other essential equipment. In the case of large buildings, this can be hundreds of thousands of pounds year on year.

Corporate landlord purpose

The principal idea of the corporate landlord is to bring budgets together, so that economies of scale and appropriate specialist management can be undertaken. The RICS Public Sector Asset Management Best Practice Guidelines include a useful maturity matrix for asset management planning, which can be considered further, in the context of the corporate landlord function. By establishing the corporate landlord role in one place, the organisation-wide prioritisation of revenue and capital budgets can be undertaken more effectively. A practical example of this, when I worked in Wales, was for a Health and Safety Fund to be held on behalf of the Corporate Asset Management Group, or Asset Board, which services could then submit proposals to, where their own limited budgets would not suffice. By having this as a standing item, a quick turn-around and clear corporate overview of salient issues could be maintained. Often this practical efficiency is more effective than some cumbersome 'best practice model' that is not actually adhered to - either in custom or practice.

I have always held that the effectiveness - or lack of - a property and asset service is merely a reflection of the effectiveness -or lack of - the organisation as a whole, within which it has to operate. Given that property and assets are the second largest resource after staff in most organisations, this must be a pretty accurate reflection of reality. The organisational role of nominated property officers (NPOs) is therefore an important lynchpin in spreading this across an organisation. Possibly one of the most difficult and sometimes contentious areas is schools. Given the academisation programme, it is depressing to read newspaper articles where teachers have decided to leave school roofs leaking with buckets under them, while they spend budgets in other areas. As NPOs, the senior site person has an important responsibility and the organisation must proclaim this loud and clear. Naturally, where buildings are left to deteriorate to this level, much more serious issues are being stored up.

In a local authority context, the role of the corporate landlord and the local education authority (LEA) therefore come together to have to address this. With academies only being able to take long leases, this leaves a landlord and tenant relationship to address issues and the LEA to address education standard issues. An education environment that complies with adequate health and safety standards, both on the site and within the buildings, is absolutely essential.

Multi-sector working and oversight

The drive to provide cross-public sector working, which to be clear is entirely appropriate, creates additional complexities. Often memoranda of understanding are developed, and a particular organisation will act as the host. The early RICS initiative - "Whose property is it anyway?" was a useful proposal to develop some of the practical issues around third party use in, what increasingly became, a wider variety of premises and assets. Particularly in the health sector, this created unforeseen issues if medicines, syringes and such items were stored in office environments. Likewise, the planning system was not always an easy bedfellow with this new approach, let alone consideration of leases, licences and other operational matters.

More recently, the introduction of the wide use of Teckal companies, third party providers and joint ventures have created additional complexities to which traditional needs such as occupation agreements, planning use, health and safety, and budgets must adapt. Effective management of the corporate landlord and tenant relationship, budgetary outgoings and responsibilities, and other cross partner obligations is essential.

Many local authorities which have developed Teckal company entities may find that this can create a number of complexities and competing obligations at several levels. The scale of any intelligent client role will be a key determining factor about how a service is created or handled. This can lead to governance and compliance issues at a boardroom and operational level. Naturally, the existence of an organisation as a separate legal entity must be treated appropriately. The property, asset and facility management functions in many organisations are considered as commercial opportunities, creating additional issues for clarity and objectivity in dealing with such scenarios.

Conclusion

Corporate landlord is a role where many models exist, with adapted versions of the usual consultancy style options, often laid out in a uniform, sometimes in a barely adapted manner, with a profusion of presentations and slide decks showing theoretical benefits and drawbacks. The problem with this is that at best, they are like an off the peg suit - uniform and created for the supplier's (consultant's) benefit, not necessarily the consumer's (public sector body's). The property and asset estates of many public sector bodies need to be looked at and analysed carefully before an appropriate approach can be taken. This is like a doctor carefully and diligently finding out about a patient's lifestyle and symptoms before providing an appropriate diagnosis.

This enables an organisation to develop the right solution, one that it can maintain and manage effectively and is fit for purpose. Key factors include complexity and scale; creation, management and accessibility of estate information; and the governance and compliance mechanisms that an organisation has decided to institute. As indicated earlier, the consequences of getting this wrong are now more significant and much more severe than hitherto. In the case of local authorities and combined authorities, the role and input of democratically elected representatives must be suitably and appropriately taken into account. This factor is an area where technical and theoretical appraisal can easily fall short in being effective, in respect of a key part of the running and stakeholder environment of a council.

It is therefore essential that everyone in the organisation clearly understands their roles, responsibilities and purpose in engaging with, and fulfilling, these important obligations. Regular readers may also find my earlier article on assets as a corporate resource of interest in considering this subject [Ed – see 2017/18 Winter Terrier].

TOWN CENTRES

Moving to multi-use town centres – Local challenges and opportunities for 2020

Simon Hope MRICS simon.hope@montagu-evans.co.uk

This article summarises a discussion between public and private sector professionals on how to rejuvenate ailing town centres. Some common themes and positive initiatives are outlined.

Rapid change taking place in town centres, brought on by the collapse of a number of high street retailers, has brought the debate about 'how and what' should be done to support town centre economies into sharper focus for the public sector. With the spotlight turning onto local authorities to lead the way on re-purposing redundant locations, there is much debate around the role these bodies should play in place making moving forward.

In November 2019, Montagu Evans hosted at its London offices a roundtable discussion for ACES members from the south east region and a number of local authority regeneration leads. A range of south east authorities, London Boroughs, members of Montagu Evans' Development Consultancy team and ACES attended the event.

The purpose was to discuss the challenges and opportunities in making our town and city centres attractive and relevant in a rapidly changing high street environment.

Overexpansion in retail

The current high street crisis has been exacerbated by some retailers overexpanding, increasing wages, rising overheads and expensive and outdated property in certain cases. At the same time, the need for visiting shops is decreasing. One in 5 purchases is now made online – the UK is the most digitally-engaged county in Europe! – with the switch to digital engagement accelerated by generational changes in shopping habits. This collection of factors has meant that

Simon is a Partner in the Montagu Evans Development and Infrastructure Consultancy team and has over 25 years' experience advising on and developing town centre mixed-use projects. The Montagu Evans team provides development strategy and delivery advice throughout the UK, for both the private and public sectors, and is actively involved in over 30 major town centre re-purposing projects.

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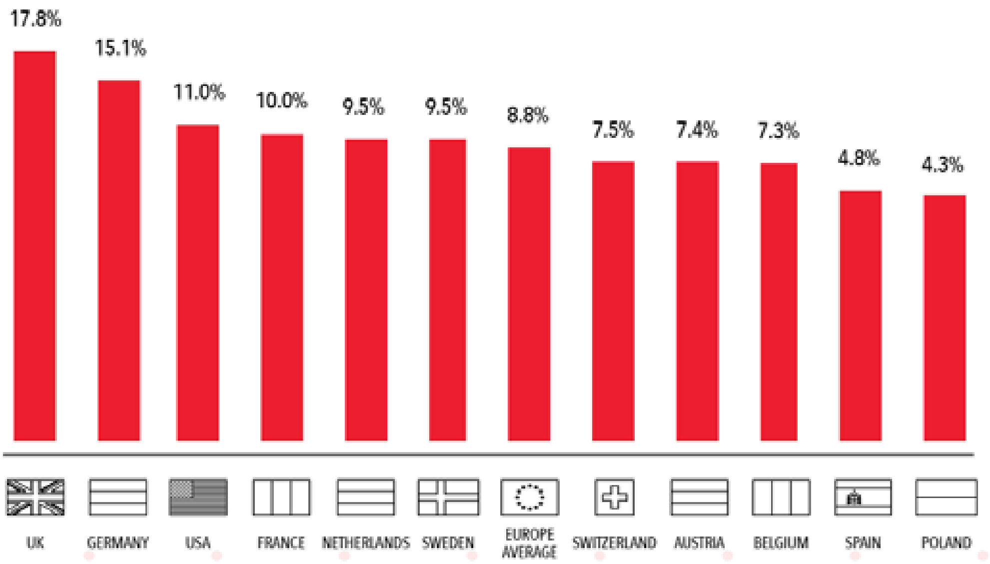
THE UK CONSUMER IS MORE DIGITALLY ENGAGED



ONLINE SHARE OF RETAIL TRADE (2017)

INFORMATION WITH THANKS TO CACI

MONTAGU EVANS

THE PURPOSE OF A VISIT

many retail chains are overexposed, with around 20-30% excess space in town centres, resulting in substantial portfolio reviews through more company voluntary arrangements and administrations, culminating in store closures reaching a record high.

On the plus side, however, the scale of change affecting high street chains means there is an increasing onus on the rise of independent retailers driving more innovation. Introducing more residential use into town centres also brings in more spending power, though of course it needs to be done well.

This rapid pace of change to town centres means that now more than ever, it is vital for local authorities to be ready to take action and have a clear action plan, as councils increasingly become the glue that holds town centres together, as institutional owners seek exits from high street ownership.

Local authority drivers

For the local authorities around the table, there are a number of key themes from their own experiences operating in town centres that are driving decision making, including:

- Suburban centres in the Greater London area not being complacent and thinking ahead to adapt their town centres, establishing a new vision to inform a refreshed town centre use and delivery strategy
- Pressure on housing targets and green belt sensitivity, meaning a drive for more town centre delivery, while increasing pressures on elderly care provision presents an opportunity for town centres to form part of the solution, meeting demand with repurposed space
- Viability is a common challenge faced by the attendees in trying to deliver projects, along with the continuing need to plan ahead, to pre-empt changing markets, and to keep masterplans relevant
- The importance of detailed data to inform decision making was also emphasised.

Creating multi-use places where people can thrive

Above all, it was agreed that focus needs to move further towards introducing good quality mixed-use destinations to draw people into town centres for arts, cultural uses, employment, health and everyday activities, to address the shrinking amount of retail space needed.

In short, the high street needs to become a multi-use place, with several important factors to achieve these aims.

1. The role of the public sector as a long-term place maker was seen by everyone as a key strength, but it was noted that staff and financial resourcing will be an important consideration to allow the public sector to carry out its leadership role
2. Local authorities have the ability to business plan to different criteria and objectives, compared to private sector investors and developers, potentially enabling otherwise stalled schemes to be unlocked. For example, in terms of viability, the public sector's ability to take long-term business planning decisions and access lower costs of capital can assist delivery strategies. Projects could also be restructured into a series of smaller projects or interventions, perhaps tied together via public sector enabling approaches (e.g. cash flow, marketing, etc) to help them move forward quickly.
3. The importance of establishing a clear, uncomplicated and implementable vision, to create a basis for council members and decision makers to rally around and to be used to lobby for additional funding, if required from LEPs, Homes England, and others.
4. Challenges around viability need to be addressed. It was acknowledged that problems were posed by regeneration schemes often not being viable and/or deliverable without additional assistance and/or restructuring, which brings potential delays, as compromises and/or additional funding streams, partnerships, etc are sought. Spending challenges within local authorities will also place pressure on associated decision making.
5. Retail offers can be differentiated by encouraging good quality markets that create a destination in their own right, and provide an added reason to visit. Markets have evolved to provide destination appeal, combined with supporting local economy and with a focus on local provenance of products.
6. Community engagement and "co-production" techniques are increasingly dynamic and should be seen as a key enabler to development, rather than as a constraint on regeneration. In some cases, this has included commercial co-production approaches where scheme finances are discussed, shared and developed, in partnership with community stakeholders. If done in the right way, this can be an extremely powerful tool in gaining community trust when difficult decisions are needed.
7. The growing importance on moving away from a focus on bricks and

mortar alone, to health and wellbeing considerations in re-planning town centres. This means local authorities playing a pivotal role in coordinating with other public sector agencies such as the NHS, county councils, police and Environment Agency, for example, to bring together under one vision different groups with shared concerns and long-term aims.

8. Social value will play a more influential role in public sector business planning. The lack of data around measuring the economic benefits is something that was highlighted, and the need for quantifying the societal benefits from regeneration schemes, to inform long-term business planning. It was agreed, though, that this will be an area for evolution as measurement techniques are evolved.

Some conclusions

It is clear from the range of issues covered in this one session that the scale of change affecting our town centres will be profound and long lasting. Equally, there is the opportunity for local authorities to play a pivotal role in the coming year in shaping place making to attract new investment, with committed and coordinated public sector backing an increasingly important feature driving change.

With so many different initiatives being promoted by local authorities, and in such a fast-changing town centre market, our final conclusion was one of collaboration. It was agreed that there is ever more need to share best practice among local authorities, in an era that promises to see more innovation brought forward, to address the scale of change coming in our town centres.

Chris is Director of Regeneration at the council. He has over 30 years' experience of delivering place regeneration projects in a range of locations across the UK. He leads on the development and implementation of a £200m programme of commercial, leisure and housing development, utilising council assets, and designed to generate a sustainable revenue stream to support the financing of council service delivery.

Addressing the wider place making issues connected with development is at the heart of Chris' approach to sustainable regeneration, considering skills and business development and community-led regeneration as part of a Whole Place approach.

REGENERATION

Isle of Wight regeneration programme

Chris Ashman

The keynote address at the 2019 ACES' National Conference, held on the Isle of Wight in September, was given by the Leader of the council, Councillor Dave Stewart, who welcomed delegates to the island, and introduced the initiatives being taken by the council. This was amplified by Chris.

Isle of Wight mission – 'Improving lives through property'

The environment of the IoW is one of small market towns and rural communities, with challenges in relation to the size of local authorities, but a commitment to making places and people work for the future, using property as the catalyst. As property professionals, and through an organisation like ACES, we can face these challenges together.

Place orientated property professionals involved in regeneration need the key skills of: collaboration, to manage partnerships between public and public, and public and private relationships; to be commercial in attitude - there has been a change in approach, from a fire-fighting environment, to build confidence among professions and so enable place-shaping; we have to be innovative to be able to meet the challenges; people have a 'can do' attitude and are pro-active, to deliver projects that deliver revenue to support services; to be strategic; and client/customer focused. This involves working with private professionals as well, where I am the client, and having a good relationship means that they will 'go that extra mile'.

The slide overleaf lists the island challenges and the successful outcomes that could be achieved. For example, we have a significant deficit in wages, compared to the south east. Tourism is one area which traditionally has

ISLAND CHALLENGES	INSPIRATION ISLAND WILL DELIVER
Attracting and growing jobs that pay higher wages	Average pay increased to £600 per week by 2027
Providing affordable homes for islanders with the right infrastructure	1,000 affordable homes built by 2025
Protecting and capitalising on our unique environment and cultural heritage	Recognition for the Island as one of the best places to live in the UK
Re-balancing our population to ensure we can sustain our public services	Better choices for those wanting to study in higher education with a new enhanced curriculum available from September 2022
Caring for our most vulnerable people and helping everyone to 'age well'	Better housing choices, care options and job opportunities, regardless of age, as part of an "age friendly" island environment
Reducing deprivation levels in affected areas of the Island	Closing the gap in poverty levels between our most affluent and deprived areas by 20% by 2030
Changing perceptions of the island and its future amongst those who live here and those who might want to relocate, invest and visit	A new internally owned and externally facing brand for the Isle of Wight to be launched in 2020
Investing in infrastructure to help mitigate our separation deficits	Access to full fibre Gigabit speed connectivity across the whole island by 2022

INTERLINKED STRATEGIC MARINE EMPLOYMENT SITES

1. Medina Yard
2. Kingston Marine Park
3. Kingston Wharf
4. Venture Quays

Newport Harbour redevelopment

been important, but we have to think innovatively to bring in higher paid employment. We have a challenge of meeting the cost of care. Our "Extra Care Project" is fundamental in meeting the needs of those sectors of the population where the private sector cannot make sufficient return. Therefore the council has to look to a property solution to deliver the social care needs.

The key themes of the regeneration programme, which the council recently signed off for the strategy to 2030, have been embodied in a plan of action. Those themes are place making; skills and business development; infrastructure; housing; cultural and environmental assets; area regeneration; communications and engagement. The property team has been instrumental in looking at the council's asset base in relationship to these themes. We are working with our colleagues across the public service, to map the assets, and identify opportunities for regeneration, but also to bring forward better utilisation of the asset base, facilitated by up to date data.

By recognising the varied economic and social conditions across the island, we need to differentiate our regeneration response and work with local stakeholders to deliver.

Case studies

Marine employment sites

We have the only undeveloped marine site waterfront town centre development on the south coast. The reason why something hasn't happened already is because of the cost of development, in terms of land values and costs of construction on the island. Therefore this has to be factored into development assessments, and master planning viable projects. We hope to build 250-300 residential units, commercial and leisure space, to transform the county town of Newport, to build on its heritage in the town centre, to bring a new vitality and opportunities, and increase the employment base at this, the focus of the IoW.

