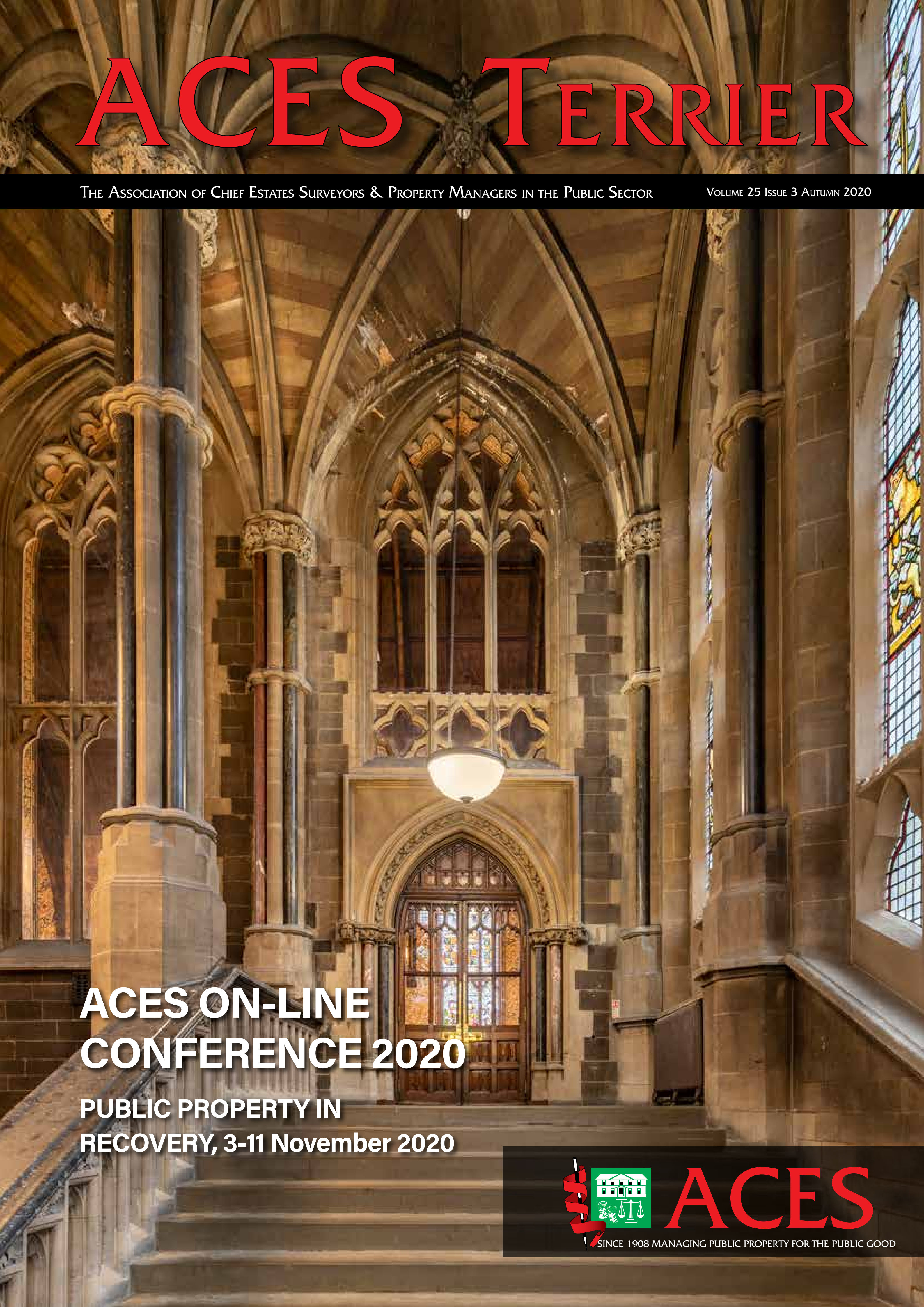
ACES Terrier

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

Volume 25 Issue 3 Autumn 2020



ACES ON-LINE CONFERENCE 2020

PUBLIC PROPERTY IN RECOVERY, 3-11 November 2020

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VOLUME 25 - ISSUE 3 - Autumn 2020

ACES TERRIER

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

EDITORIAL

Betty Albon

Welcome to the Summer Terrier.

As to be expected, this issue includes a raft of useful articles covering elements of how to deal with current and post C-19 property and service matters, and the big issue of how to help our ailing town centres.

There are also some articles ranging across aspects of housing, sustainability in urban and rural settings, and professional valuation. Hopefully something for all members and your work colleagues. It can be downloaded from the new ACES' website www.aces.org.uk/library

While you're on the ACES' website, don't forget to download the most up to date information about ACES' On-line Conference 2020, 3-11 November – 'Public property in recovery' www.aces.org.uk/conference-2020 .And please set aside time on Friday 13 November for our AGM and installation of the new President for 2020/21, Simon Hughes of Norfolk County Council.

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: Rochdale Town Hall.
Photograph courtesy of Rochdale Borough Council

CONTENTS

NATIONAL COUNCIL

Notes of ACES Council Meeting on 10 July 2020

Trevor Bishop, ACES Secretary secretary@aces.org.uk

As a result of the continuing restrictions, ACES Council was again conducted by remote video and voice conferencing. Simon Hughes, Senior Vice President, kindly hosted the meeting through the MS Teams platform and 27 members joined the meeting.

Detailed reports on the majority of these headings are published on the ACES website.

President's report

The President, Peter Gregory, reported on his activities since the last meeting. While he had arranged a busy diary with regard to branch visits and other meetings and events, this continues to have been seriously curtailed by the C-19 lockdown.

Nevertheless, the President joined the London Branch in May, the North East, South West and Eastern Branches in June, and the Welsh Branch in July. The President also joined the virtual RICS Liaison Meeting in June. He thanked all branches for their meetings and had learnt something new from all, and was impressed with the range of activity and innovation taking place.

Secretary's report

The Secretary, Trevor Bishop, reported on matters arising during the period from the last Council meeting, provided an update on membership changes, and progress with collection of membership subscriptions. The usual handful of late payers persisted but this was being addressed. A considerable amount of time had been spent working with Paul Over on the new website to achieve the launch date of 1 July, supporting the Editor on production of the Terrier, supporting Malcolm Williams and others with the Diploma Course in Public Sector Asset Management and organising the second virtual ACES Council meeting.

Financial matters

The Treasurer, Willie Martin, presented a report on the financial position of the Association as of 30 June 2020, the end of the 2019/20 ACES financial year. While the budget for 2019/20 had forecasted a deficit, at the end of the year there was a significant surplus. The Treasurer outlined the reasons for this. The consequence of delay in some expenditure meant a predicted deficit for 2020/21, but the association's finances continue to remain in good health and there was no anticipated significant demand on the balances. On this basis, the Treasurer recommended that membership subscriptions for 2020/21 remain the same as existing and this was approved by Council.

ACES' website

Paul Over presented his report on the launch of the new ACES website which had taken place on 1 July. The new site presented a modern and clean look with new functionality for the benefit of members, such as online payments. Member feedback and use of the site prompted a number of ideas for future developments and these will be addressed after a bedding-in period.

Branches

A number of Branch reports were submitted for the meeting and these are published on the ACES website for the information of members. Several branch representatives were able to join the virtual meeting and their contributions were appreciated.

Membership matters

The secretary reported on the changes in ACES membership since the last report. This included approval of 8 new applications, 3 transfers to past membership and 10 resignations. The total membership at the end of June 2020 was 388, 3 down from the last report, but still a long term slight upward trend [Ed – see the latest membership position in this edition of ACES' Terrier].

ACES' Terrier

The Editor, Betty Albon, reported on the Summer edition of ACES' Terrier, raised matters for consideration with regard to printing of the Terrier, and updated Council on branch submissions to the journal.

The Editor set out in detail the issues around printing the current and Spring Terrier, in the context of the continuing C-19 circumstances. The question of making the Summer Terrier immediately available on the new website was raised. Branch submissions to the Terrier had increased, and comment was made about the value of branch meetings, even if continuing to be virtual.

It was agreed that as with Spring Terrier, not to send Summer Terrier for printing at the present time. It was also agreed to defer making a decision on future printing and to consult ACES' members, with a view to long term decisions being made in 2021, and for a temporary period, continue to make current ACES' Terriers available to all website visitors.

Business Plan

The President advised that he had carried out a review of the Business Plan. This was necessary to ensure continued relevance, focus on priorities, rationalise the Action Plan, and generally make it easier for progress to be reported and monitored. A revised Action Plan was approved by Council and is available on the ACES website.

The Business & Marketing Manager, Neil Webster, reported on activity that had taken place since the last meeting and further actions proposed, in line with the agreed key outcomes.

Recruitment focussed initiative

The Business & Marketing Manager updated Council on proposals to address recruitment problems faced by members. He had a firm workplan proposal to carry out specific research into the issues, including a member survey, and report their findings back to Council.

Annual Conference 2020

The President reported on the latest developments with regard to the timing and format of the conference. While there was a risk involved in presenting the conference in an entirely new format, it was important that we strive to deliver something for members. The September event had been formally cancelled and the first 2 weeks in November (3-11 November) were targeted for a series of themed webinars. These would be of modest duration and spread over a number of days to avoid webinar fatigue. The likely platform of delivery of the webinars would be "GoTo" and the President was minded to seek persons with appropriate technical skills to facilitate and manage the delivery of the programme [Ed – see flyer in this edition of ACES' Terrier].

AGM venue 2020

The Secretary raised the issue of the format for the 2020 AGM, in the light of current thinking around C-19, travel restrictions and social distancing. General discussion identified that authorities and organisations were cancelling all live events for 2020 and that there was not an appetite for many members to travel long distances on public transport. There was a firm consensus, albeit reluctantly, that the 2020 AGM should be planned as a virtual event with a modified and shortened agenda. Council requested the Secretary to advise the host, Fieldfisher, of the decision, but continue to work with them in terms of sponsorship and presentations.

ACES Award for Excellence

The Senior Vice President, Simon Hughes, reported that there had been no formal nominations for the award so far. The deadline was the end of August and branch representatives were requested to encourage their members to make nominations for the award.

The President confirmed that he is still considering the proposals for the President's Award and will report further.

Asset management in the public sector diploma

Neil Webster reported on progress with this initiative and confirmed that matters were progressing well. There had been a good response from ACES members to assist with the course and all modules were likely to be covered off by CIPFA and ACES personnel. Agreement had been reached with CIPFA on the detail of the course delivery, including timetable and concessions for ACES members.

Co-ordinators and external working groups

A number of Liaison Officer reports were received, and these have been published on the ACES website. Verbal reports were also given by officers present at the virtual meeting. Once again, thanks go to the Liaison Officers for their efforts at this difficult time, in producing detailed and topical reports which are appreciated by members.

Notably, the 2 new liaison officers for C-19 and Valuation talked through their reports. Tony Bamford had been keeping abreast of the pandemic on a global basis and commented on the major impact on businesses, and that Covid-19 was going to be around for some considerable time [Ed – see Tony's full report in this issue of ACES' Terrier]. Chris Brain referred to the market uncertainty around asset valuations and advised that he awaited, with interest, auditors' reactions to valuers' decisions on valuations [Ed – see CIPFA's asset valuation report in this issue of ACES' Terrier].

Future meetings

Annual Conference
3-11 November
Webinar programme

Annual Meeting
13 November 2020
Virtual meeting

Annual Conference
September 2021
Peterborough

Annual Meeting
12 November 2021
Cardiff

ACES Council
January 2021
TBC

Other business

The secretary advised that 'Consultations' should be re-instated as a specific item on the agenda. The Senior Vice President reported on the current Treasury consultation on using the PWLB for property investment. Paul Brooks was thanked for his attendance at the Public Accounts Committee in difficult circumstances; it was agreed that ACES needed to present a considered response to the proposals and the potential adverse impact, with particular regard to regeneration initiatives in local authority areas.

ACES MEMBERSHIP

Trevor Bishop MRICS, ACES Secretary secretary@aces.org.uk

I list below the changes in membership between 1 July 2020 and 30 September 2020.

New members approved

There were 7 new applications approved during the period:

First Name	Surname	Organisation	Branch Ref
Donna	Best	CIPFA	SW
Stephen	Martens	Liberata UK Ltd	NW
Steve	Hicks	Reading Borough Council	SE
James	Leaver	Real Estate Matters	L
Catrin	Mathias	South Oxfordshire District Council	HoE
Stephen	Forsey	Teignbridge District Council	SW
Steve	Cooper	Watford Council	E

Members transferred during the period.

One member transferred during the period.

First Name	Surname	Branch Ref
Sharon	Livesey	NW

Resignations

The following 5 members resigned during the period:

First Name	Surname	Organisation	Branch Ref
Stuart	Free	East Renfrewshire Council	S
David	Ball	Portsmouth City Council	SE
Bruce	Tindall	Reading Borough Council	SE
Donna	Best	Teignbridge Borough Council	SW
Anne	Collins	Watford Council	E

Membership

Summary of current membership at 30 September 2020:

Total Membership	
Status	Number
Full	228
Additional	61
Honorary	33
Associate	23
Retired	45
Total	390

ACES

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ACES ON-LINE CONFERENCE 2020 - PUBLIC PROPERTY IN RECOVERY

A series of webinars for ACES members and others working for the public sector

Date: 3-11 November 2020. FREE for ACES Members, public sector employees, sponsors and their staff

Covid-19 has exacerbated the public sector's pre-existing challenges such as climate change and environmental emergency, housing provision and economic growth, and has crystallised concerns around local authority property investments and the future of our town centres. At the same time we now face sweeping and permanent changes to working practices and the traditional office base, combined with damaging economic prospects.

The ACES Conference will explore the role of public sector asset managers not just as recovery agents but as innovators. As this unprecedented year draws to a close, we will consider how we can deal proactively with the challenges we face and the opportunities we are presented with. We will examine how we can secure the optimum performance from all our assets to help our organisations through the gathering economic, environmental, social and financial storms.

Potential Programme:

Public Sector Property in a Post-Covid World

Considering the future for the public sector, our world, our economy and our resources. Discussion of the role of the public sector asset manager as a recovery agent.

Recovery through Regeneration

The challenges and opportunities of growth, the future of our town centres, "build, buld, build", the role of the public sector acquisition and disposal of assets.

Decisive action in an Environmental Emergency

A focus on the asset manager's role in managing the environment, including a look at climate change and carbon neutrality, waste and contamination.

The Property Market - A tool for Recovery

Considering how the public sector can benefit from the property market to realise financial income, rationalise property holdings, manage development and facilitate economic intervention.

Professional Perspectives

A selection of presentations of interest to practitioners.

Right people, right place, right time

A look at the changing face of the public sector workforce and working practices and the challenges of recruitment and skills resourcing facing public sector property managers.

