ACES TERRIER

THE JOURNAL OF ACES - THE ASSOCIATION OF CHIEF ESTATES SURVEYORS & PROPERTY MANAGERS IN THE PUBLIC SECTOR

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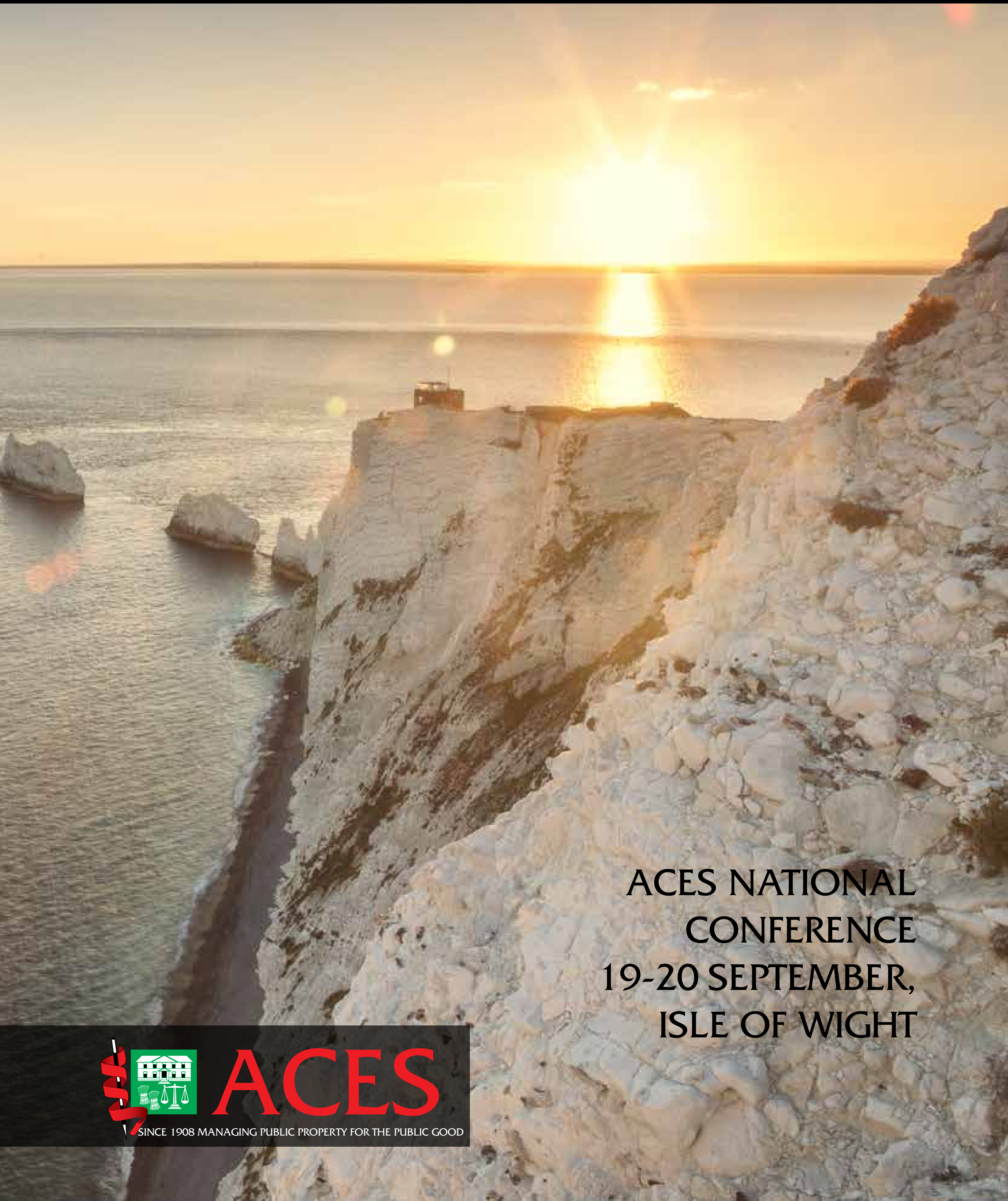

ACES NATIONAL CONFERENCE 19-20 SEPTEMBER, ISLE OF WIGHT

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VOLUME 24 - ISSUE 2 - Summer 2019

ACES TERRIER

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

EDITORIAL

Betty Albon

Welcome to the 'slightly new-look' 2019 Summer Terrier. I hope you like it.

I'm pleased to report a full range of topics of interest. Of particular note, there are articles on asset management, a variety of housing delivery options (which could in a small way limit the march of the volume housebuilders), and a number on commercial property investment opportunities. Another recurring theme is the importance of data and how it can be applied, to further the success of public sector property portfolios. Professional and practical pieces on rating, compulsory purchase, 4D monitoring, removing travellers, apprenticeships, and global trends complete this issue's line-up.

Please look out for information about ACES' National Conference on 19-20 September, to be held at prestigious locations on the Isle of Wight. The President, Graeme Haigh, and his team are working very hard to put together a programme of CPD which will be difficult to miss. The cover photo is of a famous landmark which could become more familiar to all delegates attending this event.

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Cover photo: The Needles, Isle of Wight. Photograph reproduced by courtesy of the Isle of Wight's tourism office, visitisleofwight.co.uk . A link to other photographs of the Isle of Wight (to tempt you to ACES National Conference) is https://www.flickr.com/photos/visitisleofwight/albums

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NATIONAL COUNCIL
Notes of meeting on 12 April 2019

Trevor Bishop MRICS, ACES Secretary

20 members attended the meeting, which was held at the Guildhall, London.

President's report

The President (Graeme Haigh) reported on matters that he had dealt with since the last meeting. These included liaison with RICS on several matters, the Municipal Journal's Innovation in Property and Asset Management Award, several branch visits and more to come, and introductory details of the 2019 ACES Conference. The President confirmed that he continued to enjoy his role as President and formally representing the interests of the public sector surveyor and property manager.

Full details of the matters covered by the President are contained within the Main Report produced for the meeting and posted on the ACES website.

Secretary's report

The Secretary (Trevor Bishop) reported on matters arising during the period since the 25 January 2019 Council meeting. These included updates on membership and subscriptions, working with Neil Webster (Business & Marketing Manager) and Keith Jewsbury (Branch Liaison Officer) on the Business Plan, matters relating to the website including the jobs page and a possible page for job seekers, supporting the President on the Conference, the Editor with the Terrier, the Senior Vice President with the Award for Excellence, and branch secretaries on the usual range of miscellaneous matters.

Full details of the matters covered by the Secretary are contained within the Main Report produced for the meeting and posted on the website.

Financial matters

The Treasurer (Willie Martin) reported on the finances of the Association and the latest budget position. In general terms the current account was within the budgeted-for parameters for the year. The conference account reflected a very successful 2018 conference, with all income and expenditure now accounted for. In general terms it was expected that the accounts for 2018/2019 would show a reasonable surplus for the year.

The Treasurer reported on the proposed 3-year budget for the period 2019-2022, including projections for key items of expenditure and income; he noted that there were pressures arising from increasing administrative costs and the potentially high one-off cost of the website rebuild. In the absence of increasing the national subscriptions and assuming a reasonable profit made on conferences, there was a predicted deficit on the short-term with a potential, albeit small, surplus by year 3.

Terrier advertising for 2018

a. The Editor (Betty Albon) reviewed the financial position on the production costs for the Terrier, set against income from advertising. The Spring 2019 Terrier had been a bumper 84-page publication which added to costs of production.

b. The Editor was delighted to advise that the submission of reports by branches had improved considerably: the Spring Terrier contained reports from 7 out of the 10 branches.

c. The Secretary referred to recent external comments about the title of the Terrier journal. There were mixed opinions on whether the title should change. It was commented that "ACES" should appear in the title, or the front-page format be amended to make the ACES text more prominent. The Editor will consult with the designer and bring forward front page artwork ideas around a more prominent ACES logo and a title adjustment to "ACES' Terrier". It was generally noted that the Terrier needs to be part of the whole marketing strategy with a common branding, and that no change should be implemented outside the approved marketing strategy under the Business Plan. The Editor referred to discussions with the designer to improve the internal layout and fonts and Council gave authority to the Editor to proceed with this.

ACES' website

The Secretary, on behalf of Paul Over, tabled a report following detailed discussions that Paul had had with proposed service providers. As a result of this, the association was in a position to go out to selected bidders with a simplified requirements matrix and a small works contract document. Council gave Paul Over approval to proceed as recommended. There was a general feeling that the forum should be retained on the website rather than transfer to other media. It was proposed that bidders be given an open brief on alternative modern designs of the ACES logo and artwork but the important heritage of ACES should not be overlooked.

Business Plan report

The Secretary reported on matters relating to the ACES 3-Year Business Plan.

The Communications Framework paper looked at current methods of communication and proposed new ones to assist marketing and growth. There was general support for a fortnightly newsletter, but it was accepted that this could be resource-hungry and that the news alerts needed to be interesting and relevant to be of benefit to members. It was agreed that input from liaison officers was critical to its success and that they should have open access to the newsletter page, in order to add topical items as soon as they arose. Council noted the progress made by the Business & Marketing Manager in this area and endorsed further work to extend the communication methods.

The Secretary produced a paper describing the current governance arrangements of the Association and put forward several challenges and options for Council to consider. These included the make-up of Council Officers forming the basis of a formal Executive Team with delegated powers; a thorough review of the liaison officer roles to ensure items covered were relevant and topical and the officers were supported where necessary; the frequency and location of Council meetings and the use, for example, of online meeting technology.

Keith Jewsbury reported on his ongoing work in looking at branch boundaries. Scotland and Wales would not be affected in view of devolution. A suggestion of developing sub-branches was proposed and it was generally commented that sharing best practice among the branches was critical.

The Senior Vice President (Peter Gregory) reported on his proposals for a President's Award. All considered this to be an excellent idea which should be progressed and should help greater sharing of best practice.

The Secretary referred to the ACES heraldic plaques and it was agreed that this matter needed to be considered as part of the overall marketing strategy and modern glass equivalents, similar to the Award for Excellence trophies.

Annual conference

The President reported on the detailed activities he had undertaken in preparing for the 2019 Conference.

The main conference will take place on 19-20 September at Cowes Yacht Haven and the gala dinner at the Royal Yacht Club. Both venues are in Cowes within half a mile of each other. The format on the main day will comprise speakers covering several themes including health, people, place, and social value [Ed – also see advertisement in this Terrier]. Friday details to follow. The President reported positive feedback on the proposals, particularly from the private sector. A great deal of background work had been put in by the team supporting the President and all relevant information was being gathered on an online spreadsheet.

It was noted that accommodation would not be pre-booked by ACES, and delegates would be free to choose their hotels or other accommodation to suit their requirements.

Malcolm Williams kindly agreed to lead on organising the social programme.

AGM 2019 venue

The Secretary advised that Tom Fleming was progressing with arrangements for the 2019 AGM, to be held at the City Chambers in Glasgow on Friday 15 November 2019. It was noted that an offer of sponsorship had been made and further discussions were in hand.

Future meetings

Annual Conference
19-20 September 2019
Cowes, Isle of Wight

Annual Meeting
15 November 2019
Glasgow (City Chambers)

Annual Conference
September 2020
Greater Manchester

Annual Meeting
November 2020
London

ACES Council
12 July 2019
York (Kings Manor, York University)

ACES Award for Excellence

The Senior Vice President reported that the Award had now been launched and all working members had been written to and invited to submit nominations. Details of the Award are posted on a new page on the website.

Coordinators and external working groups

A number of informative and useful reports were received from coordinators. Full details of the Liaison Officer reports are contained within the Main Report produced for the meeting and posted on the website.

Branches

Branch reports were submitted to Council by the North East, Welsh and Scottish Branches.

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.

ACES

The Terrier
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ACES Editor: Betty Albon editor@aces.org.uk

ACES MEMBERSHIP

Trevor Bishop MRICS, ACES Secretary

I list below the changes in membership between 1 April 2019 and 30 June 2019.

New members approved

There were 10 new applications approved during the period:

First Name	Surname	Organisation	Branch Ref
Neil	Strachan	Aberdeen City Council	S
Kevin	Kendall	Lincolnshire County Council	E
Darren	McLoughlin	Rochford District Council	E
Chris	Gill	J C Gill and Co Limited	NE
Jacqueline	Clark	IPSERV Ltd	E
David	Mather	Chorley Council	NW
Jonathon	Green	NPS Property Consultants Ltd	E
Liz	Macdonald	NPS Property Consultants Ltd	E
Terry	Garnett	NPS Humber Ltd	NE
Sharon	Bishop	Eastleigh Borough Council	SE

Members transferred to past membership

3 members transferred during the period.

First Name	Surname	Branch Ref
Peter	Legood	SE
James	Young	L
Richard	Barrett	L

Resignations

The following 7 members resigned during the period:

First Name	Surname	Organisation	Branch Ref
Stephen	Booth	Aberdeen City Council	S
Bill	Parkington		NW
Tony	Bell		NW
Yinka	Jawando	Global Real Estate Property Services Ltd	HoE
Mark	Albanie	NPS Property Consultants Ltd	E
Gael	Gamble	HMRC	HoE
Derek	Woods	NHS Property Services Ltd	NW

Membership

Summary of current membership at 30 June 2019:

Total Membership	
Status	No.
Full	225
Additional	56
Honorary	33
Associate	27
Retired	41
Total	382

OBITUARY - MY PAL DES DEVINE

I can vividly recall my "JFK" moment, or I should say, the moment when I first met the one and only Des Devine.

It was at a Scottish Branch meeting in Dundee back in 2007. Among the usual suspects that day was an unfamiliar face, a rather dapper chap who turned out to be the new member from Highland Council, based in Inverness. Standing in front of me in the queue for the buffet lunch he turned around and introduced himself as Des Devine. I immediately responded "with a name like that you should be a Big Band Crooner".

Des laughed and said "I am!!!"

I will come back to this aspect of Des's life a bit further on.

From that moment onwards we became friends, and over the next few years I got to know Des better, his loves, his talents and his unquenchable zest for life.

However, Des's journey did not start in Inverness. To understand the man, one has first to understand that throughout his life, Des was always learning and always pushing himself to succeed in everything he did. His amazing personal standards were matched only by his motivation to make a difference, and his infectious enthusiasm.

His journey from a football-daft lad on the streets of Glasgow took him to Hawick in 1979 as a 15-year old apprentice Architectural Technician. A big step for the young Mr Devine. Between 1979 and 1986 he obtained an HND in Architectural Technology, and became the youngest person ever to qualify as a member of the profession's representative body.

A confident Des then made a bold move to Newbury in 1986 to take up a role with West Berkshire Housing Association. It was about this time that he was introduced to a life on stage, where he took to the performing arts like a duck to water. He did also confide in me once that it was also a fantastic way to meet single women!

Never one to sit still, he returned to Hawick in 1991 to begin work with Scottish Borders Council, to help manage its commercial property portfolio. In his spare time, he began studying estate management at Napier University in Edinburgh, and graduated in 2003 with a 1st Class Honours Degree. Indeed, Des made such an impact at Napier that they immediately installed him as a part-time lecturer.

In 2004 a determined Des uprooted himself once more and headed North to Inverness, to take up a position as a graduate surveyor with Highland Council and subsequently achieved chartered status in 2006. A glutton for punishment, he then embarked on a master's degree in leadership and management, which he duly obtained. Before long, and deservedly so, Des became the Estates Manager for Highland Council.

Des was an enthusiastic passionate lover of travelling, cars, performing arts, golf, cricket, tennis, football, rugby, music, food, skiing, ski boarding and singing. Any holiday or mini city-break that would allow him to combine most of the above would bring a massive smile to his face. He was a natural showman and graced the crew and cast of many incredible amateur groups, including Inverness Music Theatre, Starlight Musical Theatre, Voiceworks, Elgin Musical Theatre and The Forians …to name but a few. He loved being front and centre, and was rightfully proud of his leading roles in productions such as Titanic, Calendar Girls and Carousel. He was a talented singer and I was lucky enough to hear him perform on a couple of occasions alongside the Rooty Ma Toot Swing Band in Inverness.

However as much as he loved performing, and without any doubt whatsoever, Des's greatest and most enduring love was for his amazing wife Sasha, whom he married in 2008. I remember Des and Sasha making a big combined impact onto the ACES conference scene in Glasgow 2009, and being fully embraced into the ACES family. If I recall correctly, they even won a bottle of champagne!

Over the years, Des and I attended many Scottish Branch events together, and had a complete hoot once the serious stuff was out the way. Everything was put to right, everything in its place, and we were indestructible. But Des became ill in 2013 and eventually had to retire from Highland Council the following year on grounds of ill health. However, he possessed an impressive inner strength and stubbornness that meant he was determined to make his illness fit around his life, rather than the other way around.

During his long and courageous battle with illness, Des and Sasha made a conscious decision to remain hugely positive and to embark on a whirlwind programme of travelling, dining out, theatre going and attending sporting events all over the UK. Des and Sasha were just as likely to pop up in Barcelona one week, at the Oval the next, and then on a ski lift somewhere!

It wasn't all about them though. Des and Sasha were also very determined and committed to supporting Maggie's Highland Centre. Situated within the grounds of Raigmore Hospital, Maggie's provides free practical, emotional and social support to people with cancer, and their family and friends.

On many occasions Des and Sasha were both prepared to wear their hearts on their sleeves, to raise money in support of Maggie's. To stand in front of a large audience at fundraising dinners and with great humility be totally open and honest about their challenging circumstances, was largely an inconsequence, compared to the admiration and gratitude that they felt towards the team at Maggie's Highland Centre.

Des died early in the morning on 18 October 2018, 5 years and 18 days past the anniversary of his original diagnosis. At his funeral, his illness was barely mentioned. It was all about his life, how he lived and what he had done. It was standing room only and there was live music, to which the congregation joined in singing. I had never been to a funeral like this before, it was an upbeat celebration of Des's life.

A more positive, determined, loving, funny, generous individual you will never meet. But for a few short years I could call him my friend, and I shall miss him.

And in true show business fashion, the last word should go to the man himself. Des and Sasha would close their fundraising speeches with some words from the French poet Hiliare Belloc. These are 4 genuinely honest lines that became synonymous with Des whenever he was public speaking:

"From quiet homes and first beginnings
Out to the undiscovered ends
There's nothing worth the wear of winning
But laughter and the love of friends".

Cheers Des!

Nick Allan

[Ed – Nick will be happy to pass on any messages to Sasha nick@nickallanassociates.co.uk]

Professional

Paul is Global Property Standards Officer at RICS.

A MODERNISED RICS
Green light for governance changes

Paul Bagust - PBagust@rics.org

An overwhelming 'yes' from the membership means that RICS can move forward with its plans for the future of the profession, as the chair of the Standards Transformation Project Implementation Advisory Group details. The overall aim is to encourage active members of the profession to stay involved, and to take part in shaping the profession's future.

In November 2018, Governing Council asked the profession to vote for a modernised, future-facing form of governance fit for a 21st-century professional body. The result was announced at the AGM on 27 November.

Of those who voted, 86% favoured this modernising agenda. The proposals for change have been ratified and sent to Privy Council for formal approval. This positive step will structure RICS to continue building a global professional body that is ready to equip the profession for the challenges and opportunities ahead. It will also enable RICS to meet the changing expectations of stakeholders, clients and the wider public.

The vote also allowed for the formation of a joint board to create and regulate standards, replacing the previously separate regulation and standards boards. RICS has been piloting the joint board for the past year, and the interaction between its professionals, regulators, staff and lay people has been fascinating to watch. The standard-setters and regulators are all passionate about their remit: differences are debated and outcomes altered, to ensure the standards we create are fit for purpose.

Governing Council has also reconfirmed its support for changes to the professional group board structure. We will be working with the active existing boards over the next year, as they move away from their traditional single-discipline function to a cross-disciplinary, collaborative structure, focusing on market insight and standards creation and enforcement.

We have already run several successful leader forums – a key function of the new structure that brings together clients, fellow professionals from RICS, government departments and other market influencers. We aim to pilot a new digital community this year, as well to reflect the activities of the standard-setters. This will be managed through an app, enabling much more interaction between the profession, RICS and the market. The new model will also enable better collaboration with the regional structure of RICS.

Overall, the aim is simple: to encourage active members of the profession to stay involved, and for more of you to take part in shaping our profession's future. To keep up to date with the changes to the structure of RICS, visit *rics.org/professionalgroups.*

Modernised, future-facing governance

In summary, the proposals:

- Create a smaller, more diverse council
- Equip the profession for the future
- Meet the needs of clients, stakeholders and the public
- Changes to the professional group board structure
- A joint standards and regulation board
- Leader forums
- A new digital community.

Public sector

RICS recently ran a public sector asset management leaders' forum, with a wide range of representatives from central government, private sector and ACES, to discuss some of the issues relating to the management of the public estate. Issues covered included new approaches to workplace productivity and space, the impact of social value, and public sector procurement. All these issues will be addressed in the forthcoming draft of the RICS Best Practice document "Public Sector Asset Management".

PROFESSIONAL CONDUCT AND PRACTICAL ETHICS

Sara Cameron

Sara gave an informative summary of RICS Ethical Standards at the recent ACES Eastern meeting. As ethics and professional conduct are essential elements of CPD for chartered surveyors, this is valuable learning for 'chalking up' on our CPD records.

Sara has 21 years' experience in the built environment and is currently Norfolk County Council's Commercial Property Surveyor. She is ACES East of England branch secretary, an RICS APC Mentor and Counsellor for the commercial property pathway, an elected board member of RICS global Governing Council, and an appointed board member of the RICS East of England Regional Board.
Sara has experience of all aspects of commercial property, in both private and public-sector management.
She also has a strong interest in diversity, inclusion and social mobility, especially encouraging the next generation from the widest talent pool into choosing surveying as a career. She is a co-founder of the #surveyorhood and #celebr8surveyors social media campaigns.

RICS Ethical Standards

Behaving ethically is at the heart of what it means to be a professional. It distinguishes professionals from others in the marketplace.

RICS professionals demonstrate their commitment to ethical behaviour by adhering to the 5 global ethical standards, as part of the wider standards of conduct expected.

As a reminder, the ethical standards are:

- Act with integrity
- Always provide a high standard of service
- Act in a way that promotes trust in the profession
- Treat others with respect
- Take responsibility.

The 5 ethical standards and Rules of Conduct go hand in hand. Not meeting the requirements of the rules of conduct or the ethical standards, or both, may lead to investigation and possible disciplinary action. Meeting these standards and enforcing them ensure we meet our professions promise of trust to the public.

<u>Remember Rule 3:</u>

Members shall at all times act with integrity and avoid conflicts of interest, and avoid any actions or situations that are inconsistent with their professional obligations.

Ethics are what you would still do, even when no-one is watching you – guided by your moral compass of what is right or wrong.

Consider office banter – it can't be bullying if it is humorous and does no harm, right? How do we know if it does no harm? It reminded me of a story I heard about a primary school lesson about bullying. The teacher had 2 apples, both looked shiny and unblemished. One had been carefully looked after and the other handled to bruise the flesh, but to look at the apples they outwardly looked the same. The teacher asked the class to praise one apple and shower the other with mean taunts before asking the class to consider whether the apples looked any different after they'd done so. Of course, there was still no outward sign as they had just been using words. So, what about when the apples were cut open?

Office banter is part of working and communicating with our teams, but we need to ensure that we lead by example, to create diverse and inclusive environments that allow our people to bring their whole selves to everything they do.

Part of this is reflected in the 'Flip it to Test it' tool introduced by Kristen Pressner in her Ted Talk on bias. Would you use the same words and phrases to describe one person as you would for another? For instance, have you ever described a woman as bossy but described a man as taking control? What about describing a man as emotional but a woman as passionate? Language matters.

My favourite example of #FlipItToTestIt is about Angela Merkel. She said for a man it is no problem at all to wear a dark blue suit 100 days in a row, but if she wears the same outfit 4 times in 2 weeks, the letters start pouring in! I mean, can any of you imagine sending in a letter to a male leader for wearing the same outfit 2 days in a row?!

RICS Standards of Conduct include mandatory professional statements and guidance on anti-bribery, corruption and money laundering, conflicts of interest and client's money. You can review the full suite of documents at https://www.rics.org/uk/upholding-professional-standards/.

In February 2019, RICS published the 1st edition professional statement Countering Bribery and Corruption, Money Laundering and Terrorist Financing, which become mandatory on 1 September 2019.

This professional statement sets out the mandatory requirements for RICS members and regulated firms. It is divided into 3 parts: mandatory requirements, guidance supporting good practice, and supplementary guidance. It applies globally to all RICS members.

In relation to bribery and corruption, members must:

- Not offer or accept, directly or indirectly, anything that could constitute a bribe
- Ensure they have adequate knowledge to comply with professional statements
- Report any activity they are aware of to the appropriate authorities.

In relation to money laundering and terrorist financing, members must:

- Not facilitate or be complicit in money laundering or terrorist financing activities
- Report any suspicious activities to the relevant authorities.

Remember that under the legislation, you are personally liable and the consequences are high, including unlimited fines and possible prison sentences.

Throughout the professional statement and from our Prevent Duty, we must also take appropriate measures to understand the client and purpose of the transaction, verify the identity of the client by undertaking basic identity checks, and record and retain this information as part of know your customer due diligence.

Customer due diligence is about taking appropriate steps to ascertain who your customer is and if relevant, who the ultimate beneficial owner is – simply put, identify parties, verify identity is valid, carry out any additional checks. This simplified version is what we all do, but where politically exposed people or high risks are involved, enhanced checks must be carried out. If relationships are ongoing, you must also refresh these checks regularly; every 3 years is recommended.

Watch out for new consultations on the RICS website on fire safety, handling clients' money, and data protection and cybercrime later this year, and on conduct and competence next year: https://www.rics.org/uk/surveying-profession/contribute/consultations/.

You can follow the #surveyorhood and #celebr8surveyors on twitter and find out more on the blog www.surveyorhood.com.

Chris is Property Training & Standards Manager within the CIPFA group. Chris delivers the CIPFA's Strategic Asset Network and Property Training Network, advises on asset management issues and undertakes a range of related consultancy. He has worked with many authorities, providing consultancy and training, including strategic approaches to asset management and delivering efficiencies.

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

ASSET MANAGEMENT
A capital strategy for your assets

Chris Brain FRICS - chris.brain@cipfa.org.uk

Chris from CIPFA outlined in 2018 Autumn Terrier the context and requirements for developing an authority's capital strategy. It seems that, as Chris anticipated, it has proved in many cases to be a daunting task. "It is critical that those involved in both managing and developing strategy on the property portfolio are involved deeply in the development of the organisation's capital strategy."

Background

I wrote an article for the 2018 Autumn Terrier, setting out my thoughts on some of the significant obstacles which many authorities identify as a potential impediment to them developing a robust capital strategy. That article received some quite positive feedback, and I had a number of people contact me to say how useful they found it and how they have used it as a platform from which to reach out to their finance colleagues to work more closely on capital planning.

If the article has been that useful, then why am I taking it as the subject of another article so soon you might justifiably ask? The answer to that is, in my observation, the traction in the property profession on capital strategy is still not great, and we need to change that.

The capital strategy is not an answer to everyone's problems, but it is a means to highlight the impact of the financial pressures you all face and the impact of successive budget cuts - especially in property maintenance. It is also a fantastic opportunity to set out what the future looks like, in terms of the threats to the sustainability of the property portfolio, if things do not change.

Introduction

The revisions to both the CIPFA Prudential Code and Treasury Management Code in November 2017 heralded a change in focus around both capital planning and commercial property investment. In this article I am going to spend time focussing on the first of those, capital planning.

The CIPFA Prudential Code mandates that from 1 April 2018, local authorities have a capital strategy in place that has been approved by full council. Acknowledging the short timescale between publication of the updated code and the effective date, there was an expectation that some authorities might struggle to meet that deadline, and acceptance that for some a more realistic date would be 1 April 2019.

So for those of you that work in local government and are reading this article, by now your authority should have a capital strategy in place.

Engagement of the property professional

My question to you is to what extent have you, as a senior property professional, been involved in the development and production of that capital strategy? Sadly, despite my previous article, I have to say when I have asked that question, the answer has often been 'not at all' or 'on the fringes'. This is disappointing to say the least. The property portfolio of any local authority is a key asset, and one which has the capacity to both generate and absorb capital. It is critical that those involved in both managing and developing strategy on the property portfolio are involved deeply in the development of the organisation's capital strategy.

Let's start by looking at some selected extracts from the Prudential Code, which provide a flavour of what the expectations of the Code are and the links to property asset planning.

The first 2 extracts demonstrate clearly this is about standing back and taking a long-term view. In my experience, most capital strategies do not yet do this, and are generally far too short-term. There is an opportunity here for property professionals to insist on being involved in the process of capital strategy development, and feeding in key intelligence and data around the property portfolio.

- *"The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the **long run financing implications and potential risks to the authority."***
- 'A long-term view of capital expenditure plans, where ***long-term is defined by the financing strategy of and risks faced by the authority with reference to the life of projects/assets.'***

The second 3 extracts speak about the sustainability of the organisation, both in terms of finances and the property portfolio. It is about understanding the capital needs, and coming up with a strategy that can deliver the organisational long-term goals. This specifically identifies asset management planning, maintenance requirements and planned disposals. Property professionals need to be at this table.

- *"While indicators for sustainability are required to be set over a minimum three-year rolling period, indicators should be set in line with a capital strategy and asset management plan that is **sustainable over the longer term."***
- *"Prudence is more than simply a narrow financial concept. It requires an authority to ensure that its capital investment decisions can deliver the authority's asset management and community strategy."*
- *'An **overview of asset management planning** including the cost of past borrowing, **maintenance requirements** and **planned disposals.'***

Purpose of the capital strategy

The capital strategy is intended to perform a number of functions, and I have listed some of these below. I suggest that you scan this list and start to think about how property impacts or is impacted by these factors in your organisation. Too often an organisation's capital strategy is left to finance staff to produce, and often in total isolation from colleagues in other areas.

- Maximise capital resources to fund corporate and community priorities, strategies and plans
- Support effective and timely investment in the council's assets, to ensure they are efficiently and effectively used
- Prioritise the council's own investment requirements, and determining which can be funded by the authority, how and when
- Enable the identification and optimisation of all sources of capital funding and ensure its effective utilisation
- A capital programme that is financially affordable, prudent and sustainable, and integrated with the medium-term plan
- Impact of investment decisions on revenue budgets
- Assess risk and mitigating factors
- Ensure adequate flexibility to respond to emergencies; and to minimise their likelihood by proactive asset management
- Effective approval process and pre/post project appraisal
- Effective performance reporting and management of capital programme
- Transparent decisions to invest and assist stakeholders' understanding of the council's decision making process and project management of its capital investments
- Outline governance arrangements and identify any training requirements necessary to ensure that this is effective
- Provide a clear vision of the council's capital investment blueprint for the present day and future.

