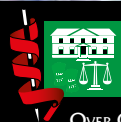


THE TERRIER

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

VOLUME 22 - ISSUE 2 - SUMMER 2017



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VOLUME 22 - ISSUE 2 - SUMMER 2017

EDITORIAL

Betty Albon

Welcome to this edition of The Terrier. I must admit that it has been a bit of a struggle this time. I never imagined that I would fall foul of the General Election. The unexpected result put pressure on some of my anticipated authors, who had to forfeit writing their articles. At one point, I feared not having sufficient material, but I cannot thank enough those individuals who came to my rescue, and popped up unannounced with articles.

I have to say I'm now very pleased with this issue. There are some cracking articles on hands-on experiences of estate transformation and housing delivery projects, backed by excellent photographs. There are 2 pieces on big data and how the public sector can better deliver property transformation projects using new IT-accessible smart information. I am also pleased to include updates on valuation, business rates, and legal issues such as the Energy Act and housing land supplies.

And finally, please see the flyers about ACES National Conference. The programme is virtually complete and topic/speaker details are included here. Also keep an eye out at <http://www.aces.org.uk/2017Conference/>.

While every reasonable effort has been made to ensure the accuracy of the information and content provided in this document at the date of publication, no representation is made as to its correctness or completeness and no responsibility or liability is assumed for errors or omissions.

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Cover photo: ACES National Conference venue – the Royal Armouries Museum, Leeds - Photography by Greg Pemberton.



NOTES OF ACES NATIONAL COUNCIL MEETING 21 APRIL 2017

Keith Jewsbury, ACES Secretary

21 members attended the meeting held at the Guildhall, London by kind permission of the City of London.

President's report

The President, Daniella Barrow, reported that she had visited both the Heart of England and Eastern branches and both meetings had been well attended and included CPD.

Also, she had visited Portsmouth to attend the Dunsbury Park launch event at Land Rover Ben Ainslie Racing headquarters.

She had also had a catch up with Paul Bagust of the RICS and met the Public Health England Chief Executive to discuss matters of mutual interest and their support of the Annual Conference.

As yet, she had no update on the post of Junior Vice President but had had a number of conversations with members who may be interested in the future but not at this time for various reasons [Ed – subsequent to the meeting, Graeme Haigh of Isle of Wight Council has kindly agreed to take up the post of Junior Vice President].

Secretary's report

The Secretary reported on matters arising during the period from the 27 January 2017 Council meeting and

informed Council that as at the end of March, some 93 members had not paid their annual subscription but that a further reminder had been sent.

With the President, he intended to visit the South East branch the following week.

The website Forum was being well used with 19 entries in 2017 and 3 job adverts had been placed since January.

Financial matters

The Treasurer reported on the finances of the Association and in particular for the first 9 months of the current financial year and confirmed that the overall financial position is within the budgeted for parameters for the year.

He anticipated a significant shortfall at the year-end following the cancellation of the 2016 Annual Conference.

ACES website review

Following a report from the Secretary, Council agreed to pursue with the website developer the updating of the site, adding a Secure Sockets Layer certificate, introducing an article search facility for the Terrier and Asset and increasing the scope and functionality of the site to deal with such matters as conference bookings and payments, invoices and adverts.

Constitution and rules – working party

Following a long discussion, it was agreed that the Senior Vice President with Lee Dawson, Chris Rhodes and Richard Allen will draw up questions to form the basis of a wide-ranging membership survey, with the results being submitted to the August Council, with a view to recommendations being placed on the November AGM agenda.

Annual conference member survey

The President confirmed that the summary report had been distributed to all members with little comment and that she intended to request feedback from the Leeds Conference delegates to aid the discussion.

Annual Conference 2017 – Leeds

The President reported on progress with the organisation of the conference to be held in Leeds on 28/29 September and confirmed that it will be a 2 one-day event to encourage day delegates as well as residential delegates. She was organising speakers and interactive workshops, a Wednesday evening supper and a conference dinner which will not be black tie, following the feedback from the member survey.



ACES NATIONAL CONFERENCE

28 and 29 September 2017

The Royal Armouries, Armouries Drive, Leeds, LS10 1LT

AN OPPORTUNITY TO GAIN 6 HOURS OF CPD ON EACH DAY

Join us to review the biggest areas that our members are facing and identify the solutions that can help make a difference. With such an enormous period of change and uncertainty, the ACES National Conference 2017 is the perfect opportunity for public sector property professionals to come together, to listen, share thoughts, take stock and re-energise. Over the 2 days the conference will examine and explore the political and policy environment, the economic outlook, the impact of Brexit and the latest thinking across the sector.

This year's conference will be at the Royal Armouries in Leeds on 28 and 29 September. The Royal Armouries is a central location to Leeds with good connectivity by rail, car and air.

MINIMUM OF 6 HOURS CPD A DAY

See the full programme in this edition of Terrier, or please watch <http://www.aces.org.uk/2017Conference/> for further details of speakers and the programme.

Council agreed to offer an "early bird discount" for those member organisations booking delegate places in the first few weeks following the booking information being made available [Ed – see flyers in this edition of Terrier for further details of the Annual Conference, including speakers].

Annual Conference 2018 – Cambridge

The Senior Vice President, Neil McManus, informed Council that Downing College, Cambridge will be the venue on the 20 September 2018. It will be a full one-day conference with a dinner on the Thursday evening and CPD event on the Friday. Council approved the plan and venue.

ACES Award for Excellence 2017

The Senior Vice President, Neil McManus, set out the timetable for the Award 2017 with a launch date in June and a last date of entry of 15 September 2017 [Ed – see flyer in this edition of Terrier for further details of the timetable for ACES Award 2017].

Applications received for the ACES' Secretary's post

The President notified and updated Council of the interest shown in the vacant position and recommended that applicant Trevor Bishop, be appointed and that the President and Secretary complete the details of the contract in line with the Duties of ACES Secretary information which accompanied the advert.

Future meetings

Annual Conference
28/29 September 2017 Leeds

Annual Meeting
17 November 2017 City Hall, Cardiff

Annual Conference
20 September 2018 Cambridge

Annual Meeting
November 2018 London

Diary of future Council meetings for 2017

Friday 18 August 2017 Manchester Conference Centre.

MEMBERSHIP Keith Jewsbury

I list below the changes in membership between 1 April and 30 June 2017

New members approved

There were 8 new applications approved during the period.

Steven	Caplin	Bracknell Forest Council
Quentin	Cass	Suffolk County Council
Kelly	Dickinson	Kier Business Services
Gareth	Evans	NHS Grampian
Helen	Jones	Cardiff Council
Victor	Mbvundula	Torfaen County Borough Council
Alex	O'Brien	Swansea City Council
Keith	Parkinson	St Helens Metropolitan Borough Council

Transfer from full to past membership

3 members transferred to past membership during the period.

John	Loxley
Geoff	Taylor
Richard	Wynne

Resignations

15 members resigned during the period.

Ann	Carter-Gray
Des	Devine
Steve	Dolby
Richard	Emmens
Donald	Farquharson
Rob	Flower
John	Gordon
Yogesh	Makwana
Hash	Mistry
Stephen	Morgan
Neville	Myers
Anne	Parker
Graham	Price
Murray	Quinney
Neil	Turvey

Total membership

Full	222
Additional	55
Honorary	30
Associate	24
Retired	46
Total	377



GRENFELL TOWER TRAGEDY: IT IS A POLITICAL ISSUE

David Garnett

David is a university teacher and researcher. He has written extensively on housing policy and social justice and has acted as a consultant to a number of housing organisations in the UK and overseas.

He is a passionate campaigner for affordable housing and local employment opportunities. He believes that, whenever possible, housing agencies such as local authorities and housing associations, should support local businesses and work to help local communities to become safe and prosperous places in which to live and work.

He has spent most of his working life as a researcher, writer and teacher in the field of the built environment, specialising in housing economics and finance. He has acted as chairman to a number of community organisations, including 2 housing associations.

He likes cricket and amuses himself by writing awful doggerel verse with obvious rhymes and dreadful puns. david.garnett@btinternet.com

"The current emphasis on VFM tends to push decisions towards that which is the cheapest in the short-term. The Grenfell Fire Enquiry may well determine that pressure to cut costs was a significant factor in the tragedy."...."The greatest memorial to the victims of the Grenfell fire would be the instigation of an attitudinal shift by the government and its regulators that would place a greater value on the social returns accruing to public capital investments."

The Foreign Secretary, Boris Johnson, criticised what he called "outrageous politicking by Labour" over "the terrible fire in London." The implication being that if this disaster had occurred under a Labour administration in a Labour-controlled local authority operating under a system approved by a Labour minister who had become the senior adviser to a Labour Prime Minister, he would have said nothing political. The truth is that in the wake of any tragedy, no matter how awful, politicians of all parties seem to be predisposed to find quick and easy scapegoats and to use the situation to make political points. One reason for this is that they, like the rest of us, are aware that a disaster like that in Kensington and Chelsea really does have an underlying political dimension and they fear that their policies (or lack of them) might be pointed to as part of the problem.

It is understandable that in the distress and anger following the Grenfell tragedy, our instinct is to establish

simple causes and apportion blame. However, at this moment of heightened concern, it is important that in our determination to identify any technical or administrative failings, we do not restrict the investigation to 'surface digging'. Surface digging occurs when operational failures are sought without linking them to underlying cultural attitudes and overarching policy frameworks.

As a housing researcher and one-time independent (unpaid) chairman of 2 housing associations, I have seen first-hand how pressure from central government to cut spending on social housing has affected tenants and leaseholders. Housing is one of the most regulated activities in the economy. In this sector, the government sets a range of minimum standards (including safety). However, it is unquestionably true that recent governments have placed an overriding emphasis on achieving "value-for-money" (VFM).

The trouble is that VFM means different things to different people. In recent years, the Homes and Communities Agency (HCA) (the regulator for England) has demonstrated that it is not independent of ministerial influence. Although much is said about VFM incorporating a range of objectives (including user interests), in practice over the last 9-10 years, the primary concern has been cutting costs. The HCA's official guidance "Delivering Better Value for Money" (2016) is a relatively short document in which the government's determination to cut housing costs is quite explicit: the words "cost" and "costs" occur 104 times in 15 pages of text and graphs.

Conservative governments have always equated VFM in the public and welfare sectors with cost minimisation. Under Mrs Thatcher, public works such as school, hospital and housing refurbishments were required to operate under the principle of compulsory competitive tendering

(CCT). Under this arrangement minimum standards were set and then the commissioning agency was expected to accept the lowest bid. Such an approach contrasts sharply with private sector investment reasoning that prioritises 'best value' rather than 'cheapest cost'.

'Best value' is a notion derived from Clinton's and Blair's so-called "third way" thinking that argued that the notion of 'cost effectiveness' in public sector investment decisions is flawed and should be replaced by a more intelligent objective. Best value is a term that is used to highlight the need to seek more than simple efficiency savings in the pursuit of VFM outcomes. It is also used to shift the emphasis in VFM decision-making away from narrow 'short-termism'. For example, if a proposed building project is put out to tender with minimum specification requirements, the cheapest tender can be said to be the most 'cost effective'. Of course, a more costly tender that offered a higher specification might, in the longer term, prove to be cheaper to run and maintain or it might provide a wider range of tangible and intangible benefits to the service provider or its clients. This means that 'cost effectiveness' is not necessarily the same thing as 'value-for-money'. With the election of the Blair government there came a commitment to take more than just costs into account when making investment decisions in the welfare state. CCT was replaced by a requirement to demonstrate "best value outcomes" from public spending.

Subsequent Conservative and Coalition governments professed an overriding commitment to "responsible financial management". It was made clear that this was to be delivered in large part by an evangelical attack on public sector spending - the results of which we now term "austerity measures". There is, of course, an ideological aspect to this policy approach. No amount of verbal politicking around such hollow phrases as "challenging decisions" and "difficult choices" can hide the fact that an austerity programme targeted at the poorest members of society has been employed as a substitute for increasing taxes on higher earners. Indeed, apart

from the introduction of new fiscal burdens on the poorest members of society (notably the so-called 'bedroom tax'), recent governments have shown no appetite for using the tax system to pay for public expenditure commitments.

Ideologically driven policies have a tendency to restrict social thinking and planning to narrowly defined, highly particularised goals. The obsessive focusing on cost cutting has had consequences that in retrospect seem ill judged. The use of central government directives to regulate local behaviours has consequences. Any competent businessperson understands that local policies need to take account of local circumstances and that most major policy decisions have a multiplicity of goals and outcomes. Decisions based on restricted criteria are particularly inappropriate when it comes to deciding how best to provide basic welfare services such as housing, health, education and security.

Where does this leave questions of safety?

Building regulations are notoriously complicated and most can be met in a variety of ways - some offering a greater degree of safety than others. The current emphasis on VFM tends to push decisions towards that which is the cheapest in the short-term. The Grenfell Fire Enquiry may well determine that pressure to cut costs was a significant factor in the tragedy. It is already clear that the specification for fireproof cladding on the tower was downgraded to save £293,000 to meet a demand for "good costs" on the project. Documents leaked to the Times newspaper show that reductions in cladding costs were among savings of £693,000 required from the main contractor back in June 2014. The obsessive nature of this demand to substitute 'good costs' for 'best value' becomes apparent when the fact that Kensington and Chelsea's accounts for 2015-16 show a figure of £300m in its "usable reserves".

In regulated services, what counts is what gets counted

Under the Conservatives we have seen a return to competitive tendering (now misleadingly re-termed "value-for-money"). The regulator is in print saying that any housing agency that fails to demonstrate cost savings would be singled out for criticism. Many housing professionals know what needs to be done but refrain from acting in accordance with their judgement for fear of regulatory criticism. For years governments have insisted that cost-cutting (euphemistically termed "efficiency savings") should be the primary target of social landlords. When an official measure turns into a target it loses its social coherence and service providers abandon their instinct for introducing what they understand to be in the long-term interests of the agency and its service users. The danger is that to maintain credibility with the regulator, the agency downplays its own view of what constitutes 'best practice' in favour of achieving the target. The 'cost effectiveness' philosophy says that basic standards are officially set (e.g. by reference to building regulations, fire safety standards, etc.) and it is then the landlord's duty to meet these minimum standards as "cost effectively" as possible.

There is a case to be made that this sort of tragedy is, in part at least, the result of anti-public sector investment attitudes fostered by the government. My fear now is that this will not be brought out in a public enquiry. There is a need for the enquiry's brief to include an investigation into central government attitudes to spending on social welfare projects. The greatest memorial to the victims of the Grenfell fire would be the instigation of an attitudinal shift by the government and its regulators that would place a greater value on the social returns accruing to public capital investments.

This more deeply dug analysis by the enquiry would be resisted by those with entrenched views about the nature of VFM. Party politicians tend to hold on to their starting arguments doggedly and remain generally impervious to rationalisations (or even factual evidence) that may challenge the assumptions behind their

ideological values. It is often events rather than intellectual argument that change opinions. It can only be hoped that this event is so horrendous that public opinion will force a change in thinking about the role of the state in the provision of welfare in an advanced democracy.

How to go about this change in thinking?

Economists use the term "market failure" to describe a situation in which market forces fail to deliver society's objectives. We may now be seeing the emergence of compliance arrangements that should be termed "regulatory failure". The extent of market failure is determined by assessing the degree to which a market fails to meet the recognised conditions of 'perfect competition'. To establish sensible systems of regulation, we have to agree what constitutes the conditions of 'sound regulation'. The public enquiry now has an opportunity

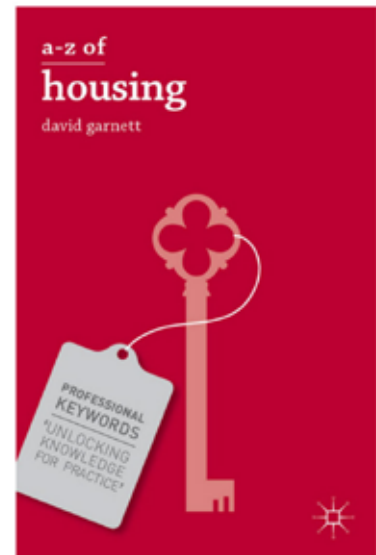
to look beyond local specifics and help to establish an idea of what constitutes the **conditions of sound regulation**. It should (but probably will not) add 'coherence' and 'social justice' to such features as accountability, transparency, proportionality, and economy.

As Adam Smith taught us some two and a half centuries ago, the mechanics of social justice are located in fiscal arrangements. If we want high quality public services they can only be achieved if we see their provision as a political issue. If we want a welfare system that enhances rather than destroys lives, it has to be paid for. We now need to ask whether such a vision can be achieved by any party (Conservative or Labour) that fails to appreciate that taxation is the price we pay for civilisation.

To explore Dr Garnett's own definition of VFM and read more about best value and social justice in housing, see his recent book, A-Z of Housing.

A – Z of Housing
By David Garnett

A – Z of Housing
By David Garnett
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**Contact the ACES Secretary, Keith Jewsbury,
at secretary@aces.org for further information.**





UNLOCKING THE ASSETS OF BROWNFIELD (AND BLACKFIELD!) SITES TO MEET THE UK'S HOUSING NEEDS

James Lemon

James kindly agreed to write this article, following his presentation at a recent ACES Eastern branch meeting. It outlines the processes involved in decontaminating a former industrial site, illustrated by a case study in East Anglia. "In reality, the cost and time associated with regenerating a brownfield site can be comparable with greenfield sites. The key to this lies in identifying and quantifying potential constraints at the earliest stage possible to build a strong risk register and develop a robust feasibility assessment."

Context

It is abundantly clear that the UK has not been building enough homes to meet the current demand. This deficit in production has reached a critical point and many are now recognising the need for change. Several factors have led to this under-production of our housing stock: these include a skills and labour shortage (which could be further impacted under a hard Brexit scenario); the perceived difficulties around our planning system; and a shortage of available and suitable land. As a result, the government is under considerable pressure to develop more homes with a preference to regenerate previously developed land, known as 'brownfield' land. This preference for brownfield land, which can be viewed as a sustainable development practice, also mitigates the increasing pressure on our greenfield land which includes greenbelts and protected areas such as National Parks and Areas of Outstanding Natural Beauty.

James joined Arcadis in 2014 as a Principal Consultant with over 16 years' experience in the environment sector as both a consultant and regulator. James' experience includes the site assessment and remediation of brownfield land and emerging contaminants. Prior to this James was a leading local authority regulator for Part 2A of the Environmental Protection Act 1990 and the National Planning Policy Framework (NPPF).

James.Lemon@arcadis.com

According to government figures in 2016, the regeneration of brownfield land already delivers the sites for two-thirds of new housing in the UK. The importance of developing brownfield for housing was further highlighted in the government's Housing White Paper 'Fixing our broken housing market'. This paper included statements such as "maximising the contribution from brownfield and surplus public land" and references brownfield land 31 times. New regulations, which came into force in April 2017, also mean local authorities must now publish and maintain a brownfield land register. This is a publicly available register of local brownfield land which is potentially suitable for housing. In addition to this, if the land on the register meets certain criteria it will also benefit from 'Planning in Principle' which will automatically grant planning permission (subject to a separate technical submission).

But who will be the key stakeholders in the regeneration of brownfield land in this new era of sustainable development? In the past, it has been the volume housebuilders and developers – but this is changing. It is becoming increasingly evident that the burden of increasing the UK housing stock is being pushed towards local authorities and other public sector bodies who have ownership or responsibility for surplus (and often brownfield) land.

The challenges of developing housing on brownfield (and blackfield!) land?

There is no doubt that the development of brownfield land can be subject to greater constraints and costs. These constraints vary from site to site but can include the need to remove existing infrastructure and buildings, the scale and shape of site, and geotechnical issues such as ground instability, or presence of former mine workings. However, these sites can also offer significant advantages and reduced risks in comparison to greenfield sites. For example, many brownfield sites have good transport links or existing utility connections. In reality, the cost and time associated with regenerating a brownfield site can be comparable with greenfield sites. The key to this lies in identifying and quantifying potential constraints at the earliest stage possible to build a strong risk register and develop a robust feasibility assessment.

Where do we see the greatest nervousness with tackling brownfield regeneration? Probably the most feared and probably the least understood constraint is the contamination of sites from their previous uses. To understand if the previous uses have caused contamination, developers are required to investigate and remediate



The former industrial dry cleaners, circa 2005

(clean up) sites as part of the planning process so the land is suitable for its intended use. However, no 2 sites are the same and the investigation and remediation of contaminated sites may not be as extensive or as expensive as first perceived; in many cases remediation may not even be necessary at all. Conservatism in ill-informed cost planning can often lead to development being shelved unnecessarily.

For significantly contaminated sites, we are perhaps fortunate in the UK to have a flexible regulatory approach and our contaminated land management sector is a global leader in the investigation and remediation of contaminated sites. This is partly thanks to our industrial heritage and shortage of land in comparison to some other countries, but also to our well-established and pragmatic regulations which have evolved to protect human health and the environment, all within a sustainable risk-based development framework.

As science develops, there continues to be an evolution of approaches and methods developed to enable cost-effective brownfield land regeneration. So much so that even the most contaminated sites (which are sometimes referred to as 'blackfield' sites on the basis that historically no one thought they could ever be developed) can in fact now be prepared for re-use if the issues are understood and managed in the right way. Now is the time for us to move from a position of nervousness about the challenges with brownfield or blackfield site regeneration to a place where we can see the opportunities these spaces provide for meeting the housing needs in the UK.

Unlocking the value of a 'blackfield site': a case study

Many sites across the country have been subjectively placed into a "blackfield" category and the key for those involved in regenerating and developing so-called blackfield sites is similar to that for brownfield sites: to understand the level of risk or the work required, by doing sufficient research up-front such as desk top studies and commission quality site investigations and other surveys at the early stages of planning. This helps to inform the constraints mapping stage of the feasibility assessment, in turn informing the master planning process. Sometimes it can be as simple as changing the layout of the development plan to move buildings or gardens away from the more contaminated zones, giving an opportunity for the inclusion of public, green spaces which require less remediation. In other cases, it is the use of new or emerging site investigation tools and remediation approaches which lead to the successful management of contamination risks.

How does this work in practice? At Arcadis we have worked with many land owners and developers on regenerating brownfield (and blackfield) land which have included former gas works, historical landfills and an array of other industrial land with varying degrees of complexity and challenging constraints. A recent example of unlocking value in a 'blackfield' site lies in a stalled housing development close to the historic market town of Bury St Edmunds in Suffolk. This particular site was a former industrial estate, which included an industrial dry cleaners. The dry cleaners had a history of contaminating the ground and

groundwater with dry cleaning solvents including tetrachloroethene (PCE).

Planning permission was granted at the site in 2006 for over 120 residential units, which included a typical planning condition imposed by the local regulators (the Environment Agency and local planning authority). This required the site to be investigated for potential contamination, and if necessary remediated, to make it suitable for a residential development.