What Next? Public Sector Property Investments

A look at public sector property investments, their role and performance, the impact of a changing regulatory regime and their risks in recessionary times.

ACES: A 2020 Look at Local Challenges

An insight into ACES members' experiences of facing up to the challenges of 2020 and beyond.

Providing homes for all

A discussion on the housing shortage and the public sector's rising to the challenge of meeting its responsibilities to house our population.

For more information, please visit www.aces.org.uk, or click HERE

Mark is the Head of Health and Safety within the Property and Asset Management Division of Lambert Smith Hampton (LSH). He is a chartered member of the Institution of Occupational Safety and Health and has been involved in advising on all aspects of health and safety management throughout the LSH property management portfolio. This portfolio consists of over 700 commercial properties.

As part of an ongoing process to maintain regulatory compliance, implement best practice, and proactively manage health and safety aspects, Mark regularly trains and advises property managers, facilities managers, centre managers, operational teams and contractors. More recently, Mark has played a key role in developing and implementing guidance and procedures to address C-19. These are used both internally and externally throughout the LSH managed portfolio.

HEALTH AND SAFETY
Managing commercial real estate assets during a pandemic

Mark Stewart MStewart@lsh.co.uk

The teams at LSH have been providing fortnightly CPD presentations at ACES Eastern Branch's virtual meetings, including one on health and safety issues. Mark highlights the main issues that senior estates surveyors and property managers need to be aware of when reactivating and operating public buildings, and provides some practical checklists on how to minimise the spread of C-19 in the workplace.

In early September Boris Johnson announced that by the end of the month he wanted up to 80% of the estimated 5.4m people employed within the public sector to attend their place of work at least once a week. However, following a significant increase in the number of positive coronavirus cases in recent weeks, the advice has now reverted back to its previous 'work from home if you can'.

But not everyone can work from home effectively and civil servants providing essential services are very much in this category, so ensuring the premises that they operate from are C-19-secure is even more critical. This article considers some of the issues and practical tips.

Prevention controls

Current evidence suggests that C-19 spreads predominantly through close contact with infected people via mouth and nose secretions or through contact with contaminated surfaces. To minimise the risk of transmission, it is important to ensure robust prevention controls are put in place including, but not limited to:

- Cleaning – Increase the frequency of your cleaning regime and pay particular attention to high contact surfaces, such as lift buttons, handrails, door handles, toilet handles, taps and soap dispensers. If possible, hire external cleaners to clean your premises after hours. If using a contractor, be clear about the level of cleanliness required, how often cleaning should be done, and when premises will be inspected, and ensure they are able to demonstrate their compliance with industry best practice
- Personal hygiene - Provide adequate handwashing and sanitizing facilities and encourage people to cough/sneeze into an arm and avoid touching their faces
- Processes and procedures - Robust protocols should be drawn up and implemented to ensure compliance with government guidance in relation to C-19, including: temperature screening; stipulating the direction of movement around reception and common areas including lift lobbies and staircases; limiting the number of passengers per lift at any one time; use of disposable security passes instead of reusable where possible; remote temperature screening; and temporary closure of canteens
- Automation - Where possible, replace all manual applications with automatic or contactless features in order to reduce contact and thereby minimise the risk of transferring germs
- Alterations to reception areas - In most instances a simple acrylic or Perspex screen in front of the reception desk

should be sufficient to comply with government guidelines. In addition, other alterations should be considered, including temporarily removing furniture to reduce the number of high contact points and disabling touch screen registration applications

- Awareness - The use of digital or printed signage including posters and floor stickers is a relatively simple yet effective way of reinforcing the importance of strict personal hygiene and enforcing the 2m social distancing rule in high traffic areas such as receptions, lifts, bathrooms, etc.
- Visitors - All visitors should be asked to inform the building manager if they have recently arrived back from any countries exempt from the UK's quarantine list and contractors should be asked to provide details of their Coronavirus risk assessments.

Recommissioning of systems

If all or part of your building has been vacant for any length of time, before re-occupation can take place, you will need to recommission and test/reactivate all relevant systems, in line with the standard maintenance specifications. Assets that should be considered as part of this recommissioning include (but not limited to) the following:

- Building fabric – Inspection of internal and external elements to ensure safe condition, and carry out necessary maintenance of any vegetation
- Building management system – Ensure updates and functional tests are completed
- Catering services – Inspection and cleaning of kitchen areas, equipment, ductwork and grease traps; and reactivate extract and supply fans
- Chilled water systems – Check electricity and cold water supplies are on, and ensure refilling and operational tests are completed
- Direct expansion cooling plant – Check electricity supply, condensate drainage is free flowing, moving parts operate freely and leak test is conducted
- Emergency lighting – Inspect batteries, condition and perform a function test
- Fire alarm system – Perform function test of entire system and check remote monitoring/key holding services
- Gas supply – Unlock supply, reinstate to gas appliances and carry out soundness test on the gas installation
- Heating system – Check cold water supply to heating system is on, reinstate supply (electric, oil, gas), check ventilation, ensure corrosion inhibitor in place and carry out operational checks
- Lighting systems – Visually check condition and carry out function checks
- Motors, generators and uninterrupted power supply systems – Insulation resistance testing of relevant circuits, inspections and maintenance of engines and operational checks
- Oil supply/tanks – Inspect tanks, pipework and open valves as necessary
- Pipework – Inspection of condition prior to and after reactivation
- Refrigerant gases – Check and turn on compressor heaters, open relevant valves and carry out inspection
- Security systems - Ensure updates and functional test are completed
- Ventilation plant – Clean and inspect air handling unit, install new filters and carry out operational checks on equipment and control panels
- Water hygiene services – Inspect storage tanks, calorifiers/cylinders and water heaters; flush/clean/chlorinate/disinfect as necessary, energise water supplies and test water. Carry out operational checks and review legionella/water risk assessment
- Water services (fire protection) – Check/inspect mains water supply, tanks and pipework. Ensure electric circuits are on and carry out operational checks (e.g. pumps).

Ventilation

Ventilation is an important factor in preventing the spread of C-19 indoors. Measures should be put in place to ensure adequate ventilation, either through natural or mechanical means. We recommend:

- Switching ventilation on at nominal speed at least 2 hours before the building opening time and set it to lower speed 2 hours after the building usage time
- Keeping ventilation systems running at a lower speed at evenings and weekends
- Opening windows regularly (even in mechanically ventilated buildings)
- Keeping toilet ventilation in operation 24/7
- Avoiding open windows in toilets to maintain the right direction of ventilation
- Instructing building occupants to flush toilets with closed lid
- Switching air handling units with recirculation to 100% outdoor air
- Inspecting heat recovery equipment to be sure that leakages are under control
- Adjusting fan coil settings to operate so that fans are continuously on
- Do not change heating, cooling and possible humidification set points
- Carrying out scheduled duct cleaning as normal (additional cleaning is not required)
- Replacing central outdoor air and extract air filters as normal, according to the maintenance schedule
- Regularly carrying out filter replacement and maintenance works with common protective measures including respiratory protection
- Introducing an indoor air quality sensor network that allows occupants and facility managers to monitor that ventilation is operating adequately.

Risk assessments

Carrying out a C-19 risk assessment is a legal requirement. This assessment should consider the risk of C-19 for your organisation, and inform the decisions and control measures you take to manage and mitigate these risks to the lowest reasonably practicable level by taking preventative measures, in order of priority.

This means:

- Identifying the activities or situations that might cause transmission, including those outside the workplace, such as public transport
- Thinking about who could be at risk, paying particular attention to vulnerable workers
- Deciding the likelihood of someone's exposure
- Considering other forms of risk in addition to transmission i.e. the impact on mental health and wellbeing
- Acting to remove the activity or situation or, where this isn't possible, control the risk, including the use of personal protective equipment.

Ultimately you need to be able to demonstrate to your stakeholders that you are "C-19-Secure". The results of your risk assessments should be shared with your workforce and on your website.

Incident management

As more and more places of work begin to open up the risk of transmission is likely to increase, particularly as we head into autumn and winter. Organisations need to establish a robust protocol for registering and tracking the number and location of any confirmed or suspected cases so that if a single case or cluster is identified, it can be dealt with promptly, in order to minimise the risk of further transmission. Actions should include:

- Advise the relevant person/persons to stay at home if they have or live with someone who has coronavirus symptoms, in line with health authority guidance
- Log the incident on an Incident Management System and try find out as much detail as possible about the circumstances and movements of relevant persons, and the action taken thereafter
- Inform the building landlord and all relevant property occupiers, including visitors, site-based staff, and contractors, and maintain regular communications to all relevant stakeholders until the situation is resolved
- Inform the relevant insurers
- Implement relevant Business Continuity Plan as necessary
- Review and update relevant risk assessments
- Once there are no other suspected or confirmed cases, the relevant remedial works should be implemented, including a thorough deep clean of relevant areas within the premises. If conducting anti-bacterial fogging, the area should be clear of all individuals (apart from operative/s) for the time specified by the substance manufacturer/in accordance with COSHH Assessment.

UK variations

It is important to be aware of some differences of approach in respect of C-19 controls across the devolved regions within the UK. These can include some variations, restrictions, timelines and lockdown measures.

Property portfolio managers who operate across various regions should be conscious of the differences and ensure guidance, procedures and information resources reflect and apply the evolving regional controls.

A recent example is the NHS QR code posters (which apply to England and Wales). Designated businesses and organisations, including hospitality, close contact services and leisure venues, are legally required to log details of customers, visitors and staff for NHS Test and Trace. From 24 September they will be required to display the official NHS QR code. At the time of writing, the NHS QR code posters do not apply to Scotland and Northern Ireland as they have other track and trace solutions in place (including separate apps).

As we have seen over recent months, there are continual changes in this area, which require extra vigilance in order to keep compliant and take all necessary steps to control the spread of C-19.

How can we help?

There are many considerations to take into account when reactivating the workplace. Having planned the mobilisation of our network of 40 offices and 1,700 employees, as well as 5,700 buildings we manage on behalf of our clients, we are well versed on the main areas of priority.

Our team of qualified property and asset management surveyors can support you in reviewing your property portfolio, to ensure your assets comply with government guidelines and are appropriately maintained, both now and in the future.

Visit www.lsh.co.uk for more information.

Ian is a Partner at Knight Frank and the Head of the firm's Geospatial Research team, a capability which provides a clearer understanding of spatial, demographic and economic factors affecting the housing market. He has 13 years' experience in spatial information management, data visualisation and mapping technology. He is a chartered geographer, chartered land surveyor, the winner of the British Property Federation's 2018 Innovation Award, and of the Society of Property Researchers 2018 Annual Prize.

Ian previously worked in planning policy at the London Borough of Newham, and for demographic data provider CACI.

C-19 PROPERTY INTELLIGENCE PORTAL

Assisting the NHS in a time of crisis

Ian McGuinness Ian.McGuinness@knightfrank.com

Ian – who explained at ACES' national conference in 2019 Knight Frank's evolving mapping technology - here illustrates how having the right data on land and buildings is critical to meeting the vast challenges faced by the NHS in the C-19 crisis. He encourages ACES' members to use the portal.

The challenge

The C-19 pandemic is one of the biggest challenges that the NHS has faced in its 70-year history. In a matter of days, hospitals and their employees have had to change entirely the way they operate, doubling and even trebling the size of their intensive care units, moving non-urgent care to other locations, and requisitioning unused or old rooms to provide storage facilities.

Many hospitals have had to locate additional space off-site, in particular to accommodate their staff who need to live away from their families, as well as to provide extra car parking facilities for those who wish to avoid public transport. They have also had to find large sites suitable for storing equipment and acting as temporary office space.

These have been tasks that no one could have predicted, and for which there were no contingencies in place. They are also ones in which having the right data and intelligence is critical.

Our approach

Through the use of mapping and analysis techniques, Knight Frank's Research team has been helping our experts and clients to locate commercial opportunities, conduct market research and manage assets for many years. So when it became apparent that the public authorities were in urgent need of a comprehensive picture of available properties and sites across the country, they knew that they would be able to help.

In just a few days the Geospatial team developed and built the C-19 Property Intelligence Portal. This interactive software, which draws from public records including the Land Registry and the Ordnance Survey, offers access to up-to-date mapped data of a wide variety of sites which can be used by NHS Trusts or local and central government bodies at very short notice.

Crucially, it provides a comprehensive, fully joined-up overview of the land uses across the whole country, including the entire public sector and also a wide range of private asset classes.

Users can filter the data in numerous ways depending on their criteria, and can search via property type including hotels, schools, offices, health facilities, car parks, and storage depots. By overlaying relevant categories, it is possible quickly to identify

Image 1

Knight Frank

The support you require

We understand the changing priorities for the public sector and the need to strike a balance between improving asset performance and demonstrating value for money.

Knight Frank can give the support you require, providing a range of specialist skills and market intelligence, to ensure that you can deliver the best outcomes.

We are approved suppliers on a number of government frameworks, making it easy for you to work with us.

For further information contact:

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Homes England

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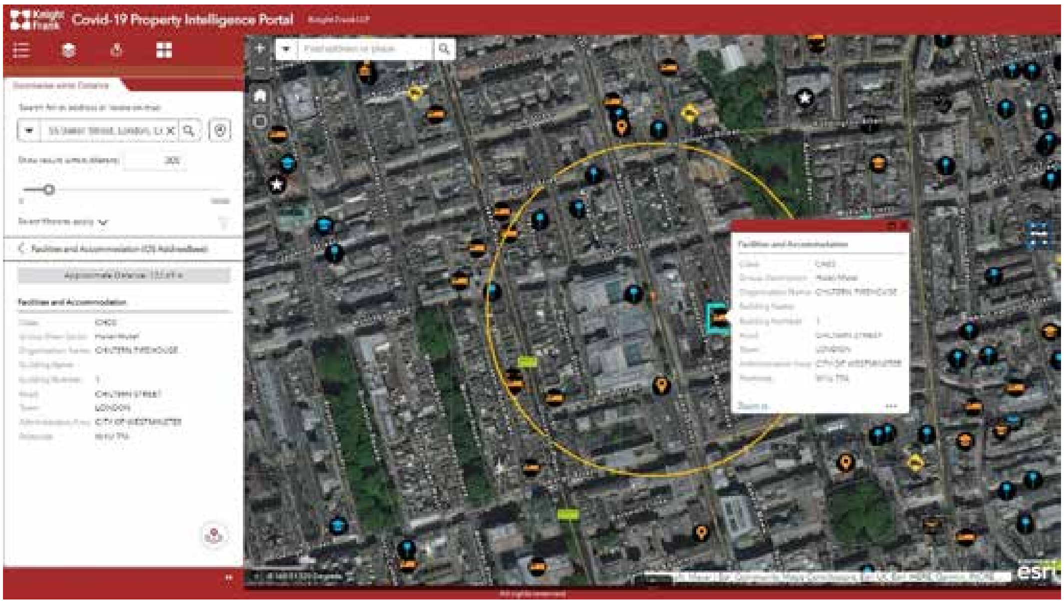
Image 2



any suitable locations in close vicinity, which can be quickly repurposed by the public authorities (Image 1). When they select a possible site, users are given all of the relevant information for the location, including ownership, size and (where available) capacity details, along with full contact details (Image 2).