Another challenge is the emerging industrial strategy for the Solent. Maritime activity is fundamental to the island's future prosperity, as well as to the nation. We have a heritage in engineering skills training, which we can grow. The Medina Valley, from Newport to Cowes, has access to the Southampton market, and the sites shown are in a mix of public and private ownership which have been identified to

Newport: the Island's historic county town

offer to the market. We have made a strong case to government that the valley should be a growth zone.

The council's property team is using its skills identified above to build consensus, working with stakeholders towards land assembly.

Rangefinder Campus

The council is working with the LEP to bring in the Digi Innovation hub, to attract and grow the higher value jobs, and this should be open in May 2020. There are other projects to extend the industrial base and Nicholson Road Business Park. 200 jobs have been created so far, and 150 more commence from September 2019. Other small but important projects include improving a toilet block in the major tourism area of Sandown Pier, to include a restaurant and leisure facility.

Housing

80% of the island is rural. An updated housing needs assessment has been completed. The council wants to develop sustainable communities, by working with smaller developers to deliver mixed schemes. Housing is key to this; it is a challenge, but it is a political ambition to build affordable products. We have a government-set target which we are trying to meet through our land supply. The property team is working closely in partnership with registered social landlords, to identify deliverable opportunities such as the Ryde Extra Care Village, of 75 units. Other projects are Island Independent Living, and Sandham Middle School, to be market tested in September 2019. Our target is 260 units by 2023.

Infrastructure

Infrastructure is vital. Real progress is being made: the IoW will be one of the first places in the UK to have full fibre across the island by 2021 (Wightfibre). This is a major economic advantage to attract IT-based companies. We are looking to improve the railway network and railway stock for the Island Line, which runs between Ryde Pier Head to Shanklin; investment of £26m is proposed. We plan to improve public transport.

We have a commitment to green infrastructure and the biosphere reserve, embodied through an environment action plan.

Heritage high street

It is vital to the council that our high streets provide vibrancies: the island population doesn't have access to city centre large shopping facilities. We must cherish our high streets and value heritage as a place making asset. The council is making a £2.4m investment in Ryde and Newport, which is led by local partnerships involving town councils and business associations.

Area regeneration

The regeneration programme is regionally based: the island is divided into 5 Island areas, plus Newport. By doing so, officers and members have a good understanding of local need and priorities in all areas. We are supporting a range of local projects:

- East Cowes Esplanade
- Battery Gardens
- Ryde Town Hall
- Coastal Revival Fund bids
- Town centre regeneration – 'Newport Place Plan'.

Projected outcomes and revenue

So far, 500 jobs have been created and protected in the first 2 years, which isn't a bad start; 500 more are planned in the next 3 years; 100 housing units have been built in the first 2 years; 400 more are projected in the next 3 years; £100m infrastructure spending is planned over the next 3 years.

But it's a long haul and the programme is that by 2030 to transform lives on the island. Central to achieving this are those skills identified earlier, which are crucial to our property team. As ACES' professionals, these are skills you all have or need.

Tom is a Trainee Quantity Surveyor at NPS Leeds He studied at Sheffield Hallam University and has an undergraduate degree in Law and a MSc in Quantity Surveying.

NORTHERN POWERHOUSE
The challenges of the Northern Powerhouse

Thomas Kitchener Thomas.Kitchener@nps.co.uk

Some ACES members may recall last year helping Thomas to gather information for his dissertation, by filling in a brief questionnaire to assist with research into the impact of the Northern Powerhouse initiative. Off the back of this, he submitted his dissertation in the autumn and agreed (with a little arm-twisting from Daniella Barrow) to write an article for Terrier.

Origins

The Northern Powerhouse has been an ever-current topic in the news since the drive to create it by George Osborne in 2014. Osborne stated that his vision for the Northern Powerhouse was to be "a collection of northern cities sufficiently close to each other that combined they can take on the world". The Northern Powerhouse is mostly associated with large infrastructure projects, but there are other issues that need to addressed as well, such as education and devolution for the north.

HS2 and Northern Powerhouse Rail

HS2 is the most talked about infrastructure project at the moment and its implementation does have a large impact on the Northern Powerhouse. It is seen as an attempt to break the north-south divide by providing fast, frequent and reliable connections between 8 out of Britain's 10 largest cities and their regions - Birmingham, London, Leeds, Manchester, Liverpool, Sheffield, Edinburgh and Glasgow. Obviously, the huge amount of investment being poured into the scheme has attracted an equally large amount of scrutiny. However, the government estimates that for every £1 spent on the scheme, the UK will receive £2.30 in benefits, which equates to £92bn of benefits overall. On a regional level, the estimated benefits of the scheme are just as exciting. Taking Leeds as an example, it is estimated by Leeds City Region that over £500m of investment has been attracted to Leeds since HS2 was announced, and that the project will create a projected 40,000 additional jobs, which will contribute £54bn to the regional economy by 2050.

The scrutiny of HS2 is not only about the cost of the project, but also the scheme's preferential treatment over the Northern Powerhouse Rail project. The House of Lords could see no reason as to why HS2 is preferred over the Northern Powerhouse Rail, as north-south connections are already good, while the rail network in the north is poor at best. As already stated, the independent report commissioned by the government estimates that for every £1 that is spent on the HS2 project, it will generate £2.30 in economic growth. However, while it is apparent that HS2 will be beneficial to the economy, a further report found that the Northern Powerhouse Rail scheme would be more beneficial to the UK economy, contributing £2.70 to growth for every £1 invested.

The aim of Northern Powerhouse Rail

is to shorten dramatically journey times between 6 six major cities of the north. It is estimated that there are currently fewer than 2 million people in the north that can access 4 or more of the north's largest economic centres within an hour. This would rise to 10m once Northern Powerhouse Rail is delivered, thus transforming the job market. Bradford is a key example of how a poor rail network can suffocate a local economy. Bradford is the 5th largest local authority, with the youngest population in the UK, but these positives are stifled by the fact it has only 2 direct links to 2 other major northern cities - Leeds and Manchester – and these journeys are poor: it takes half an hour to travel to Leeds and over an hour to travel to Manchester. This means that the job market is severely constrained for the population of Bradford, leaving jobseekers competing for all the same jobs. To highlight the contrast with the rail network in the south, the average number of jobs accessible within 60 minutes by rail available to someone living in the north west is 187,000, compared to 1.7m for someone living in London. A further report found that businesses in northern cities draw workers from smaller areas than in the south: in 2011, almost half a million commuters travelled over 30km to work in London, double the number that travel the same distance to work across all 6 major city regions in the north.

Education and skills

Poor infrastructure is not the only issue the Northern Powerhouse must overcome, with poor levels of education being a persistent problem in the north. Andy Burnham stated that "transport is not the biggest issue in most northern cities. Instead it is skills. Addressing skills challenges is crucial to increasing the number of jobs available to people who live in these places". It has been commented that the education system is failing the north, with disadvantaged northern pupils falling on average one grade behind the national average. The poor performance of northern schools has led to other poor statistics, such as the proportion of graduates in the north is 4.4% below the UK average, and the proportion of people with no qualifications is 1.2% above the UK average. The fact that education is of a poorer quality in the north means there is an adverse effect on productivity. Productivity is a longstanding issue in the north, where value added per worker is 13% lower than the UK average, and 25% lower than the south. Statistics such as these show the scale of issue that the Northern Powerhouse must overcome, if the north is to pull its own weight economically.

Devolution

Devolution is also a key feature of the Northern Powerhouse. The UK is one of the most politically centralised countries in the OECD and because of this, some say it is of little surprise that it also has one of highest levels of regional economic inequality. Democratic institutions at regional level, including mayors, would provide better representation of regional interests at Westminster and in national political debate. Infrastructure investment has been a key feature of the northern regions; devolution deals with the Sheffield City Region, Liverpool City Region, Tees Valley and Greater Manchester all being given control over their transport budgets, with an input on how HS2 will interact with their transport networks. Development of skills is another key feature of the devolution agreements, as the government has agreed to work alongside the Combined Authorities, to ensure that local priorities are fed into the provision of careers advice, such that it is employer-led, integrated, and meets local needs.

Staying on the issue of politics, the election result will now put the deadlock to Brexit to bed and while there is still plenty of disagreement over whether withdrawing from the EU will benefit the country, there should at least now be certainty. The government can now focus on more than just Brexit; other issues can be given more attention and after many northern constituencies decided to support Boris Johnson, hopefully he will return the favour by giving the Northern Powerhouse the attention it needs.

AGM PRESENTATIONS

The Planning (Scotland) Act – Infrastructure delivery

Kerri McGuire Kerri.McGuire@g-s.co.uk

Kerri was one of the team of 3 speakers from Graham + Sibbald who gave a presentation at ACES' Annual Meeting, held in the City Chambers, Glasgow in November 2019. She compares the provisions in infrastructure delivery across Scotland against England and Wales. The other 2 presentations are included in this issue of ACES' Terrier.

Kerri is a Director and Head of Planning at the Glasgow office of Graham + Sibbald. She is a chartered planner and chartered surveyor with over 14 years of private sector planning and developer consultancy experience. Kerri is also a Practitioner Member of the Institute of Environmental Management and Assessment. She provides planning and development land consultancy advice to private and public sector clients across the whole of Scotland. This includes the provision of strategic planning advice, planning applications and appeals. She can also assist with land promotion through the development plan process, compulsory purchase advice, environmental impact assessments, and community and stakeholder engagement.

Introduction

Developer contribution requirements, be it through planning obligations or a levy charge, will be important for public sector bodies for 2 reasons: firstly, as a mechanism for the delivery of infrastructure and services. For example, 12 local authorities in Scotland now have policy support in place for NHS Boards to seek contributions towards health care provision where there is a local service capacity issue. Secondly, the disposal of surplus assets for a redevelopment opportunity is likely to include developer contributions which would be deducted as a cost from the capital receipt obtained for the asset. The delay in agreeing a planning obligation could result in the delay in the disposal of the surplus asset.

The Planning (Scotland) Act 2019

The Scottish Government commenced the review of its planning system in 2015. It set out its proposals for the reform of the Scottish Planning System in the Places, People and Planning consultation, published in January 2017. This detailed that the "planning system should be central to the delivery of great places and a force for positive change – Scotland's economy needs a planning system which is open for business, innovative and internationally respected. Our people need a planning system that helps to improve their lives by making better places and supporting the delivery of good quality homes."

The 4 key aspirations of the planning reform were to:

- Simplify and strengthen development planning
- Improve the way people are involved in the planning process
- Build more homes and deliver infrastructure
- Stronger leadership and smarter resourcing.

The Planning (Scotland) Act 2019 received Royal Assent on 25 July 2019. This was the most amended bill in the history of the Scottish Parliament. The government published its programme for the delivery of secondary legislation and guidance to implement the Act in September 2019. Key target implementation dates include:

- Changes to fee regulations in Q2 2020
- Consultation on National Planning Framework 4 in Q3 2020
- Development management provisions and regulations in Q1 2021

- Training for elected members – start work on new regulations in Q1 2021 and to be in place before the local government elections in May 2022
- Local Development Plan regulations in Q4 2021.

Notably, this programme does not contain any timescales for the implementation of regulations associated with Local Place Plans and the Infrastructure Levy, which are arguably 2 of the most significant changes to the Scottish planning system.

Cost implications for local authorities

The 2019 Act has introduced 49 new duties on a planning authorities. These range from assisting in the preparation of the National Planning Framework, preparation of Regional Spatial Strategies, and identifying short-term let control areas, to preparing a policy on the provision of public convenience facilities and water refill locations!

In August 2019, RTPI Scotland published a paper to assess the cost implications for local authorities in the delivery of these new duties. It is estimated that this could cost authorities in the region of £12-59m. The research identifies that these additional duties come at a time when planning departments are already under financial pressure, having lost a quarter of staff and 40% of their budget in the last decade.

RTPI Scotland has called for the Scottish Government to:

- Consider the costs of implementing each new duty
- Agree a resource plan when introducing the reforms through secondary legislation and guidance
- Be clear about where funding will come from to support communities to prepare Local Place Plans.

Delivering infrastructure – current position

The principle of developer contributions towards infrastructure provision was introduced under s75 of the Town and Country Planning (Scotland) Act 1997. This is broadly similar to s106 of the Town and Country Planning Act in England and Wales.

Planning obligations (formerly known as planning agreements, and more frequently known as developer contributions) is the current mechanism for obtaining contributions towards the delivery of local and regional infrastructure in Scotland. Planning Circular 3/2012 details the 5 key tests where contributions can be sought. In summary, contributions should relate to the proposed development and be reasonable.

The Infrastructure Levy

The planning obligation tests of reasonableness were challenged in relation to a proposed new town development at Chapelton of Elsick in Aberdeenshire. This was a proposal by Elsick Development Company for 4,000 homes, with associated commercial, retail and community uses. The Aberdeen City and Shire had sought in the region of £8m of developer contributions towards its Strategic Transport Fund. This was challenged by the developer, on the grounds that the cost was disproportionate to the impact on local infrastructure as a result of the development.

In October 2017, the Supreme Court ruled that the contributions were unlawful and contrary to planning policy. The judgement makes it clear that imposing on a developer the requirement to make a financial contribution towards infrastructure which is unconnected to the development of its own site is unlawful and outside the scope of s75. The court commented that if planning authorities want a local development land levy in order to facilitate development, legislation is needed. This decision has led to the inclusion within the 2019 Act for the provision of an infrastructure levy.

The Act introduces provisions for an infrastructure levy and defines this as:

"A levy payable to a local authority, in respect of development wholly or partly within the authority's area, the income from which must be used to fund, or contribute to the funding of, infrastructure projects"

The Act defines infrastructure as:

- Communications, transport, drainage, sewerage, and flood-defence systems
- Systems for the supply of water and energy
- Green and blue infrastructure
- Educational and medical facilities; and
- Facilities and other places for recreation.

There is a sunset clause - if the regulations do not become law within 7 years, Scottish Ministers will lose the power to bring them into force.

The positives of the introduction of an infrastructure levy is that it would provide clarity for developers from the outset, to know how much they are expected to pay towards infrastructure requirements. Likewise, if a local authority knows what it will receive, this will allow for better planning for the delivery of infrastructure.

The current developer obligations system is primarily based on negotiation between a local authority and applicant and there is little consistency in approach and contribution levels paid. An infrastructure levy could set out a consistent schedule of contributions that would be applied to certain types or scale of development.

The levy will not replace planning obligations, so the levy costs for strategic infrastructure will be in addition to 'planning gain' costs for site-specific matters required as a result of the proposed development.

This dual approach and continuation of planning obligations is unlikely to result in an improvement to the current system, where contributions are obtained through agreement and negotiation.

Learning from the Community Infrastructure Levy

England and Wales introduced the Community Infrastructure Levy in 2008 and this was implemented in 2010. This levy is a charge which can be levied by local authorities on new development in their areas. It is an important tool for local authorities to use, to help them deliver the infrastructure needed to support development. The levy only apples in areas where a local authority has consulted on, and approved, a charging schedule which sets out its levy rates.

On the positive side, the introduction of a levy does give developers certainty from the outset in relation to infrastructure costs. It also results in a quicker planning application decision, rather than lengthy developer contribution negotiations, which can take years in some instances. Costs are known up front.

A review of the Community Infrastructure Levy approach was commissioned in 2015 and findings were published in 2018. The review considered that developers benefit from the additional value that infrastructure provision adds to their development.

On the negative side, as the levy is implemented at local authority rather than government level, there are regional inconsistencies in terms of costs applied. As not all authorities have adopted the levy approach, this still results in the use of developer contributions and can therefore lead to more planning complexity.

However, the review of CIL also identified that the application of exemptions to payment of the levy means that less funds for infrastructure have been raised than anticipated. If the local authority has insufficient funds, this can delay the delivery of the infrastructure. This in turn then restricts when development can be brought forward.

Roger is a Senior Partner in Wilks Head & Eve, based in London, which specialises in valuation for business rates and handles large numbers of appeals on behalf of UK taxpayers, as well as advising local taxing authorities.

Roger has experience of major valuation projects and property taxation assessments across a range of property types, from bulk descriptions of industrial, retail and offices, to the unusual, such as power stations, crematoria, football grounds, leisure complexes, public sector housing stock, airports, etc. The practice has a number of public sector local authority clients who are business property taxpayers in their own right, as well as tax collectors and taxing authorities.