The developer appointed a local consultant to carry out a site investigation to assess the extent of the contamination, with particular focus on the PCE contamination. Following several investigations, which included installing boreholes into the ground to retrieve soil and groundwater samples for chemical analysis, the consultant attempted to remediate the site using a well-known technology of injecting a chemical reagent into the ground and groundwater which degrades the PCE contamination. The aim of this was to reduce the concentrations of the contaminants to a level where they no longer posed a risk and, subject to the regulators' approval, would then discharge the relevant planning condition.

However, following a period of post-remediation monitoring of the contaminant levels, questions were raised by the regulators on the success of the remediation as the levels of contaminants had not significantly reduced.

Unfortunately, soon after this, the developer went into administrative receivership. The appointed administrator was left with what appeared to be an asset of a prime development site close to the historic town centre, but due to the failure of the remediation and the unknown environmental liability still associated with the site, no interested buyer could be found. Therefore the site was blighted, deemed not possible to remediate in a cost-viable manner and effectively became a 'blackfield' site.

Following the failed attempts to sell the site, Arcadis was appointed by the administrator to review the environmental constraints, which included a review of all the previous environmental works that had been



Investigating the site for PCE contamination

carried out on the site. This in-depth review revealed significant gaps in the understanding of the conditions in the ground - which ultimately led to the failures in the remediation. In other words, the poor investment in the initial site investigation led to the risks at the site not being fully understood. To unlock the value of the land, Arcadis assisted the administrator in developing an exit strategy to enable the removal of the environmental liabilities so the site could be put on the market to release the asset value.

From the information collected to date, it was evident that a significant source of PCE contamination remained in the soil and that this was continuing to leach into the groundwater, creating a plume that extended away from the site into the local aquifer. It was likely that the "remediation" implemented by the previous party did not address the key areas of contamination; i.e. targeting the actual depth and treating the full extent of the sub-surface contamination.

To better understand the ground conditions, Arcadis carried out a detailed site investigation to evaluate the depth and extent of contamination more

accurately, with a focus on establishing the highest concentrations of contamination and how the contamination was moving in the aquifer. This approach delivered a narrower objective to the remediation, leading to a targeted, cost effective and successful approach being designed.

The key to the success was the application of Arcadis' high resolution site investigation technique: the Membrane Interface Probe (MIP) which is an assessment tool that is directly pushed deep into the ground and provides real time data on the concentrations of the contamination beneath the ground. Because this technique is quick, not only does it yield accurate depth-based data, it increases the areal coverage, saving time and cost.

The Results

Arcadis' site investigation delivered a far clearer picture and far greater certainty of the ground conditions. This was crucial to the remediation design because the treatment is targeted and ultimately provides the greatest benefit in terms of removal of the contaminants. A formal remediation strategy was developed and costed against a programme which

gave confidence to all stakeholders that the clean-up could and would be implemented successfully. This upfront investment has unlocked this blackfield site, with a valuable asset now available for development. The site, which previously couldn't be sold and therefore was worthless, will shortly be put on the market – an asset now worth several million pounds.

What next?

The key to developing brownfield or blackfield land is to understand the ground conditions, establish the potential development constraints and develop a robust risk register as early as possible. This provides the framework to deliver the confidence to all stakeholders that the feasibility assessment is appropriate. To achieve this requires sufficient desk-top and site survey research up-front which should be used to design and deliver quality intrusive site investigations which allow the risks to be properly assessed and remediation methods to be fully tested; ultimately so unexpected costs or challenges do not occur further down the line.

Brownfield land certainty won't solve all our housing needs and private developers may always have a preference for greenfield. But those brownfield and blackfield sites that were previously seen as too difficult should now be seen as an opportunity to turn blighted land into attractive development land with increased asset value. For public sector bodies with such assets, with the added confidence, the range of development models can be reviewed to meet stakeholder needs; for example, divestment to the private sector or the set-up of a bespoke development company.

For regeneration of brownfield land to be a success and to be led through the public sector, further government financial incentives and support is required. This is in addition to a focus on effective sharing of knowledge, support and strong partnerships between the public sector, funders, developers and specialists in regeneration of brownfield land, leading to developments which are cost-effective, sustainable and most importantly, safe for future residents.



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AN INSIDER'S GUIDE TO PUBLIC PRIVATE PROPERTY PARTNERSHIPS

Andy Algar and Oliver Maury

Andy is Assistant Director, Property Services, Richmond and Wandsworth Councils and a member of ACES Council.

Oliver is Director, Development Consultancy at GVA. Oliver.Maury@gva.co.uk



This article is based on a CPD briefing given jointly by Andy and Oliver and explores public private partnerships in regeneration projects, from the 2 perspectives.

Tables 1 and 2: Current major projects in London and the South East

Project	Type of Development	Scale	JV or DA	Delivery Option Driver	OJEU
Haringey Development Vehicle	Multi asset	3,500+ homes & commercial	JV	Resource & pace	Yes (CD)
Haringey High Road West	Estate regeneration	1,400 homes & 8,800 sq m commercial	DA	Pace & influence	Yes (CD)
Southwark Canada Water	Housing & commercial	2,000+ Significant retail & offices	DA with geared leases	Influence & revenue generation	No (exclusive rights)
Basingstoke Manydown	Housing	3,400 up to 8,000 homes	JV	Influence & value sharing	Yes (CD)
Wandsworth Winstanley Estate	Estate regeneration	2,000+ homes & new leisure centre & library	JV	Value sharing & pace	Yes (CD)
Wandsworth Alton Estate	Estate regeneration	1,000 homes & 5,000 sq m commercial	DA	Pace & influence	No (IDP)
HCA Direct Commissioning	Housing	Significant pipeline of sites	DA	Speed of new homes delivery	No (DFF)

Project	Type of Development	Scale	Type of Agreement	OJEU
Surrey County	Multi Asset Housing Vehicle	32 sites = 2,000 homes +	JV	Yes (CD)
Easton HS2	Housing & commercial	Large retail and significant retail & offices	MDP DA	Yes (CD)
Hertfordshire County	Multi Asset Housing Vehicle	12 sites = 500+ homes plus two urban extensions	JV	Yes (CD)
Havering Estate Renewal	Multi Asset estate regeneration	3,500+ homes	PPP	Probably (CD)
Custom House, Newham	Potential strategic investor model	Up to 5,000 homes	TBC	TBC
Thamesmead Strategic Infrastructure Investment	Infrastructure investment	10,000+ homes and commercial	Investment PPP	Possibly not
Cambridge Estate, Kingston	Estate regeneration	Circa 2,000	TBC	Probably (PIN released May)
Carpenters Estate Renewal	Estate regeneration	3,500+ homes & commercial	JV	Probably (CD)

A market perspective - Oliver

What's going on?

There is an increasing focus on using forms of public private partnerships to deliver regeneration schemes. The tables show an overview of current major projects in London and the South East.

Why is the market interested?

There are a variety of reasons why partnerships are of interest, including:

- Uncertainty around mid-term market prospects and Brexit have led to increased interest in public private partnerships

- Access to sizeable projects, a phased approach and medium-term pipeline
- Access to public finance (Public Works Loan Board) to aid upfront cash flow costs, and
- Transparent bidding process can be favourable to private sector acquisitions
- Locations often in areas where there is value growth potential and often align well with government infrastructure investment priorities.
- Longer term partnership structure enables uplifts from place-making investment to be captured

Who's in the market?

As partnerships evolve from traditional

arm's-length contractual arrangements to more sophisticated models of delivery, so too the market is adapting. There are a range of prospective partners:

- Contractor/developers swelling the market, particularly in London and the South East
- Registered providers increasingly spearheading or actively looking at joint ventures with developers
- Housebuilders have long-standing track records of success, and
- Emergence of new forms of development partnership structures, such as development management focused organisations and strategic investment partners.

How is the private sector approaching bids and what's important?

The private sector is selective and, given a large number of major proposals coming to the market can, to a degree, pick and choose which schemes it actively bids for. There are numerous factors that affect bidders' choices as to whether to bid or not. Some are beyond a council's control (such as the market or the wider political climate) but many are within their control.

These include:

- Does the Council inspire confidence? Does it have credible political and officer leadership and a good track record in this area? Do their advisers inspire confidence?
- What are their chances? Bidding is expensive (typically as much as £0.5m-£1m). How many will be taken through to the final shortlist and what do bidders think are their chances of winning?
- What does the council bring to the table? Is it genuinely prepared to share risk and prepared to use it reserves/borrowing to underwrite any unviable elements?
- Does the council have realistic expectations about what can be delivered? Too many non-negotiable "red-lines" too early in the process

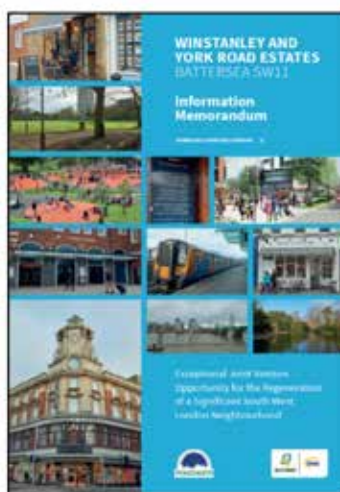
might make a scheme unattractive/unviable

- Has the council resourced the procurement properly? Does the council have a senior team involved who are empowered to make decisions and does it have the right level of external advice?

A council's perspective - Andy

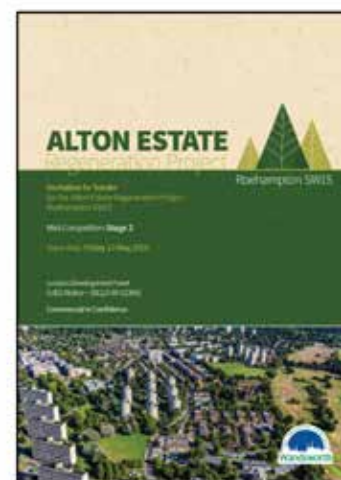
Wandsworth is an inner London Borough in south London with a large, retained housing stock. The council has strong ambitions to both improve estates and more importantly, improve the opportunities for their residents as part of its 'Aspirations Programme'.

It has 2 major regeneration schemes which, unusually, were taken to the market at the same time but using different procurement routes. (Note: GVA was the council's lead property adviser for both schemes).



The Winstanley-York Road estates are north of Clapham Junction station and close to the River Thames. The proposed regeneration will replace the majority of the York Road estate and part of Winstanley and increase the number of affordable and social rent units and provide a total of 2,275 residential units, a new library, children's and health centre and commercial space.

A preferred bidder (Taylor Wimpey) has been selected and contracts are due to be completed in July 2017.



The Alton Estate is in a more suburban area, adjoining Richmond Park. The proposed regeneration is smaller in scale but all social housing will be replaced and the scheme will provide new health centre, library and community facilities. Total units will be around 1,000.

The preferred bidder is Redrow Homes and contracts were completed in June 2017.

Why 2 procurement routes?

We concluded that it would not be possible to run 2 OJEU competitive dialogue processes in parallel – there was not the officer capacity to manage it and there were doubts about whether we would get full interest for both schemes, given the time and money bidders need to expend on the process.

The preferred delivery model (formal joint venture) for Winstanley-York Road meant that OJEU and competitive dialogue was the only option. The delivery model for Alton was via a contractual development agreement. Having reviewed the options, the decision was taken to seek a partner via a framework – the London Development Panel. Dialogue (in the informal rather than OJEU sense) is reduced but the timescales are broadly the same.

Both schemes attracted strong interest and had strong long and shortlists. The procurements were successfully run in parallel and at the time of writing Alton was under contract and Winstanley-York Road expected within weeks.

Aerial view of Winstanley-York Road Estates



Image 5

OPTIONS APPRAISAL - DELIVERY MODEL FOR REGENERATION SCHEME								
Option	Financial Viability/Return	Level of Risk	Timeline	Level of Control	Ease of Delivery	Securing additional benefits	TOTAL Score	Ranking
Weighting	1	2	0.5	1.5	0.5	0.5		
Option 1 - Conditional land sale (avoiding OJEU)								
Average score	4.7	14.0	2.5	2.0	4.7	0.5	28.4	3rd
Option 2 -Development Agreement								
Average score	5.0	12.0	3.3	8.5	2.8	2.3	33.9	2nd
Option 3 - Joint Venture Partnership								
Average score	7.3	8.0	3.3	12.0	2.3	3.5	36.4	1st
Option 4 - Council delivers whole scheme								
Average score	7.7	2.7	2.7	10.0	2.0	3.0	28.1	4th

What have we learnt?

- An options appraisal is critical when deciding which procurement route and delivery model is right for a robust and transparent process,
- Understand the strengths and weakness of delivery options in relation to (for example) the council's appetite to risk level of control required
- Take advice
- Transparent decision making – make sure Members and senior officers understand the risks.

what areas were considered and the weighting applied for different delivery options. In this example, the factors with highest weighting were viability/return, risk and level of council control.

Reflections on the process – what we've learnt

- Get the right client-side team – ensure the client-side team has the expertise and, more importantly, the authority to speak credibly on behalf of the council. In our case the Director of Finance led the team with senior support from the property and regeneration teams
- Resource it properly – make sure you

have the right skills and capacity. This creates confidence from bidders e.g. queries are responded to swiftly, procurement timescales are met. Bidders will often be looking at multiple bids and in the early stages, it is important to create confidence from bidders that you are a council they can do business with

- Be a strong client - this may be self-evident but if you're unhappy with your consultants or a bidder's proposal then speak up! And use plain English so there can be no doubt that people are aware of what you want
- Get the right advisors – consultants always say this but it's true. This is twofold – you need firms with the right expertise and experience to support you, but they also need to have credibility in the market. Bidders will look at who your consultant team is and use it as a proxy of how serious or competent you are. Choose wisely
- Be patient, be resilient, retain a sense of humour. These will be necessary if you are to survive week-long dialogue sessions!

The options appraisal template shows



AFFORDABLE HOUSING IS STILL A 'POLITICAL FOOTBALL' – DO GUARDIAN SCHEMES HOLD THE KEY?

Tim Lowe

'Tim is a 29-year old entrepreneur that is passionate about utilising vacant space to provide quality and affordable housing for today's 'generation rent'.

Over the last 2 years, Tim has worked with developers, investors, funds and public services on numerous vacant sites to provide property owners with an efficient and secure service for their vacant properties. At the same time, this service provides London's keyworkers and creatives with affordable accommodation.

Prior to setting up on his own, Tim worked at Knight Frank's Private Rented Sector team where he conducted a comprehensive assessment with the Estates Gazette to discover if any truly affordable solutions existed for London's young workers today. Labelling the project 'Lowe Cost Living', it involved searching for (and ultimately living in properties under £500 a month in central London. tim@loweguardians.com and www.loweguardians.com

Tim describes in enthusiastic hands-on fashion one solution to the critical state of affordable housing in London, by utilising vacant space. "I believe that now is the time for the residential sector to adapt, and guardian schemes could be the next big thing." There are some 'cool pads' illustrated!

Dire straits

When Theresa May became Prime Minister on 11 July last year, she promised one million new homes in the UK by 2020 to alleviate the problems of the housing crisis. If this commitment is to be fulfilled, the current new-build rate of around 170,000 properties a year will have to be increased radically. Last week, the head of the UK's largest housebuilders, Berkeley Homes, stated categorically that the target would be missed emphatically. Excessive property taxation; a lack of land ready for developing, as well as a lack of commitment from Westminster were cited as some of the reasons to blame.

The housing crisis gets even worse when we look at London specifically. London's population was actually in decline up until the late 1980s where it stood as low as 6.6m. However, since that time, it is thought to have overtaken its previous peak of 8.6m last year, and is expected to hit 10m by 2030.

As a city, we must look to provide

affordable property to accommodate for these unprecedented increases. Currently, London is failing the younger generations. Average London house prices passed £600,000 for the first time, and median rent is an astonishing £1,400 a month. Everyone knows we have a housing crisis but it has become more of a buzzword for political point scoring than a serious, or rather realistic, call for action.

So how do we solve this problem?

In 2017, whichever way you look, you're seeing major disruptions to established business models. Like it or not; Uber has utterly transformed travel across our capital; the likes of Deliveroo and Just Eat are revitalising the food takeaway industry, and companies like WeWork are providing





a totally unique proposition with shared workspace for London businesses.

I believe that now is the time for the residential sector to adapt, and guardian schemes could be the next big thing.

In themselves, guardian schemes are nothing new. In fact, I've experienced them at first hand. While working at Knight Frank back in 2014, I wrote a series of articles for the Evening Standard that showcased my experiences of guardian living. I have to say that I wasn't overly impressed: I shared a disused office in Gospel Oak, NW5, with 20 others, sharing one shower, a makeshift kitchen, heating on 24/7 during the summer months, and a rat infestation. This was not a one-off: the guardian industry has caused a stir for providing substandard conditions for their habitants, with very little effort made to rejuvenate the buildings they are guarding.

Despite these experiences, I still felt that traditional guardian schemes were missing a trick. The opportunity was huge: according to Policy Exchange, disused commercial land and buildings in London could be redeveloped and could provide up to 420,000 additional homes.

In 2016, I started my own company, Lowe Guardians. The vision of Lowe Guardians is simple: we provide property owners with a professional, efficient and low-cost solution to the problems created

by leaving a building vacant and at the same time, providing quality affordable accommodation for London's young professionals, keyworkers and creatives. All of our properties are cared for, and we make sure they are fully fitted out to a decent standard. We also provide a cleaner, Wi-Fi, amazing communal spaces and events. At the heart of what we are trying to do, is to instil a sense of community into every space we take on.

Mutual benefits

The benefits to both parties sell themselves. Landlords do not want

squatters; they want their vacant buildings to be managed properly, avoiding the costs associated with leaving a building vacant. Equally, guardians want quality and affordable accommodation in the heart of London. Guardian schemes have the potential to keep both parties happy.

Currently, we have a variety of properties in our portfolio, including a former police station in Chelsea, an 19th century pub and an art deco building in Clerkenwell. I'm acutely aware of the short-term nature of each building I take on. In time, I hope to have enough buildings coming on stream, so that when one drops off, I am able to rehouse my guardians in a new exciting space. I have also been exploring the possibility of producing a modular housing unit which can be placed inside a vacant space, allowing me to be even more creative with the space at hand.

Sadiq Khan proclaims to be "a mayor for all Londoners." Sadiq – if you or any of your advisors are reading this, I would love the opportunity to sit down with you and discuss how we can encourage more guardian schemes to be rolled out across London to help solve a housing problem that blights this fantastic city. [Ed – maybe a few estate managers of London Boroughs might have some vacant properties? Just a thought].





DEVELOPMENT IN BRENT HOUSING ZONES

Malcolm Newman

Malcolm, Director and Head of regeneration at Gateley Hamer, is a chartered surveyor with 25 years' experience of working in both public and private sectors directing, managing and delivering large scale, commercial, residential, education, and mixed use urban regeneration projects in complex partnership and funding environments.

He has extensive experience of all aspects of strategic and delivery functions of regeneration, including marketing of land and securing public private developer partnerships, preparation of business plans, option appraisals, securing funding, and negotiating complex joint ventures, collaboration, development and funding agreements. He specialises in land assembly, compulsory purchase procedure, assessment and negotiation of compensation, and expert witness work. malcolm.newman@gateleyhamer.com

This article outlines the outcomes of using dedicated teams and project managers to deliver successfully regeneration schemes in a London borough. "Public private partnerships are going to become increasingly important as we strive to become more creative in our attempts to achieve the targets for new housing across the country."

Introduction

A £700m programme of housing-led, mixed-use development in Brent, London, is a step closer to fruition thanks to the work of a key figure in the Gateley Hamer team.

Regeneration director Malcolm Newman was appointed by the London Borough of Brent Council in October 2015, to establish and drive forward the development of 2 Housing Zones in Wembley and Alperton.

And, just over a year on and with a series of challenges around governance, project management, funding, engagement and land assembly all overcome, Malcolm's role has come to an end but he has left a sense of optimism within the regeneration team at the council that the ambitious and exciting plans will be delivered in the 2 Housing Zones over the next 8 years.

"The plans for each Housing Zone have advanced considerably over the course of the commission," said Jon Lloyd-Owen, Operational Director for Community Services at the council. "This is to the credit of Gateley Hamer and they have left a strong platform for further progress.

"I have no hesitation in commending their work and the contribution of the lead consultant Malcolm Newman at Gateley Hamer and recommend them for similar commissions."

The background

The programme of residential-led mixed use developments is supported by the Greater London Authority (GLA) which has indicated a willingness to invest more than £20m in various schemes across the Housing Zones to increase the supply of affordable housing.

I was appointed on a fixed-hours contract and co-located with the client in its regeneration team at its award-winning Civic Centre building, Wembley, 2 days a week. The scope of work included:

1. Governance - to develop governance arrangements, agree terms of reference, assemble a project team and establish regular board and multi-disciplinary project team meetings to drive the programme forward
2. Project management - prepare,

review and update project plans, risk and issue registers, along with communication and stakeholder management plans, to ensure the programme and its component projects are managed effectively

3. Funding – prepare business cases to secure investment commitments from the council and GLA, and negotiate and complete GLA funding agreements
4. Key landowner and developer engagement - negotiate and work in partnership with key landowners and/or developers to deliver complex major joint venture projects
5. Land assembly and compulsory purchase - commence land assembly and preparation for compulsory purchase
6. Coaching and staff development - provide support, counselling and mentoring to team members.



Aylesbury House

Delivery – Wembley

Governance and project management arrangements were put in place in the early weeks of my appointment and in-principle funding commitments were secured from the GLA by March 2016, with completion of Overarching Borough Agreements for each of the 2 Housing Zones.

I had to call upon all of my experience as senior development manager at Advantage West Midlands and project director of the University Quarter, Stoke-on-Trent, where I established a number of partnership structures, developed many complex projects and secured funding in line with HM Treasury Green Book guidance.

The scheme that has emerged at Wembley was one focused along the eastern fringe of Wembley town centre, a key area for linking the town centre with the new developments taking place around the national football stadium, led by developer Quintain.

The scheme proposals had to be re-planned in the early months of my arrival, when it became apparent that many of the empty or underused office buildings originally identified were already coming forward for conversion to residential use under permitted development rights, and had therefore become unviable for redevelopment.

A new scheme proposal was established under my direction, following lengthy

discussions with key stakeholders. The planned approach now is to promote the acquisition and development of a £250m rolling programme of newly identified sites along Wembley High Road, bringing forward hundreds of new-build homes, including a target to maximise affordable housing, and deliver significant commercial space at ground floor level.

Delivery in Wembley could be through a corporate joint venture vehicle (JVV) with a developer which owns adjoining land in the area of the High Road.

I led the negotiations to draw up the terms and structure of the proposed JV,

compliant with procurement regulations, State Aid rules and 'best consideration' requirements and left with a business plan in development.