The portal is of tremendous value to public sector authorities and individuals who would otherwise not have access to this depth of intelligence. Its potential has also been realised by the Ministry of Defence (MoD), which is helping to coordinate the national response to this challenge, with the government and NHS.

After demonstrating to the MoD the value of this tool, the data resources in this portal now form part of **Operation RESCRIPT**, the UK's military support to civilian agencies dealing with the current national emergency. We are currently working with the Royal Engineers to combine our commercial property records with their own military data, in order to provide them with a unified view of central and local government property assets.

The outcome

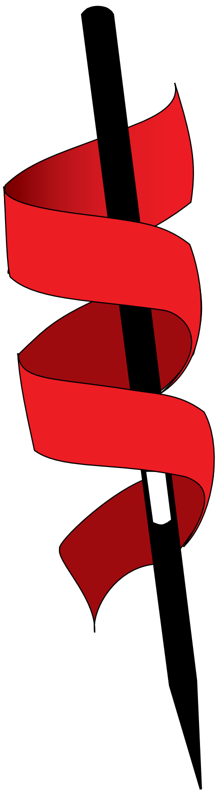
It is not often that a commercial tool can be of such clear value to the community and the wider population, but that is most certainly the case with the C-19 Property Intelligence Portal. Of course, we hope that it only has a very short lifespan, but while it is of benefit to the NHS and public authorities, we would like it to be used and shared as widely as possible. We encourage every office and agency – and ACES' members - to explore it and think about how you could use it to offer help in your own area.

If you would like to know more, please get in touch with the team on geospatial@knightfrank.com

How to access the portal

ACES' members are encouraged to use the portal. It is not a static resource and should evolve with changing client requirements.

Follow up enquiries should be directed to either nhsresponse@knightfrank.co.uk or publicsector@knightfrank.co.uk



'Why not use the ACES website for free* advertising of your job vacancies?

The ACES Jobs Page (open to all) on its website caters for member and non-member organisations advertising for public sector property posts. **See** https://aces.org.uk/job-vacancies/

The page gives a summary of the available post with the details of location, salary and deadline and provides a link to the organisation's own website for further details and application form etc.

For a limited period, the Jobs Page will now be available to ACES member organisations to advertise posts **at no cost.**

You gain direct access to likely candidates already working in the public sector property arena with the expertise and experience that you are looking for.

*The rate of £100.00 for non-members applies but for a maximum of 4 weeks' exposure on the ACES website; this is still excellent value!!

Contact the ACES Secretary, Trevor Bishop MRICS, at secretary@aces.org.uk **for further information.**

Donna is a Property advisor at CIPFA, chartered surveyor and registered valuer. She has some 25 years' experience in the property industry, including local government, where she headed property teams and was responsible for overseeing the preparation of annual capital accounting valuations. Donna is a member of the South-West Branch of ACES.

Jeremy is currently an Associate of CIPFA, advising on asset valuations and asset management. He is a chartered surveyor with over 35 years of professional property experience, formerly head of property at London Borough of Southwark. Jeremy is a past president of ACES and a member of ACES Council.

CIPFA The Chartered Institute of Public Finance & Accountancy

ASSET VALUATIONS
Guiding public sector valuations through the C-19 pandemic

Donna Best and Jeremy Pilgrim Donna.Best@cipfa.org Jeremy.Pilgrim@cipfa.org

Donna and Jeremy share the outcomes of the responses to polls run by CIPFA during 2 valuation discussions in July and August, attended virtually by many ACES' members.

The context of uncertainty

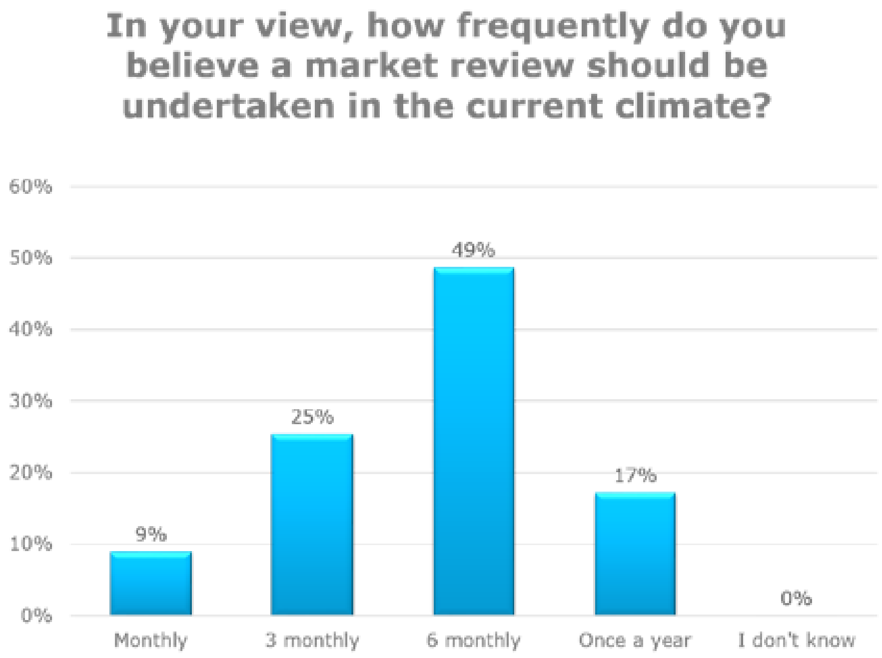
We are living through unprecedented times, and in spite of relaxation of the initial draconian lockdown, the recent increasing rise of coronavirus cases is creating additional economic uncertainty.

Consequently, in today's unusual and fast changing environment, valuation has become extremely challenging. Local authorities have buildings that are no longer being used, if only temporarily; there is a decline in transactions; rent and revenue income losses; and auditors are unclear about what they want: generally, a great deal of uncertainty, all of which is creating a perfect storm in the world of valuation.

In a response to the uncertainty and confusion arising in public sector asset valuation circles, CIPFA facilitated 2 discussions enabling practitioners across the country to get together and share their experiences and practices.

We thought it might be helpful to ACES' members to share the outcomes and this report provides a summary of the responses to polls ran during the valuation discussions on 29 July and 4 August 2020. The polls were based on question themes received in advance of the events.

In total, 287 people attended the events and up to 215 attendees responded to polls, mainly local authority accountants and valuers across the UK, but also delegates from other public sector bodies, including local government departments.



Material valuation uncertainty

In March 2020, as most valuers will be aware, the RICS published a valuation practice alert reminding its members, as set out in VPS 3 and VPGA 10 of the RICS Valuation Global Standards (Red Book), that valuations could be reported with this qualifier. The first question we polled was whether or not fellow practitioners had qualified their valuations for 2019/20 with a declaration of 'material valuation certainty'. 57% of 215 of respondees had declared material valuation uncertainty in their summary valuation reports.

Market reviews

The use of the material valuation uncertainty qualifier had created concerns around the response from external auditors. One of the key ways that this was being responded to was with the procurement of market reviews. Traditionally being a once a year exercise, the consensus from participants was that these should be undertaken on a more frequent basis in the current circumstances.

Some authorities had been requested by their auditors to apply an indices-based adjustment to their valuations, or at least that part of the portfolio not valued in the current year. This raised considerable concern and 55% of valuers felt that the use of broad-brush property indexation was unreliable, could lead to multiplying mistakes, and was not appropriate, save as a broad opinion of market trends.

Valuing in the current climate

A popular area of discussion was around how to proceed with valuing property in the current market and how to go about ensuring material correctness as at 31 March 2021. Concern was expressed with regard to the question of whether there will be sufficient comparable evidence available for real estate valuations. Further concern was also expressed on whether continuing to value those elements of the portfolio undertaken on a 5-year programme - a particular concern to those authorities with large housing estates - will be acceptable to external auditors. For those authorities with the resources currently available and applying a valuation date of 1 April 2020, the message seems to be to get them prepared and then evaluate closer to the balance sheet date.

External audit

One of the more controversial questions asked was whether or not practitioners believed that their external auditors respected their professional valuation judgement. Sadly, only 24% of poll responders were able to respond with a confident 'yes'. Anecdotally, a number of councils had been advised that auditors were referring valuations to their preferred valuation firms, often those not local to the area, and re-charging the not insignificant costs back to the authority.

At the time of the discussions in mid-summer, less than half of the delegates had had a response from their external auditors in respect to their 2019/20 asset valuation reports. It will be interesting to see how things develop in the intervening months. However, it would appear that there may be some work to be done in forging improved relations between external auditors and local authorities. The challenge is that auditors are required to comply with their own international standards, as adapted for the UK. Failure to comply can have serious consequences for both the audit firm and the careers of the individuals involved. Auditors have to consider the risk of material misstatement when deciding upon the nature and scope of their audit. C-19 has created increased risk of material misstatement across numerous areas within the accounts,

including valuations. Clearly there is a need for a consensus of how auditors' requirements can be satisfied and those annual valuations that are critical are reviewed to satisfaction. Much of a council's portfolio is held in perpetuity and unless such valuations show a marked difference to previous years, should there be such concern?

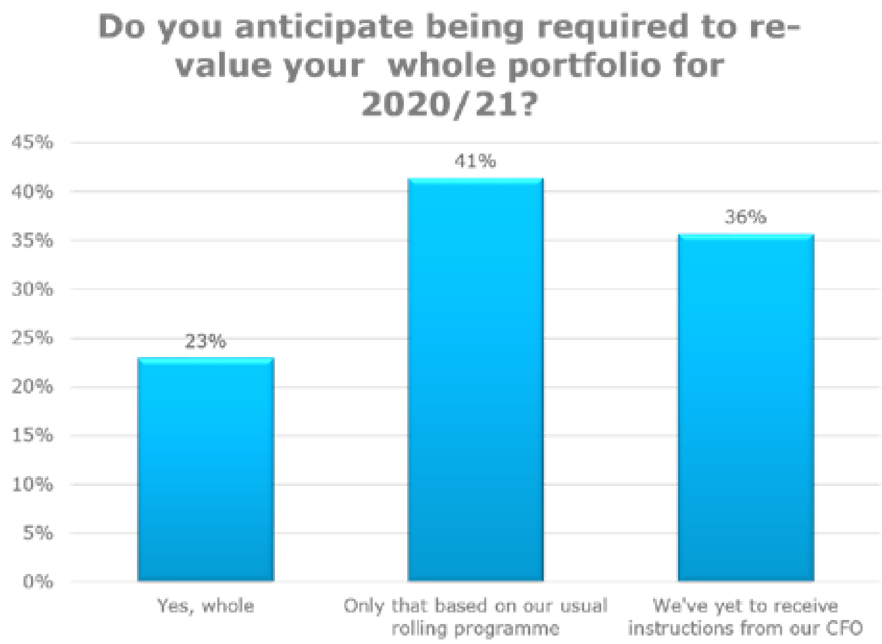
Can asset valuation work for you in more than one way?

Although accepted that there is a statutory requirement to produce asset valuations to contribute to the preparation of an organisation's balance sheet, concerns were raised about the amount of time and officer resource required to meet this obligation, in addition to the audit scrutiny. This more so at a time when staff resource is under increasing pressure, with diminished property teams, skills shortages, and increased day to day property management demands.

One of the principal reasons the discipline of capital accounting was introduced to the public sector was to encourage asset challenge review, and ensure understanding around the opportunity cost of holding property. CIPFA believed that an important question was whether or not the asset valuation work undertaken in authorities is being used to inform asset challenge reviews or strategic management decisions. Of the 180 responders, only 22% were utilising the valuation work beyond the production of the annual accounts. This clearly is a poor result and suggests that the importance of asset challenge review needs to be pushed up the ladder of important issues requiring senior management attention. Why is this not happening?

As a valuer, inspections for valuation purposes also provide a potential opportunity to input into asset management activities. Could the opportunity be taken to:

- Check condition information on your assets?
- Check tenant and landlord compliance with lease covenants?
- Check statutory compliance of both tenanted and operational stock?



What does the future hold?

Concerns had been raised through CIPFA Property around the possibility that this year, there may be a requirement to re-value the whole portfolio and that this would impact on staff resource and/or external consultant budgets. Of the 101 responders to the poll that had already received instructions from their chief finance officers, 64% were required to undertake the valuation work based on their usual rolling programme (including any associated usual annual valuations). It remains to be seen as to whether or not this position will change.

Final word (for now!)

At the time of writing, the key messages to valuers from CIPFA would be:-

- Stand fast in responses to external auditors. They will be asking awkward question because that is their job, but remember that you're the professionals and you know your portfolio and local market. Don't leave room for them to doubt your competence, capability and objectivity
- Don't sign off any valuations you don't feel comfortable with, including suggestions for broad brush indexation: easier said than, done but discussions with the finance director /team and/or auditors at an early stage can reap long-term benefits

- Stay up to date with the latest regulations, standards and guidance from CIPFA and the RICS
- Use the ACES' Forum to stay in touch with fellow practitioners [Ed – members only access https://aces.org.uk/forum/]
- Where possible, use site visits to cover off other important property management activities.

For more information, please contact property@cipfa.org or visit our website at https://www.cipfa.org/services/property

CIPFA runs a range of capital valuation events including a 4-day Certificate in Public sector asset valuations, and various one-day courses. All these courses can be found through the CIPFA website. Many courses are free or available to members and it is worth checking with your finance teams whether membership benefits property officers.

In association between CIPFA and ACES, a new Diploma in Asset Management has currently commenced. Members of ACES can partake of individual modules at this time. It is intended the course will be run twice-yearly and is beneficial to those surveyors at the beginning of their career, as well as experienced surveyors looking to revisit and update their knowledge [Ed – see article in 2020 Summer Terrier].

THE TOWNS FUND

Securing funding under the Towns Fund and the second phase of the application process

Chris Plumley and James Menzies CPlumley@trowers.com JMenzies@trowers.com

Chris and James provide a clear summary of the processes necessary to obtain central government finances from the Towns Fund.

Chris is Real estate Partner at Trowers & Hamlins and the Towns Fund lead. He specialises in large-scale public sector regeneration and mixed use development projects. With over 20 years' experience, he is particularly noted

Context

Local government has always played a crucial part in shaping our built environment. How we feel about the places where we live and work plays a major role in the economic, social and political success of a location. Regeneration and the obvious links to the prosperity of our towns and cities is a long-established part of the public sector's contract with those they serve. In this article, we explore the remaining process involved in accessing funding under the Towns Fund.