The property professional's contribution

As the key property professional in your organisation, you will hopefully have your finger on the pulse to changes that are occurring to and within the organisation, that impact on the property assets needed to move forward.

Factors such as shared function buildings; shared assets with external partners; customer 'channel shifting'; services scaled back through closure; changes to service operating models; services being closed down altogether; outsourcing; and insourcing, are all impacting on what assets you need where, and what these assets should look like, and how they should perform. And all these areas have the potential to either generate or require capital, which needs to be planned for. So it should simply not be possible to separate capital planning in any organisation, with strategic asset management planning. And yet many still do.

I will leave you with a rather famous quote from Sir John Harvey Jones. It is one which I often draw upon in training workshops, because it sums up the attitude and approach in some organisations to strategic planning:

"Planning is an unnatural process; it is much more fun to do something else. The nicest thing about not planning is that failure comes as a complete surprise, rather than being preceded by a period of worry and depression."

And so I finish with a plea to you to do your very best to not allow your organisation to be one of those that prefers failure to come as a complete surprise, which is wasteful of time and resources, damaging to personal and organisational reputations, and damaging to the public purse in which we are all entrusted.

Think about what you can do to change things for the better, think about what the property portfolio capital demands are going to be laying ahead of you that need to be identified and planned for now, to save pain and discomfort later. Think about your professional duty to your organisation and the public you serve.

Lecture over!

[Ed – see also Alan Phelp's article on strategic asset management in this issue of Terrier].

Alan is Strategic Asset Management Consultant with NPS Property Consultants Ltd (NPS) and has been involved in asset management since its inception in the UK. Alan originally worked as Principal Planning Officer at both Birmingham and Oxford City Councils. Before joining NPS, Alan was Corporate Asset Manager at Kent County Council. In the last 10 years he has undertaken a range of asset management consultancy assignments both domestically and internationally. He has a PHD in Asset Management from the School of Public Policy, University of Birmingham.

PROPERTY ASSET MANAGEMENT

New perspectives on an evolving discipline in a changing world

Alan Phelps alan.phelps@nps.co.uk

Alan has written this paper to promote a debate about the nature of property asset management and how it may need to change in the future. It is an abridged version of a longer article, which includes more detailed coverage of the strategic, global and macro trends which impact on asset management in the UK.

Introduction

Property asset management may be on the cusp of change. Its traditional role focussed on efficiency, effectiveness and economy in managing publicly owned property is broadening. Economic, policy, demographic and technological macro trends at a global level may require a reappraisal of the role and priorities for the discipline. In the future, public bodies may have to review critically their asset management policy and practice based on these long-term drivers.

The paper should be read as a 'speculative' view of the future and as such is not a suggestion of what *needs* to change in property asset management, but more about what *could* change in property asset management.

The nature and evolution of property asset management

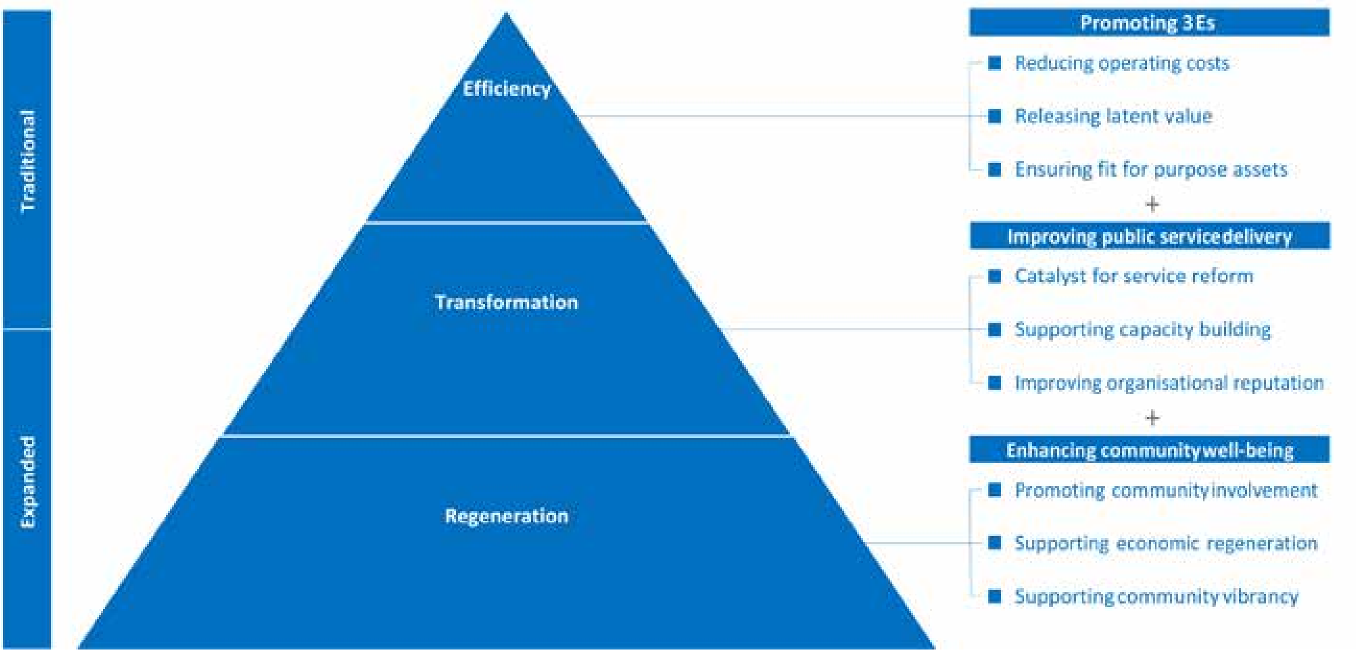
For the purposes of simplicity and clarification, property asset management can be defined as the public sector equivalent of corporate real estate management. While there is a degree of commonality between the 2 disciplines, in that they are both concerned with optimising property portfolios to meet organisational objectives, there are also some significant differences. In the case of property asset management, it operates in a broader political context (its shareholders being politicians and citizens); it tends to be concerned with broader objectives, and can have shorter time horizons because of political and budget cycles, in comparison with corporate real estate management. As a relatively new discipline property asset management has been evolving. Its initial focus around 'efficiency' (lowering operating costs and ensuring fit for purpose buildings) has broadened to embrace 'transformation' (catalyst for public service reform) and then to include 'regeneration' (supporting community vibrancy and prosperity).

While this evolution is discernible it is not necessarily a predictor of how, or even if, the discipline will develop in the future. To understand that we need to think about property asset management against broader global trends, to identify and articulate how the discipline may need to respond to these.

Strategic imperatives in a global world

Broad macro trends will present both an opportunity and an imperative for property asset management over the long term. Asset Management must recognise the implications of these trends and be agile in its response. There may be other trends that I have not appropriately identified. The issue of climate change, perhaps one that many would consider of paramount importance, is not identified as a single global trend in

Figure 1 – The development of property asset management



itself, but rather is cross-cutting and implied through the other trends.

Some of the trends can be recognised and are happening now; others are embryonic and yet others are anticipated over the next 20 years. It is perhaps the interaction between the individual trends rather than the trend themselves that will be important.

Demography – Perhaps the key imperative in global demography and the real 'time-bomb' is not the pure numbers of people and the rate of growth, but its spatial distribution (see urbanisation below) and large scale population shifts associated with factors such as climate change, displacement or resource poverty.

Technology, transport and general prosperity are combining to facilitate mass movement, concentrated in fewer places, such as mega cities.

Urbanisation – People are increasingly looking to city centre living for convenience, lifestyle and because new housing is often built on redundant central sites. The phenomenon of mega cities (in simple terms urban areas of over 10m people) is growing, with most of the newer mega-cities being in developing countries because of migration from rural areas. Nearly 80% of the world's population is expected to live in urban areas by 2050.

Technology - The use of 'deep fibre' technology and 5G is likely to herald in a new era based on new, ultra-connectivity devices. This may lead to new business models allowing for increases in productivity. Artificial intelligence, machine learning and automation are new challenges which may replace or radically alter existing work practices, redefine or reduce job roles.

Transportation – A revolution in transport has facilitated the movement of people and goods, allowing the development of the global economy, just in time production and business models based on component assembly.

Autonomous driving of vehicles is on the horizon. It is possible to imagine 'platooning' of vehicles with the connection of several trucks with the help of digital connectivity and GPS to move goods around. Electric, driverless cars are feasible. All this will require new and resilient infrastructure with the risk of critical failure minimised.

Economy – How individual countries operate economically changes over time. Recent trends have encouraged emphasis on 'business efficiency' (lower costs, stream-lined processes) at the expense of 'customer care' (face to face contact, manned operations, etc.) and a tendency towards fewer, larger entities (global companies) providing an ever broader range of services or goods or assuming a monopolistic role for specific services or goods. The diversity and multiplicity of small to medium size companies has perhaps declined.

Equity –The issue of equity is perhaps rising in importance. Equity can be defined in broader terms than simply wealth: it transcends issues such as health, opportunity, free movement, access to resources and climate change, etc. Climate change may lead to the need for large scale displacement of people or for increasing levels of migration as people move to more hospitable or resource rich areas.

Resources - Many of the resources that underpin our current lives are finite. Fossil fuels and precious minerals which are used in many of our consumer products or specialised manufacturing processes are limited. Resources like wind, solar and tidal, while sustainable, also have their limits as they have capacity restrictions – while they can be used they cannot be readily increased.

What do these trends mean for property asset management?

The simple answer is that it is hard to know and risky to predict. It is also probably not a question that preoccupies current practitioners of the discipline, in part because they do not expect it to impact in their lifetimes. However the pace of change is accelerating and the trends identified may have a more immediate impact than many imagine, so it is important to at least consider what these trends might mean for property asset management. This is not easy to do, so what follows is simple conjecture framed against the nature of the discipline as currently practised.

- ***Positioning and scope of role*** – currently asset management can be recognised as a strategic discipline practised by local government with varying degrees of capacity, expertise and resilience according to the size of the authority and its portfolio. Given the current financial constraints on public bodies, many would argue that the discipline is under-resourced and thus potentially not fully performing. Within increasing urbanisation and the growth of mega-cities, it may be that existing local government organisational structures may need to change. The existing cross-agency approaches exemplified by the One Public Estate initiative are a recognition of the need to manage the collective public estate in a defined geographic area as a single portfolio, albeit in most cases this is occurring without the benefit of coherent governance structures. As urbanisation trends continue, local government boundaries, roles and structures may need to change to support 'city-regions'. In such a scenario, asset management may need to position itself at 2 inter-related levels – a more strategic pan-city role covering issues of ownership, quantity and distribution of public property assets, and a neighbourhood role focussed on condition, suitability, utilisation and performance.
- ***Operational portfolios*** – local government is likely to continue to need an operational portfolio. The current orthodoxy within councils is to perhaps minimise operational buildings, to reduce overall operating costs, and in recognition that public service delivery is changing. The trend is to smaller operational portfolios, but where possible ensuring they are fit for purpose, well-maintained and well-utilised. However, with changes to overall population levels, age profile and diversity, the nature and demand for services may change. While conventional thinking may suggest that with self-service, increasing self-reliance and limited public funds, operational portfolios will continue to shrink, this may not necessarily be the case. Larger populations may place greater demands on specific services (e.g. for elderly). More diverse populations may place demands on specific types of facilities.

  Voluntary sector agencies, social and activity groupings need places to meet and there may be an increased need for such spaces provided through public agencies, to support community vibrancy in densely populated areas, as an alternative to space provided purely by the private sector on a commercial basis. In the more sparsely populated rural areas, public buildings may be required to reduce isolation and provide basic facilities. Within the new era of technology-enabled work, there may need to be premises and infrastructure provided to nurture micro-businesses, so that new companies can be easily created and grow. These will not be the traditional industrial starter units councils have provided in the past, but something altogether more different, supporting interaction, collaboration and innovation through shared business spaces. Over time, the trend to shrink operational portfolios may be reversed and an increasing emphasis also placed on 'community portfolios' – assets held in stewardship for communities (such as parks and theatres) but potentially a network of 'managed', flexible spaces provided by public bodies to support local community identity, vibrancy and prosperity.
- ***Investment portfolio*** – many local authorities, particularly lower tier authorities, hold a range of properties as part of a commercial or investment portfolio. These are often legacy holdings acquired in part for social or economic reasons, but which also provide an income stream. More recently councils have sought to acquire properties on a pure investment basis, in order to generate income to support their revenue budgets. With constrained public financial resources, this trend is likely to continue, unless government policy restricts it. However, there must be a question about the type and nature of these investments and the expertise required to grow and manage such portfolios. The conventional wisdom seems to promote the concept of creating a balanced portfolio with a mix of retail, office and industrial properties, in order to manage risk. Given trends in the digital economy, is this approach likely to remain valid over the longer term? In the current climate with rates of return on reserves very low (typically between 0.5% and 2.0%), property still presents an opportunity for better returns and with a potential for significant capital growth over the long term.

  The conventional wisdom of retaining a balanced portfolio to mitigate risk is likely to hold true during the short to medium term, but to optimise overall returns from investment, a new portfolio balance may be required - between commercial properties (industrial, offices and retail) and residential properties, where the long-term demand is likely to remain strong because of population growth. In simple terms, the demographic trends suggests that there will be a strong and growing demand for housing, but technological changes imply less demand for retail, office and industrial space as the nature of work and shopping changes. These trends are already being seen in the high street, in particular, with the growth of internet shopping. The use of housing within an investment portfolio will require new thinking and may have some specific legal requirements in terms of approach, but may also provide the greater financial returns currently being sought by councils.
- ***Portfolio segmentation*** – these observations point to the potential need to segment property holdings more explicitly, so that in reality they are managed as a series of separate portfolios, each with a distinct rationale for holding assets and with distinct management objectives. A property portfolio is not a homogenous set of assets, but a series of sub-portfolios each of which are held for a specific need, with specific objectives requiring a specific management focus and a specific set of skills and expertise. Some of these sub-portfolios consume cash while

others generate cash; some have an immediate short-term perspective to their management while others have a longer-term perspective. Traditionally the overall portfolio has been seen as a necessary but cash-consuming resource required to support service delivery. However, increasingly property is being seen in more commercial terms, with its ability to generate cash being recognised. There is no reason why there should not be an overall aim for property to move towards 'cost neutral' in the long-term, with cash-generating assets of the portfolio balancing cost-consuming assets. As the overall portfolio generates more cash, so the scope for re-investing in improving the quality of the portfolio becomes possible.

- ***Technology within buildings*** – technology, and especially data capture and its analysis using algorithms, now supports many aspects of our lives; but in this respect property lags behind. To better understand accommodation needs and how to improve property performance, there needs to be a step change in the use of technology within buildings. Application of innovative technology and data analysis techniques can control internal climate, use of utilities (such as lights and heating) and help to monitor space utilisation. As space costs money, any improvements in space utilisation can be significant [Ed – see Stephen Preece's article in 2019 Spring Terrier].
- ***Nature and design of buildings*** – the quality of building design can be a critical factor in attracting people and business. In the era of 'future cities', with the implied economic prizes for the most successful cities, every element that contributes to making places attractive needs to be explored. In the future, the quality of buildings, in terms of both the external and internal design, needs to be promoted through asset management as a key determinant of future prosperity. The quality of space is subjective and any design's primary objective for public buildings is to support service delivery. Despite this, asset management needs to argue the case that the extra costs of building quality, and the risks associated with innovation in building design, is a worthwhile investment to promote future prosperity. In the future there will be increasing competition between places, to attract businesses and people: the quality of public realm in acting as a 'pull factor' should not be under-estimated.
- ***Trend towards localism*** – changes in technology, lifestyles and working patterns may see an increasing number of people working full or part-time from home. This will require a rethink on the design of new housing; it may also create an increased demand for local hub facilities (for meetings, printing and conferencing facilities). This growth in the 'cottage industry economy' is in some ways counter intuitive to the strategic nature of asset management. Asset management will need to determine the scale, nature and location of such support facilities, and recognise the potential requirement for local, neighbourhood buildings support.
- ***Asset ownership*** – Traditionally, councils have owned property that they have needed to provide services. Recently property has been seen as an overhead cost or a liability which needs to be reduced; hence the rationalisation of operational properties. It is likely that the drivers of efficiency and economy will sustain this trend, but this is not a given. The future may be characterised by 'flexibility' – dynamism in terms of how business develop, change and how people view their work and living patterns. This may mean the provision of easy 'in and out' facilities which businesses, voluntary and community organisations can use. Essentially this could be 'managed space', which in the context of future cities and promoting the importance of public realm, councils will be well placed to provide. As yet, the potential value of public bodies providing and exploiting 'managed space' at connectivity points in emerging mass transport systems has not been considered.
- ***Blurring of discipline boundaries*** –increasingly, government policy initiatives are encouraging public bodies to work with private sector organisations and to adopt techniques used by the private sector. This may mean boundaries between property asset management and corporate real estate management may become confused. Similarly, the relationship between property asset management (concerned with the size, nature and performance of portfolios) and facilities management (concerned with services to and within buildings) are likely to overlap. This may add further confusion to the nature and purpose of asset management and a need continually to define and promote its distinctive role.
- ***Professionalism*** – Currently, property asset management is not recognised as a distinct, specific profession. Indeed, its nature and role is largely misunderstood and the discipline boundaries, if any exist, between other activities like FM, property management and estates management not recognised. In the infrastructure world of utilities and civil engineering, there are signs of an emerging global profession with formal standards, examinations and qualifications through the Institute of Asset Management being adopted in many countries world-wide. Peculiarly, property asset management has not sought to participate in this and in many ways its professional profile is receding. Looking forward, however, and with the critical and strategic nature of the role needed for managing publicly-owned assets, the need for reassessment of the professional standing for property asset management becomes more apparent.

Conclusion

The profile of property asset management as a discipline has perhaps fallen in recent years, after its emergence in the late 1990s and early 2000s. It does, however, have an opportunity to reassert its importance and role in light of emerging global trends. These trends collectively point to a future in which increasingly, people live, work and play in densely populated urban areas and that all these elements of life will be different to those that exist today. How we work, live and play may alter substantially. However, all these elements of activity will happen somewhere – they will need 'places' and 'spaces'. Future cities are the emerging global economic prize that national economies are competing for; to achieve this, they need to be made exciting, vibrant, well-connected areas, with appropriate facilities to allow people to interact and businesses to flourish. This will require many key elements such as good connectivity (physical and digital), sustainable use of resources, and a culture supporting diversity. A critical component in this recipe for successful future cities, overlooked in the current literature, is the quality and nature of the public realm - the physical infrastructure that make cities work and that can make our city unique.

For property asset management, there is a specific challenge, as the global macro trends present some ambiguities, contradictions and even conflicts, which makes it difficult to know how to plan and respond. In addition, asset management will need to operate in an environment of continued scrutiny by clients and regulators, with additional demands placed on it by legislation, accountability and transparency. However, the future does also present the discipline with an opportunity – one that positions it in a pivotal role, being the 'glue' that can make future cities successful. While in some ways this can be recognised as an obvious and natural role for property asset management, it is not one that should be taken for granted. Rather, the discipline needs to take a proactive, positive approach to it; positioning property asset management as the critical strategic element in future community prosperity, rather than simply a subsidiary

Ben is Head of Strategy and Performance at Homes England.

Homes England

HOMES ENGLAND PROGRESS

How Homes England is challenging the status quo

Benjamin Clayton - Benjamin.Clayton@homesengland.gov.uk

At ACES AGM last November, Tom Walker, then Deputy Chief Executive of Homes England, gave an enthusiastic account of the aspirations of Homes England, including the launch of its 5-year strategic plan. Homes England is never far out of the planning and surveying headlines and here, Tom's colleague Ben outlines some early successes.

Strategic plan and funding

Last year at Homes England we launched our 5-year strategic plan. It set out our mission and laid down a challenge for the industry. We simply cannot deliver alone the homes England needs. More of the same just won't cut it; we must collaborate with partners in a creative way, to challenge the status quo.

The government has a clear ambition to increase levels of housebuilding and deliver on average 300,000 new homes a year, and we're committed to accelerating construction in areas where demand is acute, to help create great places.

While doing so, we also need to make sure the support we provide is right for each local area. In our strategic plan, we highlight our commitment to a place-based approach, working alongside civic and business leaders, combined authorities, county, borough and district councils, and local enterprise partnerships.

This approach is already starting to pay dividends. The £450m Local Authority Accelerated Construction programme

(LAAC) really highlights how we are working differently, to help ambitious local authorities overcome barriers to development, and unlock the land needed to deliver new homes. We are collaborating to find the best solution for each place to deliver the homes needed for each community. The funding deals are already seeing more homes being delivered at pace.

Lincoln street scene visuals for the Western Growth Corridor

Case Studies

Through the Local Authority Accelerated Construction programme, over the last few months, Homes England has agreed funding deals with 12 local authorities, to deliver 4,000 homes across England. This funding will help local authorities to accelerate housing delivery, by enabling them to prepare sites for development and bring forward the construction of new homes, incorporating modern methods of construction.

The funding, totalling £55m, will support local authorities with a range of work required to prepare their sites for the development of new homes, such as infrastructure enabling works, planning and technical expertise, and site remediation.

Eastleigh

Of the 4,000 homes, 1,400 will be built on a 400-acre site at Horton Heath, Eastleigh. Eastleigh Borough Council purchased the site in 2018 and the development will benefit from £20.8m of LAAC funding, to accelerate the delivery of a mix of 1, 2, 3, and 4-bedroom homes, including a minimum of 30% affordable housing.

Leicestershire

In Leicestershire, a £13.2m funding deal has been agreed with Leicestershire County Council, to kick start the development of land in Melton Mowbray, Lutterworth and Snibston, Coalville.

In Lutterworth, it will be used to facilitate infrastructure, predominantly a new access road, to open up a 44-acre site for the development of 649 new homes.

£4.4m will also contribute towards infrastructure costs, to support the development of 290 homes on a site to the north of Melton Mowbray, close to the A606 Nottingham Road.

Both the Lutterworth and Melton Mowbray sites will involve the use of modern methods of construction to accelerate delivery. Meanwhile at Snibston, the funding will support the redevelopment of the land for 144 new houses, as well as wider regeneration of the area.

Lincoln

In Lincoln £2.1m of grant funding has been agreed with the City of Lincoln Council. The funding will unlock the development of the first phase of the Western Growth Corridor Sustainable Urban Extension (illustrated).

The Western Growth Corridor is close to the city centre and represents a major opportunity to deliver 3,200 new homes and create an attractive place for people to live and work.

The site has been allocated under the Central Lincolnshire Local Plan, but is a large and complex project requiring significant upfront infrastructure, to unlock and create a developable site.

Through the provision of £2.1m of LAAC funding, the development will be accelerated by 2 years and will enable development of 52 new homes on land owned by City of Lincoln Council.

The LAAC funding will facilitate enabling works, including construction of a new road junction into the site at Skellingthorpe Road, effectively opening the site for development. A further 130 new homes will be funded and developed by Lindum on its land, which will be made possible because of the new road junction.

Ed – Some statistics: 'The Planner' reported on 24 June that Homes England had completed over 40,000 houses between April 2018 and March 2019. During the same period, over 45,000 homes were started on site, under programmes managed by HE – the highest levels of completions and starts for 4 and 9 years respectively.
Of the completions, almost 29,000 (71%) were for affordable housing; of the starts, over 30,000 (67%) were for affordable homes, which is 10% higher than recorded in the previous year. it includes all tenure types, of affordable rent, shared ownership and rent to buy, and social rent (the statistics are from Homes England's website).

Jackie has 30 years' experience in property, specialising in public-private sector partnerships. From 2014 to 2016, Jackie was Specialist Adviser to government on urban regeneration. She is the founder and Chief Operating Officer of UK Regeneration (UKR), developing new models of housing delivery, currently bringing forward 1,500 homes in Biggleswade, Bedfordshire.

NEW COMMUNITIES

Fighting the blob

Jackie Sadek - jackie.sadek@ukregeneration.org.uk

Jackie gave her typically inspiring presentation in September 2018 at ACES National Conference in Cambridge [see 2019 Asset]. At that conference, she promised to update progress almost a year on. "As a self-styled housing disruptor, UKR is now on a messianic mission to prove that you can build homes commercially, at pace and in volume, to a high design quality, in places where people wish to live."

The housing crisis

Our tumultuous national politics may be dominated by a single issue right now but - underlying everything - we still have a formidable housing crisis. And there aren't that many real ideas forthcoming as to how to meet the challenge. This summer we have had a rash of announcements from Her Majesty's Government on housing, and (joyful thought) we're set for yet more over the conference season. Many of them will spout warm words about diversifying and modernising the market and much will be made about "encouraging new entrants and market disruption".

But it is all very well for the government to talk glibly of "encouraging disruptors" in the housing industry. It is seriously hard to break into development. Even harder to break into house building. My own company, UK Regeneration, is still considered a start-up. And we've been at this for over 10 years!

And for those (long) 10 years, UKR has enjoyed a long and close association with ACES, whose encouragement and support to my little band of sisters and brothers has been invaluable. So I would like to thank you all. And I am delighted to be able to announce that after several false starts, finally this year, we have made the breakthrough.

Biggleswade planning permission

UKR has recently received a planning permission for 1,500 homes on part of a 1,000 acre site, situated to the east of Biggleswade, a market town (with a delightfully Harry Potter type name) on the A1 in Central Bedfordshire. Happily, the site is slap bang in the heart of the Oxford-Cambridge Arc, and is immediately adjacent to the proposed route(s) for the East West Rail. I'd like to say this was all in the cunning plan, but I am afraid that would be a fib. But after our many failed developments in cities like Nottingham, Derby and Sheffield, and all the wasted resources entailed, I guess we were due some good luck sooner or later.

So, as a self-styled housing disruptor, UKR is now on a messianic mission to prove that you can build homes commercially, at pace and in volume, to a high design quality, in places where people wish to live. And that you can do this without riding roughshod over the existing community of the host settlement, nor compromising the built environment.

We acquired the site in Central Bedfordshire in early 2016, buying it outright at the asking price. Then the North West end of the site was allocated for housing in the emerging Draft Local Plan of Central Bedfordshire Council at the start of 2018, and in March 2019 we secured an

Extracts from
Development Brief

Countryside fringe housing

Small scale residential streets

Central focal spaces and village hubs

Flats and townhouses fronting spaces

Housing lining green corridor

Housing facing onto linear parks

outline planning permission for the 1,500 homes of that allocation. People have very generously complimented us on getting such a swift result; I am afraid that to my backers and funders the progress seemed glacial. But hey! Our funders always provide a welcome reality check, as they do not come from the property industry.

Partnership working

The UKR ethos is one of partnership, much of which has been informed by our long association with ACES. So it won't come as a surprise to readers that UKR is working closely with Biggleswade Town Council, to develop a coherent and integrated Neighbourhood Plan for Biggleswade. And that we are working closely with Homes England on a Housing Infrastructure Fund bid to deliver increased power, more secondary school places, and extensive transport improvements. And we are working with South East Midland Local Enterprise Partnership to deliver innovative public transport solutions, as we intend to deliver an exemplar Garden Town, which will unite the "old" with the "new" in one community.

When UKR commissioned HTA Design (chosen through a rigorous competition process, chaired by Paul Finch of the Architectural Review) to produce a masterplan for our site, our brief was to design the first of a series of villages emerging from a country park. We felt that too many urban extensions are manifested merely as a characterless "blob" (this is an important technical term for all ACES members) on the edge of the existing settlement. Needless to say, we wanted to deliver the opposite of a "blob".

We will only develop 40% of the site for housing; the rest will be given over to woodlands, walkways, cycle ways, allotments and playing fields, dovetailing with a brilliant local initiative known as "the Biggleswade Green Wheel". And we are pledged to introduce far more diversity than what we have inherited.

The core UKR client team is comprised of a number of urban regeneration practitioners, all ex public servants, and we have a solid sense of the need to forge a new community that will be welcomed by the existing residents.

One of the fundamental tenets to the UKR team is a fervent belief that the experts in any place are the people who live there. Our start point was to understand the history of Biggleswade as a place for market gardens and growing food, and its relationship with its road and railway, supplying food to London for over 200 years. The Biggleswade History Society has proved an invaluable ally and partner to us. We have been working closely with Biggleswade Town Council since we acquired the site, having regular meetings and sitting on the Neighbourhood Plan Working Group. We've lost count of how many meetings we've had with local scouts, football clubs, church groups and all other community groups. We undertook extensive public consultation right through 2018 and our reward was that we were commended by Central Bedfordshire Council at our planning committee hearing in February for "doing things properly".

And town centre regeneration was always our first love. So UKR has a policy of "Biggleswade First", by which we have committed to driving all the commerce that we generate into the existing town centre. We have purchased 2 listed pubs in the middle of the town which had ceased trading, and we are now repurposing these for a new future. We hosted a visit by the Grimsey Review Team recently, where Bill Grimsey and his colleagues gave us their ideas for the future of Biggleswade town centre. And we are applying to the government's Future High Streets Fund for support for Biggleswade. Well, why wouldn't you?

All of this activity was further boosted at the end of June when Biggleswade was designated a "garden community" in the 19 new garden settlements announced by the MHCLG Garden Communities programme. A total of £2.85m was pledged by the MHCLG to "support the development of plans for housing", with each project receiving £150,000 "to progress planning applications and specialist reports needed before homes are built". It goes without saying that we were thrilled, more by the designation than the funds to be honest.

What's next?

Well, for Biggleswade we are currently developing the reserved matters application for our first phase, which will be 240 homes, above national space standards by as much as 25%. We are pledged to finding new models of transportation and to getting people walking and cycling whenever possible. And we are working

Housing around a landscaped space: Hanham Hall, Bristol - HTA Design

Characterful architecture

Village hubs and spaces

Civic squares and meeting spaces

Landscaped focal points

Architectural detailing

Living in nature

Countryside views maximised

with Biggleswade FC and other football and sports clubs in Biggleswade, to devise an integrated sporting offer to encourage as many Biggleswade people, young and old, to take up outdoor activities. We are funding health provision with the local Clinical Commissioning Group and we are developing provision for well-being. We are seeking to provide a place where our visitors can thrive, alongside our existing and new residents. Our work on the Biggleswade First programme is a loud celebration of the history of Biggleswade as a place to grow food and we are facilitating new food experiences, farm shops, delicatessens, specialist food shops and kitchens, starting with the repurposing of the 2 town centre pubs and working with local farmers' groups.

Whew! And after all that, we will be seeking to take this methodology to pastures new. So if any members of ACES are seeking in their local authority areas to design an extension to a market town that is not a blob, then please do not hesitate to get in touch. It is truly tough to be a new entrant to housing development, but we believe we do now have our foot firmly in the door. Well, let's hope so. It's been a long time coming.

The UKR company motto is "everybody deserves better" and we intend to deliver better.