In parallel to these discussions, the council and developer have commenced a programme of property acquisitions to add to their existing assets in the town centre, with as yet no recourse to the use of compulsory purchase.

Delivery – Alpertton

In the Alpertton Housing Zone, the council does not own any land and so my role involved engaging with landowners and developers to help accelerate delivery of housing-led schemes on various run-down industrial sites allocated in the local plan and/or earmarked for residential-led mixed-use development as part of the Housing Zone designation.

A total of 3,200 residential units are now proposed across 8 sites to create 3 distinct new neighbourhoods along the Grand Union Canal and River Brent, in line with the Alpertton Masterplan Supplementary Planning Document.

I was supported by Brent's regeneration team and acted as 'development champions' of the council to ensure the landowners and developers were supported:

- with the potential use of the council's compulsory purchase powers to complete assembly of various sites



Braunston House



Marsworth House

in fragmented ownership. I advised on the strategic approach to the development of projects in line with government guidance on compulsory purchase procedure, to ensure the public benefits of schemes are capable of being evidenced and a compelling case made for the use of the powers that minimises risks to the council and their developer partners

- with technical evidence to demonstrate how improved connectivity across the central area of the Housing Zone could lead to increased densities of development. I worked with the council's highway consultant to prepare a transport assessment specification which included a route options study to explore the feasibility of improving the public transport accessibility levels. The output of this study will demonstrate the key transport and regeneration benefits of a preferred route(s) and provide the evidence to secure funding and justification for use of the council's compulsory purchase powers, if that is necessary
- to de-designate a 7.65 ha Strategic Industrial Site and secure potential grant funding to increase the level of affordable housing on a major site capable of delivering more than 1,300 residential units.

The 3 photographs show a 441-unit residential scheme by developer Hill and Network Living, the first significant development to be delivered within the Alperton Housing Zone.

Summary

The work we have undertaken has left a clear way forward in Wembley and Alperton that will see the creation of thousands of new homes, new jobs and will leave a lasting, regenerative legacy in the area.

Public private partnerships are going to become increasingly important as we strive to become more creative in our attempts to achieve the targets for new housing across the country.

There are sites out there that are ripe for development but it requires a joined-up plan between several parties – often public and private sector – to get things moving and that's why utilising specialist services is to be advised.

Even then, it still takes time, but it means more sites being brought forward, more homes being created and a better use of available land.

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PUBLIC HOUSES AND 5 YEAR HOUSING LAND SUPPLIES

Jamie Childs and Paul Wootton

Jamie is a solicitor at leading regional law firm, Howes Percival LLP. Jamie advises developers, landowners and promoters on all aspects of planning law in connection with a wide variety of residential and commercial development projects. Jamie also specialises in licensing law and is regularly asked to advise clients on applications for new or varied premises licences. jamie.childs@howespercival.com



Paul is a solicitor, partner and head of the Planning Team at Howes Percival. Before joining Howes Percival, Paul was the head of both the Planning Team and the Energy and Natural Resources Team at a major international law firm. Paul advises developers, landowners and public sector bodies on all aspects of planning law and has in particular advised a number of clients on 5-year housing land supply issues both in applications and on appeal. paul.wootton@howespercival.com

I am lucky enough to have received a double bill from Howes Percival, following Paul's appearance at an ACES Eastern event. First up, Jamie provides an update of the latest developments in planning law affecting the development and change of use of public houses, and in relation to ACVs. This is followed by Paul explaining the recent decision of the Supreme Court on the interpretation of policies when a local authority cannot demonstrate a 5-year supply of housing land, and gives some useful advice at how now to apply that decision when authorities are faced with major housing developments.

Section 1 - Pubs and planning law: are you up to date?

Introduction

With increasing pressure on public finances and the growing number of closing or empty pubs, these premises may be seen as an attractive development opportunity to raise funds and indeed where a closed pub is blighting a neighbourhood, local authorities may wish to intervene and lead the regeneration of such premises. Alternatively, local authorities may be concerned to see that developers do not leave towns and villages in their district devoid of pubs through the conversion of these premises into different uses.

However, in recent years the government has been constantly tweaking the planning regime relating to the development and change of use of public houses, meaning increased care should be taken when considering the development of these premises.

Permitted development rights for public houses - what has changed?

The Neighbourhood Planning Act 2017 was given Royal Assent on 27 April 2017 and among other things, legislated for changes to permitted development rights (PDR) for pubs.

The relevant provisions of the Neighbourhood Planning Act 2017 led to the amendment of PDR as follows:

- Removing the right to demolish buildings in use (or last used) for a purpose within Class A4 (drinking establishments), including drinking establishments with expanded food provision (see further below)
- Removing drinking establishments from PDR under Schedule 2 Part 3 Class A of the Order which previously allowed the change of use of drinking establishments to Class A1 (shops) or Class A2 (financial and professional services) subject to certain limitations, conditions and restrictions
- Establishing a new PDR under Schedule 2 Part 3 Class AA for the change of use of a building and land within its curtilage as follows:
 - From Class A4 (drinking establishments) to a use as a drinking establishment with expanded food provision (within use Class A4 and Class A3 (restaurants and cafes)) and
 - From a use as a drinking establishment with expanded food provision back to a use solely under Class A4
- Removing drinking establishments from PDR under Schedule 2 Part 3 Class B which previously allowed the change of use of drinking establishments to a use under Class A3 (restaurants and cafes)

- Amending the PDR for a change of use to a state-funded school for 2 academic years within Schedule 2 Part 4 Class C of the Order so that this no longer applies to buildings within Class A4 (drinking establishments) or drinking establishments with expanded food provision
- Revising the PDR for a change of use to a temporary flexible use within Classes A1, A3 and B1 under Schedule 2 Part 4 Class D of the Order so that this no longer applies to buildings within Class A4 (drinking establishments) or drinking establishments with expanded food provision.

What do these changes mean in practice?

The Neighbourhood Planning Act 2017 was the subject of a great deal of debate prior to receiving Royal Assent which was also just before Parliament was dissolved on 3 May 2017. Frankly, it does not appear that the finer details and implications of the amendments set out above were thoroughly considered and any person considering a change of use or works to a pub, whether a landlord, publican, developer or a local authority charged with regulating development in its district should carefully consider the effect of these changes and whether they really have the desired effect of protecting pubs at all.

In summary, the PDR are much more limited and planning permission is likely to be required more frequently when changing the use or redeveloping pubs.

In respect of the new rights allowing expanded food provisions, careful attention should also be given to whether a particular pub actually does come within Class A4 (drinking establishments) and what a “change of use” to a “drinking establishment with expanded food provision” within both Class A4 and Class A3 (restaurants and cafes) actually means, given that Class A3 (since April 2005) covers “*Use for the sale of food and drink for consumption on the premises*”.

For instance, if it may be argued that a particular pub falls within Class A3 rather than Class A4, then the Order shall still allow (subject to limitations, conditions

and restrictions) the change of use of such premises to Class A1 or Class A2 use. This is only one example of potential circumstances where these so called “pub protection measures” shall offer no such protection.

There are also detailed transitional provisions for those who have already begun the notification and prior approval procedures (as appropriate) applicable to those PDR which have been removed before 23 May 2017 and for those areas subject to an Article 4 direction, which has the effect of removing PDR.

Assuming one has concluded that a pub in question does fall within Class A4 (including drinking establishments with expanded food provision), then the effect of the removal of the demolition PDR is clear cut. Planning permission shall be needed for demolition of such a pub. Developers and owners of pubs shall need to bear this in mind when proposing to redevelop a pub, particularly given the potential on-going liability for business rates while the pub in question remains in existence, which will be a concern for local authorities.

Developers and owners of pubs seeking to rely on PDR will also need to ensure that their local planning authority has not limited the application of such rights for the particular building or the area through an Article 4 Direction, or there is an express planning consent that may restrict the proposed use. Where local authorities wish to restrict the use of these PDR, they should consider whether they should progress an Article 4 direction.

Assets of community value - what are ACVs and what does ACV status mean?

During the debate leading to the PDR changes discussed above, it was stated in Parliament that there are thousands of pubs listed as assets of community value.

ACVs are not a new concept, having been around since 2012. However, recently we have seen a significant increase in nominations to list land or buildings as an ACV, particularly given the Campaign for Real Ale’s drive to achieve the listing of 3,000 pubs as ACVs.

We do sometimes find that local authorities who are not familiar with ACV applications in their areas can be poorly set up to deal with these, as they do not have the proper procedural processes in place.

The ACV regime does not just affect pubs but can also lead to the listing of community centres, gyms, areas of open (and potentially developable) land and any other land or buildings meeting the relevant legal tests [Ed – see Debbi White’s article in 2016 Winter Terrier regarding ACV nomination, appeals experiences, and the recent predominance of pubs listing].

In summary, the ACV regime allows certain bodies (parish councils, community organisations, etc.) to nominate land or buildings to be registered by a local authority as an ACV. If the local authority concerned decides to add the asset to its register of ACVs it shall remain on its list for 5 years (unless sold). If an ACV is put up for sale there is then a 6-week moratorium period where a community group may express an interest in bidding for the asset. If an interest is expressed, a 6-month moratorium period shall then begin from when the asset is put up for sale to allow a community group to compile a bid.

It should be made clear that this does not mean a community group has a “right” to buy the ACV during the 6-month moratorium period but that it has the opportunity to bid, with no obligation on the vendor of the ACV to accept such a bid. However, this does mean that no sale to a bidder who is not a community group may be concluded during the 6-month period, although negotiations may be progressed.

Following a nomination of land or buildings as an ACV the local authority has 8 weeks to decide whether to nominate an asset if they consider it meets the definition set out in section 88 of the Localism Act 2011.

While there are mechanisms for the owner to call for an internal review of a local authority’s decision to list an asset as an ACV after the listing decision and also to appeal to a Tribunal from this review, these routes are often time-consuming and costly, although necessary in certain circumstances. Local authorities need to

have internal processes set up to ensure they comply with the timetables set out in the ACV Regulations.

Under the ACV regime an owner of an ACV may claim compensation from the local authority for losses and expenses which would not have been incurred if the premises had not been listed. Listing of a pub used to have implications for the use of PDR but this has now been negated by the PDR changes discussed above.

However, the ACV regime remains a nuisance to owners of ACVs seeking to dispose of them and developers looking to purchase land or buildings registered as an ACV as a result of the 6-month moratorium period delaying sales and affecting funding. In addition, in certain circumstances it shall be appropriate to treat an ACV listing as a material consideration in the determination of a planning application which could affect development proposals.

Should you wish to discuss the implications of the latest changes to planning law affecting pubs in more detail please do not hesitate to contact a member of our specialist planning team or the author and planning and licensing law specialist, Jamie Childs.

Section 2 - Supreme Court rules on 5-year land supply provisions

Overview

The Supreme Court's much anticipated judgment was handed down recently in the case involving Hopkins Homes and Richborough Estates v Suffolk Coastal District Council and Cheshire East Borough Council [2017] UKSC 36. This judgment provides developers, promoters and local planning authorities with clear and authoritative guidance on the application of the National Planning Policy Framework (NPPF) and presumption of sustainable development in the context of a lack of 5-year housing land supply.

Introduction

Those promoting or deciding planning applications will be all too aware of the "presumption of sustainable development" and the concept of "5-year housing land

supply" in the NPPF. The approach to decision making in planning applications for residential sites also has a wider social importance, given the ongoing concerns about the rate of housebuilding in our country against the huge demand. In summary (by reference to paragraph numbers in the NPPF):

1. Local Planning Authorities (LPAs) are required to "identify and update annually a supply of specific deliverable sites sufficient to provide 5 years' worth of housing against their housing requirements". This is subject to an additional 5% or 20% buffer dependant on whether there has been persistent under delivery. (Paragraph 47)
2. Paragraph 49 provides: "*Housing applications should be considered in the context of the presumption in favour of sustainable development. Relevant policies for the supply of housing should not be considered up-to-date if the local planning authority cannot demonstrate a 5-year supply of deliverable housing sites*" (my emphasis)
3. The "presumption" is contained in paragraph 14 and includes:
 - a. approving development proposals that accord with the development plan without delay. This is in line with the usual section 38(6) statutory presumption in favour of the development plan
 - b. where the development plan is absent, silent or relevant policies are out of date, granting permission unless:
 - i. any adverse impacts "would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework as a whole." This is known as the "tilted balance" in favour of granting permission; or
 - i. specific policies in the NPPF indicate development should be restricted, which include those policies under Footnote 9, e.g. SSSIs, Green Belt or AONBs ("Footnote 9 Policies").

Issues before the Supreme Court

Over many years developers and local authorities (and indeed lawyers) have become increasingly frustrated as to the lack of consistency in the application of the NPPF, in particular paragraph 49. In recognition of this, the Supreme Court grappled with 3 key issues to bring "much needed clarity to the meaning of the policy":

1. The interpretation of paragraph 49 and what is meant by a "relevant policy for the supply of housing" and which of the following interpretations apply:
 - a. "Narrow", i.e. only those policies limited to numbers and distribution of new housing, such as policies which specifically support development within settlement boundaries
 - b. "Wider", i.e. including both policies for the supply of new housing and other "counterpart" policies, whose effect is to restrain the supply by restricting housing in certain parts of the LPA's area. Such "counterpart" policies may include those policies which restrict development in the countryside or other areas
 - c. "Intermediate", i.e. as per the "Wider" interpretation, but excluding policies designed to protect specific areas or features such as green gap policies or those that protect a particular landscape designation
2. The legal status of the NPPF
3. The relationship of the NPPF with the development plan.

The Supreme Court's conclusions

In a decision spanning 30 pages, their Lordships conclusions may be summarised as follows - to some extent taking the above issues in reverse order:

1. The primacy of the development plan is emphasised and the section 38(6) exercise remains the starting

point, i.e. planning applications should be determined in accordance with the development plan unless “material considerations” indicate otherwise

2. Case law has correctly established that the Court may rule upon the interpretation of planning policies, but the application of planning policies is a matter of planning judgement for the decision maker, whether LPA or Secretary of State on appeal (my emphasis). The Court will not interfere with such judgements unless irrational or perverse
3. The NPPF is to be treated as a “material consideration”
4. The “narrow” interpretation was to be preferred in the context of paragraph 49. The Court of Appeal was wrong to conclude that a “relevant policy for the supply of housing” meant a policy “affecting” the supply and was wrong to interpret the word “for” in such a manner. The Supreme Court disagreed with the Court of Appeal’s view that a relevant paragraph 49 housing policy could even extend to any policies which restrict where new housing may be development, e.g. Green Belt, AONB and general countryside protection policies
5. However, the question as to whether a policy is or is not a relevant policy for the supply of housing is irrelevant and “unnecessary”. The “important question” is whether the LPA has a 5-year land supply in accordance with paragraph 47 of the NPPF and “it matters not whether [a failure to have a 5-year land supply] is because of the inadequacies of the policies specifically concerned with housing provision, or because of the over-restrictive nature of other non-housing policies”. The “shortfall is enough to trigger the operation of the second part of paragraph 14”. (my emphasis)
6. With regard to the Footnote 9 Policies under paragraph 14 that restrict development, this is not an exhaustive list and is read to include related development plan policies and those policies to which the NPPF refers,

e.g. Green Belt. This should be seen in the context of the proposals in the Housing White Paper to limit the application of Footnote 9 to those policies currently listed there (with the addition of Ancient Woodland and aged or veteran trees)

7. Both appeals brought by Suffolk Coastal and Cheshire East were dismissed, albeit on narrower grounds than the Court of Appeal; the key issue being the approach taken to the application of paragraphs 49 and 14.

Implications and the inevitable question... what now?

While the industry was hoping for immediate clarity from the Supreme Court, the decision may be seen as somewhat of a “curveball”. The arguments by the parties in the Supreme Court focussed on what should and should not be a relevant policy for the supply of housing for the purposes of paragraph 49, and the industry was anticipating a wider interpretation in line with the Court of Appeal’s judgment.

Instead, the Supreme Court has largely cast this consideration to one side, and instead shifted focus to the lack of 5-year housing land supply under paragraph 47, which the Court found automatically triggers the paragraph 14 presumption.

Therefore - in some senses - the fact that the Supreme Court applied a narrow interpretation to paragraph 49 policies (i.e. that only those policies that specifically allocate housing or deal with numbers may be considered out-of-date under paragraph 49) is less important. The key consideration is whether or not the paragraph 14 presumption or “tilted balance” (which is found to apply automatically) is sufficient enough to outweigh any development plan conflicts. The weight to be applied in this “tilted balance” should be decided after careful consideration, including the extent a particular policy is the cause of the under-supply of housing.

LPAs in the process of writing their committee reports and in considering planning applications where 5-year housing land supply is a key issue need to

take note of the Supreme Court’s decision and act accordingly. LPAs need to give real consideration to this to avoid the real risk of a judicial review founded on the basis that the LPA’s decision-making was flawed as a result of getting this procedure wrong. The practical approach in my view for robust decision-making is that planning applications should be determined by following the approach below:

1. Consideration of the development plan. A planning statement or committee report, for example, should work through each relevant policy, consider compliance with each policy and identify the extent of any conflicts. As it is not usually necessary to comply with each and every strand of each and every policy, can it be argued that the development plan is complied with on the whole?
2. Where there is no 5-year housing land supply, the Court seems to indicate that paragraph 14 is automatically triggered. The question to be considered is whether or not the adverse impacts of granting of planning permission would “significantly and demonstrably” outweigh the benefits, with the weight to be applied a matter of planning judgement. This may be in light of relevant material considerations or indeed on the extent a particular policy is the cause of the deficit in a 5-year supply
3. Are any Footnote 9 Policies relevant (including the corresponding policies in the development plan) that may restrict development and prevent the application of the paragraph 14 presumption?
4. Assuming, following 2 and 3 above, the presumption in paragraph 14 is met and applies, does this outweigh any conflicts with the development plan identified, following the assessment at paragraph 1 above?
5. Finally, are there any other material considerations that need to be weighed in the balance? This could, for example, include the recent Ministerial Statement concerning neighbourhood plans - a summary of which may be found here: <https://www.howespercival.com/>

[resources-and-events/articles/housing-white-paper-and-legal-update--neighbourhood-planning](#)

In summary, while the Supreme Court's decision appears to have changed the goal-posts for housing proposals where the LPA has a lack of 5-year housing land supply, the decision has brought some clarity and will be seen as a positive step forward by developers.

The application (including the weight to be attached) of development plan policies, NPPF and the presumption remain matters of planning judgement for the decision-makers, who retain an extremely wide discretion. Developers must therefore try and ensure that their applications are drafted robustly and planning statements are prepared to deal properly with the conclusions of the Supreme Court which make detailed submissions as to the weight that should be applied to development plan policies in the context of paragraph 14. Where there is no 5-year housing land supply, LPAs will need to

carry out the careful balancing exercise summarised above to assess whether, in effect, the presumption in favour of the development plan should be overturned due to other material considerations, not least of which will be the need to boost the supply of housing (including affordable housing) and the contents of the NPPF.

This may cause developers to revisit planning applications in the system and supplement their planning statements with a short addendum to guide LPAs through the implications of the Supreme Court's decision and how this affects the assessment exercise. The intention of this would of course be to emphasise why permission should still be granted, despite the change in approach to the NPPF application.

While it is inevitable that fewer policies could be argued as having less weight under paragraph 49, it may still be possible to argue that less weight should be afforded to those policies depending on

whether they are a cause of the lack of 5-year supply. Policies which simply state no development outside development boundaries or in the countryside may be a prime example, and therefore the ultimate balancing exercise and outcome as to whether permission should be granted is likely, in my view in the majority of cases, to remain the same as it would have been under the Court of Appeal judgement.

It will also never be more important for developers to add and emphasise any planning benefits of the scheme, to help ensure that the "*tilted balance*" remains tilted in favour of granting approval by the LPA or inspectors on appeal. LPAs will continue to have a wide discretion in determining planning applications (irrespective of a lack of 5-year housing supply) and LPAs can anticipate that applications will continue to be drafted carefully with one eye on an appeal, to ensure the planning arguments can withstand the scrutiny of an Inspector and maximise the prospects of securing permission against LPA refusal.



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CREWE'S NEW LIFESTYLE CENTRE HAS BOTH LIFE AND STYLE

Steve Cottle

Steve is a project manager with Cheshire East Council delivering a range of construction projects. Starting his career in civil engineering with Cheshire County Council, he then work for a number of local authorities as a designer, before becoming a project manager with Manchester Airport in 1989. This was followed by a role in the education sector with the consultant AA Projects. He has managed a wide range of projects from control towers to higher education, hotels and retail, enjoying the challenges and new clients the role brings

It is now just over a year since the Crewe Lifestyle Centre opened its doors and in that time the building has won a number of regional construction awards, while users tell us of the benefits it has brought them and how these have exceeded their expectations. "Creating an integrated user team, with a shared vision, meant that rather than simply being a set of co-located services, each service was an integral part of the whole Lifestyle Centre offer."

Background

So how did Cheshire East Council go about developing this £16m project and how did it come to exceed on its planned outcomes?

Firstly, the council looked at the underlying lifestyle and health issues among the people of Crewe – high mortality rates in those aged under 75 (that exceeded the rest of the Cheshire East population), high levels of alcohol and smoking-related disease, low levels of exercise or regular activity, while obesity figures – among the young as well as the older population – made grim reading.

As a 'Residents First' council, Cheshire East recognised the need to bring key services together to improve lifestyle and the health outcomes of its Crewe residents. Committed to a key objective of wishing to see residents live long and healthy lives, the council worked to bring community services, including specialist child care, adult day care, special needs provision, leisure and fitness all together under one roof, helping to combine adult social care together with the physical activity element of its wider health strategy.

These services were previously provided in buildings that were no longer 'fit

for purpose', including the old 1930s swimming baths. Attempts to adapt or refurbish these buildings would have been cost-prohibitive and would have created an unacceptable level of disruption to vulnerable service users. With this in mind, the council opted to build a new fully integrated facility.

Cheshire East Council adopted the Northwest Construction Hub framework for its major projects. It invited tenderers from fully integrated design and construction partners to join the council's assets team and the service teams who would ultimately work in the building, to form the full project delivery team.

Selection of a contractor was determined by a short mini-tender process for fixed pre-construction fees based on an NEC3 Option C 'pain and gain' contract. Kier, along with architects Pozzoni, mechanical and electrical engineers Tace, and structural engineers Clancy successfully bid for, and won the contract.

The programme approach was to bring in the contractor and its design team at the earliest possible stage to co-develop the brief and design – the council had a vision, a site, a budget and a very large wish-list from the users.

The council's 'User' team was made up of operational staff that would take the project through design, commission and operation, with strategic direction from the council's commissioning teams to ensure that the overall objectives were being met.

