

THE TERRIER

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

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THE TERRIER



EDITORIAL

Betty Albon

Welcome to the Spring Terrier.

Some years ago I inherited a set of bound volumes of Estates Gazette. Some of you may remember that in my Presidential year, through a RICS initiative, I ran a campaign to send surveying books to 2 African universities. This included volumes of contemporary Estates Gazettes. The rest have been stacked in my loft and I promised myself that when I retired, I would skim read them. Well, I have started, on 1963.

Two things fascinate me. Firstly, in the 1960s the publication was full of facts in a tight-packed small black font – information was not dumbed down. And there was an amazing amount of legal and casework advice, particularly on compulsory purchase. Secondly, the same issues were concerning surveyors then as are concerning us now. For instance, office modernisation and efficiency – being proposed were electric typewriters, dictaphones and connected departmental telephones, rather than iPads and iPhones of course (and they had offices!). Shortage of housing generally (200,000-400,000 new and refurbished units needed a year) and affordable housing was another big issue, particularly the effectiveness of housing associations and the potential for a talked about housing corporation. There was even a piece about building lives – physical, economic and whole-life costing.

Another interesting snippet was the reporting of the ALAVES Summer Meeting when the President was Ken Blessley, whose obituary featured in 2012 Spring Terrier, my first as editor. He was a massive figure in his day, as well as writing a History of ALAVES, which has also featured in Terriers. The meeting was in the President's 'home patch' (a tradition adhered to by ACES) of Middlesex and the guest list to the formal dinner included a certain Mrs Margaret Thatcher, Parliamentary Secretary to the Ministry of National Insurance.

One thing's for sure – the range of work that public sector surveyors are involved in remains expansive and crucial.

The contents of these articles are not the opinions of the Editor nor ACES.

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Cover: The Lowry Centre, Salford Quays, venue for ACES Presidential Conference on 17-18 September 2015.



PRESIDENTIAL CONFERENCE THE LOWRY CENTRE, SALFORD QUAYS

17-18 September 2015

REGENERATION AND DEVELOPMENT COMMERCIALISATION OF PROPERTY SERVICES 'ONE PUBLIC ESTATE'



The Lowry Centre epitomises the energy and optimism that has been instrumental in regenerating this redundant industrial dockland into the thriving Salford Quays, which has now grown further into Media City Uk with the arrival of the BBC, ITV and Salford University's media campus plus many other small companies and residents.

The conference will encompass the themes of regeneration and development, commercialisation of public services through companies, trusts and mutuals, and "One Public Estate", with its pitfalls and practicalities, all set against the backdrop of a new government, possibly a hung parliament and potential devolution to the regions.

Excellent CPD opportunity

Social programme

The event will be open to all ACES members and partners, plus other public and private sector delegates with booking details to be announced soon.

Contact: Keith Jewsbury secretary@aces.org.uk
01524 745643

We will be able to meet and mingle with our sponsors and other delegates in the Quays bar, which has panoramic views over the Quays and Media City. The main sessions will be in the Compass Room atop the Lowry Centre for a series of interesting talks and panel discussions. A black tie dinner will give more opportunity for networking and discussion.



ACES COUNCIL MEETING NOTES, 16 JANUARY 2015

Keith Jewsbury, ACES Secretary

21 members attended the meeting held at the Guildhall, London.

Matters considered initially included Council to look at member categories and updating the ACES Rules and Constitution; also to consider a Peer Review, to be scoped for the April Council meeting. ACES Treasurer to look at financial year dates again.

Secretary's report

Following a report by the Secretary on matters arising during the period from the Annual General Meeting in November 2014, and in particular the handover of secretarial duties, the database and subscription invoices, it was agreed to reduce the amount of data stored on the ACES database and to make sure that ACES complies with the Data Protection Act.

Financial matters

The Treasurer reported on the financial position of the Association including a detailed breakdown of the income and expenditure. The first 6 months' expenditure exceeded income but the subscription income was expected within the next 3 months. The financial outcome of the Presidential Conference 2014 was still awaited. A shortfall of £7,000 is being budgeted for in the current financial year. The Treasurer is to present a 3 Year Budget forecast to the April Council Meeting.

Conferences

Following a detailed report regarding the London Conference 2014, it was agreed that the President meet 3Fox International to discuss the outstanding matters regarding the 2014 London Conference and the involvement of 3 Fox in the Salford Conference 2015.

The Salford Conference is to be held at The Lowry Centre, Salford and accommodation provided in a close by hotel [Ed – see further information in this issue of Terrier].

CPD events 2015

Following a report on the progress to date of organising CPD Events, it was agreed to send an email to all branches setting out the likely format and to seek out branch interest and possible venues.

Database and website

Council was updated with regard to the current problems with the Domesday database and progress with the new ACES Website. It was agreed that the website developer be contacted in order that the new website be launched as soon as possible and the outstanding documentation uploaded and that arrangements be made for the necessary training for the Secretary and one other.

The Secretary to contact contractors

with regard to the database ongoing maintenance and discuss with the President.

Publications

Following a discussion regarding the costs of producing The Terrier journal and the possibility of charging non-members for it, Council decided to consult branches, seeking views on whether only electronic copies should be produced in the future. Also members to be consulted on the possibility of a new name for the quarterly journal.

ACES Award for Excellence

The President to write to all branches and members regarding the ease of applying for the award and to encourage applications.

Co-ordinators and external working groups

Reports were received from the Compensation, Rating & Taxation, Performance Management, FPS, Corporate Asset Management, and the proposed Post Graduate Course at Leeds Metropolitan University (Leeds Beckett) co-ordinators.

Heart of England Branch initiative

It was agreed that an updated copy of the Heart of England Branch initiative to promote membership and improve

attendance at branch meetings shall be circulated to all branches once the branch had received the comments of Council and further discussed it.

Annual meeting 13
November 2015, tba

research paper into shared property service models and the resource dilemma faced by public sector organisations.

Proposed RICS research project, shared property services

Future meetings

Presidential 17/18
September 2015, Salford Quays

The RICS is to be contacted regarding ACES involvement in this project, concerning the preparation of a

MEMBERSHIP Keith Jewsbury

I list below the changes in membership between 1 January and 31 March 2015.

New members approved

There were 8 new applications approved during the period

Gregory	Jonathan	Surrey Heath Borough Council
Livesey	Sharon	Liberata UK Ltd
Aminossehe	Sherin	Cabinet Office
West-Clarke	Karon	London Borough of Hackney
Livesey	Claire	Lancashire Police Authority
Kay	Alastair	Dundee City Council
Turvey	Neil	Concertus
Quinney	Murray	Cabinet Office

Transfer from full to past membership

4 members transferred to past membership during this period

Manley	Peter
Williams	Mike
Wild	Andrew
Anstey	Kate

Resignations

14 members resigned during this period.

Doolan	Ian
Woods	Tony
Summers	Carol
Makin	Richard
Hart	Gayle
Dennis	Amanda
Watkinson	Alison
Humphreys	Paul
Willitts	Neil
MacKenzie	Neil
Page	John
Davidson	Douglas
Huke	Marie-Laure
Reed	Christopher

I also have to report the death, at the end of February, of Peter Handley, formerly of Barnsley MBC and Chairman of the North East Branch (1993-1995)

Total membership

Full	221
Additional	78
Honorary	33
Past	56
Total	388

The Terrier

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

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OBITUARY

Peter Handley 1946 – 2015

It is with regret that we have to report the death of Peter Handley who was involved in the formation of the North East branch and an active member. Peter was Chairman from 1993-95.

Peter was born and raised in Barnsley. He was a draughtsman with the then Yorkshire Electricity Board for 3 years and worked for the Land Registry for about a year. He joined the old Barnsley Borough Council in 1966 as an Estates Assistant. After qualifying with ISVA he worked for Slough Council for about 18 months before he returned to Barnsley as a Principal Officer just before local government reorganisation in 1974.

He was the principal officer involved in the development of the Alhambra Shopping Centre and helped to secure a town centre supermarket scheme. Throughout his career Peter amassed a considerable range of experience and knowledge. Peter always worked to the highest professional standards and was very supportive of colleagues and staff.

He was always keen to see the development of staff too and supported many getting through their APC and introduced some staff to Bernard White as an APC mentor, through his links within ACES.

He was a large as life character with quite a "loud" voice and even louder laugh. He was passionate about Barnsley FC so much so that all the staff knew the last time that Barnsley won the FA cup as the office keypad door code was 1912!

Following his retirement he became involved as a member of Silkstone Parish Council where he advised on their asset management matters and his ex Barnsley colleagues still dealt with him.

NEW ACES WEBSITE

www.aces.org.uk

The new ACES Website is now up and running

The new website is still being populated with some required information and all details from the old site is being transferred.

Gone are the complexities of interacting on the Forum and the new site is easier to use.

The user names and passwords, for the time being, remain the same but if anyone has any difficulty accessing the site please email me and I will supply your password.

Keith Jewsbury FRICS, ACES Secretary
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Please use it. The website is only as good as the members and branches participating

THE ELPHINKE HOUSE REPORT – REVIEW INTO THE LOCAL AUTHORITY ROLE IN HOUSING SUPPLY

Below are extracts taken from the report commissioned by the Department for Communities and Local Government. The 2015 LA Housing Review Report can be found in pdf format on www.gov.uk.

Foreward

The Review was established to look at what councils do, and to see if more could be done to boost housebuilding and to create strong and sustainable communities. The authors believe that councils could achieve much more by taking a more central role in providing new homes.

Their key recommendation is that councils change from being statutory providers to being ‘Housing Delivery Enablers’. Councils can be proactive in identifying housing need, growth and opportunity. They can work closely with businesses and other partners to share ideas and experience – and actively use their own assets and knowledge to unlock housing opportunities and deliver more homes.

Partnership is key. The evidence is that councils are most successful when working in partnership with others and where they promote opportunities. Councils can develop this further by encouraging new entrants and providing an open opportunity for all participants on a level playing field.

The government’s stated priority is to see a public sector surplus in 2017/2018. The scope of the Review was set in this context, so unlocking innovative financing mechanisms for new housing development is therefore essential.

The report sets out detailed recommendations on how housing delivery organisations can be established, how private sector financing can be attracted and how a Housing and Finance Institute should be established to promote and support the sharing of ideas and drive innovation in housing finance.

The report involved more than 400 participants across England, to explore the housing activity role undertaken by councils from a full range of perspectives: from residents, housing associations, developers, start-up housing businesses, finance and investment markets, mortgage markets, councils, council leaders and council officers, MPs and Ministers, central government and other public bodies such as the housing regulator.

Financing opportunities

There is a very useful Chapter 7 on financing opportunities for councils. Evidence to the Review demonstrated 14 principal ways in which councils created, or added, financial value to developments in order to improve viability and/or to create an investment return, including:

- Providing a range of market housing and thereby enabling cross subsidy for affordable and low cost starter homes
- Selling land under deferred consideration arrangements including the use of development licences on council owned land
- Splitting the value of its land to make it more affordable, by selling a fixed term long lease interest

now and retaining the value of the freehold interest

- Converting land consideration into an investment in a development partnership
- Providing a guarantee purchase agreement, whereby a council agrees to buy completed homes from a developer if a buyer cannot be found on the open market
- Entering into a rent guarantee nominations agreement whereby a council agrees to guarantee rent for a minimum duration or amount as well as nominating tenants for rental accommodation
- Supporting financial assistance to purchasers of new developments, through help-to-buy style schemes and financial inclusion work, such as deposit savings schemes and rent to buy scheme
- By providing development finance at commercially attractive rates of return, harnessing the lower cost funds available to councils
- Creating a council housebuilding reserve or ‘fund’, requiring payment in lieu of on-site affordable housing.

Recommendations

There is only space here to publish the recommendations and the paragraph references in the report.

The local authority as a Housing Delivery Enabler

2.1 Councils have primary

responsibility to assess and meet the housing needs of their local population as Housing Delivery Enablers. Councils should assess and drive housing activity and housing delivery in their areas and for their local population.

2.1 The role of Housing Delivery Enabler can be met through (i) community leadership and strategic clarity; (ii) creating housing opportunity; (iii) business leadership; (iv) management of housing supply; and (v) shaping a stronger housing finance market.

Community leadership and strategy clarity

3.13 Government considers strengthening advice to encourage more councils to pro-actively support neighbourhood planning and for councils to engage residents in shaping housing needs more regularly.

3.15 Councils develop more robust housing approaches that include housing demography, mobility of tenure, economic growth and business needs as well as broader choice for residents, including the impact on the physical and economic wellbeing of residents' changing needs in older age, as well as affordability and financial inclusion.

Creating housing opportunity

4.8 Councils, including county councils in two-tier areas, consider potential models for funding Rural Housing Enablers, including the potential for forward-funding from future development value.

4.10 The LGA considers how it can encourage councils to fulfil more of the role of Housing Delivery Enablers, including through its peer challenge processes.

4.16 At its next review, government considers guidance to councils on:

the importance of transparency about the findings of housing market assessments – given their link to housing delivery;

(ii) the accessibility of assessments, for example through publication of a very short executive summary of Strategic Housing Market Assessments setting out the key information; and

(iii) the importance of reporting progress in monitoring housing need and delivery annually to residents.

4.18 That where the strategic housing market assessment covers a wider geography than the council's own area, councils clarify their individual responsibility – accounting for their part of their housing market in the own area, in accordance with the expectations in the National Planning Policy Framework.

4.27 Government considers within its overall current spending plans flexibilities in any possible further HRA borrowing programme to enable councils to use both additional borrowing and 1:1 receipts to enable councils to deliver replacement units for Right to Buy stock.

4.31 Government publicises the freedom available to all councils to build outside the HRA, and opportunities to dispose of non-strategic sites both inside and outside the HRA.

4.32 Government raises the guideline threshold for the number of 'council' units that can be built outside the HRA for all councils from 50 to 200 units.

4.33 Government considers ways to simplify the process for obtaining the directions and general consents needed from the Secretary of State where a local housing authority proposes to build units outside the HRA, before writing to all councils setting out the new approach.

4.39 Councils periodically test value for money from their contracts, so savings and service quality benefits might be generated by operating different procurement models.

Business leadership

5.10 Government considers issuing guidance on development panel best practice so that HCA, GLA and other public bodies with panels invite applications from developers/ builders/ new entrants/ specialist providers to be on a development panel each year, and actively enable greater diversity and opportunity.

5.19 Councils, in their role as Housing Delivery Enablers, consider how they can actively support smaller and start-up housing businesses locally with land, finance, and skills/ business training and opportunities for partnerships and collaborative working.

5.23 Government monitors its schemes to support small builders, and considers further support to help expand this sector of the building industry.

Management of housing supply

6.9 Government consults on extending the Transparency Code to cover all HRA land and assets, and that councils should start to make preparations for publishing data ahead of this extension.

6.14 Government works with public bodies to develop an electronic platform allowing data on all land – owned and leased – that is held by public interest bodies to be open and transparent.

6.19 Government updates and re-issues guidance about land disposals and in particular clarifying public procurement considerations and options, so councils are clear about the factors that need to be taken into account in disposing of land.

6.25 Councils take a proactive role in identifying smaller sites suitable for custom build and local builders.

6.27 Councils consider using land covenants, development licences, and overage to secure best value at a later point in time in order to release small sites for priority housebuilding.

6.36 Government consults on proposals, ahead of legislation, to give councils a new direction power allowing them to dispose of larger sites in their area which are owned by other public bodies.

6.42 Councils take responsibility to work with developers, local businesses, agencies and others to ensure that sites with planning permission are taken forward in a timely manner to delivery.

Shaping a stronger housing finance market

7.19 Government, with support from the Local Government Association, establishes an independent Housing and Finance Institute to support a step change in housing activity leading to better understanding and assessing of options, faster implementation, increased housing delivery over the long term and which can help to shape a stronger housing finance market.

7.24 Councils that are considering expanding their housing offer beyond their traditional one consider setting up local housing delivery organisations.

7.25 Councils consider the benefits in developing private finance opportunity utilising models to support their role as Housing Delivery Enablers that are not dependent on local authority or national borrowing constraints.

7.33 If government decides to consult on detailed proposals for creating common investment vehicles, consultation on residential housing asset classes is also undertaken.

7.35 Government works with the sector to ensure that local decision making committees are given appropriate information and advice about where pension investments can be made. This would encourage greater choice of investment and more investment in housing and infrastructure.

7.36 Councillors responsible for local pension fund investment consider the benefit of a 3% Pension Fund Challenge to encourage active

consideration of opportunities to invest in local housing and social infrastructure in their areas.

Making the change; monitoring the change

8.3 That, if a Housing and Finance Institute is established, (i) that it collects and makes available a library of policy and practical papers and research for utilisation across the housing sector as a whole; and (ii) that measures of housing market performance are developed and maintained for utilisation across the housing sector as a whole.

8.5 Government maintains a public record of formal governmental reports in each Parliament together with reports on the progress of recommendations which are subject to further work by government.

Case study examples provided to the Review

Below are brief notes of the case studies included in the report:

Addressing supported housing needs – Richmond LBC. Disposal at discounted value; capital support, partnership Paragon Community Housing Group; independent living accommodation for 4 young adults with learning difficulties.

Open to Scrutiny – Barnsley MBC is setting up a Strategic Housing Partnership Board; specific focus on 4-year housing delivery plan, to hold the council to account for delivery.

Major Investment - Greater Manchester Combined Authority has set up the Greater Manchester Housing Investment Board; partnership with the HCA; workstreams include mapping sites, pilot projects of delivery models.

Local asset based vehicle – Gateshead MBC established The Gateshead Regeneration Partnership with Evolution Gateshead to deliver 2,400 homes over the next 15 years, on 19 sites of varying viability.

Multi delivery model –Bournemouth BC

operates a joint venture with Morgan Sindall Investments for redeveloping an under-used council-run car park with the aid of HCA 'Get Britain Building' aimed at first time buyers and a sale and leaseback student accommodation scheme; phased investment using internal funds, Public Works Loans Board and the private sector 3 year build programme; subsidiary council owned bank; buying run-down houses using HCA grant and prudential borrowing.

Joint Venture – Luton BC – JV using the Local Education Partnership to form the Luton Learning and Community Partnership Ltd, working with partners on a package of 16 mixed sites for residential and commercial development. Also employing 18 full-time apprentices, 14 work experience placements pa, a trainee programme, and a skills programme helping local people facing employment barriers; viability issues for remaining projects.

Private Finance Initiative - Leeds CC to deliver a huge regeneration programme for its inner city; 20-year partnership with Sustainable Communities for Leeds; funded by HCA with a significant council contribution; first scheme of its kind where the private finance element is secured through the capital funding markets via a bond issue.

Privately funded affordable housing - Barking and Dagenham LBC partnership arrangement with contractor, Laing O'Rourke, and institutional asset developer, Long Harbour, to develop homes in Barking; innovative privately funded affordable housing model, at affordable rents, 50-80% of local market rates; self-financing on the basis of a sale and leaseback structure from the rents paid over the term of the lease. At the end of the lease period, all the properties will automatically transfer into full ownership of the council.

Joint venture – Derby CC JV with developer Keepmoat; mixed site including refurbishment of Osmaston Primary School and community hub within the listed former Rolls-Royce building, Marble Hall.

Exploring funding options - Kings Lynn BC examined 3 different funding routes - sale properties to go into a separate company and let as private rental; private rent exploring funding via insurance funds or pension funds, or via the council.

Addressing the needs of the private rented sector - Kensington and Chelsea LBC. Grainger to develop and manage 2 council-owned sites, with 50% of the homes for the PRS; managed by Grainger under a 125-year agreement, with a management fee. The council will retain the freehold and will share the long-term rental income with Grainger.

Master planning to attract development - Kent CC and Kent Housing Group social housing partnership coordinated approach to housing in Kent, bringing together the county, unitary and district councils and housing associations; Kent and Medway Housing Strategy, the country's first county- area housing strategy; secured in excess of £60m of funding [Ed – see 2014 Autumn Terrier].

Supporting micro builders – Wolverhampton MBC 'Connecting Procurement Roadshows' Small and Medium Enterprises can meet buyers from Wolverhampton Homes and other local buying organisations, and discuss potential opportunities with procurement teams; helped more than 350 tenants to get work experience, new skills, and training for 69 apprentices.

Releasing land for development – Waveney DC has for over 25 years provided land to housing associations at nil cost.

Custom build and self-building – Cherwell DC has experience of self-build projects, through 'Build!'; recently acquired a large MOD site (Graven Hill, Bicester) to deliver up to 1,900 self-build housing units and will be the largest self-build scheme in the UK.

Community-led housing development – Derby CC has supported the Osmaston Community Association of Residents in developing the largest

community-led scheme in the country - 55 for market sale, cross-subsidising 40 homes for affordable rent; £1m funding from the HCA; redundant land and loan funding; partnership with Strata Homes (the developer) and Derby Homes.

Listening to communities – Southwark LBC - Community Right to Build project through the Leathermarket Community Benefit Society, to build 70+ new homes; construction options and costs.

Building out redundant garages - Waltham Forest LBC 'garage strategy' identified over 36 redundant garage sites suitable for delivering new affordable homes with further 90+ for disposal, with the receipts being used to build affordable homes.

Joint venture – Peterborough CC JV with a private sector organisation to secure investments up to an initial value of £130m; scope will cover development sites that the council owns, secure market value for the land, share of future profits.

Pension Fund Investment - Greater Manchester Pension Fund and HCA to deliver 241 homes across 5 sites through private investment on council-owned land. Buyers will be able to access the government's Help to Buy equity scheme.

Improving efficiency – Woking BC, through transferring its housing management functions to Pinnacle PSG and Mansell Plc operating a JV, New Vision Homes. Improved outcomes for tenants and estate regeneration, with a £250m budget; at the planning stage.

Promoting mixed communities – Hackney LBC estate regeneration programme, financed through HRA borrowing freedoms; self-funding; range of partners to replace existing, poor-quality homes with new homes for social renting, shared ownership and private sale.

Community leadership – Ashford DC; its property company, A Better Choice for Property Ltd, secures homes that the council can market at affordable rents, and makes a return for the General Fund; proactively discharges

its homelessness duty through ABC Lettings.

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UNDER PERFORMING TOWNS COMMISSION – TOWARDS A BRIGHTER FUTURE

Jeremy outlines the emerging work of the combined professions' Commission for underperforming towns and cities, whose aspiration is to influence the policies of the next government.

Jeremy Blackburn

Jeremy is Head of Policy, RICS

The end of this Parliament and the election of a new government is a good time to reassess what has been done to drive regional growth, empower our cities and regenerate the high street. The focus on city deals at one end and high streets on the other, has however missed key settlements out – and yet these towns are where many of us live and work, and indeed feel a passionate identity about and a desire to succeed and grow.

An article in *The Economist* (Britain's Decaying Towns, October 2013) suggested that towns and cities that had consistently underperformed over the past 20-30 years - in spite of high profile regeneration schemes - did not merit any further interventions. "Governments should not try to rescue failing towns", it said. It typified what we have seen over the last 5 years, to paraphrase the Greek historian Thucydides, the strong do what they can and the weak suffer what they must.