Richard is the Managing Director of Project Stackhouse, an innovative housing developer and creator of new sources of revenue for local communities.

HOUSING DELIVERY ALTERNATIVE

Please don't sell the family silver

Richard Kennedy - richard@projectstackhouse.com

Richard was a delegate at ACES National Conference in 2018. Jackie Sadek blew his cover while she was lambasting the volume housebuilders, to say that Richard was an innovative developer whom ACES members should talk to. This article gives good reason to do so, as offering an alternative way to influence and deliver housing.

An alternative approach

There is a shortage of housing across the UK. In addition, public sector finances are stretched; this is particularly true for local authorities and NHS Trusts. Because of these factors, it's tempting for local councils and other public bodies to sell their assets for some much-needed cash. This is particularly enticing when the land can be sold for the delivery of housing that local people on modest incomes can afford to buy. It gets even better if the housing is delivered using modern methods of construction, thereby increasing quality and reducing time. A great example of this is the recent deal announced between Boklok (Skanska + Ikea) and Worthing Council for the development of 162 apartments. There is lots of encouragement for this approach from central government organisations such as Homes England, One Public Estate, etc.

A lease option?

But what if there was another approach? A deal that did not involve selling public assets for a one-time capital receipt. What if instead, the public sector organisation retained land ownership and granted a medium-term lease and in return, they received an ongoing lease payment for the use of its land, and a guarantee that at least 50% of the homes would be provided at affordable rents. And at the end of the lease term, the buildings transfer into the ownership of the public landowner. This way the land always remains in the ownership of the community. For instance, a local authority could grant a 50-year lease for development of 150 homes. Once construction is complete, the landowner would receive a lease payment of £120,000 p.a. index linked for the duration of the lease.

We believe this approach is better than selling land and deserves greater consideration by public landowners and their advisors.

In this example, the public body retains land ownership for the benefit of future generations, gets 75 affordable homes for rent, and an ongoing (index linked) revenue stream. The revenue can be used to pay for the provision of vital public services. At the end of the lease term, the landowner gets the full benefit of the buildings. The scheme is tenure blind and all of the residents have shared access to all of the amenities. There are some added benefits - the land owner can transfer away all commercial risks (planning, development and management, etc.) if it so chooses. The size of the development can vary, and this approach is particularly suited to land which might benefit from future infrastructure investment, such as a new railway station or the redevelopment of an existing estate. This means that as the value of the land increases, the public authority is the long-term beneficiary, not the developer. This approach also disincentivises land banking because the clock is ticking on the lease agreement.

Of course the lease payment varies, depending on a multitude of factors including local rents, construction costs, planning status, etc. From the very beginning, we seek to work through these issues in an open book basis and in a collaborative manner with the local authority,. Our developments are funded by institutional investors such as pension funds, who are interested in long-term stable income streams. These organisations are not interested in making a quick buck. They have a vested interest in providing high quality homes and supporting the success of the community.

We are not suggesting that councils or public bodies should stop selling land or entering into JVs with developers for housing provision. But we are saying that there are alternative methods for delivering housing, and creating new sources of income that should be considered. We are also not proposing to carry out the development instead of the council's regeneration and housing teams. We very much see our business methods and proposals as a way of providing additional capacity and accelerated delivery of housing that local people can afford.

Other advantages

This proposition does not require an OJEU procurement process; best value can always be demonstrated; housing standards are adhered to; and often times, we seek to future proof our developments by exceeding existing standards. We seek to enhance the public realm and provide homes that people will be proud to live in. Well-being and reducing the carbon footprint are also core to everything we deliver. We seek to bring forward new developments that are genuinely great places to live, regardless of your age, income or circumstances in life. Everything we do is based on the principles of the circular economy, but rooted in finding a balance between social, economic and environmental drivers.

The downside with our approach is that there is no upfront cash. But then again, the family silver tends to only go up in value.

INFILL HOUSING
The homes hidden in plain sight

Tim Young - tyoung@jrp.co.uk

We all know that when it comes to the subject of affordable housing, 'more is more'. Like the rest of the UK, London has a housing crisis and with a population set to hit 10 million in the next decade, it is only going to get worse. Tim talks about the hidden homes lying in plain sight. This is a topic I keep featuring, to draw attention to real and imaginative opportunities.

Tim MRICS, BSc (Hons) is one of the equity partners of John Rowan and Partners; having joined in 1988 he has over 30 years' experience of successfully delivering new build affordable housing. He is the head of our Hidden Homes team and is currently working with various London boroughs and registered providers on their Hidden Homes programme

The fact that the UK has a housing crisis is sadly nothing new; neither is the debate which rages around it. While the basic issue is that we simply haven't built enough homes to meet demand, people are still arguing whether it is down to poor planning, land banking, rising land prices, or the reliance on a small number of large developers. But I think we all know that the answer lies in all of the above.

With some London boroughs spending upwards of £60m p.a. on temporary housing, all options for delivery of more social housing must be explored.

While I don't have the solution to fix the housing crisis (yet) there is certainly a missed opportunity in London to deliver more housing, by identifying the hidden plots scattered across the boroughs. The subject of unused space has been discussed before, but it is still not being taken seriously. Opportunities to get people into homes are being missed. I truly believe that hidden within the large housing portfolios of London's 33 local authorities and multiple registered providers is the ability to increase the housing stock by 5–10%.

Barking and Dagenham development - Image supplied courtesy of Peter Barber Architects

What are hidden homes?

Most owners of social housing stock have reviewed their portfolios for development options. For some, this was a review of redundant stores and under crofts, as well as the larger, more complex and politically challenging regeneration schemes. However, we would suggest that hidden homes should be defined as **any opportunity to build additional homes on owned sites or buildings.**

For example, we are working with a registered provider on the regeneration of a North London development, only built in the late 1990s, where the current provision of approximately 200 homes can be increased to nearer 700 homes. With values in excess of £1,000/sq. ft, significant additional social housing can be provided, as well as a cash surplus.

Following the end of the Haringey Development Vehicle and a move away from large-scale regeneration schemes, less challenging options need to be considered. The planning climate has also changed, with a greater acceptance of optimising densities to provide additional homes – which means that where a

Argyll House - Image supplied courtesy of MEPK Architects

review of the stock was undertaken more than 3 years ago, it is likely that further opportunities would be identified now. For example, 5 years ago I don't believe that anyone would have anticipated that you could develop the 14-house scheme that has recently been built on a 10m-wide grass verge in East London.

Every social landlord should be able to answer the question: **"How many additional homes can I build on my existing stock and land?"**
When we review development opportunities, we consider:

1. Regeneration – retaining communities (but not buildings)
2. Partial regeneration – on a site in East London, the demolition of a small 2-storey block of 8 flats would enable a new block of 36 homes to be developed
3. Infill – these are often the sites which have been reviewed, such as garage sites and spare land on estates
4. 'SLOAP': Space Left Over After Planning – This can be land at the end of 1950s/60s blocks. An example by MEPK Architects in Mile End provided 30 apartments over 11 storeys on redundant land at the blank end wall of a 9-storey 1950s block (Argyll House)
5. Rooftop – with the Mayor's funding, the challenges around rooftop development are reducing. Larger estates with multiple blocks are often best suited to this. And always check for development potential prior to undertaking roof replacement
6. Under croft/stores – any redundant spaces, such as unused stores or under croft car parking or garages, within buildings where additional homes could be created.

An example of an optimised site in London which the planners are supporting is at Royston Court (see over). The existing plans for 18 2-bed homes have been increased to 33 homes of varying sizes, to meet local housing need (See over).

Enlightened authorities have realised that the review should not be restricted to the Housing Revenue Account land, but also include General Fund sites and highways land. We have found that a combined review of these 3 elements provides more than the sum of the individual 3 elements reviewed in isolation.

A good example of this is a garage site on an estate, identified from the asset register, which would provide for 60 flats. But a review of the HRA land identified a further 2 identical sites where the garages have been demolished, so they were not on the asset register, which would provide for a further 120 flats.

So what's stopping them?

In our experience, one of the biggest challenges to the development of these spaces comes down to the departmental structure of many local authorities and registered providers. The responsibility for developing these sites falls between the development and asset management teams – and as a result they are often missed.

For the asset management team, the focus is on the efficient management of its housing stock and achieving high levels of resident satisfaction. And any change, be it regeneration, rooftop development or an infill scheme, can cause residents' satisfaction to drop.

In contrast, the development team is under pressure to deliver homes and, understandably, its focus is on larger scale projects. Due to the nature of hidden homes, the projects tend to be smaller, more management intensive, and can stretch the limited resources of the development team; from our review of an East London borough's stock, 20% of the 700 homes identified were single- or 2-house plots.

Identify, adapt and overcome

It is fair to say that there are certain challenges with delivering small schemes, but with the appropriate planning and project management, the building of new homes on 'free' land should be a no-brainer and worth the effort. And with an appropriate tenure mix, the delivery of the additional homes can be self-funding.

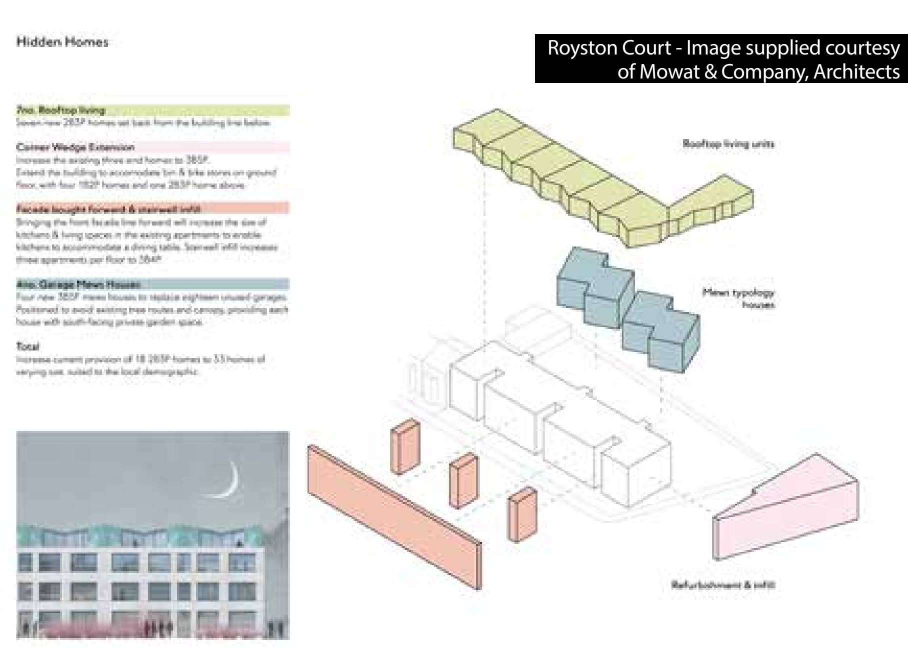
The first step is to undertake a review of your housing stock and identify how many homes you could create on your existing sites, whether through rooftop extensions, infill spaces or the redevelopment of garage areas. Once undertaken, you can calculate what the return on them would be.

Armed with this data you will be in a position to develop a strategy to deliver the different types of hidden homes in your portfolio. How these are delivered will depend on the nature of the space. For example, the development team could carry out any infill or back land projects; a specialist consultant could be brought in to project manage a rooftop extension, and the existing regeneration team used for any larger brownfield sites.

The management and input required from the organisation can be minimised by use of an experienced construction consultant. Using a third party, who has the skill and experience of working with existing residents as well as new build developments, can provide the necessary resource to get a hidden homes project off the ground.

The cost per sq m can be significantly higher than larger developments – up to £3,500/sq m. However, there are very few, if any, areas in London where you can buy a 2-bed flat of 70 sq m for less than £245,000 (ie. break even).

Once the homes have been identified, the appropriate procurement route can be chosen. This could be anything from using existing development teams; or development partners for the larger schemes, such as a local authority using a registered provider, with appropriate experience to assist; to specialist small sites teams, between which several RPs have established an open book approach with 2-stage lean delivery; and with an experienced employer's agent on the very small sites.



Royston Court - Image supplied courtesy of Mowat & Company, Architects

Every little helps

These secret sites can deliver new homes at zero land cost, or zero costs with a planning-compliant tenure mix, and improve asset

Case study – East London borough: Review of garage sites - 700 homes from 200 sites

At John Rowan and Partners, we identified the potential to develop 700 homes from approximately 200 sites containing 3,000 garage units. The innovative design on McGrath Road enabled 26 houses to be developed (saving the costs of common parts) on a site initially identified for 20 apartments.

This would generate a **surplus of £11m**, based on average sales values of £500/ sq. ft and the following tenure mix:

- 50% private sale
- 35% shared equity (assuming 50% purchase)
- 15% affordable rent (at 80% of market rent).

If the sales values are £750/sq. ft, which is not unusual in large parts of London, the return on these 700 homes could be **£93m**.

A review of the HRA land in 3 wards identified a further 110 homes, which if repeated in the remaining wards, would give a total of approximately 1,500 homes across the borough.


East London development - Image supplied courtesy of Peter Barber Architects

performance and resident satisfaction. While a challenge, they are already well connected to the community and make use of the existing local shops and transport links.

In addition to the obvious benefit of delivering new homes and receiving revenue, by linking the work to the Planned Preventative Maintenance (PPM) programme, it can significantly reduce the PPM expenditure. By coordinating a rooftop development with the window replacement of a housing block, significant savings can be achieved in costs such as scaffolding.

Our advice is simple: if you think you may have unused space, come and talk to us. Using our hidden homes viability model, we have been working with clients to review sites quickly, take into account planning restrictions, costs and values, and provide them with an individual site appraisal. We can vary the tenure mix and the financial model, to align it with your available funding and housing objectives.

The Mayor's grant of £100,000 for each social rented unit significantly assists with viability. Payback will be relatively short, compared to spending £20,000 a year to house a family in less-than-ideal temporary accommodation.

By making the most of their existing land and buildings, local authorities and registered providers can deliver more housing and a positive return for their accounts. I firmly believe that if all the boroughs and registered providers in London undertook this process, they would identify thousands of housing opportunities. These numbers aren't going to solve the housing crisis on their own, but it's a step in the right direction, and will provide much needed housing at the heart of the demand.

In summary I suggest that landlords should identify what opportunities they have, prioritise those giving greatest returns, and develop strategies for delivery.

Francis is a Partner in Carter Jonas' National Strategic Land team with over 13 years' experience providing advice on strategic property assets. He focuses on master planning, and delivery and viability analysis to maximise the opportunity and value for corporate public sector landowners, particularly on new settlements and brownfield land assets with infrastructure constraints and unestablished occupier demand profiles. He has a strong understanding of policy issues, including the application for - and distribution of - public sector infrastructure funding. Key skills include strategic advice on residential land schemes, both urban extensions and new settlements; s106 negotiations; financial viability appraisals; market intervention and plan making; and 'value capture' analysis.

DEVELOPMENT CORPORATIONS

Locally led new town development corporations

Francis Truss - Francis.Truss@carterjonas.co.uk

Francis outlines the possible advantages to establishing locally led new town development corporations, as a strategic tool to accelerate housing development and associated infrastructure. Final government guidance is expected shortly.

Background to development corporations

Development Corporations – in a UK context – have come forward in various forms over the last 70 years, with differing relationships to the usual system of town and country planning:

- New town development corporations were set up for all the post war designated new towns in the UK with a focus on large scale housing delivery. e.g. Milton Keynes Development Corporation
- Urban development corporations were established from 1981 to address regeneration in already built-up areas, with a focus on jobs as well as homes. e.g. London Docklands Development Corporation
- Mayoral development corporations have existed since 2011 (London)

- and 2016 (Combined Authorities) e.g. Old Oak and Park Royal Development Corporation
- Locally led new town development corporations were first identified in the 2017 Neighbourhood Plan Act. Following the government response to consultation (May 2019), the final guidance is expected shortly. e.g. North Essex Garden Communities, an aspiration to bring forward circa 43,000 homes, starting as early as 2021.

New regulations

Locally led new town development corporations seek (through amendments to the New Towns Act 1981) to create a new, parallel route for the creation of development corporations which do not rely on central government selecting specific areas for the establishment of such bodies. These development corporations will have responsibility for master planning and project development, bringing on board private investment, partnering with developers, and overseeing the completion of new settlements. Applications to the Secretary of State will request that an order is made to:

- Designate an area to be a new town
- Appoint the local authority (or authorities) as the oversight authority
- Establish the new town development corporation.

The act of setting up and resourcing such a development corporation over, say, the initial 5 years (including master planning a site and getting planning permission) could have a cost in the region of £5-10m.

Rationale and comparison to the status quo

Locally led new town development corporations reflect public policy frustration with the pace of the development of new settlements, a perceived potential for 'back loading' infrastructure provision, and a lack of local control/accountability. The extent to which they are better placed to address these concerns (given that LAs already hold most of the appropriate powers) is open to debate, albeit the specific focus on new towns may increase LAs' appetite and focus on this area.

Unlike urban development corporations, locally led new town development corporations will not be autonomous within a defined area but will – through the oversight authority – ultimately be controlled by relevant LAs. This could have advantages in terms of accountability and local 'buy in', but clearly brings political risk into play (e.g. changes in LA control) and limits the operational freedom of the organisation.

The significant area of benefit should be the access to funding. The guidance says that government investment will work on a 'case-by-case' basis, with each one receiving different settlements based on the strength of their proposal. While LAs can bid for various elements of government funding, this creates a structured route and no caps or restrictions have been put in place, as of yet. This structured approach should create a more attractive proposition for private sector investment partners (based on investment in servicing infrastructure and land).

From an investor/landowner/developer standpoint, the scale of infrastructure costs to deliver serviced plots on new settlements is very significant (figures of £30-60,000 per house are not unusual). Having a public body with the ability to invest should be attractive to many stakeholders, depending on the specific structure and partnership arrangements which are negotiated.

Based on the draft regulations, compulsory purchase order (CPO) powers and the confirmation of local development orders still sit with government; the tests for acceptability will not differ from existing legislation. However, having a designated development corporation, with robust governance procedures and a delivery plan in place, should reinforce the credibility of LAs to bring development forward.

A continual area of debate is the acquisition price of strategic land (prior to consent and/or infrastructure development). LAs/development corporations can seek to purchase land like anyone else in the market, although in the event that this is unsuccessful, CPO powers could be used, governed by the Compensation Code.

Proving the case for a confirmed order

The areas which must be proven for a confirmed order to be put in place get to the crux of whether locally led new town development corporations are able to meet LAs' aspirations to a greater extent than existing delivery mechanisms and public policy levers:

- **It is the best route to deliver the settlement, as opposed to another private or public-sector led delivery model.** If landowners are contractually aligned (even if holdings are fragmented) and a 'credible' master developer is in place, then this will likely be hard to prove
- **The full scheme is deliverable.** New settlements often have marginal viability due to up-front infrastructure costs and the need to establish development in a 'new' location. A development corporation may be in a better position than, say, a collection of fragmented landowners – to meet this challenge through access to long-term, 'patient' capital and other direct LA investment (e.g. partnership using the Housing Revenue Account funds). However, it will need to consider any State Aid implications, and ascertain why such 'innovative' funding sources couldn't be achieved by another 'credible' master developer
- **Place making and longer term stewardship.** Given the typical aversion of LAs to fund the liabilities from the maintenance/running of public assets, a self-funding arrangement in new settlements could be a pre-requisite for such schemes. The mechanisms which can be used are likely to be broadly similar to those which 'credible' master developers can establish.

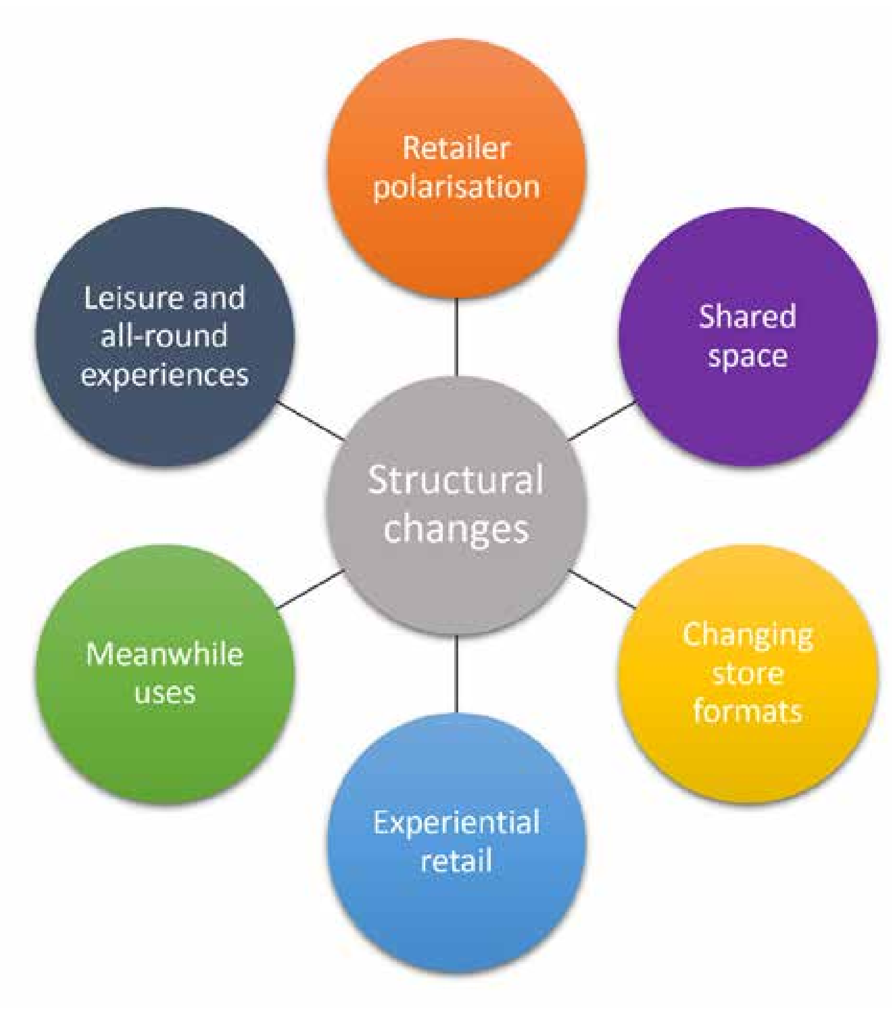
Chris is an Associate in the Planning & Development team at Cushman & Wakefield, advising public and private sector clients on retail planning and town centre strategies across the UK.

AILING HIGH STREETS

High streets and the role of local authorities in town centre regeneration

Chris Watts - chris.watts@cushwake.com

Chris made a presentation at a recent ACES Eastern meeting and he kindly agreed to write an article. Retailers that stand still go out of business. Similarly, town centres that do not embrace change struggle to attract investment and fail to serve the needs of local communities. In this article, Chris explores why every town centre – or high street – needs a vision and a positive plan for change. Many town centres are failing to adapt to online shopping habits and the threats out of town. With managed decline not a winning option, local authorities must drive forward the significant interventions required.



High street challenges

Since the 1980s, national planning policy has encouraged a 'town centres first' approach, seeking to direct retail, leisure and office developments towards town centres; though with mixed results. An all-too-familiar trend has been the decentralisation of retail activity into superstores and retail parks, which have increasingly threatened our town centres, as they sell more and more goods traditionally sold on the high street.

The high street is firmly in a state of flux. Recent casualties are not limited to retail, but also restaurants (e.g. Jamie's Italian) and other leisure uses (e.g. Hollywood Cinema).

Trading conditions are tough, driven for the most part by the ongoing shift to online and changes in consumer behaviour. More recently, the 'perfect storm' has been compounded by rising costs such as business rates and adopting the minimum wage, not to mention Brexit-related uncertainty.

The real driver of change is structural, however, with online sales now accounting for nearly 20% of total retail sales (compared with just 3% in 2007). The next 10 years is likely to see online sales reach 30-40%. While that does not mean 30-40% less retail space, it is apparent that many town centres have too much retail space overall.

This online growth has led to declining footfall on the high street and, to a lesser extent, within shopping centres. Out of town retail parks, with accessibility and free car parking, are bucking this trend – but even these are seeing vacancy rates increase due to the failures of Maplin, Toys R Us and others.

The diagram (opposite) considers how the retail sector is responding to these structural changes:

- Retailer polarisation – Retailers are future-proofing their store portfolios and downsizing to a smaller number of prime locations, leaving large voids in many town centres (e.g. BHS)
- Shared spaces – We are seeing greater collaboration between retailers (e.g. Sainsbury's and Argos), and the rapid rise of co-working space and ancillary facilities
- Changing store formats – Major retailers such as M&S and Next are adapting to the click-and-collect market and developing large out of town formats, often at the expense of their high street stores
- Experiential retail – As consumers become more demanding and less loyal to brands, retailers are improving their in-store experience, with an emphasis on visual merchandising and digital interactions
- Meanwhile uses – High streets need to provide better experiences, too. The temporary use (or development) of vacant or under-utilised spaces can transform them into vibrant and innovative destinations
- Leisure and all-round experience – Retail is not the panacea, with shops no longer enough to attract visitors to a town centre. Leisure has been an increasing component of new schemes in recent years, with consumers seeking experiences over physical goods.

Every town centre faces a unique set of challenges, but many share a common problem: an over-supply of space on the back of retailer failures and shrinking demand. The way they adapt to this trend will be critical to their future prosperity. Significant interventions will be required, with local authorities taking a lead role.

A five-point plan

This brings me to conclude with a five-point plan for town centres:

1. **Overarching town centre strategy: beyond retail**
   Retail will remain a driver of town centre activity and important to any strategy – but local authorities need to think beyond that, as retail becomes a decreasing component
   Diversifying and repurposing town centres with a greater mix of uses, including shared spaces, will be necessary. Clearly planning policy has a role in terms of allowing flexibility for a range of uses while, in the case of residential development (controversially in some areas), relaxing affordable housing requirements where justified. As well as supporting viability, this could have the added benefit of re-balancing the demographic of a town centre's population.
2. **Using public sector assets**
   Public sector assets are often inefficient, costly to run, and a less than optimal use of land – and releasing them for alternative uses can be key to unlocking or delivering town centre regeneration.
   The national programme for One Public Estate underlines the value of the public sector organisations working together and taking a strategic approach to asset management. As well as delivering new facilities, there are additional potential benefits to local authorities, in the form of revenue streams and capital growth, at a time when budgets are being squeezed.
3. **Public realm improvements**
   A main ingredient for successful town centres is high quality public realm, which helps to create the conditions necessary to attract and retain investment – and can significantly increase the value of property in an area.
   Good place-making also provides opportunities for meanwhile uses and events, which improve the town centre experience and boost levels of footfall and dwell time. This, in turn, can make town centres more people-friendly by improving safety and security.
4. **A town centre brand or unique selling point**
   All successful businesses have a strong brand or unique selling point, so why not town centres?
   A town centre must be distinguished from others in a market that is increasingly competitive. For too long we have seen 'clone' high streets, with the only differential being their location. Part of this branding is about using digital capability to promote a town centre and various marketing initiatives, perhaps tapping into an area's cultural offering and other attractions.
5. **Accessibility and car parking**
   Finally, accessibility and car parking are fundamental to the town centre experience. At a time when consumers have more choice and less time, town centres need to be convenient places to visit if they are to compete successfully.

   Public transport clearly has an important role, but the private car cannot be overlooked, especially given the importance of the 'grab and go' and 'after school run' markets that underpin the vitality of many high streets. Is there a potential solution in high street de-pedestrianisation and/or flexible car park tariffs?

ACTIVE STREETSCAPES
How to improve the street scene

Alex Mowat - alex@mowatandco.com

Alex is the founding Director at Mowat & Company who has a particular interest in using design to solve property problems and unlock the hidden potential, from large estates to small backland sites. He has led the design team for many award-winning projects including Bermondsey Island Housing and the Falmouth School Design Studio. He is also interested in timber as a sustainable material. With 23 years of experience, Alex has acquired a large network of collaborators, who are the very best at what they do.

Alex worked at Sir Michael Hopkins & Partners and Alsop Zogolovitch before setting up Mowat & Company in 1996. He is a member of The Royal Institute of British Architects (RIBA) and The Architects Registration Board (ARB). He also acts as design advisor to Brent Council as part of its design review panel.

Alex submitted this article to show what practical measures could be taken to vitalise frontages at ground floor level. This could become more pertinent with the recent relaxations to permitted development rules in planning (a great mistake in the Editor's view). These ideas and others are shared monthly by Mowat & Company. See www.mowatandco.com

Our cities are intensifying with new developments that are getting higher and higher; meanwhile street-life at the ground floor is often dying. Here are 3 good ideas about what can be done to activate our streetscapes - ideas that we believe are worth sharing.

New developments: solving the identity crisis

"Buy land: they are not making it anymore." Yes, it's an old and probably overused quote from Mark Twain. In London it gets more and more accurate every day. We are trying to fit more and more people within the same sized city. Developers are intensifying every bit of land possible; new residential buildings are getting taller. Paradoxically, at street level buildings are often devoid of activity and the ground floors can remain unlet for months, if not years. Mainstream retailers are struggling to find customers and independent companies are being priced out.

Barratt Homes, Southwark Council and South Bank University have recently re-developed properties around St. George's Circus in London. Together they have taken the opportunity to use good design to do things differently.

The residents of 336 new homes and countless students are now starting to use the space. In a very short time it's gone from an unsafe and neglected roundabout to a distinct place. Barratts, the council and the university have created high-ceilinged shopfronts looking onto the main frontages. Between these shops are residential entrances which are proud, wide and generous, and importantly, not hidden away at the back. There are the natural comings and goings of residents, students, deliveries and visitors, making the street active.

In the connecting side streets, generally neglected by developers, there are small courtyards. Opening onto these are

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Homes England

Crown Commercial Service Supplier

more economical spaces, occupied by independent businesses that don't rely on passing trade. Graphic designers, photographers and charities are moving in. We have been fortunate enough to design 2 of these spaces. We are glad that these creative and independent employers can join us and thrive in our neighbourhood.

St. George's Circus is not just another story of London's cycle of renewal, gentrification and intensification. It's not typical; it may be quiet, but it's an extraordinary piece of city-making. If we learn from this place, then we can do it elsewhere.

The ground floor conundrum: 10 ways developers can attract tenants

It is easy to forget the ground floor, in the pride and excitement of shiny new glass towers and the current wave of new London vernacular housing. It is a small part of the development, but it can make or break the whole scheme. Street level is where a development gets its identity and much of its value. To make the overall project successful, it is important to get occupiers in and not have empty ground floor spaces.