Working to a tight deadline, timely design decisions were essential. The project benefitted hugely when the council's cabinet portfolio holder for adult social care joined the team and took full part in the weekly design workshops.

The first task was to engender the Lifestyle vision within the service teams, to ensure that this unique opportunity to provide a full integrated community offer was not lost. Creating an integrated user team, with a shared vision, meant that rather than simply being a set of co-located services, each service was an integral part of the whole Lifestyle Centre offer. Every room and space was scrutinised and its purpose challenged, to explore how it could be used by others and how it would benefit them.

The original site proposed for the centre was in a residential area next to an athletics track. It provided ample space for parking, garden spaces and options for integrating the athletics facility with

2 views of the reception



the lifestyle centre's dry changing rooms, reception area and other amenities. However, highways assessments cast doubt on the site's accessibility to large vehicles, while local residents also expressed concern about traffic volumes. Following a public meeting, this site was rejected and the present site in the centre of Crewe was identified as the most suitable location.

Developing the vision

The new site was an existing short-stay car park within the town's civic and cultural quarter, which offered the additional benefit of improved accessibility to public transport, and close proximity to the town centre and other services. Full traffic and parking impact surveys were carried out, showing that there would still be spare parking capacity available and little impact on traffic volumes.

Pozzoni Architects (the main contractor's architect) was appointed directly by Cheshire East Council to produce a Vision Statement for the civic and cultural quarter and, as part of this masterplan, the opportunity to spark regeneration in the area was recognised, if the council chose to invest in a large development project. With a possible new site identified, a revised feasibility scheme was developed to test the proposal.

Meeting the council's ambitions for Crewe's Cultural Quarter, the project attracted further regeneration funding to enhance the public realm and tie it in to the town centre. The site had an existing highway running through it and so, with this route in mind, the building was designed with a large reception that formed a through-route for pedestrians who, while not accessing the facilities of the centre, would get to see what the centre had to offer.

Design features

Determined that this project would deliver more than just a leisure centre, the council instructed the architects to integrate the town's library into the scheme, providing modern, versatile and comfortable surroundings for customers. Although this increased pressure on the footprint, the quality of the design provided by the architect maintained flexibility within the building.

An essential element of the project was the provision of community-focused day care facilities. These included adult day care services and dedicated vehicle drop-off areas. Six rooms were dedicated to meet the special needs of particular users, together with 'Changing Places' changing facilities, specialist children's services and family rooms in a domestic environment, a play area, extensive hoist access and sensory room, all in a safe and secure quarter of the building. The community hub would enable these groups to better integrate with the wider community by accessing the wider range of opportunities and services being provided under one roof.

In line with best practice and to bring ideas to the project, the Alzheimer's Society was approached for advice to

help make the building dementia-friendly. Although Pozzoni had already embedded the latest thinking in its designs, workshops were held to suggest other ideas, resulting in colour coding of doors and large pictorial images in the signage.

The sports and leisure offer included a highly-adaptable sports hall with acoustic features and a high-quality audio system, enabling a conference-style or council chamber layout, marked out for a variety of sports and indoor activities. A 25m 8-lane competition pool, a 17m learner pool plus a 100-station, state-of-the-art gym and exercise room with 2 studios, made up the leisure offer. With an emphasis on inclusivity, both pools were designed with platform lifts for wheelchair users and those with mobility issues. A café situated in the main foyer was designed for use by all service-users, staff and visitors, including shoppers.

Designed to a clear environmental brief with minimal carbon footprint, the building was constructed in 85 weeks, including phase 2 – the external public realm, grassed and seating areas. Outside, the building's cladding and glazing were designed to marry with the features of the nearby church, creating a visual linkage.

The building achieved an A Grade



Family Centre



Open plan office



Crewe Lifestyle night

design owing to its investment in eco energy management and systems such as additional insulation, a gas-powered combined heat and power plant for the pools, a thermal wheel heat recovery system and solar panel array on the flat roof structure.

Community engagement

As with many major public-sector schemes, stakeholder liaison and community engagement formed an essential component of the journey towards project completion, seeking to reach out to the widest possible target audience, especially in relation to the project's health and lifestyle objectives.

The project team organised public exhibitions and targeted presentations in the run up to the planning process with potential user groups and neighbouring businesses participating. The town's swimming clubs were extremely helpful and undertook trial swims of the pool during the commissioning process.

The council's adult day care clients were also involved in the engagement process and were invited to familiarisation visits, when their rooms and facilities were at the construction stage, allowing them to make

suggestions prior to completion. A weekly Friday afternoon tour became a popular opportunity for council staff, elected members, MPs and stakeholders to get a preview of the centre.

A further feature of the construction phase public engagement was the simulated 3D walk-through produced by the Building Information Model (BIM) showing the modelling techniques developed by the Kier team and the council's project team. This was an excellent communication tool, enabling professionals and public alike to 'visualise' the project as it began to take shape and form. It is hoped to use this again on future projects to help user clients input into the overall design development.

Project outcome

Following the successful project completion of the project, all commissioned services are now situated in their new accommodation. The sport and recreation elements of the building are run by Everybody Sport and Recreation (ESAR: an independent charitable trust affiliated to the council), and all service providers have an 'operational forum' to share any cross-service issues and maintain the overall 'lifestyle' vision. Benefits and service

improvements have already exceeded expectations while the family centre has been able to offer a greater range and higher quality of services, enabling families to enjoy leisure activities to which they would not previously have had access.

The co-location of adult day care services, from 3 out-of-town locations onto a town centre site, has seen improved efficiency directed into a wider range of care and support activities – all within easy walking distance of the town's shops and bus routes.

The library has increased its footfall beyond predictions, attracting greater numbers and a wider range of user groups. Computer-based job clubs, lego clubs, summer reading competitions and local history groups are regular users of this service.

The centre's leisure functions, managed by ESAR, which runs all the council's sports and leisure amenities, has seen significant take up by the people of Crewe (and beyond). Membership is up 360%, recreation swimmers up 440%, children's swimming lessons up 55% and 'AquaFit' sessions up 130%. Overall first year footfall is 750,000.

Industry awards

So far:

- APSE Best Service Team (Finalist)
- LABC (Local Authority Building Control) Best Public Service Building
- RICS North West Region Community Benefit
- Northwest Construction Awards – Best Value Project
- Northwest Construction Awards - Sub-Regional Project of the Year for Cheshire and Warrington.

Cheshire East Council has a long-term vision for Crewe and is in discussions with a developer over an ambitious town centre regeneration project, while high speed rail is predicted to bring a massive boost to the town's economy and prosperity from 2027. The Crewe Lifestyle Centre has effectively launched the exciting renaissance of this special railway town.



IMPLEMENTING A WORKPLACE TRANSFORMATION PROGRAMME IN THE PUBLIC SECTORE

Peter Scarlett

Peter is the Estate and Assets Service Manager at Dorset County Council, Chairman of the South West Branch and member of ACES Council. He has worked in local government for the past 11 years. Prior to that he worked in the private sector for 25 years, latterly for BAA Plc where he oversaw a workplace transformation project in its HQ building at Heathrow, as far back as 1994.

In this article, Peter sets out a few pointers on how to get staff to embrace cultural change through workplace transformation and describes the benefits to be derived from a transformation programme. Having been through it myself, the advice is 'ignore it at your peril'.

Jerry Seinfeld once observed 'People don't think of the office as a workplace; they think of it as a stationery store with Danish. They come in to get a pastry, envelopes, their general supplies, toilet paper, 6 cups of coffee and then they go home!' Sound familiar?

About a year ago when undertaking an inspection of one of our local offices with a capacity of 60 desks, I found just 6 members of staff in the building, including one sitting in the rest area doing her knitting! Upon confronting the manager of the team based in the building, she argued vehemently that the team needed all that space as they were peripatetic and at some point during the day they would 'pop in' to write up their notes. A year on and that team has moved to a new space about one third the size of its previous accommodation – and the staff are content.

Implementing workplace transformation is now a virtual necessity for public sector organisations. Get it right and the rewards can be significant, but get it wrong and

you have a rebellious and discontented workforce on your hands.

Our iceberg is melting

Anyone charged with implementing a workplace transformation programme would be well advised to read 'Our iceberg is melting: Changing and succeeding under any conditions' by John Kotter and Holger Rathgeber (St. Martin's Press, NY). The book is written as an easily understandable fable about a colony of Emperor Penguins living on an iceberg and how they (eventually) come to terms with the fact that their iceberg is melting. It takes the complex issue of change management and distills it down into a story that everyone can understand and sets out 8 steps to successful change which the group of penguins use, seemingly without knowing it. Those 8 steps are highly relevant to the process of rolling out a flexible working model in any large organisation.

So, how does one deliver transformation and bring the workforce with you? The answer is that it isn't easy and takes time and a lot of hard work. The author Larry Lorenzoni wrote: 'The average person thinks he isn't'. This quote is never more apt than when engaging with staff about transforming their workplace. No 2 teams purport to be the same and each person has individual needs that they wish to be catered for. And if you stop

for a moment to consider the statistic that the average office worker will spend a staggering 92,120 hours at work over their lifetime, or 14% of their whole life, it is perhaps not entirely surprising that office workers are highly protective of their work environment. This is particularly evident with local government workers, many of whom have opted to shelter in the calm backwaters of the public sector in order to avoid the rapid torrents of change that, in their eyes, besets the private sector.

Commencing a rollout programme in an HQ building will probably be more straight forward, as HQ staff are more likely to be 'on message' and generally more accepting of change. Ideas can be piloted and behaviours monitored more easily. However, once the programme extends to local offices in tucked-away locations, often accommodating a more sceptical and disillusioned workforce, things get increasingly challenging. This is where following Kotter's change model can pay dividends.

Implementing change

Changing an office environment can be a powerful catalyst for wider change to the culture of an organisation, so it needs to be done with sensitivity, thought and respect for the employees involved. It shouldn't simply be an accommodation project, rather it should be driven from the top, sponsored by a director and involve



County Hall, Wing N3 - before



County Hall, Wing N3 - after

HR, ICT and the Communications Team as a minimum.

A simple rationalisation project may take on average 6 months from start of communications to bedding-in of the teams involved and if the change model is followed, it would typically involve the following steps:

1. Communicate what is being proposed, why, and the time frame for implementation. If you are undertaking a wider programme, think about preparing literature setting out a vision, explain the benefits and how it will work in practice. You may need to be flexible to some degree to reflect the particular circumstances of a team, but don't get derailed from implementing the wider programme
2. Get a team on board who will see through the implementation of the specific project. This should include the Programme Manager, the manager(s) of the team(s) involved and hand-picked staff champions who are positive about change and understand the benefits of what you propose to do. HR should be involved too, to promote the cultural change aspect
3. Design the new space, with input from the implementation team. There will be a need for balance between uniformity and catering for specific needs. The skill of the Programme Manager will be put to the test in determining what is a necessity and what is a wish. Bear in mind, however, that some teams deal with confidential and/or distressing issues and may have a need for more supervision space

than may be provided as standard. Others may have need for increased storage space

4. Communicate the proposals. Take advice on how best to do this from your implementation team. A mass meeting may be the easiest method, but it can be hijacked by those who are against change and quickly descend into a negative session, or focus on a single issue such as lack of car parking. From experience, this stage is usually the most challenging part of any workplace transformation project. It is therefore important to convey to staff what the benefits will be and seek to banish their fears of change. Where possible publish supporting information that they can digest in their own time
5. Roll out the workplace transformation. When the time come to move teams, we have found that moving them into temporary space, where they can get use to the new ways of working and trial it prior to full implementation, works well
6. When moving teams into their new space, make an occasion of it. Perhaps lay on cakes or place a chocolate on every desk. Make people feel welcome. Ensure that members of the implementation team are available to answer questions and continue to emphasise the positives of workplace transformation
7. Embed the new working culture and make it stick. In the early days, it is important to ensure that the rules are enforced. Confront reversion to old behaviours (so ensure staff clear their desks at the end of each day,

work flexibly, etc) and continue to support the staff champions. Ensure that the team has what it needs to function effectively and be prepared to make changes in situ if they are deemed to be required

8. Continue to review the way teams are working. Do they have sufficient space, or too much space? We have yet to find a team that is unable to work on a 10:7 ratio and most teams quickly adapt to the new ways of working and find that they need fewer desks than they initially envisaged. However, it is important that alternative spaces are also provided – open zones for teams to overflow into if there aren't sufficient desks in their team areas, quiet working areas, breakout spaces, sufficient meeting rooms and a good rest area.

If you get it right it doesn't take long for a new culture to start to take hold.

Trip hazards

With any major transformation programme there will always be things that can trip you up and delay, or worse still, completely derail the project. A few issues that we have experienced are:

- **Storage** - This shouldn't be an issue, but invariably is. At an early stage in the project, it is important that the amount of storage to be provided is defined and agreed. The sooner that teams start to archive, or better still throw out what they don't need, the better. It is a time-consuming process, but it is more costly to have to shift hundreds of crates to a new location and accommodate them there. Our Finance Manager told

me that he had been moved 4 times over the past 5 years. Each time he had halved his paperwork and everything was now contained in a single tambour unit. Justification in itself for moving him!

- **Members** - Spending any capital on improving office accommodation can be perceived as wasteful by members during a time of austerity, when services are being cut. It is therefore important to get member buy-in to the business case at the outset, so that they appreciate the benefits that will be derived from a transformation programme. And brief the opposition too. Immediately prior to the recent local election we were horrified to read a headline in the Dorset Echo which stated that the county council was constructing a roof garden for its staff at County Hall. A prominent opposition member was quoted as saying that 'the county council was spitting in the face of council tax payers'. It transpired that she had seen a plan which had specified some window box planting on a balcony and had interpreted it as a roof garden. Politicians never let facts get in the way of a good story, especially at election time, so keep them well briefed and manage any publicity
- **Unions** - Be upfront with them from the outset. Demonstrate the benefits of the programme and you should be able to get them on board; after all you are spending money on improving their members' working environment. If you can get them on board they can prove to be a powerful ally and advocate for your programme
- **Parking** - This is perhaps the single most contentious issue that an authority will face when increasing the number of workers in a building. There is never enough parking and staff don't want to pay for it. Whether one charges for parking may depend on locality.

In Dorset, a year ago the county council introduced charges to park at 2 offices in towns with on-street parking charges. It did not, however, introduce parking

charges in any offices when the adjacent on-street parking was free of charge. Prior to introducing parking charges there was consultation with staff as to what criteria should be applied for the allocation of passes, given that demand outstripped supply. The outcome of these consultations concluded that priority allocation should be given to certain categories of staff including travelling officers who used their vehicle at least 3 times a week, or did a certain mileage; disabled staff; retained fire fighters; and pregnant women. Any spare passes thereafter were allocated by way of a ballot which any member of staff could opt into. The charge was assessed on the basis of the holding costs of the car park (rates, repairs and maintenance, cleaning, depreciation, etc) so that it could be demonstrated to staff and members that there was some science behind the assessment of the charge, but it still represents good value in comparison with a season ticket for a local car park. Although there were initial protests about the introduction of parking charges, these soon died down and now paying for parking at County Hall is accepted as the norm. The introduction of these parking charges has netted the authority in excess of £130,000 p.a., so the implementation of charges has been worthwhile.

Benefits of a transformation programme

Dorset County Council is nearing the end of the rollout of its office transformation programme, which will enable it to reduce 28 offices down to 8 and halve the amount of office space that it occupies, saving £960,000 p.a. in running costs. However, the benefits of such a programme are not just financial. By rationalising its office estate, the authority has been able derive other benefits such as:

- Cultural change
- Flexibility
- Uniformity of space
- Increased mobility of staff
- Staff retention
- Building improvements.



County Hall Rotunda

Ideally workplace transformation should be rolled out across the whole of an organisation and every office should be subject to as much uniformity as possible. Inevitably any programme will need to be phased, but this enables lessons to be learnt and for an organisation to develop the type of culture that it wishes to adopt.

It is important that as transformation occurs, an organisation adapts its working practices to reflect the changes. Encourage dressing down, let staff work from home or from a different office, and judge performance on output rather than input. This is likely to require a more robust performance management process for staff, so it is vital that directors and HR are on board to see through the cultural change.

Many, if not most, organisations will already have adopted flexible working and will have gone through the process of workplace transformation, at least to some degree. However, there is always more that can be done. Continue to challenge staff to work smarter; to embrace technology to a greater degree; to be more flexible; and to feedback ideas as to what else can be done to enhance their workplace. Transformation is an evolutionary process and all organisations need to evolve to survive, so ensure that the workplace is at the forefront of your organisation's evolution.



COLWYN BAY OFFICE DEVELOPMENT

Bleddyn Evans

Bleddyn is County Valuer and Asset Manager for Conwy County.

Bleddyn takes us on a journey through Conwy's Office Accommodation Strategy Project to date, and the commissioning of a new 100,000 sq ft landmark building in the centre of Colwyn Bay for 750 council staff, which is due for completion in late 2018.

Briefly, the project touches on many a property related discipline, from building specification to corporate asset management, from development to landlord and tenant, and procurement to valuation. This article isn't intended to go into the detail of these topics, but is a broad description of the process and the lessons learnt to date which are transferable to most projects.

As at the time of writing, the steel frame for 'Coed Pella' office building is being erected, and there have been some considerable early wins by the lead contractor, exceeding the expectations of the Social Value Plan within the development agreement.

Introduction

Conwy County Borough Council has since its inception in 1996 attempted to rationalise the administrative estate, and while there had been a gradual reduction in legacy offices over time, there continued to be an inherent theme of a disparate estate, with limited purpose-built office accommodation, which was ageing and had significant occupational and financial risk. The process of rationalisation had been a 'stop-start'

process for a number of years, with other change programmes, finance, politics and parochialism, along with lack of appetite of the various administrations among a list of reasons why no long-term solution had been sought. I'm sure that this is a theme many of you will be well accustomed to!

Offices providing an administrative function worked out of converted hospitals, sanatoriums, Victorian villas to name but a few of the weird and not so wonderful premises occupied by the council, and there was not one office built before the 1980s. Working conditions for staff were poor, accessibility was substandard for visitors, and the working environment was not conducive to some of the issues which officers and customers had to tackle. Added to this, the backlog maintenance of several million pounds

and a looming lease renewal provided a compelling case to explore with vigour an Office Accommodation Strategy.

The constraints of our administrative building stock had been holding back the council from modernising and collaborating internally, and with public partners for as long as it had existed. I had raised on several occasions that a solution was required and that the problem would not go away, only worsen, and in due course have a detrimental effect on service delivery, let alone the financial and statutory implications linked to the building stock itself.

Lesson No. 1: Be careful what you wish for!

The timing of exploring rationalisation was key, as it coincided with the evolving



A sample of the existing estate



The OAS Vision: "To provide the Council with new, town centre offices that are flexible, efficient and sustainable and embodies the forward-looking vision of the organisation, where it works in conjunction with its partners to improve services delivered to the community. The building will become the community heart of Colwyn Bay with a range of public services and amenities in a building that promotes inclusiveness, transparency and embodies the unique character of the area".

When Cabinet approved for officers to develop an Office Accommodation Strategy back in January 2013, the authority did not have suitable or sufficient land or buildings to deliver the Vision. An opportunity came along with the prospect of acquiring from the receivers a significant 1970s office development within the centre of Colwyn Bay, and the council rose to the challenge, despite a number of issues. Like any significant capital expenditure and acquisition, support of both the Cabinet and full Council was required. The buy-in to the project from the start, and the appetite of the Leader, Chief Executive and other senior Members and officers remained 100%, and saw the acquisition completed in good time. By the authority identifying and securing a sufficiently sized site, it de-risked an element of the project before taking the opportunity to the market place.

One of the main risks with the site was the commercial occupational tenants, but the council went through a process of securing vacant possession by means of negotiation and reliance on the Landlord & Tenant Act 1954 Part II.

Lesson No. 3: Bring as much certainty and solutions to internal and external stakeholders and keep communicating, communicating, communicating with them throughout their involvement with the project.

Communication, internally with officers and Members, and externally, with the Welsh Government and the town council was key to building up a sense that at long last, the council was moving forward with a problem that it had been grappling with since 1996. Some actually couldn't believe what was happening, and we were only into Year 1 out of what would



modernisation of the council's IT, internal and service-related processes as well as HR policies. Sitting behind this modernisation programme, and the innovation and progression in improving service delivery, which was in the council's control (to a degree), was the severe financial situation and the prospect of local government reorganisation.

The council could no longer limp along from year to year, and while great strides had been made with an emerging transformational programme, it was being held back by the bricks and mortar that I had been managing for the last several years. Things were about to change, and I was going to become much, much busier!

Project inception to procurement – a whistle stop tour

The stars were aligned in early 2013 when the council's Cabinet agreed to my report and recommendation in establishing an

Office Accommodation Strategy (OAS). This had cross-party political support, and a Project Board was set up, with the Chief Executive and Directors as Members; I took on the role of project manager. The cross-party support, along with buy-in from senior officers was a key ingredient in the journey from establishing the Strategy to identifying a development partner to deliver.

Lesson No. 2: Get the 'top table' on board and establish the governance and terms of reference from the outset.

Most of 2013 was taken up developing a Strategic Outline Case (SOC), in agreeing the Vision for the Future operating model, which directed the extent of rationalisation, the service and therefore spatial requirements, location for delivering the Vision and how it would be funded and procured. The Board, and moreover the Cabinet, were unanimous that the council should look to deliver a significant office presence in Colwyn Bay town centre which it had been regenerating for the last few years.



Artist's impression
Coed Pella

Prince's Trust presentation



be a 6-year project! Monthly project board meetings enabled timed decisions and direction which, as project manager, I could then take to the project team, and the communication was two-way, and enabled it to keep a dynamic, focused and auditable approach. The council had decided that it wanted a developer to deliver the solution, and that it would secure a lease, and link a key site for disposal into the overall proposal.

Lesson No. 4: Get the right people in the Project Team, make changes to internal and external support if required; keep it tight, agile and on message.

The democratic reports and updates continued, so keeping the relevant committees and members appraised, informed, and involved with the process. Matters relating to the options to finance and procure, spatial requirements, collaboration options, service delivery specifics were all tabled before the Members to ensure an informed, inclusive decision-making process and building up the compelling business case.

Once the council had become comfortable with what it wanted, where, how and when, the next critical stage was testing

this in the market place. The council was keen to ensure that its proposals were attractive to the market and it completed a number of tasks in order to de-risk the project prior to exposure to the market place. These included: acquiring the site for the Office Accommodation Strategy building to be delivered, ensuring that the council has a clear requirement and brief, affordability envelope, undertaking survey and ground condition investigations, setting up appropriate governance arrangements and appointing external legal and commercial advisors to assist the in-house project team.

The compelling outline business case for the project was reinforced by the Economic Impact Assessment undertaken, which informed the council that on completion, the staff occupying the new office building would contribute a minimum additional spend of £1m p.a. to Colwyn Bay town centre.