At the RICS North East Policy Summit in Newcastle during January 2014, the reaction to this approach was strong and instinctive. Newcastle and surrounding towns and cities could and would stand on their own 2 feet, but an approach which only rewarded those cities that were already successful would fail to realise the potential of vast swathes of the country. And that in turn would undermine any genuine shift towards regional rebalancing and private sector job creation.

The Commission

Also thinking about that Economist article in Newcastle was Keith Burge, Chief Exec, Institute for Economic Development (IED); he and Martin Blackwell at the Association of Town Centre Managers (ATCM) discussed how a response could be formulated.

There were obviously a number of existing reports and initiatives, not least from both Mary Portas and Bill Grimsey, the Future High Streets Forum, and the BCSC led 'Beyond Retail' report. Several other research pieces had looked at why we had a surplus of commercial property and issues around vacancy and footfall.

They decided we needed something different and not a gimcrack paper, but one with solutions that were at a number of spatial levels and across a spectrum of policy areas. And more than that, it was time that the professional organisations put their collective minds together and created ideas for regenerating our towns and cities, ready for new ministers. Keith and Martin then approached RICS and RTPI to join them in a 'Commission for underperforming towns and cities', but whose approach was very much couched in *A Brighter Future*.

We all understood the context of what we were setting out to do. Less national intervention, more local leadership. City Deals and Regional Growth Funding. Local Enterprise Partnerships (LEPs)

and Combined Authorities. Localisation of business rates, duty-to-co-operate and enterprise zones. Town teams and business improvement districts. Office to residential conversions and the impact of the 'click and collect' model on town centre shopping. A new generation of garden cities in the south of England and a Wolfson Prize saying we should focus on expanding and making viable existing settlements.

Our underlying assumption though was that there needs to be a step-change in performance, requiring a fundamental rewiring/re-invention of purpose relating to our towns. While potentially useful, any proposals that merely tinker around the edges of these issues were unlikely to have the required impact.

The Commission's work was based largely on a series of round-table discussions across the nations and regions of the UK, involving members of ATCM, IED, RICS and RTPI. These events took place in England (Bristol, Colchester, Leeds, London, Macclesfield, Mansfield and Newcastle), Northern Ireland (Belfast and Cookstown), Scotland (Inverness) and Wales (Barry). In addition, a workshop was held at the IED's National Conference in November 2014 (also involving members of partner organisations). Conscious of the sensitivities of discussing these issues with local authority representatives, a handful were directly approached for confidential telephone discussions.

What's really the problem?

Many underperforming places are characterised by small populations, and not having the critical mass to sustain the range and quality of private and public sector service provision common to more successful locations. Furthermore, many of these towns and cities previously served purposes that no longer pertain. They may have hosted a coal mine, shipyard or major manufacturing plant, or performed the function of a market town. The loss of these functions has removed their fundamental *raison d'être*.

These are the places that fall farthest and fastest in an economic downturn, and yet tend to feel the reviving drips of recovery later and to a lesser degree than most other towns and cities. Furthermore, while successful locations can form their own virtuous circle by attracting more people and capital in search of their own individual success, the reverse applies in underperforming locations.

They tend to rely more heavily on the public sector – which will shrink even more in both absolute and relative terms over the next few years as further (and the majority) of austerity measures kick in. Their populations tend to rely to a greater extent on unemployment and low income-related benefits, and as the real value of these falls, there is even less money to be spent in local economies. In some places this downward spiral has become a highly destructive whirlpool, sucking the economic life out of communities.

Successful local economies have higher numbers of high growth businesses in expanding sectors. So how does this come about and is it replicable? Why are good things happening in some places and not others?

What's holding our towns back?

The combined insight of planners, surveyors, town centre managers and economic development professionals identified a range of factors that are holding back our towns:

Austerity vs public investment

It is fully recognised that appealing for additional resources in an era of public sector funding cuts is unlikely to be looked upon favourably. However, there is a clear distinction to be drawn between public sector expenditure and public sector investment.

Coalition ministers have admitted that in many areas of capital spending, such as infrastructure, they cut back too hard too fast. There is a need here to look at enabling investment, which equips towns and their parent LEP to attract more businesses and properly connect functional economic areas.

Several mechanisms like the regional growth fund have been set up, but these are either too thinly spread or not acquired by underperforming towns; and where they have been acquired, how many LEPs and local authorities have put small towns into their local economic strategies, using a miniature enterprise zones in a town centre, allied to investment funding, to drive change?

Exacerbating factors here include what the Institute for Employment Studies has called the 'productivity gap' and the consequential lack of business investment. The causes of the UK's productivity deficit include: low levels of investment in innovation and research and development; declining quality of technological and transport infrastructure; structural shifts to low productivity sectors; and lack of access to finance for private sector investment.

Most are beyond the policy scope of employment and skills ministers, but reinforce the perennial need for 'joined up' policy making and for new ministers to work constructively with those in other departments.

Interacting property trends

In the vast majority of locations outside London, town and city centre rental values have collapsed over recent years, in both the retail and office sectors. The impact on rental values of recession and the move to out-of-town retail and office locations has been multiplied several fold by the continued

requirement of property owners to pay business rates on vacant properties.

In addition, although business rates should relate to property values, there has been no scope for negotiation on rates. This has left many occupiers feeling that they are paying over the odds. However, it is not just cyclical factors at play, with the impact of significant structural changes also beginning to be felt. In particular, national retailers' investment strategies have changed, with a focus on fewer locations. This suggests a withdrawal to larger centres, or at least those with a large catchment area.

This process may be exacerbated by the "lease-bubble" which is expected to pop from 2015 onwards. Reputedly, this is the point at which many the leases of many high street multiples are due to expire and from which they can therefore walk away without penalty. This in turn is likely to add further momentum to the downwards trajectory in rental values.

Local vs national leadership

There is a need for more effective leadership across local authority areas in order to provide a mechanism for more strategic and effective approaches to planning and economic development. One example is in assessing the need for new housing alongside current and proposed infrastructure and within a broad spatial economic development context.

Workshop participants in areas that appear to lack strong leadership often regarded this as the most debilitating factor in seeking to address underperformance. Elected mayors appear well thought of (including in Bristol, Liverpool and London, according to Commission contributors) but most cities that have been offered them declined. However, it ought not to be inferred from the outcome of those votes that people do not want strong leadership.

There are now many component parts to the local leadership, funding and powers that can make a difference to these towns. How can national

government guide local leaderships on how to join up their mechanisms to create growth and regeneration? Clarity around the future package of devolved powers and funding may well inspire many places to pull together and bid for them, or open a second round of economic focus for LEP areas in the next parliament.

Maximising growth potential

The Commission's report goes on to deal in greater depth with what can be done to drive growth at national and at local levels, looking at both specific and inter-connecting factors.

At a local level a number of focuses emerged:

- Sense of place
- Retaining the brightest and best
- Forming effective partnerships across all boundaries.

At a national level further issues emerged:

- Devolution
- Government intervention
- Strategic investment
- Local Enterprise Partnerships
- Education and skills
- Area based regeneration.

A strong thread to the national level discussions was how national government and its agencies can

enable local bodies, or create the right funding and tools for them to wield.

For instance, there may be merit in devolving more local tax raising powers in order to better engage local people and businesses in local decision making. This may or may not generate additional resources for economic development, but will mean greater local control of how business rates and other locally generated taxes are spent. In addition, while City Deals have helped to facilitate some development in some places in England, there is believed to be merit in exploring other borrowing mechanisms.

The danger that needs to be avoided is central government using decentralisation/devolution as an excuse to abdicate all responsibility for pursuing balanced economic development across the UK. Stepping away and allowing a battle of the fittest to play out may well see gaps between places widen rather than narrow.

Recommendations

The Commission has drawn on a huge depth and range of property, planning, economic development and regeneration skills and experience. This report cannot possibly reflect all of that in full, but it hopefully demonstrates the commitment of those working in related professions to trying to address the issues cited and our willingness to work with partners at all levels to further develop and enact 16 recommendations.

These should apply to all towns and cities with populations above 100,000 and with above average national levels

of unemployment for each of the past 3 years.

It should be noted that these recommendations have emerged from the work of the Commission (principally practitioner workshops) and do not necessarily represent the official views or policy of each of the partner organisations.

The report will be available on all the organisations' websites later in April 2015.

It is the intention of the IED, RTP1, RICS and ATCM to provide this report and its recommendations to new ministers within the first 100 days of the next government.

The next Parliament must be seen as an opportunity to make a difference for all those living and working in towns that The Economist described as 'failing'. No-one will be naive to think that every town will get a slice of the cake, but a genuine move to utilise the economic potential of our towns towards the economic rebalancing of the UK, will encourage city regions to park their differences and pursue the opportunity of power, funding and leadership.

[Ed – background information can be found in RICS' "High Streets: Adapting to Change" (June 2014) at <http://www.rics.org/uk/knowledge/professional-guidance/information-papers/high-streets-adapting-to-change-1st-edition/>, which was also featured in 2013/14 Winter Terrier.

Estates Gazette 1 February 1964

"The results of this Census [1961] should give some confidence to those concerned with the financing of town centre redevelopment.There are indications that conditions are changing and it certainly seems likely that the public will willingly forsake the High Street for the out-of-town shopping centre if the opportunity is given. Considering the intolerable congestion which exists in the majority of town centres today, which reduces to nil any enjoyment that a shopping expedition can give, this is not surprising."

CAREER PATHS TO RICS MEMBERSHIP

Sally Leeks, Will Brown, Oliver Loughton and Kieren Stuck

Sally, Will, Oliver and Kiernan are all members of the West Suffolk Property Services, who provide a shared service to St Edmundsbury Borough and Forest Heath District Councils.

At the meeting of ACES Eastern branch in March, Richard Combes, Valuation and Estates Manager, volunteered his young colleagues to give an outline of their different routes into RICS membership. This provoked an enthusiastic discussion with the audience, which of course encouraged the Editor to follow up with this article. The styles of each author are their own. What their presentations reinforced in me was just how varied a range of experience trainees can gain from working for local authorities.

Will Brown, Estates Surveyor

Graduate Route 1 pathway in Commercial Property Practice

As you may or may not be aware, career guidance in schools is somewhat limited. Consequently, unless things have changed significantly in the last 10 years, you are given 3 options for when you leave school: 1. become a lawyer; 2. become a doctor; 3. become a teacher.

All of the above involve further education at sixth form and subsequently university. Regardless of which career option you choose, you must under all circumstances go to uni. With none of the above really fully appealing to me, but with decent enough grades for acceptance into various universities, my sixth form mentors were surprised when I informed them that I was not intending to waste my parents' money socialising at university.

One teacher wasn't surprised – one who fully supported my decision - my PE teacher. I don't know if it was for this reason, combined with my love of sport, that I did eventually apply to several universities to study physical education, or whether it was the fact that after 18 months working at the auction centre where I had done work experience 4 or 5 years previously, with little alternative direction, I decided

that that was not the career for me and had ought to do something more with my life. Either way, I had decided it was time for a change and I did apply...and I did get accepted into my top choice university.

As fate would have it, I was having dinner round at a friend of a previous girlfriend, where I got talking to her father. He was what you might call a multi-discipline surveyor, specialising particularly in planning and development and residential valuation. Being the son of a chartered surveyor, I must have given the impression I knew roughly what I was talking about – or at least said the right buzz words, as while the conversation progressed, it became apparent that this girl's father was looking for a trainee and offered me the opportunity to join his practice.

Having considered the proposal for a day or two, I gave Mr S a call and arranged a further meeting. The subsequent discussion resulted in a more formal job offer with the chance to gain a degree (part time) simultaneously to my employment. I considered this refined proposal while I awaited the formal offer by post. When the offer did arrive, my mind was already made up. The chance to earn money while obtaining a degree seemed too good an opportunity to turn down – despite having never seriously considered following a similar career path to my father.

Anyway, having undertaken a 6 week whistle-stop experience of estate agency in my new employer's sister company, I began my training with my former employers. Early on, we contacted various universities and decided that Anglia Ruskin (Chelmsford) provided the best suited course for me – BSc (Hons) in Real Estate Management – importantly being RICS accredited. I enrolled immediately and began the 5 year course at the earliest opportunity, while separately joining the RICS as a student member, who strongly advocate such early professional involvement.

I began at this company by shadowing various colleagues in differing scenarios, in particular the Director who had employed me. The majority of the work consisted of site visits for the purpose of planning appraisals on sites of all shapes and sizes, for various purposes and in a whole range of locations. The main objective of this preparatory work was to form a base from which to advise the client on development opportunities and the extent of any future works likely to be required. Following on from these site appraisals, our firm was often instructed to proceed with a scheme to develop such land, our role including the coordination and submission of planning applications, monitoring their progress, and presenting, where necessary, at Development Control committees. The firm also dealt with planning appeals in cases where

planning consent was not granted but where the firm felt that a strong case for its consent could be proven to the Planning Inspectorate.

The other main arm of the company's business was valuation – quite often in relation to right-to-buy properties on behalf of housing associations. This work involved a lot of inspection and comparable research, followed by reporting on condition, development potential, value and discount entitlement to any purchase. Other smaller roles included my introduction to viability appraisals, schedules of condition, rent reviews and lease renewals. I would like to point out that the vast majority of each of the disciplines described above were residential in nature and my role was mainly ancillary to that of Mr S, my mentor.

There is a wry sort of irony that my 7 year fixed appointment at the firm commenced at the beginning of 2007. I'm sure I don't need to explain the story of the 'Great Recession'. However I watched the company steadily contract in size over the following 4 or so years until it was wound up in early 2012 – a year shy of me completing my 5 year university course. I think it is fair to say that during my working life, I have not really experienced a stable economic climate.

Moving on, after a month of bar work, I was made aware of a trainee position becoming available at St Edmundsbury Borough Council as part of its shared services agenda with Forest Heath District Council. I duly applied for the role and, following interview, was offered the position. The move allowed me the opportunity to complete my final year of degree-level education while remaining employed in a relevant discipline. It should also be said that a move to a large open plan office, with the opportunity to work alongside a broad range of departments and people had a strong appeal to me.

The commercial property minded job I now have has allowed me to diversify my knowledge significantly. Learning the job specifics from a range of colleagues, enhanced by theory taught at university, my current role includes property management, comprising

existing tenant liaison, viewings and negotiations for new lettings, a whole range of landlord and tenant matters, acquisition and disposal, town and village green legislation, viability analysis and commercial planning and development.

The experience has, on the whole, been positive and, while I have also been able to transfer and adapt skills from my previous employment to the work I currently do, I believe I am starting to fully appreciate life on 'the other side of the fence'. With my graduation from university complete, I immediately applied to enrol upon the RICS APC. Given my 'career change' I have enrolled upon the Graduate Route 1 pathway in Commercial Property Practice. This route will hopefully allow me to display skills from both past and present employment – and is one that is directly related to my current role. I am just over a year into the process – the interview of which I hope to sit towards the end of the year.

I see RICS membership as a 'career passport' – allowing you access to many different routes into and across a property career. I believe its status remains internationally respected and is seen as a benchmark for good standards. I further believe that it is a great shame that more is not in place to introduce potential budding surveyors an insight into the property world and associated careers at an early stage. I think better awareness could – and should – be raised in schools, and a more diverse range of careers conveyed and endorsed. Despite how you are guided (or not) at school, everyone needs a slice of luck. I guess sometimes you just need that career break and I am thankful for the chance encounters that have led me to where I am now.

Sally Leeks, Assistant Estates Management Officer

AssocRICS route to RICS via the Commercial Property Management Pathway

Background

On leaving college with a diploma in Business and Finance I started work in

the banking world. After several years and having progressed through the ranks I decided I wanted a different challenge, so in 1999 I joined the Property team at St Edmundsbury Borough Council. Initially I undertook a financial role collating fees for projects, assisting with the implementation of ISO9001 and dealing with energy management, then in 2007 I joined the Estates team. My role here helped me to gain experience in a whole range of estate management skills so in 2013, to enable me to progress further, I looked into becoming a member of the RICS.

As I don't have a degree the AssocRICS route was perfect as the entry requirements for this are either:

- Relevant degree with 12 months experience in the relevant area
- A relevant vocational qualification HND/HNC plus 2 years experience in the relevant area for your chosen pathway
- Four years' experience in the relevant area for your chosen pathway

Therefore having worked in the Estates team for 6 years I qualified straight away for the Commercial Property Management pathway.

Getting Started

Once enrolled on the course the RICS sends you the relevant submission document where you log/complete the following information:

Summary of Experience – Mandatory Competencies – max 1,000 words

- Client care
- Communication and negotiation
- Conflict avoidance, management and dispute procedures
- Data management
- Health and safety
- Sustainability
- Team working

A brief example is needed for each of the above to demonstrate my ability to work with colleagues, meet client requirements, manage my own work and act with honesty and integrity.

Summary of Experience – Technical Competencies – max 2,000 words

- Landlord and tenant
- Measurement and inspection of land and property
- Property management
- Property records/information systems
- Rental appraisal

Plus one of the following

- Building Information Modelling
- Leasing/letting
- Local taxation/assessment
- Property management accounting
- Valuation

Examples are needed to provide a record of the experience I have gained in relation to the 6 technical competencies which are pathway-specific “hard” skills needed for my role.

Case Study – max 2,500 words

This is to illustrate my level of professional practice. The focus of the case study must be on one recent project that enabled me to show what involvement I had in the project, what support I provided and what decisions I took and why. The project must demonstrate at least 2 technical competencies.

CPD

A total of 48 hours CPD must be undertaken before the submission can be made.

Conclusion

Once the submission document had

been completed I emailed it to the RICS for the Assessment Board to decide if I had passed. While this was being undertaken I was sent a link to complete an ethics module. I had to pass this as it also counted to my overall score. The assessment process took 4 weeks and I was emailed my result.

I found this route into RICS very straightforward and because I already had 4 years’ experience of commercial property it felt as though I was getting recognised for doing my job. I would definitely recommend it to anyone looking to become an RICS member as it now means I can use it as a step towards gaining my APC.

Oliver Loughton, Building Surveyor

Graduate Route 3 – Professional Experience Route

By contrast to my colleagues I am pursuing the Professional Graduate route to RICS accreditation.

Graduate Route 3 is directed towards individuals who have gained experience through their history of employment in the field. So, a brief overview of my career to date.

After leaving school I joined a chartered architectural and surveying practice dealing with surveying, design and procurement of alterations, adaptation and new builds to both domestic and commercial premises. I was employed for a period of 5 years. At the height of the 1980s recession and following subsequent redundancy, I decided to progress on a 3 year degree course at Brunel University in London, studying Building Construction.

Upon graduation I was successful in gaining employment as a Building Surveyor based at an insurance loss adjusters, dealing with the initial diagnosis and subsequent implementation of repairs to domestic and commercial properties affected by subsidence, fire, flood and impact damage. Repair values ranged from £1,000 to £500,000.

As part of this employment I progressed on the route offered by the Chartered Institute of Building to become an Associate Member of the Institute. On achieving Associate status I then embarked on a further period of 18 months’ education to achieve Member status of CIOB. This was successfully achieved and provided great benefit during my subsequent employment.

After a period, I was offered the opportunity to join a building construction company as a Contracts Manager dealing with the delivery of construction projects for private and commercial clients up to the value of £200,000. This was a very rewarding role, providing me with the opportunity to work closely with experienced tradesmen on site and learning the practical aspects of construction, as well as gaining knowledge in the estimating of projects and the buying of materials and plant and delivery of projects to time and cost. Regrettably after a further 5 year period I was again made redundant and was quickly offered the opportunity to return to my original employers as a Building Surveyor for which I spent a further 10 years.

Three years ago I progressed to working within local government as a Building Surveyor. I am responsible for the maintenance of a number of council owned and operated premises. These buildings range from small public visited sites to large commercial units. This role is also enabling me to gain a wider knowledge of statutory regulations as well as achieving a good understanding of property management and a whole range of landlord and tenant matters and its processes.

The experience gained over nearly 25 years’ employment, as well as the opportunity and desire offered by my current employers to progress my qualifications, has led me along the RICS pathway to accreditation. The Graduate Route 3 route is no less involved than other routes adopted by my colleagues although the timescales involved can be shorter. For example, from registration to Final Assessment can be as little as 14 weeks although 6

months is a more realistic timescale.

RICS is a respected organisation and becoming a Member of this Institution is one to which I now aspire.

Kieren Stuck, Building Surveying Technician

Part time degree in Building Surveying route

I came into the job primarily from an engineering background, having spent 8 years with the Corps of Royal Engineers, as a Combat Engineer and Design Draughtsman, leaving as a professionally qualified Engineering Technician. Despite my job title of Building Surveying Technician, I had little building surveying experience, with most of my transferable skills coming from construction design and knowledge of CAD. Therefore, I felt I needed to improve my base knowledge of surveying and I applied for an undergraduate place at Anglia Ruskin University (Chelmsford) studying Building Surveying Bsc (Hons) on a

part-time basis. I was able to begin at year 3 of a 5 year course since my Level 5 HNC Building Studies qualification gained me prior accreditation.

I am currently 2 months into my academic course. The course is RICS accredited and hopefully on successful completion I can look towards RICS membership, and starting a rewarding career in surveying.

Ed – There are other routes into becoming members of RICS which could benefit our staff, or facilitate appointing new staff. One that springs to mind is the Chartered Surveyors Training Trust. I'm very happy to run this theme in subsequent issues of the Terrier, if you would like to submit your experiences. Or maybe there are opportunities for student/APC candidate support groups?



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Following on from the successful conference last year with over 120 delegates, this one day programme brings you up to date with the new political landscape, the solutions to de-risking in your current work practices and identifying detailed, practical mechanisms for delivering viability.

This year's sessions are designed to examine viability in the context of the mounting challenges facing UK development and planning. Sessions will examine sector and role flexibility, strategic land use, local council considerations, ensuring an internationally competitive UK regime, the system's lack of efficiency and the role of you as a surveyor and that of the RICS in the political, global and economic context so you can overcome risk to the development's viability.

You will also be able to choose from 2 one hour, interactive workshops giving you the opportunity to find out how to improve delivery. These workshops examine the key steps to viability solutions around commercial property value and standards, housing targets and options, legal risk and case-law and mitigating risk in the planning process.

Location

ETC Venues Victoria, One Drummond Gate,
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Join leading speakers and senior decision making delegates from across the UK at this important event to debate, discuss and find solutions for a practical way forward.

Highlights for 2015

- Leading keynote speakers will share their experiences and views providing solutions to efficient delivery in this sector, including a look at the new and changing political landscape, the issues around viability, new approaches to the market, flexibility in the system, area wide and site specific challenges, your role as a surveyor, meeting local needs and land use options

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Speakers include

Paul Collins Nottingham Trent University & Chair, RICS International Planning and Development Professional Group Board

Ruth Stanier OBE, Deputy Director, Planning, DCLG

Kate Henderson, Chief Executive, Town & Country Planning Association

James Brierley, Partner, Gerald Eve

Simon Coop, Director, Planning,
Nathaniel Lichfield Partners, Cardiff

Alan Gunne-Jones, Principal,
Planning and Development Associates

Jennie Daly, Director, Planning, Taylor Wimpey, Manchester

Sandra Fryer, Company Director, Sustainable Works, Bristol
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VIABILITY REVIEW MECHANISMS IN DEVELOPMENT SCHEMES

Victoria Critchley BSc MRICS

Victoria outlines the options for agreeing how viability review may be tackled for complex phased schemes, including advantages and disadvantages for the local planning authority and the developer.