Here are 10 simple effective ideas for developers that our experience tells us, add to the attractiveness of ground floors for tenants and occupiers:

1. A sign (with a light please!): Tenants will want to be found by visitors and customers. They need a sign. When developers don't include one it becomes uncontrolled, amateur and, most sadly and frequently, an A4 sheet blu-tacked to the window. It does not have to be this way. Developers can build in a sign bracket (at least at planning stage). If you want to see a great example visit the Brunswick Centre
2. A post box: Many residential developments have great and efficient post boxes for residents, but it is always forgotten that businesses receive post too. Thinking about postal collection facilities early on will help diminish this everyday worry for future tenants and stop haphazard after-thoughts
3. Visitor cycle racks: Staff racks are part of the planning application compliance, but your tenants' visitors need a place to lock up too. Locating these outside the door or with a view towards the entrance helps both visitors and business owners. Our experience has shown that convenience stores get more visitors if cycle provisions are located right outside their door
4. Openable windows: Small independent companies want low running costs and healthy staff. They don't want heavy air conditioning bills. They certainly don't want complex pipework to rooftops. We have developed the best window configurations to balance air and security - the trick is "keep it simple"
5. Power: Good tenants have ethics. They want to be carbon-free but there is no scope on the ground floor in cities to have solar or wind power. If developers make connections all-electric, they can then work with companies like Good Energy to get 100% renewable fuel. The new building regulations in April 2019 will make this much easier
6. The ideal ceiling height: Tall spaces make generous studios, restaurant and retail spaces. However, if too tall, there is a temptation to cram in a mezzanine and thus create low, dark spaces again. We have developed ratios for ceiling heights to allow for raised access floors, useful storage above the toilets and kitchens, but to retain that all-important generosity
7. A corner shop: Tenants, commercial and residential, will need milk, tea and washing-up liquid. A local corner shop that is integral to the development will help boost business and contribute towards a dynamic community
8. Waste pipes: It's not a glamorous topic, but ground floor tenants don't want to hear the sound of residents' toilets flushing all day. Keeping the pipework in communal spaces helps to mitigate unwanted and nasty noise
9. Security: This is in the forefront of everyone's minds, but often gets sidelined until after tenants have moved in. Invasive bolt-on security measures can be avoided if discreet security measures are integrated into the design from the very beginning
10. A network: Small businesses want to know their neighbours. A simple get-together to meet, discuss, collaborate helps form belonging and friendships. We are testing an idea in our "Kennington Collective" neighbourhood.

These measures are just some of the simple ways of attracting good tenants who will create a development that is independent, local and distinctive at the base of your buildings. It keeps them desirable and valued.

History isn't dead: how the old can bring life to the contemporary streetscape

New developments and commercial success can often be devoid of the texture and history that gives a place both authenticity and identity. Identikit developments have spread throughout our cities, creating homogenous and repetitive shopfronts and brands. On the ground floor, our streetscapes and pavements are becoming bereft of character and individuality. Retaining

and integrating texture and history, however small, gives places personality. Small individual buildings or just an odd old wall are worth integrating into new developments. A good example which we have been involved with is the new museum and gallery in St. Albans.

St. Albans City has many years of trade in a bustling marketing place along Watling Street, a Roman road. Soldiers, children, market traders and ceremonial processions have kept this place active and lively for over 2,000 years. In 2017, in spite of retaining its major traders, the central building - an old magistrates' court - was largely abandoned. The hallway was being used to sell second-hand books and other spaces were simply locked up. The building was, seemingly too quirky, individual and expensive to have any future.

With great vision and determination, the city council appointed a design team (including ourselves) and spearheaded a project to turn around this sad situation. Together we set about a plan to reinstate the building's presence within the city centre, with the design of new galleries and exhibition space. The business plan was radical: a free museum and gallery that paid for itself through an events programme which would bring activity, not just to the historic building, but the streets and market place beyond its entrance doors.

We laid out the building to mix civic and fee-earning events. A new independent local café at the building's entrance tempts people into the museum and gallery; its outdoor seating spills out into the marketplace and enlivens the city.

It is almost 1 year since we finished working there and the building was reopened. Last week we returned to St. Albans for a visit of the museum and gallery, with Councillor Annie Brewster. We wanted to see how the museum was settling in. What a contrast to our first site visit over 4 years ago! The historic building no longer sits silent; instead the museum and gallery has become a place to visit and brings life and activity to the heart of St. Albans.

Since its opening, the museum and gallery has won several design awards. The Vault Gallery, which was dug out under the listed building, has accommodated 4 very different exhibitions and now has a beautiful exhibition of sculpture and drawings by Barbara Hepworth. The showcases that we designed are full of memorabilia and fascinating supporting artefacts about her local connections. It's of a stunning quality, as good as any exhibition in a national gallery. An exhibition of this quality could never have been dreamed of before the refurbishment.

On the first floor is the Assembly Room which looks onto the city market place. In the year since its restoration it has held weddings, fashion shows, awards ceremonies and classes. It is a multi-functional room with generous proportions, for everyone to share. Unlocking the hidden opportunities in this building to house history, art and commerce has brought activity, personality and individuality to the old marketplace. In St Albans history is not dead: it is bringing new life.

COMMERCIAL PROPERTY DATA

RICS report: "The use and value of commercial property data"

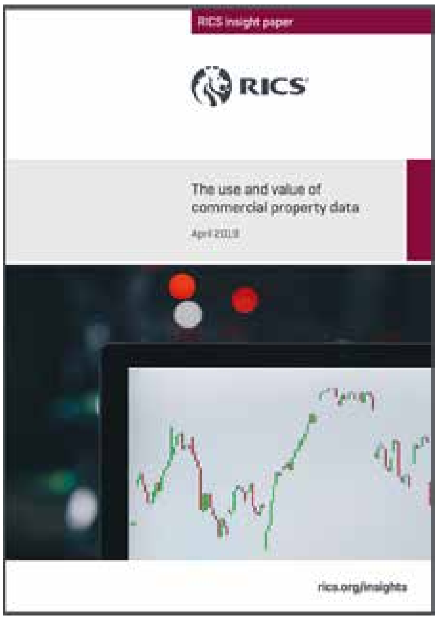
Rebecca Ewart - Rebecca.Ewart@remitconsulting.com

Rebecca was involved in preparing this RICS report (together with Andrew Waller and ACES' Neil Webster, as part of Remit Consulting). The report can be accessed at the RICS website https://bit.ly/2IniV5y . The material complements other articles in this Terrier, about the use and value of commercial property data, for example, Lesley Males' article which follows.

Rebecca's background is in property surveying and she is currently working towards becoming a chartered surveyor.

Since joining Remit in 2017, she has been working on a wide variety of projects including:

- Co-author of a global RICS research report - 'The use and value of Commercial Real Estate Data' shortlisted for the EG Tech Awards 2019
- Data analysis and researching systems, to map available government land to identify development sites
- Programme Manager in the property management team for a large transport company
- European asset management process alignment for a global investment firm in 2018.



Data, data, data

'The property industry is at a tipping point. It is no longer enough simply to possess data; its value lies in being able to use it.'

Brookfield Properties' Global Head of Corporate Development recently suggested that the industry is entering the "Quant Real Estate Era", where quantitative analysts will increasingly apply mathematical and statistical methodologies to the finance and management of real estate assets. It suggests that competitive advantage and added value come from the analysis and application of data, rather than the collection and ownership, making data analysts increasingly valuable. The RICS has collaborated with Remit to publish a forward-looking report into the use and value of commercial property data.

While there is no doubt that owning a dataset of transactions is advantageous, more and more comprehensive property data is becoming available from third party suppliers via a range of different sources. It might take 2, 5 or even 15 years for this data to become available to everyone, but what is certain is that to prosper, chartered surveyors will need to adapt to a market dominated by data.

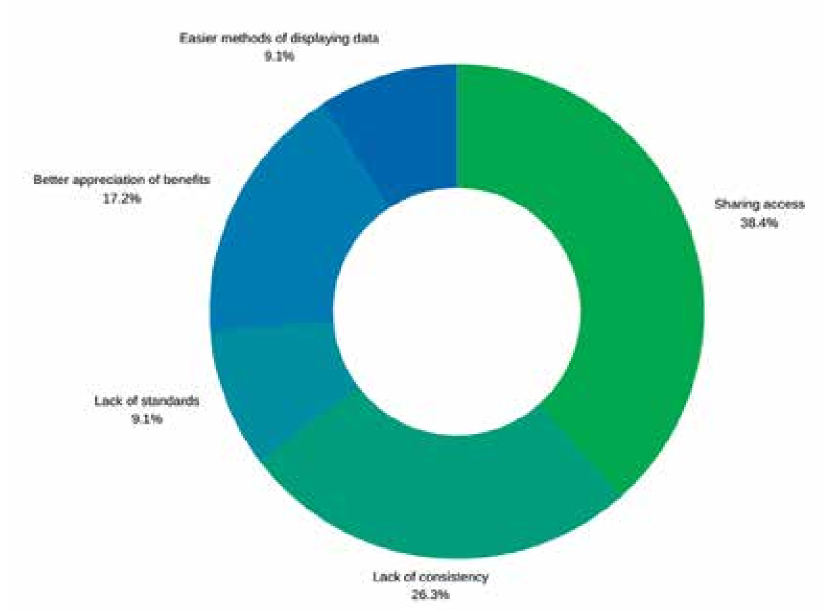
The case studies used as examples within the report show how leaders in this field are already using data collected from real estate and the built environment to change the way they charge for services, improve local services, and track the intentions of their tenants and customers.

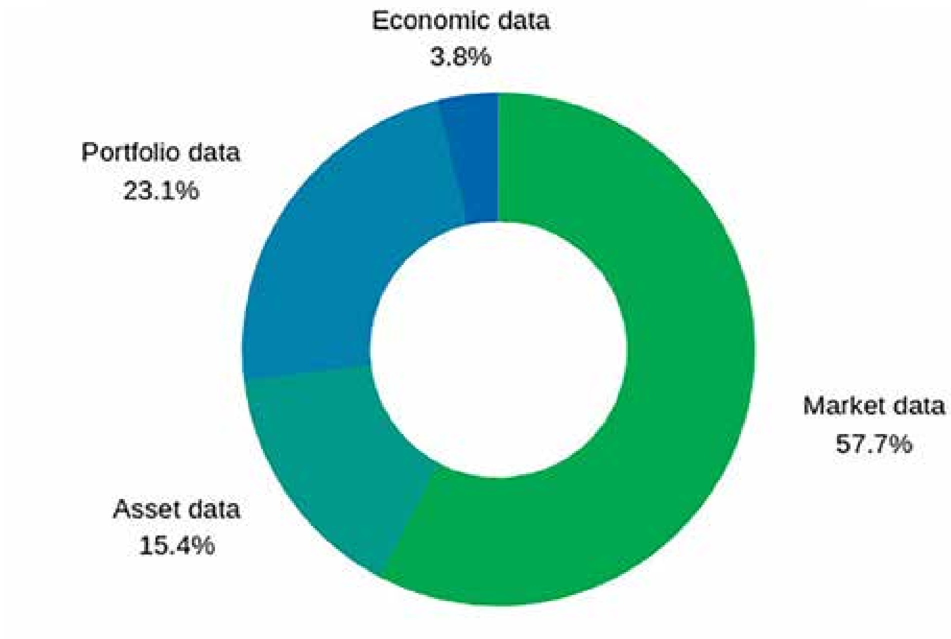
Remit Consulting has found that using data brought from third parties effectively reduces the cost of projects and opens up services to companies who would not have previously considered them.

In recent years, the UK Land Registry has made its data available, making it more accessible than ever before; in response, third party software houses have packaged this data into easy to use solutions. In one project, a property information provider was used to supply easy-to-analyse on-line data about property ownership from the UK Land Registry. The data was analysed to help the client identify its market position. Buying the data reduced the overall cost of the project to 20% of the traditional "manual" approach. The systems Remit explored to provide this are LandInsight, Datscha, Emu Analytics, and Nimbus.

The research for the RICS data paper includes interviews with leading property industry figures, who advised that surveyors need to be aware of how important data is, and to be open minded to how using it effectively can benefit the future of the property industry.

These leading figures suggested that the sharing of data remains an alien concept to many; the survey results showed that 40% of property professionals believed that sharing data was the biggest barrier





to both property performance and to opening up data for use. We have grown used to the fact that holding data confers power on the owner, and unequal knowledge is the basis of most transactional markets, making this a difficult issue to tackle, as it is deeply culturally embedded. Nevertheless, as accurate, regularly updated, data becomes more available to buy on the market, the value of holding it diminishes and new skills will have to be learnt, in order to add value to clients.

Skills, skills, skills

Property professionals are already having to use skills beyond the traditional surveying competencies, for example, data management. Remit believes that the profession needs to take steps to attract data analysts and scientists (as other industries are doing) and moves are already being taken in this direction, such as the RICS creating data management competencies as part of the APC process.

The research also showed that many valuers do not trust the accuracy of others' data and are not comfortable relying on it alone; therefore, databases need to be improved and better utilised. The report suggests that the industry should develop globally applicable and open-sourced data standards, in order to standardise the most regularly used property data.

What is clear is that the profession needs to attract graduates and new members with experience and backgrounds in data science, as well as developing data standards for the property industry that are globally applicable.

The RICS report includes a selection of interesting case studies where data is being used to add value in almost every aspect of the property industry. The availability of large amounts of property data, at reasonable cost, which previously would have been difficult to aggregate, is driving the market for new solutions and changing the way in which many companies are able to use data –changing skill sets is key to unlocking the value of these new datasets.

Property managers can now collect extensive accurate operational data automatically from buildings, through sensors and BIM, and learn how to improve their services for the tenants [Ed – see article on 4D monitoring in this edition of Terrier]. Valuers have access to better structured, more complete transaction data, reducing the time they take to carry out valuations. Building surveyors have a range of tools at their disposal to gather data remotely from sites, reduce their inspection times and allow them to focus on key issues. Speedier, more accurate advice at lower cost can improve client satisfaction and increase profitability.

Recently Remit worked with a house builder, using commercially available databases to identify land, and started to automate the process of identifying suitable building sites. This has been taken a stage further by a US property investment company, using demographic and retail data to identify underperforming shopping centres. Once they have a target, they use retail industry data to , buy the centre, select new tenants that would enhance the mix, install these retailers, and then sell the asset on at a higher value. They have reduced the need to visit potential sites to only those that have real opportunity.

Conclusions

Using the data and technology we now have available to automate processes is crucial to increasing efficiency. Over recent years the industry has seen an increase in the development of technology through Proptech, Fintech and most recently Plantech which has started to emerge, with new technology and innovations aimed at improving the efficiency of the planning process, which is currently clunky, manual and involves a lot of PDF attachments. These arenas have seen an influx of participants that have technology, as opposed to property backgrounds.

The new entrants to the market are demonstrating an ability to manipulate and analyse the now readily available data and influence the market increasingly fast, in an industry that is notoriously slow.

The availability of data, and the impact that good analysis can have on competitive advantage, is changing the required skill sets in the built environment. However, it is not necessarily just data scientists that can provide these skills, but the existing skills from surveyors and other property professionals that are currently overlooked, but which can be utilised.

There are a number of upcoming data challenges facing organisations, including blockchain, standardisation, General Data Protection Regulations, and data analysis. In order to maintain their advantage, property professionals need to be aware of these barriers and develop the required skills and solutions to overcome them.

Lesley is the Head of Research at Datscha UK, a Swedish proptech company. She joined Datscha in 2017 and is responsible for reporting on trends and insights in the commercial UK property market, particularly within the commercial investment sector. She has over 15 years' experience working in property. Before joining Datscha, she was the Associate Director for UK Retail Research at CBRE. Prior to this, she worked for Tesco within the Site Research department, Property division, managing competitor insight and strategy.

COMMERCIAL PROPERTY INVESTMENT

Trends in local authority purchases of investment assets

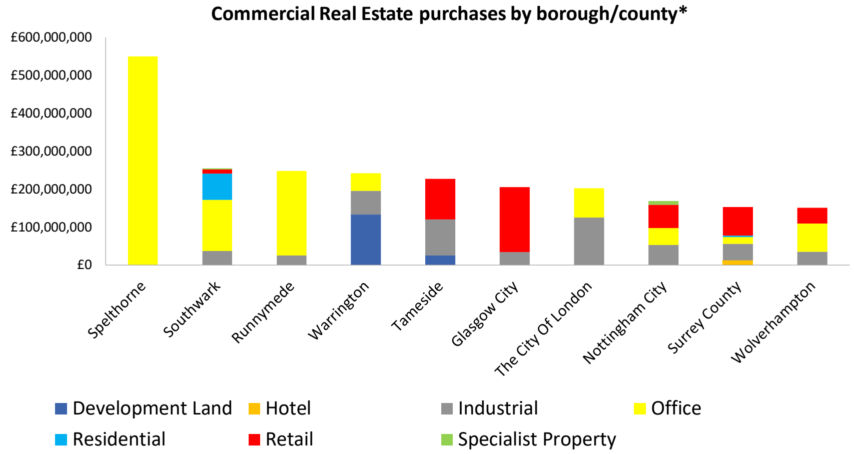
Lesley Males - Lesley.Males@datscha.com

Using data which Datscha has tracked since 2017, Lesley makes some observations and conclusions about local authority investment in commercial property, both those assets purchased within and outside of borough boundaries.

Context

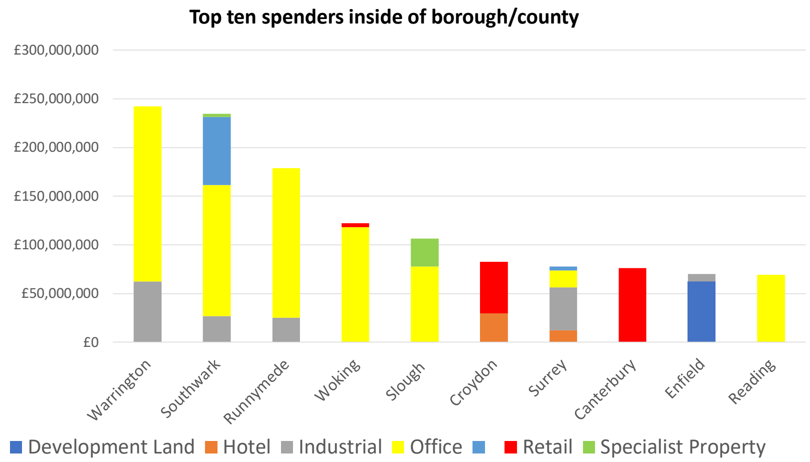
According to the National Audit Office, since 2010/11, the government has drastically reduced local authority funding (in real terms) by 49%. With costs continually rising, some authorities have had to adopt alternative strategies to generate much needed income. One method that has proved popular is investing in commercial real estate, both inside and outside of the borough. Low interest rate loans from the Public Works Loan Board have enabled many to invest into commercial property, but it has not come without criticism. Although the

Graph 1: Top ten spenders



*deals over £3m transacted in England & Wales: *Source Datscha*

Graph 2: Top ten spenders inside the borough



*deals over £3m transacted in England & Wales: *Source Datscha*

income from the acquired assets has helped plug deficits from the funding gap, some have questioned whether this has created a credit bubble, which could lead to a financial crisis further down the line. Concern has also been raised, especially towards those investing outside of their own borough, about the high acquisition cost of some assets. There are also complaints from some residents who believe that the money should be used to invest in local services instead of pursuing perceived risky investment strategies.

Since January 2017 almost £6bn of commercial property assets have been acquired by councils. Spending during 2019 has slowed due to apprehension in the market ahead of the UK's exit from the EU in October. This is driving many investors, not just local authorities, to hold off from purchasing commercial property, as they adopt a 'wait and see' approach ahead of the outcome. Only £420m has been invested by local authorities in 2019 to date, which is almost half of last years' £800m investment volumes for the same period. It's also worth noting that only 20% of investment volumes from local authorities this year were spent outside of the borough, compared to 50% for the same period last year.

Inside the borough

Over £2.9bn has been spent by local authorities inside their own boroughs since January 2017. Understandably, local authorities need to purchase property and land within their own regions to aid and enhance regeneration, or to build out new developments. But are all investments considered wise purchases?

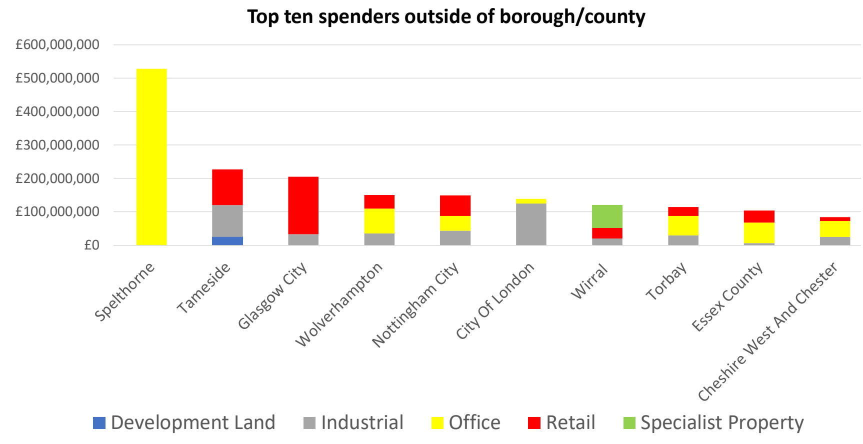
Currently deemed as risky investments, shopping centres are still being acquired by local authorities, in every case inside their own boroughs. The most recent was the £34.8m purchase of the Pentagon Shopping Centre in Chatham by Medway Council. The 2 main goals of the purchase were firstly; to generate a potential £1m annual income which would help the council's finances, and secondly, to allow the council to have much more control of the town centre's regeneration, where major improvement works are planned. It's also worth noting that one of the most expensive investments by a local authority in a shopping centre was also located in Kent: Canterbury City Council spent £75m acquiring the remaining 50% stake of the Whitefriars Shopping Centre from Nuveen last year, in order to provide 'a lucrative long-term investment'. The council acquired the initial 50% stake in 2016 for £79m.

Following the recent number of company voluntary arrangements and store closures, are these purchases likely to generate enough income from future rental returns? With retail sales' growth on the high street in decline it should be a cause for concern, bearing in mind that large property companies (for example Intu and Hammerson) have seen their portfolio values drop because of their exposure to retail. Some councils believe that managing these types of assets gives them more freedom to regenerate an area. Bolton Council purchased the main shopping centre in the town centre for £14.8m last year. The reason behind this was so it could kick start its £1bn regeneration of the town centre, due to commence in 2019. The council recognised that the town centre was in decline and wanted to demonstrate that it could revitalise the area. This investment is only a 'temporary investment', to demonstrate to private investors that the council has confidence in its own community and is willing financially to support itself. It is confident that once the work is complete, it will be able to get its money back on the purchase.

Warrington Borough Council is top of the list of spenders inside its own borough. The council's largest purchase was the £200m acquisition of Birchwood Business Park in Warrington, said to be one of the best performing business parks in the North of England. Approximately £10m per year is generated in rents from the 165 or so tenants on the park, helping fund deficits within the council budget.

Southwark Council spent £235m within its own borough, a similar amount to Warrington, but the asset classes were more varied. The council's most expensive

Graph 3: Top ten spenders outside the borough



*deals over £3m transacted in England & Wales: *Source Datscha*

purchase was Courage Yard, sold by Threadneedle for £89m, at a yield of 5%. Deemed as a rare asset (this is only the second time in 30 years that the building has transacted), the scheme is fully let. The annual rental income of almost £5m was the key reason for the purchase, in order for the council to continue to provide 'highly valued public services in this time of decreasing government funding'. The main tenant is Zoopla which signed a 13-year lease to use the space as its global headquarters.

Outside the borough

But what about spending outside of their own boroughs? Of all investment Datscha has tracked since 2017, 49% of local authority spend has been outside of the borough.

One of the best performing asset classes is the industrial sector. According to the latest IPF consensus forecast data, rental growth is expected to increase, on average, by 2.1% over the next 3 years. This is good news for those authorities holding these types of assets, as they should see a rise in rental income. Capital value growth is expected to increase by 1.5% over the same 3-year time period, which is not a significant increase; however, if you compare this to all other asset classes (all of which are predicted to see negative growth), assets in this sector are outperforming the others. Councils have spent over £650m on industrial assets during the period, with 70% of those purchases located outside of councils' own boroughs. Between 2017 and 2018, transaction volumes outside of the borough in this sector had increased by over 20%, which demonstrates that this highly sought-after asset class is of growing interest.

The largest industrial asset purchased was the City of London Corporation's acquisition of the Barking Reach Power Site, for approximately £125m. However, this isn't an asset that the council purchased to generate an immediate income, as the power station is defunct. It plans to regenerate the site and it will be home to the Corporation's new consolidated wholesale food markets site, which will merge Billingsgate, Smithfield and New Spitalfields markets. Already popular markets, this could potentially increase revenue, as it can be argued that Barking is more easily accessible to many wholesalers in the South East, due to the arterial routes in and out of the capital. By relocating the markets, the Corporation will free up precious, expensive land which can be redeveloped into new buildings which command a high price premium.

Responsible for the largest purchase during the period (the £282m acquisition of an office portfolio in the South East of England from Brockton Capital/Landid), Spelthorne Borough Council clearly tops the league of the biggest spenders, with over £550m of assets acquired since 2017, all on office purchases. 96% of all transaction volumes were outside of the council's own borough (only 3 deals were completed within the boundaries of Spelthorne). Interestingly, it has not purchased anything in 2019, after controversially announcing in January this year that it was near to completion on 2 deals in Central London which would have a combined value of approximately £300m. But due to the high-profile nature of these purchases, Spelthorne walked away from both deals.

Political control

Datscha also looked to see if there was any political bias as to whether certain authorities were more acquisitive than others. Using total investment volumes from 2017, the split between spend of Labour and Conservative-controlled councils are almost exact (40% and 41% respectively). Where it begins to differ is when you are looking at investments inside, compared to outside the borough. Looking at investment inside their own boroughs, Labour councils have a higher percentage share of the total – 48% of all investment inside the borough, compared with only 34% for the Conservative councils. Looking at the total spent outside of their own boroughs, Labour councils only represented 32% of the total, whereas

12 Hammersmith Grove sold to Spelthorne Council for over £159m. Tenants include WeWork.

Conservative-run boroughs tended to spend more outside of their own boroughs, with a 47% share of the total.

Investment strategy

While some councils have acted for themselves by either launching their own investment arm (for example Ipswich Borough Assets, the company set up to develop an investment property portfolio to provide an income for the Borough Council), or using in-house teams, many others have employed fund managers at successful, global investment institutions to purchase assets on their behalf. Different authorities are taking different approaches, but 94% of all investments outside of their own boroughs are in core real estate assets, often viewed as safer investments.

But are these safe investments, now that the peak of the current property cycle has passed, as well as the headwinds around Brexit? Almost a third of all investment since 2017 from local authorities has been in the retail sector. This sector is experiencing a tumultuous time; many assets are currently perceived as risky investments due to declining asset values, particularly shopping centres, whose values are tumbling. However, between 2017 and 2018, investment volumes in the retail sector fell by 21%, indicating that many local authority investors are conscious of this trend and are reducing their exposure to this asset class.

Conclusion and closing thoughts

There is obvious concern that a credit bubble is being created by local authorities, by borrowing huge sums of money to invest in commercial property. Alarm has also been raised with questions around the price being paid for some commercial assets especially – are councils paying too much for them? And do all authorities have the best internal resources to ensure that the purchase is a good deal? Certainly, all purchases outside of the borough are different on a case by case basis, but extreme due diligence should be carried out before any purchase is made. It is not the case that all local authority investors are taking unnecessary risks; it has become a necessity for many of them to adopt this strategy in order to continue to provide vital local services.

Dan is the Head of Research at Carter Jonas. He oversees the firm's programme of market and topic-based research across a wide range of sectors, with a day-to-day focus on the commercial market. He has over 25 years of experience, undertaking client projects and providing insight into the latest property market trends.

ALTERNATIVE PROPERTY INVESTMENTS

Local authority investment and the 'alternative' sectors

Dan Francis - Daniel.Francis@carterjonas.co.uk

Dan's colleague Iain Mulvey wrote an article in 2016 Winter Terrier on the growing trend of local authorities investing in commercial properties. Using recent data, Dan updates trends in public and private sector investment, but he wonders if we are missing a trick, in limiting purchases in possibly more attractive 'alternative' assets.

The 'alternative' and mixed-use sectors exceeded half of the total value of UK property investment purchases in Q1 2019. Given the rising importance and attractiveness of the 'alternative' and mixed-use sectors, are local authorities missing out?

The continued evolution of the property market

Although investment in property has been undertaken for centuries, it has only become a widespread element within institutional investment portfolios over the last 50 years or so. Initially focused

Figure 1

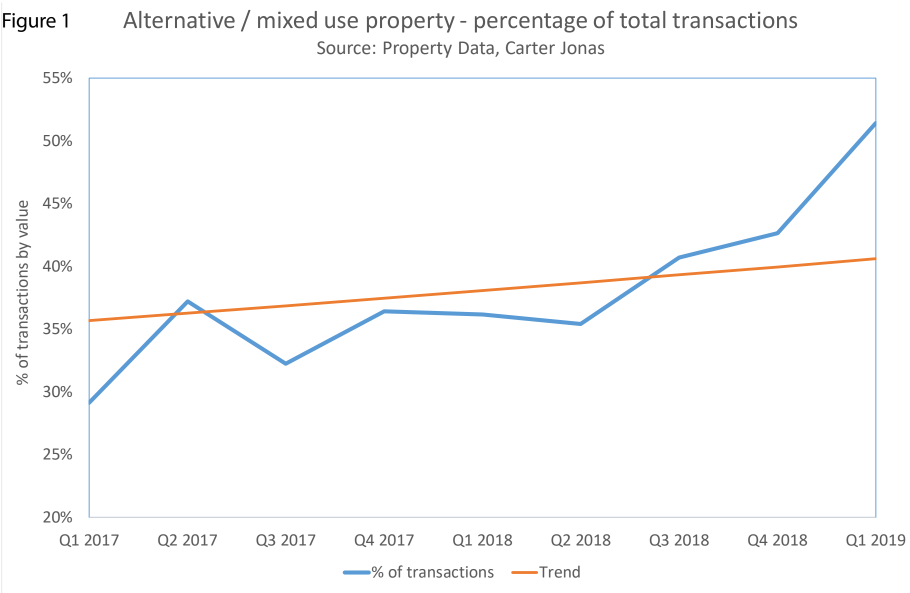
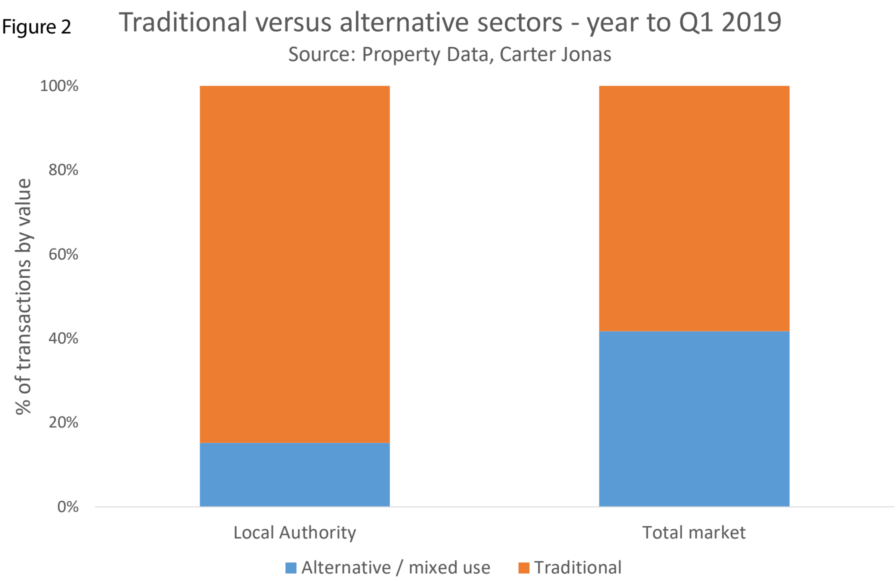


Figure 2



on retail, office and industrial property, the market has steadily broadened to incorporate a large variety of other sectors. These range from build to rent, student accommodation and care homes, to hotels, data centres and waste-to-energy facilities.