Lesson No. 5: Build a compelling business case and justification, with the benefit realisation plan set out clearly from the start, and communicate this widely to gain support as it will help when the doubters and critics start knocking.

The OJEU process commenced in early summer 2014 in identifying a developer and a funder, with the issuing of a Prior Information Notice and convening a Developer Day in Colwyn Bay. A number of funders, developers, agents, and consultants attended the day, some of which had never heard of the county, let alone the town, which gave the council significant confidence that it had a proposal which would be attractive within the market place, and that there were several major developers with interest. The above soft market testing had been a success, and was shortly followed by a 12-month procurement using the competitive dialogue route. The procurement approach saw the council go through a 4-stage procurement process, which culminated in an Invitation to Submit Final Tenders in early summer 2015.

Lesson No. 6: Allocate enough time and resource to the process, make sure that the bidders understand your processes and make sure the project board is involved in key decisions.

Procurement to contract close

Following on from the submission of compliant tenders, business cases for the Office Accommodation Strategy (OAS) and the modernisation programme were submitted to full Council and Cabinet in September 2015. The business case for the OAS contained the recommendation to procure Muse Developments Ltd as the council's development partner, and for the council to enter into a development agreement with Muse and its funding partner, M&G, from whom it would lease the new build office for a 40-year term.

Despite the legal documents being drafted during the initial stages of the procurement process, and then agreed in the main during the competitive dialogue process, it took from November 2015 to November 2016 for the development agreement to become unconditional. Like any similar agreement, there were numerous conditions precedent, from planning to vacant possession, from funding to crane over-sailing rights, all of which took time to satisfy.

Contract close in November 2016 was a significant milestone for the council,

and there was a sense of disbelief from some senior officers and Members that the council had arrived at this point. The Vision as put down on paper some 3 years previous was about to be delivered in bricks and mortar on site.

Lesson No. 7: Build up strong links with those inputting into the project during the procurement process and get a sense which development partner will provide the strongest and most equitable partnership.

Delivery

Muse's lead contractor, Bowmer & Kirkland, took possession of the site in November 2016 and soon enough started to deliver on the agreed Social Value Plan by procuring a local civil engineering firm, Jennings, to deal with the ground works, which had a contract value of some £4.5m. The steel frame currently being erected on site is procured through local steel

designers and fabricators, Evadx, which has a £2m contract value.

The Employment Skills Plan is being met and exceeded in most areas, and the project has provided employment and apprenticeship opportunities in the locality, and the council's plan has been to maximise the impact of the project to the benefit of the local community. Bowmer & Kirkland has undertaken significant engagement with the local schools, colleges and stakeholders. The Prince's Trust 'Get into Construction' programme has recently been completed, where 100% of those who took part in the programme have been offered temporary employment on site. The strong partnership forged between the council, Muse, Bowmer & Kirkland, CITB and the Prince's Trust has provided an excellent platform for significant community benefits to be generated in the first several months of the 'Coed Pella' build.

The steel frame going up has been a significant milestone for the project, and brings a further sense of reality that a long-standing requirement of the council, in modernising its administrative estate, is happening, and is providing significant regenerative and community benefits during the build. Further benefits are envisaged post completion in 2018 when it is fully occupied.

The key threads throughout the journey so far have been good governance, establishing a credible and compelling case that people buy into and own, good and up to date communication, building lasting relationships, listening and adapting, and above all good leadership at all levels.

At a future point, I'd really like to provide a further update of the project, and share further experiences and lessons learnt. [Ed – I'll hold you to that Bledodyn!]



Brian Ablett suggested that Mike prepare this paper, having both spoken at the Sheffield CPD event as featured in the NE Branch's report in 2017 Spring Terrier. They will be speaking at the National Conference in Leeds on 28/29 September [remember to book soon]. The use of this technology makes occupation surveys much easier, rather than, for example, several patrols being made a day to understand how space was actually being used. "But now we can do it automatically, 24/7/365, and operating on this basis gives truly surprising insights!" (Brian's quote). Ed – a bit scary though....

BREOS – A REAL TIME TOOL FOR ASSET AND FACILITIES MANAGEMENT

Mike Perry

Mike has extensive experience of strategic and policy related projects in the built environment, with emphasis on energy issues and future city systems.

Since the mid-1990s Mike actively contributed to development of understanding future city systems and their role in resolving physical and social resource challenges in the UK and internationally. He has extensive research and development innovation experience of Smart Energy: Community Energy Systems and, Future City Systems.

Working in close collaboration with colleagues at the Building Research Establishment (BRE), he has supported the development of BREOS (BRE Optimising Suite), a future city systems application providing real time digital information to inform objective decisions for asset management and facilities management. mike.perry@bre.co.uk

BRE Optimising Suite (BREOS)

Across the public sector there is a continuing ambition to increase the efficiency of the estate – both in central and local government. This is evidenced by initiatives such as the One Public Estate programme, the Government Hubs

Programme and departmental estate strategies, as well as culture changes that aim to revolutionise how public servants work. The central drivers of these programmes are to:

- Deliver more integrated and customer-focused services

- Save the taxpayer money and create economic growth
- Improve the effectiveness of public servants, and
- Generate capital receipts and unlock land for homes.

Local authorities, government departments and other public sector organisations are seeking ways to increase the efficient use of their buildings, simultaneously rationalising and improving the quality of their estates. Decisions about the scale and operation of buildings are based on asset management and facilities management data and information and processes.

While there are differences in the specific issues at floor level between the public and private sectors, the principles driving efficient asset and facilities management are common to both sectors. The objectives are at least:

- To optimise the size of the office asset to meet the workspace requirements of the organisation
- To achieve this by providing a flexible workspace, meeting the requirements of the organisation and expectations of the occupants
- To match the pattern of facilities, eg lighting, heating, cooling, air conditioning to the pattern of occupancy
- To minimise facilities energy costs while meeting occupant comfort expectations.

Additionally in the private sector, particularly for tenanted spaces, a key issue is retaining tenants. Changing or losing a tenant is costly and results in lost revenue. Changing a space in near real time to meet the varying requirements of a tenant greatly increases the probability of retaining tenants. For example, in a tenanted incubator unit occupied by start-up small and medium-sized enterprises (SMEs), by their very nature the work space needs of these small companies will be changing on short timescales – one month in growth mode, potentially followed in the next by the need to cut-back. Having objective information at hand across the

entire incubator space can reliably inform the landlord how to respond to these rapidly changing requirements of their SME tenants.

In both the public and private sectors, asset and facilities management decisions depend on having to hand reliable, objective and ideally real-time data on the key parameters about an organisation's building assets and work spaces.

Traditional methods of gathering data and information to inform asset management and facilities management decisions have often been manually based, e.g. using clip boards for data gathering, with observation periods typically spanning months. This form of data creates a sparse data set, potentially leading to poorly informed decisions.

The central principle underpinning effective asset management and facilities management is anonymously recording the presence and absence of office occupants, although identifying occupants can be appropriate in some situations, eg lone working. The supply of office space and operation of building services is driven by this presence and absence data.

The BRE Optimising Suite (BREOS) provides a range of methods for registering real time presence and absence occupancy data through 'log-in' and 'log-out' type events using a range of tools. The availability of this data and information provides a route to creating innovative and powerful new asset and facilities management data streams. These inform objective and rational decisions on estates asset management, delivery of facilities and building services and, energy efficient use of buildings.

BREOS tools

BREOS has up to 5 different methods that can anonymously register the live presence of occupants, either in a building, or on an organisation's IT Network, including:

- IT Network Log-in sessions, mainly for desktop PCs – the lowest cost option requiring no sensors to detect devices or people

ii. The use of sensors, or beacons, either:

- On individual devices as, e.g. tablet, lap top or PC, to register device or occupant presence
- In grid format in a large space to detect presence of Bluetooth devices (laptops or mobile phones) in the space, but without precise location information

iii. Passive infrared sensors attached to individual desks to detect occupant presence at the workplace where there may be no IT device present or used

iv. Cameras and scene-recognition software to count people at sufficient precision to enable desk utilisation where there is a reasonable proportion of free space and control environmental or micro-climate devices

v. In large building spaces, the use of a mix of the above methods.

Examples of BREOS functions and services

BREOS delivers a sophisticated range of functions and services, providing the client organisation with powerful and flexible methods to assess and manage building space use, including:

- Creating client schemes to address specific, local asset and facilities management needs
- Combining existing modules into composite services defined by meta-data
- Using software plug-ins as system extensions
- Client defined scripts as system extensions.

Base mode operations

For example, if a building operates a flexible work space where all desks are available for use by all occupants then in its simple mode of operation, BREOS provides:



- Measurement and monitoring of occupant use of the space
- Data recording
- Analysis of input data to provide a building use dashboard
- Desk booking system
- Optimisation of the use of the space and facilities.

Advanced functions

Beyond low level modes of operation, the BREOS suite of tools can also deliver advanced and expanding functions to meet changing client needs, such as:

- Monitoring, reporting and analysis of desk booking and allocation

- Workflow patterns
- Detailed work space monitoring
- Analytics and reporting using rules based scripts and plug-ins.

Desk booking functions allow simple manual booking of a specific desk location, or adaptive booking of a desk to meet an occupant's specific environment requirements.

Cross-estate monitoring and management

To illustrate a more sophisticated operation of BREOS, then a simple desk booking application could semi-automate selection of desks, driven by a range of requirements including:

- Multiple buildings in one city
- Energy saving requirements
- Carbon emission requirements
- Health and fitness requirements

Work space monitoring and management

Used in this way, then for different client defined facilities, weightings BREOS can optimise desk selection to:

- Cluster desks in open-plan spaces or building to ensure maximum use of open zones, minimising use of 'empty zones', improving energy efficiency by controlling facilities use
- Minimising time wasted on travelling
- Promoting the use of greener and healthier work spaces
- Minimising operational costs.

BREOS is a powerful suite of tools, capable of providing public and private asset and facilities managers with reliable, objective and real-time data and information, presented in a flexible dashboard format to summarise key points. The function of this data and information is to enable asset and facilities managers to make rational decisions to optimise the operation of their estates and facilities.

If you would like to learn more about how BREOS can help your organisation then please contact Mike [Ed - or better still, come to hear him speak at ACES National Conference <http://www.aces.org.uk/2017Conference/>].



BRINGING THE ALGORITHM ECONOMY INTO THE PUBLIC SECTOR - SMART SERVICES AND EVEN SMARTER ASSETS

Jaime Blakeley-Glover

Jaime is a director in Lambert Smith Hampton's Real Estate Advisory team. He is a Chartered Surveyor with over 12 years' experience of advising public and private sector organisations on strategic asset management, development and regeneration. jblakeleyglover@lsh.co.uk

In 2017, Lambert Smith Hampton (LSH) launched The Knowledge Network, a ground-breaking partnership with the UK's leading predictive analytics company Black Swan and data science specialists Mastodon C. Big data is changing the entire world around us and those who ignore this revolution will miss out on the opportunities it brings. By harnessing the power offered by big data, the Knowledge Network has the potential to fundamentally alter how the property industry advises clients and supports the public sector in meeting its challenges.

"Big data is the oil of the 21st century... proprietary algorithms that solve specific problems that translate into actions – will be the secret sauce of successful organisations in the future. The next digital gold rush will be focused on how you do something with data, not just what you do with it. This is the promise of the algorithm economy." (Sondegaard, P. Big Data Fades to the Algorithm Economy. www.forbes.com. 14 August 2015).

Against a background of uncertainty, not least in relation to the impact of Brexit, the public sector is under continuous scrutiny to find savings and rationalise its estate.

Future population trends will shape service demands, and asset strategy needs to focus on optimisation of the estate, alongside rationalisation. Optimisation implies taking into account and finely balancing multiple factors. Doing so in practice requires a detailed understanding of these factors, and importantly, the interrelationships and correlations between them. According to IBM, 90% of the world's information has been created in the last 2 years: this availability of data, coupled with major advances in computer processing and machine learning, provides the opportunity to move from blunt rationalisation to genuine optimisation.

The public sector has been on a trajectory towards collaboration and co-location for some time now within both local and national government, and has made significant strides, given in many cases how illiquid property as an asset can be seen. With the first pathfinder projects now complete and central government hubs in the pipeline, this approach will rightly continue to be high on the agenda and will see increasing numbers of physical transformations alongside the rhetoric. With an endless requirement to find efficiencies through a number of programmes, the bar needs to be pushed continually.

One Public Estate and Sustainability and Transformation Plans

The One Public Estate (OPE) Programme started in 2013 covering just 12 areas; it has now increased to include more than 250 councils to which the programme has awarded £21m (Cabinet Office (Apr 2017): "Progress on the government estate strategy"). By 2019-20, it is expected that the Programme will have generated 44,000 jobs, released land for 25,000 homes, raised £415m in capital receipts from sales, and cut running costs by £98m (Local Government Association (Feb 2017) "One Public Estate: Unlocking the Value in Public Sector Assets"). While OPE is open to all local authorities to apply, funding is given to those that can prove that their projects will have a real impact on their estate and operations. It is therefore critical that projects show best value for money.

Local authorities have also formed partnerships with the NHS to create Sustainability and Transformation Plans (STPs), with each area developing proposals for the needs of the population in that area. The Autumn Budget should include an announcement for a multi-year capital programme to support implementation of approved STPs. However, STPs are not statutory; the implementation of any plans or projects is up to their component bodies, and any changes might also be subject to public or staff consultations and local authorities having the right to call for scrutiny.

The primary objective of both OPE and STPs is to develop projects built around the needs of the local area, encouraging partners to work together to obtain better value from public land and buildings and achieve better outcomes. The aspiration is ultimately to deliver efficient and effective services from a rationalised estate, realising capital receipts through the release of surplus assets, reducing annual running costs, and generating more jobs.

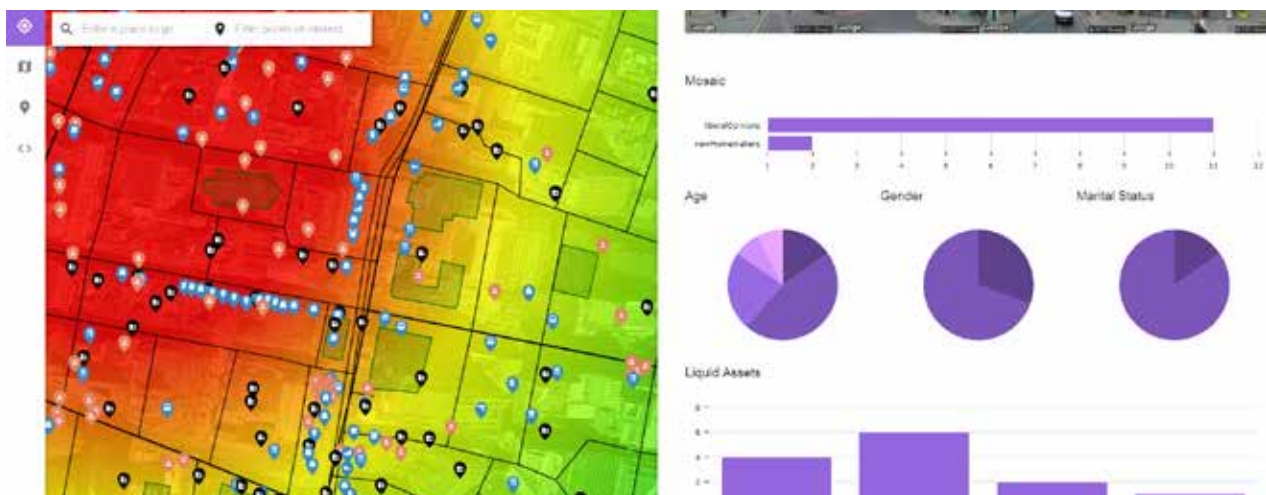
The starting point for local authorities

looking to apply for either of these programmes is to understand where they are now. One of the first OPE requirements is that partners compile and map their property assets. As Brian Reynolds, OPE Programme Director, states, "if you don't map all of your assets you'll never properly know what opportunities for joint working there are." Strategic objectives such as housing targets, schools' requirements and healthcare need to be considered within the context of population projections, demographic changes, shopping habits, transaction logs and spending data that will shape demand. Asset strategies then need to be formed alongside service strategies to provide a holistic response. Gaining insight into all these factors that is empirically based, rather than subjective is, however, the challenge, let alone keeping abreast of changes to ensure that a strategy is not out of date by the time it has been researched, drafted and adopted.

Strategic asset planning has largely been estate led – analysing efficiency of occupation and considering costs and values of options, while engaging with service personnel to understand service requirements and the likely shape of future services. The former is evaluated quantitatively but the latter qualitatively and subjectively. There will be many cases in every organisation where there are inevitable tensions between asset and service managers attempting to square a circle and bring together the qualitative and the subjective. While there isn't a shortage of data on service delivery, information sits in silos and the analysis techniques are not sufficient to enable a holistic view of assets alongside services and the factors that drive demand for them.

Moving to the future

The UK government and wider public sector produces and has access to unparalleled quantities of data. The tools now exist to visualise and analyse this

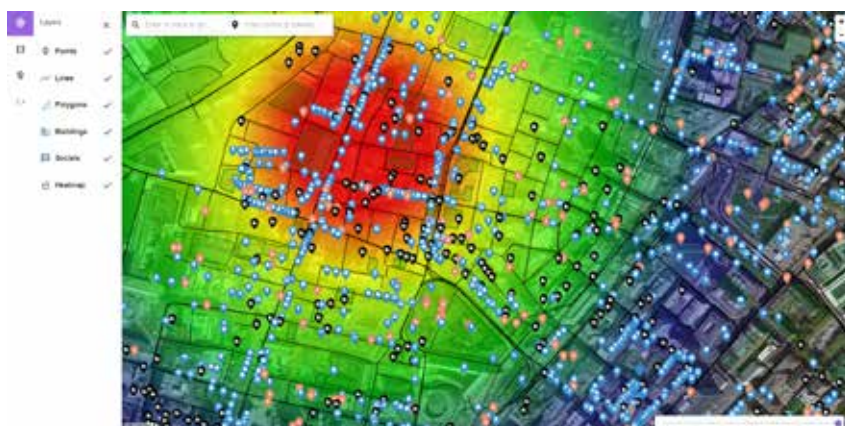


data in a way that makes it accessible, and proprietary algorithms can be developed to drive value from it. Bringing together the public sector's data with open data and social media can lead to a step change in the ability of OPEs and STPs to drive change and meet their objectives in a way that is not currently being harnessed.

Fortunately advances in data-driven approaches across the public and private sectors are being forged, which are directly applicable to strategic asset management. Major consumer brands are now using advanced geo-located data analytics, processing vast quantities of demographic and open data, including real time social media, to identify patterns and gain insight. Within the public sector only a few organisations are using these techniques, and more could be done.

Examples of previous work undertaken by LSH's Knowledge Network partners, Black Swan and Mastodon C includes:

- Developing a data platform (Witan) to create shared population projections for the Greater London Authority and the London Boroughs
- Helping a local authority to identify which children known to social services were most at risk of going into care, so that social workers could prioritise interventions
- Assisting a county council to predict future special educational need and disability demand and costs, providing evidence of how different ways of configuring services could reduce those demand and costs



- Identifying health trends via social media and complex environmental information to predict demand for allergies and cold and flu at hyper-local, postcode level in advance of any local authority
- Using social and environmental data to create day or week and time of day forecasts for the NHS to improve accuracy when planning resourcing for both volume and type of trauma cases within A&E units.

For every one of the above examples, there are dozens more within the private sector. The key aspect of all of these is utilising increased computer processing power to overlay and interrogate data sets, identifying patterns and creating algorithms that lead to prediction and drive strategy in a holistic way which until recently hasn't been possible.

More could be done

OPEs and STPs focus on the needs of communities by making use of assets in a way that creates efficiencies in services for a generation. In many cases however, the

public sector is not making the most of data driven, technologically advanced solutions and needs to recognise that effective and efficient OPEs and STPs can be further enhanced through a data driven approach.

It is critical from a strategic asset management and service perspective to build on the approaches being adopted in the public and private sectors to generate greater insight into citizens and places. Creating joined-up, smart services is about understanding how citizens use and access services now and in the future to create smart assets. The ability to use predictive analytics and advanced approaches to scenario modelling will enable service and asset managers to collaborate around a data driven, evidence based picture of an area, reducing subjectivity and optimising the public sector estate, putting the customer and value for money at its heart.

Many consumer-led corporates have led the way in developing national and international data platforms and are using data analytics and predictive algorithms to drive value.



Some measure property by square metres **Some by possibilities**

We combine an unrivalled local understanding with a refusal to settle for the obvious. That's why we've applied technology to create a new data-driven commercial property service. It's a game changer.

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IN THE KNOW.

**Lambert
Smith
Hampton**

The average OPE funding provided is £84,000 per authority and in every case the first stage is to map assets, taking on average 3-6 months, and could cost a big proportion of the initial funding received. This stage maps the assets and results in property-led opportunities being identified, and while service discussions would have been held, it does not place those assets within the context required to enable them to be optimised to support services. Opportunities might be missed: strategies overly focussed on rationalisation rather than optimisation.

The OPE represents the perfect opportunity to drive this step change, with the Government Property Unit and Local Government Association working with central government and the wider public sector. The Witan platform developed with the Greater London Authority was funded through Innovate UK and is one example of how this approach can work and is now used to predict demand for services such as schools and social care, including, ultimately, service locations. This approach now needs to be more widely adopted, harnessing the power of public data within an advanced data platform, to support decision making and to create efficiencies. Our Knowledge Network platform demonstrates the potential of what could be achieved and the value it could drive.

The immediate access to geo-located data related to service demand cannot be underestimated. The value and speed of insight available to support the asset mapping stage of any OPE project with geo-located data will move from an estate-

led approach to a more thorough service and customer driven approach, leading to better decisions, more collaboration, faster action, and greater learning across the public sector.

Sitting at the heart of the government's commercialisation agenda

Data is becoming increasingly valuable as the algorithm economy grows. As the Economist reported "...a subsidiary of Caesars Entertainment, a gambling group, that filed for bankruptcy in 2015. Its most valuable asset, at \$1bn, was determined to be the data it is said to hold on the 45m customers who had joined the company's customer-loyalty programme over the previous 17 years" (Fuel of the future – Data is giving rise to a new economy. How is it shaping up? (The Economist, 6 May, 2017).

Tesco Clubcard was one of the most important retail innovations of the 20th Century; its launch thought to be the foundation of Tesco's rise to become the dominant retailer in the UK. The loyalty card, or rather the database behind it, provides Tesco with an unprecedented level of detail into shopping habits, making it possible for Tesco to predict consumer trends and react to them. Its success can also be measured by other supermarkets following suit.