Victoria is a Partner in Gerald Eve's Planning and Development team based in Manchester. She has extensive expertise in advising on strategic property issues, and undertaking complex development appraisals and financial modelling. She also has significant asset management experience and has worked with both occupiers and landlords across a wide geographical area. Her specific experience includes financial viability assessments on behalf of councils, for the Rugby Radio Masts Site, and land for 2,200 houses at Worcester; Silvertown Quays site for London Development Agency's selection of a development partner; strategic advice for the acquisition of land for Crewe Green Link Road; instructed by Corby Borough Council to provide development valuation advice for a large out of town supermarket development. vcritchley@geraldev.com

Introduction

An important aspect of development viability is to consider how planning policies can best be secured in changing market conditions. Viability review mechanisms can be a helpful way of encouraging developments to start, secure benefits during the lifetime of large scale phased development and allow stalled schemes to become more deliverable. As an alternative to review mechanisms during the life of a development, growth modelling may deliver a more even delivery of planning policies (The Outturn approach). This article considers the review mechanism options and explains the 'pros' and 'cons' of the various methods.

Viability review is a suitable way of assessing viability in longer term schemes where the economic cycle may vary. It allows for planning applications to be determined but leaving, for example, the level of affordable housing to be fixed prior to implementation of the scheme. Such re-appraisals are generally suited to:

- a. Phased schemes over the longer term
- b. Where there has been a significant delay in implementing a planning consent, particularly where the economic cycle is likely to change significantly
- c. Where the initial viability review was at outline application and where there were significant 'provisional sum' assumptions.

Outcomes of pre-development commencement viability reviews should avoid physical changes in the development where reserved matters have been agreed as this would involve further delay and costs. Any proposed changes should be sought in later stages of the development where reserved matters are still to be dealt with, but payment of a commuted sum may be a more practical approach.

Post development (Overage) reviews are not appropriate. PPG Viability para 17 says that assessments should be based on current day values and

costs and considered in today's circumstances. By definition this excludes looking backwards over past performance, and this point was clearly expressed in the planning appeal Inn on the Green PH, Denham Green (APP/N0410/A/14/2228247). It also undermines the basis of a competitive return as envisaged by the NPPF by introducing uncertainty post the implementation of the development. This may make funding the scheme difficult or unlikely in many cases.

It is important to ensure that the drafting of viability review mechanism provisions do not result in the earlier phases becoming uncertain as to the amount of development to be provided on site. This would have the unfortunate effect of stifling development. Each phase requires sufficient certainty to be able to provide the required returns and secure development funding.

Approaches to viability testing

A 'one size fits all' approach will not

work effectively in all cases. Each Local Planning Authority (LPA) needs a range of tools and mechanisms to deal with viability and the 3 fundamental approaches are:

1. Financial viability assessment in a similar way to the planning application assessment
2. Open book review – full disclosure by the developer of all relevant value and cost factors on an appropriate cycle throughout the life of a scheme
3. Automated review – of one or only a small number of key value or cost factors affecting viability, usually with reliance on some simple indexation of key elements, with the remaining inputs being pre-agreed.

Within these approaches, there may be a number of further options dealing with amending the delivery of planning policy requirements, such as:

- a. Sharing of additional profit. In particular this looks at a split of improved viability between developer and LPA to incentivise the developer to optimise performance, while ensuring as much delivery of policy obligations as possible
- b. Escalator/cascade of split of improved viability between developer and LPA, particularly of on-site affordable housing.

Relevant factors to be considered

In agreeing viability review mechanisms a number of factors need to be considered such as:

- a. The quality of the process for establishing a project's current viability and the reliability of the base input information is crucial to agreeing robust review arrangements
- b. The cost and time taken in the negotiation and review process are major considerations for both developers and the LPA when seeking

agreement on a viability review

- c. There is recognition that agreeing terms is about finding the level or approach at which deliverability of a project and the amount of planning policy objectives (including affordable housing) are in appropriate balance
- d. For any particular approach to the viability review mechanism to be the preferred way forward, there needs to be broad consensus beyond simply at the hands-on practitioner level. This is particularly relevant for key stakeholders such as local authority councillors
- e. Developers need a reasonable incentive to optimise the future economic outturns of a project so that greater planning policy contributions can be secured. Therefore, the principle of sharing of any additional profit is appropriate
- f. When considering the options for improving viability to close a gap between what is currently deliverable and a policy level affordable housing obligation, the potential for:
 - a) Adjusting tenure in favour of other intermediate products
 - b) Provision of affordable housing off site/commuted sum should not be overlooked.

Given the diverse nature of projects, there does need to be some choice or a range of review mechanism options in order to establish the most effective approach in each circumstance. While 3 typical methods have been identified, it may be appropriate to agree a review process drawing elements from each type.

Advantages and disadvantages of each approach

Where a review mechanism is appropriate, consideration should be given to the advantages and disadvantages of each type of approach. The approach adopting the same financial viability assessment methodology as used in initial planning

applications has the advantage of taking into account all relevant factors, based on the market as a whole. As such, it fully reflects viability as at the date of review and in the current market conditions. However, the time taken to review and potential costs mean that this approach could result in significant delays in implementing later phases of a development.

The open book approach considers the actual costs and values of the scheme. It relies on full and detailed disclosure by the developer. It therefore reflects the actual circumstances and accurately assesses the viability of the development, allowing an assessment of additional profitability to be fully measured. However, this method does not necessarily reflect the market as a whole. It potentially 'rewards' inefficient developers and penalises those developers who perform more efficiently than the market. From a practical point, developers are reluctant to disclose this type of detail as it may result in disclosure of commercially sensitive information. For these reasons, it is generally not the method usually adopted in viability reviews. Elements of this approach such as sales and letting terms should be provided.

The third method, 'automation' works on the basis of predetermining a number of assessment inputs, with the key variables to be settled by agreed indexation of previously agreed inputs. While automation allows for a quick and readily understood review, it does not necessarily reflect current market factors of the development at the date of review. This is why an automated approach is not the recommended approach for s106 stalled scheme reviews.

S106 agreement details

LPA policy will generally express a preference that additional profit should result in an increase in provision of on-site affordable housing. However, flexibility in policy on this to permit commuted sums in appropriate circumstances is recommended.

Viability reviews should usually be undertaken during the reserved

matters application stage on later phases of a scheme, or at pre-specified points (date/units disposed etc). Careful consideration will need to be given as to how this is set out in a s106 agreement, although it will be important to the LPA and applicant to express a range for the assessment, i.e. for the applicant to state the level of obligation above which they would not be expected to exceed and for the LPA to state the level of obligation below which the development will be unacceptable, regardless of the benefits that arise from it.

The methodology may include, for example, specifying the process involved, the basis of model, inputs, basis of return, and site value. It is stressed that the re-appraisal should

always be undertaken prior to the implementation of a scheme or phase in order to fully account at the time for the risk the developer is undertaking, and, therefore, the appropriate return.

Whichever approach is chosen, it would be usual to include arrangements for 3rd party determination if agreement is not reached within a specified period. Terms of reference need to be included in the agreement.

Alternative approach to viability review - growth modelling

While capturing changes in development viability in changing market conditions and potentially resulting in additional planning policy

delivery for LPAs, viability review mechanisms on multi-phase schemes create uncertainty both for the LPA and developer.

An alternative is to assess viability based on reasonable assumptions of growth, both of values and costs, over the anticipated period of the development. In agreeing to this approach, the developer accepts the risk that anticipated growth in sales and costs may be different. The attraction to the LPA is that increased planning policy objectives would be delivered throughout the development. For the developer the risk of anticipated growth variations would be outweighed by the certainty of agreed planning conditions, improving funding arrangements.

Richard agreed to write this article, following an Eastern branch meeting at "The Posh" football ground last year. There are many elements to this project which illustrate good practice, including State Aid, the Carbon Challenge scheme, and even Assets of Community Value.

PETERBOROUGH – INVESTING IN GROWTH

Richard Hodgson

Richard is Head of Assets and Projects at Peterborough City Council.

Background

According to Centre for Cities, Peterborough is the 2nd fastest growing city in the UK. Growth however is not only about building new homes; it's about balancing the creation of new communities and an up skilled workforce with improved vibrancy of the city centre, health and well-being of its citizens and generally giving people something to do.

Of all the projects the council has embarked on over the past few years, one more than any other has created more newspaper column inches than the council's decision in 2009 to acquire the London Road Stadium - recently named the Abax Stadium. Five years on however, it is probably the best example of how hard work and a vision

has enabled the council to deliver a project which touches on all of the aforementioned elements of balanced growth.

Since 1934, the London Road Stadium has been the home of Peterborough United FC, more commonly known as The Posh. The ground had been developed incrementally over the years, the most recent having been the South Stand, built in 1996/97 on the back of grants led from the Football Trust. Interest had been shown at that time in moving the stadium to a new location, to potentially be replaced by a superstore but these proposals did not move forward. Not only was there no suitable site found but the cost of rebuilding the stadium in its entirety was unaffordable (estimated at approaching £30m).

The ownership of the ground and club went through various changes in the last 20 years. By 2008, the then owner had obtained planning permission for a residential redevelopment of the Eastern Stand, the Moy's End, and there appeared a very real possibility that the whole ground might be sold for residential redevelopment when the Club's contracted out lease expired in 2014.

Given this threat, The Posh could potentially have been left with nowhere to play and either need to ground share in another town, or face not being able to take its place in the League the following season. To counter this threat to one of the most visible symbols of the city, the council took the bold decision to step in and purchase the ground. It did so, however, having established the significant "value add"

that the purchase could bring. The stadium and its car park was acquired in December 2009 for £8m.

The council's vision

The aims of the council in purchasing the ground were threefold:

- firstly to preserve professional football within the city, a business according to an economic assessment which was worth over £20m p.a. to the city
- secondly, and this is where the vision was created which runs through all the work undertaken on the stadium, was to create a true "community stadium" with a multitude of uses. Nationally, stadia are substantially under used outside of maybe 25 games a year
- finally, acquiring the stadium enabled the council to deliver access for the proposed 295 unit Carbon Challenge scheme, a joint project between the Homes and Communities Agency, Peterborough City Council and the now disbanded East of England Development Agency - one of only 2 Carbon Challenge schemes to be built in the UK and by far the largest. This development will bring in over £1.8m of New Homes Bonus for the council and additional Council Tax approaching £350k p.a.

The Council used the Deepdale Ground of Preston North End as a model. As well as having 4 new stands, developed on a phased basis, the ground also incorporates a large Primary Care Medical Centre; fitness club and at one stage the National Museum of Football, now relocated to Old Trafford.

The council appointed Frank Whittle Partnership (FWP), the architects for the Deepdale, to work on the London Road Stadium. The Eastern End of the ground, the Moy's End, was identified as the most obvious first phase for redevelopment. At the time, both the Moy's and the opposite London Road end were terraced, with the main North Stand and the much newer South Stand being all-seater. Football

league regulations prohibit teams playing more than 3 seasons in the Championship with standing terraces. Since 2008 The Posh have been 3 times in the Championship so if promoted would now be prohibited from using its standing terraces.

Financial and lease matters

In 2008 the council was awarded a government grant of £5.5m to be spent primarily on developing technical education for 14-19 year olds. The initial vision was to develop a STEM Centre (Science, Technology, Engineering and Mathematics) somewhere in the city centre. An independent study was commissioned by the council, to identify the best location for such a facility. The report subsequently recommended that the new STEM be located at the London Road Stadium as part of the first phase of a comprehensive redevelopment.

Following the above report, the council instructed FWP (architects) to look at how the Moy's End Stand might be developed, as both a STEM Centre and a new Away Stand for The Posh. Initial design advice indicated that a centre of circa 3,400 sq m gross could be developed, alongside a new stand seating around 2,600 spectators within the overall budget set of £9.5m (£7.5m for skills and £2m for football elements).

To commit to this level of funding The Posh would be required to commit

to a new long term lease at a rent that would have to cover a significant proportion of the council's costs. £4m of the budget would be through Public Works Loan Board borrowing, with the balancing £5.5m being the Skills grant. £2m of the borrowing would go towards the skills centre, underpinned by revenues that were generated, and £2m for the football elements. The council was able to secure £1.74m of 0% interest short term Local Enterprise Partnership funding (repayable over 3 years) to assist with start-up. The council therefore only had a small amount of capital to source until year 3 for the skills centre, over and above the £5.5m grant.

This raised the first challenge - there is little in the way of second guessing what the new lease rent would be. Stadia rents tend to be a combination of Depreciated Replacement Cost and investment valuations but there was the real issue of affordability for the club, particularly when it had spent most of the past 10 years between the 3rd and 4th tiers of professional football.

State Aid

The council used Lambert Smith Hampton, specialists in stadia valuation, to assess a market value and confirmed it would not accept a rental which fluctuated to reflect which league the club was playing for that season. To do so would mean the council's income could vary and there would be far less



clarity on how the council's borrowing costs could be met. The club did lobby the council for a low rent but the council was neither inclined, nor felt it was in a position to allow the club to pay anything less than market rental, mindful of State Aid. Some stadia rentals do take account of which league a club is in, but this is often embroiled in quite complex funding and profit sharing related agreements, and tend now to be historic arrangements. Ours is more simplistic.

It has been well reported that the European Union has and continues to look closely at stadia development/ leases to establish whether there is evidence of State Aid. The 2 most widely reported cases are Real Madrid and Ajax in Europe but there are now reports emerging of local authority owned stadia in the UK starting to be scrutinised.

The council worked closely with The Posh on the issue of State Aid compliance, giving them a real insight into the regulations. If there had been evidence of State Aid, the club as recipient would have to have repaid this. Pinsents who acted on behalf of the council on the question of State Aid with the independent valuation to hand, was able to confirm that the proposed new lease was on terms that a private owner, acting at arm's length, would have entered into in similar circumstances and hence likely to be State Aid compliant.

Carbon Challenge scheme

In July 2011 following extensive public consultation, planning permission was granted for the new stand and skills centre which at that time was also to incorporate a 2 megawatt combined heat and power plant serving both the stadium and the Carbon Challenge scheme. The regulations have since changed for the Carbon Challenge scheme so power no longer needs to be generated on site, being replaced now with an "Allowable Solution" in this case, a cash payment for offsite energy saving initiatives. The area assigned for this use now forms part of the skills centre.



Moy's End Stand

Procurement

When considering the procurement of a building contractor for the new development the option to use a Framework was looked at but the council's technical advisers Mace, recommended the council would be best served by going to the market.

The contract was advertised using the OJEU procedure on a 2 stage design and build basis, the initial 19 interested parties being reduced to a tender list of 6. Kier Eastern was eventually appointed in October 2013. The appointment and hence start on site was delayed due to dispute with the club about the level of rental paid under the lease which when it was signed was higher than the new LSH valuation. However this was resolved by the council standing by the new valuation and backdating the reduced rent. There was also an independent assessment again by LSH of the potential loss of income during the construction works during which only 3 of the 4 stands could be used. A rent abatement was agreed which took account of matters such as loss of gate receipts, hoardings advertising, additional stewarding and police costs through more onerous supporter segregation, merchandising and catering.

Following the issue of the Pinsent report, the agreement with Posh over terms for a new 25 year lease, rent abatement, pre-emption and option to purchase in favour of the existing owner who had repeatedly asked the council to sell, at less than what the council paid, the council pushed

on with the project. The new lease also provided a commitment by the council for future investment up to £1m (this was towards the next phase - to retrofit seats or a 2nd new build stand if Posh was promoted back to the Championship, underpinned by additional rents). All necessary council approvals were obtained and work started on the joint stand and skills centre development in November 2013.

Skills Centre

By this time the Skills Centre had gone through at least 3 iterations all of which required design adaptations. An example of one of these iterations was the development of the concept of adapting the STEM Centre design into a



Moy's End Stand interior

Moy's End Stand interior

broader skills offer. Following election in 2010 the Coalition Government removed the restrictions on what the council's £5.5m Target Capital Funding for STEM could be used for. This gave the council added freedoms to look at a wider scope than just 14-19 education, particularly given the council's drive to make Peterborough a university city which specialises in green technologies.

There are over 600 businesses in Peterborough specialising in this field and there was a political desire to extend this into green technologies in the construction industry. Peterborough has been driving towards being the UK's Environment Capital for many years, so the ability to use the Skills Centre as a centre specialising in such technologies, utilising government grants, was not to be missed. The centre was renamed the Peterborough Sustainable Skills Centre with partnerships planned with both under and postgraduate providers as well as links to business while retaining its 14-19 age skills emphasis.

This initiative has now been taken a step further and when the centre opens in May 2015 it will include green technology business incubation space, an innovation lab (the FAB LAB which will have specialist testing equipment the likes of which are only usually seen at a university campus or in large technology and manufacturing businesses, and 3D printers). In addition it will have conferencing for up to 250 delegates, teaching space and an area for digital start-up with gigabit internet speed all integrated with a new 2,600 all-seater football stand.

Kier Eastern was able to provide the council and football club sectional handover of the stand which opened for its first game, on 22 November 2014. In doing so the amount of disruption caused to the operations of the club were kept to a minimum as well as the amount of time the council had to offer a rent abatement.

Asset of Community Value

During construction, the Football Supporters Trust applied for the stadium to be registered as an Asset



of Community Value (ACV) which was successful, the first of 3 ACVs that the council now has within its portfolio of assets. This could have caused a major problem during construction as the council had to provide a new substation which was to be located within the new stand. It is undoubtedly never the intention of the Localism Act to cause issues such as this but with the utility companies insisting that they take a lease of more than that allowed within the Act (less than 25 years) the council had to advertise the lease and rely on no one other than the utility companies coming forward and expressing an interest during the statutory 6 week advertising period. Fortunately none, other than the utility company, did, otherwise there could have been issues during construction with the provision of long term temporary supplies until the 6 months moratorium period for the ACV had run its course. Until this matter was resolved it had a flashing red light on the risk register, one that could never have been foreseen when the build contract commenced.

So where are we now? The build project is complete, the stand is in use, the 3,400 sq m Skills Centre is due to open in May, already with a number of key anchor users, Posh has a long term commitment to the council and security of tenure, a new state of the art stand, new car park and access road.

The community uses the stadium facilities far more than ever before and this is just the start. All of this adjacent to the Carbon Challenge project which

has so far delivered over 150 new zero-carbon homes on a brownfield city centre development site. The council was bold in acquiring the stadium; there was at the outset, and subsequently since, a lot of dissenters particularly during a sustained period of austerity but there was a vision set, that of creating a fantastic asset for much wider community use and this vision is part way to being delivered.

The project for the replacement of the remaining terrace has commenced and it is anticipated this project will be bigger, contain both commercial and community based uses, particularly around leisure and will form a new gateway into the city centre, a place from the outset the council chose to retain for a vibrant football club in facilities fitting of a city with a slogan "growing the right way!".



THE REGENERATION OF PARADISE CIRCUS, BIRMINGHAM

Peter Jones and James Dair



Peter Jones is the Director of Property at Birmingham City Council and a Director of Paradise Circus LP. He is working on a number of commercial and residential JVs including New Street Gateway and Icknield Port Loop as Birmingham sees this as the way forward to deliver major regeneration schemes.

James is a Director within the Public Sector Advisory Team at Lambert Smith Hampton. James, a qualified accountant by trade has worked in local government finance for the last 17 years, and over the last 7 years has led the financial work on the Grand Central and New Street redevelopment, the Paradise Circus redevelopment scheme, Birmingham Council's award winning back office rationalisation programme, as well as supporting the early thinking around the Interchange and Curzon Street sites for the proposed HS2 project. He has recently joined LSH's public sector team, where he will provide advice and support to public bodies to develop innovative and sustainable delivery models which provide greater synergy between the finance and property sectors.

The ambitious joint venture, Paradise Circus Limited Partnership, formed between Birmingham City Council and the BT Pension Scheme, with a business plan which includes a TIF style capital injection, will enable the regeneration of the key site at Paradise Circus. Construction work is underway from January 2015.

Paradise Circus before



exposing the council to financial risk. Also by using its property asset as leverage, the council has been able to generate a long term income stream which generates a commercial level IRR.

Over the last 25 years Birmingham City Council has slowly pieced its city centre back together; undoing the damage of the failed post war Manzoni Plan which gave us the 1970s Bull Ring Shopping Centre, the Central Library and the concrete collar of the inner ring road which constrained the growth of the commercial centre for 40 years. The city is now seeing the fruits of public and private investment in infrastructure,

Paradise Circus after



shopping and commercial buildings, with the consequent transformation of public perception.

The final piece of the jigsaw is Paradise Circus. This glorified traffic island sits in a key location alongside the Grade 1 listed Council House and the Town Hall and separates the new development in Westside (International Convention Centre, Library of Birmingham and Brindley Place) from the established commercial centre on Colmore Row. The 8 acre site is a seriously dysfunctional area that needs to be re-developed in order to re-establish connectivity and provide

Background

“Visitors to the city walking through Victoria Square are confronted with this import from post-revolutionary Russia and forced to go through a tacky assortment of fast food outlets en route to meetings or concerts at the ICC and Symphony Hall” - Freddie Glick, Birmingham Civic Society: January 2015

This project depends on the ability to use innovative financial mechanisms in a public private partnership to fund a major regeneration scheme without

safe permeability across the city while improving the setting of some of Birmingham's finest architectural heritage. In addition it has the opportunity to provide an environment to attract high quality commercial development and create a sense of place commensurate with a modern 21st century European city.

The ambition for Paradise Circus is to create a world class commercial development which will attract international occupiers to Birmingham. The aspiration is for a top quality architectural statement of intent for the city and a continuous flow of high quality public realm which will re-establish connections across the city. The model is Argent's redevelopment of Kings Cross and the Limited Partnership (LP) has harnessed the skill and imagination of leading architects and designers to achieve this.

Paradise Circus Limited Partnership

For the last 15 years the council has been working on various iterations of a scheme to redevelop Paradise Circus and the project is the most complex we have dealt with. In a different economic and political environment, the council could have used its financial muscle directly to deliver the regeneration project, as it has done in the past. That option is no longer available and in any case experience tells us that some form of public/private joint venture is likely to produce a better all-round result by harnessing the delivery expertise of the private sector alongside the overarching governance structures and stakeholder management that the public sector brings to large scale projects.

The result is an ambitious joint venture vehicle with a complex finance structure, Paradise Circus Limited Partnership (PCLP), which is established to assemble the site, demolish the existing buildings and deliver the infrastructure change to the highway network and the development platform for the commercial buildings. The partners in the LP are the City Council and the BT Pension Scheme (BTPS) represented by Hermes. Argent is appointed as the development manager.



The LP has 2 directors representing BTPS and 2 representing the council. It has a viable business plan funded by a working capital facility, capital receipts and ground rents from plot sales and an innovative TIF style capital injection facilitated by the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) Enterprise Zone. As part of the overall deal BTPS has committed to build out the first phase on a speculative basis, comprising 2 office buildings of 170,000 sq ft and 175,000 sq ft net. The site was placed in the hands of the contractor, Carillion, in January 2015 and work is underway.