Let's first remember the context in which this fund is operating. Before the C-19 crisis, councils were already gearing up to promote and enable prosperity. Covid has added "recovery" to that mandate. The fund was originally launched with a much smaller available figure for councils to use, but this was hugely increased as in late 2019, the government further recognised the value of that kind of investment.

The Towns Fund pot amounts to £3.4bn. Funding of up to £25m for each town may be awarded. This sum will only be exceeded in exceptional circumstances. One hundred towns were shortlisted as invited applicants for the Towns Fund, of which 45 are located within the Northern Powerhouse and 30 in the Midlands. The fund was always designed to promote growth and to address any constraints councils were encountering which were impacting on their ability to achieve that. The fund is designed to promote urban regeneration through a number of matrices, including increased density of the town centres and strengthening local economic assets, including cultural assets. It can be used for site acquisition, preparation and for unlocking stalled developments. He works alongside commercial, surveying, financial and property teams to plan and prepare the structures and governance for large scale projects.

Chris has many years of experience working collaboratively with developers, senior officers, in-house professional advisers within the public, private and emergency sectors. With many large scale and politically sensitive projects to his name, Chris has established a national reputation within the regeneration market. He has helped clients on major property development projects, to devise commercial and risk mitigated structures and ongoing project management.

James is a Managing Associate at Trowers & Hamlins. His expertise is wide-reaching. He currently handles a range of commercial property matters, including a mix of landlord and tenant work and site acquisitions.

His work highlights in the last 2 years include 2 forward-funded hotel developments and a large-scale regeneration project. James has also dealt with renewable energy developments. His client base includes portfolio investors, facilities management and construction companies, developers and local authorities. James' background also includes acting for Registered Providers in relation to residential developments and stock rationalisations.

remediation, and development, etc. But it's not just about physical assets: the fund can be used to create skill and enterprise infrastructure to help promote investment in those areas. On top of that, there is also scope to develop local transport schemes and the delivery of improved digital connectivity. So it has really wide application, with creative and well-advised councils primed to make excellent use of the funds.

Guidance

In September 2019, the government published the prospectus for the Towns Fund with some very clear targets. That started a flurry of activity, with councils seeing this application process as a "must" win.

The pandemic has, of course, massively heightened the pressure for councils to be successful in their bids. It's certainly true that the worst impacted areas are likely to be those facing the most acute deprivation.

Additional Towns Fund Guidance was published by the MHCLG on 15 June 2020. This summarises the process for agreeing Town Deals and for implementation.

<u>Phase 1 – Town Investment Plans</u>

There are 2 phases to be worked through in order to agree a Town Deal. Councils have been putting in place their Town Deal Boards and working up their Town Investment Plans (TIPs) - the first phase of the process. Following review of the TIP, either proposed Heads of Terms will be issued or there will be one further opportunity to re-submit the TIP. At the time of writing, it is anticipated that applicant councils will have been advised on the outcome of their TIPs. We have therefore set out below an outline of the next phase of the process.

<u>Phase 2 – Town Deal Summary Document</u>

Once TIPs have been approved and the Heads of Terms have been agreed, towns will have up to 12 months (maximum) to develop agreed projects in detail, complete comprehensive business cases, and submit a Town Deal Summary Document to MHCLG. This should include details of the delivery arrangements and could also include:

- technical assessments
- detailed design
- planning processes
- community stakeholder engagement
- discussions with potential private investors, funders, etc.
- Public Sector Equalities Duties and environmental impact assessments
- setting in place delivery arrangements
- developing monitoring and evaluation frameworks; and
- working up key performance indicators.

During this second phase, towns will be in close contact with their named Towns Hub lead and with the external supplier appointed by MHCLG.

Each business case must be fully costed, setting out the details of how each project will be delivered. There are 2 routes for agreeing business cases: in most cases, the agreed Accountable Body's green book-compliant assurance processes will be used. For novel and unusual projects, the MHCLG's financial processes may be used.

MHCLG has produced best practice guidance for the development and appraisal of business cases. HM Treasury guidance Green Book and associated guidance may also be relevant.

Once detailed business cases have been developed for each project, towns must submit a Town Deal Summary Document to the Towns Hub. This should include:

- a list of agreed projects
- details of business case assurance processes followed for each project
- an update on actions taken in relation to the Heads of Terms key conditions and requirements
- a Delivery Plan (including details of the team, working arrangements and agreements with stakeholders)
- a Monitoring and Evaluation Plan
- confirmation of funding arrangements and financial profiles for each project
- confirmation of approval of planning applications; and
- letters of approval from the Town Deal Board and Lead Council.

Further guidance on producing a Delivery Plan and a Monitoring and Evaluation Plan is expected. The MHCLG will then carry out a high-level assessment of the submitted documents before releasing funding.

In those instances where towns wish to adjust plans subsequent to the agreement of Heads of Terms, towns must notify the Towns Hub of the details of these adjustments, and where substantive adjustments have been made, they will be reassessed using the project assessment criteria applied at the TIPs stage of the process.

Once the Town Deal is agreed, funding for the first financial year will be released to the Lead Council. The Heads of Terms and any other conditions will be attached as a Memorandum of Understanding - to be signed by the Chair of the Town Deal Board, the chief executive of the Lead Council and MHCLG Ministers.

After the first year of funding is released, each following year's funding will be delivered based on progress.

If you are heading into this second phase for your council and you would like us to highlight specific areas to help with your detailed proposals, then please get in touch.

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

HELPING TOWN CENTRES
#bettertowns – the roadmap

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

Brian outlines an exciting opportunity to work with other sectors for the benefit of our town centres and communities, where the involvement of councils is of fundamental importance. "The opportunity for councils, communities, and business to work closer with academia is huge."

While a Labour MP was recently taken to task for suggesting the party should not 'let a good crisis go to waste', this well-used phrase dating back to Machiavelli was also used by a certain Mr Churchill. Let's face it, it is in the blood of most politicians to be opportunistic.

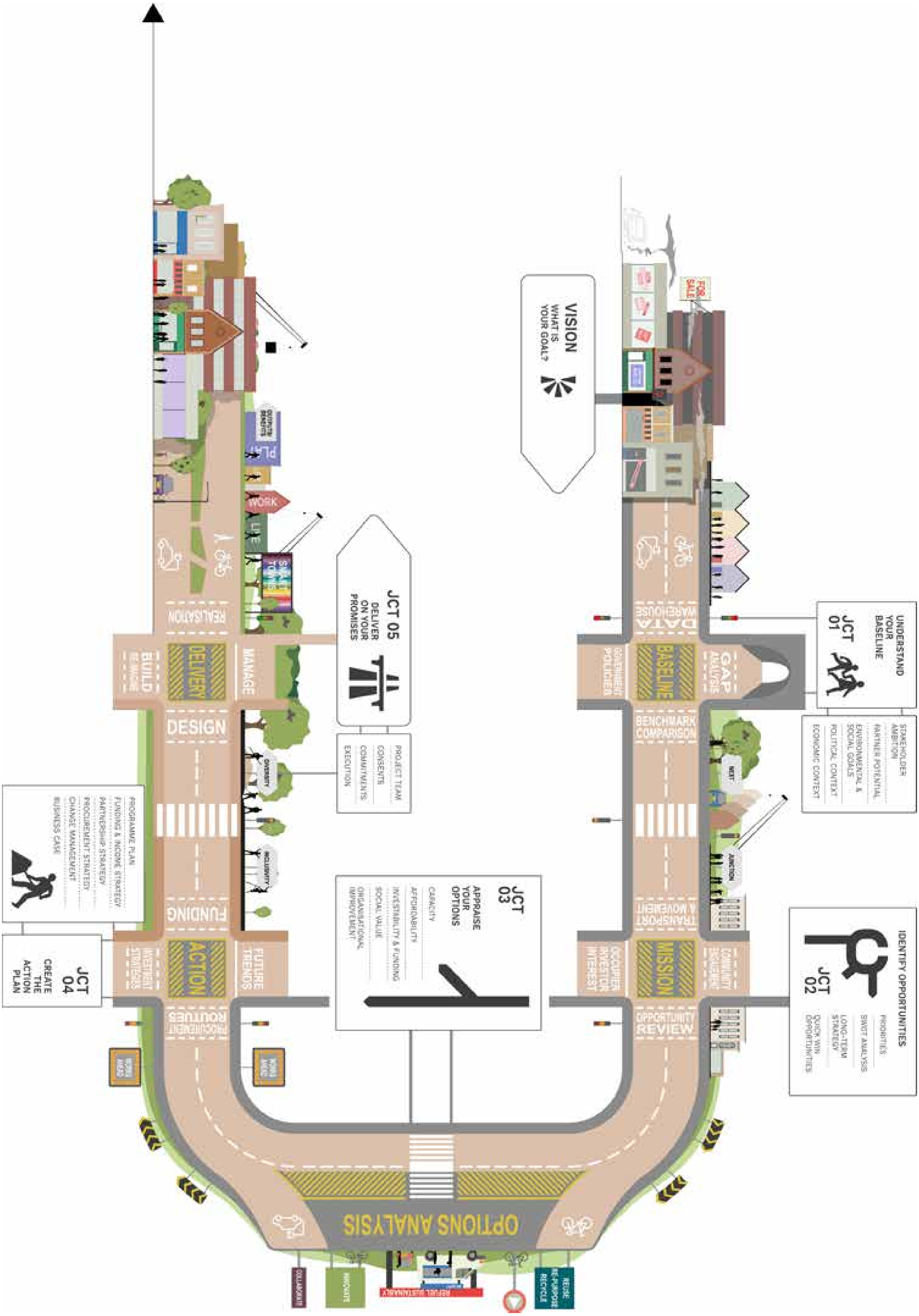
I can proudly state, however, that the #bettertowns collective, comprising realestateworks, HLM Architects and Didobi, was brought together towards the end of last year as the Future High Streets Fund was the talk of the town.

It has been apparent for some time that the economic landscape of town centres has been shifting, and at an increasing pace in recent years. The pandemic has collapsed at least 10 years of further inevitable change into a period of 10 months. Other sectors are experiencing equally radical changes, at least in the short term.

The masterplan and vision that may have been drawn up at great expense as recently as last year is now redundant. Not only has the supply side changed out of all proportion, the demands from the community, residents, workers and visitors have all evolved.

But this is not all bad news! There are some upsides such as:

- Demand for living and working in places of close proximity is increasing
- Consumers are increasingly appreciating the added value of locally produced goods and services
- Quick win opportunities are already being implemented such as open-air dining and pedestrianisation of streets
- Sustainable living can be supported by new homes in or close to town centres
- More SMEs and micro businesses will spring up in the wake of corporate failures – and they need collaborative space and other support
- Towns could capitalise on the decentralisation of economic activity from nearby cities, as workers and employers see the financial and health and wellbeing benefits of a distributed network of workplaces; and
- The Net Zero Carbon agenda is going to more overtly shape the policies and practices of the public and private sectors.



VISION
WHAT IS YOUR GOAL?
JCT 01
UNDERSTAND YOUR BASELINE
STAKEHOLDER AMBITION
PARTNER POTENTIAL
ENVIRONMENTAL & SOCIAL GOALS
POLITICAL CONTEXT
ECONOMIC CONTEXT
DATA WAREHOUSE
BASELINE
GAP ANALYSIS
GOVERNMENT POLICIES
BENCHMARK COMPARISON
TRANSPORT & MOVEMENT
JCT 02
IDENTIFY OPPORTUNITIES
PRIORITIES
SWOT ANALYSIS
LONG-TERM STRATEGY
QUICK WIN OPPORTUNITIES
MISSION
OCCUPIER INVESTOR INTEREST
COMMUNITY ENGAGEMENT
OPPORTUNITY REVIEW
OPTIONS ANALYSIS
JCT 03
APPRAISE YOUR OPTIONS
CAPACITY
AFFORDABILITY
INVESTABILITY & FUNDING
SOCIAL VALUE
ORGANISATIONAL IMPROVEMENT
PROCUREMENT ROUTES
ACTION
INVESTMENT STRATEGIES
FUTURE TRENDS
JCT 04
CREATE THE ACTION PLAN
PROGRAMME PLAN
FUNDING & INCOME STRATEGY
PARTNERSHIP STRATEGY
PROCUREMENT STRATEGY
CHANGE MANAGEMENT
BUSINESS CASE
FUNDING
DESIGN
DELIVERY
BUILD
MANAGE
JCT 05
DELIVER ON YOUR PROMISES
PROJECT TEAM
CONSENTS
COMMITMENTS
EXECUTION
REALISATION
WORK
LIVE
PLAY
FOR SALE
REUSE RE-PURPOSE RECYCLE
REFUEL SUSTAINABLY
INNOVATE
COLLABORATE

The first step is an acknowledgement that the recipe for success today is different. At the heart of the #bettertowns philosophy is a roadmap that starts with an open and honest assessment of the town and the creation of a deliverable vision – not something that appears to have worked elsewhere, but one that is entirely sensitised to the local circumstances.

We have also created a free resource in the form of our virtual library, an online 'audit' tool, and a unique collaboration with the Consumer Data Research Centre (CDRC). More of that later, so what is the roadmap?

Roadmap

The #bettertowns roadmap represents an approach which champions process over product and aims to unpack and guide the development and delivery of a coordinated town centre strategy.

It is a highly visual, data and evidence-led process that navigates 5 stages to arrive at short, medium- and long-term strategies. We make no apology for emphasising the criticality of evidence and data, both hard and soft, to support any course of action.

Each town's journey proceeds by successively creating a baseline, defining a mission or vision, identifying and appraising options, creating an action plan, and delivering outcomes.

The town must not be analysed with blinkers on. Data must be captured to understand the 'big picture', covering items such as the wider economic climate (at least at the sub-regional level), the wider socio-demographic trajectory, the strengths and weaknesses of the competition, the latest bundle of grants and other support that might be available, and the plans and aspirations of local landlords, developers, investors, and the communities that work and reside there.

The emerging vision will act as a guide and golden thread throughout the process of navigating the roadmap. While the component parts of the engine needed to deliver the strategy may be replaced and upgraded over time, the vision should remain largely constant.

Your speed on the road, however, is unlikely to be constant. It must reflect the availability of funding, market dynamics, the achievement of quick wins, and of course political priorities.

The virtual library

We have pulled together a collection of documents that can be downloaded freely from our virtual library. And there is no need to submit an email address, so you won't be chased up!

We have assembled a unique collection of authoritative publications on high streets and the future of towns in general. It includes government papers, all official and unofficial high street reviews that have taken place, and academic research papers. We don't guarantee that it covers absolutely all relevant documents, but it provides an excellent foundation if you are rebuilding your town vision and strategy.