The Met Office is currently commercialising the vast amount of weather data it produces, targeting several industries. For the property and construction industry, the Met Office is assisting contractors to incorporate

weather information into the planning and project analysis phases, to reflect as closely as possible the actual conditions expected or experienced on-site to minimise downtime.

The vision is for the UK government to follow suit across public services. An ageing population and increasing demand for services alongside major budgetary constraints is the UK's biggest challenge. Utilising a data driven approach alongside estate targets will enable a coordinated public sector response that will drive efficiency, value, and a genuinely optimised estate.

This vision is by its very nature far-reaching and in some cases baby steps are required. It is equally possible to start small and LSH, Black Swan and Mastodon C are working with multiple public sector bodies to provide data led solutions to service and asset management on discrete projects, generating value.

The last decade has in part seen the progression from buildings to smart buildings by engaging occupiers in the running costs to improve operational performance. The approach advocated here can drive transformation to smart services and even smarter assets that align with and support them. Value can be driven on individual projects; however, the power of the data available, the ability to create efficiency across the public sector and create lasting value, and the ability to commercialise it, can only be achieved through a joined up, centrally-led approach.

The Terrier

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LocatED – BRITAIN'S BIGGEST PROPERTY START-UP IS OPEN FOR BUSINESS

Graham Johnston

Graham is a chartered surveyor and has 17 years' experience working in the property industry. He started with Colliers as a graduate trainee, where he spent 10 years, and specialised in the property auction field. Graham's client base has been spread between the public and private sectors. Public bodies have included a number of local authorities, the Nuclear Decommissioning Authority and Defence Estates. Private sector clients have included individuals, property companies and large corporates, such as Total UK Ltd. Graham.JOHNSTON@located.co.uk

Graham provides us with an outline of the structure, functions and proposals of LocatED, a government-owned property company, responsible for buying and developing sites for new schools in England to help meet the government's commitment to deliver new free schools. At the end of this article there is an extensive site requirements list, with details of whom to contact.



Free schools - background

In 2010 and 2011 the coalition government created and passed the Academies Act and the Education Act respectively. These Acts established the academy and free schools initiative, making it possible for third party organisations - parents, teachers, charities and businesses - to set up their own free schools. To achieve Trust status, these bodies needed to apply to the Department for Education (DfE) which would then in turn provide funding. Initially, and prior to the setting up of LocatED, the funding was utilised by the Education & Skills Funding Agency to acquire sites for the Trust on the basis of

their required location and gross internal floor area, based on the agreed number on roll and number of form entry.

A free school is a type of academy, a non-profit-making, independent, state funded school. It is free to attend and does not fall under the control of that local authority's education department. The school will be set up to be centrally funded from the DfE and, like all other schools, will be subject to Ofsted inspections.

About LocatED

Formally launched in March 2017, LocatED is a government-owned property company, responsible for buying and developing sites for new schools in England to help meet the government's commitment to deliver new free schools.

LocatED is also helping multi-academy trusts and individual education institutions with their estate rationalisation and development, supporting master-planning and mixed-use development to raise capital for maintenance and re-build.

LocatED's compelling value proposition

- Acquires land and buildings for free schools in England
- Helps to create 600,000 school places by 2021

- Operates at pace and is highly competitive in the market
- Considers permitted development rights; brownfield; greenfield; mixed-use sites; and existing buildings
- Funding in place with quick decisions through an internal Investment Committee
- Proven track record in shadow form
- Regional focus – 40-strong, dedicated, expert regional acquisitions teams
- Dynamic solutions – in-house technical and planning plus legal counsel
- Can unlock value/development potential
- Delivering wider public priorities.

Key facts

- LocatED is one of the largest purchasers of land in the UK. Working directly with landowners, agents and developers across Britain, the company has individual acquisition budgets to spend on sites that can deliver 10,000 to 175,000 sq. ft. gross internal floor area
- LocatED negotiates complex deals

for sites and education-led developments with multiple partners across the private and public sectors, to get the best possible value for money for the taxpayer

- To achieve all this, LocatED has a 40 strong, multidisciplinary acquisitions, asset management, technical and planning team with specialist skills and extensive experience, supported by a distinguished LocatED board and a formal Investment Committee made up of executive and non-executive Directors
- The LocatED team is proud to play its part in the delivery of new, world-class schools and creating thousands of good school places for future generations of children.

Quote from LocatED's Chief Executive, Lara Newman MBE:

"We understand the scale of the challenge and the property landscape. LocatED has the expertise and will operate at pace to negotiate with multiple partners across the private and public sector. We work directly with landowners, agents and developers to secure sites for new free schools, whilst ensuring the best value for the taxpayer."

How could LocatED synergise with ACES?

LocatED acquires commercial sites but in certain circumstances this has been extended to acquiring public sector sites too. The programme of site acquisition, from local authorities and other public bodies, has very much been in line with acquiring the sites on a long leasehold basis with a peppercorn rent p.a. in return, over the life of the lease, tending to be 125 years. LocatED acquires sites on this basis but also recognises the commercial viewpoint and accepts that public sector bodies have budgetary requirements, obligations and capital receipt targets.

Looking forward with LocatED

LocatED currently has 100+ requirements across England with immediate needs in many regions of:

- London: north east (Redbridge), east (Canary Wharf, Newham), south (Croydon, Lewisham), west (Hillingdon), north west (Brent), south west (Wandsworth), central (Westminster)
- South of England (Surrey, West Sussex)
- Midlands (Derby, Leicester)
- North of England (Liverpool, Manchester).

This is an opportunity to be part of the solution to deliver world-class schools for future generations of children.

We will consider

- Whole or part buildings with development/extension capability
- Land and development sites on or off market
- Derelict and heritage buildings
- Sites of all planning designations
- Space as part of wider developments.

What is a school site?

Some examples to illustrate that LocatED thinks differently

Education and residential (circa 110 units)

Ark Soane Academy, former Acton College Campus

Education and residential (19 units)

Kingston Community School, former office site

Education conversion with keyworker units

Future free school, Ladbroke House, Islington, former London Met University Building

All images supplied by kind permission of Architecture Initiative www.architectureinitiative.com

LocatED is open for business. It has a detailed current requirements list - to discuss your land and or buildings as a potential site please email sites@LocatED.co.uk. Visit LocatED.co.uk



RICS VALUATION UPDATE

Fiona Haggett BSc (Hons) FRICS

Fiona is UK Valuation Director, RICS Professional Groups. f.haggett@rics.org



Fiona attended ACES Eastern Branch Meeting on 30 June. She has kindly allowed me to use her presentation material for this article for Terrier. It covers in detail recent changes and forthcoming proposals in the valuation world, which are of relevance to public sector surveyors, namely International Valuation Standards, the new Global Red Book, rating, contractor's method of valuation and the proposed update to DRC valuation guidance. The article is predominantly in notes form, following the powerpoint slides. Thanks to Fiona and RICS for allowing this to be reproduced.

Introduction

This presentation will cover:

- International Standards
- Valuation Standards – IVS and Global Red Book
- UK Guidance – Rating Consultancy Code, rating appeals, Contractor's Method of Valuation, and DRC valuation in the public sector.

The value of international standards

Why is a vibrant property profession important to society? there are a number of significant reasons, illustrated by the following statistics:

- 70% of a nation's wealth
- 60% of all utilised materials used in construction
- 60% of all energy used on heating and servicing buildings
- 40% of carbon emissions emitted from buildings
- 10% of workforce employed in sector.

Why do we need International Valuation Standards (IVS)?

"As a consequence of globalisation, market efficiency requires market consistency, transparency and comparability. International standards are the backbone" (World Bank).

Standardisation leads to financial acceptability among all the players in the world industry, enables benchmarking standards and performance, reduces risk and allows global comparables, which leads to sector confidence and investment. The fundamental standards impacting on the real estate sector can be illustrated in the pyramid of RICS valuation measurement, standards and reporting.

There is a need for standards in order that all the players – governments, investors, employers, professionals, regulators and the public can 'talk the same language'.

What are International Valuation Standards?

The International Valuation Standards Council (IVSC) is an independent body that sets global standards for valuation, especially those that will be relied upon by investors and other third party stakeholders. It also promotes the development of the valuation profession around the world and collaborates and cooperates with other organisations concerned with standards and regulation in the financial markets.

International standards are recognised throughout the world. "Professionalism: It's NOT the job you DO, It's HOW you DO the job."

- It is vital that we have professional standards which ensure consistency





mentation guide for the production of "IVS-2017 compliant valuations"

- The Red Book (RB) is not an alternative to International Valuation Standards in terms of technical valuation standards.

RICS Red Book – Overarching Aims

The Red Book:

- draws together international standards and requirements relevant to valuation
- ensures their effective implementation by RICS members through the addition of RICS-specific material.

Additionally, it:

- reflects the growing importance of successfully combining professional, technical and performance standards
- ensures delivery of high-quality valuation advice which meets the requirements and expectations of clients, of governments, regulatory bodies and other standard-setters, and of the public.

cy and foster best practice among those working in the profession

- Surveying crosses geographic boundaries and impacts on whole communities
- It provides confidence to clients, the general public, and employers.

The Red Book Global 2017 – background, context and structure

The interface between the Red Book/IVS:

- Building on the direction set in Red Book 2014, Red Book Global 2017 aims to draw the diverse professional and technical strands together for valuer members into a definitive imple-

Red Book structure

The 2017 Global Red Book is in 6 parts:

1. Introduction
2. Glossary of terms

RICS Red Book

Purpose

"To provide an effective framework within the Rules of Conduct so that the users of valuation services can have confidence that the valuation of a RICS Member is consistent with IVSC internationally recognised standards"

The 2 diagrams illustrate the hierarchy of standards: the IVS guiding the mandatory RICS Valuation Standards and Professional Statements and the range of advisory Guidance Notes and Professional Standards. The Global Red Book has been revised in 2017 while the 2014 UK Red Book remains in place.

Table 1

2017 Valuation Technical and Performance Standards (VPS)	2014 Global Valuation Practice Statements (VPS)
▶ VPS 1 – Terms of Engagement	▶ VPS 1 – Minimum terms of engagement
▶ VPS 2 – Inspections, investigations and records	▶ VPS 2 – Inspections and investigations
▶ VPS 3 – Valuation reports	▶ VPS 3 – Valuation reports
▶ VPS 4 – Bases of value, assumptions and special assumptions	▶ VPS 4 – Bases of value, assumptions and special assumptions
▶ VPS 5 – Valuation approaches and methods	

Table 2

2017 Global Valuation Practice Guidance – Applications (VPGAs)	2014 Global Valuation Practice Guidance – Applications (VPGAs)
▶ VPGA 1 – Valuation for inclusion in financial statements	▶ VPGA 1 – Valuation for inclusion in financial statements
▶ VPGA 2 – Valuation for secured lending	▶ VPGA 2 – Valuation for secured lending
▶ VPGA 3 – Valuation of businesses and business interests	▶ VPGA 3 – Valuation of businesses and business interests
▶ VPGA 4 – Valuation of individual trade related properties	▶ VPGA 4 – Valuation of individual trade related properties
▶ VPGA 5 – Valuation of plant and equipment	▶ VPGA 5 – Valuation of plant and equipment
▶ VPGA 6 – Valuation of intangible assets	▶ VPGA 6 – Valuation of intangible assets
▶ VPGA 7 – Valuation of personal property, including arts and antiques	▶ VPGA 7 – Valuation of personal property, including arts and antiques
▶ VPGA 8 – Valuation of real property: matters evident or to be considered during inspection, and the appropriateness of assumptions (NEW)	▶ VPGA 8 – Valuation of portfolios, collections and groups of properties
▶ VPGA 9 – Identification of portfolios, collections and groups of properties	▶ VPGA 9 – Valuation in markets susceptible to change: certainty and uncertainty
▶ VPGA 10 – Matters that may give rise to material valuation uncertainty	
2014 Global Valuation Practice Guidance – Applications (VPGAs)	

3. RICS Professional Standards (PS1 and PS2) – MANDATORY
4. 5 Valuation Technical and Performance Standards (VPS1-5) – MANDATORY
5. 10 Global Practice Guidance – Applications (VPGA1-10) – ADVISORY
6. IVS 2017 (annex).

The effective date for adoption was 1 July 2017 (same as IVS 2017).

The differences in Red Book structure for VPS between 2017 and 2014 are identified in Table 1.

The differences in Red Book structure for VPGAs between 2017 and 2014 are identified in Table 2.

Principles of change for 2017

The 2017 Global Red Book is, first and foremost, a “handbook” for members, focussing on the implementation of international standards with additional RICS requirements and guidance. While the International Valuation Standards (IVS) remain at the core of the 2017 edition, it also provides links to the progressively developing International Ethical Standards (IES), International Professional Standards (IPS), and International Property Measurement Standards (IPMS). In addition, it will need to take account of the RICS Conflicts of Interest (COI) PS and the proposed RICS Single Professional Statement (SPS). Following through the changes made in 2014, the aim is for the Red Book to be seen as the definitive implementation guide for the production of IVS-

compliant valuations, and not as some sort of rival set of standards, even though the coverage of the Red Book extends beyond IVS.

General Format

In terms of format, the following changes have been made:

- The new RICS classifications and terminology for standards and guidance material have been adopted throughout – Red Book Professional/Valuation Standard (PS/VPS) – same status as “stand alone” RICS Professional Statement – Mandatory
- The Red Book has been positioned even more strongly as an implementation guide, and also reflects the broadening context in which valuation work is nowadays undertaken. The Introduction recognises and differentiates between professional standards (ethics etc.), technical standards (with IVS 2017 at their heart) and performance or delivery standards (overall client focus, complaint procedures etc.)
- Although the IVS will continue to appear as a self-contained Annex, to which the Red Book text cross-refers, the use of summary “text boxes” at the start of each RB section make explicit how the IVSs are reflected in the RICS material.

Professional Standards (PS1 and 2) – Key Changes

Professional Statement 1 (PS1) – Compliance with international standards and professional statements

All members, whether practising individually or within a regulated or non-regulated firm, who provide a written valuation, are required to comply with the international standards and global professional statements (designated PS or VPS).

Members must also comply with the requirements of RICS/SCSI (Society of Chartered Surveyors Ireland) valuer registration (VR).

Professional Statement 2 (PS2) – Ethics, competency, objectivity and disclosures

As it is fundamental to the integrity of the valuation process, all members practising as valuers must have the appropriate experience, skill and judgment for the task in question and must always act in a professional manner free from any undue influence, bias or conflict of interest.

PS1

1.1.5 Formal recognition of oral valuation advice:

'For the avoidance of doubt, where – exceptionally - valuation advice is provided wholly orally, the principles set out in this volume should still be observed to the fullest extent possible. Members are reminded that the mere fact that advice is provided orally does not mean that it is therefore provided without liability – the valuer's responsibilities and obligations will always depend on the facts and circumstances of the individual case.'

1.5 Additional descriptive material on exceptions

PS 1 and 2 - Running order refinements (with no impact on content or application)

PS2 - Under PS 2.8, new introductory section on terms of engagement (Scope of Work) – but does not impose new burdens on members.

Valuation Technical and Performance Standards (VPS1-5)

Global valuation technical and performance standards are denoted by the use of a VPS reference number and contain specific, mandatory (unless otherwise stated) requirements and related implementation guidance, directed to the provision of a valuation that is IVS-compliant.

VPS1 Terms of engagement (scope of work)

Key changes for 2017 - Additional new required terms of engagement:

- Valuation currency must be specified
- Portfolios, collections and groups of properties must be identified
- A statement on whether or not any limitations on liability have been agreed must be included.

This mandatory standard applies International Valuation Standard 101. It specifies additional mandatory requirements for RICS members designed to:

- enhance client understanding of the service to be provided, with clarity concerning the basis on which the fee will be calculated
- provide assurance that work undertaken by RICS members meets high professional standards, backed by effective regulation
- addresses particular aspects of implementation that may arise in individual cases.

VPS 2 Inspections, investigations and records

Key changes for 2017:

- Guidance on matters to be investigated removed to VPGA8
- In accordance with IVS 2017 there are new requirements for valuation records. Proper records must be kept of inspections, investigations and other key inputs in an appropriate business format.

Additional important points to note:

- Valuers must clarify with client any assumptions to be made
- If any assumption is at variance with observed facts it becomes a special assumption (see VPS4)
- Restrictions on inspection must be set out in terms of engagement and report.

This is a mandatory standard and applies to IVS 102 Investigation and compliance. It specifies additional mandatory requirements for RICS members designed to enhance client understanding of the valuation process and report, and addresses particular aspects of implementation that may arise in individual cases.

VPS 3 Valuation Reports

Key changes for 2017 - Additional new matters to be included in the report:

- Reference to portfolios, collections and groups of properties
- Commentary on any material uncertainty in relation to the valuation where it is essential to ensure clarity on the part of the valuation user
- A statement on whether or not any limitations on liability have been agreed.

In addition, there are changes to the 'natural' order of headings (though order is not prescriptive).

This is a mandatory standard and applies IVS 103 Reporting. It specifies additional mandatory requirements for RICS members designed to enhance client understanding and use of reports and addresses particular aspects of implementation that may arise in individual cases.

VPS 4 Bases of value, assumptions and special assumptions

Key changes for 2017 - 4 bases of value are identified - Market Value, Market Rental Value and Investment Value (or Worth) are unchanged but:

- IVS 2013 Fair Value definition (b) has been omitted (transfer of asset/liability without 'proper marketing')
- Fair Value defined by IFRS 13 remains
- Recognition that other bases may be needed e.g. if required under legislation in specific jurisdictions. If so, this must be fully explained in the report
- Forecast/projected values – Special Assumption - advice given
- Basis of value must be consistent with the purpose of the valuation together with any appropriate assumptions or special assumptions.

This is a mandatory standard and applies IVS 104 Bases of Value. It specifies additional mandatory requirements for RICS members and addresses particular aspects of implementation that may arise in individual cases.

VPS 5 Valuation approaches and methods

Key changes for 2017: This VPS is new for 2017. It states:

'Members are responsible for adopting, and as necessary justifying, the valuation approaches and the valuation methodologies used to fulfil individual valuation assignments. These must always have regard to the nature of the asset (or liability), to the purpose, intended use and context of the particular assignment and to any statutory or other mandatory requirements applicable in the jurisdiction concerned.

Members should also have regard to recognised best practice within the valuation discipline or specialist area in which they practice, although this should not constrain the proper exercise of their judgement in individual valuation assignments in order to arrive at an opinion of value which is professionally adequate for its purpose.

Unless expressly required by statute or by other mandatory requirements, no one valuation approach or single valuation method necessarily takes precedence over another, and in some jurisdictions and/or for certain purposes more than one approach may be expected or required in order to arrive at a balanced judgement. In this regard, the valuer must always be prepared to explain the approach(es) and method(s) adopted.'

This is a mandatory standard and applies IVS 105 Valuation Approaches and Methods. It addresses particular aspects of implementation that may arise in individual cases.

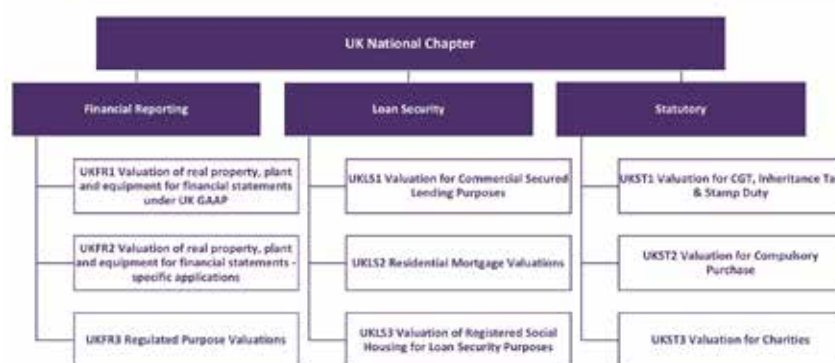
VPS 5 identifies 3 usual main valuation approaches 'usually classified':

1. Market approach (comparison)
2. Investment approach (income capitalisation or cash-flow)
3. Cost approach (assumes purchaser will pay no more than the cost of constructing the asset).

VPS 5 in summary:

- The valuer must choose the appropriate method(s) of valuation to fit the case

UK Red Book 2017 Possible Structure



- Choice is a matter of professional judgement
- Provision for local/national circumstances
- Be prepared to explain and justify your choice.

RICS Global Valuation Practice Guidance – Applications (VPGAs)

Applications are denoted by the use of a VPGA reference number and provide further implementation guidance in the specific instances listed. They include:

- valuations for specific purposes (of which financial reporting and secured lending are among the most widely encountered)
- valuations of certain specific asset types, where particular issues and/or practical considerations expressly need to be taken into account.

These VPGAs embody “best practice” – that is procedures that in the opinion of the RICS meet a high standard of professional competence. While not themselves mandatory, the VPGAs do include links and cross references to the material in the International Valuation Standards and to material in these global standards which is mandatory. This is intended to assist members in identifying material relevant to the particular valuation assignment they are undertaking.

These advisory VPGAs are listed in Table 2.

2017 Global Red Book – Summary

The Red Book 2017 is an implementation

guide to the production of IVS 2017-compliant valuations. It recognises and differentiates between professional standards (ethics etc.), technical standards (with IVS 2017 at their heart) and performance or delivery standards (overall client focus, complaint procedures etc.).

The opportunity has been taken to strengthen the emphasis on appropriate consideration of factors which can broadly but loosely be grouped under the “sustainability” heading - environmental factors (including flooding/natural disasters etc. risks), occupation and use factors (energy efficiency, adaptability etc.). The opportunity has also been taken to recognise that, as the definitive version of the RICS Red Book on any given day is to be found on the RICS website, the RICS will seek to ensure that members are aware of any changes made over time by highlighting them in the relevant professional group newsletters or through other established electronic communication channels at the point in time the changes are made (including RICS Insights).

The UK Red Book - A Supplement to RICS Global Red Book

It is proposed to restructure the format and content of the UK Red Book. A possible structure for the 2017 edition is indicated in the diagram.

What would a jurisdiction guide contain?

- Overview of Global Red Book application in this market/current state of adoption
- Adoption of IVS in market

- Relevant local valuation professional organisations and standards
- Current RICS Global Red Book awareness/knowledge narrative
- Regulation – state and Valuation Professional Organisation
- Relevant legislation (if any)
- Key market stakeholders – funds/banks/lenders
- Links to relevant websites and further information
- Available translations.

UK Guidance

Fiona drew attention to the extant Rating Consultancy Code, the proposed ratings appeals guidance, the proposal to update the Contractors Method of Valuation, and the proposed update of DRC valuations. Details follow.

Rating Consultancy Code 2017

This is the 4th edition and has been jointly adopted by RICS, Institute of Revenues, Rating and Valuation (IRRV) and Rating Surveyors' Association (RSA). The effective date is April 2017.