The commercial redevelopment of Paradise Circus is primarily office focused, allowing for up to 1.5m sq ft of built space including some

retail, bars and restaurants, a hotel of 250 bedrooms and a 550 space basement car park. The comprehensive redevelopment will create new public spaces and restore key views which will re-integrate the site with the rest of the city centre, providing new pedestrian routes and public squares. To achieve the scheme objectives, significant changes need to be made to the highway infrastructure together with public realm improvements. A Compulsory Purchase Order was promoted to assemble the site and to enable the acquisition of those elements not owned by the partners.

Over its life PCLP will incur costs of £146m. This comprises JV operating costs, including land acquisition/compensation and interest on working capital of £58m and £88m capital costs

Diagram 1 – PCLP structure

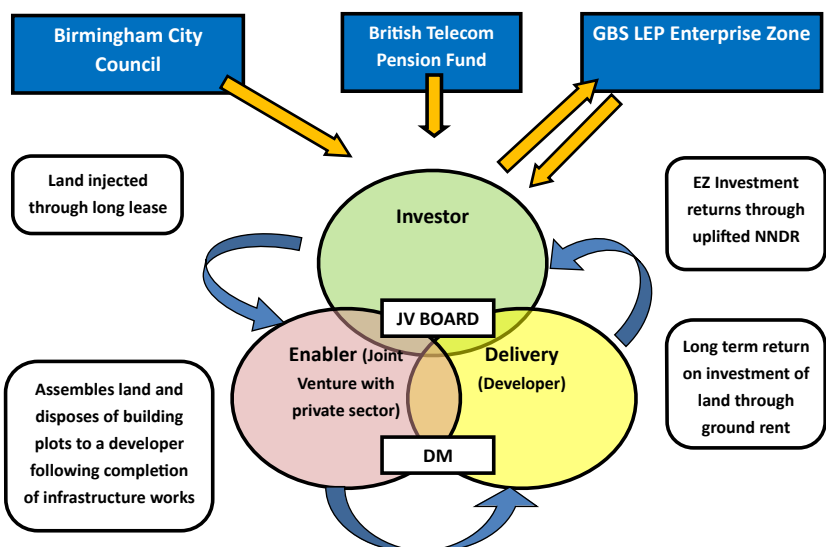
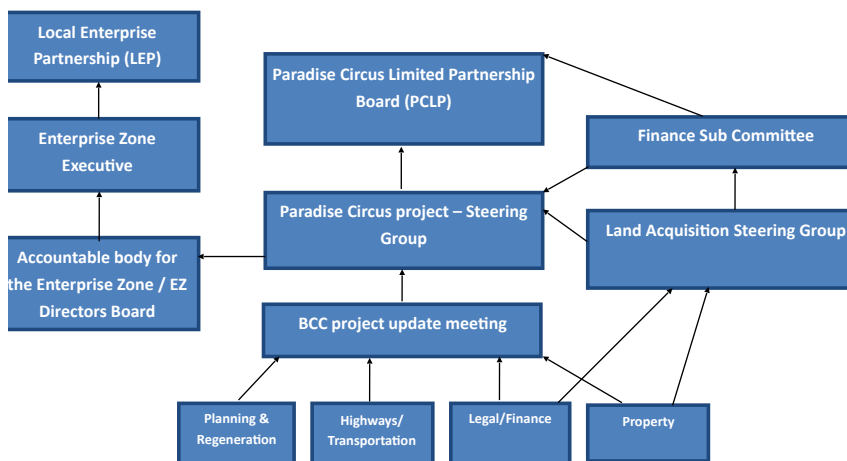


Diagram 2 – Paradise Circus project governance arrangements



Note: PCLP Directors – Paul Dransfield (BCC), Peter Jones (BCC), Chris Darroch (Hermes), David Grose (Hermes); PCLP Company Secretary – Anita Sadler (Argent)

for enabling and infrastructure works, which are prudentially borrowed by the council. The annual borrowing repayments are met by the uplift in the business rates generated from the redeveloped site in accordance with the Enterprise Zone principles. In order to maintain a positive cash flow for PCLP, BTPS is providing a working capital facility. The PCLP Financial Plan has a net annual balanced position after draw down of the working capital which is fully repaid over the life of the joint venture.

The GBSLEP has agreed to allow the council to utilise the uplift in rates income coming from the redevelopment of Paradise Circus to support the prudential borrowing costs. From 2021/22 the rates growth from Paradise Circus provides a positive contribution to the wider investment plan for the LEP. This provides a major source of investment for other schemes across the LEP region. After the prudential borrowing has been repaid, the Paradise Scheme will contribute over £180m of net business rates to the LEP for reinvestment.

In return for the injection of its land assets into PCLP, the council receives a long term secure income stream from the completed redevelopment which provides a commercial level IRR for the council.

Public/private partnerships are not new but we are not aware of another

complex regeneration project which utilises the innovative governance and financial structure that we have developed for Paradise Circus. The LP is compliant with both the public sector procurement requirements of the council and the commercial and regulatory requirements of the pension fund. The structure enables the council to inject the Enterprise Zone funding into the LP business plan without exposing the council to risk. The downside risks of cost over-runs are managed through the LP with Argent using its experience of major regeneration projects.

Over recent years there has been much debate about greater freedoms and flexibilities around the financing of major urban regeneration projects. One of the suggestions that has been promoted through the work of the City Growth Commission (see report '[Powers to Grow: City Finance and Governance](#)') is the proposal for the introduction of Tax Incremental Funding (TIF) to invest in infrastructure and recoup the costs through increased business rates. In the absence of any legislation on TIF, the council has decided to use its Enterprise Zone (EZ) to mirror a TIF funding model.

At the PCLP level a business case was developed to support the bid for EZ funding and latterly translated into a Business Plan and Financial Plan which have been approved by the

PCLP Board. The Plan takes the Joint Venture out to 2028 by which time it is anticipated that the redevelopment will be complete.

The formal establishment of the LP was preceded by a period of working under a Collaboration Agreement and across both periods the project has been managed through a joint venture Board comprising representatives of the council and BTPS, supported by Argent. A clear governance structure has been in place throughout with working groups reporting back into the main Board. A Financial Plan has been in place throughout to maintain financial discipline across the income and expenditure profiles.

The complex legal documentation needed to put the project on site has been completed and the project is fully funded. The contractor is on site and work has commenced, with BTPS committed to deliver the phase 1 buildings.

The redevelopment of Paradise Circus will make a major difference to Birmingham. It will finally close a chapter in the history of the city and will provide a significant opportunity for future economic development. All this has been achieved through a complex public/private joint venture with an innovative financial structure made possible by the ability to utilise the uplift in rates income to support prudential borrowing.



URBAN DESIGN IN AN AGE OF AUSTERITY

Having enjoyed working with Ray for a good few years on development proposals in the Bury St Edmunds area, I wanted to give him a chance to express his compelling arguments to surveyors to give more consideration to the important principles of urban design.

Ray Keeley

Ramon is an independent Landscape Architect and Urban Designer based in East Anglia. Before setting up his own practice in 2013 he worked in local government for more than 25 years. ramon.keeley@gmail.com <http://ramonkeeley.wix.com/ubiety>

Principles for good architecture

Our towns and cities are a physical expression of our socio-economic and political institutions. It was ever thus. Older settlements can often be read like a book with each district a chapter, the streets and public spaces the pages, and the buildings the text. Together they tell the stories of the lives of their inhabitants. Some are rigidly ordered, others almost haphazard. They may be grand or unassuming – often running the gamut from one to the other – indicative of the social hierarchy. But

what will future generations read into our legacy? What will our town-building say about us?

My guess is that for the most part there won't be a legacy. The Vitruvian principles for good architecture – firmness, utility and delight – are well-enough known and often espoused but it seems that, particularly in an age of austerity, 2 of them seem to belong to a different era and are not infrequently overlooked today. *Utilitas* is king in the 21st century. And perhaps that is as it should be. Does 'firmness' belong in a fast-changing world? Who can

predict the nature of demand in 100 years' time, or even 50, or 25? It seems almost certain that needs will evolve and change – and rapidly. So much the better then that whatever we put up can be easily removed to make way for the new. Buildings made with *firmitas* cost more and can be a bit of a nuisance when the time comes to sweep them away. And delight? Well, if they're not going to last anyway it can't matter too much as long as they are not downright ugly.

So there we have it - make it useful, make it cheap. And we have a most excellent methodology for procurement. It's called The Market! It's almost guaranteed to deliver the most useful development at the lowest cost. Good news for estates managers. You have a duty to get the best returns from the public estate and the market will help you do the right thing.

Pause for thought? Are we missing something? I believe so. Because even if we are not thinking of leaving a legacy, the fact remains that unless we are going to retreat ever further into a virtual world (and I have to admit to that possibility) the places we build remain not only an expression of our society but help define many of the possibilities for how life is lived. If we lose sight of this fundamental aspect



of development we risk the health and success of ourselves as individuals and as communities. It is that important. Or perhaps you might think that I am over-stating the case? Allow me to expand upon a few aspects.

Health and wellbeing

Physical health ... really? Well some of the most common risks to health in the western world arise from obesity and inactivity. We drive from home to work and to the out-of-town retailers (if we're not using the internet). We've designed our towns that way, but we could build more healthily. We could be building a connected public realm that is perceived to be safe and attractive within the framework of an accessible and legible built environment in order to encourage walking and cycling. Fortunately this goes hand-in-hand with reducing reliance on the private car because that is also proving to be a major risk to health with an estimated 29,000 people in the UK dying from air pollution (internal combustion engines being a prime source) – that is 5% of all deaths and the equivalent of the loss of 340,000 years of life in 2008 with an average reduction in life expectancy of 11 years for those affected. And while we're about it let's plant more trees – they filter out pollutants as well as providing UV protection.

OK, but psychological well-being? Surely that's all in the mind! The influential American historian and philosopher Lewis Mumford explored the subject in some depth and concluded that social interaction – essential for psychological health - is the very definition of a city. Mumford was tapping into a rich seam of study and among more recent contributions is 'Happy City' by Charles Montgomery who concludes that there is a choice to be made in development terms between the pursuit of economic returns or the pursuit of the common wealth. When we measure outcomes in monetary terms we are probably measuring the wrong thing. Bhutan famously switched from measuring GDP to measuring GNH (Gross National Happiness) and it is an idea that has taken root. We need to build convivial places – a task made harder by changes

in shopping habits – mixed uses, walkable, attractive, and while we are about it, let's plant more trees because many studies have shown that being cut off from the natural environment can be psychologically stressful. Is this familiar?

But there's no denying that the bottom line counts. Everything else is a nice-to-have extra, if we can afford it. But there again – are we measuring things the right way? For a given site there is a need to maximise returns as a sale or a yield in order to attract the necessary investment. Of course we recognise that there are 'externalities' and each development has to make its contribution to the wider infrastructure. We have the mechanisms for this built in to the planning system in the form of s106 or CIL contributions – as long as they are strictly relevant to the development and they can't be argued away. It's tidy. Maximising development returns on the site will facilitate payment of these contributions and everybody is happy. But I would suggest that no matter how big the fence is around the site, it should not be considered as an entity that can be separated out from the rest of the built environment. To quote John Donne (almost) "No site is an island, entire of itself." All such 'sites' are the building blocks of the places that we inhabit. In truth there are no 'externalities'. The physical and social infrastructure is integral to the site even if not located in its 'boundaries' and, conversely, the development site is part of the wider whole and should make its contributions in other ways too – in its design and the way that it forms part of the wider built environment. I think we all know that doesn't always happen. And if it's about the bottom line, consider the impact on the bottom line for the town as a whole.

Well designed, convivial places attract higher income residents and businesses that have more locational options. The highest rental values are not necessarily achieved by the biggest, or indeed by the most attractive, buildings, but by those that are in the most attractive locations and every development must play its part in achieving this in an integrated way. Zoning our towns into

different uses and parcelling the zones into discrete sites is not so clever and every development needs to consider how it is going to make a contribution to a connected, visually rich, and vital settlement. So next time you find yourself saying "that would be nice but we can't afford it" step back, look at the wider picture, and ask "can we afford not to?" In other words, maximising returns is about more than direct, short-term, monetary returns but even in these terms it is the wider town that needs to be considered. And while we're about it, let's plant more trees – a leafy street is known to raise property values by 7-15%.

Sustainability

What about that firmness thing? Well for 'firmness' substitute 'sustainability' – particularly in the sense of being resilient. Buildings may come and go but the framework in which they sit - our streets and spaces - tend to last much longer. If we build places that are integrated, connected, legible, diverse, adaptable, and have a strength of character, then they will be durable places, despite all of the changes that they will endure. And while we're about it... trees really do contribute to sustainability and resilience in all sorts of ways.

The Romans also built Colchester High Street (overleaf), which is coming up to its 2,000 anniversary. The buildings may change but the place has proven to be resilient by being adaptable.

Which probably takes us all the way back to the Vitruvian concept of beauty or *venustas*. If we are going to make durable places then we might as well make them a delight too. The Vitruvian principles have been going for 2,000 years now so maybe he had a point. Attractive places instil pride and aspiration – just think what the opposite would be. We know what we ought to be avoiding – "banal and monotonous development, humdrum in design and dominated by traffic" (Urban Design Compendium) and while it is undeniable that we have made substantial progress in the last 15 years or so, it does require effort if we are not to slide backwards into



Colchester High Street



Malmo, Sweden

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Urban Design Group www.udg.org.uk

older habits that, I think we all realise, we have not entirely shaken off. And our legacy? I worry less about the buildings that we leave behind than the communities that inhabit them, but it is our built environment that shapes our communities. If we can leave a legacy of communities that are cohesive, thriving and fulfilled I think we will be doing well, but to do that we need to plan and build with care.

We could do worse than look to our European neighbours for tips on how to build integrated development and sustainable communities. The happiest country in the world league tables is Denmark, but Malmo, Sweden, pictured here, is close on its heels.

Of course, I would be saying these things, wouldn't I? I'm an urban designer. I have the luxury of being able to rant about utopian ideals

without really having to get to grips with economic imperatives. Well yes, but it is part of my calling to prick the conscience of those that have more difficult choices to make but guess what, if you are engaged in the business of making places then you too are, by definition, an urban designer, like it or not. It's a very inclusive term. And design is not simply about aesthetics (not that I want to be dismissive of aesthetics) it's about function – more than anything else. It's about making places that work, in every way, for the long haul. So really we are all trying to achieve the same thing. And while we're about it... have you thought of joining the Urban Design Group? Its where all the built environment professionals can come out of their silos and share ideas and it would so much the better with more RICS representation.



OFFICES TO RESIDENTIAL PERMITTED DEVELOPMENT RIGHTS – SUPPLY AND DEMAND

Matthew illustrates the implications of this temporary right through outcomes in Hertfordshire. "Delivery of much needed housing is a clear positive, but the ad hoc nature of proposals put forward under the prior approval process make it difficult to plan for."

Matthew Wood

Matthew is a Director in Planning at Lambert Smith Hampton. He is a town planner with 24 years' experience in both public and private sectors across development management and policy. mwood@lsh.co.uk

Overview

In 2013, the government introduced rights enabling the change of use of B1 offices to C3 residential use as permitted development. When it was introduced, it was difficult to predict what the impact and consequences might be.

At a stroke, a potential source of housing was identified that could be realised without awaiting the often lengthy outcome of decisions regarding new land allocations through emerging local plans, or the need for planning applications to demonstrate consistency with prevailing planning policy.

This article, using Hertfordshire as a case study, will explore the effect and consequences of permitted development over the past 22 months.

Context

To begin, it might be useful to sum up the right and the context it is operating in.

The natively titled 'Part 3, Class J of the Town and Country Planning (General Permitted Development) (Amendment) Order 2013', introduced the ability to change the use of a B1(a) office

building to C3 dwelling house use, or flats, as permitted development, not requiring full planning permission.

The Local Planning Authority (LPA) has a 56 day prior approval period, within which to consider details of and ask for additional information on:

- Transport/highways impacts of the development
- contamination risks on the site; and
- flooding risks on the site.

The right is temporary however, with revisions to the General Permitted Development Order laid before parliament on 24 March, confirming that the right will expire after 30 May 2016. This could change though after the general election, with some commentators anticipating that the right could be reintroduced by a re-elected Conservative government.

Submission requirements

The process enables those interested in considering this route to deliver housing without resorting to the broadside weight of information associated with a planning application.

Submission requirements are confined

to a red edge site plan plus written description of the proposal. These streamlined requirements are a positive thing for owners of office buildings in sustainable locations in settlements where there may be significant pent up demand for housing. Further factors which make exploring the provisions appealing are the slow pace of local plan preparation and adoption, as well as frustrations with the planning system as it is currently operating.

Role of the local plan

Local plans seek to reconcile diametrically opposed visions. On the one hand, there is a need to provide housing and the other land uses required to achieve sustainable development, which according to the National Planning Policy Framework (NPPF) lies at the heart of the planning function. On the other hand, there are those who would argue that housing land supply is all very well, but that the special nature of their district or borough is such that any objective assessment of housing needs should be tempered so there are no green belt releases to provide new housing.

Situation in Hertfordshire

Hertfordshire contains 2 garden cities, Letchworth Garden City founded



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in 1903 and Welwyn Garden City in 1920, plus 4 post war, first wave new towns (Stevenage, Hemel Hempstead, Welwyn Garden City and Hatfield). Unlike Cambridgeshire, where new settlements at Cambourne and Northstowe will deliver approximately 19,500 new homes, housing delivery in Hertfordshire is likely to be from urban concentration and sustainable urban extensions, which themselves are deeply controversial in their host locations.

This context is relevant to the office to residential permitted development right. It sets the background against which demand can be met, land valued and the relative benefits to be derived from a nimble streamlined process of housing delivery. It should not therefore be surprising that office to residential permitted development schemes are proving attractive in Hertfordshire.

In part, driven by land values resulting from pent up demand, the permitted development right has delivered additional residential units on land in sustainable urban locations, where housing sites allocated in local plans are either few and far between, or at worst non-existent. Replacement local plans are at such early stages of preparation and therefore of strictly limited weight for decision making purposes. Therefore, the potential to enhance value, and realise that value without resorting to an expensive planning application, has obvious attractions for landowners.

Benefits to landowners of permitted development rights

For landowners, in addition to the streamlined and therefore cheaper prior approval process, the permitted development right can be explored without having to wrestle with policies intended to protect employment land, which are in place in some areas. Planning obligations mitigating the impact of development are avoided and the scope of consideration and opportunity for intervention by the planning authority is reduced. Thus, the decision making process is simplified.

And for the LPA?

Delivery of residential units via the permitted development right enables hard pressed local authorities to point to continued success in delivering housing in their Annual Monitoring Reports (AMR) and use it as further evidence why there is no need to begin identifying new housing sites on contentious green belt sites as part of their local plans.

However, the extent to which a LPA can prepare, plan, monitor and manage for this type of development is clearly limited. They have to be reactive rather than proactive when it comes to the impact of the provisions.

In addition to the 'wildcard' nature of emerging proposals, there are other disadvantages from a LPA perspective. Introducing new residents into existing enclaves of employment land has potential to place conflicting uses into close proximity to one another. There will be no financial contributions towards infrastructure from prior approval development such as early years, school places, library provision etc.

With these issues in mind, a number of authorities sought identification of 'exempt office areas', Article I(6A) to secure exclusions from the permitted development right.

In Stevenage for example, the council protected its prime gateway employment land supply in Gunnels Wood Road. Stevenage is tightly constrained by its administrative boundaries. The appetite for growth in the borough is not matched by land to grow, whether for housing or employment, principally into neighbouring North Hertfordshire. The decision to seek to protect prime sites can be understood, when the ability of the planning authority to provide compensatory replacement is limited. Tensions associated with that under the NPPF's 'duty to cooperate' have been well documented elsewhere.

In St Albans, recent local press coverage reveals that for St Albans City and District Council, a total

of 489 residential units will have been delivered via the permitted development right since May 2013. By comparison, the annual rate of house building envisaged in the St Albans Strategic Local Plan consultation in October/November 2014 was 436 dwellings p.a. Office to residential permitted development has therefore delivered over one year's housing land supply in the urban area.

Here, the planning authority could not foresee the extent of permitted development schemes it would be confronted with. The AMR enables monitoring of the scale of loss of employment land. A 'Plan, Monitor, Manage' approach to the issue might see replacement employment land supply identified as part of the emerging spatial plan – but of course the only place that could be is in the green belt.

In Welwyn Garden City, similar press interest was aroused by proposals to change the use of 3 office buildings formally occupied by Rank Xerox to 133 residential units, all within the designated employment area in the town. That proposal resulted in trading of political brickbats, as well as respondents observing that selective 'pruning' of other employment areas could see the borough council meet its housing target without needing to resort to any green belt releases.

A positive planning response

Welwyn Hatfield Borough Council has actively sought the views of landowners regarding whether employment land would be suited to alternative use as a consideration for the emerging local plan. Proactively scoping the likelihood of landowners putting forward sites for alternative use and planning for replacement employment land in the emerging local plan is a positive planning response.

Spatial plan preparation provides an opportunity for the LPA to consider issues of employment land availability, and suitability of land to meet its required purpose. As with housing land, one would expect that a shortage of employment land supply would be

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addressed as part of the preparation of the local plan.

Delivery of much needed housing is a clear positive, but the ad hoc nature of proposals put forward under the prior approval process make it difficult to plan for. Consideration needs to be given to identifying contingent sources of employment land as part of the local plan process.

Authorities also need to co-operate

However in Watford, where the pipeline of new supply has been identified as a weakness, that will be difficult since the authority has such tight administrative boundaries. Delivery of additional employment land relies upon co-operation with neighbouring planning authorities, as well as innovative approaches to recycling existing land. This is something Watford Borough Council is achieving with projects such as the Watford Health Campus, which can only be further enhanced by the Croxley Rail Link.

Other examples of areas where the 'duty to co-operate' and a shared vision of the way forward is required are East Hemel Hempstead, where development around junction 8 of the M1 could deliver significant new employment land opportunities as well as housing. Co-operation and a joint vision between Dacorum Borough Council and St Albans City and District Council will be critical here.

Some employment sites may provide potentially suitable housing sites, though issues such as site assembly might require more interventionist approaches by LPAs. Fundamentally though, from a planning perspective, where there is finite land resource and the constraint of green belt, there is a real danger of robbing Peter to pay Paul if replacement employment opportunities are not provided.

Realising additional housing opportunities on employment sites does reduce pressure to identify politically contentious sites on the edge of settlements and in the green belt in the short term, and they

may have a significant role to play. Ultimately though, the consequence of continued permitted development office conversions must be that, in addition to considering green belt green field releases for housing land, the same needs will exist in relation to employment land.

In the absence of anything like a county structure plan, the appropriate Local Enterprise Partnership may be well placed to take a leading role in articulating these needs, as well as sourcing funding and driving forward infrastructure projects, which can facilitate delivery of sites.

Dangers of forgetting about other land uses

Factoring in the need to identify employment land, alongside housing and education land, public open space, roads and other community infrastructure are all part of local plan making. There is a danger however that the debate becomes polarised around housing delivery at the expense of other land uses, which are equally important component parts of sustainable land use policy.