Frequently engaging with government departments and agencies in developing fit-for-purpose valuation methodology for unusual property types, and adequacy of provisions, has been part of Roger's remit for years.

LOCAL TAXATION
Is a fairer system for all possible?

Roger Messenger rmessenger@wilks-head.co.uk

In this paper presented by Roger at ACES' National Conference, he outlines the limitations and inequalities with the current tax system, and proposes reforms and extensions through a fairer basket of taxes.

Introduction

Is there a fairer system of local taxation? There is a lot of press coverage, particularly about business rates having had its day: it is obsolete, retailers cannot afford it, and there must be a better way. Where do the problems actually lie? A review of the current system is required, before potential solutions can be considered.

There is a lot in the world of rating that is quite intellectually challenging, and there is a lot going on. As Senior Partner of Wilks, Head & Eve, former President of IRRV twice, and also involved with European valuers – 70,000 across Europe – we are all involved with the same problems as experienced in the UK.

Wilks also undertakes in a lot of revenues assurance work, looking at billing authorities and helping them maintain their income.

Components of income

There are 2 main components – Non Domestic Business Rates (NNDR) and Council Tax. For 2019/20, NNDR raised around £25bn (increase of £206m p.a). This increase is commonly around £200m a year. There is still government funding, by way of £1.2bn through Small Business Rate Relief (SBRR), £3bn mandatory relief and £671m discretionary relief. In total, grants of £4.9bn come back from central government to support these reliefs. Council Tax for 2018/19 (latest data available) raised £29.6bn (increase of £1.9bn p.a.).

There are about 1.9m 'hereditaments' in the rating world. If these were converted, in terms of Council Tax Band D Equivalent Dwellings, this would be 17.7m dwellings for Council Tax. This all raises for local tax around £55bn.

What is the problem?

The local taxes raise a lot of money. Government has now largely washed its hands of local taxation, and has informed local authorities that it no longer wants to be involved. This means that this £55bn is now councils' income base, and is why it is under the spotlight.

The main problem is in NNDR issues, through the rate poundage. The underlying problem, felt through the payers of business rates, is that this poundage is currently 50p in the pound. In comparison, it was 34.8p in 1990. The poundage changes every year, since 1990. In addition, there have been revaluations in 1990, 1995, 2000, 2005. 2010, and 2017. The next revaluation is due in 2021, with another revaluation in 2024.

A combination of increasing rate poundage and successive revaluations has meant that in most cases, the tax liability has also increased. That increase is significant, particularly to retailers, who are saying that they cannot afford this overhead.

In contrast, the last Council Tax revaluation for England was in 1991 and 2003 in Wales. This is an historic tax base on which local authorities are trying to run a modern day tax which raises over 50% of revenues. However, if a revaluation was proposed, which valued a few more bands, say, A-G, the government would resist this, to avoid criticisms through publicity, with envisaged announcements such as "Your Council tax will go up 300%". Of course it will not, but this would be the misleading headline. The same issue did not occur when Wales undertook its revaluation.

Potential constraints

There are constraints in local authority funding. Under the 1988 Finance Act, for revaluation for NNDR, the Act states that there has to be raised the same amount of money as that raised in the year before the revaluation. Therefore if the rateable value you pay increases, the rate poundage reduces, and vice versa. There is also transition relief, to cushion the blows for those ratepayers facing increases, and pain for those facing decreases, because this scheme is self-financing. This can be seen as unfair.

The government response to this has been to extend the SBRR, to take out of the system some 6m small business ratepayers. These are all voters, of course, unlike the larger retailers. They potentially take the angst out of the system. In contrast, Council Tax has capping measures, so local authorities are constrained in raising revenue.

Legislation, particularly around NNDR, is untidy and unhelpful. There have been proposals to bring back the 1967 General Rate Act. The system is largely governed by the 1988 Act, but there have been a series of piecemeal bits of legislation since, but the whole package is difficult to interpret; for instance, the new regulations following the removal of the staircase tax are largely unintelligible.

Rating is classed as boring. It has been around since 1601 – more than 400 years. However, we have only had 4 NNDR cases go to the Supreme Court in last 3 years. There is currently another one on its way there. This means that the way to operate the tax is not agreed, and the higher the tax rate, the more the challenge.

Valuation challenges give rise to stakeholder issues

For billing authorities, this means that there are losses on appeal. Since 2017, which introduced Check, Challenge and Appeal (CCA) [Ed – see Roger's articles in 2018 Summer and 2019 Summer Terriers], that has led to problems, as billing authorities are no longer able to forecast accurately what losses they might suffer on appeal and when these losses might hit them, and hence be able properly to budget. This is a real issue, as some of these losses are backdated. At Wilks, we are settling 2010 appeals at the moment. Refunds can go back 9 years – that's a lot of money the local authority was not expecting to lose.

In the last few years, billing authorities have retained business rates, which is why billing authorities have been concerned about the tax base: they now have the fiduciary interest in the Rating List. Therefore, much is uncertain for them. For example, a Midlands authority whose biggest assessment in its area was a power station, with a £3m RV on which the authority would achieve NNDR income of £1.5m p.a. The occupier went to appeal, and the court determined a RV of £1. That money would disappear overnight, backdated, which put the council into 'special measures'. Obviously this decision has been appealed. There is a big debate on some of these big RVs, which is uncertain for local authorities.

In contrast, Council Tax is relatively fixed.

Options for change

How can we make the system fairer? We can keep it as it is, but we need a rate poundage change. Certainly 50p in the pound, and growing, is too much. It is interesting historically to see that tax is accepted unchallenged by taxpayers up to the level of 30-35%. Beyond that, there are challenges. So no need to wonder why there is criticism of 50p, which is the problem.

However, if this rate poundage is reduced, that lost income needs to be raised somewhere else. We need a domestic revaluation.

Or maybe the solution is a basket of taxes to fund local authorities, rather than just Council Tax and NNDR?

Is there an alternative to NNDR? Business rates have always intended to be a tax on occupation: the owner is not taxed. Should the owner be taxed as well? In most European countries, the owners are. Using the RV, you could operate a rate poundage on the owner. The argument has always been the rent to rates equation – rent up, rates down, and vice versa. While also taxing the owner creates some problems, such as in the City of London, where predominantly, ownership is divided among 12 landlords, and taxing owners could be punitive on these 12 owners. Or would it, if it was set at a level that was affordable?

What about an additional sales tax? We could catch the Amazons of this world, who use online trading, and who do not pay a 'fair' proportion of NNDR because they do not use much physical property. A sales tax could capture local sales, but what would this do to trade? Would companies feel aggrieved by this option? France uses a combination, but there is a relatively low property tax. While it is a complicated system, it does work.

Maybe we should look at more innovative solutions?

Rates are a deduction against Corporation Tax. Therefore any company can deduct their rates liability against expenses. The problem is that Corporation Tax is avoidable: it is not tax evasion, which is illegal, it is avoidance. Most companies employ accountants who can manipulate accounts and so reduce the level of tax. Many big companies trade against substantial sums of money but pay very little proportionately in Corporation Tax, because of the way their accounts are structured.

Therefore that is a difficult and expensive way of challenging their liabilities. As a property tax, they cannot avoid NNDR, and it has a very high collection rate – 98% - so it is fundamentally a good tax. It is the tax itself which is too high, and this is why it is under pressure.

The answers should be that it is simply fairer to have a revaluation of domestic properties; there should be a more transparent and accessible appeals system. For example, in Australia, if you want to check your property tax assessment, you can look online and produce a number of comparables on which your tax is based. The problem in the UK is if you go online, but have not registered, you cannot investigate the records. And of course, others that can look won't tell you! It is completely inaccessible, it's not transparent, and it doesn't work.

The CCA system is designed to reduce appeals. This isn't working, as there are virtually no appeals at the moment. Billing authorities have no idea what appeals there will be in the next 2 years, before the 2021 revaluation goes live. Most of the RV list will be appealed, and will be backdated. We look forward to the 'end of list regulations' which will tell us when the cut-off is, for appeals in this current list. There is likely to be a rush to get those appeals submitted.

We can talk about the exchange of data, big data and transparency, but sadly, there is no transparency. If you are lucky, you can get to a valuation scheme, for example, on warehouses. The Tone adopted is between £30-120 per sq m. How useful is that? To me, this is just rubbish in our modern age.

We have to change to a basket of taxes, and reduce the reliance on one tax. If local authorities are to be funded by a property tax, it needs to be broader based and work better, so people will understand what it is they are paying and why.

IFRS16

Calculations, disclosures and impact on property strategy

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This is the second of 2 articles. In 2019 Autumn Terrier, Chris and Brian explained the key IFRS16 concepts, highlighting that at least 75,000 leases in the public sector are likely to be affected. This article discusses the calculation of IFRS16 liabilities/ assets, current disclosure requirements and looks at wider potential strategic asset management considerations.

Chris joined Montagu Evans in 2017 with over 13 years' experience at BNP Paribas Real Estate, covering lease re-gears, surrenders, surplus site sales and strategic occupier-based advice. Chris developed an expertise in IFRS16 through this work and has further developed his knowledge since joining the Development & Valuation Consultancy team at Montagu Evans. Chris is currently investigating the revaluation aspects of the new lease accounting regulations.

Brian is a regular contributor to ACES' Terrier and has to date successfully hidden the fact that he has worked for 2 of the 'Big 4' accountancy firms. His career path also includes working within local government and running public sector consultancy businesses. He is now an independent consultant and has been a member of the RICS Public Sector Group for 10 years.

IFRS 16 – Summary of previous article

- Operating leases will no longer be 'off-balance sheet'
- IFRS 16 will affect all UK central and local government bodies
- IFRS 16 applies to UK public sector bodies from 1 April 2020
- Lessees will need to calculate a Lease Liability and a corresponding Right of Use Asset on transition to IFRS16. There will also be revaluation issues in future years where leases move significantly out of line with the market for a long duration
- We recommended that property and finance colleagues work closely, tacking issues such as quality of data and data / assumption gaps. We trust that property teams are well underway with this dialogue!

2019/20 IFRS16 guidance for the UK public sector

HM Treasury published detailed *IFRS16 Leases Application Guidance* in April 2019. This provided a number of clarifications, including intra-UK government arrangements, 'peppercorn leases', and the revaluation of Right of Use Assets. HM Treasury followed up in July 2019 with IFRS16 Leases Supplementary Budgeting Guidance.

Key guidance includes the IFRS16 section of 2019/20 FReM, December 2019 and CIPFA's *IFRS16 Leases: An Early Guide for Local Authority Practitioners,* also published in December 2019. *This supplements the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for 2019/20*, November 2019.

IFRS16 Lessee calculation example

The diagram overleaf illustrates the various steps required for a lessee to calculate the balance sheet, profit and loss (P&L) and cash position for an example 5-year lease under the new IFRS16 approach.

The discount rate assumes that either the 'Rate implicit in the lease' or 'Incremental Borrowing Rate' is 5%. Rent is assumed to be £10,000 p.a. in arrears and with no fixed uplifts, in order to keep the calculations as simple as possible.

The starting point is to calculate the Day One Lease **Liability** and corresponding Right of Use **Asset**. For the example lease, the initial discounted Lease Liability is -£43,295 and the positive Right of Use Asset is therefore £43,295.

Thereafter, the Right of Use Asset should be depreciated on a straight-line basis – in this example reducing by £8,659 p.a. until it is £0 at the end of the final year.

The Lease Liability has a different profile to the Right of Use Asset. Interest is

Section	Item	Totals	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	Cumulative time for calcs		0	1	2	3	4	5
	Discount and interest rate	5.00%		1	1	1	1	1
	Count periods			1	1	1	1	1
	Cumulative periods			1	2	3	4	5
	Discount in arrears		1.000	0.952	0.907	0.864	0.823	0.784
	Discount in advance			1.000	0.952	0.907	0.864	0.823
		Totals	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Calculate initial Liability	Rent	£50,000		£10,000	£10,000	£10,000	£10,000	£10,000
	Net Present Cost at 5.00%	£43,295		£9,524	£9,070	£8,638	£8,227	£7,835
Calculate interest & repayment	Lease Liability period start			£43,295	£35,460	£27,232	£18,594	£9,524
	Interest at 5.00%	£6,705		+£2,165	+£1,773	+£1,362	+£930	+£476
	Repayment (rent)	£50,000		-£10,000	-£10,000	-£10,000	-£10,000	-£10,000
	Lease Liability period end			£35,460	£27,232	£18,594	£9,524	£0
Calculate depreciation	Depreciation (£43,295/5)	£43,295		£8,659	£8,659	£8,659	£8,659	£8,659
Insert Calculations into accounting categories								
1) Balance Sheet	Right of Use Asset		£43,295	£34,636	£25,977	£17,318	£8,659	£0
	Lease Liability		-£43,295	-£35,460	-£27,232	-£18,594	-£9,524	-£0
2) P&L	**Interest:** Presented in finance costs	£6,705		£2,165	£1,773	£1,362	£930	£476
	Depreciation:	£43,295		£8,659	£8,659	£8,659	£8,659	£8,659
	TOTAL combined P&L figure	£50,000		£10,824	£10,432	£10,021	£9,589	£9,135
3) Cash	**Principal repayment:** In financing activities	£43,295		£7,835	£8,227	£8,638	£9,070	£9,524
	Interest:	£6,705		£2,165	£1,773	£1,362	£930	£476
	TOTAL CASH:	£50,000		£10,000	£10,000	£10,000	£10,000	£10,000

added and rental payments are deducted. For example, in Year 1 the Lease Liability increases by £2,165 (interest) and then reduces by £10,000 (rent). The net result is a Lease Liability of £35,460 carried forward to the next year. This methodology increases P&L costs in early years of the lease, but then reduces P&L costs in later years.

Public sector 2019/20 IFRS16 Disclosures

Before transition to IFRS16 in 2020, there will need to be a disclosure in each organisation's 2019/20 accounts. Exact requirements are stipulated in the detailed public sector guidance, and presentation is likely to vary depending on property portfolios.

Two government departments, Department for Transport (DfT) and Department for Culture, Media & Sport (DCMS) transitioned to IFRS16 one year in advance and have already provided disclosures in their 2018/19 accounts. DfT estimated an increase of assets and liabilities of approximately £1bn. DCMS recorded a higher figure, at approximately £1.5bn. DCMS' disclosure table shows how P&L costs will increase by £20m p.a. immediately after transition.

NHS Property Services (NHSPS) transitioned to IFRS16 in 2019. Although NHSPS is not a public sector body, its accounts are consolidated into the Department of Health accounts. NHSPS estimated that the impact on assets and corresponding liabilities would be approximately £515m with Right of Use Asset adjustments required for prepaid/accrued lease payments and removal of onerous lease provisions. As a lessor, NHSPS disclosed that it would reclassify some of its sublease arrangements as finance leases, with a total value of £67.9m. This is due to intermediate lessor changes under IFRS16.

The underlying calculation across disclosures will be an estimate of Lease Liabilities and corresponding Right of Use Assets as at 1 April 2020, as well as any increase in P&L costs. Datasets for this calculation will include a record of existing accounting treatment (finance or operating lease), floor areas, expiry dates, break dates, purchase options, remaining rent incentives, rent type (standard or turnover rent), rent review details, sublease type, sublease income, reinstatement obligations, break penalties, option costs, rent deposits, services included in the lease and rent frequency. In addition, assumptions include (as appropriate) the most likely break to be exercised, likely reinstatement costs (added to the Right of Use Asset), the rate implicit in the lease – if known – or assumed incremental borrowing rate. If the property is sublet, you will need to establish whether a sublease is a 'finance' sublease or 'operating' sublease.

Landlord impacts – market trends

Even though IFRS16 does not significantly change lessor accounting, it may alter tenant behaviours subtly and should therefore be an asset management consideration.

As a landlord, be aware that changes to lease accounting are not applying to all tenants equally. American companies who follow US GAAP will apply a slightly different standard ('ASC 842 - Leases'); UK companies reporting under FRS102 have yet to adopt IFRS16 principles, and UK public sector tenants are busy dealing with their transition to IFRS16 this year. This variety of application is most relevant in multi-let properties such as shopping centres and industrial parks.
If a council is thinking of creating or expanding a business centre portfolio in

support of local economic development and support for SMEs, serviced offices and co-working could become even more popular as leases under 12 months' duration would not appear on the balance sheet.

Through One Public Estate, central and local government bodies are creating hubs or similar ventures, providing space for multiple organisations to co-locate and perhaps also collaborate on service delivery. Leases for periods of less than 12 months may be an attractive proposition for some public sector occupiers because this type of lease is easy to account for, as there is no Lease Liability/Right of Use Asset to calculate.