Although still commonly referred to as the 'alternatives', many of these sectors are now regarded as part of the mainstream, as they have grown in size, and market transparency has increased. As a result of their growth, the property investment market is becoming far more diverse; recent years have seen an increasing differentiation in performance across the range of 'traditional' and 'alternative' sectors, reflecting the unique characteristics of each.

The attraction of 'alternative' and mixed-use property

Favourable long-term structural change is helping to underpin occupational demand across many of the 'alternative' sectors. Technological innovation, population growth, longer life expectancy, rising consumer expectations, changing corporate priorities, and shifts in government policy, are all having a broadly positive impact (although it's not all one way).

Many of the property sectors that fall into the 'alternatives' category are typified by secure, long-term income streams with fixed or indexed linked leases. These are valuable characteristics, set against the uncertainty of the UK's exit from the European Union.

The generally positive story for the 'alternative' sectors contrasts with a more varied picture across the 'traditional' property markets. Lease lengths have been in long-term decline as occupiers seek increasing flexibility, and the risks associated with owning retail and office space in secondary locations have been growing. These markets are undergoing a permanent shift, and it will take time for supply and demand to return to balance.

Of course, the occupational story does remain strong for many parts of the 'traditional' market. The industrial and distribution sectors continue to see high demand for space, to cater for the inexorable rise in online retail, while sites for this use become increasingly scarce. Many prime city centre office markets are also doing well, as employers have shifted their attention to staff retention by providing quality, well-located space. And even in weaker areas such as retail, there are plenty of opportunities, especially within a mixed-use context.

Mixed-use remains a growing area. There is an increasing demand for city centre living, boosted by changes in lifestyle, and the huge improvements in the public realm that many of the UK's cities have enjoyed in recent years. This, plus strong population growth, the need to accelerate housebuilding, and an increasing focus on intensification, are driving mixed-use development. The variety of sectors within mixed-use schemes is also widening, with functions such as last-mile distribution being increasingly acceptable, alongside residential, for example.

Recent investment market transaction levels

The annual value of commercial property transactions rose steadily, following the financial crisis, peaking at over £77bn in Q2 2015 (Property Data). Following the 2016 referendum on EU membership, transaction levels fell to around £50b, but recovered to more than £60bn p.a. in 2017 and 2018.

Overseas investment has helped to maintain transaction levels. There is still a huge amount of global capital looking for attractive yields, and overseas buyers have accounted for 46% of the total commercial property purchased over the last year.

However, many investors have now paused activity due to the ongoing Brexit uncertainty, and few investors are under pressure to sell, meaning that the overall market has been unusually thin so far this year. Activity fell markedly in Q1, with £10.5bn of commercial property transacted. This compares with £17.1b in Q4 2018 and £13.3bn in Q1 last year.

Within these overall investment figures, the proportion of investment in the 'alternative' and mixed-use sectors stands out. This has increased considerably over the last year, and exceeded 50% of total UK investment purchases in Q1 2019, compared with an average of under 40% over the previous 4 quarters.

This should be considered against the lower overall trading volumes (and Q1 also saw some sizeable portfolio deals in the hotel sector which inflated the total), so transactions in the 'alternative' and mixed-use sectors will not be sustained above the 50% mark.

However, the broader trend is unmistakable (see Figure 1), with the 'alternative' sectors making up an increasingly significant proportion of the overall investment market.

Local authority investment activity

Local authorities have been highly active in the investment market over the last year, purchasing property worth around £2.5bn. This strong appetite is continuing. We are aware of more than 100 councils in England (county, district and unitary councils) actively looking to buy, representing at least 30% of all English councils.

However, it is clear that local authorities have not taken the plunge more broadly into the 'alternative'/mixed-use sectors. Taking the 12 months to the end of Q1 2019, these sectors accounted for around 42% of the value transacted across the market as a whole. However, only 15% of the property purchased by local authorities was in this category (see Figure 2).

There are undoubtedly good reasons behind these statistics. Local authority investment serves multiple purposes, including assisting regeneration, gaining control of local assets, as well as providing a valuable additional income stream [Ed – see Brian Thompson's article in this edition of Terrier].

Pricing represents another barrier to local authority investment in the 'alternative' sectors. There is strong competition from institutional investors for annuity-type investments, and initial yields are typically below 5.0% for stock of suitable quality. In addition, lot sizes can be relatively large (often over £10m).

Clearly, local authorities need to take care in balancing risk and return. But it seems that they are also in danger of missing out on an opportunity to strengthen and diversify their property portfolios, by increasing their exposure to the 'alternative' sectors.

Brian is a freelance advisor to the public sector, having held senior positions within local government, property consultancy practices and management consultants. He is currently advising several councils on transforming their headquarters facilities, in line with new operating models for public service delivery, and has just completed a review of the processes and systems in place to manage the courts estate held by a devolved administration. He is a member of the RICS Public Sector Group. He is also helping to prepare an update to the RICS Public Sector Property Asset Management guidelines.

LOCAL AUTHORITY INVESTMENT

Survey of commercial property investment – the results of the jury

Brian Thompson BSc (Hons), MBA, MRICS - brian@realestateworks.co.uk

Brian reported in 2018 Summer Terrier about commercial property investment by local authorities, both inside and outside their boundaries. This article summarises, through a series of histograms and themes arising from the statement responses, the outcomes of a survey answered predominantly by local authorites.

Background

It all started with an article in the January/ February edition of the RICS Property Journal [Ed – also see 2018 Summer Terrier] in which I provided hard evidence on the growing levels of investment by councils, with the principal aim of generating new income streams.

While the number of participants to the online questionnaire on local authority investment in commercial property was not particularly high, those taking time out to get involved certainly demonstrated a level of commitment and interest rarely seen with online surveys. So, a big thank you – you know who you are.

I highlighted the different approaches

Figure 1: Nature of Employment

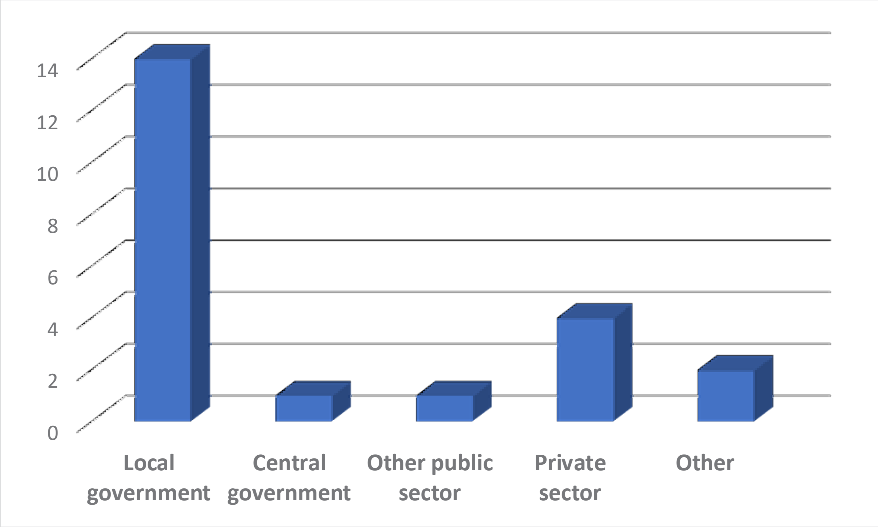


Figure 2: Continued investment in commercial property

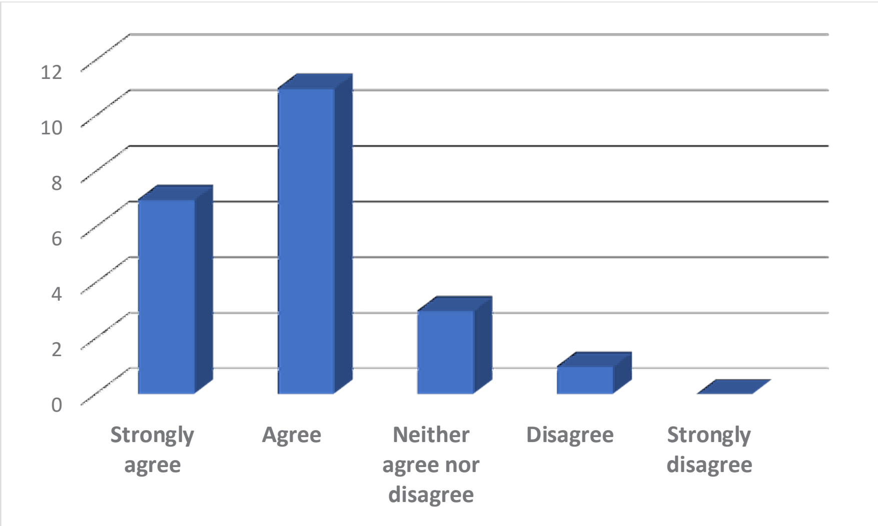
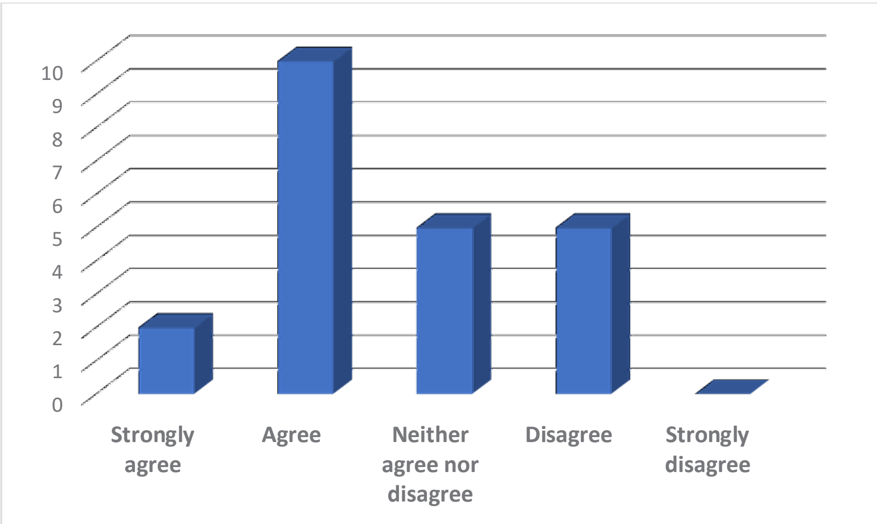


Figure 3: Prioritisation within area



being taken in terms of the geographic focus of investment. Should councils be solely interested in the financial return, or is there an argument that councils should seek a blend of returns that includes social value and benefit to the local community and economy? Some purists stick to the line that investment can have only one legitimate aim and that is to maximise the financial return. But isn't that the remit of the councils' pension fund managers? Should the asset management and economic development arms of councils take a broader perspective of outcomes?

The article included a link to an online questionnaire and ACES kindly played a role in promoting it – thank you Betty and Neil Webster in particular!

The results

The headlines – 7 statements (after establishing the nature of employment), 21 respondents and 70 additional comments.

The statements are considered one by one, highlighting the spread of responses and the key themes emerging where comments have been added.

1. <u>What is the nature of your employment?</u>

   Fortunately, precisely two thirds of respondents were from the world of local government, so we have a genuinely informed set of responses.

2. <u>Local authorities will continue to invest significant sums in commercial property simply to sustain their financial position</u>

   86% of respondents either agreed or strongly agreed with the statement. This is perhaps not surprising to those in the market, but I imagine the results would have been very different if the same question was asked as recently as 5 years ago.

Themes:

- Councils' enthusiasm for investment may get reined back as the government puts a brake on
- It is all fine as long as the opportunities are carefully appraised and it is part of a well-considered investment strategy
- Reserves will be used less frequently for investment and targeted towards

Figure 4: Capturing local benefits accurately and effectively

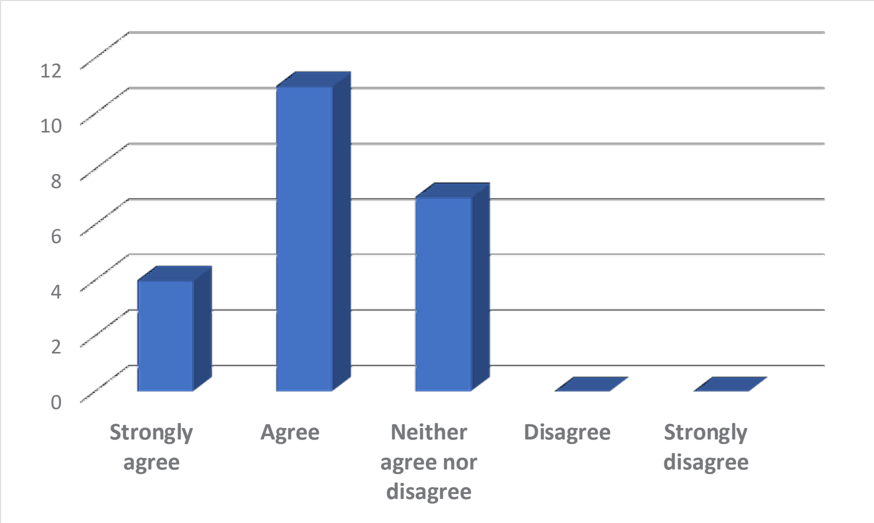
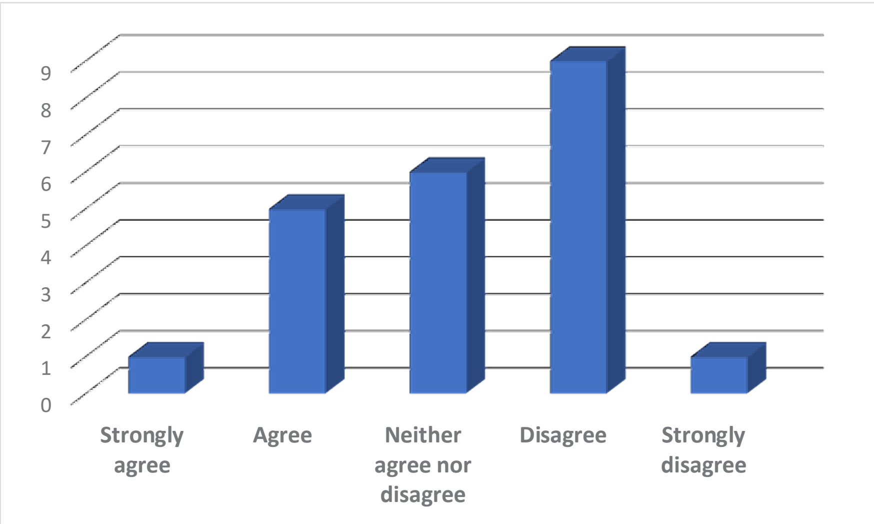


Figure 5: Business case focus on financial returns



day to day service delivery.
Since publication of the original article in January, and despite Spelthorne Borough Council 'calling time' in February 2019 on its use of Public Works Loan Board funding to support commercial investment, it is clear that some councils are continuing to invest in commercial property which, some would say, is a matter of necessity rather than choice

3. Local authorities should prioritise commercial property investment in their area

Nearly 60% of respondents agreed or strongly agreed with the statement – and in May 2019, Surrey County Council decided to 'pause' its investment out of the county and instead focus on making better use of its own assets.

However, 5 out of 21 respondents were in disagreement with the statement.

Themes:

- Those agreeing with the statement had different views about an appropriate definition of the term 'area' – is it the council's boundary or the wider economic area?
- Other took a very clear and unambiguous stance – if the best financial returns are available outside the area, then that is where the money should go
- Investing in one's own area may deliver relatively poor financial returns but could deliver wider regenerative benefits
- Councils have been dealt different cards, with some benefiting from high land values and a successful economy. Others are less fortunate and, if only for that reason, may be forced to seek good investment returns outside their area.

Ultimately, agreement or otherwise with the statement must hinge on the specifics of each council's investment strategy and priorities. It is neither right nor wrong!

4. Local authorities need to be able to capture local benefits more accurately and effectively

The hypothesis behind the statement is that insufficient attention can be paid to the wider benefits arising out of an investment. And if those wider benefits were captured, it may make the case for local investment more appealing, even if the headline return is sub-optimal.

No respondent disagreed with the statement although, rather oddly, one third of respondents sat on the fence. Two of those on the fence admitted to not understanding the question.

Themes:

- Some councils are skilled at capturing wider benefits to the local community and economy while others aren't
- The business case for intervention should capture wider benefits as a matter of course.

5. Business cases for commercial property investment focus too heavily on direct financial returns from the asset

Business cases typically succeed or fail on financial grounds alone; it can be a challenge to quantify, never mind to monetise wider impacts. Fortunately, things are changing.

The Social Value Portal created a set of 'Proxy Values' in 2018 that place cash

Figure 6: Investment decisions based solely on financial returns

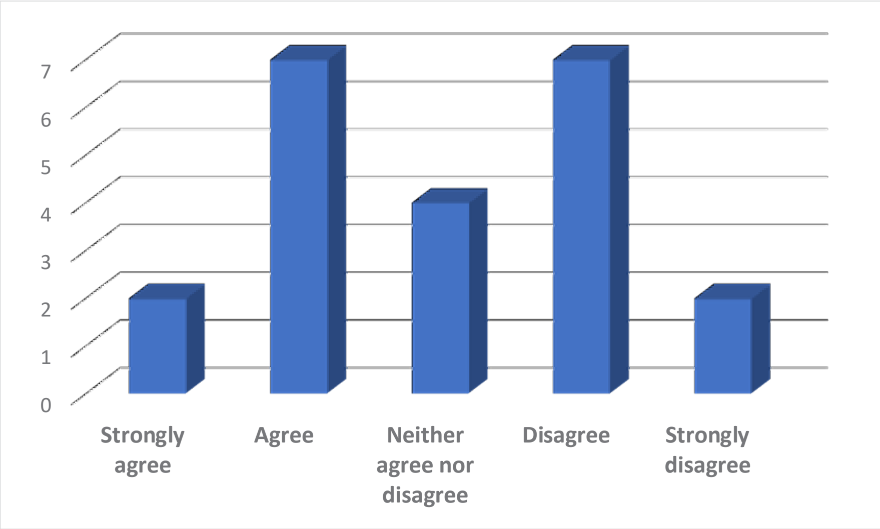


Figure 7: Potential future financial embarrassment

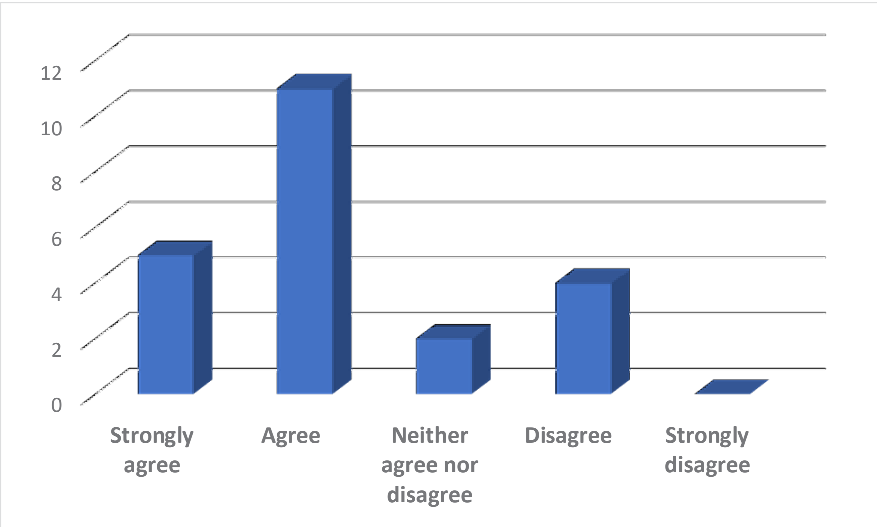
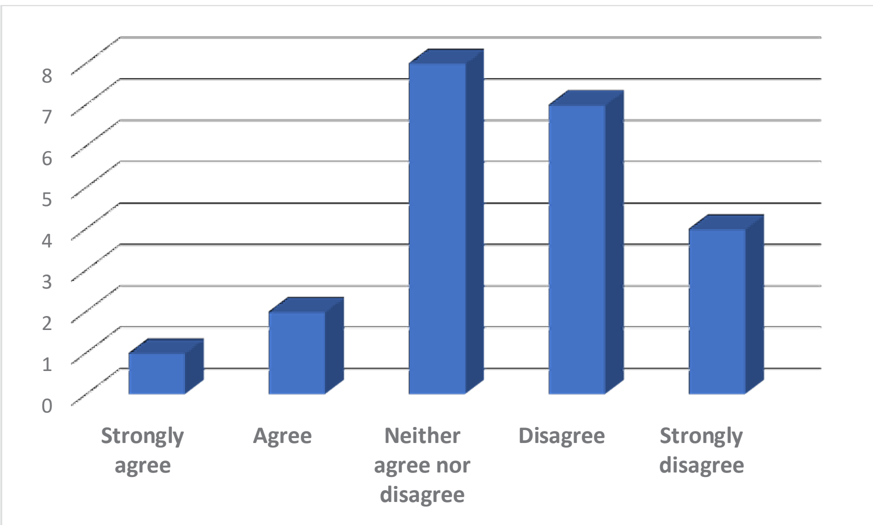


Figure 8: Professional advice when investing in commercial property



values on a range of potential social impacts, many of which could flow from property-related interventions.

In addition, the National Social Value Task Force published in 2019 guidance on the delivery of Social Value from real estate activity throughout the life cycle, from planning and design, to occupation and even investment management. Interestingly, the Local Government Association was a co-sponsor of the guidance.

I can predict confidently that the capturing, quantifying and even monetising of wider benefits will become more and more a science rather than a dark art.

This statement encouraged no less than 13 respondents to offer additional comments!

Themes:

- Investment strategies based purely on financial returns could miss major opportunities to restructure a local economy – wider impacts must be assessed
- Financial returns should always be paramount, even if other outcomes are factored into the decision-making process
- A heavy weighting to financial returns is unavoidable
- Out of area investment should be treated differently to 'local' investment in terms of expected outcomes
- Trying to blend financial and regenerative outcomes could be very difficult
- Commercial property investments should sit within a balanced portfolio comprising assets to deliver solely a financial return, alongside those that additionally deliver a social return.

6. <u>Commercial property investment decisions should be based solely on financial returns</u>

This statement, related to statement 5, split the opinions right down the middle. And to some extent, you need to understand the context (in the form of the investment strategy) before truly deciding whether you agree or not with the statement. If the strategy explicitly dictates that financial returns are all that matter, it would be reasonable to strongly agree with the statement.

Themes:

- It depends on the purpose of the investment – reflecting the above observation about the link to an investment strategy
- A regeneration-focused investment (with lower initial financial returns) might reap excellent financial dividends over the medium term, if it helps raise the level of confidence and the amount of investment in the area
- Investment by county councils should be driven solely by financial returns but districts and boroughs should take a more holistic view
- Economic impact should always be a factor in the decision-making process!

7. 7: The rush for investment in commercial property by local authorities will result in financial embarrassment for some

   This was a deliberately controversial statement – and one respondent rose to the challenge by suggesting it was a 'leading question'! I agree, it was meant to be.

   A whopping 67% of respondents agreed or strongly agreed with the statement – and those responses were submitted online before the latest wave of Company Voluntary Arrangements hit the headlines, resulting in landlords of shopping centres and other high street retail facing little option but to agree to rent reductions to accommodate failing retailers. The re-purposing of retail investments by councils might become a common strategy to sustain town and city centres, if the wave turns to a flood – as is very likely.

Themes:

- Financial losses will inevitably occur, but they can be mitigated through a portfolio approach to investment – unfortunately, financial losses experienced by a council can become public knowledge and may impact directly on its ability to provide effective services to the community it serves (I have added the latter observation)
- Investment is a risk worth taking if the consequences of no action are a depletion in services to the community
- Councils have the capability (or they can buy it in) to make sound investment decisions
- Councils should shout louder about the successes they have achieved, particularly in the context of certain well-publicised examples of excess that can tarnish the sector as a whole
- Who did the risk assessment and due diligence when councils bought into department stores?

8. Local authorities do not always seek appropriate advice when investing in commercial property

   Again, this was a slightly controversial statement and motivated 10 respondents to make comments. Those agreeing with the statement (only 11% of respondents) were not employed within local government.

Themes:

- It might be the case, but it would be disappointing and/or a shame if found to be true
- There is more myth than truth behind the statement
- Most councils have the skills in-house to make investment decisions, and when they don't, they can readily (and should) buy it in.

Summary

There is nothing ground-breaking in the findings from this research exercise, and anyone who attempts to draw conclusions about the sector as a whole is perhaps giving it undue weight. On the other hand, it confirms what many of us instinctively know, namely:

- Commercial property investment by councils is here to stay – at least into the foreseeable future
- Commercial property investment limited to, or prioritised within, the local area (however that is defined) makes sense, but geography and local economic conditions will continue to act as deterrents in some areas
- The merits of investment decisions must be judged in the light of the specific (investment) objectives behind those decisions
- We will need to acquire new skillsets to value the wider impact of certain investment interventions – but also use those skills when identifying and appraising alternative investment scenarios.

As an aside, there is a growing awareness and adoption of the ISO 55000 series of standards on asset management within the public sector, in the UK but also globally. This marks an evolution from some of the more process-oriented approaches, and highlights the importance of understanding, quantifying and the communicating the value of asset management activity. If this encourages dialogue on the true and extensive **value** of certain investments within the community, that can only be a good thing.

AGILE WORKING
After the lord mayor's show

Geoff Bacon

Geoff was the 2017 ACES Award for Excellence winner for the agile working project he was leading at Swansea Council. Here he updates readers on progress since he wrote in 2018 Autumn Terrier. "Never a dull moment, but the headline is that by grasping the initiative as the corporate landlord, this has enabled greater control and consequently greater success."

Geoff is Head of Property Services at Swansea Council. He has 30 years' experience in the private and public sectors. While his initial professional experience was in London dealing with investment agency and acquisition, the majority of his working life has been in the public sector, based in Swansea. His current role covers 3 distinct operational areas: commercial estate management, strategic asset management and facilities management. Currently he is leading on the implementation of the Agile Programme in Swansea.

And as they saying goes: 'After the Lord Mayor's show - comes the dustcart'. Has the weight of expectation of being ACES award winners worn heavily?

The last 12 months

Agile working

Well, let's look at what we've been up to for the last 12 months or so. The big ticket item has been the continued roll out of agile working. We've nearly finished in our main Civic offices and are due to commence in the Guildhall, a Grade 2 listed building with predominantly cellular offices - a much trickier proposition, but the success of the Civic has led to a call from all teams for more of the same.

We have seen the release of over 3,500 sq m of accommodation and there are already 2 lease agreements in place, with Swansea University and Welsh Government. These agreements have obviously brought in much needed revenue, but have also given the team the confidence to offer a fully serviced office product. This had led to investigations on acquiring proactively standalone office buildings as investments, as well as regeneration opportunities, where we can lead as the serviced office provider to incubate small businesses.

In addition, a health-led project team has been set up to establish a viable option for a new Wellness Centre in Swansea. One of the proposals could require the decant of services from the current building for a period of up to 18 months. The remaining vacant space at the Civic Centre is now able to accommodate this decant requirement for our public sector partner, and we are working with health officers to try and bring the 2 projects together.

The council is still looking to vacant the Civic site within the next 5 years; the agile working project has not only transformed the way we work, reducing the need for costly office accommodation, but has also made the proposition of a total relocation a considerably less daunting one.

The most positive outcome of the profile of the successful agile programme has been the re-energising of the proposed vacation of the Civic Centre and the additional benefit of working with other public sector bodies for a proposed public sector hub – a One Public Estate project driven by the benefits of asset collaboration, demonstrating clear service delivery benefits . This could be located in

phase 2 of the city's regeneration plans, bringing up to 3,000 office workers into the city centre. Due not only through the existing connections made at the council-led Local Property Board, but also as a result of the interest generated by the space available to public sector partners in the Civic, there has been extensive dialogue with most of the prospective occupiers identified by Swansea Council. The general response has been overwhelmingly positive.

Commercial property investment

At the same time as the commercialisation of the civic buildings and the FM function, Swansea Council has also recently established a Property Investment Strategy in order to enhance the financial resilience of the local authority, necessary because of the ongoing austerity cuts in local government. As a result, the council has increased its emphasis on developing new income streams, to ensure services and core functions continue to be delivered for local residents. The strategy enables the creation of a diversified and balanced portfolio of investments which will help underpin future service provision, while securing medium-term returns and creating long-term capital growth, by proactive management of the property portfolio.

As the authority already holds an extensive portfolio, the ability to further invest in the property sector allows the council to deliver and create additional value from existing property interests, such as the acquisition of strategic or income-producing long leasehold assets, where the council may already hold the freehold interest. By merging these interests, it allows the council to create 'marriage' value, while delivering secure financial returns which will underpin and support the council's already stretched budgets. To ensure opportunities are suitably profiled and scrutinised, Swansea Council has formed an investment board, to ensure all risks are suitably managed.

The council's ability to draw down and borrow funds at competitive rates through the Public Works Loan Board enables it to secure attractive interest rates and to be commercially competitive in the market place.

It's well known that during recent years, councils across the UK have set up similar investment initiatives, with over £1bn being invested in commercial property during 2018 and we're very conscious of the scrutiny that has come with this approach. We've been cautious and to date have not looked to acquire outside of the Swansea boundaries. We've also tried to ensure there is a strategic or operational slant to any acquisition, to mitigate any risk. We have added 3 income-producing assets to the investment fund, including 2, very attractive - judge for yourselves – multi-storey car parks let to NCP, and will continue to invest within Swansea, to ensure financial cuts are kept to a minimum, while enabling redevelopment of strategic locations and promoting confidence within the local economy and property sector.