In those areas where authorities' boundaries are tightly constrained, neighbouring authorities should be working closely together to achieve the strategic planning across boundaries required by paragraph 178 of the NPPF.

Given that the NPPF says that spatial plans have a critical economic role to play – "building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure" – it would be strange if provision of new employment sites and opportunities is not part of what the government envisaged in local plans.

Conclusion

The tidying up exercise carried out by the government in the Town and

Country Planning (General Permitted Development) (England) Order 2015, appears to signal the end of the office to residential permitted development right. After the general election, one might speculate that a re-elected Conservative government could issue one of the first amendments to the 2015 order and reintroduce the permitted development right for conversion of offices to residential use.

In the meantime, planning practitioners can begin to consider the implications of the new permitted development right proposed in the 2015 Order, introducing a permitted change under Class P of up to 500 sq m of Class B8 Storage and Distribution buildings to C3 dwelling house uses, subject to a prior approval process, until 15 April 2018. What will the implications of that be?

One thing is for certain, if the planning system fails to compensate or anticipate a degradation of employment land supply by identifying new sites and new ways of working, then it might be argued to have failed in the fundamental objective of delivering sustainable development.



CO-LOCATION, CO-LOCATION, CO-LOCATION

Andrew Rowson



Andrew provides a very useful summary of service types, opportunities for co-location, and functioning examples. Further sources of information are referenced.

Andrew leads EELGA's asset management offer across the East of England. He established the "East 17" Essex Property Partnership and has managed its programme since 2011. Previously as a director with the 4ps and Local Partnerships, Andrew led the national housing and property team, setting up the West Midlands Property Alliance in conjunction with Improvement and Efficiency West Midlands and creating the Strategic Asset Management Review process (commended by the Audit Commission) for the benefit of authorities across the country. He was formerly the Director of Property and Asset Management at Cambridgeshire County Council gaining beacon status for the Council in 2005. andrew.rowson@eelga.gov.uk

Introduction

East of England Local Government Association (EELGA) is a politically-led, cross party, organisation which works on behalf of the 52 local councils in the East of England to harness their collective strength to shape and serve their communities and localities.

In a changing world there are some certainties – there will be less money for local government and more demand pressure on services year by year. This is driving councils and partner agencies to think more radically about the way they deliver services and increasingly to examine more critically where their physical footprint needs to be and how large it needs to be. It is encouraging them to think about how they can share support service infrastructure and also how they can share community access space where front line services are delivered.

One of the themes therefore to emerge over recent years for asset managers has been the mantra "co-location, co-location, co-location". While it might seem obvious what this is all about,

it is worth reflecting on when and in what circumstances co-location is the answer. This article seeks to offer some thoughts on the subject and show how the EELGA is working with councils contemplating these major change programmes.

Taxonomy of services

As a first step it is perhaps helpful to draw up a simple taxonomy of services to see how they fit a potential co-location solution.

A first group of services, which I call "community specific" (such as libraries, health centres and schools) need to be in the community and located in or close to the population centres they serve.

A second group of services, which I call "administration specific" (such as legal, finance, HR, democratic) have no particular location requirement in terms of the population other than for the convenience of staff or Members.

A third group of services, which I call "logistic specific" (such as

highways depots, police stations, fire stations) need to have good road and geographical access and be strategically sited.

I think most services can be included within one of these categories and it can be a useful first step in deciding "who else" might be a candidate to co-locate with. It is not an exhaustive list of service areas but hopefully provides a sufficient idea of how such a tabulation works and provides a guide as to which services can be readily grouped together and share a building on a co-location basis. So for example one can see how "community specific services" could be brought together under one roof and so on with the other 2 categories.

CO-LOCATION TAXONOMY		
Community specific services	Location parameters	Suitability for co-location
<ul style="list-style-type: none"> Libraries Registrar service/register offices Schools Youth service Doctor surgery/health centre Leisure centres Job Centres Justice (courts) [1] Social care [2] Village/town halls Housing/benefits offices Local voluntary and community groups 	<p>Public needs to be able to access</p> <p>Location based on demographics</p>	<p>There are safeguarding issues concerning schools to be addressed and sensitivities around social care interviews and court functions</p> <p>However all the services listed are potentially eligible for co-location in communities and can form hubs</p> <p>Since administration specific services (see below) can be located anywhere these community hubs can also be designed to accommodate services from within that category</p>
Administration specific services	Location parameters	Suitability for co-location
<ul style="list-style-type: none"> Planning Environmental Economic development Resource management services e.g. legal, HR, finance, asset management, ICT, audit Member functions Housing administration Education administration Social care administration Contact centre HM Civil Service Depts. e.g. HMRC Social enterprise HQs Housing association HQs Clinical Commissioning Groups 	<p>Typically where these are local authority offices these sites have not been chosen or designed for the current purpose in hand but are inherited from previous local government eras and have simply been adapted</p> <p>No constraint on location</p> <p>Principally office environments are required (but note Member/ceremonial functions)</p> <p>For legacy reasons most civic centres and town halls tend to be in the centre of the relevant city or town - but there is no service reason for this now. Reasons tend to include such things as the attachment to civic pride architecture and the presence of council chambers etc.</p> <p>Channel shift and modern working styles are increasing the freedom of location</p> <p>New locations will be determined by staff access and opportunity (e.g. availability of suitable site or suitable office supply)</p>	<p>All these services require office space and are natural candidates for co-location with each other in terms of the ability to share accommodation</p> <p>This is one reason why shared service arrangements for so called "back office" functions are becoming more common</p>
Logistic specific services	Location parameters	Suitability for co-location
<ul style="list-style-type: none"> Fire stations [3] Police stations Highways depots Waste recycling centres MOD Hospitals [4] 	<p>Sites are selected strategically - for example to enable:</p> <ul style="list-style-type: none"> response times to be met, or public duties to be performed efficiently, or to allow large numbers of people to access a service 	<p>Police and fire are excellent candidates for co-location</p> <p>Depots and recycling centres can also be compatible</p> <p>Hospitals can be included with police/fire sites (ambulance siting)</p> <p>MOD has security considerations which makes it more complex to associate with</p>
<p>1. Justice centres (Crown Courts, Civil Courts, Magistrates) can also be argued to fit the logistic specific category</p>		
<p>2. Social care – this is referring to field based social work care teams who need to be reasonably close to client groups</p>		
<p>3. Fire stations are strategically sited according to fire cover review studies – often this will mean proximity to risk areas i.e. population centres</p>		
<p>4. Larger hospitals with scale will serve large populations and hence their inclusion in this category</p>		

East of England examples

There are lots of good examples of co-location across the country. To take just a few examples from the East of England you have:

West Suffolk House, Bury St Edmunds, Suffolk – this first phase of a full public service village concept houses Suffolk County Council's west of county services, St. Edmundsbury Borough Council, Forest Heath District Council, West Suffolk CCG and the EELGA in a fully integrated new building with shared reception and FM. It is an excellent example of **administrative specific services** being co-located

Sackville House, Cambourne, Cambridgeshire – this purpose built community building helps anchor the new community of Cambourne by providing a library and health centre for the residents as well as providing meeting rooms and touch down space for council staff. It is an excellent example of a **community specific service** co-location

Causeway House, Braintree, Essex – a major refurbishment of Braintree District Council's Civic Centre enabled the county council to vacate unsuitable properties elsewhere and co-locate, taking a significant amount of space for its teams in the newly refurbished building. Again this is a very good example of **administrative specific service** co-location

Shared Use of Fire Stations in Essex with Essex Police – for example at Tiptree, Brightlingsea, Wivenhoe and West Mersea – demonstrating **logistic specific service** co-location practice

Landmark House, Suffolk, Ipswich – this building has been reconfigured to accommodate police functions and county council services and is an interesting example of a hybrid – **part administrative specific and part logistic specific** illustrating that there can be cross-over between categories on occasion.

Notwithstanding the progress already made there are many, many more opportunities across the country for

councils and the rest of the public sector to embrace the “one public estate – one public service” concept and add value to communities as well as saving themselves money through co-location and rationalisation.

The EELGA is able to help many authorities in the region with initiatives such as co-location because it has built up a team of expert asset management specialists within its “Talent Bank”. This is a resource for the sector that can provide additional capacity and the skills and experience needed, as required, at cost, on a non-profit basis.

The EELGA Talent Bank has, for example, been working with Essex County Council and all its partner authorities on its One Public Estate programme building on the East 17 Essex Property Partnership it helped establish 4 years ago. This has, among other achievements, provided the foundation of a common shared map based on line data system (the Essex Property Asset Map or “EPAM” for short) that has proved so fundamental and useful in supporting the geographic locality reviews that EELGA has carried out and in identifying co-location opportunities.

EELGA has also worked extensively supporting all the Cambridgeshire authorities with their Making Assets Count (MAC) project. As a DCLG sponsored capital and asset pathfinder project, MAC has helped ensure the development of a common estate strategy across the county and has developed full business cases for the regeneration of key market towns such as Ely, March, St. Ives and St. Neots. EELGA has worked with MAC partners to develop business cases for co-location projects and on the production of an overarching business case, examining alternative delivery models based on a joint venture approach with the private sector.

A further exciting challenge for EELGA currently is taking its learning from across the region now to support Norfolk County Council with the implementation of its ambitious One Public Estate programme (1). This programme includes projects specifically focusing on opportunities

for co-location across the emergency services and between the health and care sectors where the new social care agenda is particularly driving increased collaboration. One outcome will be a toolkit for the public sector on how to approach co-location opportunities.

For more information on how EELGA's Talent Bank operates and how it might help you please contact me at andrew.rowson@eelga.gov.uk. You can also see our information booklet on asset management services by viewing our website www.eelga.gov.uk (NB Search for asset management, click on the first item that comes up entitled “Asset Management Support | Talent Bank | EELGA” and there is a link to the booklet). General information can also be found within the Talent Bank section of the website.

Note 1. Norfolk is working jointly with Suffolk on a One Public Estate programme as a GPU/LGA OPE pilot).

EELGA Talent Bank - Improving the East



KENSINGTON TOWN HALL UPGRADE

Keith Harper and Adam Granger BSc(Hons) MRICS



Keith is Programme Manager at the Royal Borough of Kensington and Chelsea. He has over 30 years' experience in facilities management and has been working on project and programme delivery since 2005. Keith is an MBA and is a qualified MSP practitioner.

Adam joined Pellings in 2007 as Head of Project Management, bringing with him extensive project management experience for numerous clients in a variety of sectors including local government, commercial, education and leisure. He was lead project manager for the delivery of the refurbishment of the second and third floors at the RBK&C Town Hall.

This case study of public sector office rationalisation has all the hallmarks of effective asset management and shows how an historic building can be transformed internally to provide a dynamic workplace with a big 'wow' factor.

The finishing touches to the £21m upgrade of Kensington Town Hall overlooking Kensington High Street have recently been put in place and it is now regularly used by around 1,600 council staff who can work more effectively and more easily in a well-designed flexible workplace.

The scheme was project managed by multi-disciplinary practice Pellings and designed by architects Sheppard Robson. The overall programme delivered total savings to the council in the region of £3.79m a year, with a significant part of that total realised by releasing other office buildings in the borough. In fact it has gone one better and released space within the town hall which has been let out, in itself contributing a net gain of over £1m a year to the total savings. All of this as a result of flexible working allowing more staff to share the same facilities.

Kensington Town Hall was the last major work of architect Sir Basil Spence and was completed on 29 November 1976. Spence's previous notable

buildings included Knightsbridge Barracks and, most famously, Coventry Cathedral.

The town hall stands on an oblong site which slopes up from Kensington High Street with Vincent Harris's neoclassical library, built between 1957 and 1960, fronting the high street. The air-conditioned building constructed with a steel reinforced concrete structure and brick cladding which matches the library's red Roman brickwork, comprises administrative offices, public halls, a civic suite and public car parking ranging over 8 levels. It is laid out around a square courtyard plan and there is a giant redwood in the centre of the courtyard which was planted in memory of Sir Winston Churchill.

Like all local authorities in recent years, the Royal Borough was faced with having to put in place cost saving measures and with a number of buildings occupied by the council around the borough, there was the potential to relinquish this space and to make better use of a smaller number of buildings.

Furthermore, by 2000 the mechanical and electrical services to the building were at the end of their expected economic life. Maintaining the old plant in service was proving more difficult, spare parts were not easy to come by or

not available at all and consequently the cost of operating the plant was rising.

In 2005 a comprehensive survey of the building outlined the works required to refurbish the M&E services and the review team provided budget costings for planning purposes. A project was developed to ascertain what work was required and how it could be completed with minimal disruption and at optimum cost. The refurbishment programme was considered to be essential if Kensington Town Hall was to remain viable as an office facility.

At around the same time a senior group of council officers were looking at staff accommodation issues across the borough under the working title of "People and Places" and towards the end of 2007 a workspace utilisation study was completed on the town hall. Unsurprisingly and as is typical for territorial office accommodation, it was established that half the desks in the building were empty most of the time.

The survey found that:

- Of the 1,220 desks surveyed, 115 desks were not used at all during the survey period
- Nearly half of all desks were unoccupied for 3 days a week or more

- 280 desks were unoccupied for 4 days a week or more
- The maximum desk occupation level recorded in the study was 52%.

It was clear that this represented an opportunity to use the office space more effectively. One of the most common staff frustrations and barriers to productive working was the difficulty in finding meeting rooms and yet many dedicated offices were found to be empty much of the time. This, together with excessive paper storage, often not well organised or managed, indicated inefficient use of office space and was detrimental to the quality of staff accommodation. Arguably it also had a negative impact on staff morale and working effectiveness.

It was at this point that the officers realised that if the M&E upgrade was to take place the building could either be returned to its traditional, territorially occupied, set of hierarchical cellular offices with allocated desks and windowless corridors, or it could be the catalyst for workplace change.

The officers were aware that in public and private sectors, the approach to workplace provision was changing – hierarchies were flattening out with more open plan and collaborative working becoming the norm. ICT colleagues were delivering technology that was allowing better collaboration and releasing staff from needing to be in a fixed location; they could work in a more mobile way, not reliant on a specific location within a building or in many cases not even reliant on a building at all.

At the same time there was the opportunity to save on energy costs. Kensington Town Hall was responsible for around 23% of all council carbon

emissions. As a result, the proposed 25% reduction in energy consumption arising from the M&E works at the town hall would have a significant effect on the council's level of carbon emissions.

The delivery team's solution was to create a building with a range of "work settings" that were to be found at the council with inbuilt flexibility to cope with these settings changing over time. It was acknowledged that different teams had different work styles. For example, it was accepted that not every meeting needs to be confidential and could therefore be held in any one of a range of flexible work settings, where staff are more visible to each other in a more open environment where everything is shared.

Another key decision taken was that the council would direct the refurbishment using an external professional team of construction consultants while the 'people change' work would be delivered directly by council staff and given external support when required. This allowed the council to create residual knowledge and experience to handle future work style changes when required.

For a number of reasons the decision was taken to undertake the project in phases. Like any office refurbishment completed 'in occupation', works had to be carried out around the building users. The cost and disruption to vacate the building would have been excessive. The sensible approach was to tackle the project floor by floor – decanting people as necessary. As staff started to share space and work in more agile ways, the decanting work became easier. Also, contracting for the phases discretely allowed the council flexibility should financial or other constraints require significant changes to the proposed work.

Ultimately the project was procured in 4 discrete stages with a separate contract for each, using a full EU compliant procurement process and a framework agreement. The final phase, which required creating a separate lettable area, was separately procured to ensure a competitive price. The contracts used in each case were JCT Standard Form.

The professional design and delivery teams were each appointed directly with the council using the appropriate industry forms of appointment. The architect was engaged using RIBA forms, cost consultants, Henry Riley and project managers and contract administrators Pellings were retained using RICS forms and Butler & Young Associates, the mechanical and electrical engineers, were employed using ACE conditions. The CDM advisers were Watts & Partners.

The strategic approach undertaken by the council procurement team at the outset proved invaluable, especially with the building being in part occupation throughout the whole of the project programme. This assisted Pellings as project manager and contract administrator and enabled a smooth transition from one phase to another with the flexibility to make changes that became apparent during the programme.

The upgrade that was finally delivered on 3 upper floors and lower ground floor created a whole new working experience. Before, each floor had a central corridor running around the middle of the 4 sides of the building with cellular offices each side of the corridor. These were all scrapped in favour of shared space where all staff are more visible to each other and can collaborate more easily. This design also created more office floor space.





In addition to the main open plan floor areas, architect Sheppard Robson created a range of different size spaces from booths for individuals providing semi-privacy to break-out spaces providing meeting spaces for between 3 to 30 people.

The basement floor has been totally upgraded. Previously it was used for meeting rooms with artificial light and storage but now it acts as the new staff entrance, with bright break out spaces for relaxation and informal meetings together with a staff café that is used for meetings and work by staff.

The architect came up with a colour coding for all 4 corners of the building – orange, purple, pink and green – covering all 4 floors. These strong colours provide the real ‘wow’ factor which was really important as staff was being asked to relinquish personal desk space and the management team wanted them to have a working environment they were really proud of. The whole ethos is that everyone gets what they need to do the job when they need it, but it is all shared.

Before the upgrade the offices had over 6km of storage which was not considered efficient use of premium office space. A thorough information management initiative was completed to ensure all building users disposed of unnecessary items, archived papers where appropriate and made full use of existing electronic storage systems. The target was to provide 2.2 linear metres of storage per work station but in the event this has come in at under 2 metres. As all building users share desks each individual has his or her own locker, being their only territorial space!

The building services were totally revamped. 40 years’ worth of cabling was removed from false ceilings, perimeter air-conditioning induction units were ripped out, new chilled beam ceilings were installed and raised floors incorporated to carry data and power.

During the project it was decided to

create a space in one of the wings known as Niddry Lodge for letting out on the open market and producing valuable income for the council. Determining the right level of finish and specification for what was a speculative office letting at the time, without knowing who the tenant would be, was a key challenge. It was not known at the time of specification and design whether the accommodation would be a single or multiple let. The council appointed a well-known, successful, local letting agent who knew the local market extremely well. Pellings liaised closely with the council to agree the most appropriate level of fit-out and finishes. It was necessary to ensure the new entrance to this self-contained unit was sufficiently attractive, without over specifying, to ensure the costs were kept within budget as reflected in the robust business case. This again was done through liaising with the agent and soft market testing.

Pellings ensured the design brief built in sufficient flexibility to accommodate up to 3 tenants (one on each floor) in terms of access control, lift access, metering, alarms and evacuation. Common areas were determined, taking into consideration the need to maximise the lettable space. Ultimately, the accommodation has been let to a single tenant at a rent which was above the predicted market outcome and business case.

In conclusion the whole project highlighted the following very positive deliverables:

- A well-structured programme, with clear objectives and effective mechanisms for decision making, delivered the programme of works ahead of time and within budget
- Good staff engagement early on, and throughout, minimised disruption to services and good take-up of new technology and working practices
- The town hall remained in normal

operation throughout the works; careful planning enabled phased works across the office floors, well controlled in terms of noise etc., minimising cost and disruption

- A good design brief which drew from staff consultation has delivered a bright, contemporary office space, delivered at industry standard rates that staff like and can work in effectively
- Very good use has been made of the basement area; through creative design the area has been reclaimed as an attractive, effective set of workspaces
- 96% of all the old office materials (walls, floors, carpets, ductwork, cables etc.) removed from site were recycled
- Staff are more mobile with laptops and mobile telephones issued as standard, while a one device per person policy simultaneously reduced the organisation’s spend on ICT
- Flexible working practices, alongside staff training and new technology, are helping staff work together better, making the organisation more effective and transparent
- Tele and video conferencing technology and electronic ways of working are helping us collaborate more easily with colleagues across borough boundaries
- Early benefits of the workstation 7:10 sharing ratio made it possible to accelerate the programme, completing works both in larger tranches and consecutively, shortening the works programme
- In order to meet a very tight government deadline, the photo voltaic array on the roof of the town hall was installed as part of the 3rd floor refurbishment works.



THE PUBLIC CONTRACTS REGULATIONS 2015

Katherine Souter

Katherine explains the increasingly complex procedures for procuring public service and supply contracts in this detailed and informative piece.

Katherine is a senior solicitor at Mills & Reeve LLP, focussed on construction law and the specialist European competition law areas of state aid and public procurement. Katherine.Souter@Mills-Reeve.com

The Public Contracts Regulations 2015 ("PCR 2015") implement in England and Wales the new EU Directive 2014/24/EU on public procurement. They have been in force in England and Wales since 26 February 2015 subject to various transitional provisions and exceptions. Any person within a public body who has responsibility for overseeing public spend on works, services and goods will most likely already be aware of the public procurement regime and will most certainly need to be aware of the practical implications of the changes. This article outlines those changes which will be of interest to estates professionals in the public sector and in particular in the context of construction projects.

A brief recap

The basic application of the PCR 2015 has not changed since the Public Contracts Regulations 2006.

The full regulations apply to public works contracts (above £4,322,012), public service contracts (above £111,676 for central government authorities and £172,514 for sub-central authorities) and public supply contracts (above £111,676 for central government authorities and £172,514 for sub-central authorities), for pecuniary interest, concluded in writing between one or more economic operators and one or more contracting authorities.

The definition of "contracting authority" is not significantly different although there is a clearer distinction between central government authorities and sub-central authorities.

The thresholds

The PCR 2015 sets out the rules on how to calculate the value of a contract for the purposes of assessing whether the above-thresholds are exceeded. It refers to the value of the procurement (as opposed to the value of each individual contract) so it is important to note, particularly with the professional team in construction procurements, that the value of all of the professional team's contracts may need to be aggregated for the purpose of assessing if the procurement is above or below-threshold (and therefore subject to the Regulations).

In a design and build project the value of any supplies or services being made available to the contractor (i.e. contracts with design consultants to be transferred to the contractor) should be included in the valuation of the works contract for the purpose of establishing its value for the application of the thresholds.

Where a contract value falls under the relevant threshold the PCR 2015 will still have limited application.

Below-threshold contracts

Previously below-threshold contracts were not regulated. The PCR 2015 now regulates below-threshold contracts in 3 ways:

- Contracts as low in value as £10,000 (or £25,000 for sub-central authority procurements), if advertised by the contracting authority, must then also be advertised on the government's Contracts Finder portal
- Unless an exemption applies, details about contract award must also be sent to Contracts Finder
- There is a new ban on the use of a pre-qualification questionnaire or separate selection stage for below-threshold contracts and a statutory obligation to have regard to Cabinet Office guidance on this.

Advertisement

All contracting authorities are now required to offer full and unrestricted access to all the procurement documents from the date that a contract (OJEU) notice is published. "Procurement documents" is a defined term in the PCR 2015 and includes (non-exhaustively) technical specifications, descriptive documents, pre-qualification questionnaires and the terms and conditions of the contract. Under the old regime many

contracting authorities would publish the contract (OJEU) notice and pre-qualification questionnaire (PQQ) and then prepare the invitation to tender (containing technical specification and contract documents) in the interim period while candidates were responding to the PQQ. Under the PCR 2015 this approach is no longer allowed. It will mean that a lot more time and effort will need to go into the suite of procurement documents before the call for competition is published.

It is also worth noting here that (other than a contracting authority that is a maintained school or academy) contracting authorities should now publish on Contracts Finder any Contract Notice or Contract Award Notice which is published in the OJEU.