For retail investments, including the many shopping centres that now sit on local authority accounts, turnover rents are likely to become increasingly popular – not just in outlet centres where they are currently the norm. From an IFRS16 perspective, variable turnover rents are not taken into account in the liability calculation and are therefore 'off balance sheet'. Asset management teams should consider the advantages, disadvantages and appropriate structuring of turnover rent agreements.

Raising capital – sale-and-leasebacks

If a council wants to use its freehold occupied property to generate capital after 1 April 2020, then IFRS16 significantly changes the accounting treatment, because the up-front accounting gain (over Net Book Value) will now be diluted over the leaseback term, through lower depreciation of the Right of Use Asset.

However, the advantage of lower depreciation is that the overall P&L costs are reduced over the term of the leaseback, relative to a 'standard' IFRS16 lease. There are therefore opportunities for councils that are comfortable sacrificing up-front gains for long term P&L/revenue reductions.

Where a council wishes to insert a buy-back clause, it needs to be careful because this may not be deemed a sale under IFRS15, which was introduced prior to IFRS16. In this case, there will be no change to the original property asset and the transaction is recognised as financing instead.

Tactics and strategy

Asset management teams need to think about how lease structuring can lead to different IFRS16 outcomes. For example, RPI reviews and fixed increases may lead to a Right of Use Asset out-of-line with the market, because the rent payable approach overstates the actual 'value' of occupying the premises. This will lead to the need for a revaluation and impairment if the gap is significant and likely to exist for a number of years.

For public sector bodies with a substantial sublet estate, there is now the added challenge of having to establish whether the sublease income is an 'operating sublease' or 'finance sublease'. Finance subleases exist where the property has been sublet in its entirety until the end of the head lease. The Lease Liability is retained but the Right of Use Asset is replaced by the Present Value of likely sublease rent. This is acceptable where there is no shortfall between head lease and sublease rent, but becomes more problematic if there is a substantial gap between the two.

If you know that there is likely to be a shortfall in rent, you may wish to negotiate a more flexible sublease, so it can be treated as an 'operating sublease' and the intermediate lessor can retain its Right of Use Asset, which can match the Lease Liability. Subtenants will appreciate the increased flexibility of lease breaks and should therefore require less lease incentives as a result.

You will need to change the way that you appraise 'lease versus buy' decisions unless the focus is purely on cash, because leasing property is now visible on the balance sheet and can affect key ratios. You should take a proactive approach to updating appraisal models and business case templates.

You should also recognise that the increased transparency of property in your organisation's accounts may create issues for strategic initiatives, such as removing lease breaks in return for incentives from landlords. For example, DfT's 2018/19 disclosures mentioned that, 'a number of the leases have tenant break-clauses which the Group does not expect to trigger'. This explicit statement could, however, reduce your negotiation leverage when removing lease breaks!

Conclusion

Ultimately IFRS16 should not change actual rent expenditure and receipts and is seen by many as an academic challenge for the accountants. However, it has the potential to overload the necessary efforts of property and finance teams, who are struggling with their data or do not have the right systems in place. Q1 2020 is a key period for the UK public sector in its IFRS16 transition due to 2019/20 disclosures, 2020 budgeting and changes to reporting systems before 1 April 2020.

From a wider market and asset management perspective, we think that rather than changing market practices, IFRS16 is helping to accelerate existing market trends, such as the move to shorter leases, the attraction of short-term serviced offices, co-working and the application of turnover rents in the retail sector.

If you have any specific questions you want to raise, please contact Chris or Brian directly.

IFRS 16 'health check'

- Make sure that finance colleagues have clarified the additional inputs required from the asset management team for their 31 March 2020 disclosures
- Does your list of leases match with that held by finance colleagues and have you captured inter-government occupation agreements?
- Do you have any 'peppercorn leases' in your portfolio that were previously assumed to be operating leases?
- Are you ready for monthly IFRS16 lease reporting and do you have the right platform to do this? Property-based database products with IFRS16 functionality include MRI Horizon, Yardi Voyager and IBM Tririga. Be aware of any additional costs for IFRS16 'bolt on' modules – this might be another financial surprise!
- Have you considered how IFRS16 will change how you approach your investment property, occupied property and sublet property?
- Do you understand the changes in treatment of sale-and-leasebacks?

If you have answered 'Yes' to all the above, congratulations as you are well ahead of the game!

David is an authorised High Court Enforcement Officer with over 35 years' experience in specialist evictions and enforcement. He is the director for corporate governance and compliance at The Sheriff's Office and regularly works with the National Eviction Team, both companies being part of High Court Enforcement Group.

He has a wealth of experience in dealing with high profile enforcement operations and has planned and led operations to remove demonstrators from complex locations, including St Paul's Cathedral (OCCUPY!), Admiralty Arch, Parliament Square, Bexhill-Hastings by-pass, nuclear power sites and numerous fracking sites, including Balcombe.

TRAVELLER REMOVAL

Should you use a writ of possession or common law?

David Asker david.asker@hcegroup.co.uk

David gives us another insight into his vast experience of enforcement situations, this time turning to the options for the removal of illegal traveller encampments, something many public sector landowners must deal with.

The options

When a local authority finds an illegal traveller encampment on its land, speed of action is the top priority to reduce the risk of further trespassers arriving on site, minimise the likelihood of damage to the land, and cut down on escalating costs from activities such as fly tipping.

When it comes to removal of the travellers, the local authority has 2 options available: removal under common law (Halsbury's) or under a court order, such as a High Court writ of possession. Either of these routes can be carried out by a High Court Enforcement Officer (HCEO), but the most appropriate method will depend on the circumstances of each case and, possibly, the local authority's guidelines on whether a court order is always required.

There are advantages to using common law, also known as Halsbury's, the main one being speed. Common law does not require a court order and the process of eviction can start right away, by instructing a certificated enforcement agent (most HCEOs are also certificated enforcement agents).

Halsbury's Laws of England (Paragraph 1400, Volume 45, 4th Edition) states that:

"If a trespasser peaceably enters or is on land, the person who is in or entitled to possession may request him to leave, and if he refuses to leave, remove him from the land using no more force than is reasonably necessary. This right is not ousted if the person entitled to possession has succeeded in an action at law for possession but chooses not to sue out his writ."

The enforcement agent (EA) will attend the site - in most cases our agents can attend site within 2 hours of instruction

- to start immediately the process of removing the travellers and their vehicles from the land.

There are 2 main drawbacks, the first being that common law cannot be used if the trespassers are residing in a permanent or semi-permanent structure, such as a barn. This does not apply to caravans and Halsburys is regularly used to remove travellers, who are generally very accustomed to the process. Sometimes they will leave when notice is served, but more often when the enforcement agents return.

The second drawback is that, while police support may be requested by the EA, the police will only attend to prevent a breach of the peace. There is the possibility that they may stop enforcement going ahead if they think that would cause a breach.

So, the alternative is to go to court to get an order for possession, starting either in the county court or via Possession Claim Online. Only in very specific cases where certain criteria are met will the claim be started in the High Court. It does take a little longer than the common law route, but your HCEO should be able quickly to obtain the writ once you have your possession order. At High Court Enforcement Group, we regularly receive the writ from court within 48 hours of application.

There are, however, many advantages to enforcing under a writ of possession. The writ is an absolute remedy – it gives you the power to evict and gain vacant possession to your land. The HCEO will have powers of arrest and can command the police to attend, to ensure that the writ is carried out. The police cannot stop the enforcement. Resistance to the writ is a criminal offence, all of which gives you greater protection against any claims, as well as ensuring the eviction is completed.

No notice is required to enforce a writ of possession. This can be very useful if there is a risk of barricades being set up by the trespassers to prevent removal.

Security is very important to prevent re-occupation, but if travellers do come back after eviction under a writ of possession, the HCEO can remove them again under a writ of restitution (a writ in support of another writ) without you having to go back to court.

All these factors give the instructing client greater protection against any claims, as well as ensuring the eviction is completed.

Conclusions

In conclusion, common law is faster, but it doesn't carry the same power as eviction under a writ. If there is unlikely to be resistance to removal, then it can be the better route, provided that is permitted under the local authority's procedures.

The High Court writ of possession is an absolute remedy and you can be certain the removal will be completed, with protection for you against claims. It is the better option for larger encampments or where resistance and/or violence is possible. We would always recommend using a writ in the case of demonstrators and squatters, or removal of travellers from a licensed traveller site.

Mark is head of LSH's national telecoms team and provides consultancy advice to landlords on telecoms real estate strategy, portfolio management and individual sites. With a tenacious approach to negotiations, he has a clear understanding of operator strategy and the evolving telecoms market. Working within the industry for more than 20 years has shaped Mark into a forward-thinking strategist, delivering innovative solutions for clients nationwide, with a particular focus on public sector assets. He brings his specialist knowledge and insight into key industry drivers, the new Electronic Communications Code and emerging technologies to bear on each transaction.

TELECOMMUNICATION INFRASTRUCTURE

Crack the Code – Developments in valuation and negotiation

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This is one of a series of articles on telecommunications infrastructure, in which Mark focuses on recent tribunal and court cases, and their implications on valuation and negotiation of new Code Agreements. Maybe it isn't all going the way of the operators after all?

The new Electronic Communications Code (ECC) came into force in December 2017. It reformed the original ECC, which was introduced in 1984 and was widely seen as a confused and outdated piece of legislation.

The new Code was designed to provide greater clarity over the relationship between telecoms operators and the landlords hosting their properties. It aims to support improved digital connectivity, by making it easier for network operators to install communications equipment [Ed – see 3 articles in 2019 Autumn Terrier].

Code rights

The ECC governs how telecoms operators can acquire 'Code rights' to install, operate, maintain and upgrade communications infrastructure on public and private land. Code rights may be only conferred by an agreement between an operator and site provider, or they may be imposed by a court or tribunal. Crucially, there is no prescriptive right for an operator to do what it wishes without this agreement in place.

Should a consensual deal not be forthcoming, however, the Code sets out a process by which an operator can serve a written 'Code' notice on the owner of land over which it seeks Code rights. If consent is not given within 28 days, the operator can apply to the Lands Chamber Upper Tribunal (UT), which must then make a decision on the case within 6 months.

The UT is likely to find in favour of the operator, unless the site owner can show that it is actively planning to redevelop the site, and that the granting of Code rights would prevent redevelopment. [Ed – see Michael Watson's article in 2019 Autumn Terrier].

New valuation methodology

The main source of controversy in the new ECC is a significant change to the way that the consideration and compensation payable by operators to landowners is determined. Previously, rents were decided on an individual basis by private consensual agreements, with no clear set of principles underpinning values.

The new Code has introduced a 'no scheme' (or perhaps more accurately, a 'no network') valuation methodology, similar to that found in compulsory purchase procedures. This means that, while the consideration is assessed on a market value basis, the calculation disregards the potential value that the site has to the operator of an electronic communications network. The market value is also assessed on the assumption that there is more than one site available to the operator. This is designed to prevent landowners from charging excessively high 'ransom rents', when no other nearby sites are available.

Paragraph 24 of the Code makes provision for the determination of consideration as the market value of the relevant person's agreement to confer or be bound by the Code right, with several assumptions and disregards. In addition to consideration, paragraph 25 allows the

UT to assess and award compensation. Detailed compensation provisions are contained in Part 14, and particularly paragraphs 84 and 85.

These guidelines provide a useful starting point for any negotiation. However, although the Code stipulates that this methodology must be used in cases where the UT imposes an agreement, under a consensual agreement, the parties are free to agree whatever levels they wish.

Rents under pressure

Prior to the introduction of the new ECC, an impact assessment produced for the government estimated that it would lead to rents falling by approximately 40%. However, operators have used the ECC to seek much greater reductions.

In most cases, operators have sought to pay no more than a few pounds for the entirety of a rental term, on the grounds that sites with no realistic alternative uses have only nominal value under the new valuation methodology.

Operators initially drew encouragement from the first UT ruling to provide guidance on the new valuation principles. Threadgold (EE Limited v The London Borough of Islington) (TCR/68/2018) was ruled on by the UT in February 2019, which determined that the new Code consideration for a new rooftop installation was equivalent to only 5% of the old Code rent.

Subsequent UT decisions at Compton Beauchamp (TCR/64/2018) and Penrose Farm (TCR/74/2018) have muddied the waters. In Compton Beauchamp, the Tribunal discounted the operator, CTIL's, approach to valuation altogether, and instead suggested that operators needed to take a more holistic approach to the value of the imposition of Code rights. The UT outlined that realistic alternative 'no-network' values are the best indicator of consideration to be paid (eg storage, car parking, weather stations, etc).

In Penrose, the Tribunal considered it inappropriate to impose on a site provider certain obligations intended to facilitate the provision of the operator's network, when the consideration receivable by the site provider is low.

Finally, in Ashloch (TCR/83/2018), the Court of Appeal determined that a new Code agreement cannot be imposed by the UT on a landowner where an operator is already in situ, regardless of whether it is a 1954 Act tenant holding over or not. The renewal process under the 1954 Act must be followed, and cannot simply be sidestepped by an operator serving notice pursuant to paragraph 20 of the Code. While this may only be a jurisdictional issue as opposed to valuation, it may pave the way for higher compromise deals to be secured at renewal.

Non-Code operators and wholesale infrastructure providers

The new Code only relates to network operators who are listed on Ofcom's official register. While this is extensive, some operators have decided not to apply to be on the register, as Ofcom regulation can be onerous. For deals negotiated with these operators, it is still possible to achieve rents at the levels seen prior to the introduction of the new ECC.

Non-Code operators represent a small but growing contingent within the sector; they are primarily high-speed Peer to Peer connectivity providers operating across unrestricted frequencies. With fewer constraints than the major networks, they are free to negotiate commercial terms in line with pre-2017 deals.

In 2019, we have agreed high commercial rents for several new installations on public sector buildings, delivering high speed digital broadband across London, and demonstrating that there is still value in this sector.

Higher rents can also be achieved if a landowner provides the infrastructure or mast upon which equipment is to be installed. In such a case, the landowner is classified as a wholesale infrastructure provider, to whom the new valuation methodology does not apply. Declaring your intent to build your own mast to frustrate an operator is unlikely to be successful, however, as proven in the UT decision in EE v Chichester (TCR/28/2018).

Termination for redevelopment

A key provision of the new Code is the requirement that 18 months' notice is given to terminate an agreement, replacing a 28-day notice period under the previous Code.

The landowner can only terminate an agreement under certain, specified grounds; most notably, if the site is required for redevelopment. Any redevelopment plans must be firm, settled and unconditional, as the UT has already shown that it will find against the landowner, if it believes that redevelopment plans have been spuriously contrived purely to obstruct an operator's Code rights.

While the 18 months' notice period may appear advantageous to operators, landowners will benefit from the inclusion within the Code of a clearly defined process and timetable for securing vacant possession of a site for redevelopment. This may actually be one of the few bright spots of the new Code for landowners, putting an end to the protracted legal proceedings seen under the previous system.

It is often possible to negotiate around this, if a landowner can work with the operator to provide a temporary or permanent alternative site. It is imperative that developers factor this lead-in period into their programme of works.

Outlook

The increasing importance of digital connectivity, the maturing of 4G and the possibility of widespread 5G has forced an unwelcome but perhaps overdue paradigm shift in how the UK accommodates telecoms infrastructure.

Increasingly high demands for connectivity and capacity mean that masts and antennas need to be considered as utilities, rather than as a commercial opportunity. Unfortunately, the new ECC has complicated rather than improved matters, by imposing a pseudo-compulsory purchase form of valuation, which has been abused by operators and, consequently, strongly resisted by landowners.

It is clear that the new Code is being used by operators and key infrastructure providers as an opportunity to drive down site costs. It has not yet resulted in improved connectivity in areas of poor coverage, which was the government's intention; additionally, cost savings to the operators have not been passed on to consumers.

Roll-out remains focused on large urban areas, which are the most profitable sites for operators. The real obstacles for rural roll out remain the costs of power, transmission and construction of remote sites. Until these are addressed, or alternative funding models are put in place, there is no business case for operators that will support roll-out to rural areas.

For landlords and operators generally, a more consensual approach is emerging - for new sites at least. Serious questions remain as to whether a new Code agreement can be imposed on existing landlords where an operator already enjoys Code rights. It is likely to take a further 12 months to allow a body of case law to emerge and market values to settle, to the point where normal service can be resumed.