We will continue to update the library and are happy to receive material from readers of ACES' Terrier, if you you wish to share a report or research with a wider audience.

The #BigTownAudit

The #BigTownAudit is a means of capturing evidence on the principal opportunities and barriers faced by towns.

The online data capture form was developed in association with a wide group of practitioners and academics, to ensure the data captured is meaningful, relevant and will act as a reference point that informs Junction 1 of the roadmap. Even if you are not adopting the roadmap approach, we thoroughly recommend taking stock via the online survey and other mechanisms.

Looking more broadly, the audit findings support the creation of a benchmark against which progress at an individual town, sub-region, and regional basis can be measured.

We are formally launching the #BigTownAudit in partnership with a number of key organisations and government later this year, and survey data will be analysed by CDRC, our academic research partner.

At present, anyone can complete the survey and will receive in return our reflections on the findings so far as they relate to your specific circumstances.

Links with academia

We are very fortunate to have established a research partnership with CDRC, an organisation supported by the Economic and Social Research Council. It brings together the brainpower of the Universities of Oxford, Liverpool, Leeds and University College London.

The CDRC was established in 2014, to lead academic engagement between industry and the social sciences, and use consumer data for academic research purposes. The form and function of towns and cities, and their communities, is at the core of the CDRC's research.

We will work with CDRC to help create valuable research and insights into our towns and communities, and that means engaging with councils and others in the process.

The opportunity for councils, communities, and business to work closer with academia is huge. Increasingly academic institutions are measured by their impact on society; towns and businesses are faced with a growing number of complex issues that require time, data and 'thought leadership' to understand. This presents a happy marriage of convenience, but also a great opportunity for the more proactive towns to keep ahead of the game.

Our links with academia don't stop there. Through a Universities of London initiative to engage with the market, entitled Accelerating Business Collaboration, we are working on a prototype online dashboard and maps that will consolidate open data on the performance of towns, with their socio-economic context. This will allow councils to cut through the diversity of systems and data sources 'out there' and make quick, informed decisions on their optimum roadmap.

What now?

You can help contribute to the debate and stock of knowledge on town centres by:

- Completing the #BigTownAudit – and receiving a tailored commentary in return
- Downloading material from our library – and sharing material in return; and
- Working with us to develop critical research projects that will ultimately re-position your town or towns in what will be a very competitive market.

Why not be opportunistic and take advance of the moment?

COST CONTAINMENT

Responding to the financial crisis – 10 ways estates teams can help councils manage operational costs in the current climate and beyond

Guy Brett and Saurabh Das, Guy.Brett@avisonyoung.com
Saurabh.Das@avisonyoung.com

Guy and Saurabh in Avison Young's Strategic Business Advisory team share insights into how councils can contain and reduce property-related operational costs. "..local government has demonstrated that it is more capable than most at responding to challenges in an innovative and effective manner."

Guy leads Strategic Business Advisory services and worked at PricewaterhouseCoopers (PwC) and Ernst & Young for 20 years, focusing on real estate strategy. He has worked extensively on complex public sector property transformation projects, including public-public partnerships, local authority trading companies, One Public Estate, cost reduction and property portfolio and workplace strategies. He is currently advising Cabinet Office on its Well-Maintained and Net Zero Carbon initiative.

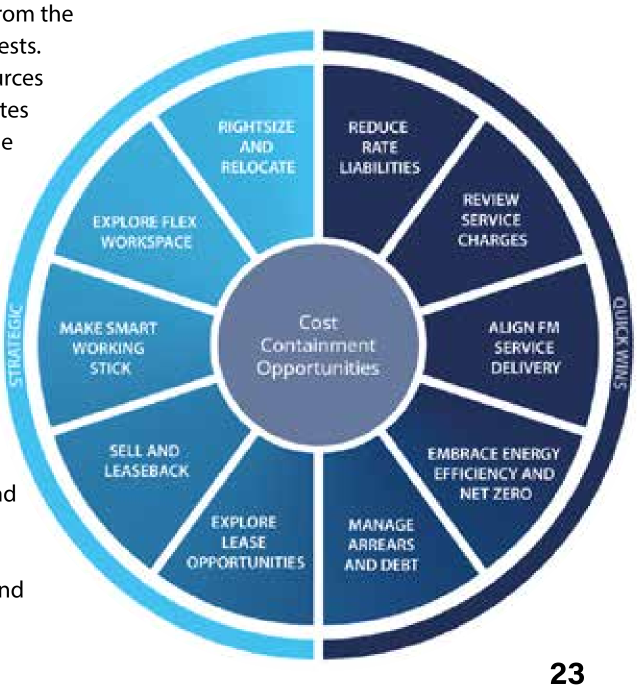
Saurabh is a chartered accountant with over 20 years' experience providing strategic financial and commercial advice on real estate, infrastructure procurement and asset rationalisation to major public sector organisations. He worked at PwC in the Local Government and Health practice, and in the Department of Health (Commercial Directorate), where he oversaw NHS Professionals and NHS Property Services. He has also been the interim finance director of the Government Property Agency.

Introduction

The catastrophic impact on local government finances brought on by C-19 is putting property and finance professionals under unenviable pressure, with an increasing number of councils facing s114 notices over coronavirus. It does not help that additional funding from Whitehall is expected to be significantly less than is required this year, as research from the Institute for Fiscal Studies suggests.

The lost property income sources such as car parking, business rates and investments, compound the additional spend on PPE and associated health and care services. At the same time, the health crisis is also creating inflationary property pressure, e.g. investment required to meet workplace social distancing measures, inefficiencies due to necessary lower occupancy densities and higher standards of cleaning and air filtration, to name a few.

All eyes are on the property team to assist finance leaders and S151 Officers with an asset deal that plugs the budget deficit and solves the local employment and housing problems too. Cutting property budgets and using property assets to improve cashflow are some of the tools many finance directors will consider. However, many councils' property portfolios have been already been plucked and pored over for the last



decade, in response to radical funding cuts and service reforms.

The cost containment wheel highlights 10 areas that many commercial organisations are focusing on to contain, if not drive down, costs. Their applicability varies by organisation, but they provide at the very least a checklist for property and finance directors in local authorities to work through.

Strategic opportunities

There are 5 strategic opportunities.

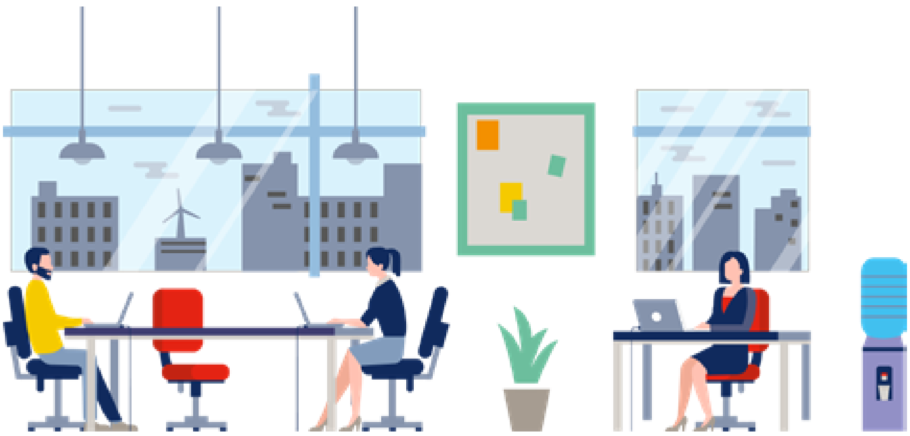
Rightsize and relocate

The greatest cost reduction opportunities for occupational real estate costs are from reducing the footprint and moving non-essential functions out of high cost sites, including into shared spaces. Review and re-evaluate the purpose, size, space mix, location and configuration of your portfolio in light of the new business environment. What changes could you make? As customer access and workforce strategies adapt to the changing economic and digital environment, property portfolios should realign accordingly. As workplace strategies and employee expectations for remote working shift, office rightsizing and relocation opportunities will materialise.

Explore flex workspace

Can you reduce costs by introducing flexible workspace into your portfolio? An increased number of staff working remotely emphasises the need carefully to plan occupational strategies, to provide a flexible footprint which allows for a swift response to both business and macro-socioeconomic factors. The sector extends way beyond 'co-working', as businesses of all sizes draw upon their full real estate needs as a service they pay for from an operator, rather than traditional leasing mechanisms – this can be a few desks up to corporate HQ.

Navigating the flexible workspace arena can be complicated and this approach is not right for every council. In addition, some types of flexible workspace, such as traditional co-working spaces, may currently be viewed with caution, as staff may not be willing to share space with others that they don't know and cannot easily track, although there are likely to be benefits from sharing and co-working with other public agencies. With over 6,000 active operators across the UK, it is important to take advice about the type of agreements entered into, and that the agreement effectively aligns with all aspects of business planning, budget, and with a diverse spectrum of offers that the operator profile effectively reflects the culture of the occupier.



Make smart working stick

Agile and flexible working was already a prominent theme in local government, and it has now been significantly accelerated by C-19. Smart working enables not just reduction of property-related costs, but more importantly, it can also deliver performance and productivity gains. People work at their best when they have the right environment, tools, connectivity, collaboration, reward, recognition and management in place.

In future, office-workers want to be able to work remotely at least part time and if coming into the office, want to do the things that they can't do remotely, i.e. meet colleagues and clients, discuss ideas and resolve issues face-to-face.

The other side of the coin is that productive environments that accommodate future working practices require investment and an organisation's culture, policies and management practices will need to change to make the benefits of the 'lockdown' experience stick.

Sale and leaseback

An optimised sale and leaseback strategy has many benefits and provides an alternative to prudential borrowing. It can generate cash to assist with cashflow issues, release valuable capital to reinvest, and reduce the overall cost of capital. To maximise value from your real estate as a strategic asset, it is crucial to understand the portfolio and consider what is needed from it in the short, medium and long term. This will help identify assets that are core long-term hold and can be potentially sold and leased-back.

Explore lease opportunities

Targeting lease breaks and expiries could achieve material rental savings. Lease flexibility can on average cost an additional 5%-10% p.a. on the rent. Generally, 75% of lease breaks are not activated and only 15% of expiries are not renewed. Rent savings of 10-20% are possible on lease events.

Cost containment – quicker wins

Manage arrears and debt

Subletting property can help to provide cashflow and offset liabilities, but it also adds responsibilities as a landlord, which local authorities are generally experienced at managing. The surplus estate requires active asset management through rigorous credit control, optimising leases and proactively engaging with tenants. These can be key in mitigating costs.

Embrace energy efficiency

Collectively, small adjustments can make significant savings in energy consumption and running costs, while keeping organisations on track to reduce carbon emissions. Achieving net zero in existing buildings is a significant challenge, but in the long run it adds value to investment portfolios, helps attract staff, and saves money from energy and carbon offsetting. A phased approach aligned to your business strategy can save costs and focus resources on quick wins and high impact areas.

We recently demonstrated to ACES members a Net Zero Carbon pathway modelling tool developed for the Office of Government Property, by Avison Young and Verco. It enables users to assess the carbon and cost efficiency benefits of different types of investment.

Align FM service delivery

Every square metre of space saved offers significant opportunity for cost savings across the key FM service lines e.g. maintenance, cleaning, security, etc. By aligning FM services appropriately, longer term cashable savings are often possible. However, they need to be sustainable and avoid undermining other business priorities, such as employee well-being and customer experience.

Review service charges

Service charges as a proportion of the total occupancy costs can be significant for certain properties such as offices, ranging from 10% to up to 30%, depending on scope, while a structured review could achieve around 13% savings against payables.

A starting point should be a forensic review of the annual budget, lease and current services. These can include marketing, utilities, staff costs, waste collection, window cleaning, consumables, flowers, landscaping and major works programmes. We often find that a review of the lease highlights invoices for costs that are outside the agreement and there is scope for cost recovery.

Conclusion

Effective cost containment requires strengthening councils' strategic property capability, because identifying real cash benefits requires skill, resources and professional judgement. The truth is that releasing costs from the public sector occupied estate is no longer easy.

Leveraging the strategic opportunities requires property professionals to empathise with and work effectively alongside service managers, business transformation colleagues, and regeneration teams, as well as representatives from IT, finance and HR. Technical and financial skills are also needed to address areas such as service charges and tenant arrears.

It is not a straightforward task and a one size fits all approach will not work. However, throughout the aftermath of the financial crisis and subsequently a decade of funding cuts, local government has demonstrated that it is more capable than most at responding to challenges in an innovative and effective manner.

Danny's leads Peopletoo's property and facilities management programmes. He has worked with many councils to create effective asset management and corporate landlord services. His strengths include cost modelling, demand analysis, and productivity reviews.

Ed – see Chris' other article for author details.

SUSTAINABLE PROPERTY SERVICES

Delivering a financially sustainable property service

Danny Marsden danny.marsden@peopletoo.co.uk and Chris Brain

Danny and Chris' article complements Guy and Saurabh's 10 areas to contain costs, outlined in the previous report.

The current C-19 health crisis means that increasingly local authorities are struggling with their financial sustainability. This creates challenges to ensure the financial sustainability of all council services, including property services.

There are 2 key aspects to what property services, and other services within the authority, need to consider at moving forwards: one is the opportunity to save money, the second is the opportunity to make money.

Saving money

Initially, it is important to identify areas where, in the delivery of property and FM services, a council may be leaking money, before developing strategies to plug these gaps. In theory that sounds very simple, but from our experience that is often not the case.

Saving money is all too often associated with service cuts. Historically, this has been the case, with local authorities salami slicing services and gradually eroding property and FM budgets, as opposed to taking a longer term view to the delivery of savings, while also future proofing the service. Indeed, this is key to how we would approach any change project - yes to identify savings, but also to prioritise those which will at the same time improve efficiency and enhance the service, not savings that takes something away.

In our experience, staff involved in the delivery of these services can often be too close to the numbers, to be able to see where the leaks are. Or they know where the leaks are, but the challenge of tackling them just seems too big and they are constrained by available resource. This is where we often find ourselves coming in as a critical friend, to sit alongside a client and work through the problem.

We know where the big financial leakages are most likely to be, and to use an increasingly familiar phrase, we use our own 'track and trace' methodology to hunt these out, diagnose the issues and prioritise actions, strategies and programmes.

Benchmarking can provide a useful indication of where these holes may be. However, benchmarking has its limitations and will often only scratch the surface. From our experience it should be seen as a guide of where to look, not as a means to provide the final answer. For instance, if a council is spending way below the £/sq. m. on building maintenance, is this because the service is extremely efficient and buildings are in good condition, or that budgets have been massively cut, a council does not have the funds to spend, and the buildings are falling apart? Without this key contextual information overlaid against benchmarks it is quite possible to be led up the wrong path, and to attempt to patch the wrong leaks.