The investments to date have delivered significant net gain for the authority. The most recent acquisition, which is currently in solicitors' hands, is a multi-let office building where, with the added benefit of the potential to manage in-house, we can help mitigate any risks of voids.

Residential development opportunities

But of course, it's not all about acquisitions - exciting as dabbling in the world of property investments is. The local development plan for the City and County of Swansea was recently adopted and supersedes the previous unitary development plan. The property team has identified a range of council sites greater than 0.5 acres which may be suitable for scaled residential development.

The evolving operational requirements of the council is recognised and the council's strategic accommodation planning strategy continues to offer opportunities to rationalise the operational portfolio. This has enabled significant receipts to be generated through the council's disposal programme. In the last 2 years sales of assets including industrial workshops and a day centre building have generated much-needed capital receipts. Pending sales include a decommissioned care home and day centre, and an operational highways depot. The other significant benefit is that, the confidence in the success of the adoption of the corporate landlord model, through the agile programme, has led to further centralisation of property budgets. This control has assisted greatly the debate on property rationalisation and the capturing of property-related savings.

As a further sign of taking control, we have recently made the decision to develop our own sites, both to ensure regeneration that otherwise may have been land banked, and to generate developer's profit and financial gain from the sale of completed properties. Five sites have currently been identified, predominantly for residential development, and are being progressed at various stages. Technical and legal due diligence has been undertaken for each site, tailored and adapted to reflect site specific circumstances and issues arising during the process. A core team of external consultants has been appointed, following council procurement policy, and the team is working on detailed feasibility for each site. Funding and capacity have been identified as issues, so it is proposed to deliver the programme via a joint venture agreement in conjunction with a suitable development partner; with this in mind, a PIN was recently published on the Sell to Wales's portal, seeking initial expressions of interest.

Conclusions

But it's not all about the cold hard cash. We continue to strive to meet the requirements of the various corporate and social agendas, including continuing with community asset transfers, promoting sites as part of the new self-build Wales initiative, and investment in energy efficient programmes.

Never a dull moment, but the headline is that by grasping the initiative as the corporate landlord, this has enabled greater control and consequently greater success. This is very much due to the success of the innovative approach to the agile programme and the confidence that helped generate.

So it's not time for the dustcart just yet, although when it does arrive, no doubt it will be carbon neutral….

DATABASES AND RETAIL SPACE

Mapping property market changes: confounding factors and prevailing patterns

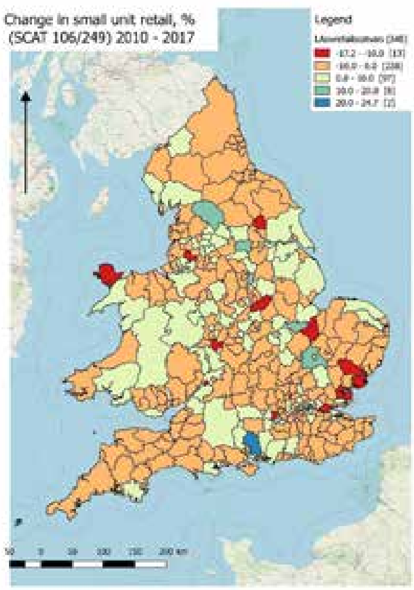
Josephine Ellis and Alice Richardson

This is an article by Josephine and Alice, members of the R3intelligence research team at Northumbria University, led by Paul Greenhalgh, MRICS. This article follows on from Adejimi Adebayo's article featured in the 2017 Autumn Terrier, which explored some of the different datasets available for analysing the performance of retail space. Here, the researchers discuss the methodological conundrums of using the Valuation Office Agency's data sets as the base for their models, and provide some preliminary research findings, with the aid of mapped data.

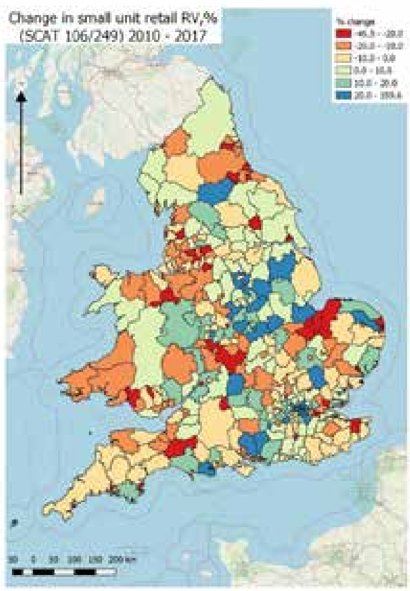
Trends and transitions

Most of us are aware that traditional retail-based High Streets are in transition. Some changes are highly visible to the public, such as the closures of prominent retailers. Other changes are more subtle, observed by professionals with access to particular data – for example, changes in rental values, increases in the popularity of business hubs (1), shared office spaces (2) or short-term pop-ups (also known as "meanwhile use").

With access to data from the Valuation Office Agency (VOA), we decided to test the VOA's assertion that "the amount of retail space in England and Wales continues to rise."



Those of you involved in balancing the books at local authorities (LA) will also want to follow retail trends closely. As retail properties generate more income per square foot than other types of commercial property, less shop floor space is bad news. For 2017, taking retail, office and industrial premises together, retail property accounted for 16% of the total floorspace, yet accounted for 41% of all the Rateable Value (RV), making it typically more valuable than other types of commercial property, in terms of income from business rates. Alongside this, by April 2020, the level of business rates retained locally is due to increase from 50% to 75% - a significant step-change to manage in such economically turbulent times. The government's new business rate retention scheme will see LA budgets following a "shared risk and reward" approach to funding.



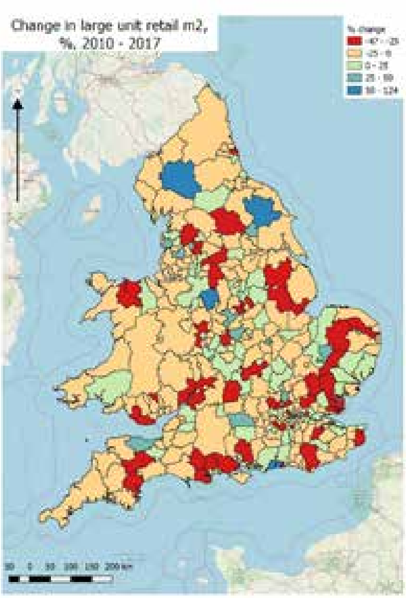
Making data into maps

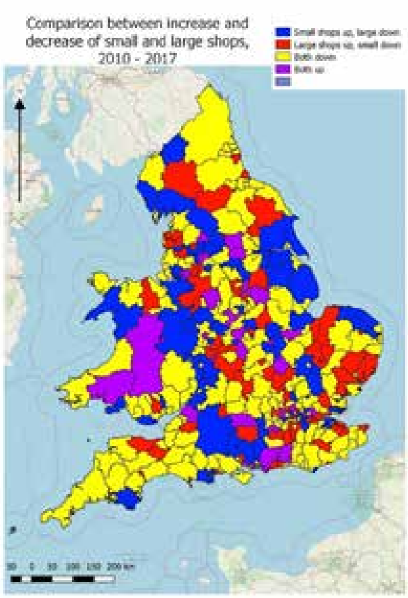
The VOA holds information on every single non-residential premises in England and Wales, along with the postcode, RV, business type and total floor space. We compared both quantity (sq m) and value of retail property in 2010 and 2017, and mapped patterns of change, to give an indication of market demand and health across the country.

This methodology raises a few important questions:

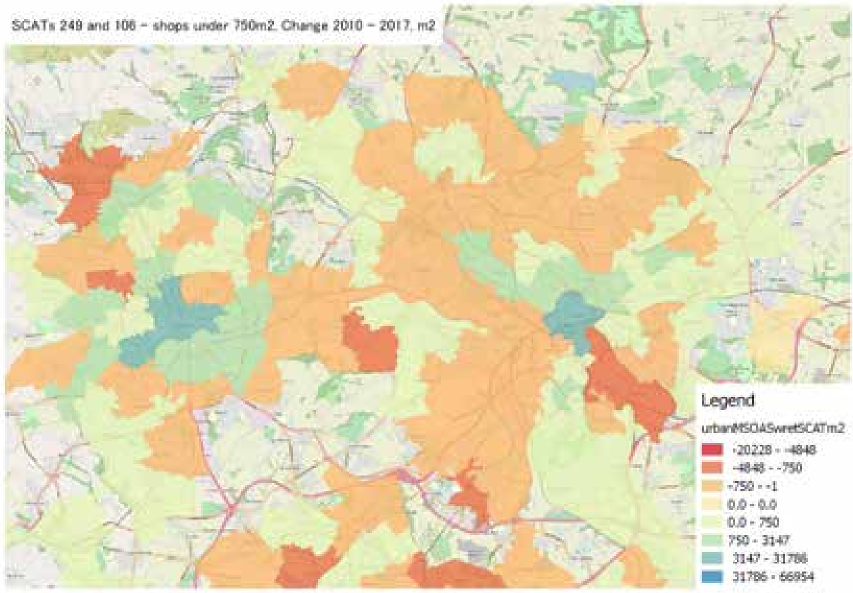
Firstly, do changes in RVs represent the health of the retail sector more accurately than the area available? In both cases, there is likely to be a time-lag affecting the relationship between the indicator, and market demand. The quantity of retail property changes only when units are demolished, constructed, or when existing properties undergo a change of use. The RV of retail property is reassessed at periodic revaluations – the latest ones were in 2010 and 2017 – although individual properties may be revalued at other times on request, or if circumstances change, for example, if the property changes use or is extended.

Secondly, how do we deal with the limitations of the data? We know that there is one significant shortcoming in the VOA's data – it does not indicate whether the property is occupied. From the point

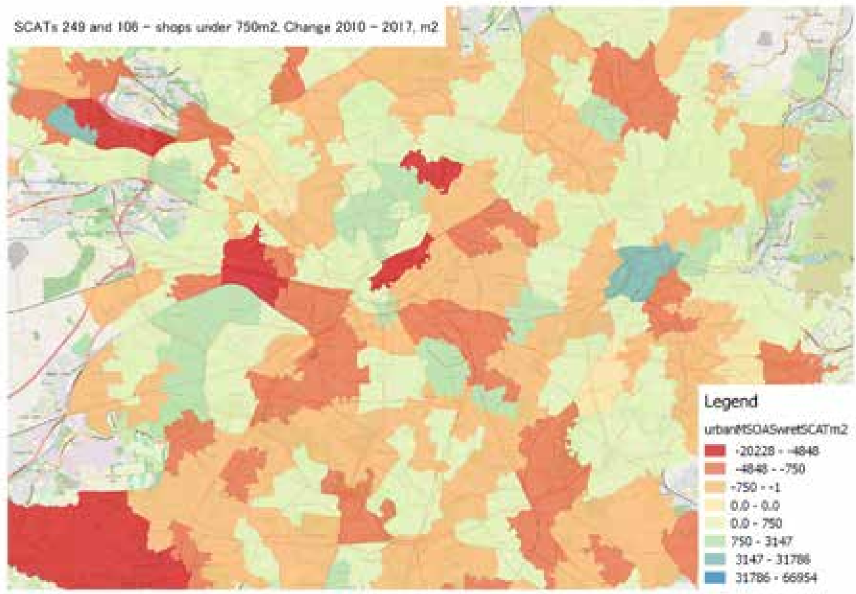




Leeds and Bradford



Manchester



of view of local authorities' immediate finances, this may not be very important, since landlords are still liable to pay rates on empty properties, after a 3-month reprieve. However, if we are investigating the vibrancy, employment opportunities and local services of a particular retail area, we need to know whether it's a fully booked, busy shopping street, or a wasteland of shuttered shop fronts and To Let signs.

Thirdly, how do we categorise the data? The VOA categorises all hereditaments within one of 369 Special Categories (SCats) – everything from "AA/RAC Service Centres" to "Zoos and Safari Parks". SCats are grouped into 4 main classes: the 3 "Bulk Classes" of retail, industrial and office, in which RV is set with reference to floorspace, multiplied by a figure based on rent per sq m; and the "other" category – including such diverse enterprises as bird sanctuaries, grain silos and public houses; this methodology is not then used. Therefore, "retail" covers many categories, from a popcorn-selling kiosk to a hypermarket.

In this instance, we selected 2 groups of retail properties from the broader "retail" bulk class: shops smaller than 750 sq m (which the VOA categorise as SCat 106 and 249) and shops larger than that (categorised by the VOA as SCat 139, 152, 154, 155, and 235). Obviously, these categories could reasonably be subdivided, but we kept it simple, as we found that between the 2 data sets, there was some discrepancy as to how the VOA had allocated businesses of the same size to different sub-categories.

Mapping trends in different-sized retail premises – a snapshot

For this experimental exercise, we wanted to find out whether the changes between the census dates (2010 and 2017) in the number and distribution of smaller retail premises were different to the changes seen for larger retail formats. Initially, we mapped our data by LA area. We found that in general (241 out of 348), LAs saw a decrease in small shop floorspace. Mostly, this was relatively slight (the average was -1.94%) but in 14 LAs, the difference was over 10%. This included the towns of York and Wigan, in which a decline of over 10% represented a loss of 33,050 sq m and 32,599 sq m of floorspace respectively.

The total RV of small shops in each LA also declined, on average, by only 0.8%. The pattern of results was very different here.

Most LAs saw either a moderate increase or a moderate decline (less than 10% either way) but a few outliers saw very large increases (up to 155%). These, however, were not LAs that had seen increases across the board, but those (notably Newham and Bolsover) where one or two highly priced development of shops since 2010 were enough to make a big difference, in percentage terms, to the total. The first 2 maps illustrate (on page 50) these changes.

Meanwhile, and as a challenge to the idea that supermarkets are solely responsible for the death of the high street, we found that larger shops had seen a decline as well. In fact, both smaller and larger shops declined in most LAs, and although there were LAs in which small shops declined and larger ones increased, the reverse was also true elsewhere. There were also LAs where both increased. The second set of 2 maps illustrate (on page 51) these points.

We then investigated the situation at a finer grain. Here, we employed Middle Layer Super Output Areas (MSOAs) – geographic divisions devised by the Office for National Statistics. Since they are roughly equivalent in population, smaller MSOAs are those with a higher population density and, therefore, with an urban character.

Here, we found that the picture was highly variegated and unpredictable. For example, in Leeds and Bradford, smaller shops increased in the centre but decreased elsewhere. In contrast, in Manchester, smaller shops declined in the centre.

Discussion

As often happens in research, this mapping exercise throws up yet more questions, leaving us with a suite of available options and further lines of enquiry.

With regard to our methods and findings, is it helpful to compare urban areas, as cities rarely fit the same spatial model? Many – perhaps most – cities are polycentric: the city centre is only one of several nodes for commercial activity. Should strongly polycentric areas, such as the Bradford/Leeds conurbation, be considered as a group of clusters showing interrelated, but separate, growth or decline? In fine-grained analysis, should our maps use street patterns or a grid to visualise data, rather than using the population-based areas of MSOAs? Should we include the changes in rateable value or leave these out?

On a wider note, we are drawn to ask: what are the drivers of these changes? Would adding occupancy and vacancy data show a different picture? Additionally, can we demonstrate a shift in certain town centres from retail use towards, for example, cultural and leisure uses, or housing – and will these be the more resilient ones? What forces have made some town and city centres weather the current storm better than others? Can fast-moving trends be captured adequately by following the VOA's schedule of periodic revaluations? What is the influence of retail consumer movement pattern and spatial accessibility to the changes in retail markets at different locations? More detailed analysis of the datasets and methodology will be necessary to answer these questions.

Irrespective of the answers to these questions, it is certain that having a clearer understanding of the pattern of changes in retail property markets will assist LAs to budget and developers to invest.

Further research

A few strongly performing areas for smaller shops coincide with the presence of newly opened shopping centres (Trinity and Victoria Gate in Leeds, Westfield in Bradford; Liverpool ONE; Westfield Stratford City). Against the uncertain background of large brands closing, could investment into high-quality retail spaces be justified as a method of retaining a resilient array of supplementary shops? Further analyses would be needed to find out.

Looking at spatial accessibility and retail consumer movement pattern (eg. using the scientific approach of space syntax) across a city's spatial layout could reveal further insights into locational performance of retail markets. This would allow further investigation into estimating future changes in retail market, based on consumer movement pattern on street layouts. Our colleague Adejimi Adebayo's PhD research involves computing these variables to compare Newcastle, York and Leeds.

Over to you

In the meantime, the next revaluation date has been confirmed as 2021, which means that the antecedent date of valuation has already passed: 1 April 2019.

Which indicators would you select to map the trends for commercial properties in your area, and what patterns would you predict?

All ACES members are welcome to share their thoughts with us on the pitfalls and potentials of using VOA data - or if you have spotted any trends shown by a different set of spatial data, please do get in touch.

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2. http://www.cushmanwakefield.co.uk/en-gb/news/2018/01/coworking-report

Roger is a Senior Partner at Wilks Head & Eve LLP, Chartered Surveyors, and Director Rates Plus. He is a highly experienced rating practitioner, who has been President of the IRRV on 2 occasions and also President of the Rating Surveyors Association. He has extensive experience in the rating of public sector property and has been at the forefront of central negotiations with the Valuation Office Agency at every revaluation since 1990, in respect of a number of classes of property.

RATING – WHAT NEXT?

Some updates and outcomes

Roger G. Messenger, BSc FRICS FIRRV REV MCIArb Hon. CAAV MIPAV (Hons)
RICS Registered Valuer, Vice Chairman, TEGOV - rmessenger@wilks-head.co.uk

Roger here provides what has become an annual update on all things rating. As we've come to expect, Roger's update is insightful and follows his usual hard-hitting practitioner's style. He draws particular attention to the difficult state of retail premises and possible knock-on effects.

Rating revaluation 2021

Rating revaluation 2021 is with us already, as the Antecedent Valuation Date is 1 April 2019. What does this mean? It represents the date of the evidence for the 2021 Revaluation. While the new Rating List does not go live and cause any charges against that List to be made until 1 April 2021, the List itself will be based on 2019 levels of value.

Business rates continue to create a lot of press comment or, as some in government characterise: "noise". Fundamentally, of course, this is because business rates being levied at around 50 pence in the pound is a major outgoing for property occupiers, or indeed owners where property is vacant.

The greatest "noise" has arguably come from the retail sector where we have seen a myriad of company voluntary arrangements (CVAs) for various retailers, both on the high street and in retail parks, which have effectively reduced rents dramatically by up to 70% and rate payments also in a number of cases.

This creates an interesting profile for the 2021 Revaluation. In 2010, where the evidence used 2008 data (arguably about the peak of the market), values were at an historic high. By 2013, in time for the proposed 2015 revaluation, the values having fallen in the intervening period had not sufficiently recovered to avoid a much higher rate poundage, so the revaluation was postponed to 2017, with the valuation date of 2015. For the most part, values had recovered sufficiently to enable the Lists 2010 -v- 2017 to be relatively stable. Each revaluation is set to raise the same revenue as in the preceding year (by statute) so if the total RV of England goes up under a revaluation, the rate poundage will fall. If the total RV is lower, the rate poundage will need to rise to maintain the income.

Of course, the equation is further complicated by the Transaction Scheme adopted. The existence of such a scheme is also statutory, although the details vary according to the profile for each valuation. This may become a critical element for 2021.

Sector implications

Leaving aside the general market for commercial property, the 2 types of property that have seen major shifts in value between 2015 and 2019 are arguably London offices and retail nationwide.

<u>Offices</u>

Undoubtedly in most parts of London, there has been a dramatic increase in office rents, with, for example, mid-town going up by between 50-80% in that period. That potential increase in RV, given the quantity of offices in London, will be a driver for change in RV across the Rating List totals.

<u>Retail and high streets</u>

In contrast, the retail sector, pretty much nationwide, has seen dramatic change. Broadly, structural change has occurred as a result of the ongoing revolution in online shopping, with less visits to actual retail premises and a lower cost base for retailers online. The likelihood of CVAs actually reducing rents in the high street and shopping centres leaves a valuation conundrum for 2019.

As a generality, actually vacant shops as at May 2019 are standing at about 10% of the total, but with a further 20% at risk, potentially falling vacant, or with substantially reduced rent. There is activity in the retail market currently, but the total cost of occupation equation is the deciding factor. If rates are a known outgoing, a retailer will offer by way of rent within the total available that they perceive they can afford. Arguably, all rents are struck at that level, but the dramatic percentages involved in CVAs have distorted the picture.

So, what are retail values for AVD 2019? 30% of what they were? 50%? For some retailers still paying historic rates and rents, competing against neighbours who are not, is creating a very uneven playing field.

So if the Valuation Office savage values in the high street and shopping centres to reflect what is seen by some as the new reality, there will be a knock-on effect to total RV and a potential issue for the rate poundage.

Of course, retailers not subject to a CVA will not benefit in dramatically lower business rates if anything like the current scheme of transition is employed for 2021, as reducing liability is not at all generous under the scheme.

Some argue that the government gets away with this because business ratepayers are not voters. Those who are, i.e.. small business ratepayers, have been given Small Business Rate Relief which has removed much of this angst.

Implications for Billing Authorities

Spare a thought for the Billing Authorities, who are not only suffering a loss of income as a result of CVAs but in many cases, have a lot of empty property in this sector, which of itself creates a confidence problem among remaining occupiers. Indeed, some local authorities have bought shopping centres, in the hope of regenerating them for their area.

Equally, the Billing Authorities are relying on empty rate income from the sector. Nearly 60% of the bank premises vacated by the major clearing banks since 2014 remain vacant. Empty pubs are a common sight in towns and in rural areas.

Whether a punitive transition scheme or a potentially higher rate poundage for 2021 is the result, it is clear the "noise" will continue and possibly get even louder.

The move to a 4-year revaluation period helps keep the system more reactive to market changes, but the high rate of tax is for most the unpalatable problem.

Some in government will say that Corporate Tax is low and this can be a justification for higher business rates. While I follow the logic, it seems that Corporation Tax is much more of an optional tax for the corporate sector to avoid, whereas business rates are a fixed overhead to occupation costs.

Check, Challenge and Appeal

In the midst of all of this, it appears likely that the much-criticised Check, Challenge and Appeal system will endure. Software updates will no doubt improve over time; there is some activity around improving the "digital journey" for ratepayers. This of course does not get over a hurdle of an obstructive system and one that is difficult to engage with, both for ratepayer and agent. Government and the VOA will currently hail the success of reducing the number of so-called spurious appeals that they have had historically, but with the numbers of challenges now starting to grow, following the completion of much of the overhang of 2010 appeals, it will be interesting to see what volumes come in, and wait and see how the Valuation Office, Valuation Tribunals and other stakeholders deal with that.

Some crystal ball gazing

The prospect looms of much activity in the Rating List towards the end of this List, potentially leaving a large overhang of work into the 2021 revaluation.

At some point, government will need to introduce measures for the end of the 2017 List. While assurance exists that no dramatic action on appeal rights is likely, I would suggest at this stage, nothing is guaranteed.

On top of all this, we have Brexit still ongoing. When (or is it IF?) it happens, debate is rife about whether the legal change is indeed a Material Change in Circumstances for rating purposes.

That could lead to a whole lot more challenges. Of course, we all know they will be spurious….don't we? Interesting times in the rating world. Some people have characterised rating surveyors choosing their career because they found the prospect of chartered accountancy too exciting!

Well, we have got some pretty fundamental issues to grapple with and yet another rating case on its way to the Supreme Court. It appears not as much of the system is as settled and stable as many would like.

I guess at 50p in the pound, what else might one expect?

As property taxes go, business rates is a good tax, although arguably over-exploited by government for years. Of course, if any government is feeling particularly brave, it should instigate a domestic revaluation after more than 25 years. That might help balance things a bit, and take the pressure off business rates, while helping local authorities. By all accounts, however, the Daily Mail - and other press - is likely to make such a move akin to political suicide. It will be a brave government indeed, or a short-term one perhaps, that makes that move.

Ian is a partner at aspire. He has a wealth of relevant strategic land assembly experience, having spent much of his career in a variety of public sector roles delivering housing, infrastructure and regeneration. Ian's past roles have been Assistant Director Regeneration & Housing at LB Hammersmith & Fulham; Chief Executive of Kent Thameside Delivery Agency, Head of Major Developments at Network Rail, and Crossrail Land and Property Director.

COMPULSORY PURCHASE

Time to put the strategy back into strategic land assembly

Ian Lindsay - ilindsay@aspireCP.com

In 2017 Autumn Terrier, Roger Moore, ACES' Compulsory Purchase Coordinator, wrote about the lack of local government expertise in this field. Ian is of the same view, which is a serious concern when authorities are becoming more involved in major projects. "Delivering compulsory purchase effectively is almost all about risk management and yet advisers often wait until the risks crystallise and then just manage the consequences." Ian illustrates his points using the Crossrail project.

Where's the strategy?

After 30 years as a regeneration professional responsible for client-side delivery of major projects such as Crossrail, I have often had to focus on the organisation and delivery of strategic land assembly. My remit now is to provide clients with compulsory purchase advice and assurance, as well as assessing funding proposals to government. But, what I see in this role is far too often inexperienced clients who set poor briefs or an over-stretched, under-skilled advisory market, whose focus is almost entirely on the purely transactional resolution of claims, rather than the financial and risk management of land assembly programmes. Delivered effectively, compulsory purchase is a fantastic tool to help unlock latent value in public land, to drive forward regeneration, and unlock new housing. But, if we are not to lose government and public trust in compulsory purchase, it's high time we put the 'strategy' back into strategic land assembly.

The ability to take private property without the owner's consent is rarely popular and has its historical roots in war and conquest. But, in modern democratic society, re-purposing private property for public use is an important means to assemble the land

needed to deliver economic, social and environmental change:

- For delivery of key infrastructure projects such as roads, railways or airports
- For the improvement of housing conditions
- For the promotion of regeneration – e.g. town centres
- For the provision of utilities such as electricity, water and gas.

The issues

The use of compulsory purchase by UK public authorities peaked c1955-1985 implementing post-war slum clearance and new housing programmes, such that 1 in 7 of all homes found in big cities in England and Wales in 1955 had been demolished by 1985 (1). Since the 1980s, with the exception of the Channel Tunnel Rail Link and a few tram and London Underground schemes, we have seen very limited use of CPO Powers. Consequently, the experience and skills required for delivering strategic land acquisition have been lost. In Ernst & Young's annual review of the compulsory purchase market, Jonathan Stott, Chair of the industry body - the Compulsory Purchase Association (CPA) - is quoted as saying …"*there remains a chronic shortage of professionals – and most particularly surveyors – practicing in the field of compulsory purchase and compensation.*" (2).

Despite this, the use of compulsory purchase has grown exponentially over the last 10 years, with delivery of major projects including HS2, renewable energy, utility schemes and the like. Following government austerity measures in the wake of the global financial crisis, cash-strapped local authorities are increasingly turning to estate and town centre regeneration as a means of leveraging private investment into the renewal of public assets, and there is an increasing emphasis from central and local government to encourage compulsory purchase as a key tool to speed up delivery of new housing (3).

But, with the compulsory purchase tap turned back on, not all schemes have delivered to expectation. Well-publicised problems have beset the London Olympics, HS2 and Southwark council's proposed regeneration of its Aylesbury estate.

Sadly, it appears such problems are by no means exceptional. Local authorities are currently bidding to government for significant funds to unlock new housing. Many of these local authority proposals require compulsory land acquisition programmes. Yet the strategies, systems, processes, governance and assurance put forward to support land assembly in the bids I have seen have often been weak and, in many cases, non-existent.

As a former local authority officer, I am sad to say that many councils seem to have lost the skills they once had as informed clients, able to produce an effective brief for strategic land assembly and use it to hold their advisers to account. Many advisers also seem to be incapable of stepping into the breach. There are plenty of lawyers that understand the compulsory purchase powers available and who can help to guide clients through an inquiry process. However, with powers secured, there are very few who have any practical experience managing land acquisition programmes, defining site boundaries, serving the notices and understanding the practical risks in securing possession within the statutory timeframe. This often leaves inexperienced acquiring authorities inventing processes on the hoof.

Equally, there are surveying firms who are capable of advising on compensation claims and also arriving at an overall Property Cost Estimate (PCE). But again, beyond this basic claim by claim transactional competency, it is rare to find firms with any real experience of designing claimant engagement programmes, identifying and managing the risks and opportunities inherent in the PCE before those risks crystallise in a claim, then managing the programme finances and designing the systems, processes, reporting, and assurance to give clients the management information they require to deliver with confidence. Delivering compulsory purchase effectively is almost all about risk management and yet advisers often wait until the risks crystallise and then just manage the consequences.

Moreover, as noted above, surveyors with genuine compulsory purchase experience are thin on the ground. Nationwide, there are currently only some 340 surveyor members of the CPA and perhaps less than 5% have real client-side delivery experience. Furthermore, most are now more than fully occupied dealing with the c.£7bn of compensation claims arising out of HS2, Heathrow's airport expansion proposals, or dealing with the raft of other Nationally Significant Infrastructure Projects, not to mention the many smaller scale road schemes, estate regeneration, or other projects currently on the table.

What is needed

In order to ensure best practice in compulsory purchase, there is so much more to consider beyond the transactional assessment of compensation and acquisition of interests. Acquiring authorities need to ensure people are fairly dealt with and that cash-flow is planned, so claimants can receive payments promptly without incurring penal interest. Good practice also demands a resident or stakeholder 'charter' to set out how acquiring authorities will deal with affected parties, as well as the rights and responsibilities of claimants. The Greater London Authority requires estate regeneration projects to be subject to a residents' ballot, to give those affected a say on if and how such projects should proceed; the Public Sector Equalities Duty obliges authorities to undertake Equalities Impact Assessments to understand the potential effects of compulsory purchase on the most vulnerable 'protected' groups, and to design their projects to mitigate such effects.

In 2011 I was lucky enough to be offered the position as Crossrail's Land & Property Director. At this stage, Crossrail was some 60% of the way through the 5-year window allowed by parliament to secure the land required for construction of the project, and yet only about 25% of the necessary notices had been served. This struck me as a potentially career-limiting statistic and when I started to search around for advisers with experience of navigating this landscape, and looking for bespoke IT systems to help manage my programme, I was alarmed to find that neither existed. Crossrail was initially presented with a draft form of notice by its legal advisers that I found almost unintelligible; we had no automated systems for managing notice production; and faced the prospect of administering £860m of property expenditure and a couple of thousand claims - on Excel!