Further information:

LSH's specialist telecoms team has an in-depth understanding of the sector, with a long and successful track record of maximising value for our landowner clients. We would welcome the opportunity to discuss how property owners and landlords can maintain effective telecoms property strategies, in the face of recent changes and challenges in the sector. www.lsh.co.uk/explore/sectors/telecoms

Paul is a chartered town planner with significant experience of delivering urban regeneration across the UK and overseas, bringing transformation change to local communities through sustainable development principles.

AUTONOMOUS VEHICLES

Redesigning our cities for people

Paul Shuker PShuker@lsh.co.uk

Paul describes the potential challenges and changes required by the growth of autonomous vehicles. "The future is closer than we think and it's time to have those difficult and inconvenient conversations now."

The challenge

For more than 100 years, the world has been designed around the demands of a private car-driven society. A sea change is now upon us. Humanity is on the cusp of a renewed focus on designing for people. The emergence of autonomous vehicles will fundamentally change how we plan our towns, cities, and even how we design our houses and buildings.

We need to start planning for autonomous vehicles today, if we are to be ready to make the most of the benefits they will bring. Each day a new climate crisis is flagged across the planet; to meet our carbon emission targets by 2050 requires us to rip up the last 100 years of planning, highway and environment regulations, to support the sustainable mobility revolution that will change our and future generations' lives for the better.

Advancing technology

Development of autonomous vehicles started in 2004 in the US, when the Defence Advanced Research Projects Agency investigated how to protect troops from bombs during military operations across the Middle East. The technology has continued to advance, as renowned universities and tech companies from around the globe have taken the challenge forward.

Today the technology exists for autonomous vehicles, but regulations for driving them on roads do not. Currently, autonomous vehicles are only permitted to be on UK roads if a driver is present, ready to take over.

However, driverless vehicles might not be as far away as we think. In early 2019, the government announced its intention to have driverless cars in use on the UK's roads by 2021. In November 2019, Europe's first self-driving bus was demonstrated in Glasgow, in preparation of a trial over the Forth Road Bridge in 2020. Technology from Oxbotica is being trialled in 5 autonomous cars around London, to collect data as part of a £13m research scheme called Driven, a partially government-funded consortium. The project's aim is to combat challenges to driverless vehicles.

Across the world, car manufacturers – which have generally been slow to get involved – are now setting up consortia with tech companies to explore autonomous vehicles. Dr Graeme Smith, Driven's programme director, said cars are still 5 years away from being used as robotaxis and 10 years away from showrooms – but in the grand scheme of urban planning, that isn't far away at all. We need to plan now, otherwise we will be retrofitting our towns and cities, which is not only expensive but disruptive to all.

Benefits: personal mobility

Picture a city with no private vehicles, instead replaced by streamlined transport routes for driverless vehicles that allow us to book our personal journeys via an app. The benefits are vast and wide reaching.

First, the urban environment will be vastly improved. If travel routes are reduced due to efficiencies, our road infrastructure can be redeveloped and streamlined. Town planners will be able to create new green corridors and parks where roads once existed, as well as devoted cycle/e-scooter lanes and enhanced pedestrian routes. The benefits to mental and physical wellbeing are potentially huge.

We will redefine 20th/21st century access points into cities, designing them around people once again. Safety around schools, for example, will improve, as autonomous cars will know obstacles and speed limits from 3D mapping. We will do away with road signs and traffic lights; the cars will know the rules; street clutter gone.

There will be no need for petrol stations, car dealerships or carparks, freeing up considerable space for urban planning. Away from town and city centres, housing design will change as garages become obsolete. 'Drop off' areas and lobbies will not be just for hotels, but created and factored into all building design, from factories to nurseries, as well as places to store and recharge autonomous vehicles when not in use. Will this be the end to public transport, especially local bus services in urban areas?

Secondly, we will have more money in our pockets. Private cars are unproductive entities, spending on average 95% of the time parked. It would be far more efficient to share vehicles between communities. People will move from private to personal mobility, booking their trip into the automated system, which will reduce considerably the number of cars per head and the number of trips overall, creating genuine sustainable travel patterns.

Thirdly, our reduced impact on the environment is clear. Greenhouse gas emissions from road transport comprises about a fifth of the UK's total emissions. If we live in a world with auto-taxis, matching battery-powered vehicles with automation, this will shrink considerably.

The barriers to adoption

There are many barriers to overcome before widespread adoption of autonomous vehicles can occur, aside from the challenge of redesigning our town and city infrastructures.

The first is legislation. Who will take responsibility for the vehicles and any accidents that could happen? Creating new regulations will involve unpicking hundreds of years of insurance premiums and policies. A review announced as part of the government's 'Future of mobility: urban strategy' is exploring such fit for purpose legislation.

A second area that requires governance is safety. How can we ensure that all autonomous vehicles sing to the same hymn sheet? Google has devised one system, Tesler has another; perhaps the government will have to decide which offers the safest system and should therefore be adopted. Linked to this is security: if a system or the streets' broadband is hacked, all autonomous vehicles could grind to a halt. The British Standards Institute has already created a cyber security standard for self-driving vehicles, but adoption will be critical.

A final barrier is people's mindset. Some people like to have a specific car – how can that mentality be changed? And how can we get the car industry away from manufacturing millions of cars each year? They will need to lease autonomous cars to tech companies, perhaps, but this change will have a huge impact on their businesses. Leading car brands are now seriously getting involved, such as Fiat Chrysler's link to Google Android, and Samsung's global connected car system, but there is a long way to go.

Economic boost

Overall, the developed world is certainly not ready for autonomous, let alone driverless, vehicles. Several high-profile incidents, including fatalities, have shown that we're some way off mass adoption. However, the speed of their arrival will increase as pressure for adoption mounts. A report published by the Society of Motor Manufacturers and Traders said the UK's leading position in developing self-driving cars could produce a £62bn economic boost by 2030.

However, the real transformational economic impact will relate to how automated vehicles combine with the estimated population growth in developing countries. Affordable and accessible mobility will transform the quality of life for these communities, and rebalance their economic potential considerably over the next 30 years and beyond. The future is closer than we think and it's time to have those difficult and inconvenient conversations now.

For more information, feel free to contact one of the planning, development and regeneration experts at Lambert Smith Hampton.

Murray is the Director of Land and Property for the Greater Manchester Combined Authority. murray.carr@greatermanchester-ca.gov.uk

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HEALTH AGENDA

The health and social care estates agenda and local government - take 2

Murray Carr and Neil Webster

In the continuing series on health estates, Neil and Murray update readers on the landscape across the UK.

Changes in the last 2 years

Since ACES' Terrier first started reporting on health as a separate theme, much has changed:

- 14 Sustainability Transformation Partnerships (STPs) have migrated to Integrated Care Systems (ICS)
- A number of the above have a much greater integration between local government and health partners
- Several One Public Estate partnerships have health partners and health focused projects
- Strategic Estate Advisors have been consolidated into one team within NHS England/Improvement (NHSE/I).

Clearly there are variations up and down the country, but local government is playing a more influential role in health and this is also reflected in the property sphere.

An ICS, formerly an Accountable Care System, is regarded as an advanced version of a STP. In addition to working a lot closer together, organisations within an ICS, commissioners and providers, take collective responsibility, often in partnership with local authorities, for resources (funding, workforce, estates, technology, information) and population health. This is either on the STP footprint or, a smaller, sub-STP footprint, sometimes known as an Integrated Care Partnership.

The intention is that all STPs migrate to ICS status, albeit there is no stated timeframe. Fourteen of the most advanced STPs have or are evolving into ICSs, including 2 devolved health and care systems. They are:

- South Yorkshire and Bassetlaw
- Frimley Health and Care
- Dorset
- Bedfordshire, Luton and Milton Keynes
- Nottinghamshire
- Lancashire and South Cumbria
- Berkshire West
- Buckinghamshire
- Greater Manchester
- Surrey Heartlands
- Gloucestershire
- Suffolk and North East Essex
- West, North and East Cumbria
- West Yorkshire and Harrogate

Neither an ICS nor a STP are legal entities so cannot 'own' property. However, it is understood that this is being looked into and a single asset owning entity across such a footprint is being considered.

Health Infrastructure Plan and capital for health

The government has published the Health Infrastructure Plan (HIP) ahead of the capital review, to set out the government's current strategy. It has also confirmed that the Department of Health and Social Care will receive a new multi-year capital settlement at the next capital review. The HIP is not just about capital to build new hospitals; it is also about capital to modernise mental health facilities, improve primary care, and build up the infrastructure in interconnected areas such as public health and social care.

While there have been several announcements about additional funding for the NHS, the quantum of capital available in the system remains relatively scarce. Before the election, there were pledges for '40 new hospitals' but as those of us working in the NHS know, the estate is more than just hospitals. The primary care estate is being reviewed and there are a number of primary care data pilots commencing in early 2020, to inform a UK-wide primary estate strategy. The Estates and Technology Transformation Fund was a relatively modest contribution to the primary care estate and the pilots will help scope the scale and nature of future funding requirements.

One opportunity being considered in several areas is the use of local authority (LA) funds to invest in health capital projects. Whether these be LA owned and NHS leased assets or forms of co-investment, such initiatives could help facilitate the development of some small to medium scale projects across the country.

Devolving systems and OPE

The 2 devolved and devolving systems, Greater Manchester and London, continue to press forward to operate as single health and care systems with a devolved budget. While London contains 5 STPs, there is a single Health Estates Board.

Greater Manchester has a well-established neighbourhood delivery model in place, serving communities of around 30-50,000 population. Health and social care services are already delivered through this neighbourhood model and Clinical Commissioning Group Strategic Estates Plans will already reflect the 'Greater Manchester model'. In the majority of areas, the Primary Care Network area aligns with that of the existing neighbourhood boundaries and are well placed to work with colleagues in that neighbourhood, to address future primary care estates requirements.

The Strategic Estates Advisors, formerly 'sitting' in either NHS Property Services (NHS PS), Community Health Partnerships or the Department have now been consolidated into one team in NHSE/I. NHS PS now has a regional structure which mirrors NHSI and the STP footprints.

The next wave of One Pubic Estate (OPE) bidding was originally to have been in late 2019 and will now be early 2020. A number of OPE partnerships have health partners, even though funding still needs to be directed through local government. The OPE team is encouraging more health partners to participate in the next round.

An ACES forum?

ACES has added a few more members from the health sector and we hope to welcome more in the coming years. While there are good practice sharing communities up and down the country, there is no single place where health/local authority estates collaboration can be discussed. Such topics include funding structures, accounting treatment across an ICS, asset transfers, business case submissions and a range of other evolving issues [Ed – see Chris and Brian's article on IFRS lease accounting]. With this in mind we are proposing to set up a small group for a regular catch up and see how it evolves.

If you are interested, please contact either Murray or me.

COMMUNITY OWNED ASSETS

Our Assets, Our Future: the economics, outcomes and sustainability of assets in community ownership

Ailbhe McNabola ailbhe.mcnabola@powertochange.org.uk

Ailbhe outlines the findings of some recent research conducted by Power to Change on community ownership of assets, but suggests that communities may be better placed to improve their services and take on more assets in areas of pressure for councils and residents.

Ailbhe McNabola is head of policy and research at Power to Change, an independent trust established in 2015 to create better places through community business.

Context

Last year saw a great deal of critical coverage in the media about cash-strapped councils selling off their assets (https://www.theguardian.com/cities/2019/mar/05/great-british-sell-off-how-desperate-councils-sold-91bn-of-public-assets). According to the Bureau of Investigative Journalism, an estimated £9.1bn of council property has been disposed of since 2014, with a significant proportion of that money funding redundancies for council employees in services that have been cut (https://www.thebureauinvestigates.com/stories/2019-03-04/sold-from-under-you). These buildings and spaces, once lost, are unlikely to be reinstated to public ownership, and in a recent Lords debate, cuts to the local services they housed were cited as a causal factor in everything from increasing strain on the NHS, to support for Brexit (https://hansard.parliament.uk/Lords/2019-10-24/debates/23BF485D-9AF2-44AB-802A-0C2DE1666B7A/NeighbourhoodServicesGovernmentSupport).

Research findings

But councils do have surplus assets – and disposing of these is not necessarily the wrong approach. Research on asset ownership in England published by Power to Change and the Ministry of Housing, Communities and Local Government (MHCLG) in 2019 shows, however, that asset disposal can be beneficial for both councils and communities, when those assets are given over to community control. "Our Assets, Our Future: the economics, outcomes and sustainability of assets in community ownership" (Archer,T, Batty,B, Harris,C, Parks,S, Wilson,I, Aiken, M, Buckley,E, Moran,R. and Terry,V. (2019), Power to Change, London) shows that while community groups of course need support, they prove to be good managers of assets - despite limited resources, three-quarters of community-owned assets are in good financial health. Community businesses exceed performance expectations and, crucially, secure spaces such as village halls, and services like leisure centres and libraries, for the community, which local authorities are increasingly finding it unsustainable to run.

There is little debate about the social value of village halls, adventure playgrounds or leisure centres owned and operated by the community. Importantly, this study gives us solid evidence of their economic benefits too. Community owned assets are a valuable part of the economy, financially robust, and are a growth sector. Detailed mapping gives an estimate of more than 6,300 community owned assets in the country – and that's a conservative estimate. They contribute nearly £220m to the economy every year, and 56p in every £1 spent goes into their local economy. They create local jobs. And their numbers are growing: nearly a third of all community owned assets came into community ownership in the last decade.

So far, so good, but our researchers also found that places that most need community owned assets are the least likely to have them. Community owned assets are unevenly distributed across England, with the highest numbers in less deprived, rural local authorities. The most deprived 30% of neighbourhoods contain just 18% of assets in community ownership. So, while Cornwall, Wiltshire and Shropshire each contained more than 100 assets in community hands, 47 local authorities (14%) contained 3 or fewer. www.keepitinthecommunity.org maps over 9,000 community assets in England, and includes buildings listed as 'Assets of Community Value' (ACV) – do visit and add your own data.

Investigating the source of community-owned assets also makes for interesting reading. The research showed that 41% of assets came into community ownership from private ownership and only 30% from public ownership. Only 25% of community owned assets were the result of a community asset transfer (CAT) from a public body, although a further 24% were donated at no cost or at a peppercorn rent. Given the number of assets councils in England have disposed of in the last 5 years, these figures could be improved.

The implementation of the Localism Act 2012 is key here: the research found that the community right to bid (as created by the Localism Act) was not being used effectively. During case study interviews, our researchers discovered that community business staff did not really grasp how they could use ACVs and other community rights to further their interests. And the research estimated that for every 1,000 listed assets, only 15 made it to community ownership.

The success of community asset transfers is important, not only for the health of community businesses, as owning an asset is a predictor of success, and the local community, but also the local authorities from which the transfers are made. Each CAT represents the continuation of a service or public space that otherwise would almost certainly have closed.

It's really important that councils understand the potential benefits of CAT and have the capacity fully to support community organisations to get through what is often a frustratingly slow and technically complex process. Ensuring good public information about roles, responsibilities and steps in the process would help, in addition to clearer local policy frameworks. This could entail making it obligatory for all local authorities to have an asset transfer policy, with this predicated on a fuller programme of peer learning for local authorities. This is help community business staff who told our researchers they need, as the requirement for specialist skills frequently frustrates efforts to transfer assets.

Furthermore, as our research tells us, significantly higher proportions of the assets taken into community ownership from a public body were in urban areas (49%) and were located in the most deprived geographic areas (53%). This suggests that strengthening local authorities' commitment to and capacity to deliver community asset transfers would also go some way to rebalancing community asset ownership towards more deprived neighbourhoods.

Improving community ownership

There are many challenges for local and national policymakers wishing to support community ownership of assets, not least the variation in asset types, operational and governance models, and contexts in which assets are located, meaning the sector is a compound of very different entities. Nonetheless, there are ways to help: improving local processes and the wider policy framework around asset transfers and community rights; enhancing the support for, and business planning within, community assets; improving funding, finance and protections for asset owners and enhancing the evidence-base on costs and benefits of community asset ownership.

Nationally, government may wish to review the functioning of community rights and assess: whether they are as effective as they could be, and whether there is potential to learn from other jurisdictions in the UK, for example Scotland.

The important takeaways for us from the research, are how community owned assets are increasing in number, thriving in difficult conditions, and delivering real social and economic benefits, but it's not a simple landscape. There is more for funders like us to do, to fine-tune our support for communities wanting to take on and run assets. There is also more for local and national government to do – we hope this article has given you an idea about where to start. For more detail, read the report at https://www.powertochange.org.uk/research/assets-future-economics-outcomes-sustainability-assets-community-ownership/

About Power to Change

An independent trust established in 2015, Power to Change helps local people to come together to solve problems for themselves. We provide practical and financial support to them as they run businesses which help their whole community and recycle money back into the local area. We see enterprise coupled with social purpose as an important tool in addressing some of the local economic and social challenges in communities.