Its purposes are to improve consumer protection and maintain professional standards, and has been updated now to recognise unprofessional practice of some rating consultancies. It sets out the standards of practice that rating consultants must adopt in all cases where they are either seeking instructions, or are approached by a new or existing client, to provide advice in relation to non-domestic rating matters. It has mandatory application in relation to rating consultancy work.

Seeking instructions - General principles

There is no blanket restriction in principle on approaching a ratepayer to offer rating services, even in the awareness that another professional adviser has been retained or had submitted a rating appeal, but should act professionally at all times and not continue to seek instructions after the ratepayer has indicated that he or she

is content with his or her present advisers or does not wish to use the services of the firm or individual making the approach.

If a ratepayer may decide to conduct his or her own appeal without representation, this decision *must* be respected without attempts to encourage that person to engage external assistance.

Instructions *must* not be solicited directly from any branch of a national organisation, where the person soliciting the instructions is aware, or could readily ascertain, that the matter in relation to which instructions are sought is being dealt with by the headquarters of that organisation.

Proper diligence *must* be exercised in identifying the appropriate person to approach within the organisation to solicit instructions, and if that person declines the approach another person in the organisation *must not* be approached.

A firm or individual *must not* submit a request to the Valuation Officer to check information about a property or lodge a proposal, ostensibly on behalf of the ratepayer, without having been instructed to do so.

There have been issues with the conduct of Marketing and Telesales Staff. The Code states that staff should be given appropriate training in the basic principles of rating advice and the services being offered (includes the content of the Code). Any marketing approach *must* be carried out professionally and without the making of any untrue, exaggerated, irrelevant or misleading statements.

They must not:

- state or imply that the rateable value of the prospective client's property is too high by misleading comparison
- state or imply that a reduction in the rateable value of the prospective client's property will follow from reductions in rateable value of other property in the locality
- imply that the Valuation Officer would do otherwise than to accept a valid proposal

- suggest or imply that acknowledgement by the Valuation Officer of a proposal can be construed as acceptance that the proposal has been validly made
- suggest or imply that acknowledgement by the Valuation Officer of a proposal implies that a reduction in the rateable value, or rates liability, will automatically result.

The content of any approach should be restricted to describing the services the firm has to offer, and should NOT:

- include any criticism, direct or implied, of the firm currently instructed by the ratepayer or of another qualified rating surveyor, or other firm of chartered surveyors
- cast aspersions on the work carried out by the retained firm
- imply that the firm making the approach has a better success rate in appeals than the retained firm or of another qualified rating surveyor, or other firm of chartered surveyors
- misleadingly imply that the services offered are different from those carried out under the existing instructions
- misleadingly advise the ratepayer that he or she is 'missing out' by not submitting an early appeal
- misleadingly suggest that a time limit exists for the making of a proposal or appeal or taking of any other rating action.

In terms of marketing materials and communications 'A firm shall promote its professional services only in a truthful and responsible manner.'

All marketing material, communications and activity related to the marketing of professional services *must*:

- be accurate, honest and comply with all relevant regulations and advertising codes of practice
- *not* criticise the work of other professional rating advisers

- *not* bring the profession into disrepute.

All case studies or testimonials included in marketing material must be genuine, accurate and capable of being authenticated.

No general or specific percentage reductions should be stated in marketing material in such a way as to imply that a similar reduction could be achieved on a ratepayer's property, when it could not be known whether other factors might apply so as to prevent such a reduction being obtained.

Terms of Engagement

- Conditions that relate to the cancellation of the contract by either party *must* be clear and understood by the client. Where the terms of cancellation provide for the payment of a fee, whether in addition to an agreed fee or in substitution for such a fee, these should not contain onerous or unreasonable penalty clauses that would inhibit a client changing professional advisers
- Appeal fees are to be introduced under the provisions of the Enterprise Act 2016 for business rates appeals in respect of the 2017 Rating List. It is important that clients should be aware of such fees and of their potential liability for them
- The Enterprise Act 2016 introduces civil penalties for those supplying incorrect information to the Valuation Office Agency 'knowingly, recklessly or carelessly'. It is important that clients should be clear that, if incorrect information is supplied on their behalf by an agent, they may be liable for civil penalties under the Act.

The Declaration by ratepayers has been updated. It must be provided to a ratepayer as part of the written confirmation of the terms of engagement for rating consultancy advice and signed by both client and agent. Appendix A of the Code outlines clearly all the above matters in respect of business rates advice.

Rating Appeals Guidance Note

This 4th edition of Rating Appeals (April 2017) incorporates amendments necessitated by new regulations and procedures introduced from 1 April 2005 when the 2005 rating lists came into force. It also reflects the changes introduced in England by regulations introduced on 1 October 2009 and the subsequent Practice Statements published by the President of the Valuation Tribunal for England. It includes sections on the effective date of alterations resulting from successful appeals against the 2005 and subsequent rating lists and on the system for programming of rating appeals. From 1 April 2017, the appeal system in England will change and a separate guidance note will be published, including advice on the new procedure of Check, Challenge and Appeal [Ed – see rating article in this edition of Terrier].

Contractor's Method of Valuation

This Guidance Note was originally published in November 1995. The contractor's method is a cost method of valuation, and can sometimes be used when comparative, profits or investments methods cannot be used.

The Joint Professional Institutions' Rating Valuation Forum (JPIRVF) was reconstituted for this purpose and includes representatives from RICS, IRRV, RSA, Valuation Office Agency, Scottish Assessors' Association and Land & Property Services Northern Ireland.

Depreciated Replacement Cost (DRC) valuation in the public sector

The previous guidance (dated July 2007) has been archived for a number of reasons, for example, more work is being contracted out to the private sector, which needs to understand DRC as used in the public sector. The RICS Public Sector Working Group expressed concerns about consistency of approach. The intention is to clarify public sector definitions and requirements.

DRC is defined (RICS, 2005: Glossary) as "The current cost of reproduction or replacement of an asset, less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Many parties are engaged with preparing

this proposed Guidance Note [Ed – but not yet ACES, although a consultee contact is to be nominated].

The task force identified 4 main issues that needed tackling in terms of different approaches to DRC valuation work:

1. Modern Equivalent Asset and the assumptions to be applied
2. Land value – the issue of comparables for land that has a restricted permission – assumptions
3. Life-ing adjustments and service potential
4. Componentisation.

A draft is currently being put together, but a timescale for production has not yet been set.



RATING THOUGHTS AND APPEALS

Roger G. Messenger, BSc FRICS FIRR V REV MCIArb Hon.

CAAV RICS Registered Valuer Vice Chairman, TEGOV

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

Roger penned this piece before the results of the General Election were known. Of note was the sudden omission of 100% Rates Retention in the Queen's Speech and the movement back towards equalisation between areas. Kevin Muldoon-Smith makes reference to this in the next article.

Context and thoughts, pre-Election

As I write this piece, we are 2 weeks away from the General Election, and all the political parties have something within their manifestos regarding Business Rates, with most of them promising yet more reviews and possible radical change.

What appears to be unlikely to change is the discussion to implement 100% Rates Retention for Billing Authorities in the next few years, subject to some sort of equalisation scheme.

Most observers are promoting more frequent revaluations. It is not clear whether such a move would be matched by a shorter Antecedent Valuation Date (AVD) – currently 2 years - or not. Many practitioners believe that the AVD could realistically be set at one year. The period of revaluation is likely to reduce from the nominal 5 years (the last one was 7) to 3 or 4 years, with the favourite for all sorts of reasons to 4 years.

Given an election in 2017 and under 'normal' circumstances, a 5-year Parliamentary term, one might assume the next General Election in 2022. With a 4-year pattern of revaluations, from 2017 this would suggest 2021. This would sit well with not having a revaluation in an election year and during a year when Billing Authorities are likely to have a rebasing. We are currently told this might be 2020.

High on the agenda for potential reform is the appeals mechanism. For 2017, we have 'Check, Challenge and Appeal' (of which more later). Certainly, self-assessment is to be fully examined as an option. In theory, relatively straightforward as arguably, rating advisers already carry out a valuation of their clients' occupations to decide whether or not to appeal the assessment. The ratepayer would lodge his valuation and presumably the Valuation Office Agency would then act as an audit body looking at either sample numbers or outliers from expected parameters.

The technical valuation side would therefore seem soluble. What is more difficult is the overall effect on yield and timing. Currently, with the draft List published 6 months in advance of the compiled List, barring adjustment for errors, the income for the revaluation can be calculated by the application of the poundage which is derived from the legislation against the new resultant Rateable Value.

Rate collection starts against that new liability with effect from 1 April in the year of the completed List and with very high collection rates currently, the cash flow and guaranteed income are beyond doubt. With self-assessment, the only way to replicate that would be to ensure that the assessments were logged prior to the compiled List date so that the poundage can be calculated. The difficulty is policing that. At present, the Valuation Office Agency is under a contractual relationship to provide the revaluation.

An uncertain yield or a delayed yield will remove 2 of the attractions and definitive features of the current Non-Domestic property tax. Notwithstanding, with another round of Valuation Office Agency office closures announced, and with year-on-year cost savings resulting in a declining workforce, the ability to continue with the status quo must be seriously in doubt, particularly as there is a significant current backlog from 2010 of at least one year's work, if not 2, for the Valuation Office.

A number of current calls for reform include the suggestion that one million properties could be removed from the Rating List as they contribute a mere 6% of the current total rates take of £25bn. That, of course, raises all sorts of issues around fairness, and the need to tax occupation of land and buildings consistently.

Other calls for a wholesale review of reliefs and exemptions are also current.

Of course, if we consider this from the view of local authority funding, one might also consider the need for a Council Tax revaluation with the List now some 25 years old. "Politically problematic" is the answer. If one is to retain the property tax system, it seems to me these problems and others need to be grasped.

Check, Challenge and Appeal (CCA)

So, from 1 April 2017, we suffered the introduction of the much-heralded new system of 'Check, Challenge and Appeal'. I say 'suffered' because, some 2 months in, despite platitudes from the Communities and Local Government (CLG) and Valuation Office Agency to say the system is working normally – it clearly isn't, or, if this is normal, it is a long way from acceptable. On a daily basis, even trying to get clients' properties to the first stage of registration prior to initiating a check is proving to be a real challenge, both for the clients and advisers in the elaborate and cumbersome registration procedure; in particular, the

follow-up IT for client and adviser beset with "experiencing technical difficulties", the continued multiple daily message from the Valuation Office Agency website.

The system would be regrettable if it worked. As it is, it is nothing short of a scandal.

The Valuation Office Agency and CLG policy seeks support from their interpretation of HMRC rules that allows them to avoid any transparency in the Rating system and to allow ratepayers or their advisers some detail as to how assessments have been arrived at. Leading counsel's opinion for ratepayers suggests such opacity is not required by the rules – but this changes nothing, as the Valuation Office Agency is not moving. Over the last few years, the tendency has been for the Valuation Office Agency to concentrate on the ratepayer to the avoidance, and where possible, exclusion of the agent/adviser. Indeed, under CCA, when it actually starts to work, all agent correspondence will be copied by the Valuation Officer to the ratepayer client.

A number of thoughts come from this.

Firstly, most ratepayers engage an agent or adviser because they have no wish, time, inclination or competence to engage in the world of business rates themselves. Under long-established agency law, that agent, with the client's agreement, stands in the place of the client and, as such, the client deals with the agent and not the Valuation Office Agency directly.

The Valuation Office Agency seeks to obviate that, not only to the annoyance of ratepayers, but also of considerable annoyance to their professional advisers who are left with a feeling of mistrust. It is frankly unprofessional to go to the agent's principal directly. Such activity would not be conceded in any other property dispute – rent reviews, for example.

The apparent need to sideline the adviser and involve the ratepayer in something he or she has engaged others to do is disrespectful to both, and leads to further calls for reform.

Conclusions

The £25 bn or more raised from the NNDR needs to come with a level of respect



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afforded to all of those involved in that process, and with a non-obstructive appeals mechanism. Some observers have postulated that the CCA system is so deliberately flawed that it has been set up to fail in favour of radical reform or, at least, self-assessment.

I personally do not extend the conspiracy theory that far, but I do share the view that as launched, the new system is unnecessary, cumbersome, unwieldy, unnecessarily expensive to administer and will fuel the calls for radical change.

The new government may bring in a clean sweep - it may not; CCA may improve - it may not. As we are today, I do not think any of those involved, from ratepayer to agent, to Billing Authority or even Valuation Officer could possibly describe the new system as 'Happy Days!'



LOCAL URBAN FINANCE: WHAT NEXT FOR BUSINESS RATE RETENTION?

Kevin Muldoon-Smith and Paul Greenhalgh



Following an early career in urban regeneration, Kevin is a Lecturer in real estate economics and property development in the Department of Architecture and Built Environment at Northumbria University. His research and teaching combines real estate development, international finance and public policy, in which he is widely published in academic and professional circles. His most recent research has tracked the evolution of Business Rate Retention and its relationship with local economic development and welfare requirements. kevin.muldoon-smith@northumbria.ac.uk

Dr Paul Greenhalgh MRICS is a Reader in Real Estate Economics, Faculty Director of Research Ethics and Founder of the URB@NE Research Group and R3intelligence Consultancy. He is widely published in the field of urban policy evaluation and the spatial analysis of commercial real estate markets. Paul's recent research investigates the implications of government changes to the business rates system in England and the spatial modelling of their potential impact. paul.greenhalgh@northumbria.ac.uk

Kevin and Paul give some thought to the reasons for 100% Business Rate Retention being omitted from election manifestos and why a system relying on business rate growth generated from new development, as a proxy for economic growth, is flawed. "The recent Whitehall tussle between the political rhetoric of growth and civil service pragmatic equalisation is a little like something from Yes Minister where Sir Humphrey continually thwarts the intentions of Jim Hacker – determined to preserve the status quo at all costs."

Introduction

Silently, but significantly, the tectonic plates of public finance have been shifting in recent years – after 2020

local authorities in England will, in part, be reliant on property tax (from residential and commercial premises) generated within their own administrative boundaries to pay for welfare requirements. Seemingly, this is an about-turn from traditional grant funding based on centralised equalisation between administrative locations. The flagship policies for this agenda are 50% Business Rate Retention introduced in 2013 and the more recent announcement of 100% Business Rate Retention (announced at the Conservative Party Conference in 2015). Yet the subject remains under-researched in practice and academia. Rarely, has such a policy had such a long lead-in, but been so ill defined, and received so little scrutiny.

Exacerbating this situation, and perhaps

reflecting the lack of detail on the subject, none of the major political parties mentioned Business Rate Retention in their election manifestos. At the same time, the legislation that underpins 100% Business Rate Retention, the protracted Local Government Finance Bill, fell following the announcement of the recent national election. Even though Business Rate Retention only accounts for 30% of local authority funding, it is unlikely that this policy and its wider stated aim of incentive based financing, will disappear from policy – especially given the recent announcements from the Local Government Association that local authorities would see a 77% reduction in central funding by 2020 and a potential £5.8bn funding gap. Presumably, reliance on local property tax will only increase as a proportion of total spend.

Room for improvement

On one hand, the recent radio silence in relation to Business Rate Retention has only contributed to the uncertainty about how local services will be funded post 2020. However, on the other hand, this hiatus gives academics and practitioners some time to reflect on how the Business Rate Retention policy can be improved to better support local welfare requirements, and in order for it to more coherently translate into local economic development and growth. While some local authorities in England will no doubt have breathed a sigh of relief when the planned government legislation receded from clear view, this lull in activity should be used by government, practitioners, academics and the various opposition parties, as an opportunity to better design local models of urban finance.

We have argued for some time that the Business Rate Retention strategy, in its current 50% guise and its proposed 100% evolution in 2020, has inherent contradictions (see Muldoon-Smith and Greenhalgh 2015, Greenhalgh, Muldoon-Smith and Angus 2016, Muldoon-Smith and Greenhalgh 2017a, Muldoon-Smith and Greenhalgh 2017b). For example, the existing system only rewards business rate growth generated from new property development – any growth derived from existing property is stripped out of the Business Rate Retention mechanism. Furthermore, empty property taxation is rewarded more than thriving business centres – this is because empty property rates are levied on the maximum business rate multiplier rather than the lower small business rate. Moreover, only buildings with large floorplates generate tax as small businesses now largely exist outside of the Business Rate mechanism. The consequence is that the incentive to grow local economics does not translate into economic development – small businesses are largely ignored. Furthermore, those locations with buoyant rental levels that can attract new commercial development have an advantage over areas where demand is low and viability a challenge.

We therefore call for a concerted effort towards Business Rate Retention reform. The imperative has to be towards better linking the policy towards the original government aim of incentivising

economic development. One way of doing this is to reduce the rate of empty property rate taxation below the small business rate multiplier. This would be an easy win as it would incentivise local authorities and landlords to promote small business growth, rather than rewarding dormant potential.

National valuation

More problematic, but potentially more beneficial, is to lever in the potential value growth of existing commercial property. Currently, the model of devolved public finance in England is really a system of devolution which preserves an element of control at the central level (Smith and Wistrich, 2014). This is kept afloat by a complex spatio-urban balancing act of transitional arrangements, damping, adjustments in business rate multipliers and top-ups and tariffs. This is in contrast to the federal forms of property valuation and administration that afford a certain degree of local freedom in North America. As Foster et al. (1980, p. 188) argued, new finance systems ‘always contain vestigial remains of olds ones’ – this is true, but the real legacy, in our view, is not the continued reliance on equalisation but the reliance on the national system of valuation which predetermines the need to strip out economic growth during periodic revaluations. Business Rate Retention cannot shake its reliance on centralisation.

Certainly, elements of equalisation will continue to pervade local government finance (see Sandford 2017 for further discussion of this issue). In theory, this is a good thing and complements the existing top-up and tariff and potential safety net provision in Business Rate Retention. Indeed, the messy compromise between economic growth and equalisation is positive in that it reflects the variegated and uneven nature of local property markets and welfare demand (Muldoon-Smith and Greenhalgh 2015). However, there remains an implicit assumption that new property development can act as a proxy for economic development – but this is not borne out in reality. This is where the folly of using new real estate development as a convenient proxy for economic growth comes to the fore. Certain locations with buoyant job prospects, for example the A19 corridor

dominated by Nissan in Sunderland or the Golden Logistics triangle in the Midlands, do not benefit in any great degree from Business Rate Retention. This is because industrial property, although space hungry, does not translate into significant rates income due to its low rental value.

In other words, beyond the rhetorical flourish, it is very difficult to argue that economic growth is mirrored in business rate movements. This is why we argue that all local government officers need to become conversant, and importantly involved, in the characteristics and performance of local property markets. This is for several reasons: to pursue landlords who are avoiding paying empty property rates through avoidance measures, to counter nefarious rate reduction applications, to contest suspect claims to remove certain property assets from the valuation roll and most importantly to make sure that new property development is correctly planned in line with the requirements of market demand. Similarly, we argue that the burgeoning academic debate (albeit a small one) in the field of public administration should be expanded to include real estate and urban planning research. This is because the incentive to build new property in the Business Rate Retention system will inevitably lead to oversupply of stock, vacancy, filtering and displacement across wider urban areas and institutional boundaries – occupier demand does not recognise the perimeters of local authority territory. This is where tax competition and entrepreneurialism will come to the fore: those locations with the ability to build will be incentivised to do so, while those who cannot will be reliant on the top-up process – surely a begging bowl in all but name.

Conclusion

The recent Whitehall tussle between the political rhetoric of growth and civil service pragmatic equalisation is a little like something from Yes Minister where Sir Humphrey continually thwarts the intentions of Jim Hacker – determined to preserve the status quo at all costs. The problem is that the levers of equalisation can only have so much influence and they are unlikely to paper over all of the cracks caused by the Business Rate Retention

policy. Arguably, the government will never pursue a full system of incentive as an organising principle of local public finance, as the huge mismatch between welfare cost, and the inability to pay for it, quickly would become apparent. However, what is certain, is an impending local government funding black hole which demands creative models of urban finance that don't only reward new commercial development.

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THE ENERGY ACT 2011

Sophie Reeves MRICS

Sophie joined NPS Property Consultants in June 2015, after graduating from Oxford Brookes University in 2013 with a BSc (Hons) in Real Estate Management. She has been working within the Landlord and Tenant and Valuation Department since joining NPS and in May 2017, passed her Assessment of Professional Competence (APC) to become a Chartered Surveyor. Sophie.Reeves@nps.co.uk

Sophie attended ACES Eastern Branch Meeting on 30 June. She has kindly allowed me to use her briefing paper and presentation material on implementing the Energy Act 2011, which summarises the background, scope and implications of the new regulations. The 2018 EPC Regulations will provide a challenge for landlords to understand the full extent to which they will be affected and to identify what measures they need to implement between now and April 2018, and thereafter. Thanks to Sophie and NPS for allowing this to be reproduced.

Introduction

In 2018, regulation changes affecting Energy Performance Certificates (EPCs), set out in the Energy Act 2011, will take effect. These changes will mean that it will be unlawful to let or lease a residential

or commercial property with a poor EPC rating. The regulations come into effect from 1 April 2018 and will require substandard properties to be improved to a minimum energy efficiency standard (MEES). It is possible that the MEES may also be changed over time. The new regulations apply to Non-domestic property, defined by the Energy Act 2011 as any property let on a tenancy, which is not a dwelling. All commercial property types from A1 – D2 usage class are within the scope of the regulations, with the exception of those excluded from existing EPC regulations. The regulations apply to domestic property, defined in section 42 of the Energy Act 2011 as properties let under an assured tenancy for the purposes of the Housing Act 1998, or a tenancy which is a regulated tenancy for the purposes of the Rent Act 1977. There are also, however, some exceptions where a domestic property would be exempt from requiring an EPC.

These regulations could have very significant implications for landlords, and for occupiers who wish to assign or sublet space, including:

- marketability of some properties could become difficult unless they are upgraded to meet the minimum standards
- valuations of such properties could be affected if their marketability is diminished
- rent reviews for properties in this situation could be affected
- implications for dilapidations assessments may also exist.

Given this risk to property owners and occupiers, it is clear that a full understanding of the energy efficiency of property portfolios is required.

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Thereafter owners and occupiers will need to assess the costs and viability of undertaking improvements, bringing forward properties for marketing prior to 2018 or re-gearing leases. Property owners and occupiers should also consider how their property values may be affected.

The Energy Act has 3 key objectives: to tackle barriers to investment in energy efficiency, enhance energy security and enable investment in low carbon energy supplies. From 1 April 2018 it will be unlawful to rent out residential or business premises that do not reach a minimum energy efficiency standard of E or above. If a building has an EPC rating of "F" or "G" it will be known as a "substandard property". Government data suggests that a significant proportion of the UK building stock (20%) could be affected by these new regulations. From 1 April 2018 this provision will be triggered by any new lettings: lease renewals over 6 months and under 99 years in length, sublets or assignments. From 1 April 2023 it will apply to all existing leases.