Choice of procedure and timescales

Under the PCR 2015, 5 standard procurement procedures are available:

- open
- restricted
- competitive with negotiation (new)
- competitive dialogue; and
- innovation partnership (new).

The PCR 2015 contains the circumstances in which each procedure may be used. It is likely (depending on the complexity of the project) that the most commonly used procedures for works will be restricted (perhaps for simple projects with standard form contracts), competitive with negotiation or competitive dialogue (perhaps for larger and more complex projects).

The restricted procedure has its limitations for all but the most simple of building projects where it is likely that contractors and the professional team will want to negotiate the terms of the contract (since negotiation is not permitted under the restricted procedure).

Under the PCR 2015 the new

competitive with negotiation procedure can be used in a number of circumstances, the most relevant for construction projects being when:

- requirements involve design or innovative solutions; or
- the contract cannot be awarded without negotiation due to nature, complexity, legal or financial make up or risks attached; or
- the specifications cannot be established with sufficient precision.

The new competitive with negotiation procedure appears to fit in with the way most construction procurements work in practice. Provided the circumstances for its use (above) are fulfilled, it will allow the contracting authority to invite the contractors to raise comments on the building contract terms prior to tender, for the contracting authority to review, consider and if appropriate, amend the contract in line with the contractor's comments, before reissuing to contractors prior to them submitting their final bid. It is very important to note that the competitive with negotiation process does not permit any negotiation following receipt of final bids. If contracting authorities wish to negotiate with a preferred bidder they will need to use the competitive dialogue process. Project specific advice should be sought when determining which procedure to use.

Sub-central contracting authorities using the restricted or competitive with negotiation procedures may set their own time limit for receipt of bids, subject to agreement with all the bidders involved. It is worth noting here that a lot of "mystery shopper" complaints received by the Cabinet Office are related to contracting authorities setting very tight timescales which are difficult to comply with, so although the rules have relaxed slightly in this respect, short response times can be a real problem for bidders in practice, which they often raise with the Cabinet Office.

Framework agreements

New frameworks established under the

PCR 2015 will be subject to the new rule that call-offs following a mini-competition will have to be published on Contracts Finder.

Labelling

Contracting authorities may now specify that a supplier must use a specific label as a means of proof that the goods/works/services comply with environmental/social or other characteristics (for example sustainable timber), provided that the safeguards set out in the PCR 2015 are met.

Division into lots

As part of the drive to encourage SMEs the PCR 2015 now requires a contracting authority deciding not to divide a contract into lots to explain why this decision was taken in its Regulation 84 report (see below under heading "Regulation 84 report").

In order to encourage contracting authorities to "share out" lots among bidders, the PCR 2015 allows a limit to be set on the number of lots that may be awarded to one particular supplier, but it is possible to reserve the right to combine lots if required, provided this is set out in the OJEU notice or invitation to confirm interest.

This is of particular importance when procuring the professional team. When planning a procurement the contracting authority should consider advertising all design and non-design professional services in one OJEU notice, aggregating the values for the purpose of calculating the thresholds, and then splitting each discipline into lots (for example Lot 1 – Architect, Lot 2 – M&E Engineer, Lot 3 – C&S Engineer, Lot 4 – QS, Lot 5 - Project Manager, Lot 6 – BREEAM Assessor/Advisor and so on). This enables both larger organisations to bid for one or more of the disciplines where they have the in house capability and also opens up the procurement to SMEs who can only offer one of the services.

Equally, the circumstances of a particular project might demand that the same entity is awarded the contract for all of the design. In this case the

contracting authority will have to justify why it is not splitting the requirement in to lots.

Selection stage

In above-threshold contracts, the Cabinet Office has now mandated that central government departments must use the Cabinet Office's published standard PQQ. For works contracts PAS91 must be used (the construction specific PQQ). This requirement is not mandatory for non-central bodies but use of these standard PQQs is strongly advised in order to streamline the process for bidders (and encourage SMEs). The selection stage changes cover:

- new grounds for mandatory exclusion
- extension of grounds for discretionary exclusion
- duration of exclusion and "self-cleaning"
- financial standing (limiting the maximum turnover requirements)
- technical capability; and
- European Standard Procurement Document (ESPD) and e-Certis (not yet in force).

Evaluation – new rules on award criteria (tender stage)

The changes cover:

- all contract awards must now be made to the "most economically advantageous tender", using a cost effectiveness approach (for example life-cycle costing could be used as one of the award criteria); this may include best 'price-quality ratio'
- abnormally low tenders (contracting authorities must demand an explanation of tenders which appear abnormally low); and
- evaluating experience at award stage (now permitted provided it relates directly to the performance

on/delivery of the contract being bid for).

Modification of contracts

Readers with previous procurement experience may be aware of the Presetext case which was our authority on the extent to which a public contract could be modified without triggering a requirement to run a new procurement process. The PCR 2015 has now codified (and clarified) this judgement.

A modification which is provided for in the original contract in "clear, precise and unequivocal" terms will not trigger a new procurement process (i.e. the "Change" or "Variation" process in most standard form building contracts).

A substantial modification not originally provided for in the contract will trigger a new procurement process. This will arise where the modification materially changes the nature of the contract or if there is:

- replacement of the contractual partner (usually)
- introduction of new conditions that would have allowed for other bidders to compete or changed the procurement outcome
- considerable extension of contract scope; or
- a change to the economic balance in favour of a contractor in manner not provided for.

In addition to where the modification was provided for in the original contract, there are 4 situations where the PCR 2015 do not require a further procurement process to be run, as follows:

- where the change in value is relatively small - under 10% (services & supplies) or under 15% (works) and is also under the applicable EU financial threshold (cumulative where there is a series of changes)
- where there are unforeseen circumstances (provided the change

does not alter the overall nature of the contract and the price increase is not greater than 50%; note too that there is a requirement to publish an OJEU notice about the modification once it has taken place)

- where additional works, services or supplies are necessary and a change in contractor cannot be made for economic or technical reasons e.g. interoperability with existing kit; or, as with building works, where to change suppliers would cause significant inconvenience or duplication of costs. To come within this category the price increase must not exceed 50% and there is a requirement to publish an OJEU notice about the modification once it has taken place; or
- there has been a replacement of the supplier following a corporate restructuring, insolvency or merger, and the new supplier still meets the original selection criteria. This exemption is only available where there is no other substantial modification to the contract.

Payment of invoices

The new rules on payment of undisputed invoices within 30 days apply to all public contracts other than those for health services under the NHS Regulations and those awarded by a maintained school or academy.

There is a requirement to ensure that invoices are considered and verified in a timely fashion. This new rule should be of less concern in construction contracts to which the Housing Grants Construction and Regeneration Act 1996 ("Construction Act") applies, due to there already being in place robust payment procedures.

It puts onto a statutory footing what previously had been the subject of guidance only; an obligation on contracting authorities to pay undisputed invoices within a 30 day period. This will need careful consideration against the payment terms in a Construction Act contract. Arguably invoices under the

Construction Act regime only become undisputed at the beginning of the “prescribed period” before the “final date for payment”.

Finally, there is an obligation on contracting authorities to ensure that suppliers abide by these conditions in relation to their own sub-contractors, such that the 30 day payment term is passed down the supply chain, no matter how far remote from the contracting authority.

There is no possibility of opting out of these obligations since contracts that do not comply will have the terms “deemed”. Estates directors and procurers will need to ensure that their standard form contracts are updated to comply.

There are now statutory obligations to have regard to guidance issued in this area and a requirement to publish on the internet a report on compliance with the payment obligations during the preceding financial year. The report must include, in relation to the previous financial year (to paraphrase):

- details of the percentage of invoices that were paid on time
- details of liabilities the contracting authority has incurred as a result of breaching its obligations to make timely payment; and
- details of the amount of additional interest actually paid in discharge of that liability.

On the whole this is good news for construction sub-contractors as they are often paid late which threatens the reliability of the supply chain and a more stable supply chain is good news for employers in the long term.

Subcontracting

The PCR 2015 now expressly allows the contracting authority to ask bidders to indicate any share of the contract that the bidder intends to subcontract.

It is also now mandatory for the contracting authority to require the main contractor (after the award of

the contract and at the latest before the commencement of the works) to notify the contracting authority of the name, contact details and legal representative of its subcontractors, in so far as they are known at the time and to require the main contractor to keep that information up to date as/when changes are made.

Contracting authorities may also verify with the main contractor whether there are any grounds for exclusion of subcontractors (against the same criteria used to verify the main contractor at PQQ stage).

Termination

Public contracts should now contain the right for a contracting authority to terminate the contract where:

- there has been a substantial modification to the contract within the meaning of the PCR 2015
- the contractor should have been excluded under the “selection” grounds for mandatory exclusion; or
- the contract should not have been awarded in view of a serious infringement under European law which has been declared as such by the Court of Justice under Article 258 of TFEU (infraction proceedings).

Where these termination rights are not included, the PCR 2015 will deem them to be included in the contract. However, there will be better risk management and greater legal certainty where contracting authorities have dealt with termination in the contract itself and included appropriate provisions on giving notice, consequences of termination and so on.

Regulation 84 reports

Regulation 84 requires contracting authorities to draw up a report in relation to every contract or framework that is awarded under the regulations (but not contracts called off under a framework agreement). It should include all the information listed in

paragraphs (a) to (i) of the Regulation. There is an ability to simply cross refer to the contract award notice, where this already contains all the information required. The Cabinet Office has the right to request a copy of the Regulation 84 report. Practically speaking, once the contracting authority has created this report a couple of times and has a precedent form for it, it should not be too difficult or time-consuming to pull this information together at the end of the procurement.

ESTABLISHING A MUNICIPAL BONDS AGENCY

The Bonds Agency was drawn to my attention and this piece is a summary taken from a December 2014 press release on the Local Government Association (LGA) website. It gives councils opportunities for both investing and borrowing.

75% of council long-term borrowing sits with the Public Works Loans Board (PWLB). This leaves councils vulnerable to non-market driven changes in the rates at which they can borrow and can hamper long term capital planning. The hike of interest rates, to 1% above the gilt rate, at the end of 2010 was one example of such a change and it led to the LGA publishing in 2012 a business case for a Municipal Bonds Agency.

Work to establish the Agency as the Local Capital Finance Company (LCFC) finally got under way in 2014, based on a revised and updated business case. The revised business case, and a 2 page summary, can be accessed via the link below.

The Agency's single purpose is to reduce councils' capital costs over the long term. It will do this by:

- Raising money on the capital markets through issuing bonds
- Arranging lending or borrowing directly between local authorities
- Sourcing funding from other third party sources such as banks, pension funds and insurance companies.

It aims to be able to lend to eligible councils at a lower rate than the PWLB or than if the councils were to issue their own bonds. This lower rate will be attained by:

- Achieving a sovereign-like credit rating through a joint and several guarantee (see section 6 of the business case) and adequate risk capital of 3-5% of the total volume of bonds (see section 4.6.2.8 of the business case)
- Issuing bonds in benchmark sizes of £250-£300m
- Sourcing capital at low interest rates from third parties

But the LGA believes there are other important factors for councils to consider beyond price:

- Reducing exposure to shifting government lending policies through increased competition and diversity of lending sources
- Creation of a potential new mechanism for prudent investment by pension funds in local government infrastructure
- Increased transparency and borrowing. While the PWLB processes are very efficient, they do not carry the normal level of scrutiny lending large sums of money would entail. Experience in other countries has shown that an Agency's credit processes aligned with the incentive of lower borrowing costs, and the oversight of peers, has strengthened the overall credit worthiness of councils
- The creation of a centre of expertise at the intersection between capital markets and local government finance
- Tailored flexibility evolving from the development of the centre of expertise.

The proposals are grounded in the prudential code and the revised business case reinforces the principle that borrowing by councils must be prudent and affordable. In developing the revised business case, LGA met with 6 of the top 10 leading sterling syndicate banks and the consensus remains that there is likely to be significant demand for the Agency's bonds.

The revised business case presents a strong financial argument. However, without first securing the investment required to establish the Agency, and finding committed borrowers for the

capital raised from the first bond, it will not be possible to proceed.

The Agency does not just offer the prospect of cheaper borrowing for councils, but also an investment opportunity for both councils and council pension funds. The latter not only have the option of purchasing the bonds, but like councils, they can invest in the establishment of the Agency and take an equity stake in it.

By December 2014 LGA had nearly 40 councils joining the LGA as investors in the Agency. They are of all types and sizes; from all sides of the political spectrum; and from all over the country. After a successful phase 1, LGA has raised over £4.5m and is therefore well on the way to meeting its target of £8-£10m through phase 2.

Because of the clear sector support for the Agency, the LCFC was set up as a platform for the equity raising process. It is the incorporated legal entity underpinning the Municipal Bonds Agency. LGA has also recruited a small team of interims with significant experience of the capital markets to prepare the company for launch and to develop the processes and procedures needed to take the first bond to market in March/April 2015 and on-lend the capital raised.

There is still time and opportunity for councils to become equity investors in the Agency. If you are one of those ambitious councils interested in taking an equity stake in the LCFC or indeed becoming an early borrower the LGA would be very keen to hear from you. "This is a unique chance to shape the future and improve the value we are offering local taxpayers."

See more at: http://www.local.gov.uk/finance/journal_content/56/10180/3684139/ARTICLE#sthash.RaeQJm3z.dpuf

COMMUNITY EMPOWERMENT (SCOTLAND) BILL 2015

Joanne outlines some of the themes discussed at Scottish Branch in relation to community asset transfers in the forthcoming Community Empowerment (Scotland) Bill 2015.

Joanne Forbes

Joanne is Asset & Projects Manager at South Lanarkshire Council.

TO CHARGE OR NOT TO CHARGE, THAT IS THE QUESTION being raised through consideration of Community Asset Transfer.

The potential impact of the forthcoming Community Empowerment (Scotland) Bill 2015 has dominated the minds of the Scottish Branch during the past year and at its meeting on 30 January 2015 in Hamilton, discussion focused on the implications arising from processing community asset transfer transactions at less than best value.

In conjunction with Shona Harper and Brian Taylor from Scottish Government, the branch considered the likelihood of increased applications for community asset transfer following Royal Assent of the Bill (anticipated for Summer 2015) and explored the various practices and policies already in effect within local authorities.

It is recognised by surveyors that community asset transfer does not necessarily mean transfer at less than market value. However, community organisations, local Members, Community Development Officers and the public in general, perceive that such transfers should be at a nominal value.

One of the many challenges facing surveyors in managing applications for community asset transfer is reconciling these community expectations with the Act and their authorities' own financial budgets and capital receipts targets.

A number of themes emerged from the discussions:

Assessment of the value of community benefits

In terms of the Disposal of Land by Local Authorities (Scotland) Regulations 2010, best consideration can be achieved even if the price or rent is less than market value, providing that community benefits include the promotion or improvement of economic development or regeneration; health; social wellbeing or environmental wellbeing.

The Scottish Branch had no examples of any attempt to place a monetary value upon the community benefits associated with transfer projects. While there are a range of social benefit indices in circulation, such as value per hour of volunteer time, etc, these have not provided meaningful in assessing any reduction to market value principally because:

- Generally, organisations' business plans are not sufficiently developed to define/quantify outcomes at the point that requests for community asset transfer are being made
- Organisations' business plans tend to evolve during the application process to take in the requirements of funders, the local community and changing capacity within the organisation
- Unless accompanying the transfer

with a Service Level Agreement or service contract, the authority has no means of monitoring or enforcing the delivery of the community benefits after the property has transferred.

In essence, each application for asset transfer is unique in terms of the nature of the community, the demand for services, the strength of community participation, and commitment. As a result a formulaic approach will not automatically produce the right outcome in assessing best consideration.

That is not to say that there is no assessment of community benefit being undertaken. Most authorities have in place an assessment panel with representatives from different professions and disciplines that consider the merits and risks associated with each proposed asset transfer. There is often considerable debate at these panels, particularly around the business plans for projects and their sustainability. The outcome of which informs the recommendation to transfer and the price/rent to be charged.

Discount applied to market value

Some authorities have policies in place defining the level of discount that is applied to successful community asset transfer requests and others consider the level of discount on a case by case basis.

It was highlighted during discussion

that there is potential for loss for value of an asset where an application for asset transfer fails. The general experience of authorities is that requests for asset transfers take around 2 years to develop and progress to actual transfer. Given that the majority of properties considered for transfer to date have been vacant at the time of application and the associated maintenance budgets already offered up as savings, the condition of the properties deteriorate during the application process. There is evidence that where the community withdraws its application and the property is then sold on the open market, the receipt is between 25% and 30% less than would originally have been expected.

Protest v progress

There are 2 broad categories of community organisations applying for asset transfer - "protest groups" established to prevent something happening (usually the closure of a property or sale to another organisation) and "progress groups" generally already involved in the local community and looking to expand their involvement or take advantage of a property opportunity. The experience

of the majority of authorities is that the "protest groups" do not successfully complete a community asset transfer. Considerable time is spent in dealing with these applications despite the high risk of failure. It is not "best consideration" to delay the sale or let of a property for organisations so unlikely to deliver a viable project, but very difficult to reject outright such applications at present.

It is anticipated that the criteria for community organisations set out in the new Bill will facilitate the rejection of applications by groups without proper constitutions, community representation and/or management structures at an early stage, enabling scarce staff resources to be directed to those organisations more likely to deliver community benefits.

State Aid

Few authorities have, as yet, undertaken asset transfers that required an assessment of the implications of State Aid.

Those that have report that the State Aid unit is happy to provide advice to authorities but ultimately the councils'

legal and property departments have to consider the risks based upon the activities of the organisation, taking into account the organisation's access to other sources of public funding subsidy, (which includes Big Lottery Funding), over a 3 year period.

In summary, assessing what discount should be applied to market value to take account of community benefits is not a science. Property departments have developed a variety of ways of assessing applications for community asset transfers which reflect the priorities of their authorities and the local area needs. Procedures and processes will no doubt be refined further once the Community Empowerment (Scotland) Bill 2015 is enacted.

Ed – see invitation from Locality on Community assets – Grants and support, featured in this Terrier.



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Stephen Rolph, Development Manager at Locality has asked that ACES readers are made aware of this opportunity. stephen.rolph@locality.org.uk

COMMUNITY ASSETS – GRANTS AND SUPPORT

You might have heard already, but a Locality led partnership was successful in winning the new assets support programme for Department of Communities and Local Government. It is called 'Community Ownership and Management of Assets (COMA) 2015/16'.

It is a 'multiples' asset transfer programme that is aimed at public bodies and community partnerships. It's about supporting strategy and developing action plans across localities to improve the speed and scale of transfer. The strategic partnership emphasis is key – this is not about supporting single groups one by one with their individual asset projects. The maximum number of places that can be supported by COMA is 50 – and we expect that the places will be filled within 6-8 weeks of opening at the beginning of April.

The blurb on Locality's website is reproduced below, but can be seen at: http://mycommunity.org.uk/programme/community-assets/?_a=funding

Website information

The COMA programme offers partnership areas the following grants & support:

- Direct support
- Pre-feasibility grants.

Direct Support

Amount of funding available: £1.5m is available for up to 50 partnerships.

Closing date: We are operating a rolling application window that will be closed to new applications once the 50 places have been filled. We expect that the programme will be at full capacity within 2 months of the programme launch date.

Partnership areas accepted into the COMA programme will benefit from the following direct support:

- Up to 10 days of dedicated relationship management support from an experienced broker from our partnership to help areas to develop joint strategies and action plans, with clear milestones and deliverables
- Up to 6 additional days of specialist/technical assistance to undertake business planning for ambitious asset transfer projects.

Who can apply for direct support?

Individual community groups (or consortia) parish councils or local public bodies can be lead applicants for a partnership area application.

Partnerships wishing to apply for and access the direct support element of COMA must:

- Include more than one named organisation in their partnership area application
- Be based in England
- Demonstrate (or are on the road to demonstrating) a commitment to partnership working between the local community and local public bodies with the aim of greater community ownership and/or management of assets
- Demonstrate value for money including, where appropriate, through match funding from other sources including in-kind resources
- Nominate at least 1 representative to act as a 'Champion' in the locality supported, who will actively promote community ownership and management of assets and

this partnership way of working. (Note: Champions will not receive payment but will be eligible for expenses).

Apply

Applications for COMA will open on 1 April 2015.

COMA Pre-Feasibility Grant

Amount of funding available: Maximum of £10,000 per organisation.

Further information on the grant criteria and timelines will be made available in due course to successful partnership areas receiving Direct Support. The grants will be aimed at developing an organisation's capability to take over asset ownership.

Apply

Partnership areas in the COMA programme will be informed of how to apply. It is anticipated that the aims and objectives of partnership areas will need to be established before individual organisations can apply for the grants. This is to ensure that the grants can be clearly linked to advancing the overall plan.

When will we hear if we have been successful?

Decisions about acceptance onto the COMA programme will be made on a rolling basis from April. It is our intention to inform partnership areas of the panel decision within 10 working days of receipt of their application.

Please note that we cannot accept multiple expressions of interest from a single organisation, so please ensure colleagues are aware of any submission you plan to make well in advance.



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HEALTHCHECK – HOW WELL DOES YOUR ESTATE SUPPORT YOUR BUSINESS NEEDS?



Jonathan Marwood MRICS MCI Arb

Jonathan has 18 years' experience as a chartered surveyor covering all aspects of commercial property. Main areas of expertise lie within asset management including acquisition, disposal, lease re-gears, management, rent reviews, lease renewals, valuation, and service charge consultancy and development/redevelopment advice. He works for a number of public and private bodies throughout the UK and is the lead on Crown Commercial Service Framework Agreement RM928 Estates Professional Services. jonathan.marwood@htc.uk.com

Hartnell Taylor Cook LLP is an independent commercial property consultancy, based in London, Bristol and Plymouth.

As we all know property has many facets, each of which can have a major impact on occupancy costs or returns but when was the last time you carried out a health check on your property portfolio and reviewed your internal systems? Was it longer than you actually think it was?

An internal health check doesn't have to be that arduous and once completed, it is likely to ease your existing time pressures. Here are some tips for the areas that should be considered and how it can be made easier.

Estate terrier – is yours working for you?

Always a good starting point.

How hard is your estates terrier working for you? Is it providing you with accurate information to inform your estates strategy and therefore providing the necessary information to the support services?

An estate terrier is the core of any

estates strategy but without good, accurate up to date information contained in it, estates performance cannot be analysed or maximised.

It never ceases to amaze me how many public and private sector organisations do not have an accurate record of their property, which is a tool that allows them to fully support service delivery and be seen as "go to" people.

What information does your terrier hold or should it hold?

Asset valuations

On what basis has your portfolio(s) been valued?

Depreciated Replacement Cost is a method of last resort, although within the public sector many properties with a market value are still being valued this way. These valuations do keep asset valuation costs down but do you know the market value of each property in your estate?

Without this information you cannot accurately benchmark nor make best value judgements.

Further, do your valuers visit each site? Are they able to advise on where

alternative opportunities may exist?

Alternative use values

Do you have a number of sites/properties where the alternative use value is higher than the current value? [Ed – see IFRS13 article in this issue of Terrier].