We define community business as having 4 key features:

1. Locally rooted: They are rooted in a particular geographical place and respond to its needs. For example, that could be high levels of urban deprivation or rural isolation
2. Trading for the benefit of the local community: They are businesses. Their income comes from things like renting out space in their buildings, trading as cafes, selling produce they grow or generating energy
3. Accountable to the local community: They are accountable to local people, for example, through a community shares offer that creates members who have a voice in the business's direction
4. Broad community impact: They benefit and impact their local community as a whole. They often morph into the hub of a neighbourhood, where all types of local groups gather, for example to access broadband or get training in vital life skills.

To date, Power to Change has invested £65m in more than 1,000 community businesses in England, 78% of this in the 30% most deprived places in England. We've funded and supported everything from community-led housing, community energy businesses, and community leisure centres, to the more traditional (but still very necessary) community hubs. At our latest estimate, there are now 9,000 community businesses in the UK and the sector continues to grow. Learn more about us at www.powertochange.org.uk

PLACES FOR PEOPLE

Joint ventures and Surrey County Council case study

Rick Lawrence and Nicholas Cook

At the National Conference, Isle of Wight, Mike Taylor of Chilmark introduced the session about Place, its importance, social and community engagement, and what the panel experts had learnt from different models of trying to shape places and understand the challenges. The following is what Rick and Nick had to say about their joint venture approach to creating places.

Rick is a chartered surveyor with over 30 years' experience in the property industry. He joined Places for People as Partnerships Director in September 2017 and is currently leading long-term joint venture development partnerships with Surrey County Council and Runnymede Borough Council. rick.lawrence@placesforpeople.co.uk

Nick is Senior Development Manager at Surrey County Council and works in the Strategic Land and Assets team. nicholas.cook@surreycc.gov.uk

The presentation provides a brief outline of 'place', from the perspective of Surrey County Council (SCC), the factors relevant to place, and to follow will be an outline of the key delivery vehicles that Surrey has entered into recently, to assist in the delivery of SCC's Asset and Place Strategy - the "resi-JV between SCC and Places for People".

Place is for more than just an assembly of assets. It is the melding of the tangible and the intangible, with property and physical assets being the catalyst to provide an environment - perhaps synergies among different services and creating a sense of place; town centre regeneration; a community hub; and in the case of public authorities, collaborating and providing something that on their own, without collaboration, may not be achievable.

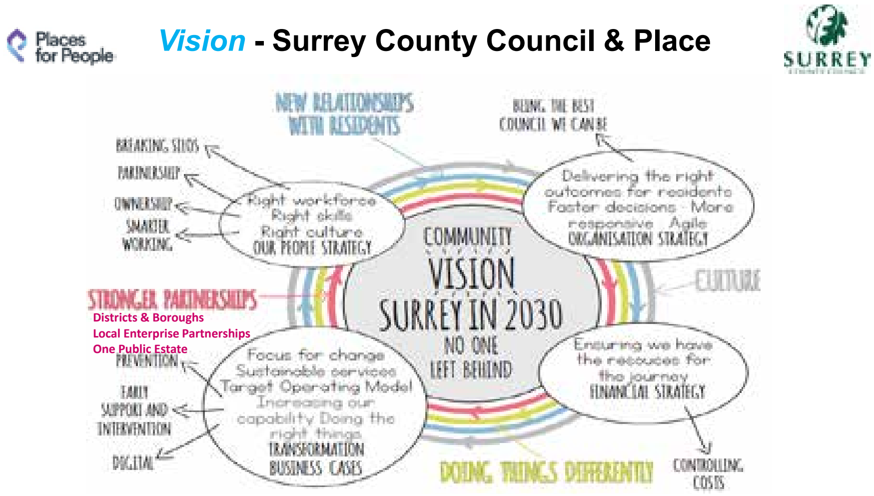
The slide is an extract from SCC's 'Community Vision for Surrey 2030', which outlines the ambitions for People and Place for Surrey.

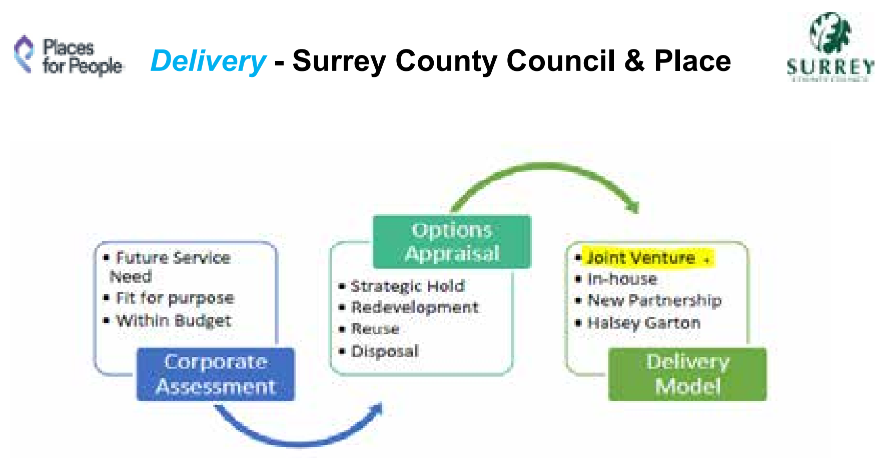
In terms of place, the mission sets out to address the following areas:

- Surrey to be a uniquely special place
- where everyone has a great start in life
- people live a healthy and fulfilling life
- people achieve their full potential
- where residents contribute to their community
- and no-one is left behind.

Transformation

In terms of assets, the council is transforming the way it works. Its Asset & Place Strategy sets out the principles of strategic management of assets, to include how it will support delivery, potentially provide the council with income in the future; how it will promote growth, and





place shaping within the county. The review is to be completed in 2021 and includes key milestones:

- the reduction in operational estate from 300 to 100 assets
- a review of surplus operational land
- the review of all non-operational assets, to determine their future best use
- and to align with the ambitions outlined earlier.

In terms of place, it is envisioned that the county's economy is to be strong, vibrant and successful. Surrey is to be a great place to live, work and learn, a place that capitalises on its location and environment, and its people feel supported and support one another.

In essence, to achieve place making on this level, with these aspirations, perhaps requires a paradigm shift from the old, parochial way of working, to a new era of working smart, making use of technologies, thinking differently, and collaborating to achieve common goals between public authorities and residents, and leveraging publicly owned assets, to provide services and benefits for all, making cost savings, driving synergies and efficiencies, and economic improvements.

The council recognises that place shaping should be led locally in a collaborative relationship, with SCC playing a supporting role, and this includes the use of its assets to help fulfil these ambitions.

How does all this relate to property? The delivery of the objectives has been translated into key principles, to:

- Embed the corporate landlord model to drive rationalisation and consolidation of the asset estate
- Consolidate service and operational assets – to decrease single asset use and create multi-functional property, aligning with service transformation and improvements
- Working collaboratively within and across the council, the districts, boroughs, health and blue light authorities, and other voluntary, community organisations to benefit community within the context of asset strategy
- Support economic growth across Surrey in partnership with districts and boroughs, for SCC to assist in local place shaping
- Seek combined initiatives locally through One Public Estate, the Local Enterprise Panel and agencies such as Homes England
- Develop partnerships on a solid foundation of common objectives, shared investment in key resources, a focussed and deliverable project plan, and clear and succinct governance.

In terms of achieving this ambitious asset and place transformation programme, the simple diagram outlines the process, and the tools for delivery, which now includes the recently entered into JV partnership with Places for People.

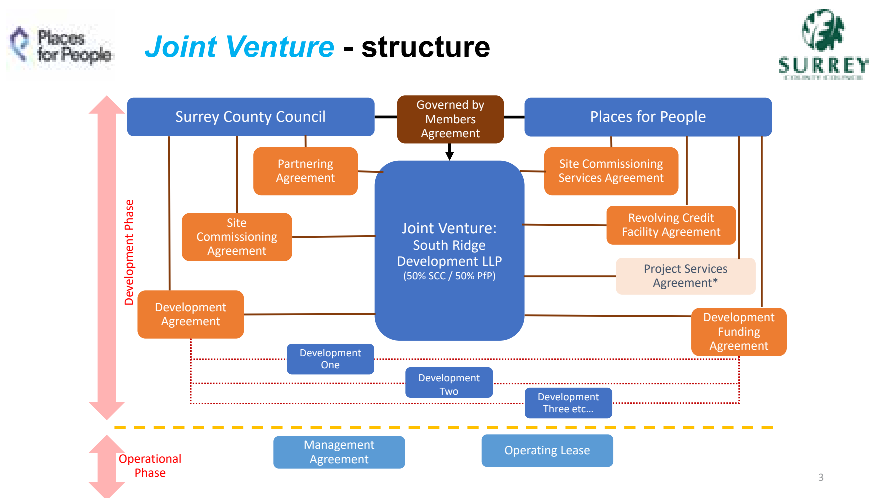
Joint venture structure – South Ridge Development LLP

South Ridge, the developer, was set up 12 months ago, to bring forward surplus SCC sites for development and sell in the market place. The structure is a Limited Liability Partnership governed by a Members Agreement of SCC and Places for People (PfP) on a 50:50 basis.

Surrey has 2 hats on, as the owner of the land, and as member of the JV. As the landowner, it will provide the JV with a brief of each site, which are generally surplus to requirements, and the JV responds with site development plans. The brief will typically say that for this parcel of land, please maximise the value. Sometimes the land might be for operational use by the council, but for the majority of the cases, the sites have been declared surplus.

The JV, through the Site Commissioning Agreement, will formulate its development planning and submit it to the council. Once the JV has a preferred scheme, it will obtain planning consent and secure a fixed price from a contractor. Once it is signed off by the council, the JV will enter into a development agreement, build out the facility, and sell the completed development. The JV is able to use its own assets and to link into the place making agenda.

PfP provides the resources of personnel, through the Site Commissioning Services Agreement and the Project Services Agreement. The initial working capital and early development finance is provided by PfP to the JV, covered by the Revolving Credit Facility Agreement and



Development Funding Agreement, but long term funding comes from Surrey or from the market, depending which option is most appropriate.

It is worth noting that the original OJEU for this JV allowed 29 other public authorities who can access South Ridge LLP services through a partnering agreement. These are all the agencies within the boundaries of Surrey council.

It is also worth noting that the land that Surrey puts into an appraisal goes in at nil value, but the JV guarantees that the council is provided with an agreed number of developed units in lieu of any land payment. Surrey will then retain these units, to give an income stream. These 'Surrey Units', could be managed by PfP (not the JV) in the operational phase.

Progress to date

South Ridge was set up a year ago, as a long-term JV partnership of 15 years. The LLP has 15 sites in Tranche 1; the first 4 briefs were issued in January 2019; it is currently working on 9 brownfield sites; by the end of 2019, it will have the first work started on these first 4 sites. There is a business plan which could deliver, over the next 5 or 6 years, more than 550 units in towns such as Cranleigh, Egham, Redhill and Farnham.

South Ridge provides Surrey CC with a major opportunity to influence place making through its assets, and dispose of surplus brownfield sites. There is the opportunity to engage with districts and other public authorities who are part of the OPE agenda. It is a way whereby Surrey CC retains control, has a partner which brings the expertise and resources, to bring forward sites at pace and capture both financial and social value, for the benefit of its residents.

URBAN GREENSPACE

The Greenkeeper and Thamesmead

The Greenkeeper and Thamesmead

At the National Conference, Isle of Wight, Richard and Phil made a joint presentation as an introduction to the conference session on health and social value, with a case study of Thamesmead.

Richard is an established landscape architect at Barton Willmore. He works closely with the practice's wider planning and design teams, to drive innovative urban regeneration and new settlement development projects across all scales. His project portfolio includes comprehensive regeneration proposals for the ex-Bassetts sweet factory in Wood Green, and extensive award-winning public realm at Spinningfields in Manchester. He is currently working on exciting proposals within Birmingham City Centre, as well as steering The Greenkeeper, a new online tool to help us better understand the complete value of green infrastructure within our towns and cities. Richard.Webb@bartonwillmore.co.uk

Phil is the Director of Landscape and Placemaking at Peabody, one of the longest standing social landlords. phil.askew@peabody.org.uk

The Greenkeeper

This is an online tool which measures the value of green infrastructure, particularly in the urban situation.

"Social value is about maximising public benefits and outcomes that support the public good" (UK Green Buildings Council). The challenge is how do we measure social value in monetary terms, whether that be through cohesive communities, or improving health wellbeing or the environment? That is what Greenkeeper is designed to do.

Sitting in a park on a sunny February day can be beneficial – if not getting a suntan! The King's Fund, an advisory group and think tank, has reported that increasing people's exposure to, and use of, green spaces has been linked to long-term reductions in overall reported health problems, (including heart disease, cancer and musculoskeletal conditions); it has also been linked to reduced levels of obesity, increased physical activity, and higher self-rated mental health.

The Greenkeeper project is funded by Innovate UK, with 3 key players of Exeter University, :vivideconomics, and Barton Wilmore, and also involving Peabody at Thamesmead, some London boroughs, government agencies and major landowners. We have seen improved mental and physical health through only 120 minutes of exposure to green space a week. This can be 'taken' in 10-minute exposures, or longer stretches.

The health and wellbeing of urban communities is enhanced by urban greenspace; without this quantified information, it is currently very difficult to quantify the benefits that green infrastructure offers. This often leads to under-investment, inappropriate provision, or a failure to spot wider opportunities, particularly when making planning or significant investment decisions.

How Greenkeeper works

There are a number of data sources which can be inputted into the model, including GIS data; health and wellbeing research, from Exeter University; mobile phone data, which shows where people go in parks, how long they spend, where they come from; and natural environment survey data, from Natural England, which surveys around 45,000 people each year, for over 10 years, asking them where they go and what they do. All this information goes into the Gamekeeper model, which records the key features, analyses the data, and then gives a monetary predicted value of green infrastructure – in terms of health, mental health, amenity and carbon capture values. Once that value is known, investment options may be considered, and green space can be benchmarked.

The model can be applied to any part of England, for example in Bexley, where work is under way in collaboration with Dr Askew and Peabody. Some of the mapped outcomes for particular parks, eg Crossway Park, are the park's attributes (cafes, play areas, sports facilities, toilets, and water facilities), the annual weight of air pollution removed, comparison with other local parks, and most important, the estimated annual value of the benefits – wellbeing, physical health, local value, and carbon sequestration. In the case of Crossway Park, the predicted annual visits are over 80,000 and that estimated value totals £2m p.a.

Some other statistics evolving from data analysis using the model, assuming a park of 50,000 visitors: (see table below)

Inactive	Moderately active	High activity
4,500 visitors get no physical health benefits	30,500 visitors, valued at £460 per person	14,500 visitors, valued at £700 per person
£0 value of benefit	£14m value of benefit	£10m value of benefit

Thamesmead and a green infrastructure-led approach

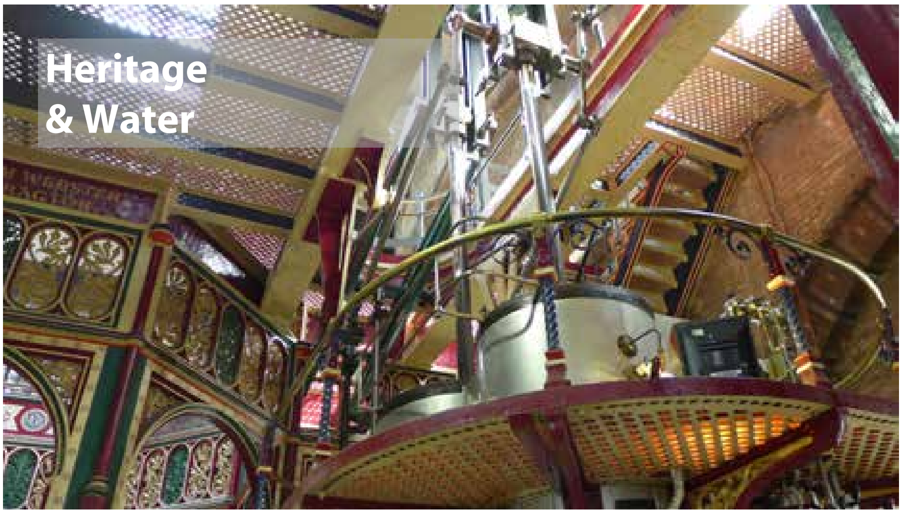
Thamesmead is beyond Woolwich. It is an extraordinary part of London: it is built on a marsh. In the late 1960s, it was seen by the GLC as a great place to build a new town. It was seen as a future living place, as typified by the Gooch family in the photograph, as a solution to the London 'slums'. Primarily the motivation was not more, but better quality housing. Since this time, Thamesmead has had a chequered history – it was used to film 'A clockwork orange' and other films about dystopian places.