Likewise, while we will always identify a number of 'quick wins' when working on savings projects, increasingly the bigger opportunities are contingent on longer term change programmes. In FM for instance, this is an area which has taken a pounding in recent years, with margins slashed and several suppliers folding due pressure from councils looking to save money. From experience, we continue to see opportunities in FM for savings through more intelligent provision and taking a strategic view on FM delivery, but the bigger opportunities to save money, are simply to reduce the number of buildings retained by the local authority. This travels across the aisle from FM to property services and requires joined up working, while also requiring councils to take a longer-term view to savings. Equally, it requires the foresight to not over commit to savings, but to allocate some for re-investment into the remaining buildings, and also to support delivery.

Making money

When it comes to making money, many authorities have been developing commercial strategies, often appointing commercial directors to identify and implement new commercial opportunities. These strategies can often focus on large sexy commercial projects or programmes fuelled by the need to generate sources of new income. And why stress over managing multiple, smaller projects which take up more project management time and are stretched over a longer period, when you can deliver a single large scale project in one go, which delivers the same income and is covered by one project team?

But the bigger the opportunity, the bigger the risk and uncertainty. That is all well and good, if the organisation is set up properly to identify and evaluate those risks and uncertainties; all too often the robustness of the business case development and challenge is not as it should have been. Often business cases are framed to justify proceeding with an opportunity against a decision that has already been made. There are numerous examples of well-intentioned commercial products falling flat and for this reason, organisational optimism bias is rife in local government.

Clearly, before embarking on any regeneration project, there needs to be money to fund it. Some councils have taken the approach of procuring a partner from the private-sector to partially fund the project, which is then overseen by an in-house regeneration team, or setting up an arm's length management organisation, or similar, which is becoming increasingly common. But where to raise the capital required internally? Well as hinted above, asset rationalisation, informed by a robust strategic asset management plan, can generate significant capital receipts which, while some can be cashed as savings, others can be used to fund commercial programmes. This takes time to perform successfully, however: patience is key, and viewing any project as a long-term commitment.

Should we not be exploring these large commercial opportunities?

Well yes you should, but you need to do so in a way that brings robust challenge and scrutiny and a true appraisal is undertaken, so decisions are made in full awareness of all the risks and uncertainties. It is remarkable how a sector famed for its aversion to risk can reach decisions to take a large commercial risk, without a robust process of business case evaluation in place.

Following the last financial crisis in 2008 and the period of austerity that followed, there was a sustained drive from central government for local authorities to become, or be close to, self-sustainable. Many forward-thinking councils identified this as an opportunity to expand their commercial asset portfolios, acquiring assets such as land for development, industrial units, and office buildings. This came to serve a dual purpose, both underpinning a redevelopment agenda while also generating rental income and capital receipts, and indeed, many councils have been hugely successful in this approach. However, as a result of C-19, these very councils which were championed for their sustainability, can find themselves in deep financial difficulty. While it is considered best practice to profile the rental income streams over a 10-year period to assess where, when and how much the risk is and what the mitigation measures would be, this is not something which has been universally adopted by many local authorities. Post C-19, this is a practice which will be critical as integral to introducing robust mechanisms to manage the process of lease re-gears, and implementing processes to identify if a tenant is looking likely to default.

Furthermore, as we move forward following the initial impact of C-19, many councils are now starting to consider the long-term composition of their commercial portfolios. Indeed, some of the authorities we are currently working with are actively changing some of their future development plans – shifting from a position of retaining several offices, to repurposing these as residential developments. This is both as a desire to diversify their portfolio to reduce risk, but also due to the anticipated reduced demand for physical office space and to the increased acceptance of home working.

Are there alternatives?

Well yes there are. The clear alternative is not to focus on the big shiny commercial opportunities at all, but instead to develop a programme that develops gradually a commercial mindset throughout the organisation. Instead of limiting the responsibility of developing and delivering the commercial strategy on a single commercial director, why don't we make it everyone's responsibility to think and behave commercially. As the old saying goes, look after the pennies and the pounds look after themselves. There are opportunities to be more commercial and to generate fresh income across the whole organisation.

Of course, this is not a binary choice. Organisations can pursue bigger projects and smaller projects at the same time, but key is developing a balanced pipeline of these opportunities, and diversifying risk across a range of projects, some larger, some smaller. This also allows councils to be more balanced and targeted in what they want to achieve in each project: one may be to maximise revenue, another to prioritise the provision of spaces to support the most disadvantaged groups within the authority and to generate social value, to promote wellbeing, and to achieve wider corporate objectives.

A people issue

Whatever savings or income opportunities you are looking to pursue, everything comes down to people. People can often be the biggest barrier to any change programme but, conversely, people can also be your biggest vehicle for success.

Fundamentally, people often don't like change; we all have tendencies to stick to what is familiar to us, even if it means the gradual erosion of a successful and a healthy property service. Being or acting commercially is not always hard-wired into local authorities - staff quite rightly see themselves as public servants and if they wanted to work in a commercial environment, they would have got a job in the private sector, often for more money! That was the vocational choice they made and is embedded into the culture of local government, and it therefore takes effort to mould that mindset and use it to your advantage in bringing about change.

Culture change is often seen as the 'nice to have' of any project, the add on that comes at the end of any change programme and facilitated through a collection of short workshops, without the time required for reflection and growth. However, it should be considered one of the key pillars of transformation, without which people can invariably revert back to their comfort blanket or old habits and processes. It takes time, and might be seen as a costly investment in the short term, but in the longer term, the benefits are huge and the change is sustained.

When people see the connection between identifying commercial opportunities and saving their own jobs or those of their colleagues, they begin to warm to the idea. When that button is switched on, you begin to see people as the vehicle for good, and a vehicle for change. They start to see opportunities everywhere. And they each become part of something much, much bigger.

They start to see themselves as savers of jobs, savers of their service, and supporting other frontline staff, such as adults and children's services, to deliver quality services to the people that need them most. This feeds the 'inner self' that brought them into the public sector in the first place. They begin to weld public service with commerciality. They become your ambassadors of commerciality.

Tony is ACES' Liaison Officer for C-19. He has worked in senior management roles at a variety of local authorities across England and Wales. His undergraduate dissertation was on property and assets as an investment class and his main distinction grade MBA dissertation was on local authorities handling austerity. He has government, council and public sector contacts across the globe.

STRATEGIC C-19 ISSUES

Strategic and operational consequences arising from C-19

Anthony Bamford MBA MRICS MBIFM MCMI anthonybamfordmba@gmail.com

Tony gives us a salutary perspective on strategic implications of C-19, written before the tightening of restrictions implemented towards the end of September.

Introduction

This year has been climactic, with an apparently distant disease turning from an epidemic into a pandemic and creating around 25 million cases worldwide. As a coronavirus, this follows in the footsteps of SARS and MERS which were much more deadly. However, both earlier coronaviruses made sufferers ill quickly, thus enabling catching and cutting off the disease more quickly and sharply. Unfortunately, this time the human race has turned out to be in the ideal, or goldilocks zone for this virus with near perfect lengthy infection times, asymptomatic cases and a range of transfer methods which are still being investigated.

Most recently, evidence of transmission up to 8 metres or 25 feet has been established, according to research published in the British Medical Journal. Likewise, immediate and long-term effects on the body continue to be investigated.

Macro picture and scenario planning

I had the fortune to come across a book called FutureVision 2040 while undertaking the strategic management and dissertation semesters of my MBA some years ago. In addition to outlying scenarios, including the United States entering another civil war, the scenarios included the United Kingdom leaving the EU. However, the 2 biggest events in risk scenario planning were - and remain - a pandemic and climate change. Both issues are unavoidable. Naturally, our response to a relatively foreseeable and predictable issue in this health pandemic does not encourage confidence in the human race's confrontation with global warming and climate change. Although we are undergoing profound change, it can be argued that this is due to compression, and existing trends are greatly speeding up. Operational and investment property issues will be looked at more closely after I set some background.

Trends and human health

During lockdown, the opportunity to review several years' worth of Harvard Business Reviews and Fortune Magazines along with ACES' Terrier, Modus and FM World/Facilitate allowed a strategic and industrial view of the last few years to be clearly seen. Setting aside the suddenness of the C-19 occurrence, this also allowed ongoing trends to be seen within the trajectory of business and property. Governments, organisations and companies will continue to have to deal with a VUCA world (volatile, uncertain, complex, and ambiguous). This acronym has been used by the military, in particular, since the end of the cold war, to describe concisely the environment for military intervention. Naturally it has passed into the commercial world and is an important consideration for organisation leaders and those advising them.

One of the helpful early actions is to understand where we stand. Globally there are transferrable viruses of different types on all continents. Just how thin this window is between us and them was emphasised in a World Health Organisation webinar on 'Neglected tropical diseases'. I also attended a Harvard Business Review webinar with Doctor Anthony Fauci - along with almost 10,000 others - and he could clearly see the trajectory of the pandemic in the future. It is worth remembering malaria was only eradicated from Europe in the 1970s and climate change will allow insects and other vectors of disease to establish far broader habitats than before. In many ways this present pandemic is a wake-up call.

Climate change

The melting of ice and development of more powerful storms over extended seasons is already a clearly delineated trend. In practice, this will have effect in river and coastal flooding and other events, which will be far more numerous. Some years ago, I was given a 1 in 1,000-year flood map for the Dee and Mersey estuaries in the North Wales and Liverpool areas: the areas which would be flooded were astonishing. The importance of this is that this descriptor is misleading. Shrewsbury on the River Severn has had 1 in 50-year floods annually for some 6-7 years. In 10 or 20 years' time, what will coastal living be?

Clearly there are major ramifications for property and assets, especially if large numbers of houses are to be built quickly and be safe and habitable over the course of time. The other issue for property and assets is MEES and emissions, and their necessary drastic reduction. Assets in the UK account for some 35% of CO_2 emissions and a much stricter regime will be essential if a drastic reduction is to be achieved by the sector.

Organisation and business issues

Huge volumes have been written on the pros and cons of working from home. Much of this is not based in any commercial, managerial or property context and is therefore of little use. For the last 30 years, the opportunities and benefits of new ways of working have been explored and developed. This has greatly accelerated in the last 10-15 years and the UK government was at the forefront of this, with publications such as 'Working without walls' and 'Working outside walls'. In terms of some of the recent articles on culture, camaraderie, water cooler inspiration and other matters, these can be easily overcome. Today's public sector is focused on target operating models and has effective frameworks in place to create and cascade strategy without having to be present in a particular place. If we consider a multi-national company with global operations, our issues pale in comparison when set against multiple languages, time zones and genuine deep cultural differences. For more in this area, my introductory articles on leadership and management can be found in the 2018 Summer and Autumn Terriers.

Savings

Office accommodation is going to be seen for the overhead, redundant or dead money that it really is, far more sharply than before. In some areas, for every 100 staff, outgoings of £600-750,000 are not unusual. In the public sector there has been strong focus on this for some time, with some authorities' revenues halving over a number of years. All organisations will now have to follow the same imperative and drastically cut costs. Bricks and mortar looks very exposed. Several authorities are demolishing their offices, or plan to across the country. Of course, these changes will require effective strategic oversight, intelligent client work, and operational execution. I looked at this in detail in Strategic Asset Management [Ed – see 2017 Winter Terrier]. PWC has recently published a report on the benefits of unitary status, which will gather pace for the remaining 2-tier structure in England, pushed by financial pressures in particular.

Operational estate

The corporate landlord role will be even more important going forward. While there is a strategic urge to get pupils back to school, head teachers are the responsible officers for their sites and this puts a considerable onus on them. For risk and broader corporate landlord issues, see my article in 2019 Winter Terrier. In England, the additional complication of academisation must be taken into account, working through the LEA as well as the landlord framework.

As risk assessments are considered and the 4 UK administrations take different approaches to varying degrees, it may be that some responsible officers decide to take the most precautionary view. Considering the increase in virus numbers globally, across Europe and in the UK, this may be sensible in the medium and longer term, rather than taking an approach that comes across as more yo-yo in character.

At the time of writing around 15% of office workers are believed to have returned to their previous way of working and it would seem in risk terms, there is only downside in doing this, even if marginal. The more traditional estate of town halls and similar buildings that councils use are particularly unsuited to easy adaptation to staff circulation and other issues. Case studies from South

Korea have shown that virus spread in office and restaurant situations can be very specific, so there are many factors at play. France has introduced masks in offices.

Potentially the biggest inconsistency in the 2 areas above is the lack of face mask use in the teaching and office environments and the autumn will show how serious this issue is and how urgently it needs to be addressed. Studies showing work place transmission continue to develop along with knowledge about children of different ages and their asymptomatic role and ability to carry virus load, which can be significant according to some studies.

Commercialisation

Some reports have indicated that cultural venues and other bodies that have been seeking to be more commercial have paradoxically been more seriously hit through the lock down actions and understandable wariness of customers to return. Libraries have been reopening and naturally potentially offer an important third space for children and young people. The persistence of C-19 means that similar precautions have had to be taken over the stock to that taken by booksellers and a quarantining of items has become necessary.

The Financial Times recently reported that e-retail was almost reaching a 30% penetration in this country, which is much higher than Europe and pro-rata higher than the United States. This is very fertile ground for the major companies in this area, as the significant stepping up of its services from Amazon, especially on the grocery side, indicates. However, the paper also reported separately that the margins for supermarkets were being squeezed as operation costs significantly increased and a number of other factors, such as fuel sales, also added to cash flow weakness. A specialist supermarket Real Estate Investment Trust has recently bought a local Morrisons at a reported 5.9% yield, according to the Shropshire Star. This medium-size store is part of a modern, new build retail hub within a new town.

Property investment issues

Over the course of the 2019/20 financial year, local authorities were responsible for 30% of the retail sector asset purchases, at some £250m, according to the TR Property REIT annual report. Big companies such as Intu, Hammerson, Land Securities and Capital and Counties have all sought to stabilise their positions. European shopping centres have become much less desirable assets and asset sales of retail both in UK and Europe have not proceeded.

In the United States, Simon Properties remains the largest mall and asset owner and has a capitalisation of $21bn. They have set between 5% and 10% of their capital base scale aside for investing in main mall tenants, and are a key group in the consortium which has bought the venerable US gentlemen's outfitters, Brooks Brothers. Other historic names such as J Crew have gone into administration as the ownership vehicles carried too much debt through private equity mechanisms.

A similar position in the UK would leave shopping centre owners particularly exposed. Simon has the scale and muscle to outlast smaller fry, both in mall and other retail ownership, and a similar scorched earth position could easily develop in the UK. This country has tended to follow the US retail environment very closely and experience the same issues. That said, even at $21bn, Simon Properties is 20% smaller than this year's revenues at Alibaba, the Chinese internet giant, where they have leapt 30% to $26bn. This emphasises the tectonic shifts that are merely accelerating for commercial reasons and now being turbo charged by the C-19 situation.