What is an Energy Performance Certificate?

An EPC gives a property an energy efficiency rating from A (most efficient) to G (least efficient). They are valid for 10 years. An EPC is required:

- if you rent or are selling a property
- when a building under construction is completed
- if there are any significant changes to the heating, air conditioning and mechanical ventilation system within the property.

An EPC Certificate must be displayed if all of the below apply:

- the total useful floor area is over 500 sq m
- the building is frequently visited by the public
- an EPC has already been produced for the buildings sale, rental or construction.

Some Properties are exempt from EPCs including:

- listed or officially protected buildings
- where the minimum energy performance requirements would unacceptably alter the building
- temporary buildings which are only going to be used for 2 years or less
- properties used as a place of worship or for religious activities
- industrial buildings, workshops or non-residential agricultural buildings that do not use much electricity
- properties due to be demolished by the seller or landlord which has all the relevant planning permissions or conservation consents
- detached buildings with a total floor area of less than 500 sq m
- buildings are also exempt if all of the following are true: It is due to be sold or rented out with vacant possession, it is suitable for demolition and the site could be redeveloped and the buyer or tenant has applied for planning permission.

There are some exemptions for MEES:

- The Golden Rule - where an independent assessor determines that all relevant energy efficiency improvements have been made to the property or that improvements that could be made but have not been made would not pay for themselves through energy savings within 7 years
- Devaluation - where an independent surveyor determines that the relevant energy efficiency improvements that could be made to the property are likely to reduce the market value of the property by more than 5%
- Third Party Consent - where consent from persons such as a tenant, a superior landlord or planning authority has been refused or has been given with conditions with which the landlord cannot reasonably comply

- Statutory Obligation - Where the lease was created by operation of law/order of court/statutory renewal process. (surrender & renewal)
- Lease Length - Short leases of less than 6 months or long leases over 99 years.

Exemptions must be registered on the central government PRS (Private Rented Sector) Exemption Register, run by Department of Energy and Climate Change. The exemptions are only valid for 5 years and cannot be transferred to a new landlord.

Enforcement, penalties and appeals

Enforcement of the MEES regulations is to be via local Trading Standards Officers (TSOs) who will determine whether a penalty should be imposed. Once a landlord has received a penalty notice by the local TSO, they will have 28 days in which to challenge this penalty. The penalties can be:

- £5,000 for providing false or misleading information on the PRS Exemption Register
- £5,000 for failure to comply with a compliance notice from the local authority
- 10% of rateable value (minimum £5,000; maximum £50,000) for less than 3 months non-compliance
- 20% of rateable value (minimum £10,000; maximum £150,000) for 3 months or more non-compliance.

What should we be doing now?

We should be considering:

- Which properties are within the scope of MEES and do any exemptions apply?
- Carrying out energy assessments to check whether the EPC ratings for some properties are correct
- Reviewing lease agreements to understand how break dates, renewal

dates and obligations fit with the MEES timetable

- New leases, EPC renewals, refits and improvements.

Opportunities and issues

The changes to the regulations provide a number of opportunities and issues which need to be considered. These include, but are not restricted to, the following:

- Right to Sublet/assign - for landlords hoping to delay compliance for as long as possible (2023), standard leases may not contain sufficient restrictions on tenants subletting/assignment?
- Rent Reviews - are the standard assumptions (between a willing landlord and willing tenant) enough

for MEES not to impact on the rent review?

- Alterations - would it be reasonable for landlord's consent to be withheld if the alterations would affect the EPC?
- Landlord's right to enter - for a landlord looking to make improvements, does the landlord's rights to enter extend to entry for installing energy efficient improvements?
- Date of the EPC - EPCs carried out before 2011 are likely to change, as they were carried out before the EPC calculator software was updated to reflect the latest changes to Building Regulations
- Sustainability - opportunity to engage with tenants/landlords to enter

"Green Leases" where the environmental management and property costs, such as energy efficiency improvements and utility bills could be shared to benefit both parties

- Value enhancement or loss - potential increase in rental and asset value from making energy efficiency improvements or combining these with other improvements, but also the potential loss of value from a change to the marketability of a property with poor energy efficiency
- Potential to increase rental and market values - from making energy efficiency improvements and/or combining these with other improvements.

One outcome is that we may see changes in standard lease clauses.

Branches News

DUNCAN BLACKIE, EASTERN BRANCH

CPD meeting on 30 June 2017

Eastern Branch held its meeting at Cambridge Fire Station on 30 June. Richard Combes was thanked for his Trojan efforts in stepping into the role of host (following the resignation of Yogesh Mackwana from Cambridge Fire & Rescue Services). Around 50 members and colleagues attended to hear 8 speakers, covering a range of topics summarised below.

Fiona Haggett BSc (Hons) UK Valuation Director at RICS

Fiona spoke to slides and advised the branch about changes to the Global Red Book, rating, DRC valuations & measuring standards. A brief summary is below [Ed – Fiona has given me permission to reproduce her full presentation in this edition of Terrier].

Red book: The [international] new edition of the Red Book applies from 1 July and incorporates international valuation standards.

- Valuation standards for the Global

Red Book are set by the International Valuation Standards Council, not RICS, (although RICS is heavily engaged)

- The Red Book is in 6 parts and includes mandatory and advisory notes. The advisory notes are for guidance but any departure requires justification
- PS1 – compliance with international standards - includes giving oral advice
- PS2 relates to integrity
- VPS5 is new and amplifies the need to justify approach and methodology
- The UK Red Book will be updated and presented in a more logical format (probably in 2018), which will be organised under the following headings:- financial reporting, loan security, statutory valuations.

Rating: A new Rating Consultancy Code was issued in April 2017 to deal with unacceptable professional practice,

particularly around marketing activity and training of sales staff. The Code has been prepared in consultation and is endorsed by all the relevant professional rating bodies. Also planned is a new Rating Appeals Guidance Note to include the 2017 'Check, Challenge, Appeal' process – last updated 1995.

Contractor's Method of Valuation. This is being reviewed by all the relevant professional bodies.

DRC valuation in the public sector. The 2007 guidance has been archived and a working group (comprising private sector practitioners, auditors, VOA, HMT but not ACES...yet) is looking at 4 key issues, including modern equivalent asset and componentisation. The branch expressed the view that ACES should be represented on this working group.

International Property Measuring Standards. Fiona outlined changes to IPMS, now adopted for offices and residential properties, including 'the dominant face of the wall', measuring to the centre of the wall and areas of limited occupation. RICS had intended

that these standards would be rolled out as mandatory in 2017 but they are now 'recommended practice' and the intention is new standards will become embedded in practice over the next 5 – 10 years, dependent on client requirements. Surveyors need to state the basis of measurement, check plans for accuracy/date and should not accept previous measurements at face value.

Residual valuations, development viability. Stephen Conrad, Cambridgeshire, drew attention to anomalies in RICS guidance (Stephen is intending to circulate a note to branch members & friends). Fiona advised that enquiries be directed to Tony Mulhall MRICS, Associate Director Land Professional Group.

Sophie Reeves, NPS Group

Sophie provided a useful and timely Energy Act 2011 update [Ed – see more detailed presentation notes in this edition of Terrier].

- From April 2018 it will not be possible for certain property interests to be occupied if they do not have an energy rating of E or above [ie F & G]
- The April 2018 deadline is transitional, further and more detailed regulations are intended to apply from 2023
- All leases, unless registered exempt, will need to comply
- Exemptions include listed buildings that cannot be altered, temporary buildings, places of worship, small detached buildings, where 3rd party consent is not available, leases less than 6 months or more than 99 years
- Exemptions can also be obtained where the cost of compliance cannot be recovered within 7 years and/or where compliance results in diminution of value of the property interest
- Enforcement/compliance will be the responsibility of Trading Standards officers.

Richard Leigh, Hamson Barron Smith
(part of NPS Group)

Richard is a building surveyor and he provided some examples of buildings in Norwich that have been judged not to comply, together with remedial works that could be considered to bring the buildings up to standard. His advice included consideration of:

- Assumptions are properly tested before being implemented
- Tests for air tightness
- Window film installation
- Leaks from ducting
- Type of energy/fuel supply.

Richard also pointed out that exemptions requested on payback grounds need to be supported by tendered figures, not building surveyor estimates.

Ben Stoneman, LGA representative for East of England and Liz Wigley, Government Property Unit

The audience heard updates on progress with One Public Estate (OPE) from Ben and Liz, who included the following messages in their presentations:

- To date OPE has involved 250 councils, equivalent to 70% coverage
- £29m has been provided to get 350 projects off the ground
- The target is to increase coverage to 95% by 2018
- We hope to announce a new OPE funding round in July, with a deadline of September/October for final and full applications. Ben and Liz are willing to provide advice/support to interested parties.

Ben and Liz also quickly ran through 10 case studies, which served to illustrate the variety of projects that OPE has supported to date, these were:

- LB Sutton, life science cluster/cancer research hub [largest outside USA]
- Bedford, town centre based regeneration projects

- Liverpool, knowledge quarter comprising new; university provision, rail connections and residential development
- Stockport, public sector co-location including DWP and 10 community hubs
- Brent, Northwick Park, bringing together public landowners to develop land-locked site
- York, regeneration of railway and adjacent city centre land holdings
- Cornwall, blue light co-location/joint working
- Nottingham, DWP & City collaboration resulting in service transformation
- Worcestershire, setting up a public sector asset management company to pool resources and generate capital receipts etc
- Newcastle, rationalisation of public sector floor space/buildings.

Jason Wells, West Suffolk Property Board manager

Ben and Liz have been working with Jason in East of England. Jason described 2 projects he is managing: Mildenhall Hub and Western Way, Bury St. Edmunds, both involving multi public services and agencies.

David Baughan, National Property Manager at Public Health England (PHE)

David is a member of ACES and has previously worked at Basildon and East Sussex Councils. He hails from Kent and regularly attends London branch meetings. His submission won the 2016 ACES Award for Excellence.

David extended an invitation for the branch to visit the new health science campus at Harlow (formerly GlaxoSmithKline) which will employ 2,750 staff. The site will also serve as the HQ for PHE (this visit has been provisionally arranged for June/July 2018). David also outlined the following:

- The major catalyst for change has been the transfer of some public health services to local authorities
- The PHE budget is £4.2bn p.a. with £3.4bn paid to local authorities and 0.5bn paid to support vaccination and other disease prevention measures. PHE's operating budget is £0.3bn
- Upon the creation of PHE in 2013 it inherited a legacy of 116 properties,

many of which were not fit for purpose, from other 100 sender bodies with annual running costs of £36m p.a. By April 2017, following a property rationalisation exercise, these numbers were reduced to 64 (many of which were co-locations with local authorities) with savings of £6m p.a. in running costs.

Barbara Paterson, Deputy Director, Health and Wellbeing, PHE Centre East of England

David was accompanied by Barbara, who spoke of the many opportunities to promote health and wellbeing of staff and the wider population, and gently challenged delegates to collaborate with PHE and other stakeholders, such as town planners and commissioners, to ensure that healthy living outcomes are designed into public sector property strategies. Detailed practical examples of strategies that can be implemented will be explored in further detail when the branch visits PHE in Harlow.

WELSH BRANCH – INAUGURAL ANNUAL PROPERTY SEMINAR

Held at The Orangery, Margam Park, Port Talbot on 4 July 2017

Matthew Jones

Matthew is the Principal Property & Assets Manager/Prif Reolwr Asedau ac Eiddo Neath Port.

With the sun shining in Margam Park Orangery, the scene was set for a great day for our first All Wales Property Seminar.

With a turnout of over 50 members from across Wales, the event attracted members across the public sector, with representation from the emergency services, Welsh Government, NHS estates and a strong presence from west to east from local government surveyors and the odd lawyer!

Vice chair Lorna Cross, Property Operational Manager at the Vale of Glamorgan Council, welcomed us all.

We all enjoyed an entertaining and valuable day of legal topics, presented by the eminent Richard Snape of Davitt Bould Jones. An array of subjects and topics was presented, with some witty repartee thrown in for good measure. The content was littered with interesting and often humorous observations and examples to keep us all enthused!

The schedule was crammed with topical areas, from clawback and overage provisions in development sales, to highlighting important legislative updates and reminders, in particular the Energy Act 2011, the Digital Economy Act 2017, Electronics Communication



Code and a reminder of landlord and tenant obligations within the Regulatory Reform (Fire Safety) Order 2005, to name but a few!

Chair Tony Bamford, Senior Property Manager at Place Partnership wrapped up proceedings and gave thanks to the speakers.

The success of the day will hopefully see the development of a more developed "conference style" programme with a selection of speaker slots and maybe a theme for next year.



Ed – I'm very pleased to see 2 contributions from members of the Welsh Branch in this edition of Terrier – this branch report, and an article on Colwyn Bay offices by Bledwyn Evans. Come on, otherwise silent branches – you know who you are....

Other interest areas



RURAL ENCOUNTER

Dave Pogson

For 50 years until retirement Dave practised as a surveyor in Lancashire and Cumbria, becoming a Fellow of the RICS and working for the Department of the Environment, Lancashire County Council, South Lakeland District Council and the NPS Group. During that time, he wrote articles on surveying topics and work experiences which allowed him to introduce some controversy, humour and the odd bit of fiction. <https://davidlewisogson.wordpress.com>

Dave tells me that this story is an amalgam inspired by:

- An ACES NW Branch Summer meeting at Carnforth Station (the home of the 'Brief Encounter' exhibition – the ultimate romance) where we had a talk on the station restoration project
- An ACES NW Branch Summer meeting at Bury Transport Museum where we had a talk on the reopening of a section of the East Lancs Railway, including a ride along the new track. The restoration involved the former railway line land being transferred from Bury BC to the Railway Trust, together with grant aid to enable the track to be reconstructed and reopened, and
- His own visit to the Ulverston Dickensian Christmas Street Market where the whole town dresses up in Victorian costumes and is truly a spectacle to behold.

'... my family are of opinion that Mr. Micawber should quit London, and exert his talents in the country.' Mrs Micawber from 'David Copperfield' by Charles Dickens.

The small country station was crowded. Two gentlemen stood towards the end of the platform waiting as the steam train came to a halt. Dressed in top hats and morning coats they looked the very image of prosperous Victorian businessmen. The younger man stepped forward and twisted the carriage handle to open the door, then stepped back to allow an attractive young woman to enter, followed by his companion. He pulled the carriage door shut behind them and sat down facing the woman.

'A fine day for it, Micawber,' said the young man.

'Indeed it is, Copperfield' his older companion replied. 'I'm so glad we supported this railway. On a fine day like this you just know that it's going to be an outstanding success.'



Micawber observed the young woman as she listened to their conversation. He noted her modern garb and that she travelled alone. He also noted from her unreserved glances that she seemed quite taken with his companion.

Without invitation, the young woman spoke. 'I'm sorry but I couldn't help over-hearing. Are you connected with this

railway?' She was looking at Copperfield so he had to reply.

'Yes we do. This railway is important. It's a lifeline to this rural community.'

Micawber supported him. 'This railway represents survival and jobs for the isolated settlements along the line. Farmers, tradesmen and visitors all rely

upon it. However, it needs financial support from the community to keep it going. I've often said - Annual income twenty pounds, annual expenditure nineteen and six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery.'

'I've seen the posters and I think that I'd like to help. Would that be possible?'

'Certainly, my dear,' said Micawber, removing his top hat and reaching inside it. From the lining of the headband he carefully withdrew a single printed sheet. 'Allow me to present you with this pamphlet. It explains in a little more detail how you can help.'

The young woman took the item, thanked him and started to read it. The train pulled into the next station and the 2 gentlemen rose to leave the carriage.

'We must take our leave of you,' said Micawber. 'Unless you care to join us

for some refreshments and to continue your journey on the next train? There will be another one along in half an hour.' Micawber had also noted that his usually-reticent young friend seemed similarly taken with the young woman. 'During that time, my companion can answer any questions that you may have.'

She glanced again at Copperfield. 'Yes, please, I'd like to know more' and stood up to join them.

Copperfield helped her down from the carriage. 'We are from the council's estates team. The council has granted a lease on part of the track and has made grants and helped to set up the Trust to restore and run the railway. We handled the property negotiations and, as a result, have since become volunteers in our free time to help the Trust at fundraising events like this.'

A group of Japanese tourists rushed along the platform, cameras raised, clicking in the direction of Copperfield

and Micawber as they stood on the platform.

Copperfield smiled at the young woman and offered his arm. 'For the moment, I have to stay in character but after we've posed for the tourists, we'll take tea in the refreshment room. I'll explain how you can join the Railway Preservation Trust and then you can volunteer to take part in these Dickensian Steam Gathering Days and other such events with us to help raise funds to keep this line open, if you so wish.'

'Well, well, well,' thought Micawber, handing out leaflets to the tourists, 'I've never heard him talk as much.' He smiled as he watched them walk along the platform together in front of him. 'A Town Hall full of young women that he never connects with but put him in a costume, give him a character and he pulls a cracker on his first outing ... result happiness.'

THE SUFFOLK SCRIBBLER

Ed - A combination of broken computer and slightly under the weather Scribbler means that I have to report that there is no Scribbler column in this edition of Terrier. Rather than disappoint his readers, Scribbler and I have got together to hatch a cunning plan. Below is an extract of one of my favourite tales, which we believe merits repeating here.

All Scribbler columns can be found in the bumper book; '60 Not Out' reproduced in pdf format on ACES' website www.aces.org.uk/publications

Sheffield 2

Not many people know this but I actually started my professional career in this city. I was plucked out of the Sheffield dole queue, (shades of The Full Monty) and offered a professional trainee place by Sheffield Corporation, as it was known then. Not, unfortunately, by Jill Bungay's mentor, DJBD George, with those rather posh people upstairs, but by the Building Surveyor in the City Engineer's department, altogether far more basic and down to earth.

The Building Surveyor's office approved plans under Building Byelaws and inspected works in progress. The

Building Surveyor was a chartered surveyor but most other staff were not and his Grand Design was to fully professionalise his staff, over time hence the new professional traineeships. And so it was that when Terry and I were appointed the existing staff were not too welcoming and were not prepared to give us anything to do, other than making the morning tea. And yet it was in these unpromising surroundings that I was taught two important lessons in professional conduct.

An organisation chart is necessary to follow this story.

In 1963 the Building Surveyor's Office was a small part of a very big City Engineer's

Department. There were 2 Assistant Building Surveyors; one for plans, one for inspections. The Inspectors' office was split geographically into north and south and each Area supported a senior Building Inspector, 6 Building Inspectors and A Lad.

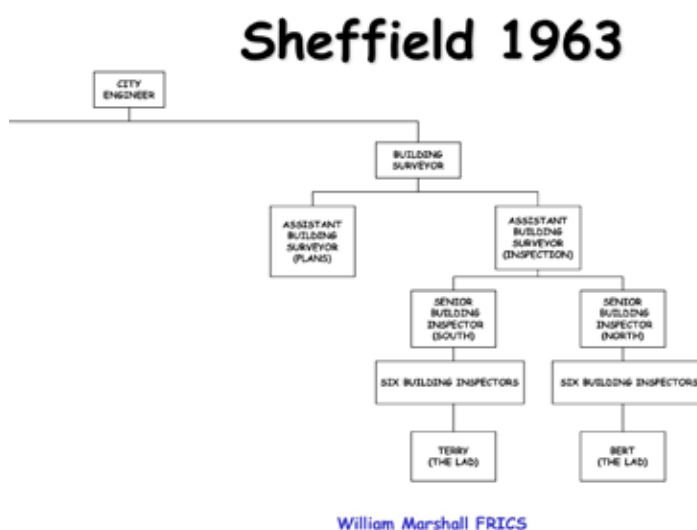
Terry and I, brand new trainees, were put in the Building Inspectors' Office. The daily routine was that all the Inspectors came into the office first thing, sorted out paperwork, drank tea and then went out until about 4. The Trainees (Lads) made the tea on alternate days and then were expected to leave the office and not return until late afternoon. But we were given no work to do.

On this particular day I was in the office in the afternoon waiting for the Inspectors to return. Terry had popped out to do something but had not washed the morning teacups and said he would do it on his return, in a few minutes' time.

Enter Colin (a Building Inspector), not in a good mood. "What's these bloody teacups still doing here?" he said to me, "Get them washed up – NOW". "Sorry Colin," I said, "It's not my day today but Terry just said he will do it in a minute." Colin said, "Are you refusing to do what I tell you?" When I confirmed that I was he said, "Then I will have to report you to Aubrey when he comes in." **LESSON 1 A professional must stand by what he believes to be right, however unpopular.**

Enter Aubrey (the Senior Building Inspector). I liked him a lot. He was put in the picture and said, "As a favour to me would you just wash those teacups?" I explained the unfairness of the situation to Aubrey and said I was very sorry but I would not. Aubrey then said, "Are you refusing to do what I tell you?" "Yes" I confirmed. "Then I will have to report you to Tommy when he comes in." Tommy was the Superintendent Building Inspector in charge of the 2 teams.

By the way, in the midst of all this Terry had returned, innocently picked up the



tray and the offending teacups. Colin spotted this and ordered him to put them back and leave them alone.

Enter Tommy (the aforesaid Superintendent Building Inspector). Aubrey put him in the picture. After a similar dialogue eventually Tommy asked, "Are you refusing to do what you are told?" When I said yes, he said "Then I have no alternative but to report you to Mr. Stenton."

Mr. Stenton was the Assistant Building Surveyor (Plans) and the de facto deputy. He was always in the office. I

was sent for. Mr. Stenton went through a somewhat foreshortened dialogue. He said, "Are you going to wash up those teacups?" When I said "No" he said "Then I must report this to The Building Surveyor." After a short time the Building Surveyor sent for me too. He said, "Are you going to wash up those teacups?" When I said, "No" he said, "Then go back and sit at your desk."

This I did and I have to say that by now I was wishing that I could play the game all over again but in a different way. As I sat at my desk wondering what was going to happen I failed to notice that

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most of the staff seemed to have found something to do close by. The phone on my desk then began to ring in a loud and continuous tone, quite different to the usual one. I took no notice but one of the Inspectors helpfully advised, "I think that's for you."

I picked it up. "Hello" I said. A booming voice came on the line. I thought it was God. It was. "This is the City Engineer

here" the voice announced, "Are you going to wash up those teacups?" I thought through the alternatives and, after a few second's delay said, "Yes." He put the phone down. **LESSON 2**
A professional must stand by what he believes to be right, however unpopular, until it becomes obvious that the steamroller is going to run right over you.

There was an audible sigh of relief in the room as I stood up, packed the cups on the tray and walked over to the kitchen and pushed through the door. It closed behind me and as I began to put the tray down the door opened again. Every Building Inspector, except Colin, came in.

"Put that stuff down," I was told, "We'll do the washing up; that was the best show we've had in years."



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