Peabody took on the estate in 2014, by which time it had experienced a mixture of development over the decades. However, it is an extraordinary place; it is 750ha, which is big enough to accommodate central London; it has a population of 45,000, with 16,000 households; Peabody owns and manages 5,200 units and 65% of the land area.

As a social landlord, in total managing about 100,000 people across London, we set out to develop a whole place approach. As part of this, we think it is vital to regenerate and grow Thamesmead for the next 25-30 years. Our plan (see diagram) has 5 goals. The area has been under-invested for decades, and the lived experience of residents is not good, so the key goal is to sort out the basics, eg cutting the grass properly, making windows work, etc. We have a growth and regeneration programme to double the size of Thamesmead over the next 30 years. Landscape is a vital part of the plan; culture is integral to placemaking and the community is essential to make people happier.

We are lucky in Thamesmead to have so many green and blue assets – 150ha in total, which is almost as much as Hyde and St James Park combined. There is an excellent network of parks and water space, which are a legacy of the GLC. There are 5 parks (including Crossway referred to above); 5 lakes; 32ha of water; 7km of canals, classed as London's largest sustainable drainage system; 5km of Thames waterfront; 14 sites of nature conservation interest with a vast variety of biodiversity.

We have some incredible heritage, such as the Victorian sewerage system, illustrated by the pumping station. We therefore feel we need to capture the benefit of this green and blue, to make the people happier and healthier. We have therefore adopted a strategic approach.



Thamesmead: Living in the Landscape

The strategic approach needs to think about 6 key principles, with the aim of realising Thamesmead's full potential to be London's new town:

Connected and integrated

- Improving legibility and wayfinding (building on Space Syntax study)
- Supporting physical, social and ecological connectivity
- Encouraging community engagement, participation and capacity building.

People are used to travelling by car, hence it is difficult to get around on foot or bike. It is vital to change this through community engagement.

Active and healthy

- Promoting active lifestyles that encourage walking, running, cycling, horse riding
- Providing opportunities for water sports, including sailing, kayaking, paddle boarding and fishing.

With all this water, we have the potential to do incredible things, which is vital to health and wellbeing. We have significant issues in Thamesmead; we have some of the highest obesity levels in the country, so we want to get people out and about, and make a difference.

Biodiverse and productive

- Supporting the restoration of ecological integrity and habitat diversity of landscape and waterscape
- Enhancing productivity through ecosystem services, food and farming and biomass.

We are encouraging people to grow food and think about the ecosystem.

Child and family friendly

- Providing a wide variety of opportunities for play
- Encouraging greater programming of spaces
- Defining destinations for commercial use, events and activities.

This is a critical principle. A lot of people do not feel very safe in Thamesmead. It is not well connected: 50% of the public spaces don't have any overlooking, so they can feel a bit lonely and unloved.

Education and skills

- Providing opportunities for education including outdoor-classrooms, forest schools and skills development
- Training for volunteers and apprenticeships.

We are trying to get people into the landscape. Some of the local schools have really welcomed this, as children of different backgrounds and who often live in challenging places start to change when they get out and begin to understand nature.

Efficient and resilient

- Defining resource requirements for landscape and waterscape maintenance
- Promoting high quality environments that encourage recycling and re-use of resources
- Energy efficient
- Financially sustainable
- Stewardship model
- Climate resilience in the long term.

The future is changing. London city is becoming hotter in the summer; the rainfall pattern is changing, so we need to respond to this.

The plan is to continue the work which GLC started. By 2050, we think 100,000 people will call Thamesmead home; new homes will be intelligently designed; older homes will be well managed and maintained, and people will feel safe and secure; it will be a place people choose to put down roots; and most importantly, the landscape will give a sense of escape, while still being within 20 minutes' journey of the West End – when Crossrail is finally opened.

Branches News

CHARLES COATS, RURAL BRANCH

The Branch held its autumn meeting at its now permanent venue of the National Agricultural Centre at Stoneleigh on 14 November. A reasonable turnout of 13 members braved the storms and local floods, coming from as far as Cornwall and Lincolnshire.

The government's consultation on tenancy reform and progress with the proposed Agriculture Bill has slightly stalled due to Brexit and pre-election purdah, so there was little to discuss on these 2 important issues.

Ceris Jones, the NFU's policy adviser on climate change, addressed the meeting and provided an enlightening presentation on the range of initiatives NFU is currently pursuing to achieve net zero carbon emissions across the farming industry. We focused on the challenges of achieving improved productivity on small farms while containing emissions, and agreed to maintain an open dialogue as to how the NFU can provide advice for council farms estates on this highly topical issue.

Sarah Palmer, the National Federation of Young Farmers Clubs Agri and PR Manager, provided an update on a wide range of initiatives with which they were engaged to support the young farming community. It is important we maintain regular contact with this organisation as it provides the source of our next generation of tenants.

Our "Round the Patch "update from councils provided, as usual, a fascinating insight to policy, structural and operational issues affecting councils. As always, a problem, idea or new way of tackling something shared proves one of the most valuable parts of the meeting.

The ACES Council Farms Asset Valuation advice needs updating and, hopefully, endorsement by CIPFA. Jonny Alford, Cornwall, offered to have a look at this.

Our next meeting will take place at the same venue on 14 May 2020.

ALAN WHARTON, LONDON BRANCH

Meeting held on 27 September 2019

The meeting was held at the offices of the Royal Borough of Kensington and Chelsea, chaired by James Young. It was attended by 19 members and guests, who received a presentation, summarised below.

A blueprint for affordable housing in the UK – William Maddison of Future Estate

William circulated a paper in which he raises the problem that housing rental rates and also prices of housing to buy was unreachable for many aspiring homeowners. He holds that developers have managed to control the market, so that their interests are maintained by restraining the flow of new homes in order to maximise profits through high prices. Typically, one third of the cost of a new home is tied up in the land. His paper states: 'Land is the problem and most likely the answer to many of the issues facing the UK's housing market'.

William proposed a 'parallel system' that 'splits land and home' with a new method of providing affordable homes. Public bodies with large land holdings, would be encouraged to stop selling land to developers in order to raise capital or promote development, and instead adopt a 'best value appraisal' in order to lease land for development, through a process of asset control instead of asset sale. By taking the focus off land values, the saving in costs can be re-directed towards better designs and construction methods, including factory production and component assembly on site, which can be financed through crowdfunding.

The key advantages of the proposal are retention by the landlord of the asset and a rental income, while for residents, there are lower cost mortgages and better quality buildings. There are also benefits for community growth and local investment.

The concepts raised a number of practical points and questions:

- how you persuade developers to release land if they are unlikely to realise a 20% profit margin?
- Will you need a new type of mortgage lender?
- How do you convince politicians that the capital receipt on disposal of publicly owned land, or relaxation of targets for housebuilding, should be replaced by a social benefit model?
- What happens on re-sale?
- Has much progress been made with interested parties, perhaps through corporate social responsibility?

- A transparent process is not a traditional way of working in the property sector
- There should be a small-scale experiment first to see how well the model works
- Local authorities may not be able to invest themselves and would have to partner with another body
- Is there a problem with buildings lasting for less than the lease of land on which it sits?

William will be discussing the model with Homes England; talks with developers and other experts are at an early stage. Funding models need to be worked out.

Attention was drawn to similar concepts raised at the Cambridge conference [Ed – see 2018 Asset]. It is felt that a government sponsored experiment is required to kick start the initiative. The main hurdle is the conflicting priorities of commercial/social interests.

ACES matters

Future CPD topics had been discussed by the Branch Executive preceding the meeting, and covered CPOs; BIM; flexible working practices, together with recruitment/retention/apprentices/diversity matters; and project management.

Possible venues/topics for future site visit events included Kings Cross, Sutton Cancer Hub, Bloomberg Building – new European HQ - 'Workplace of the Future'.

It was felt that members needed to state what is of interest to them, and where they are prepared to travel to, and that outer London boroughs can be too far for some members. Further discussion is required.

RICS matters

ACES members had met Paul Bagust at RICS to discuss the new Asset Management Guidelines. These are being revised to cover cross-cutting issues, such as social value, sustainability and climate change, rather than being a technical manual.

Exchange of information

- One member is becoming a de facto developer through a housing company and is working towards building 100 new homes.
- One member said that his council has experienced difficulties with a major construction contractor on a school project and has terminated the contract. There is a belief that contractors are becoming more 'contractual' and 'picky' in which schemes they are interested in. Frameworks, which are frequently used in procurement, are expensive to subscribe to and can suppress profits.
- One member highlighted the 'capital efficiency' review by the DfE, focusing on authorities which appear to have excessive construction costs, requiring action plans to reduce costs over a set period, with the risk of future grant funding being withdrawn.
- One member stated that the council is still developing new homes, but it is becoming more difficult with the need to include a range of tenure types for them to be viable, although this is being achieved. The council is also developing neighbourhood policies.
- A council is considering bringing property functions back in-house, but this will have an impact on office accommodation.
- A member stated that the council is entering into competitive dialogue on the Cancer Hub scheme. It has purchased investments including an industrial complex. Two new schools are planned, but one has been refused planning permission. The council is also developing a new service hub.
- One member continues to try and attract a building surveyor, but is only allowed to advertise on-line; it was recommended she tried social media. This is a widespread issue and has been mentioned many times before. Colleagues said the most effective websites are EGi and RICS.

SARA CAMERON, EASTERN BRANCH

Eastern Branch held its AGM in 6 December at the offices of Essex County Council, Chelmsford. Following the branch business, a new format was used, of CPD presentations by branch members.

Total branch membership stands at 54 of which 24 attended the AGM.

The Branch Officers for 2019 were agreed as:

- Chair Brian Prettyman
- Vice Chair Richard Combes
- Vice Chair Alan Richards
- Secretary Sara Cameron
- Treasurer Richard O'Connell

Also elected were representatives from each county in Eastern Branch, to act as a steering committee.

The Branch agreed to continue to charge a single member fee which includes attendance at all branch CPD sessions.

Objectives for 2020 include:

- To further develop affiliations and membership
- To further develop local information exchange both at meetings and beyond; and
- Following successful workshops in each of 2018 and 2019, to hold a further workshop, based on Landlord and Tenant, in Cambridge in October 2020.

Member presentations

To commence the branch commitment to develop local information exchange, branch members were asked to volunteer to share current projects, best practice or lessons learnt, in a series of short presentations following the formal AGM business.

There were 5 presentations:

David Evans, Essex County Council - David gave an overview of Essex County Council's aims and priorities in terms of strategic property and how these align to the organisational strategy. Sharing the portfolio make-up, he detailed the keys objectives as being utilisation of the County

Hall, disposals, service engagements, commercialisation, support for Essex Housing and estate strategy.

Kevin Clark, Broxbourne District Council - Kevin gave an overview of the Brookfield project, the masterplan of which covers a proposed Garden Village to deliver 1,250 homes, as well as development at the Riverside to deliver 30,000 sq m retail, 10,000 sq m leisure, 50,000 sq m office/business, in addition to relocating council operations and providing elderly residential care.

Colin Wright, West Suffolk County Council - Colin gave an overview of West Suffolk's approach to property, investments and assets. The council's Investing in Growth Agenda has established a £40m fund to invest in West Suffolk. Barley Homes is a wholly owned house building company to meet the needs of the council. Starting on site in Haverhill in January 2020 to deliver 37 homes, with a further 25 homes planned on a former school site in the spring.

Simon Hughes, Norfolk County Council - Simon gave an overview of Norfolk County Council's Semi-Independent Accommodation project, to deliver a new model of accommodation for 16-18-year old children in care. Working with social work teams to identify location, feel, facilities and design criteria, the council has successfully acquired 11 homes, 6 of which are now open.

Amy Rushton, Suffolk County Council - Amy gave an overview of The Hold, a project to house 9 miles of archives, comprising over 9 centuries of local history in 94m individual pages, 98% of which is deemed unique. The £20m project to develop a new home for the record office will also deliver an exhibition space, café, teaching centre and will act as a bridge between the town and the University of Suffolk, as well as a link to the waterfront as a new heritage attraction.

[Ed – I am pleased to report that these project leaders have agreed to write full papers for ACES' Terrier as the projects evolve over the next year. By doing so, they will also qualify as entrants into ACES' Award for Excellence].

GERRY DEVINE, WELSH BRANCH

For the Welsh Branch, the culmination of a very busy year was the AGM on 20 November, kindly hosted by Newport Norse at the historic Lysaght Institute in Newport. The AGM was followed by the winter ACES and CLAW Asset Management & Estates business meeting.

At the AGM Lorna Cross, having agreed to stand for another year, was duly re-elected to the Chair, with Geoff Bacon and Tony Bamford re-elected as joint vice-Chairmen for south and north Wales respectively; Gerry Devine was re-elected as Branch Secretary and Treasurer. The Welsh Branch meetings for 2020 were agreed.

Newport Norse kindly offered to in future years host the Branch AGM and sponsor the lunch and this offer was gratefully accepted by the Branch. Following the success of last year's event at The Orangery at Margam Park, a decision was made to hold another Welsh Branch Property Conference on 13 October 2020 at the same venue. CLAW (Consortium of Local Authorities in Wales) had held its own AGM the previous week and Past ACES Welsh Branch Chairman Jonathan Fearn was elected Chairman of the Steering Group of CLAW, continuing the Welsh Branch and CLAW's strong association.

The well-attended business meeting gave rise to some lively discussion and debate on a diverse range of subjects, including Ystadau Cymru (translates as Welsh Estates), the umbrella group for a range of Welsh Government-promoted property initiatives (and which had held its first Property Conference in October in Cardiff), the Welsh Government Draft Circular, and consultation on the Crichel Down Rules, the Valuation Office Rating Contact Scheme, mooted proposals for pooling of public sector land in Wales for affordable housing and other unspecified beneficial uses, as well as asset management guidance and a practice statement on 'Use of comparable evidence' from RICS. Regrettably, RICS Wales was unable to send a representative to this meeting due to recent staff departures.

After a networking lunch kindly sponsored by our hosts, Chris Brain, formerly of CIPFA Property, delivered the afternoon CPD session. Topics covered by Chris included: the findings of a Review of Public Services Boards; a look at recent publications by Ystadau Cymru; local authority finance including the CIPFA Financial Management Code consultation, and the Prudential Property Investment Guide, as well as the Welsh Government proposals for reforming local authority finance, and Welsh Government Guidance on Implementing The Wellbeing of Future Generations Act. Chris finished off his CPD presentation by taking an in-depth look at commercial property investment by local authorities, including reference to the Wednesbury Principles.

Chris has now set up Chris Brain Associates, and the Branch thanked him for providing over many years, on behalf of CIPFA Property, the interesting and informative CPD sessions. The good news is that Chris has joined ACES and we look forward to welcoming him to future meetings [Ed – and writing articles for ACES' Terrier, including in this issue].

JOHN READ, NORTH EAST BRANCH

The North East Branch last met on 8 November 2019 for its winter meeting and AGM. The meeting was held in Northallerton, hosted by Align Property Partners, a multi-disciplinary practice, wholly owned by North Yorkshire County Council with over 70 staff delivering a range of property, highway and infrastructure services.

The meeting was opened by the Branch Secretary, Helen Stubbs, and Dale Clark took the chair for the day. Following the usual introductions and announcements, Align gave a short presentation regarding the company and its work. Mark Hall, Technical Business Development Director, outlined the company's history, growth and aims, which are to return benefits to North Yorkshire and its communities, deliver the county council's Capital Plan, and focus on providing quality of service. Now operating from offices in Northallerton, Selby and Penrith, staff work with a range of other public sector bodies and academies.

We next had a presentation from Jonathon Stubbs from the Wykeland Group, regarding the HMP Northallerton Redevelopment Scheme but set the scene by asking why cultural and social regeneration is so important, and how physical regeneration is all about place, which can strengthen roots and promote links with local communities. Jonathan also stressed the importance of partnership and collaboration and gave a resume of some of the regional schemes his company had been involved with including: the Dock, Centre for Digital Information, The Stage, and the Fruit Market in Hull, and employment land schemes at Melton in the East Riding of Yorkshire. Turning to the Northallerton scheme, Jonathon went through the progress so far, following the purchase by Hambelton District Council of the former prison site and the appointment of Wykeland as developer. Work has started on Phase 1 to include 2 food retailers with completion anticipated in Autumn 2020; Phase II was out to tender for a leisure scheme with a cinema and restaurants, with completion targeted for the end of 2020.