To get round this, we had to work painstakingly with our land referencing consultants, to develop Crossrail's Title Management IT system, to establish a dash-board reporting system which could project forward where we needed to get to, on serving the notices necessary to deliver the land on time for Crossrail's contractors to start work and find a means of managing claim finances. Fortunately, we were able to turn to Transport for London, which made its 'Phoenix' CPO finance IT system available. As a result, we managed to serve 11,404 notices on time and the property budget remains within 1% of the budget, despite having to acquire additional land as a result of design and scope alterations, and promoting 3 extra Transport & Works Act Orders, in addition to the original Crossrail Act land acquisition powers.

Lessons learned

I learned a great deal in my time on Crossrail about how to manage a complex land assembly programme. Some of this learning is available on the Crossrail Learning Legacy website (https://learninglegacy.crossrail.co.uk). Most of this learning is applicable to smaller projects as well as the large ones, and the key principles I would highlight are as follows:

1. Do everything you can to put yourself in the position of being **an informed and intelligent client** of land assembly. Draw a distinction between the transactional advice (PCE/assessment of compensation/CPO legal process) and the insight a client needs to understand and manage the risks. Commission a risk analysis and understand the levers you can pull, to mitigate the risks in good time. Make sure, as client, you ask the right questions, at the right time and appoint the right team with a focussed brief. Making yourself a knowledgeable client will save you time and money. If the skills do not exist in-house, then recruit experienced people and/or bring in advisors who will work with you to design the brief and make sure they help up-skill the client as part of the process
2. Put in place a **good quality and experienced professional team** to undertake transactional activities, with the right lawyers, surveyors, land referencing and stakeholder management specialists to deliver the job. Be wary of those who offer you a compulsory purchase "one stop shop" as jacks of all trades will not necessarily have the strategic skills to manage your risks. Ensure your team has practical experience of delivering projects with similar issues and at an appropriate scale. Speak to other clients that your potential advisers have worked for to find out their strengths and weaknesses, and ensure they have practical experience of end to end programme implementation, not just a focus on managing the claims
3. Focus on putting in place the **project and programme management systems, processes, reporting and governance** that you will need to deliver your project and the payments to claimants effectively. Give yourself visibility on the statistics and trends, so that you can make evidence-based decisions. The success of compulsory purchase programmes in many ways comes down to proactive risk, opportunity and stakeholder management. Ask your advisors how they will identify risks, how they will quantify them, what they will do to manage and mitigate claims before they are received, and how they propose to manage the overall PCE. In particular, check what IT systems will they be using to manage your finances
4. Consider bringing in **independent expert project review and assurance** to ensure that your systems and teams are up to the task; put this in place before things start going wrong. An 'ounce of prevention is worth a pound of cure' and that's the very reason that the 3 lines of defence assurance model was created, following the global financial crisis, to provide a co-ordinated approach to risk management, and provide public bodies and private companies with practical assurance that problems could be prevented before they got out of hand.

Summary

Compulsory purchase programmes are set against an incredibly complex legal, physical, political and stakeholder background. The skills to manage such programmes are in short supply and if they go wrong, they can leave public authorities struggling to deal with significant financial exposure and major reputational damage. However, done well, they can be the key to regeneration and faster delivery of housing and a means to unlock the latent value of public land assets. It's time we got the strategy for compulsory purchase right.

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aspireCP are specialist compulsory purchase advisers and probably the only firm in the UK which focuses on supporting acquiring authorities through the full range of compulsory purchase strategy, organisation, financial and risk management, rather than just compensation transactions. Particular skills include project assurance, financial risk management, and helping clients navigate the rail/property interface. aspireCP has also developed its own market-leading ComFiRM IT system to track all aspects of compulsory purchase cost and risk, with dash-board reporting to provide clients with real-time management information.

Matt is Property Management Director at Lambert Smith Hampton. He heads a team of 16 property and asset managers in LSH's London office, advising a range of property investors and funds across all asset classes. Matt also oversees the delivery of several national portfolios, drawing upon LSH's extensive regional coverage. With the ever-increasing urgency surrounding sustainability and climate matters, Matt has focussed considerable efforts to boost awareness, skills and capability in this field.

Marcus is National Head of Facilities Management at LSH. He is responsible for 35 facilities managers operating nationally at over 600 properties. The portfolio comprises multi-let offices, retail parks, business parks and industrial sites, and liaison with shopping centres management teams. Marcus also influences purchasing and contractor management strategies for the division, and is seeking to embed sustainability best practice and initiatives within the LSH supply chain. He has a lead role on LSH's sustainability steering group and is active within the Better Buildings Partnership 'Managing Agents' working group for sustainability.

4D MONITORING

Sustainability for the masses

Matthew Livesey - MLivesey@lsh.co.uk and Marcus Cain - MCain@lsh.co.uk

Matt and Marcus outline the advantages of using cloud-based technology to reduce the carbon footprint of managed buildings. It complements Stephen Preece's article in 2019 Spring Terrier.

Sustainability

The hot topic on many lips is sustainability. From electric cars to solving the plastic problem, everyone is seemingly and increasingly becoming alive to the chronic environmental issues we face. So much so that the UK government has pledged to reach net zero greenhouse gas emissions by 2050.

Energy usage from the built environment is one of the biggest causes of CO2 emissions. The UK Green Building Council estimates that 40% of the UK's carbon footprint can be attributed to the built environment, half of which comes from energy used in buildings. Heating alone creates 10% of the country's carbon footprint.

In effect, our industry is a significant contributor to the universal debate. Yet sustainability is still out of reach for many property owners and managers. Old buildings, small budgets, tenants' varying needs – there are many factors that make it hard for a property manager truly to measure the sustainability of a building and to act upon any findings.

The tech revolution

Thankfully, technology is constantly evolving. Products are emerging at speed to make sustainability solutions accessible to all. One such product is 4D Monitoring, a cloud-based solution that we at LSH continue to roll out across a variety of managed properties.

A factor that makes 4D Monitoring more accessible than other technologies is that its sensors are independent from the building. Other products require monitoring hardware to be embedded into the fabric of the building, which adds a considerable cost. In contrast, 4D Monitoring is like a stethoscope, taking readings every 10 minutes, in a very simple and slick way. This makes it cheaper and easier to implement.

Making building efficiency affordable

While new build construction has come a long way in terms of improved insulation, by 2050, more than 80% of buildings in the UK will have already been built, according to the UK Green Building Council. This means that weaving in sustainability retrospectively becomes more costly and disruptive. This isn't the case with 4D Monitoring. With an installation fee of £2,000 and an annual running cost of £1,000, the financial return on investment will be seen within a year. Most importantly, it will reduce CO2 emissions too. So it's a win, win.

We've seen this in practice too. Our first 4D Monitoring trial was for one of the largest real estate investment managers in the world. The challenge - to reduce the energy intensity of its portfolio by 30% by 2020.

We installed 400 sensors across 27 buildings, ranging in size from 600 sq m to 5,000 sq m, spanning older building stock - 1980s properties - to new build. Inside a year, this expanded to 800 sensors, which monitored temperature, pressure, flow rates, energy consumption and plant run times. An immediate finding was that one building's heating, ventilation and air conditioning was running 24/7, despite being scheduled to shut down outside office hours.

The results

In the first month, 4D Monitoring found 49 opportunities to optimise equipment run times and the recommended adjustments were made. Last year, the service achieved a 35% reduction in kWh compared to the previous 12 months, which translates into a 37% saving on utility bills and about 48 tonnes of CO2. Across the 27 buildings, energy consumption was reduced from 10-

30%. We expect the same, or better results this year too.

While this trial took place over a sizeable portfolio, the technology can be installed into a single building of any size. Each sensor sits independently, which allows each contractor or building owner to decide what to measure. A user could install 2 sensors or 200; having some sensors is better than none at all.

The future for sustainability monitoring

As with all technology, smart building products are constantly evolving. Sensor-effectiveness is increasing while unit costs are coming down, and the software that can transform data into meaningful solutions is changing every day.

Automation is one aspect of 4D Monitoring that we are deep diving into. On the one hand, adopting this technology is about allowing managers to identify long-term savings and efficiencies, testing the systems of a building, and making gradual enhancements after the first big wins are absorbed. On the other hand is a building's ability to help itself. For example, air conditioning filters are normally replaced every 6 months as standard. By placing an airflow sensor either side of the filter, it can automatically send a message to the contractor to change the filter when it's actually required. This creates a new and better model for building maintenance, moving the industry away from box-ticking maintenance regimes, to a place where we can really manage the performance of a building, and all benefit from the obvious gains.

A collaborative approach

Collaboration between all those associated with the building must happen for energy use to be truly optimised – the tenant, the facilities manager and the landlord. We are looking to factor profiling into the tool, which will pick up human interaction. Tenants will be able to see the data and, rather than make subjective changes to the perceived temperature of an office, for example, they could add science to the discussion.

So far, clients have been impressed with what 4D Monitoring can achieve. We have a long way to go, but today we have a product that can be deployed quickly and affordably. This is already light years ahead from where we were a few years ago. As more businesses get to grips with the government's drive to reach zero carbon emissions, using this type of technology really is the smart solution.

[Ed – Lambert Smith Hampton invites readers to look at www.airspacexchange.co.uk website] see advertisement on page 59

REMOVING TRAVELLERS
Case study of eviction from a licensed traveller site

Mike Anderson - mike.anderson@hcegroup.co.uk

Mike is a Group Director of High Court Enforcement Group (HCE) which provides enforcement solutions throughout England and Wales. He is also one of the founding directors of the National Eviction Team, which is part of the HCE Group. He has a vast amount of experience, having been involved in every major eviction that the National Eviction Team has undertaken. He has extensive experience in dealing with trespassers and enjoys finding the right solutions to technical problems. He takes a practical approach to his role and embraces challenges.

Mike follows up his account in 2019 Spring Terrier of the eviction of Grow Heathrow, with this experience of removing travellers from a licensed site. The photographs are probably all too familiar to Terrier readers.

Local authorities frequently have to remove travellers from land or the roadside, but they also have to remove occupiers from licensed traveller sites, a far more challenging situation.

The removal of travellers in transit is quite commonplace, with the option of either enforcing under Common Law using certificated enforcement agents, or under a county court order, such as a writ of possession executed by an authorised High Court Enforcement Officer (HCEO).

Court order required

When it comes to a licensed site, a court order is required. A local authority may decide to terminate the agreement of an occupier on a licensed site where:

- The occupier has breached a term of the agreement
- The occupier is not occupying the mobile home as their only or main residence
- The condition of the allocated site (known as a plot or slab) is such that it is having a detrimental effect on the site.

Breaches

A notice to remedy the breach must be served on the occupier, unless the breach is so serious as to be incapable of remedy. However, it might be advisable to serve notices in all cases.

When enforcing the writ, we find that the most common breaches are:

- Allocation of a pitch to another party
- Allowing others to join them without consent
- Antisocial behaviour
- Trespass, i.e. occupying the site without permission or agreement.

After a successful application to court to terminate the agreement, the next step is to apply for an order to regain possession; both are normally applied for in the same proceedings. The order for possession may then be transferred to the High Court, to be enforced by an HCEO under a writ of possession.

No right to assign

There will normally be a long waiting list for travellers' plots, and the local authority is required to comply with the requirements of the Housing Act 1996 when determining priority of allocation of plots. The right, under the Mobile Homes Act 1983, to assign a plot to another does not apply on licenced local authority sites.

Antisocial behaviour

Antisocial behaviour will cause the local authority to take action, and issuing warnings before moving to an antisocial behaviour order if the behaviour does not change. Court action can then take place under any unresolved antisocial behaviour or breach of any injunctions obtained, leading to the removal of the occupiers by obtaining a writ of possession.

How and why it's different

Removing occupiers from a licensed site is fundamentally different from removing travellers in transit. Those is transit will be expecting to be moved on, on a regular basis and in the main, accept this as part of the process. On licensed sites, however, some occupiers will have been living there for a considerable time; some families have been established 20 or 30 years, even their entire life, and will not accept removal with such equanimity.

These removals are one of the most difficult to manage, even more so than a protester eviction. Lock-ons are replaced with barricades and physical resistance, though violence and intimidation is more probable.

Local intelligence is key

Risk assessments and detailed operational planning are always an essential part of preparing for an eviction, especially when resistance, and potential violence, are likely. Knowing the nature and complex dynamics of the particular site is an essential part of that preparation. Working with the police is also essential on cases of this nature, ensuring resources are available.

Intelligence might include knowing about ongoing disputes and hostility between family groups on site, who the influential people are within that particular group, and who may be highly influential, and the likelihood of use of barricades to prevent removal. Blockades we have experienced can include vehicles with flat tyres in front of caravans, which then have children placed inside.

All local intelligence, however small, is vital and can make a huge difference when it comes to safety of all concerned - the enforcement agents, police, site employees and the occupiers, those being removed and those remaining.

Leader of the site

The influencers of the community can support the objectives of the HCEO and the team, if they feel it is in their interest to do so. We had once instance where they told the family in question to stop their resistance and leave, which they did.

We worked on one site where we developed good rapport with the leader of the site and, after 2 weeks of negotiation, the occupiers moved themselves peacefully, which was a great result, as the chances of violence had been very high.

HCEO responsibilities

The HCEO's only authority is the land identified in the court order and is only responsible for clearing that land. Securing the land to prevent reoccupation is the responsibility of the local authority. Where the land needs clearing of rubbish, separate arrangements can be contracted.

If you would like to know more about the removal of travellers, whether from the roadside or a licensed site, please do get in touch.

Mike has been a bailiff since 1988, receiving his appointment as a Sheriffs Officer in 1995. In March 2004 he was appointed as an Authorised High Court Enforcement Officer. He served on the board of directors of the High Court Enforcement Officers Association and was their disciplinary chairman.

RETHINKING REAL ESTATE

Connectivity and rethinking real estate – takeaways from the world built environment forum

Sara Cameron MRICS

ACES Eastern Branch Secretary, in her capacity as an elected board member of RICS global Governing Council [for full biography, see article on ethics in this edition of Terrier], attended the recent World Built Environment Forum. Here she provides us with a brief resume of some of the areas of most relevance to public sector surveyors.

13 and 14 May 2019 saw board members of RICS Governing Council attend the 4th World Built Environment Forum (WBEF) in New York.

The forum facilitates industry-leading discussions, harnessing the enormous potential of the 21st century's people and places. It brings innovators and global influencers together, with the next generation of top talent and rising stars in one place, to determine the future direction of the built environment.

Key topics this year included:

- People, place and possibility: impactful investment in the 21st century's cities
- New work, new workplaces: how technology and changing human habits are reshaping real estate
- Blockchain and the bottom line: real estate transactions in the 4th industrial age
- Responsible investment in a complex risk landscape
- Digital contracts and blockchain: improving transparency and efficiency of transactions
- Navigating climate risk and opportunity in real estate
- Valuing real estate in the 21st century: how technology is redefining the art and science of valuation.

The first day of the summit saw keynote speaker, Parag Khanna, managing partner of FutureMap and author of 'The future is Asian', shared his insights on the 4th industrial revolution, which continues the previous 75,000 years of civilisation disruption cycles. His keynote address centred on:

- The central role of cities and megacities in international commercial activity
- The paramount importance of interconnectivity in driving competition and co-operation between cities
- The emergence of the global supply chain as geopolitical priority.

These were key themes recurring throughout the summit.

His presentation led us through what China's Belt and Road initiative means for long-established transatlantic trade relations. The Chinese are investing trillions of dollars in infrastructure, but the rise of mega city and complex urban connections still need a revolution in how we connect natural, political and functional geography to overcome national divides, and fully utilise the role of cities in diplomacy and growth: 'Connectography', if you will.

1 million people are urbanising every week. Every single week. Most of that growth is happening now in the global south and it is expected that by 2030, much of the global population will be concentrated in 50 megacity clusters.

Cities are growing at an unprecedented rate - Sao Paulo and Mexico City took 15 years to grow to the same size it took New York 150 years to grow to; Dhaka, Lagos and Kinshasa are 40 times bigger than they were in the 1950s. Growth brings opportunity and major challenges in utilising land and resources, while ensuring connection and support.

The key link to the built environment, other that tackling one of the key megatrends of climate change, is fuelling and infrastructure. By 2030, climate change and natural disasters may cost cities hundreds of millions each year globally and push 77m more urban residents into poverty. Cities are currently in an infrastructure deficit that is worsening; if infrastructure doesn't keep up with growth, shortages will be exacerbated. But megacities also create bottlenecks of social housing and connectivity and we must consider urban resilience at every turn. After all, a web of connection is better than a single thread.

In terms of rethinking the workplace, we heard from Dror Poleg, author of Rethinking Real Estate. He looked at co-living, co-working and beyond, and how disruptive technology is changing how we work faster than we can react.

Flexible office space is booming. WeWork is backed by a whopping $12.8bn of investment capital and there are hundreds of millions more dollars invested in UCOMMUNE, TOG, CONVENE and others. But it is not all about co-working. It is increasingly about having hybrid spaces that can flex to multiple uses 24:7 and tenant needs.

Technology is driving a change in the way we think about buildings, and the human experience is now the most important factor in how buildings are organised and managed.

Neuroscience and its applications to urban design, the built environment, productivity and well-being are all key themes in rethinking real estate now and into the future.

We also heard from former Senator Jeff Flake, who shared his views on the current federal administration and the desperate need for bipartisanship and cross political collaboration, to address infrastructure deficits and climate crisis.

Several of the panel discussions covered technology and its impact on the role of the professional. One panel discussed the validity of automated valuation models and their data and algorithms, and whether human bias can be exaggerated through their use. It also looked at the relevance of blockchain in real estate and the need for regulation of cryptocurrencies. Topics for further research and leadership from the RICS!

RICS President Chris Brooke closed the WBEF, set the scene for Governing Council's strategy meeting, and looked ahead to the 5th WBEF to be held in Shenzen, China in 2020.

How to find out more?

The WBEF is not just an annual conference – research and insight are available via the website; discussions are ongoing. Find out more at www.rics.org/uk/wbef .

Stephen is Director of Commercial and Business Development at University College of Estate Management (UCEM). His work focuses on attracting new students and engaging with employers who use UCEM to train their staff. He has worked at UCEM for 8 years, during which time he established a new Apprenticeship Management team to lead the delivery of apprenticeship programmes.

SURVEYING APPRENTICESHIPS
How they work

Stephen Bartle - S.Bartle@ucem.ac.uk

Stephen gives a full account, including testimonials from employers and apprentices, of why this is a good route to bring more surveying professionals into the public sector workforce.

Do you know which education provider trains the highest number of surveying degree apprentices in England? A number of institutions may spring to mind when guessing, but the answer is University College of Estate Management (UCEM).

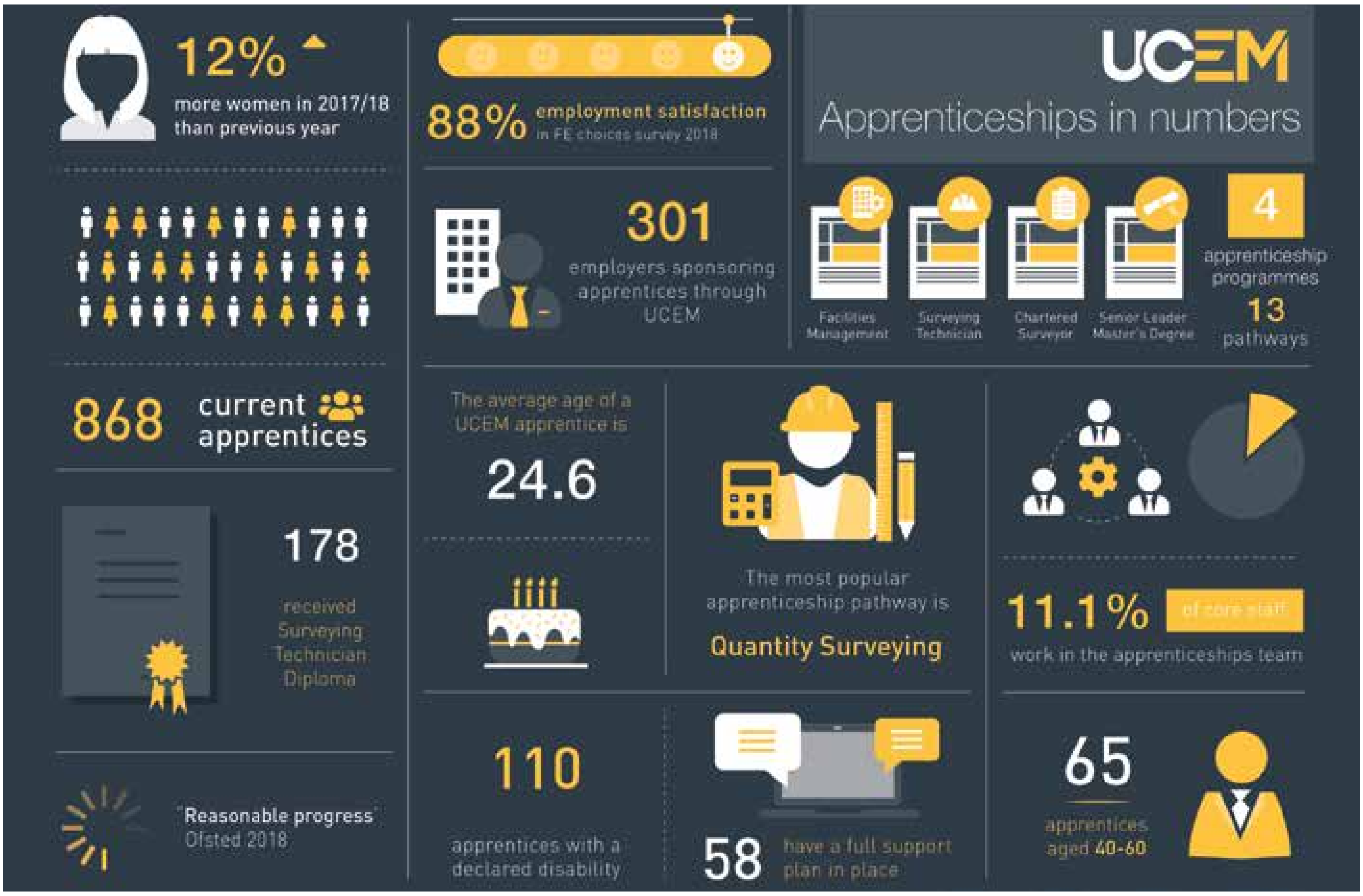
UCEM is the leading provider of supported online education for the built environment, with 100 years' experience of providing the highest quality learning opportunities. Founded in 1919 as The College of Estate Management, the institution has educated more than 150,000 students across the globe in its first century.

UCEM helps to enhance built environment professional careers through its accredited property-related and construction programmes, offered at postgraduate, undergraduate and technician levels. But it hasn't always been this way.

Background

The provision of distance learning materials and later, tutor-supported, online education at undergraduate and postgraduate level, has been a constant during UCEM's history. However, it was only in 2015 that the institution began to offer degree apprenticeship programmes.

UCEM's entry into the apprenticeships market was in response to the government's introduction of the Apprenticeship Levy in the July 2015



budget, and the creation of new surveying apprenticeships at technician and degree level. It was a bold move considering, up until that point, there was no plan for UCEM to ever offer apprenticeships. However, it fitted well with UCEM's strategy to offer apprenticeships, due to its focus on providing part-time programmes for people in work.

This move also gave UCEM a head-start as one of the first higher education providers to invest so heavily into the government agenda, and helped it develop systems and know-how for surveying apprenticeships before others got involved.

Why apprenticeships?

What was the lure of apprenticeships? The introduction of the Levy was a gamechanger. This meant that large employers with annual pay bills in excess of £3m had to pay 0.5% of all their pay costs above this threshold into their Levy account. This money can then only be used for apprenticeship training. Levy-paying organisations are encouraged to use their Apprenticeship Levy funds within 2 years and if not used in a certain timeframe, the funds will expire.

With UCEM as a vocational higher education institution, this alignment of education and employment made sense and UCEM Principal, Ashley Wheaton, was and is a firm supporter of initiatives which promote apprenticeships. Apprenticeships boost employment and, in turn, benefit employers; they can even be used to upskill existing staff, so there are many benefits to be had by businesses.

Where are we now?

Fast-forward 4 years from the launch of UCEM's degree apprenticeship programmes and there are now nearly 1,000 apprentices studying with the institution. The infographic provides a snapshot our apprenticeship offer.

UCEM currently offers 5 apprenticeship standards which may interest ACES members. These are:

- Chartered Surveyor Level 6 Degree Apprenticeship, covering RICS commercial real estate, valuation, building surveying, quantity surveying and project management APC pathways, with rural to be added in 2019/20
- Surveying Technician Level 3 Apprenticeship, covering similar pathways at RICS Associate level
- Senior Leaders Master's Degree Level 7 Apprenticeship (based on UCEM's MBA Construction and Real Estate; this is targeted at senior property professionals in leadership roles)
- Facilities Management Supervisor Level 3 Apprenticeship; and
- Building Control Surveyor Level 6 Degree Apprenticeship (subject to approval of the End Point Assessment in August 2019).

UCEM holds a framework agreement with the Crown Commercial Service for property apprenticeship training for government departments and the wider public sector, including NHS Trusts and local authorities. In addition, UCEM works with over 30 local authorities across the regions on an individual basis.

Employer perspective

While I can rattle off a multitude of statistics and benefits of studying with UCEM, the proof of the pudding is in what employers and apprentices say. One such employer is Wokingham Borough Council and I asked Senior Specialist (Assets & Maintenance) Surveyor, Sukh Singh, about how he's finding employing an apprentice who studies with UCEM.

How have you found the experience of hiring an apprentice?

Here at Wokingham Borough Council we value apprenticeships, as they are a way of securing future talent. We have found the experience of hiring an apprentice very rewarding. It has enabled our team to further develop a working environment that promotes and develops our own talent, at a time of a skills shortage in the wider property and construction sectors. Hiring an apprentice was initially challenging, in terms of setting up the various support and structured training packages required to ensure the apprentice receives an adequate level of support and guidance. However, this was mainly during the initial stages of the apprenticeship and since then, the benefits to our organisation have been significant and we have found our apprentice to be an essential and valued member of the team.

What are your thoughts on UCEM as your apprentice's learning provider?

UCEM is a world-leading training provider for built environment qualifications, with a long-established and successful track record of delivering quality online education. UCEM provides candidates with an excellent virtual learning environment, to enable them to undertake their studies as part of their online programmes. We can see the benefits our apprentices have gained from UCEM, one of which is flexibility for both the employer and the apprentice, by allowing the apprentice to study and work at the same time. Furthermore, another benefit with UCEM is many of the degree programmes it offers are accredited by leading professional bodies such as the RICS and Chartered Institute of Building, enabling apprentices to have a good start on the path for being ready to take their APC or Professional Review, which eventually lead to chartered membership. The courses are also taught by tutors who all are both highly experienced and qualified, ensuring the apprentice has the best opportunity to do well on his or her course.

What would you say to your peers at other local authorities about the benefits of hiring apprentices?

One of the most significant benefits is developing and training your own staff through an apprenticeship will allow the employer to mould and train the apprentice for the specific business needs of your organisation. This training commitment demonstrated by the employer also comes with an added benefit of helping aid staff retention in a highly competitive labour market. Once the apprentices have had the opportunity to settle into their roles, their knowledge and confidence will grow, enabling them to lead on more complex projects and assist other team members; this leads to significant productivity gains for the organisation as a whole. Hiring an apprentice also enables other members of the team to develop their management, coaching and mentoring skills, as they can also be involved proactively in the training and development of the apprentice.

What are the drawbacks with apprenticeships?

I don't believe there are any significant drawbacks of hiring an apprentice. It should be seen as a long-term investment and commitment by an employer. It is a team effort; everyone involved in the apprenticeship, including those the apprentice may be mentored by, will also need to be fully supportive in the training, as this may require them taking time out of their daily routine.

Do the benefits outweigh the drawbacks?

The benefits gained from the apprenticeship for both parties will depend on the effort invested in the scheme; however, if both parties are fully committed to the apprenticeship, the benefits will certainly outweigh any minor drawbacks.

How has hiring an apprentice changed your organisation? ie. will you hire more apprentices in the future? Do they slot into the organisation well?

In hindsight if we were aware of the benefits that hiring an apprentice could bring to our organisation, we would have taken the decision much earlier. In the pressures of the modern working environment, many organisations can have doubts about undertaking this, due to existing staff workload issues and commitment levels required to support an apprentice in their training – concerns we initially had, which later were proven to be unfounded. Our apprentices have proven to be highly focused individuals, keen to learn and work as independently as possible, while integrating well into our organisation. We would certainly consider hiring more apprentices in the future, and we would also encourage other organisations to do it.

Apprentice perspective

Don Afonso is an Apprentice Surveyor at Hackney Borough Council: "UCEM has been very helpful in providing us with excellent learning resources and support. There are tutors going the extra mile in these last few weeks to ensure that we all pass and excel, e.g. running extra webinars.

"UCEM also provides us with networking events and opportunities. For example, I have become a member of the People's Property Network – a networking organisation for people within the construction sector."

William Weldon, an Assistant Estates Surveyor at Nottingham City Council who is on UCEM's Chartered Surveyor degree apprenticeship, added: "I have found that studying online has really suited my individual needs as I can study at times more suitable to me, as opposed to being fixed by the more traditional timetabled approach.

"UCEM's virtual learning environment is very user-friendly and is easy to navigate, with all the materials being held in one place. Tutors generally respond to any questions through the forums, which means that all students can benefit from the answer. I have achieved some good results, which gives me motivation going forward to continue working hard."

Get in touch

If you think your organisation could benefit from upskilling staff or hiring someone on an apprenticeship, get in touch with our Business Development Team businessdevelopment@ucem.ac.uk or calling 0118 467 2315.

ACES

Health | Leadership | Housing | Environment | Sustainability | Investment | Recycling | People | Data | Place | Social Value | Infrastructure | Regeneration

ACES National Property Conference

Improving Lives Through Property

Cowes, Isle of Wight | Thursday 19th and Friday 20th September 2019

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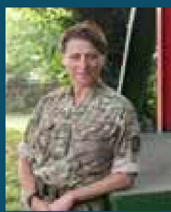

Colonel Lucy M Giles
BSc MA PGCE Hon LLD
Commander of New College
Royal Military Academy, Sandhurst

For further information please contact secretary@aces.org.uk 07853 262255 or neil.webster@aces.org.uk https://www.aces.org.uk/Conf2019/

Who should attend and Why?

Property professionals and those involved with property from all sectors.
Get inspiration and network with professional colleagues, decision-makers and leaders from across all sectors.
Interact with the exhibitors, sponsors and supporting partners.
Social programme to run alongside the Conference.

CHARLES COATS, RURAL BRANCH

The Rural Branch held its spring meeting on 16 May at The Farmers' Fayre, Stoneleigh Park, Warwickshire. The National President and Secretary attended and provided a comprehensive update on national issues.

The meeting was well attended with representation from 14 councils from across England.