Informal discussions with public sector colleagues have suggested a reasonable rent collection, although what the position later in the year will show is uncertain. Seagro and Urban Logistics have specialised in logistic and ecommerce-supporting assets and their position stand in strong contrast to the traditional market. First quarter and second quarter rent collections at Seagro were 99% and 95%. For Urban Logistics 98% of third quarter rents were collected by early July. The specialist REIT PHP healthcare collected almost all second quarter rent and 96% third quarter rent due, according to the Investors Chronicle.

Business centres and shared space

Many local authorities offer SME support through business centres. Where easy-in and easy-out options are available for businesses, this will help the local business if they vacate. but will cause authority budget pressures. A recent report on the radio by the boss of a small London consultancy illustrates these pressures: he had terminated his lease and the company immediately had a 25% benefit in its bottom line and his colleagues working from home had received the equivalent of a 20% salary increase with travel, food and incidental costs disappearing. The nature of their business means they intend to work remotely and from home permanently.

Shared space will be especially vulnerable and in some centres in London the charge is up to £1,200 per month. Cutting off this outgoing is a clear enough decision. However, the commentary that suggests offices will become collaborative hubs seems wide of the mark to me at this point. Put simply, there are 3 issues: is any space or accommodation going to be a petri dish; are appropriate mitigation measures in place that I have confidence in; and finally, is being here the best and most valuable way of doing this activity vis a vis risk?

Recent reports suggest that even the most traditional organisations of legal advisers, consultants, accountants, and auditors are fundamentally altering their ways of working. While these issues are at an organisational level, societal norms will have an increasingly clear effect. In the far east, the previous experiences with SARS and MERS and other disease outbreaks have shown their preparedness and adaptation to the present circumstances. The use of masks and courteous approach to other members of society will be benefits for the long term.

Chris spent nearly 25 years working in local government, involved in estate management and strategic asset management. Having moved on to CIPFA in 2003, Chris has been delivering property consultancy and training across the public sector. In 2019, he established his own consultancy, Chris Brain Associates, and he continues to support the public sector with property consultancy and training throughout the UK, in strategic asset management, organisational efficiency, and asset valuation.

Chris is a member of ACES and he has recently taken on the role of ACES' Valuation Liaison Officer.

ASSET MANAGEMENT PLANS
Adapt or Die!

Chris Brain FRICS chris@chrisbrainassociates.com

"Our asset management plan is a critical corporate document, and we cannot afford to allow it to become a 'shelf document' that is out of date quickly". Chris proposes that to retain credibility, AMPs should take "a fluid and adaptable form which is constantly updated in real time" and include more than our own assets.

A new approach to asset management plans

One thing is certain over the recent months - that is the unprecedented use of the word unprecedented!

In my previous Terrier article [Ed – see 2020 Summer Terrier], I talked about the need to frame the future of local authority asset management, not through the lens of the past, but through the lens of a range of alternative futures. Looking behind you will be of limited value in unprecedented times, as we have no direct experience to draw upon. Instead, by assessing a range of possible futures, we may be better equipped to cope with what lies ahead which, for most of us, is something of an unknown beast.

In this article, I am moving on to explore what the new asset management plan might look like. It is my belief that traditional asset management is no longer fit for purpose. We need a new approach. We need a new model to work to.

The C-19 crisis has completely changed the landscape within which strategic asset management now takes place. We are adopting new ways of working. We are experiencing seismic changes to our town and city centres which will be with us for many years to come. We are living through financial instability. All at a time when councils are seeking to deliver climate emergency strategies and tackle air quality issues.

With all these variables in play, how can we possibly stick with a form of asset management plan that we have seen in local government over the past 20 years? It is time to adapt and move on. We need to reset and reinvent.

As I see it, there are 2 fundamental areas where the local authority asset management plan needs radically to change. The first is the scope of the plan. The second is the form of the plan.

Scope of the plan

Let's start with the scope. Apart from a very small number of examples, the traditional local authority asset management plan is generally limited in the context of the property assets owned and operated by the local authority. They rarely look beyond these assets, and most plans concentrate on what is going to happen to those assets over the life of the plan.

The plan will often talk about the assets that will be disposed of because they are no longer fit for purpose. It will talk about assets that while fit for purpose, need some investment to re-purpose or refurbish them. And it will talk about assets that are generally fit for purpose and will be managed and maintained in a steady state.

In my view this is now too limiting. We need to broaden the scope of our asset management plans. They need to be plans that look beyond our legal interests and bring in consideration of the wider property assets across the local authority area, and how the council is going to seek to use, deploy and influence those assets, for the betterment of the area.

The plan should perhaps consider strategic acquisitions and projects that will bring about or influence radical change to the property landscape of the area. It should increasingly focus on property partnerships and collaboration. By doing so, the council can support the local economy, provide business space to protect and create jobs, and inject life back into any ailing town or city centres.

There are also opportunities to influence the way privately owned property assets are used and managed through programmes around carbon reduction, promoting biodiversity, improving air quality, and other national and corporate policy initiatives. Our asset management plans can no longer be just about our assets. The issues are much wider now.

Form of the plan

The second area where I believe asset management plans need to change is the form that they take. In the main, asset management plans are created in a word processor environment, a few photographs and graphics added to make it look nice, and then converted to PDF, so that it can be readily communicated and shared.

The asset management plan can take many months to complete. While I was at CIPFA I developed the Asset Management Plan Framework, which set out a tried and trusted process that I had been using over the past 20 years or so. It subsequently became the 'CIPFA way' of doing things. If you have not seen it, then I recommend that you try to get hold of a copy, as it has since become the standard by which asset management plan preparation is benchmarked [Ed – thanks to CIPFA for allowing this to be uploaded onto the ACES' website: go to 'ACES library' in the members area and search under 'Reports'].

That framework process still holds good. It is the resulting plan that needs to change. In my view, the days of the printed asset management plan in the form we have seen in the past, is no longer fit for purpose for most organisations. Things are changing too quickly. The future is uncertain.

It was always the case that you could find yourself in a situation where your asset management plan was out of date before the ink was dry. And that in a steady environment which, while subject to constant change, was not seeing the extreme and volatile change that we are currently experiencing, and which we will continue to experience.

We are in new times. Our asset management plan is a critical corporate document, and we cannot afford to allow it to become a 'shelf document' that is out of date quickly, does not keep pace with the organisation or the policy context, and which as a result loses credibility. When it comes to asset management plans, credibility is everything.

Our future asset management plans need to be dynamic documents that live and breathe the organisation's strategic asset direction. They are being prepared in a constantly moving backdrop, and the plan needs to move with that backdrop, flowing and flexing to adapt to changing circumstances and pressures. The old 'static' 30-page asset management plan will not cut it any longer.

The clients I am working with understand this fully. I am working with them to devise an entirely different model for their asset management plans. One which takes a fluid and adaptable form which is constantly updated in 'real time'. Maybe it is about time you started to think in those terms too.

There you have it. My views on 2 fundamental areas where I believe local authority asset management plans need to change and adapt. As the saying goes, adapt or die.

STRATEGIES LONG TERM

Oh no, not another 'insight' into the impact of the pandemic!

Brian Thompson see Brian's other article for author details.

Brian gives a preview of the findings from a research project concerning the longer-term impacts of C-19 on workplace and real estate strategies.

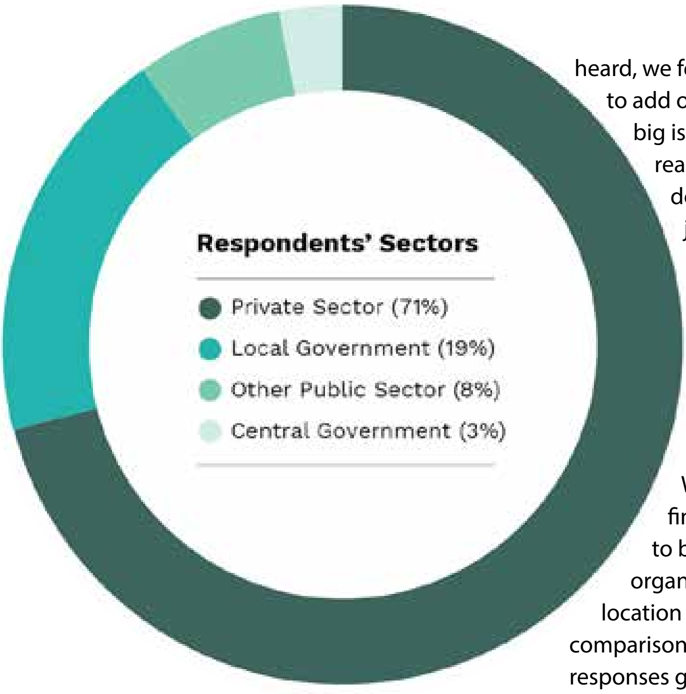
Every week, or more frequently, a new ground-breaking piece of research into the impact of the pandemic on the workplace or the future of the office hits the inbox or is featured in a blog. Some of us cynics always check out who authored the latest recommendations or predictions, to put the supposedly objective reflections into context.

When the first avalanche started to appear in early summer, a few like-minded individuals came together, with a mission to generate some genuinely objective research findings that cut across sectors and geographies, and combined a questionnaire survey with a series of discussions (interviews would be too formal a term) with leaders in real estate across the globe. As a result, realestateworks, HLM Architects and Avison Young collaborated on what we believe is a unique study into the longer-term impacts of the pandemic on workplace and real estate strategies.

In part by coincidence rather than design, the research is particularly timely, given the sharpened focus on issues such as the transformation of public service delivery, the Net Zero Carbon agenda, cost management, regeneration and localism, and the health and wellbeing agenda.

The RICS got behind us and helped to raise awareness of the research project and Neil Webster, ACES' Business & Marketing Manager, kindly nudged colleagues within ACES.

As a result of this nudging and the application of persuasion with direct contacts, the public sector notched up 29% of all responses to the questionnaire, while also being represented in our schedule of detailed discussions. In total, we received over 100 responses. Is this representative?



Probably not, but that doesn't matter. What matters is the richness of the content, the openness and honesty of those who engaged, and the common threads that emerged.

Health warning!

This is an advance notice of some of the key findings as we are still finalising the full report. If anyone reading this wants a copy when the report is published, please get in touch so you don't have to look out for press releases, social media notices, and so on.

And another warning - rather than just summarising what we discovered and heard, we felt it was our responsibility to add our own thoughts on the big issues around workplace and real estate strategies. And we don't want to be accused of just stating the obvious. As a result, on occasions we have branched off at a tangent, but always with a link to the core purpose of the research.

The big messages

We have sliced and diced the findings in many ways according to business sector, scale of the organisation responding, geographic location and so on. Needless to say, the comparison of public and private sector responses generated some interesting insights at first glance, but are perfectly understandable if you know how the public sector works. The full report comments on the public-private division of opinion in several areas.

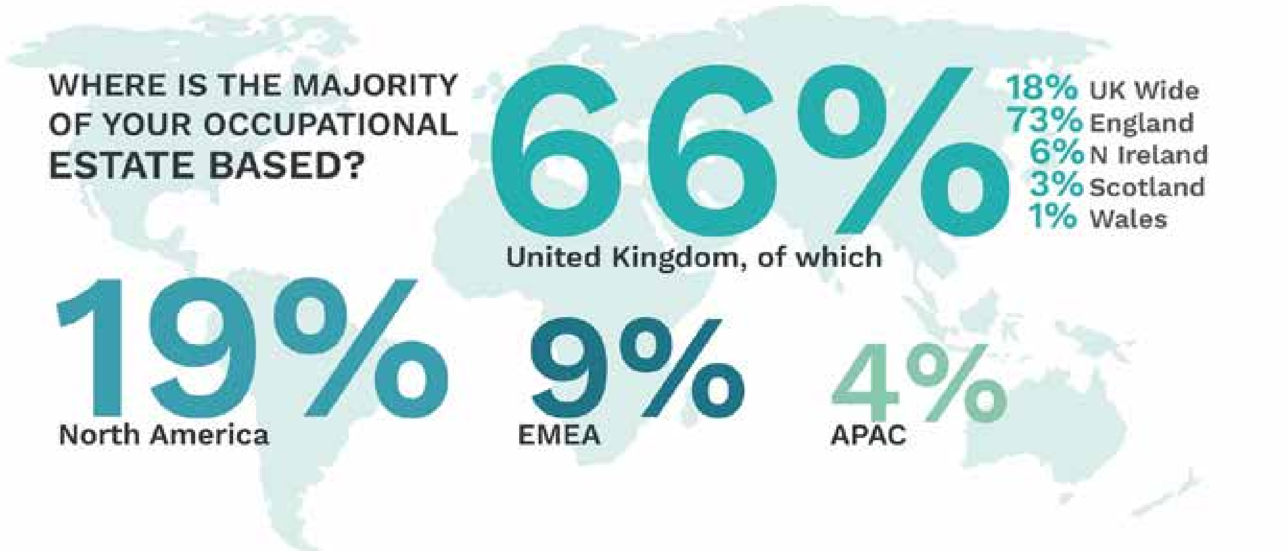
For the purposes of this 'sneak preview' article, we want to share a number of big messages.

Balance of power – there appears to be an unexpected shift in what we have termed the balance of power in 2 important areas. Firstly, those who are able to work remotely will indirectly be able to shape the scale, nature and location of a real estate portfolio – if, and it is a big if, employers stick to their promise to consult widely with employees when developing and implementing their estate strategies. Our examination of the linkage between workforce and real estate strategies suggested that a much greater degree of alignment is just around the corner.

A constant rationale behind investment in the workplace over last 20 years or so has been the improved staff recruitment, retention, wellbeing, and user experience. Organisations have tried to a greater or lesser degree to align the workforce strategy and real estate strategy. What's different now is that employee expectations have changed, even though many have only experienced the benefits of remote working for the first time. And they found they liked it! The misalignment between these expectations and the shape of the portfolio now needs to be closed.

Secondly, tenants should be able to exert leverage over landlords in a sector where we can reasonably predict an excess of supply over demand – the office market in cities in particular is a perfect example. And some of the landlords we spoke to were tuned in to this outcome. In fact, shortly after a discussion with one very well-known landlord, it hit the press with an announcement of its first green lease.

Business models – many organisations are still taking stock of the outcome of the pandemic on their business model, whereas others have been forced into a radical shake-up. For some, the pandemic has brought forward a particular form of restructuring that had been considered in the recent past, but had been dropped into the 'too difficult' box.