Claire Watts from the East Riding of Yorkshire Council then gave a presentation on Valuing social value for disposals. Claire started with a definition of Social Value, which is the quantification of the relative importance that people place on the changes they experience in their lives. Some, but not all of this value is captured in market prices, but It is important to consider and measure this social value from the perspective of those affected by an organisation's work. She outlined the 7 principles of social value and also the consideration of social value in the context of property disposals and public procurement. Claire then went on to outline the Social Value Engine, developed over a 5-year period by Rose Regeneration and East Riding of Yorkshire Council. It is an online tool that systemises the process of measuring social value, particularly to help the voluntary and public sector organisations to forecast, plan and evaluate activities or commissioned work. It is not surprising that this presentation provoked a healthy debate involving issues around s123 and the opportunities that the use of the tool can provide when considering disposals and procurement practices in the context of social benefit [Ed – I hope to feature this in the next issue of ACES' Terrier].

In the final session before lunch Paul Bagust, RICS Global Property Standards Director, outlined the scope of his work with the RICS, its vision issues around standards and regulation. This was followed by a fairly lengthy question and answer session with a wide range of topics raised.

Members then broke for lunch in the 'Pink Room', which was surprisingly painted pink, with the usual networking over a hearty buffet and soft drinks. After lunch, we held the Branch AGM at which reports from the Secretary, Treasurer and Press Officer were heard. Branch membership and meeting fees were also agreed, together with provisional venues for the 2020 meetings. In addition, all existing officers were confirmed, and elected Dale Clarke and Melanie Jackson as Branch Chair and Vice Chair respectively. Jonathan Marriott was also invited to join the Branch Executive. This was followed by discussion around ACES matters, including the Forum, ACES Council held at York in July, the National Conference held on the Isle of Wight, and apprenticeships. There then followed a short ethics quiz presented by Helen Stubbs, which helped RICS members with their CPD recording.

The last presentation of the day was given by Michael Boyd of Bevan Brittan on the subject of Refinancing of PFI Projects. Michael set the scene by providing some interesting statistics, indicating that there are over 700 PFI projects in the UK with a capital value of over £57bn and annual revenue spend of over £10bn. The projects cross sectors including over 170 education, 125 NHS, 41 defence, and 76 local authority projects. He gave an overview of the refinancing process, examined the potential benefits and motivations, and then explored the indicators which underpin a successful refinancing. He also highlighted the challenges that will be encountered on the way and encouraged interaction and questions throughout his presentation (which he got!).

As we go to press, the Branch Executive is starting to plan for the March Branch meeting and looking forward to meeting the RICS Head of Engagement and the Regional Development Manager in York in February.

Other interest areas

A VARIED CAREER
A View from the boundary

Simon Eades

Eighteen months ago (at the time of writing) I drew stumps and called 'Time' on my professional career as a management surveyor at Waveney District Council. I said in my farewell speech that when I started in the surveying profession some 40 years earlier, I had no idea I would end my career working in the public sector. I started work at the time when there was the hope that once you found suitable employment, you would stay there and not move around unless it was necessary.

When the Editor heard last year that I was 'retiring' I was in her words "going to have lots of time to fill and nothing to do!" [Ed – I don't recollect imagining that!]. She can be

NATIONAL CONFERENCE GREATER MANCHESTER 2020

Event Title	**Property : Community : Growth** **Creating Our Legacy for the Next Generation**
Date	**Thursday 24th and Friday 25th September 2020**
Venue	**Manchester Science + Industry Museum** www.scienceandindustrymuseum.org An all-inclusive package will be available for you in the vibrant heart of the Greater Manchester City Region
Sponsors	We are inviting interest from potential partners to support this key event in the ACES calendar.

ACES

www.aces.org.uk

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persuasive at times and said that I should write an article for ACES' Terrier. I had little inclination as I wanted to enjoy the summer: there were, after all, cricket matches to umpire and a garden to look after.

Anyway, my wife had been set the task, among others, of clearing out the small bedroom. Grandchild no. 1 was expected later that year and she felt that the bedroom needed to be painted. It was the first room we painted when we moved in 20 years ago. The rest of the house has been repainted, so it was now time to redecorate. However, I had to start clearing the shelves of assorted detritus from the last 40 years.

One afternoon when it was raining – there were some rainy days in 2018! - I found my diary for 1973. I have kept a diary since the late 1960s, in various A4 exercise books to 'page to a day' diaries. When I was young, I would consolidate the entries into some form of retrospective analysis, trying to separate what was interesting (or what I felt was interesting) from the daily run of the mill. As I have got older, there has been less effort to analyse and reflect!

I sat down and read what I got up to in 1973. This was the year I started as a trainee chartered surveyor for a small long-established private practice in Norwich. That might have been the end of the matter, but Betty continued to remind me of my promise! The 3 partners were all chartered surveyors. The senior partner was clerk and surveyor to 5 Internal drainage Boards. In the year I spent working with him, I gained considerable involvement in land surveying, using dumpy levels and drawing plans for Ministry of Agriculture applications. I was also introduced to the valuation processes, including drawing plans to scale on tracing paper, using drawing pens and black indelible ink.

I went to Trent Polytechnic in 1974 and spent my sandwich year at Norwich Union Estates Department in Norwich. I graduated in 1978 and returned to work at Norwich Union. After 5 years there, passing my TPC at the second attempt, it was time for a change: while the work and experience was second to none, I was starting to get itchy feet.

I had had one interview – more of that anon – but I ended up in private practice in Norwich for 12 years working for 3 established firms, none of which are in existence today! One was subject to a bank takeover in the mid-1980s; the other 2 have morphed into other practices in Norfolk. In 1986 I moved to one of the 2 principle commercial firms in Norwich, staying there for another 9 years. The work was good traditional valuation and landlord and tenant in Norwich, Norfolk and in some instances slightly further afield –and I don't mean Suffolk! I remember cutting my teeth on industrial and office valuations, rent reviews, and 1990 Valuation List negotiations. There were many cases I can recall, but I think my coup de grace was a review on the city centre branch of McDonalds, acting for an institutional landlord, starting negotiation in March 1987 and coming into the office on the same day as having attended the birth of my elder son.

I moved to the agency department in 1995, but it was not a success. I took the role as it was offered to me. The agency market in the mid 1990s was difficult and the competition was increasing, as London agents moved into Norwich and opened up offices. The market continued to change, and it was evident after a period of 9 months that despite all my efforts, the firm's market share was declining. The inevitability of a likely change became a certainty and I can still recall the meeting with the senior partner. It was not a difficult meeting and, to his credit, he was open and honest about the fact that they had to make me redundant and made the leaving process as smooth as possible.

Some may say that to be made redundant at the age of 40 is a challenge, but the mid 1990s were a difficult time. I had 4 months resting – some may say that this was a holiday – while I developed the art of completing application forms and ensuring that my CV was kept up to date. I learnt the hard way that the CV had to be accurate and correct. This was due partly to the fact that I had not updated it for years but since then, I reviewed it at regular intervals up until last May.

What I did find helpful during the 4 months was the support and assistance from friends and fellow surveyors. The occasional prompt as to potential appointments, and cups of coffee from those who were surprised at my previous departure. But then I was invited to an interview at Great Yarmouth Borough Council and the following day, I was appointed to a post as valuer at what was a higher salary than previously. Perhaps things would work out for the better: after all, I was working in the 'Far East'.

It became clear reading my diary that rainy afternoon last year that the application to Great Yarmouth was not my first application to work in the public sector. I found that I did make the occasional job application in the early 1980s, including one to Norwich City Council. As with Great Yarmouth, I had an interview, but that time I was unsuccessful. I still had a good job to return to the following week and thought nothing further. A week later, I was telephoned by the admin officer asking if I was interested in the post. It seemed that the first appointee, although highly valued by his current employer, had accepted the new post but his current employer wanted him to stay, so he had a change of mind. I said that I was surprised by the call and would have to think about it. The admin officer agreed to give me 48 hours to reply, but I decided that I would remain where I was. It transpired that the initial appointee had then telephoned to see if the post was available as he had had second thoughts….

The result was that Norwich City Council got its first choice appointment and I remained at Norwich Union. Our paths have crossed on several occasions since and we actually worked for the same employer for a time; indeed, he also has interviewed me in the past!

As I turned the page in the diary, I found another set of entries, which led me to think again......................but that may have to wait until another time!

Photos by courtesy of Marcus Macaulay.

WILLIAM (BERT) MARSHALL

THE SUFFOLK SCRIBBLER
1942 - 2019

It is with an immeasurable sense of loss that I write this piece – something I have been dreading for the last couple of years. Now having to face the fact, I am resolved to be upbeat about this fine gentleman, and my best mate for almost 40 years. Thank you to all who have sent through tributes to Bert. I could fill a fair proportion of this Terrier with them.

In truth, Bert has already written his life story in a far more amusing way than I could ever do. Many of ACES' Terrier readers will recall with fondness his regular back page article, "Suffolk Scribbler". Oh dear, I've let the cat out of the bag now, as Bert's anonymity was a closely guarded secret by him – but not by everybody else who well knew who Suffolk Scribbler was. In 2017, when Bert realised that writing was becoming difficult, he and I combined all published Suffolk Scribblers in a commemorative book: "60 Not Out". In the introduction, he described himself as 'a humble nobody from Suffolk'……. hardly, Bert. ACES Eastern Branch provided generous funding to help pay for the publishing and printing of a limited edition, but it can be downloaded off www.aces.org.uk/publications . It's well worth a read on these long dark nights, so pour yourself a red wine, raise your glass to the Scribbler, and settle down.

Bert spent his childhood in Dinnington, a mining village near Yorkshire. His father was a miner, and was adamant that none of his sons would ever go down the pit. He started a civil engineering course at Manchester University: "I still dream about the first-year exams, well it's my recurring nightmare actually. As I went into the examination halls, I had a feeling that I might have been a little light on the preparation side. I read carefully through the first paper. It would have made more sense written in Mongolian hieroglyphics." So he returned home and rose (literally) to the dizzy heights as a scaffolder's mate on the new-build village comprehensive school.

Knowing nothing about chartered surveying, in 1963, Bert rather fell into a job in the Building Surveyor's Department at Sheffield Corporation. His next career move was to the District Estate Surveyors' office of British Railways Eastern Region, based at Retford. He was persuaded by BR to move to London to further his career, where he lived at the Ilford Hostel, an establishment owned and run by BR for staff who had no home in the London area. Most of the other occupants were train crews and Bert got on easier with them than with his "southern" professional colleagues.

In 1970, Bert left BR and took up employment as a valuer with the former East Suffolk County Council, based in Ipswich. On the run-up to local government reorganisation in 1974, as West Area Valuer, he was involved with finding new accommodation for the various technical departments of the new Suffolk County Council. This was a pretty thankless task as staff, many of them ex-West Suffolk County Council, were already displeased at the idea of what they saw as an East Suffolk take-over and having to move their workplace from Bury St Edmunds to Ipswich.

Bert became deputy in 1980, and was promoted in 1985 to County Land Agent and Valuer, a title he jealously held onto, and had the dubious honour of being the last surveyor in the country to be so called. He managed a large professional workforce which was delivering the whole range of property expertise across the county.

I recently learnt from a colleague that during these days, he did have a brief lapse of character, and decided to get fit. He joined a circuit training class at Stowmarket Leisure Centre. At one session Bert put his back out, and that ended his attendance. He was advised by the osteopath to lie flat on his back for short spells throughout the day and he usually did this at lunchtime. One day he fell asleep. He eventually came to and hoped that no one had noticed him in his little cubicle. No such luck! "Suddenly all our heads appeared over the screen, much to his embarrassment."

Bert was a loyal and long-standing supporter of ACES. He joined CLAVA in 1984 and attended his first meeting in 1985, but in 1986, CLAVA merged with ALAVES, to become LAVA, (which was renamed ACES in 1995) [see "A Century Surveyed" on ACES' website, referred to in the President's inaugural speech]. Very soon after the 1986 merger, the County Branch of LAVA was formed, and Bert became its Hon Treasurer, a role he maintained for many years, and was Chairman in 1992/3. He was a firm attender of conferences, arriving in his camper van and extending each meeting with a few days' tour of the area. He also took on the role of sub-editor to both Colin Bradford and later to me, to do the groundwork for preparation of 'Asset'.

The mid-90s saw the start of the golden years – and I make no apologies for dwelling on this period. As many ACES' members will also have experienced, these were the days of "Best Value". Having inveigled me to join ACES, and finding an empathy with a fellow 'Northerner' (well, 'East Midlandser'), Bert and I could see a whole lot of advantages in our councils working closely together. Unsurprisingly, the first meeting of staff was held one lunchtime in a pub at Haughley, a village virtually equidistant between Ipswich and Bury St Edmunds. I can honestly say we all got on together like a house on fire, and those good working relations have continued to this day.

Our first foray nationally was to make a Best Value submission to the government promoting joint working, which we soon realised was rigged towards favoured councils and a total waste of effort. Notwithstanding, we just got on with it, and the Bert/Betty national roadshow was born; we became known across England, Scotland and Wales, highlighting the benefits of partnership working between counties and districts, long before it became standard practice. Probably our most tangible achievement was to facilitate the wider joint working between Suffolk and St Edmundsbury, which led to West Suffolk House, the first new jointly owned and integrated offices in the country, occupied by staff and services across the western Suffolk area.

Bert affectionately adopted the title of "The President's Little Helper" during my presidential year, 2005/06. Double-handed, we organised the National Conference in Bury St Edmunds (having also coordinated the 2000 Spring Conference in BSE), and many of you who attended may – or may not – remember the riotous evening in The Greek Taverna, which preceded it.

Having been unceremoniously dumped by Suffolk County Council in late 2000, I think for standing up to the chief executive and a lead councillor, Bert finished his career getting right back to 'grass roots' surveying, working until 2013 as part of the Estates team at St Edmundsbury Borough Council, involved in 'right to buy' council house sales, and miscellaneous sales of surplus land and buildings. His excellent writing skills were turned to preparing many reports on a whole range of property

The President's Little Helper, 2006

topics, and he was a valued member of the team, being fondly known as "Uncle Bert".

There are so many tales I could take from "60 Not Out", but I think you should discover them for yourselves. But I will reproduce one. Bert loved watching football. A particularly annoying game for him was Brazil versus Germany.

"It is said that everybody knows where they were when England won the World Cup Final in 1966. I don't as my 1966 diary is silent on that date, as is my memory. However, I will always remember where I was when South American football was eventually exposed and humiliated on 8 July 2014. I was at home!

After a tentative opening 10 minutes, on the basis that little happens in the first half friendlies, I decided to clear the dining table of used items. I returned from the kitchen, only to discover the score was 0-1. Ten minutes later I was back in the kitchen making a quick cup of tea, a process that normally takes 5 to 6 minutes. By the time I settled down again, I realised the score was now 0-5. I stuck with the half time summaries, if only to find out what was going on, and then went back to the kitchen to pour a glass of red wine; yes, you've guessed: on my return the score was 0-6.

By now I was determined not to move until the final whistle, but on making an ill-judged and overly exuberant hand gesture, the tip of one finger caught the rim of my wine glass on the coffee table, projecting its contents across the light biscuit-coloured fitted carpet. The score became 0-7, while I had my head stuck under the coffee table, trying desperately to minimise some of the damage. I did see the score become 1-7, but by then I was past caring."

Bert's last few years were largely confined to home, as his debilitating Parkinson's Disease took a stranglehold. He remained largely sanguine throughout, and stayed where he wanted to be – in his own home. This was made possible by converting his study into a bedroom, for use by live-in carers, who ably looked after him for almost 2 years. Many have commented on how much of a gentleman he was, and one who will be sorely missed by many close friends. You can say that again, but I will always look on my special friendship with Bert as a time of trail-blazing fun, hard work and heartfelt gratitude to the friend and colleague with whom I enjoyed something special.

Bert's last Scribbler column was in 2017 Autumn Terrier, by which time, tables had turned, and I was "Bert's Little Helper", and gladly took on this role. It includes what I think is one of his funniest tales – the rat in the compost bin. Well worth a re-read.

The back pages are yours one last time, Bert.

Suffolk Scribbler RIP.

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