Are the alternative use values being realised in order to free up capital and drive funding for services?

Return on investment

Where properties are held as an investment do you know the return received after taking into account management costs? Are you getting an adequate market return?

Again we find that many organisations do not know the true management costs in terms of maintenance, insurance, service charge, internal professional staff costs or costs of rent collection. When these are considered, the true investment return is often lower than originally anticipated or, in some cases, even negative. By considering these costs, it may also be possible to identify potential for making reductions.

Where there is a community benefit, how do you factor this in and are there alternatives?

Occupational requirements

Do you know the occupation levels of your service delivery sites, the operating costs of the buildings and future liabilities in terms of rent, service charge, insurance, dilapidations, maintenance and other operating costs?

Do the service delivery teams know these costs? Are occupation levels aligned with service delivery and structured to support future service delivery?

Do you know the future service resource needs in terms of facilities?

Do you know the vacancy levels in each building and whether the standard of accommodation is reflected in this?

Are the supplier contract specifications relevant to each site and regularly audited?

Have you considered where these costs can be reduced by investment/use of grants/relocation to alternatives?

What is the effect on reputation and staff morale of the differing units? Are these benchmarked along with other financial factors?

Do you know the space your teams all operate within and where improvements can be made?

Are all these factors benchmarked against the market and factored into your investment model?

Risk management

Do you know the covenant strengths of each of your tenants? Do they pay promptly and, if not what are their current levels of arrears? Is this taken into account in the performance review of each site?

Do you know the compliance risks on each site (and common areas) and are these maintained within a terrier? Are

compliance health checks undertaken including contractor performance audits?

Have you thought about the financial and reputational risk of each property?

Which risks will lead to an increased future workload if not dealt with now?

Do any of the risks jeopardise future/current lettings or investment value?

What maintenance costs are looming in the future?

Do you know your future leasehold liabilities?

Rents

Is your terrier up to date?

Are all current rents appropriately demanded and collected in accordance with lease terms? Is interest charged where appropriate?

Is there other income to be collected?

Do the management costs outweigh the returns and, if so, is there a service delivery reason for this and is this reflected in the performance model and thus estates strategy?

Rent reviews/ lease renewals

Is your terrier up to date?

Are strategies formulated for multi tenanted properties? It's easy to sit back and wait for a problem to occur but with pro-active asset management, further income could be generated.

Are the leasehold terms reasonable

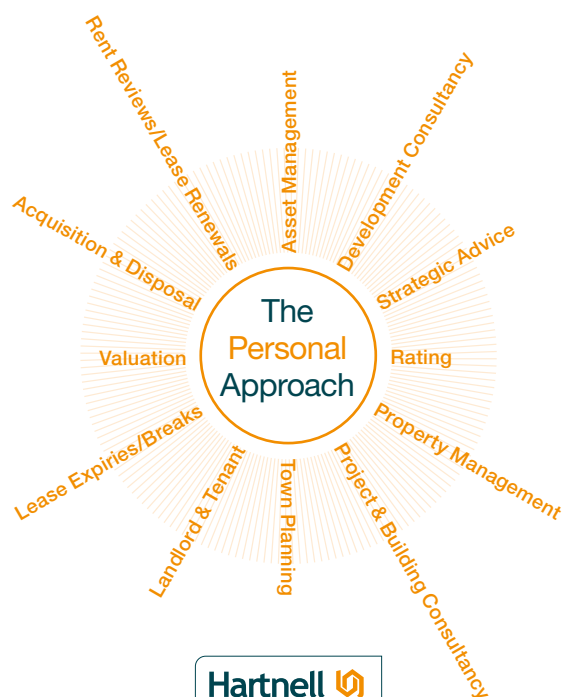
and realistic? If acting as landlord, are the terms 'institutional' in nature to support value on disposal? We have recently undertaken a series of rent reviews for a local authority where the standard lease drafting, particularly with regard to the hypothetical lease in the rent review clause, had a significant damaging effect on rental value at review and thus underlying capital value. For other clients we have successfully negotiated increased rents to take into account a lack of service charge.

Are you planning early for lease breaks and considering dilapidations, moving costs, etc at an early stage, ie 18 months in advance? Without doing so you are greatly reducing your negotiating position.

If acting as a tenant do the terms minimise future exposure?

Service charge

Either as a landlord or a tenant, do leasehold mechanisms fairly reflect the services that are required on the



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ground? Are services provided to cover these leasehold obligations and all costs recovered? Are the amounts demanded in accordance with leasehold mechanisms and RICS requirements? Is there a test of reasonableness in the lease and, if so, is it being adhered to?

Where acting as landlord, do budgets ensure the investment is correctly maintained in accordance with lease terms in order to protect the investment value? Are services correctly specified, tendered and contracted?

Where you are tenant, is the landlord's budget fair and reflective of the leasehold obligations?

Insurance

Are properties regularly revalued for insurance purposes?

Does the lease allow recovery of insurance and insurance revaluation costs? If so, are these being recovered?

Is there a test of reasonableness in the lease and, if so, is it being adhered to?

Void management

Are insurance obligations being met? Is the vacant property's condition and marketability being maximised? Are

health and safety risks managed? Are regular inspections undertaken by competent persons? Is the asset being protected, eg from vandalism, theft, fire etc?

EPCs

Do you have a list of EPC ratings?

As you will be aware the legislation changes in April 2018 and if any of your properties fall into the lower 2 bands F and G they will become unmarketable without capital expenditure. Do you know what works are required to bring the ratings of these properties up to the minimum grade E and where lease re-gear opportunities may arise from this?

Non Domestic Rates

Are these accurate in terms of tone and current use? Can they be reduced through compiled list appeals? Are vacant period rebates, s44A reductions for partial use or disturbance being claimed?

Conclusions

This may seem like a sensible list, however we recently inherited the estates management of a government portfolio from another agent and found that the portfolio had not been pro-actively managed, there was no record

of the client's future key events, no system for reviewing property financial performance and, perhaps most worryingly of all was that they did not even know how many sites the client occupied. Consequently, the client has missed out on potential income and the client's operation teams had distanced themselves from the estates team on service delivery.

Don't let this happen to you, just give us a call if you require further help or information or a MOT for your portfolio.

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ESTATEMAN LTD AS A SOFTWARE SUPPLIER – USER SATISFACTION

Bob Howell

Stephen Bolton, FRICS, is one of the original founding directors of Estateman and after more than 20 years, is still its MD stephen.bolton@estatementan.co.uk.

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In 2014/15 Winter Terrier, Mark Jones of Remit Consulting published a very interesting article on “user satisfaction” with property asset management systems in the private sector and I look forward to reading his findings on the same topic in the public sector.

We’d like to add a few thoughts to this discussion.

In the private sector, most of the property asset management systems tend to be purchased by organisations for whom property is either their entire business (e.g. property investment companies) or is a major part of their operation (e.g. retailers or multiple branch corporate companies), and so the property department usually has a free choice (budget permitting!) of the various systems on the market.

In the public sector, however, property asset management (with a few exceptions, and excluding social housing management) is not a major focus of organisations in local and central government, where the property owned, leased, rented and managed by that public body is only a relatively small part of the entire “business”.

This means that the IT requirements within an authority are usually focused elsewhere and the property department, although an essential part of the whole, becomes an “also ran” in terms of budget and priority. One of the reasons is the conflict that

can develop in any large organisation (and local authorities/government agencies and other public sector bodies are no exception) between the users in the various departments and IT management, when it comes to deciding on the products that best suit the needs of individual work-groups. All too often one hears users within the smaller departments (and not just the property department) complain that what they would really like for their department is software product “X”, but IT management tells them that it doesn’t fit in with the organisation’s overall strategy and therefore they must adopt something that conforms to that strategy. This means that the practitioners then have to use a product that often only partially satisfies their needs, and when it comes to getting improvements made or modifications undertaken, they are firmly towards the back of the queue.

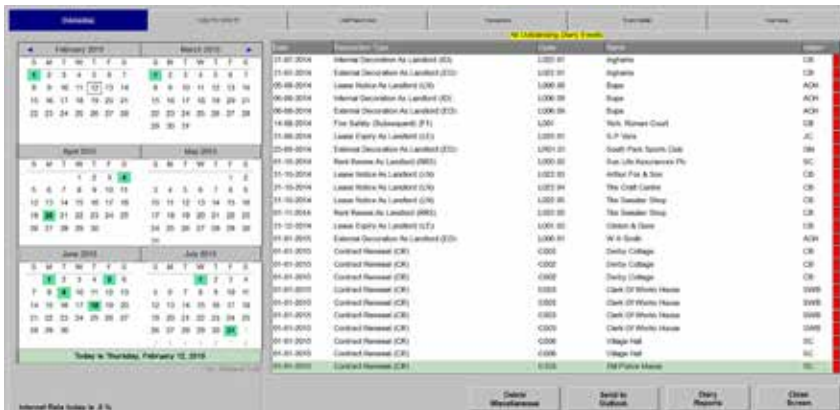
Some software for the property asset management sector is developed almost as an afterthought by the suppliers of the very big and complex ERP (Enterprise Resource Planning) packages and it forms such a small part of the overall offering that other priorities for development are selected by the manufacturer. This can then be compounded by the imposition of an overall IT strategy by the organisation and so, in one way or another, the IT “tail” ends up wagging the Property Department “dog”!

Another factor in the fluctuations

in “user satisfaction” is the variation in suppliers’ product design and support philosophies. Some believe in a “one-size-fits-all” product, where modifications for specific client requests are only made when sufficient demand has been established, the requirements are aggregated, jointly specified, developed and then made available as part of the next scheduled release. This makes the suppliers’ lives easier as the support staff are only working on the latest (or maybe the immediately previous version) so any bug fixes can be universally applied.

Other suppliers, of which Estateman Ltd is one, have a more holistic approach, where the core product will usually meet 100% of any client’s requirement, but particular “tweaks” and additions to meet local individual needs may be readily (and quickly!) provided.

Unfortunately, in some software companies there is a management attitude that once the sale is made and support revenue is being generated, then working with the customers to meet their needs as their requirements change, and the environment in which they operate alters, is not particularly high on the priority list. These variations and modifications can often be regarded as tiresome “quirks” by software vendors whose main business lies elsewhere and one sometimes hears of “deterrent pricing” being used in quotes for relatively small and straightforward “add-ons”!



organisations is because Estateman was developed by a team of “insiders” rather than “techies”, who understand not only the overall requirements of property professionals but also that individual local requirements need to be accommodated. It is for this reason (and sometimes disconcertingly so to the IT management of some organisations, who can become obsessed by the “latest and greatest” technical gizmos) that we have not embraced “bleeding edge” technology, as our well established database engine enables us to deliver a stable, reliable, easy-to-use system for the property department and yet provide changes and add-ons, simply, quickly and cheaply.

Our 70+ installations in the public sector are throughout the UK. They range from district councils such as Thanet in the South-East corner of England, where property assets, apart from the usual industrial and commercial properties, include beach huts, cafés, kiosks and the soon-to-be-reopened “Dreamland” amusement park, to the Royal Borough of Kensington and Chelsea, which includes units varying from roadside advertisement hoardings to the Fulham Road “flagship stores” of major retailers in its portfolio, to Aberdeenshire County Council in the far north of Scotland, with a great many industrial properties linked to the North Sea oil and fishing industries. In addition, we have a number of clients in central government agencies and authorities, large and small, owning and managing an enormous variety of property assets.

For us at Estateman, variety is the spice of life, which is why we are happy to continue to provide standard or customised systems for all types and sizes of local authorities and public sector bodies for both operational and non-operational property assets.

A further contributor to the variances in client satisfaction with the suppliers and their products is (oddly enough) the way that the Property Management and other “niche” software systems originated.

Software for “niche” applications – as opposed to generic software for, say, accounting or payroll - tends to be developed and then subsequently evolve in 2 different ways. The most usual way is when a software house is commissioned to develop a software application for an organisation in a specific sector and then sees its potential and so markets that product to other, similar organisations in that market place. The other way that software is developed is when a practitioner within a particular professional discipline creates a software application which is then adopted by others in that sector.

This second method has had some significant successes. For example, in the somewhat esoteric world of Executive Search (also known as head-hunting) a software package was originally designed by a “sole-practitioner” head-hunter in the early

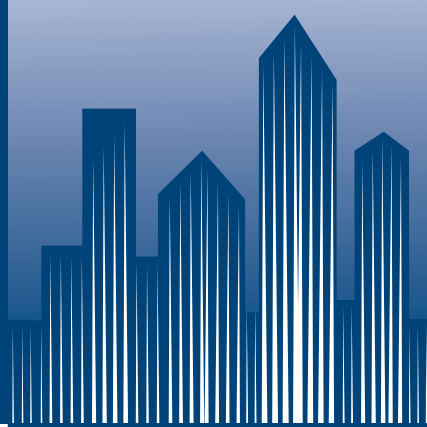
90s, because the software that was then available was only for recruitment “agencies” and just did not meet the requirements of an executive search practice. It is now the most widely used Executive Search software in the world with over 2,000 clients in 150+ countries. It was the “insider” knowledge that went into the original development that has proved to be the key to its extraordinary success.

Similarly, Estateman has become one of the most successful property management software packages available today because it was developed by a small team of chartered surveyors and is now installed on more than 300 client sites throughout the UK and abroad.

In addition, to our numerous public sector clients we have developed the core system for a wide range of commercial property companies, retailers and other multi-branch commercial organisations, and some of the largest and best known country estates in the UK.

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The Valuer

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IFRS 13 – LATEST CHANGES IN THE WORLD OF LOCAL AUTHORITY ASSET VALUATION, PART ONE



Susan Robinson and Chris Brain

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Chris and Susan from CIPFA provide some valuable detailed guidance for valuation practitioners for local authority accounting purposes.

CIPFA Property: www.cipfaproperty.net

Some significant changes are taking place to the way that local authority property assets are to be measured and valued from 1 April 2015, thanks to the adoption of International Financial Reporting Standard 13 (IFRS13 within the CIPFA Code of Practice on Local Authority Accounting (the Code). This two-part article sets out for local authority valuation practitioners, some of the key changes that they need to be aware of and which will impact upon this year's asset valuation programme.

There has been a fairly long lead-in to the changes. Discussions around how and the extent to which IFRS13 should be adopted and implemented have been rumbling on for a while. The full extent of the implementation proposals was contained in the exposure draft for the 2015/2016 CIPFA Code when it was published for consultation in the summer of 2014.

The first thing to say about the adoption of IFRS13 within the Code is that it is prospective. So this means that there is not going to be a requirement to make any retrospective changes or restatements.

While IFRS 13 introduces changes to accounting standards that create changes to valuation approach, it is not intended to establish any valuation standards or affect valuation practices outside of financial reporting. For local authority asset valuers, the publication of valuation standards remains the role of the RICS. Some redrafting of the RICS Red Book has accordingly been taking place in parallel with the drafting of the CIPFA Code in order to reflect the changes we are going to discuss in this article.

In essence IFRS13:

- Defines fair value
- Sets out in a single IFRS a framework for measuring fair value, and
- Requires disclosures about fair value.

One thing practitioners need to bear in mind is that IFRS13 is an international accounting standard and so is phrased in terms that make it capable of application globally and of course capable of application within a wide range of organisation types. So some of the language within the standard itself can be confusing and to some seem rather impenetrable.

IFRS13 became effective globally from 1 January 2013 and one of the reasons it has taken until this year for the standard to be adopted by the CIPFA Code is that there has been a need to

consider the implications of adoption on local authority accounts and balance sheets.

One of the principal issues to be considered was the definition of fair value under IFRS13, which is essentially the highest and best use. In other words “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

If this basis had been fully adopted by the CIPFA Code then it would effectively result in all property assets being valued to highest and best use irrespective of the use to which the asset is put. In valuer language this would result in all property assets being valued in most cases at market value – including all operational property assets that have in the past been valued on an existing use basis.

CIPFA/LASAAC, the body that determines local authority accounting standards, resolved after much debate that for assets used by local authorities in the delivery of public services, it would not be appropriate for these to be measured and valued in that way, and that the ‘existing use’ approach still had relevance.

Therefore, while the CIPFA Code fully adopts IFRS13, it does so only for certain classes of property asset, namely Investment Property; Non-Current Assets Held for Sale; and Surplus Assets. The first 2 of these asset classes should already be valued at Market Value and so in theory the valuation approach should not be changing. However, we know from discussions we regularly have with local authority valuers that the proper intention of market value may not have been fully embraced by everyone, in which case the adoption of IFRS13 provides an opportunity to revisit current valuation approaches in this area to ensure compliance with the CIPFA Code and the RICS Red Book. We will explore this further later on in this article.

For all other classes of property assets, while there is a change in

terminology within the CIPFA Code, the valuation approach will remain entirely unchanged. So the terminology for the valuation of the majority of Property, Plant & Equipment (PP&E) assets that local authority valuers will be familiar with, such as Existing Use Value, Existing Use Value – Social Housing, and Depreciated Replacement Cost (DRC) are all still there – albeit that they now fall under a new ‘umbrella’ term adopted in the new CIPFA Code of “current value” and DRC is now adopted as an accounting ‘basis of value’ and is not simply a valuation approach.

So what does all this mean for the valuation approach?

It means that the biggest single change in the valuation approach of local authority property assets will be in respect of Surplus Assets. Up until 31 March 2015 the valuation basis for these assets was fair value (existing use) and under the 2014/2015 CIPFA Code this required such assets to be assumed to be still in the same use as they were when last occupied, for the purpose of the asset valuation, irrespective of what, when or how long ago that was.

From 1 April 2015 the valuation of Surplus Assets is brought in line with Assets Held for Sale and will need to be valued to the IFRS13 definition of fair value, i.e. highest and best use.

This will impact upon your valuation programme for 2015/2016 as this is a change in accounting standard, meaning that all your Surplus Assets will need to be revalued this year to ensure that they comply with the standard at the balance sheet date of 31 March 2016.

What does the new IFRS13 definition of fair value mean?

It is important to understand the workings of fair value under IFRS13 as of course this is a new basis of valuation for Surplus Assets. But as hinted at previously, it is possible that your approach to the valuation of both Investment Property and Assets Held for Sale might need to be reviewed to see if you are complying with the IFRS13 requirements.

A key aspect of fair value under IFRS13 is the concept of ‘highest and best use’. This concept means that it is the duty of the valuer to consider value for the asset that may not necessarily be reflected in the actual current configuration or use.

As to whether a higher value exists for alternative configuration or uses will be dictated by how the valuer believes ‘the market’ would view the asset. It is the same whether the asset is an Investment Property, an Asset Held for Sale or a Surplus Asset.

The local authority valuer should already be considering alternative configuration and use in adopting the RICS Red Book definition of market value for Investment Property and Assets Held for Sale, but we are aware that this is not being universally applied.

To illustrate the point, if an authority owns say a rank of retail units in a town centre, the most common valuation approach is likely to be one that involves a term and reversion valuation on each retail unit, where each unit is identified in the asset register as a distinct and separate asset. However, it might be the case that the value of the assets in combination with each other would attract a higher value in the market. If the valuer believes this to be the case then the assets should be valued in combination, provided this alternative use is realistic.

The term and reversion valuation approach is robust enough as far as it goes, but of course it is based on the existing uses, rents passing and reversionary values of the rents passing. In many cases this approach may well generate the highest and best use, and hence meet the requirements of the IFRS13 fair value definition. However, it cannot be assumed that this will automatically be the case in every instance.

Let’s say that the retail units in our example have a large enough footprint where ‘the market’ might consider redevelopment of the site through say demolition of the existing retail units and the construction of a replacement

asset such as an indoor shopping centre. If this were the case then the valuer will be obliged to consider this alternative and determine which use would most closely meet the IFRS13 definition of highest and best use, after taking account of demolition, tenant compensation etc.

Naturally the valuer should not necessarily restrict his or her consideration to the same type of use. If the highest and best use for our retail units would be residential development or leisure development then these should be considered and the highest and best use selected for the asset valuation. But in considering the various alternative options IFRS13 requires that such uses must be:

- physically possible
- legally permissible, and
- financially feasible.

Physically possible takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset e.g. location or size

Legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when valuing the asset e.g. zoning regulations, title restrictions

Financially feasible takes into account whether a use of the asset that is physically and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.

One other important aspect of IFRS13 is the position regarding 'the market' and it introduces the twin concepts of what are called the "Principal Market" and the "Most Advantageous Market".

The Principal Market is defined as "The market with the greatest volume and level of activity for the asset or liability."

The Most Advantageous Market is defined as "The market that maximises the amount that would be received to sell the asset or minimises the amount that would be paid to transfer the liability, after taking into account transaction costs and transport costs."

In practice, in terms of property assets, our view, which we accept might not necessarily be shared by all, is that the Principal Market and the Most Advantageous Market may be one and the same thing, but this may not always be the case. However, IFRS13 does say that in absence of evidence to the contrary, the market the authority would normally enter into a transaction

to sell the asset is presumed to be the principal market.

In considering alternative higher and best uses for the asset being valued, IFRS13 therefore means that the valuer must not be restricted by the existing configuration or use of the asset and needs to consider alternatives that might generate highest and best use.

This does of course raise the thorny issue of valuer competence under PS2 of the RICS Red Book. Where a valuer in undertaking an asset valuation identifies the potential of a higher and best use for the asset in a different configuration or use, then of course the valuer would need to satisfy his or herself that they have the necessary competence to make the decision of whether to continue to undertake the valuation or pass responsibility for the valuation to someone else – a colleague or an external valuer - that has more appropriate skills, knowledge and experience of that asset or use.

Not that much seems to have changed – so what is all the fuss about?

Well the answer to that will be clearer in the 2015 Summer Terrier, when we move on to the 2nd part of this 2-part article and get into the areas of accounting disclosures, valuation hierarchy and valuation inputs.

Branches News

RICHARD ALLEN, HEART OF ENGLAND BRANCH

To 'promote and support the corporate role of branch members, as both strategic asset and general public sector property managers, to achieve the highest standards of performance; through the provision of professional development and the sharing of best practice through networking, holding regular meetings and exchanging views.'

This was the mission statement adopted by the branch at its first meeting of the year, hosted by Kettering Borough Council and held in their council offices on 5 March. The mission statement forms part of an Action Plan to promote the benefits of ACES and to increase attendance at branch meetings and national conferences. The plan sets

out the benefits of ACES membership, branch aims and roles for members. The action plan had been taken to ACES Council in January where it was endorsed. At Council's request, now that it has been formally adopted, it will be shared with all other branches.

There were 19 attendees at the meeting

which welcomed 2 guests; Richard Wynne, ACES President, and also Roger Moore, Eastern Branch member, and Head of Asset Management for LGSS one of the largest public sector shared services ventures in the UK. Roger opened the morning formal CPD session by giving a presentation on 'Collaborative Asset Management', referring to the Essex, Cambridgeshire and Northamptonshire property partnerships. He gave examples of how they had all evolved and operate, with case examples of failures as well successes. In summary, he said that mapping of assets is the trigger, it is about identifying and brokering opportunities, and a high level of political buy in is essential as well as the need to develop their own culture to succeed. In Cambridgeshire the driver had been improving services, but in Northamptonshire it is saving money.