The principal focus was on 2 major presentations and subsequent discussion from Jenny Barker and Fiona McVicar, senior officials from DEFRA, setting out the government's current thinking and position on the Agriculture Bill and Future Policy and on proposed reforms to agricultural tenancy legislation, which is currently out to consultation. Although these initiatives are making slow progress due to prevailing Brexit-related uncertainties, both will have a significant and, hopefully, positive impact on the future, and on the management of council farms across England.

In order to ensure we continue to make a positive contribution to the ongoing debate on these vitally important issues, the branch agreed to set up a standing working group to respond to consultation initiatives, and to formulate proposals regarding the future management of council farms, for DEFRA's consideration. In addition to the Branch Manager, the group will comprise: Jonny Alford, Cornwall; Richard Hadland, Staffordshire; Kate Barlow, Cambridgeshire; Jill Matthew, Gloucestershire; Dan Meek Devon; and Ben Lancaster, Dorset.

George Dunn, CEO of the Tenant Farmers' Association, attended the meeting as a guest of the branch and provided his usual pithy take on key issues from the tenant farmer perspective.

In the absence due to illness of Duncan Slade from Norfolk, Dan Meek from Devon gave a presentation on initiatives his council is taking to better equip and prepare prospective tenants for entry to council farms. Events held had been well attended and received.

The Branch will hold its autumn meeting at the same venue on Thursday 14 November.

ALAN WHARTON, LONDON BRANCH

Meeting held on 17 May 2019

The meeting was held at Southwark Council Offices and was attended by 22 members and guests, including Graeme Haigh, ACES President.

<u>Presentation by Peter Barber and Tim Young of John Rowan and Partners: Hidden Homes</u>

The concept is to develop good quality social rented/affordable housing in undeveloped pockets of land, such as redundant garages, small parcels of amenity land, undercrofts, "Space left over after planning", and rooftops. As a rule of thumb, 3 garages could create land for one house. Currently most housing is provided by housing associations which act as mainstream developers, but this is an opportunity for local authorities to seize. As an example, Newham LB spends £61m p.a. on temporary accommodation at £400 per week per unit, and the equivalent sum would deliver a significant amount of housing. Although costs can be high, there is often no acquisition cost.

Key facts:

- Typically, LAs could increase their housing stock by 7.5% in this way, with a total across London estimated roughly at 50,000 units
- The cost of feasibility is about £15-20,000 per unit
- Houses are more efficient users of space, with 100% of land footprint developed, whereas flats require circulation/access space taking up 25% of the land
- Development of 1-5 units are often unviable; up to 30 can be difficult to justify due to dis-economies of scale.

In Q&A, the following points were made:

- Procurement is the most efficient method, using pre-authorised framework agreements
- Both HRA and non-HRA assets can be used
- A phased approach is advisable looking at 2 wards at a time, with a typical borough having 20 wards
- Rooftop development can be difficult because of structural/ condition issues; it may be more viable to redevelop
- Loss of open space which is developed may have to be compensated by improvements in other amenity land
- Some sites can be enlarged or improved by striking a deal with neighbouring owners to acquire gardens, accessways, etc.
- Transport for London has a target of 10,000 homes. Some 3,000 acres of land has been identified in Phase 1 of a programme. It takes up to 4 years to bring a programme to fruition
- There is a scope for a pan-London co-ordination group to share expertise and experience.

[Ed – see article by Tim Young in this edition of the Terrier].

<u>Graeme Haigh, ACES' President</u>

Graeme outlined 3 priority areas:

- Increasing the membership. He acknowledged that London was probably in a better position than most branches due to proximity of members and the opportunities to exchange information on a wide range of professional matters. As the age profile increases, he noted the need to encourage succession planning to a younger generation
- CPD. He believed the high-quality presentations, such as just delivered, could be repeated at more than

one branch. The theme for the 2019 National Conference in Cowes is 'Improving Lives through Property', which includes the use of assets for benefit, not just to generate income

- Participation. It would be good for members of one branch to attend the events of another branch. The annual conference is a major event worthy of support, offering good value for money, and networking opportunities on a personal and business level.

In addition, Graeme mentioned the ongoing development of a new, more interactive website; the new President's Award (not the Award for Excellence which is project-related), but recognises work to implement the aims of the ACES' Business Plan – influencing, promoting and equipping the work of the public sector surveyor.

<u>Exchange of information</u>

The Secretary said that he had received 2 requests in relation to work experience. The President advised that there was an opportunity to promote the profile and benefits of ACES through its new website, once it was operational, and these requests could be one way to promote the profession and begin to deal with the increasing LA recruitment difficulties. Links with universities were increasingly important. Members emphasised that work experience students should be offered appropriate remuneration, which could be Living Wage, to mitigate any concerns about exploitation.

- One LA has advertised for a maintenance surveyor 3 times and only been able to appoint a temporary member of staff. ACES does not usually advertise for building surveyors on its portal
- One LA has had issues with interims only staying a very short time
- An issue was raised about commercial tenants, usually in the tertiary sector, not understanding and not complying with statutory compliance, particularly electrical and fire risk assessments. It was suggested that unlicensed premises could be subject to separate enforcement proceedings as one way to achieve compliance. Graeme Haigh said he was aware that this was becoming a wider problem, and he also knew of schools failing to realise the importance of statutory compliance. Other compliance requirements, such as gas safety, applies to residential property. It was sometimes also a matter of holding the data on a suitable system, the ownership of which must remain with the LA, not the consultant. It was suggested that the matter could be raised on the forum and that ACES could co-ordinate responses
- A LA is about to take over blocks of PRS lessees and is interested in any other experience of this situation. Members noted that housing associations are usually better at managing tenant relationships than private letting firms, and the cost is typically about £1,000 per unit p.a.
- One member is preparing a paper explaining the roles of regulated and registered valuers: LAs doing internal valuations do not need registered valuers, but organisations such as the VOA, which carries out valuations for third parties, do need to comply
- Ade Adebayo (Sutton) – announced that his council had won an MJ Award for Innovation
- Neil Webster (ACES) – asked for examples of social value policies
- Attention was drawn to new (April 2019) non-statutory guidance 'Securing developer contributions for education' which covered all options including s106 and CIL.

GERRY DEVINE, WELSH BRANCH

The meeting of the Welsh Branch took place at Abercynon Sports Centre on 5 April, attended by 29 ACES members, CLAW/CAPE members, and guests, including ACES President, Graeme Haigh.

The Secretary reported that he had been asked by the Welsh Government to assist in distributing a questionnaire as part of a project concerned with gathering data on Community Asset Transfers (CAT), with a view to offering support to those authorities and organisations involved in CATs.

There was discussion about holding an ACES Wales Property Conference - after the hiatus last year, members confirmed that they wished to hold one, date and venue to be arranged.

The Secretary pointed out that now GDPR is in force with harsh penalties for breaches, members may have noted that the e-mail circulation lists were no longer visible on e-mails. Any members holding older e-mail circulation lists should delete them, to avoid the use of out of date data or misuse of data for purposes not connected with ACES' business. Members should circulate requests through the Branch Secretary.

Investment portfolios – an opinion was given that the media is making a storm out of commercial investment. Council estates surveyors have high levels of expertise in property investment; it is something that councils have done historically. The President confirmed that ACES is aware of the problems and the state aid implications where councils were buying property to bolster their local economy. Headlines were being made by councils purchasing properties outside their own boundaries, but some have little scope within their own areas. The issue is about the quality of the investment and the reputational risk to councils; risk needs to be carefully assessed. One council is thought to have purchased investment property using an offshore vehicle.

<u>Ystadau Cymru</u>
(Welsh Government Estates)

Regional sub-groups update:

- Cardiff and Vale Group - regional collaborative groups were being set up and were trying to identify ways to move forward, and a report was in final draft stage. Additionally, the Cardiff and Vale Group is looking at the Future Generations Act and how to tie in with that; there had been the launch of the Low Carbon Strategy for Wales; Carmarthenshire had declared a Carbon Emissions Emergency
- Mid and West Wales Group -

covered 4 counties but one was not represented. The region is based on Carmarthenshire but there has been limited engagement from some partners. The group has used a framework previously used by Powys. Arcadis has been engaged, and a report is being finalised to look at aligning property strategies with Public Service Board (PSB) objectives

- Swansea Regional Group - the group is looking at a new public sector hub and a new sub-group is being formed to take this forward. The group is working with the 2 universities in Swansea

e-PIMS - a member works with One Public Estate (English group) and was part of a consultation a few months ago. When developments arising from that occur, he will feed back to the group; the Branch Chairman also to be kept up to date.

Assets Collaboration Programme Wales Projects Update - Carmarthenshire was testing the CIPFA Asset Management system and it was easily adapted. If improvements were made to the business intelligence side of e-PIMS, it could then be used to produce reports and more use could be made of it. The Chairman replied that the mapping of assets was a valuable tool and e-PIMS has done a good job of collating information and there were not many anomalies.

Assets Cymru - the web page is now due a refresh, following the establishment of Ystadau Cymru. It will be publishing best practice. Information needs to be shared, to assist in the future bid rounds. Luke Brennan had just joined this week as lead of Estates Public Sector research and had come to this meeting to introduce himself. Rhys Owen (RO) had also come along to do likewise regarding skills and training (see below).

One authority is using occupancy sensors and is happy to share information on how they are used. Privacy is a big issue, but progress has been made and they are now using the results and producing reports. Another authority has recently acquired the sensors and was about to embark on the first phase of data collection: maybe a sub-group would be useful? The key challenge was getting over the initial hurdles, but while the installation and recording process seemed relatively straightforward, the trade unions need to be on board.

Invest2Save Projects - funds were still available for specific projects e.g. energy; Regional groups should disseminate the information to the public sector.

Strategic Asset Management Skills and Training Review - Rhys Owen from NHS SS group had been seconded to head up a review of asset management skills and training. He has been just a month in post. His review will consider not just asset management, but property and surveying expertise and the wider skills required for that. Tom Fleming (ACES) was working on putting together a course in asset management in Scotland. The RICS Wales representative was asked if she could put together a summary of the RICS-accredited courses in Wales. University of South Wales is considering an undergraduate property course.

<u>Other discussions</u>

Staffing and benchmarking - a request had been made by one authority for information on staffing and team sizes at property teams in other authorities, for benchmarking or comparison. There had been a good response and the ACES member would be willing to share the information already received. It was noted that this request had not been circulated through the group and the Secretary asked that any such requests in future be circulated via the Secretary and/or the ACES Forum pages on the website. It was stated that benchmarking data collection was being skipped by CLAW this year, but could possibly be introduced by Ystadau Cymru.

Asset management strategies – there was a general discussion about updating strategies. An asset management strategy should be deliverable and be a live document that is followed through and adapted as needs change. AM documents are sometimes copied and pasted from other published documents, but good people do their own, rather than employ external consultants to write one. The AMP should be aligned with the Financial Management Plan.

Welsh Government matters – a report on compulsory purchase is expected in spring 2020. The review will consider housing land supply and planning. The CPO Guidance papers are being rewritten, taking into account the RICS Alternative Dispute Resolution procedures on compulsory purchase. The guidance will look at tactics around using CP powers and whether authorities have the correct people and skills to advise on legislative powers. The guidance will also consider Conflict of Interest and Money Laundering regulations (see RICS website). A sub-group will look at social value and how this should be assessed. CLAW - undertaking a consultation on major projects, with a view to preparing a Wales version of PFI (although it seems to have fallen out of favour elsewhere).

Electronic Communications Code - one authority had agreed to waive the fees, which could create a precedent and cause problems for other authorities.

Part 1 Claims – one authority had received a number of Part 1 Claims for compensation following road schemes in the city, but the Highways Department had no budget. Could claims be robustly defended on the grounds of betterment, or tell agents to take the cases to Lands Tribunal?

Liability for walls – had any authorities an inspection regime for walls in their areas, following the Basildon case? Regulations compliance was becoming a big issue for property management teams. It would be a major piece of work to find all the walls in an authority's area and there were no resources to identify any issues, let alone rectify them; it could also be a civil liability, not just a property matter; trees could give rise to similar issues. The Secretary was asked to include this as a topic in the legislative update section of the Welsh conference.

<u>Graeme Haigh, ACES President</u>

The President thanked the Welsh Branch for welcoming him and allowing him to participate fully in what he felt was a very lively and productive meeting. He had made 3 branch visits so far and noted how we all seemed to be dealing with the same or very similar issues. He had been encouraged by how these were discussed.

He touched upon:

- Relations with RICS - there is a good dialogue. One issue is the Valuer Registration Scheme, which was not suited to public sector valuations, and ACES is working with RICS to change this
- ACES has a growing membership and attendance at meetings, mainly due to the quality of the CPD provided. More people need to become involved in the running of the branches and at national level; branches need to work with other branches too, e.g. Heart of England

Branch ran a meeting and CPD where they had more attendees from other branches than their own

- The website is being re-designed and refreshed. Junior members in public sector property and estates teams should be brought along to meetings and given access to the website, to introduce them to the benefits of joining ACES. There are reduced fees for additional members
- The wide variety of skills and experience required in councils' estates teams means that councils are great places for work experience and student placements. The downside seems to be the lack of career progression and property training in councils
- A new ACES President's Award is being introduced
- President's Conference - the theme is 'Improving people's lives through property', 19-20 September at Cowes, Isle of Wight.

Presentations and Updates by Chris Brain, CIPFA Property

Chris covered the following topics:

- The recently issued Welsh Government document, 'Prosperity for All: A Low Carbon Wales' – a robust and detailed cross-government plan to cut carbon emissions and contribute to the global fight against climate change
- RICS new mandatory Guidance on service charges and accounting
- Property asset strategies in the context of mandatory capital strategies, and the usual updates, including Brexit and its implications [Ed – see Chris' article in this issue of Terrier].

SARA CAMERON, EASTERN BRANCH

Meeting 14 June 2019

Eastern Branch held its branch CPD meeting at the offices of Guildhall, Cambridge, attended by around 25 members and guests. We were joined by ACES President, Graeme Haigh.

There were 3 presentations.

Peter Cox, Morgan Sindall Investments - Joint ventures

This presentation reviewed the construction and regeneration joint ventures Morgan Sindall Investments is currently undertaking to increase the pace, scale and breadth of public sector developments. Option agreements, partnership agreements, and development management agreements can all form joint ventures to deliver joint developments which are co-owned and co-invested, which ultimately lead to enhanced financial returns and asset values.

The presentation included case studies:

- Slough urban renewal – £900m projects delivering: 2,200 homes, including 650 affordable in the pipeline, 40,000 sq ft retail and leisure space, 2 new hotels, 270,000 sq ft commercial space, and 14 community projects
- Bournemouth Development Company – delivered 64 residential units and 378 student rooms and a 383 space car park. 113 residential units and additional car parking is currently under construction with a further phase is expected to deliver more residential and car parking, restaurant, retail and leisure space
- Other recent and proposed – Chalkdene Developments, Hertfordshire; Brentwood
- Health sector partnership - the Outwoods Care Village, on surplus NHS land at Queens Hospital in Burton. It will provide a 5-doctor GP practice and pharmacy, 8 supported extra care residences, a 52-bed care home, 50-bed step down facility, 105 key worker homes, 100 place nursery, community hub and car parking.

Sara Cameron, RICS Governing Council and Norfolk County Council – World Built Environment Forum

The first of 2 presentations summarised the key themes at the World Built Environment Forum (WBEF) held in New York in May this year [Ed – see article in this edition of Terrier]. The WBEF is a global 2-day conference where the RICS gathers diversity of thought leadership affecting land, resources and the built environment.

The challenges we face as an industry continue to be urbanisation, digitalisation, climate change and the WBEF this year considered how we fund, manage and value risk, the changing nature of the workplace, and new technologies.

RICS Governing Council met immediately after the WBEF for 2 days of strategy setting, to consider the challenges and impacts from the WBEF and to take these into the heart of futureproofing the profession, and ensuring the continued relevance of everything that the RICS does.

Sara Cameron - Ethics

The second presentation delivered an hour of formal ethics and professional conduct CPD [Ed – see article in this edition of Terrier].

This session examined the RICS Global Ethical Standards and why they are important, considered the application of ethical decision making to our professional conduct, and discussed practical applications of professional standards.

The first part of the presentation considered how we behave and looked at office banter, diversity and inclusion.

The second part of the presentation summarised the latest RICS mandatory professional statement Countering Bribery and Corruption, Money Laundering and Terrorist Financing (1st Edition February 2019, effective 1 September 2019).

The final section looked at the revised Prevent Duty guidance in respect of customer due diligence and steps to know your customer.

The next branch meeting will be held on 11 October 2019 at the offices of Guildhall, Cambridge.

For 50 years until retirement Dave practiced as a surveyor in Lancashire and Cumbria, and worked for the DoE, Lancashire CC, South Lakeland DC and the NPS Group. He has written articles on surveying topics and work experiences, which allowed him to introduce some controversy, humour and fiction. https://davidlewispogson.wordpress.com

SPRING 2013: "Pannus mihi passionis"

Dave Pogson

The Selwyn series is written specifically for the Terrier. The characters often present controversial and outspoken opinions on local and central government policy and practice. The stories are fictitious and the views expressed are those of the author, not those of ACES.

Bernard looked every inch the prosperous businessman that farming, the dating agency and the wedding business had made him, despite the recession. He stood with his back to an exhibition case at one end of the room and faced the interested onlookers. The spaces between exhibits in the Long Gallery on the ground floor of Shepdale Museum were packed and people were still squeezing in at the back as he started to speak.

'Good evening. I'm the Chairman of Shepdale Heritage Society and of the Friends of Shepdale Museum. Thank you for coming tonight to this combined extraordinary general meeting. I'm pleased to see such a large turn-out and I'd like to welcome the many new members who've recently joined. As you know, the future of the museum is under threat and this meeting is to consider what to do about it. You will recall that Herdwick District Council is suffering from extreme austerity cuts from the government and is forced to look at cutting non-statutory services - things like public conveniences, parks etc - that it is not compelled by law to provide. In particular, the council has decided that it can no longer go on supporting the museum service. It intends to sell off those parts of the collection that it owns outright, return those items held on loan, and sell the lease of the building. We know that Shepdale College is interested in buying it. Since the last meeting, we have co-opted an expert to provide us with some estates advice and discussions have been held with the council's Acting Property Manager. Tonight our expert, Selwyn, will report on progress and ask for your opinions. So …'

Shepdale Museum was located at the far end of Sheepfold Lane, the main shopping street in Shepdale. It was an imposing 2-storey detached limestone building with a generous basement and attics under a local slate roof. It stood in its own grounds and backed onto the Shepdale College art building which matched its style of construction. In his former role as Property Manager to Herdwick District Council, Selwyn had managed the maintenance of the museum building so knew it well.

Selwyn stepped forward.

'Hello. As this is a Heritage Society meeting, it seems appropriate that I remind you of the history of one of Shepdale's best known characters. This is particularly relevant to the situation tonight - as you will learn. I refer, of course, to Walter Winster (1889-1945) the poet and novelist.

Walter was born in 1889 and brought up on the family sheep farm in the Shepdale Valley. As the only son, he was destined to take over the farm from his father. However, as he later related in his autobiographical novel 'Fleeced in Carlisle', after a drinking session in 1915 he woke up in Carlisle Castle Barracks with a hangover, to find himself enlisted in the army. In typical military fashion, because of his farming experience, he was wrongly placed as a farrier with the Army Transport Corps. He said nothing about this error because it helped to keep him out of the front line and so, despite knowing nothing about horses, he fooled the authorities just long enough for him to survive the war. On returning to Shepdale he decided that he'd seen enough of animals to last him a lifetime and took employment more suited to his interests as a barman in the Wandering Tup in Shepdale. It was during this time that he met his wife, Mary (or 'Mad Mary' as she was often referred to when seen with a pick-axe shaft in her hand at throwing-out time), the daughter of his employer. They inherited the pub upon the death of her alcoholic father and had one son, Thomas, who ran away to London with the contents of the till as soon as he was tall enough to pull a pint. Walter and Mary failed to spot his absence for 3 days as they wrangled with Shepdale Insurance about the fire that had gutted the public bar that very same night. The cause of the fire was never established, but Thomas was not seen again in Shepdale.

Despite not returning to his farming heritage, Walter retained ownership of the family farm, let it out to tenants, and often visited it to check on his investment. It was speculated that his lifelong interest in the wool trade stemmed from the wish for his tenants to be successful and thus keep the rent high. The rare photo in that cabinet over there shows him checking the quality of the wool of the Herdwick on his knee, with his tenant at his side. It's felt that this photo was posed for a book-cover re-issue because, although he championed the wool trade in the town, he usually avoided any contact with sheep unless they were presented to him cooked on a plate.

The sale of Walter's poems and novels, together with the income from the pub and the rent from the farm, enabled him to lead a very comfortable life, eventually rising to become Mayor of the former Shepdale Municipal Borough Council (merged into Herdwick District Council in 1974) where he championed the wool and pub trades equally in many lively and violent debates, often when the worse for drink.

His best known work, the world famous poem 'Ode to t'Erdwick' almost earned him the appointment as 'Poet Laureate' until his prison record for drunken assault on a political opponent was revealed to the selection panel. It was written in 1919, when Walter was 30 years old, as a counterbalance to the First World War poets. It was an immediate sensation and, together with his later poems and novels, secured his international reputation as the North's greatest dialect writer. His purpose in writing was to remind people of all that was good about Britain, despite the recent horrors of that war. He saw that the simple rural life, as epitomised by the horses that he'd cared for, were being replaced by mechanical monsters, like tanks capable of causing great carnage. His message was that, notwithstanding the bravery and sacrifice of the fallen, those same changes might happen in peacetime. The likely post-war rush to industrialisation caused by the conversion of the steel and armaments industries into domestic production might well sweep away the best aspects of the rural world, including shepherding on the fells.

There has been much academic debate about whether he was ahead of his time or just totally wrong because sheep farming on the fells could never be mechanised and remains unchanged to this day, essentially still relying upon one man with a crook and a dog, both usually on foot. However, other aspects of rural life did eventually change with the advent of large combines, loss of hedgerows, mechanical milking, genetically modified crops, etc as he had feared, although those changes did not happen until after the Second World War and, even now, it's mainly only the Green Party that sees them as necessarily bad. Notwithstanding that debate, his sentiments were aptly summed up in the Ode's immortal final lines:

"Tis t'grandest sight a man can see
Yon 'erdwicks oot on't fell.
Then us knows thars scran on't table
An' all with England's well."

His other works include the anthologies 'Fellside Musings', where he reflects on the state of Britain between the wars (see later reference to modern politics) and its allegorical sequel 'In need of Man's Best Friend' written just before the outbreak of World War Two, which compared the government to a flock of sheep and suggested that the prime minister had less ability to organise them, than a reject from a border collie litter.

His novels reflect his fascination with the unsavoury side of northern life. They include the very comic 'Fleeced in Carlisle', referred to earlier, where he describes his encounter with the violent companions of a lady of the night on a weekend trip to Carlisle's beer festival, resulting in his unplanned enlistment in the army.

'A Shearer's Tale' describes the fictitious double life of an itinerant Scottish youth who shears sheep at the quiet fell farms during the week, but visits the bustling cities to play professional rugby league at weekends. In this novel the hero, young Marty, wins the Shepdale shearing championship on a Friday afternoon, before cycling overnight without lights to Bradford, to star in the 1935 RL Championship top-four playoff final victory at the Odsall Stadium on the Saturday. There he scores the winning try and collects his winner's bonus, before disappearing with both trophies for an evening visit to a hostelry in the seedier part of Bradford, accompanied by 'a blonde–haired older lady of common appearance'. The pair were never seen again. This later inspired the popular Pinewood Studios film 'Up fer t'Cup', starring a youthful Gordon Jackson, and re-enforces Winster's theme from 'Fleeced in Carlisle' about the corrupting influence of progressive city life on an innocent country boy.

His collection of short stories entitled 'Infamous Lock-ins at the Tup' depict the adventures of local characters who frequented his premises after closing time and has been compared favourably as a more salacious parallel to Dickens' 'Pickwick Papers'. The case against him for libel arising from one story fell apart when the litigant was found drowned and reeking of alcohol in a sheep dip on the edge of town. The coroner recorded a verdict of probable accidental suffocation from breathing in wool fibres floating in the contaminated water. Walter and Mary gave each other an alibi for the night in question which was supported by their regulars.

Walter was a man of contradictions. He was a dyed-in-the-wool Tory councillor known to hold strong views on the sanctity of market forces above all else, particularly as regards the retail sale of alcohol. However, his poems about the free-roaming

Herdwicks in 'Fellside Musings' have been credited with inspiring the modern-day environmental movement, resulting in the creation of the Green Party. Also, despite his reputation as a tight-fisted publican, his interest in local history, particularly the wool trade, led him to grant the lease of the former wool warehouse on Sheepfold Lane at a peppercorn rent to the council, to house the museum. That he had won it in a late-night poker game and that it was semi-derelict, scheduled as unsafe, and in need of substantial remedial expenditure at the time may have helped influence his philanthropic decision. However, at the later enquiry which failed to reach a conclusion and thus acquitted him, he claimed that it was purely co-incidental that he had been appointed Mayor immediately following the grant of that lease, and furthermore, that there was absolutely no connection between that appointment and the subsequent abandonment of all discussions by the Licensing Committee regarding the Methodist-sponsored Liberal Party proposal to restrict severely the drinking hours in Shepdale and thus reduce violence in the town centre in the evenings.

Walter met his demise at the age of 56, following the disputed outcome of a bet with a customer - that he could see the top of Blackpool Tower from the roof of the Wandering Tup. Witnesses in the large crowd below attested that the word 'welcher' was shouted and that both then lost their grip on the chimney stack, rolled down the roof and fell into Sheepfold Lane, with Walter landing underneath his adversary and thus unintentionally saving the other's life at the cost of his own. At his funeral, on VE day in 1945, silent crowds lined the route along Sheepfold Lane and Allhallows Road with Herdwick fleeces to muffle the sound of the horses as the funeral cortege wound its way to Allhallows Graveyard. It was an ironic twist that wool prices had plummeted overnight as orders for fleece linings for aircrews' flight suits were cancelled. Thereafter, as the Herdwick Gazette reported, customers were ten-deep at the bar and spilling out onto the pavement at the Wandering Tup for the rest of the day until well after midnight and "the local Constabulary were hard-pressed to contain them in their enthusiasm to mourn his passing, while simultaneously celebrating the end of the War."

Shepdale MBC's motto "Pannus mihi passionis", meaning 'wool (literally 'cloth') is my passion' was carved on his tombstone. Mary is reputed to have said later that it should have read 'wool is my brain' in relation to the manner of his death. His works still continue to sell in small numbers, particularly in Brighton.

When Walter had granted the lease of the museum building to the council, he included the following terms and conditions:

- The term to be for 999 years from 1 September 1935
- The rent to be one shilling (now 5 new pence) p.a. payable yearly in advance as and when demanded and without review
- The building not to be used other than as a museum for the enjoyment and education of the residents of Shepdale and for no other purpose whatsoever
- The council to covenant to put the building into good and tenantable repair at the commencement of the lease and to maintain it as such thereafter
- The council not to make any alterations or improvements to the building without the consent of the landlord
- The council to meet all running costs and outgoings in respect of the property.

After Walter's death, Mary sold the farm and the pub and was rumoured to have gone to London in search of Thomas. No rent for the museum has ever been collected by Walter or his descendants. No-one knows who inherited the benefit of the ownership of the freehold from Walter, so the council has formed the view that it can sell the lease for alternative commercial use because it is unlikely that anyone with a direct interest will come forward to challenge its proposal and, it believes, it can arrange realistic forfeiture of lease (breach of covenant) insurance against such an unlikely occurrence.

However, we have discovered some information which may well frustrate the council's plans.

Bernard, your Chairman, farms sheep up the Shepdale Valley. His neighbour runs the adjoining farm, the one with a guesthouse and the small Herdwick Visitor Centre. Recently he mentioned to Bernard that, last year, one of his guests was called John Winster, that he lived in London and that he'd claimed to be the only grandchild of Walter, visiting to research his family tree. He'd stayed at that farm because it had been the Winster family farm. When the council's threat to the museum made the front page of the Herdwick Gazette, Bernard had the presence of mind to mention this information to me. I have contacted John, seen his research, and also confirmed with the publishers that all royalties for Walter's writing are being paid to John, following the death of his father, Thomas, until the copyright expires in 2015.

The solicitor for Herdwick District Council accepts that John is the current landlord of the museum building. He's advised the council that it won't be possible to sell the lease for any other use without consent from John Winster. However, it can still sell the collection, mothball the building, and make a partial saving that way. John's come up from London today and I will ask him to say a few words.'

'Hello. Until recently I'd no idea that there was a lease for this building, never mind that I was the landlord. The council has asked me for consent to change the use of the building to commercial purposes, to allow it to sell the lease. I'm minded to refuse.'

A cheer went up from the audience.

'However, the council is still in a difficult financial position and I would like to help it if we can come up with a reasonable solution which also includes retaining the museum use. Now Selwyn will explain how that can be achieved.'

Selwyn continued.

'I've met with Jim, the council's Acting Property Manager, and the Principal of Shepdale College. Between us we've reached a provisional deal for the college to take over the management of the museum on a charge-free basis, but to keep it open as a museum at least for the next 10 years. There will be sharing of the accommodation with art students using the facilities for life and still-life drawing, craft and textile studies, printing and exhibition skills, and any other educational interests where the 2 uses overlap, including evening classes for the community. All running costs will be shared on a proportionate basis according to usage. Studies will take place in the mornings and the museum will be open to the public in the afternoons. The staff will transfer to the college, keep their curating duties part-time and become part-time lecturers on a new Master's Degree in Curating, generating income from students from home and abroad. All parties have to approve the deal, but first we want to know what you think about it.'

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Jim was waiting for them in a booth seat in the Tup. John Winster and Selwyn joined him while Bernard went to the bar to buy a round. Others from the meeting trickled into the pub.

'How did it go? Is there support for the deal?'

'I think that you can be pretty optimistic,' replied Selwyn. 'Although you don't strictly need the agreement of the Society and the Friends, as they're not parties to the lease, everyone was generally in support. It's a win, win, win situation. The councillors will be pleased that they have made a substantial cost saving and they can present themselves as saviours of the museum at the next election. The Art College will be happy at securing the shared use of new facilities and the museum can look forward to a continuing future. It's all down to John here who's saved the day.'

'Thanks, but you people did all the work. I just supported what seemed to me to be a fair and sensible proposal. But Selwyn - there's one thing that still bothers me.'

'What's that?'

'Can you really see Blackpool Tower off the roof of this building? Did Walter Winster win his wager?'

'I can tell from that alliteration that you've inherited some of your grandad's literary talent. My honest answer is, I don't know. But I can tell you summat fer nowt. I wouldn't bet my life on it.'

[Ed – Dave tells me that the older gentleman with the sheep was his wife's great grandfather]