Alex Jelly, Economic Regeneration Manager for Kettering Borough Council gave a presentation on 'Enabling Responsible Growth in Kettering'. It was an update on the presentation that had been given to the branch, when it last met in Kettering in 2011, by Paul Thomas, Programme Manager for 'Suite 16'; an ambitious programme of regeneration in Kettering (see 2011 Spring Terrier page 50). The growth plan includes 5,500 more homes on the east side of the town, a new business park near junction 10 onto the A14 and a renewable energy park. He explained that the plan was based on infrastructure led growth to produce tangible benefits for communities, the town centre regeneration being at the forefront of the plan, and in a poor economic market it was necessary to make bold decisions and think creatively and innovatively about the use of funding sources. Although Kettering is often referred to as the most average town in the country, retail occupancy rates in the town were now better than the national average. The presentation was followed by a walk around the town centre to view the completed market square and also the £350,000 Yards project, aimed at providing a niche and 'independent' shopping experience. The developer of the Yards explained how he was mainly refurbishing old buildings and recycling materials to create the

right environment for the targeted businesses.

The afternoon session was started by Richard Wynne, the ACES President talking about his aims for his year of office. These covered further developing relations with the RICS and promoting technical CPD training for 'grassroots' staff of member authorities/organisations. He said that a lot of effort was currently being put into rationalising the national ACES records and data that the new Secretary had inherited and getting the new website up and running. Branch Secretaries would need training on how to use and input data on to the new website to keep it regularly updated and relevant. He considered that the property market was getting stronger, but deals were more complicated. He concluded by promoting his Presidential Conference which would be held at the Lowry Centre, Salford Quays, on 17 and 18 September [Ed – see further details in this edition of Terrier].

There was a discussion on how, as proposed in the Action plan, 2 non-ACES members attending the national conference would be nominated. It was accepted that the criteria would be a reward for good performance and to support career development, and that it be aimed at people whom it was considered would benefit themselves and their authorities/organisations from the experience.

Next discussed was the CPD roadshow, focusing on technical issues proposed by ACES Council. Offers to host the event had been received prior to the meeting from both Birmingham City and Worcestershire County Councils. At the meeting Nottingham City also offered to host this, or the event in future years. It was agreed that the branch should host the event in Birmingham and that the Secretary progress the arrangements. If successful as hoped, in future years it could move around the branch area.

Before running out of time, as is often the case, there were a range of general asset management and valuation matters raised and discussed which included 'disposals policies' and how they could be open and transparent;

the 'Openness of Local Government Regulations 2014' which it was felt did not apply to property transactions; examples of where local authorities were coordinating disposals and sharing assets within the wider public sector; Telford's asset valuations having been audited twice by the RICS, who advised that all valuations for any purpose had to be carried out in accordance with the 'Red Book'; valuation of schools not under the control of local authorities which it appears have to be valued as local authority assets; the use of 'contracting out of Sections 24 to 28 of the Landlord and Tenant Act 1954 provisions' in community asset transfer leases and short term lettings to starter businesses which appeared to be now common practice; and the formalisation of the use of school premises for nurseries.

The next branch meeting will be held on Thursday 2 July in Nottingham.

Finally, thanks to branch members Simon Peters from Nottingham City and Andrew Stevens from Nottinghamshire County Councils for hosting for the second year, visits to their headquarters offices and providing presentations on the respective councils' estates strategies to the final year Nottingham Trent University students on its corporate real estate undergraduate course.

DUNCAN BLACKIE, EASTERN BRANCH

Eastern Branch met at West Suffolk House, Bury St Edmunds on 6 March 2015. There were 32 attendees, including Richard Wynne, ACES President, and guest speakers, Beth Dale and David Henry.

Chairman, Neil McManus opened the branch meeting and immediately introduced the first presentation from David Henry, a director of Savills, on development and viability issues, in relation to s106 Agreements and Community Infrastructure Levy. David chairs the RICS Planning Policy Panel, which includes on it representatives from both the public and private sectors. This results in regular direct discussions with senior politicians of the major political parties, as well as civil servants. David spoke for over half an hour, concentrating on the importance of setting the correct narrative/framework for negotiations between parties with varying interests/objectives. For example, David explained that house builders are working to a 4/5 year exit whereas trader developers may be working to 10 years plus. The former therefore struggle to meet infrastructure commitments whereas the latter are often able to build out infrastructure, such as schools and parks, at the beginning of the development [Ed – David has offered to write an article for a forthcoming issue of the Terrier].

David then responded to a range of questions and observations, including the desirability of an extension of PD rights for office to residential conversion [Ed – see article in this Terrier]. He also highlighted carbon targets as having a much higher profile after the forthcoming election. A lively debate took place on a number of issues concerning the provision of physical and social infrastructure.

Richard Wynne, ACES National President, followed David Henry with a view of ACES from the President's perspective. Richard commenced by explaining the challenges facing the new national Secretary and Treasurer, who have recently stepped into the shoes of long

standing officers in these roles. He explained that the new website should be ready for operation within a month or so [Ed – now up and running] and he hoped that branches would make a full contribution to ensuring that it presents an interesting and up to date picture of the role and experiences of ACES members across the country. Richard also provided an interesting insight into the impact that a much improved property market is having on local authorities in Manchester/Salford – having been obliged to adopt defensive tactics for a number of years, councils are now seeking to maximise opportunities and benefits (through planning gain etc.) of increased development activity. Finally, he recommended that Eastern Branch members attend the forthcoming conference, to be held in Media City, Salford, on 17 and 18 September [Ed – see further details in this edition of Terrier].

Branch business. With nothing arising from the minutes of the previous meeting, an update was provided on the recovery of Jeff Clarke, who hopes to re-join us in July. Jeff's longstanding membership and attendance at branch meetings was applauded and members asked that best wishes be passed onto him. The meeting noted that strong support had been received for continuing to develop Eastern branch's meeting format around CPD, with lunch, for £20. It was also noted that the branch may benefit from a national initiative to 'centrally source' speakers on landlord & tenant and other relevant topics.

Immediately after lunch, we received a presentation, from Beth Dale, Project Manager, Concertus on the business development for the Mildenhall Hub. We heard that this is potentially a £60m development involving up to 30 stakeholders from across the public/voluntary sectors. It is being driven by the need to re-provide social infrastructure, including a leisure centre. The key partners are seeking to ensure that the project meets demanding criteria set by the One Public Estate including:

- Reductions in floor area of 15%
- Reductions in running costs of 50%
- Generation of capital receipts
- Improved service delivery

It is hoped that a start on site will be made by 2018 and regard will be had to the future use of RAF Mildenhall, following the announcement that the base is to be decommissioned by the United States Air Force over the next decade.

Routes to RICS membership. Our host, Richard Combes, introduced 4 of his staff who are currently pursuing RICS membership through 4 different routes. Sally, Kieren, Oliver and Will all stood up to explain their own background and the new flexibilities provided by the RICS for new entrants to achieve associate and full membership [Ed – see article in this issue of Terrier]. This stimulated a lot of discussion and helpful contributions, resulting in recognising that the development of younger surveyors is a good thing for local authorities and ACES. It was therefore agreed that the branch will develop this theme in future.

The next meeting will be held in Cambridge on 3 July.

JOHN READ, NORTH EAST BRANCH

The branch held its 70th branch meeting on 6 March hosted by Gateshead Council in the Civic Centre, a building that was officially opened by Neil Kinnock in 1987. The meeting was held in the Council Chamber which features a spectacular set of stained glass windows and the Follonsby Miners Lodge banner, reflecting some of the heritage of the area. Before entering the meeting room, members also had the opportunity to have a look at a scale model of The Angel of The North which is on public display outside the Council Chamber. The maquette by sculptor Anthony Gormley was valued in 2008 by the Antiques Roadshow at £1 million.

The meeting was opened by the Chair John Murray and after a moment of silence and reflection, Bernard White (assisted by contributions from Daniella Barrow), presented a memorial to Peter Handley, Branch Chair 1993-95 who had sadly passed away recently [Ed, see obituary in this issue of Terrier].

Dan Gillbanks from the host authority gave a short background to the area including early railway heritage, Team Valley Trading Estate being the first trading estate in Great Britain with some of the buildings being listed, and the modern Millennium Bridge, not to mention the full size Angel of the North. He also posed a question to members – What is the current day value of Angel of The North maquette? Sadly, no one came up with a satisfactory answer, so that's one for Gateshead's valuers to consider.

In line with the usual approach of providing members with quality CPD, presentations were delivered as follows:

Dr Paul Greenhalgh, Reader and Faculty Director of Research Ethics, Northumbria University gave a presentation on the spatial analysis of vacant commercial property in which he posed the question "Does it make sense to build new property when we have so much vacant space and does anyone truly know the extent of vacant space in the UK and how this relates to real buildings? He

outlined the post graduate research project that has been established to address these issues and how the project had developed to create a GIS property model that could present geo-visual representations based on the hundreds of thousands of data sets collected from a variety of sources. By way of an example Paul was able to present the findings of the pilot study of the north east region including details of retail, office and industrial space. The geographical information for Gateshead which was underpinned with hard data showed that 28 buildings account for 58% of all of secondary property vacancies. The research has already provoked interest from the private sector and is considered to be a very useful tool in shaping policy related to smart cities.

Gillian Telford-Cooke, one of the PhD students at Northumbria University gave a short presentation on her progress in researching Community Asset Transfers. She advised that metropolitans appeared to be the most prolific in the transfer of assets and her research would suggest that long leases seemed to be the preference as opposed to freehold transfers. She referred to the e-questionnaires sent out to 360 local authorities and asked for a higher volume of contributions.

The final presentation was from Nicola Sloan, of Rightmove Commercial. Nicola gave an introduction to the company and its position in the market as one of the UK property portals and how the company compared against others. She outlined who advertised with the company including a number of councils and 2 branch members and gave examples of website listings, explaining how the listing process worked. Usage statistics were presented, including those from a branch member's authority who gave a positive testimonial to the benefits and increased market exposure of council property for sale or to let. Nicola finished with a summary of what advertisers say about Rightmove and how advertisers handle leads before answering a range of questions

from the floor, including some about procurement and fees.

At this stage we broke for the usual buffet lunch and networking. In the afternoon session we dealt with branch business with John Murray confirming the date for the next Branch Meeting and CPD day which will be held at the Crucible Theatre, Sheffield on 3 July 2015 and a discussion followed regarding potential presentation topics. Jenny Dixon and Bernard White also gave a summary of the proposed theme for the winter meeting on 6 November 2015 which would cover development viability from landowner, developer and professional advisor perspectives.

The branch also received a report from the Treasurer, Allison Johnston, confirmed the appointment of Jenny Dixon as Academic Liaison Officer for the branch and received a useful technical update from the Chair.

Finally, the branch was pleased to welcome Keith Jewsbury in his capacity as the new national Secretary and Keith outlined his role as that of a conduit between the branches and national organisation. He gave an update on national ACES business, advised that the new website would go live in a few weeks and explained the rationale around the promotion of CPD events in those branch areas that did not provide an active programme. We also had a discussion about the Terrier publication and the costs of hard copy with the consensus of branch members being that the paper copy was outdated and that electronic publication was the way forward.

THE GLOUCESTER GLADIATOR REMINISCENCES OF THE LIFE OF A RURAL SURVEYOR

Farm relettings are always one of the highlights of the land agent's calendar: out with the old, in with the new; a chance for fresh blood to flourish.

After negotiations with the outgoing tenant have been concluded, the Letting Particulars prepared, and the farm advertised, the Open Day, or days if interest is particularly strong, takes place. The land agent and entourage will ensconce themselves in a suitably sheltered spot, and then they arrive – land rovers, shooting brakes (yes that does date me!), and other modes of transport always mud splattered and seriously worse for wear, trundle up the farm drive. Out pour the family; inevitably these events become days out and families become more than nodding acquaintances and potential competitors as they do the rounds of opportunities, hope springing eternal. Round the farm they trudge, inquisitively investigating every nook and cranny. The opportunity to ingratiate themselves with the ever patient land agent is never lost, but it has the virtue of enabling said stoic to sort the wheat from the chaff and see prospective tenants in their natural environment.

The interview can be a daunting experience, especially for the novice first timer, nervously adjusting tight necked shirt, food spattered tie and ill-fitting jacket with attendant wife (yes, I will be old fashioned and use such a quaint expression) more suitably attired. Back in the day the event would be an opportunity for the whole County Farms Committee to boost their attendance allowances by assuming the roles of grand inquisitors, each with their allotted question with which to torture the eager to please supplicant. More often than not it would be the partner (over the years I have become more PC) who would save the blushes of her tongue tied spouse, eloquently expanding on their vision for the farm. The inevitable question would be

asked: "Why do you want to take on such a millstone, tied to the backside of a cow 365 days a year when you can continue to enjoy the relative security of salaried employment as head herdsman?" Back would come the inevitable response: "Because I want to be my own boss." Nothing better encapsulates the strengths of this service than this; that restless unrequited entrepreneurial ambition which eloquently demonstrates why county farms continue to be such a force for good in the rural economy.

Mind you the old adage of if at first you don't succeed..... is never better illustrated than in the hardy perennials who turn up every spring and summer hoping, at last, to secure their dream. I recall one such individual pipped at the post on 3 occasions at interview. In desperation he phoned me to inquire what had gone wrong. I couldn't satisfy his curiosity or allay his frustration by explaining that on each occasion he had been second choice. "But there must be something I could do to better my chances" he asked. "Well" I said in an effort to be constructive, "On each occasion the successful applicant has had the support of his spouse, and that has been the deciding factor as running these businesses is very much a family affair." "Right" he responded, "Thanks for the advice." Some months later I was idly glancing through the pages of the local paper when a vaguely familiar face beamed out at me with a blushing bride by his side. Some weeks later the next Farm Open Day took place. There, at the front of the queue, was said gentleman: "Boss, I did what you said and got myself a missus." Well, as I'm sure you've guessed, he swept the board at the subsequent interview, and as far as I know went on to have an immensely successful farming career.

On other occasions though, success proves elusive. After the death of the former elderly tenant of one rather run down 60 acre dairy farm his middle aged

son, who had effectively run the farm for a pittance for many years, asked to succeed to the tenancy. As was his wont the chairman of the Farms Relettings Sub Committee, delegation of such an important task having been made, decided to walk the farm before the interview. It was a dank, wet November day, the farm was in a really sorry state and the tour round was not going well. We trudged through a very well cow trodden gateway with mud up to our boot tops. Suddenly the chairman stopped, he was sinking deeper into the mud and mire, and could only be rescued by pulling him out of his boots onto firmer grass. For all I know the boots are still there as there was no way they could be reclaimed. The chairman, who had not been in the best of humours at the start of the day, was now drenched, cold, and bereft of footwear. Needless to say the unfortunate son was not successful, but he continued to serve the successor tenant as head cowman for a number of years.

Over the years I have met literally thousands of interested parties at Viewing Days. They come in all shapes and sizes: the keen, the noisy, the ambitious, the go getters and the no hopers. I have interviewed hundreds of shortlisted applicants, again covering the full panoply of ability, commitment, and ideas. I like to think we got it right on most occasions. It's the most important task, bar none, of the council land agent. Get it right and success follows; get it wrong and problems soon mount as I have experienced to my cost on a couple of occasions.

These days, suites of corporate performance targets will measure success; financial, development potential realised etc. but for me the true benchmark will always remain of how many relettings opportunities have been created; how many dreams have come to life; how many small businesses have had the chance to thrive. Long may that continue.

THE SUFFOLK SCRIBBLER

Free the Beyton 14 – or is it 15?

Beyton is a village to the east of Bury St Edmunds situated just off the A14 trunk road. In the middle of the village is a large triangular shaped green bounded on all sides by public roads. Indeed one of the green's adjacent roads was the then A45 trunk road until the village was bypassed some 20 to 30 years ago.

The village sign incorporates geese as for as long as anyone can remember there have been a dozen or so geese free ranging over the green and its surroundings. This caused no problems, apparently, even though one of the adjacent roads was a very heavily used trunk road.

However a few years ago all the geese disappeared and were last seen, or so I am told, walking, late at night, up Church Road heading for, probably, the celestial freezer in the skies. The green then remained empty of livestock for a year or so until, following a survey of parishioners, geese were reintroduced to the green.

When I was last in full time employment our weekly Management Team meetings were held on Monday mornings in order to get the bad news out of the way early. Proceedings were considerably enlivened when we were joined by a new chief officer from Scotland who regaled us with stories about how things were done north of the border. Our favourite stories ended up with "and then the police had to be called in order to restore peace among the members." These were our favourite stories as calling in the police was so alien to us as to be inconceivable.

But back to the Beyton geese; apparently one parishioner objected so strongly to their reintroduction that she turned up at a formal meeting of the Parish Council and started to film and record the proceedings. On being asked to desist she refused and the Chairman suspended the meeting and

summoned the police! And in fact the police were powerless to act as a recent change in the regulations governing public meetings means that a member of the public can now make recordings in meetings.

The outcome of this intervention so far has meant that:

- Half the members of the Parish Council have resigned
- Parish Council business has come to a virtual standstill until new Parish Council members are elected on 7 May
- The geese still roam the village green.

East Anglia matters

Isolation. Perhaps it is a product of the feeling of isolation but I cannot help but view the latest pronouncements by both local and national bigwigs on the impending broadband "roll out" with huge amounts of cynicism. No doubt the aforesaid bigwigs are excitedly calling each other on their mobile phones full of self-congratulations and wishing that this latest roll out is as successful as the earlier mobile phone signal roll out.

However so far as I am concerned the mobile roll out didn't happen here at all as I still cannot get a mobile signal at my property unless, that is, I stand on top of a step ladder situated in the north east corner of the lounge. In this position I can get a call out provided I do not nod or shake my head while doing so.

Apart from that we have in my village perfectly acceptable broadband and we all hope it survives unscathed the planned roll out.

Our East Anglian predecessors defined the area's isolated nature as follows:

- Access to the north and the east is curtailed by the North Sea

- Access to the west is curtailed by the Fens
- And to the south is curtailed by the London and North East Railway.

The 3rd item can now be updated as follows:

- Access to the south is generally limited particularly after bank holiday weekends by the joint efforts of Greater Anglia and Railtrack.

The Suffolk Punch. Our East Anglian predecessors were pretty good at definitions and described the Suffolk Punch as, ideally, having the head of an angel, a body the shape of a Greene King beer barrel and having a rear end like a farmer's daughter. The Punch is, of course, a heavy work horse, now alas an endangered species, as, not so many years ago, hundreds were employed in agriculture and in railway goods yards, shunting wagons.

The End of an Era. In January the Pentagon announced its intention to redeploy the activities and personnel and to eventually close RAF Mildenhall. It is estimated that the base contributes around £200m a year to the local economy and provides direct employment opportunities to a few hundred local people. Immediately local politicians and MPs went on record to say that plans for reinvention, growth and investment are discussed and completed before any base assets become available. Discussions began on the formation of appropriate working parties. However a few weeks later the MOD announced that the possibility of the RAF taking over the base was still being discussed and plans were being made to mothball the base if needs be.

Sic transit gloria mundi

A former chief officer colleague asked me some time ago whether, now I was fully retired, I took the time to take a look at developments I had been associated with. I didn't really know

how to respond to this as so far as I was concerned the possibility did not arise as I had been mainly involved with the generation of capital receipts, so there was little to see. However one situation where there was something to see came to mind and the "development" arose as follows.

Back in the late 60s and early 70s I was beginning to feel that my time with British Railways in London had run its course so when an opportunity with Suffolk County Council at Ipswich, close to where I actually lived, was advertised I jumped at the chance. So on 2 April 1970 I was interviewed for the job but didn't get it as they were looking for someone with compensation experience. However they were impressed with my landlord and tenant experience, which they could also use and so I was hired on that basis, subject to approval being forthcoming for an establishment increase. I duly started work as a Junior Valuer at County Hall on 18 May 1970.

The project they had in mind for me was land at the eastern end of the County Hall site; a narrow strip of land with frontage to Milner Street and currently occupied by a number of small workshops all mainly engaged in the motor trade. My job was to displace these users and recover possession so that the site could be developed as offices sufficient to make up the shortfall of office space on the County Hall site.

So first thing I had a chat with each occupant to put them in the picture, then served the appropriate notice on each as provided for in the 1954 Landlord and Tenant Act. The occupants duly left the scene and the office block was built and christened Milner House.

Over the years many departments moved into and left Milner House which at some point was rechristened St Giles House until in January 1988 I and my relatively small number of staff took over half the ground floor. We shared the building with the Treasurer who had no intention of leaving for more prestigious accommodation elsewhere even though St Giles House was, due to its age, expensive to heat in winter and had no cooling for summer time temperatures.

From the Treasurer's point of view the building was a good long walk away from Members' rooms and so was ideal.

All went well until it was my turn to be made redundant with a date fixed for the end of 2000 but in mid-October 2000 my staff were moved out and I had to leave my comfy partitioned-off space on the Milner Road side of the building for a desk in a special "naughty boys" room on the first floor. Here I was expected to turn up every day until 31 December 2000 but soon got fed up with that and eventually just turned up for my last day.

Thus in terms of developments I had been associated with, even though I had survived almost 30 years, St Giles House, my only development, was still going strong after nearly 30 years. Having been prompted by the question referred to above, in January 2015 I decided to drive by the location after a routine visit to the Ipswich Hospital. In truth it wasn't far out of my way so I wondered why I had not done it during the intervening 15 years.

Having thought the matter through I realised if I took the first exit from the hospital roundabout, and not the more usual second, drive down Spring Road to the Rope Walk turn-off, then take the first left into Milner Street with luck I could park just outside my office window. On the day my plan went like a dream and the first parking space in Milner Street was available. I took it, switched off the engine then looked left to see who was using my comfy partitioned off space on the Milner Road side of the building. And the answer was no-one; there was just a nice green lawn. St Giles House was no more - it had been demolished!

Lance

Back in January 2013 I wrote what I assumed would be my last piece on Lance Armstrong. Among other things I said that following his "confession":

Presumably "everything" now being said about Lance Armstrong is true..... but 2 thoughts occur to me. Firstly as a winner of 7 Tours, or whatever it was, and innumerable stages, he must have been one of the most drug tested

competitors in the world. Why was nothing ever discovered? And secondly, bearing in mind he seems to have been shopped by most of his "friends" or former teammates it illustrates the old maxim of treating contacts reasonably on the way up or inevitably they will get their own back on your way down.

Now (March 2015) a little light is beginning to be shed on the first point following a report by the Cycling Independent Reform Commission (CIRC). According to press comments the report, on Lance Armstrong and systematic doping in cycling, lays much of the blame on the International Cycling Union (UCI) and states that "There are numerous examples that Armstrong benefited from a preferential status afforded by the UCI leadership". For example:

- Backdated prescriptions to legitimise failed tests
- Collusion with Armstrong's legal team
- The bending of the rules to allow his participation in races
- The soliciting of financial donations
- And a supposed investigation into the rider's EPO readings which was actually an investigation into how the information became public knowledge.

CIRC's conclusion is that while the UCI "did not act prudently" it could not classify its relationship as corrupt.

Although there can be no doubt that Armstrong's active participation in the above was corrupt, apparently the active provision of opportunities that enable a third party to act in a corrupt manner is OK.

Whatever; remember you read it first in The Terrier.



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