One organisation with a large city centre presence came to the conclusion rather quickly that it needed to downgrade the scale of operations in the city centre and replaced it with a series of satellite offices. There was a recognition that this could bring double dividends – an immediate cost reduction and an improvement in the wellbeing, job satisfaction and personal wealth of the workforce, as they witnessed the end of the season ticket.

Measurement – this refers to measuring and tracking the productivity, satisfaction and health and wellbeing of the workforce. In general, there was an acknowledgement that measurement and tracking of these outcomes had been far from a corporate priority for the majority of organisations. At the same time, there was almost universal commitment to mainstreaming these issues at a corporate level going forward.

It remains to be seen what that commitment translates into in practice. So long as the balance of power rests with the employee, it is reasonable to expect tangible and sustained action rather than just words.

Levelling up – while we rigidly avoided dipping into political issues, there could be an outcome equivalent to the expectations of the government's levelling up and 'Places for Growth' agendas. At a sub-regional level, it is reasonable to expect towns to benefit from the decentralisation activities alluded to in the discussion on business models above. This won't just happen by default though – towns hoping for crumbs from the table or much more will need to fight hard and construct a compelling sales pitch. If they do this while promoting localism in the wider sense, there is much to be gained for local communities [Ed – see Brian's other article on the #bettertowns roadmap].

What did they say?

We captured some really insightful and personal comments from the market. It is a shame to keep them to ourselves, so here are a few of the more memorable and pertinent observations. As promised to all those we spoke to, we have maintained confidentiality. They are in no particular order, other than perhaps in terms of memorability.

"The pandemic isn't just a bump in the road that we need to get over. We want to learn lessons."

"C-19 has provided a great excuse to dig out that old strategy about getting out of the HQ and setting up a network closer to our customers."

"We now need to get serious about calculating the added value the estate brings to our business."

"I think management has developed a much higher degree of trust in our employees. We have seen that working from home is now within the DNA of the business, and it works."

"Down the line, we only expect people to come to our headquarters for collaboration, learning and where face to face meetings are essential."

"The role of Group Property has undoubtedly been raised in profile."

So what?

What does it mean for the public sector property asset manager?

All asset managers have been busy working out how to get people back to the workplace or how to support home working, depending on the prevailing directives of any given week, and helping to sustain the delivery of front line services.

The purpose of the research project was to explore the longer term impacts on the workplace and portfolio strategies. We never aimed to provide the answer and anyone who claims to have one is looking too simplistically or superficially, or most likely both.

Instead, we have landed on a series of challenging but very relevant questions that need to be answered. The good news is that the final report will contain a comprehensive checklist in the form of a series of questions, highlighting things to do or think about when revising the workplace and the wider portfolio strategy.These questions are as relevant to the chief executive as they are to the asset manager, given their long-term implications. They relate to:

- Future business model - how should our current model be adapted and placed on a more sustainable footing?
- Workforce planning – what are our workforce plans to maintain delivery of services in the long term, and what are the implications for the estate?
- Performance, satisfaction, health and wellbeing and productivity – what tools and techniques will you use to measure these outcomes and not just for those working remotely, but also for those continuing to visit a workplace on a full-time or part-time basis?
- Remote working – what is the relative costs and benefits of strategies to support more remote working or investing more in the workplace (accepting that they aren't entirely independent strategies)?
- Culture – what culture do we want to build and how can the workplace and our real estate strategy support that culture, rather than pulling in a different direction?
- Flexibility – with an uncertain future, how will we embed flexibility at optimum cost into workplaces and our real estate strategy?

The members of the team working on the research project believe we have come up with something that should be of interest to real estate leaders, but also their counterparts in senior management. Well we would, wouldn't we? The real test is whether people like you, having read through to the end of the article, also think so!

NHS 'OPEN SPACE'

NHS Open Space launches 40 new sites offering flexible working spaces across the UK

NHS Property Services

ACES' Council member, Helen Stubbs, has sent this update on an exciting initiative from NHS Property Services.

Summary

- The NHS has opened over 530 rooms across 60 sites in the NHS to businesses looking for affordable space to work from
- The scheme will allow further funds to be reinvested back into the NHS over the course of the next year
- NHS Open Space is set to continue its expansion, with a further 40-60 sites set to join in March 2021, increasing to a total of 250 sites in the next 2years

The NHS Open Space opportunity

Following a successful reopening of sites over summer post-lockdown, NHS Open Space has announced the launch of 40 new sites across the UK. The scheme, which offers clinical and meeting space within the NHS on a pay-as-you-go basis, now includes over 530 rooms across 60 sites from Sunderland to Portsmouth.

With the addition of these new sites, the scheme will be able to reinvest additional funds into the NHS and has ambitious expansion plans, with another 40-60 sites joining the scheme by March 2021. The scheme will then rapidly expand across the NHS Property Services portfolio, initially to a total of 250 sites. Rooms available include meeting, group activity or examination rooms, office spaces and minor operation suites.

NHS Open Space will help provide an alternative, cost effective option for businesses of all kinds looking to work closer to home, while keeping their finances healthy. With almost half (48%) of registrations for space coming from private sector businesses since the launch of the scheme, NHS Open Space ensures businesses big and small are able to work in a cost-effective and flexible way, all within government guidelines.

John Westwood, Director of Asset Management at NHS Property Services, is confident that this scheme will continue to expand and improve ways of working for businesses at this time. He said: "We know many healthcare providers and businesses will be looking for alternative property options in the wake of the pandemic. Flexible room booking means we can address this need and make better use of NHS space, with additional services being offered to communities that need them most.

"Our customers can count on us to ensure that all available sites are cleaned and maintained to the highest of safety standards as we work with our parent company, NHS Property Services, to provide facilities management."

To find out more about NHS Open Space and the properties and rooms on offer in your area, visit: https://www.openspace.nhs.uk/.

About NHS Property Services

NHS Property Services brings property and facilities management expertise to thousands of sites across the NHS estate. At a time of major change and increasing demand for the NHS, NHS Property Services is reducing costs, creating a more fit for purpose estate and generating vital funds that are being reinvested to support improvements in frontline patient care.

The company's portfolio consists of 3,500 properties, which represents around 10% of the entire NHS estate. The vast majority of our sites are used for clinical and local healthcare and fall into one of three categories: health centres and GP surgeries; hospitals/hospital-related properties; and offices.

About NHS Open Space

NHS Open Space embraces the use of innovative technology and best-practice onsite management, to provide a greater choice of flexible accommodation in the heart of our local communities. The service has been designed and developed collaboratively with its users and the experiences attained over a 2-year pilot at 19 properties. In total, there have been over 112,559 bookings, equating to 674,466 hours of service provision to patients.

John has worked in the private rented sector for over 25 years and is widely recognised as one of the foremost experts on all aspects of the Scottish private rented sector. He represents the Scottish Association of Landlords (SAL) on a number of Scottish Government committees, working to inform and influence housing policy. John is chief executive of SAL, managing director of Gladstones Property Investment Managers and chairman of Scotland's national accreditation scheme for private landlords and letting agents, Landlord Accreditation Scotland. John also holds a judicial appointment as a member of the First-tier Tribunal for Scotland (Housing & Property Chamber) and is a Chartered Institute of Housing Chartered Member.

SCOTTISH PRIVATE RENTED SECTOR

Long-term issues for the private rented sector in Scotland

John Blackwood john@scottishlandlords.com

John outlines the initiatives put into place by the Scottish Association of Landlords, both to improve long-term maintenance of the buildings, and to respond positively to the many issues resulting from C-19. However, more help is needed from the Scottish Government for the entire housing sector.

Autumn would normally be too early for a review of the year but, in this exceptional year, I wanted to take you through the kind of issues we have been working on and what it might mean for the longer-term picture for the private rented sector in Scotland.

The team at Scottish Association of Landlords (SAL) has a pedigree of helping members with concerns or questions via our helpline, as well as listening to their wider concerns and trying to persuade government to take steps to improve the private rented sector in Scotland.

When sitting down to plan our activity to 2020, there were a few things we wanted to tackle, such as how to pay to carry out common repairs in tenements in Scotland, and beginning to inform the debate on rent levels, in advance of the Scottish Parliament elections in May 2021.

As we all know now, this year has not shaped up in a way any of us expected but throughout, SAL has stuck to its values, representing members, helping them through challenges, and trying to improve the rental environment in Scotland.

Tackling common repairs in tenements

We started the year focussing on the need to tackle one of Scotland's long-standing housing stock concerns; how to overcome the difficulties in having all owners in a tenement block agree to carry out common repairs or improvements.

For too long, flat owner-occupiers and landlords have been unable to force uncooperative co-owners to pay their share of repairs to common property. This usually leaves the willing few paying more than their fair share when carrying out essential repairs.

The Under One Roof website, www.underoneroof.scot offers impartial advice to flat owners on repairs and maintenance but a small group of organisations, including SAL, have been working together with Members of the Scottish Parliament (MSPs) across the political spectrum on the Tenement Maintenance Working Group. This group focussed on how Scotland can address these issues, improving the quality of the housing stock, reducing heating bills, and helping meet ambitious carbon emissions targets.

The Scottish Government has received the Working Group's recommendations and we are pressing for prompt implementation of its findings, including the need for legislation to allow owners to compel the payment from neighbours to carry out repairs.

Exercising rent controls

The other strategic piece of work we

wanted to begin in early 2020 was informing key debates in the lead-up to the Scottish Parliament election in 2021. One of the most crucial domestic issues has been around private rent levels. This has been a particularly hot topic since 2017, when the Scottish Government introduced the potential for rent controls, by allowing local authorities to apply for areas to be designated as Rent Pressure Zones.

What we have managed to convince spokespeople from a ranger of parties is the need to gather detailed information on actual rent levels in the private rented sector, in the same way that it is available in the social sector. This could be administered by local authorities alongside landlord registration and would allow policy to be based on facts rather than anecdote.

We also agree with Shelter that "rent controls of any kind offer a useful stop gap, a breathing space, but is not a long-term solution…". Instead, what is needed is an increase in supply of social housing for rent, to meet the demand at a local level and reduce the pressure on rents in key "hot-spots". This, combined with accurate rent data, can help us determine the need, if any, for rent controls and how we would go about not only legislating for, but also policing rents.

We have seen the issue of rents and evictions continue to be top of the agenda during the C-19 pandemic and it looks set to be one of the key issues going into the election next year.

Pitching in and helping out

Having made good progress on these 2 important issues in the first couple of months of the year, we watched as everything changed. Along with everyone else in Scotland and the world, we were consumed by lockdowns, emergency legislation and national crisis. Our team realised that landlords would again be at the forefront of policy responses to the crisis. Even before the national lockdown began, we urged landlords to be proactive and flexible, as well as informing themselves about support available, both for themselves and their tenants.

The response was incredible (https://scottishlandlords.com/news-and-campaigns/news/sal-members-show-how-to-bekind/). Despite facing incredible financial challenges, landlords reduced rent, cancelled arrears, offered properties to key workers and used their vehicles to distribute meals to hospitals. I firmly believe that this immediate response, anticipating the economic difficulties to come, helped show Scottish Ministers how responsible the private rented sector was and that our voice should be listened to.

Securing support for landlords

The platform afforded by our landlords stepping up to Ministers' request for everyone to respond to the pandemic in a sensitive way, allowed us to ask for support for landlords as well. The Scottish Government had already taken action to extend notice periods for most eviction grounds to 6 months. However, working with the civil service, Scottish Government Ministers as well as opposition MSPs, we convinced the politicians to step in and support some landlords.

The result was a loan system for landlords with tenants affected by the pandemic. Although it has not been as effective as it might have been, it has nonetheless helped landlords in Scotland continue to operate and will hopefully stand them in good stead for the future.

Working with partners

As the crisis was developing, it was clear that to preserve the housing sector and ensure it was able to cope with the shocks and pressures caused by C-19, everyone was going to have to work together. We campaigned with the Chartered Institute of Housing Scotland and others, to press the Scottish Government to not only help landlords, but to offer more help to tenants as well. Ultimately, if tenants are able to pay their rent, landlords would not see arrears piling up, and then have a much harder problem to solve further down the line.

What we have seen over the summer is a tenant loan fund established, albeit with the same limitations as the landlord version, primarily, that tenants might be cautious of accessing a loan that would add to their debt. Nonetheless, this shows how communication and working with all sides of the private rented sector, pointing out the problems and benefits, has been the most effective way of lobbying government during this time.

We are continuing to work to improve and build upon the support available for both tenants and landlords, having developed a strong foundation of credibility and a coalition with other parts of the sector.

Reflecting our members

At all times, both during the C-19 pandemic and before, our members will always be our top concern. Most recently, our members' survey made clear the pandemic is going to have a deep and lasting impact on them individually and, as a result, the wider housing sector in Scotland.

What we have found is that 95% of letting agents had lost an average of almost £10,000 due to the pandemic, while 66% of landlords had lost an average of almost £5,000 each. We also found that 44% of landlord and agents have provided a discount for tenants, most commonly of around 20%.

Most concerning is that these figures only really cover the first 5 months of a crisis that I think we all acknowledge is only in its initial stages, certainly for the economic consequences. That is why we have expressed our concerns to the Scottish Government that the decision to extend the restrictions on evictions to March 2021, without grant support for tenants to pay rent, risks pushing a problem down the road when it needs to be tackled now.

Looking to the future

The feedback from our members, along with other quantitative as well as qualitative data, shows us that the wider housing sector in Scotland is at risk if action is not taken. Ultimately, it will be the Scottish economy and society more widely that will suffer if the housing sector is critically damaged.

Without the right mix of high-quality housing, in the right areas and at the right kind of prices, individuals will not be able to contribute economically and we will see rises in homelessness, health and social problems that we are all working to prevent. In particular, it is logical to think that private rented accommodation will play a critical role as people are cautious of taking on mortgages at a time of uncertainty and may need to be flexible for employment purposes.

Our challenge, and I think the challenge for landlords across the UK is, first, not to retreat into ourselves and become insular. Instead, we must also look outwards and work with as broad a range of partners as possible, including tenants' representatives and the third sector. Governments will sometimes look to divide and conquer to prevent change, but we must be wise to that and work with others, to press for the right kind of change that will help us all in the longer-term.

That is certainly the position taken by the Scottish Government's Private Rented Sector Resilience Group. I am a Co-Chair of that group, sitting alongside Citizens Advice Scotland, Shelter Scotland and others, to come up with sustainable solutions for the long-term viability of the private rented sector in Scotland. Only by adopting this approach, can we have any chance of ensuring that landlords can flourish as the long and arduous road to recovery begins across the UK.

STRATEGIC REGENERATION PARTNERSHIP

Achieving a Better Queensway through strategic partnerships

Alan Richards, Andrew Pack and Frank Klepping
andy.pack@31tenconsulting.co.uk fklepping@swan.org.uk

Following a presentation to a virtual ACES Eastern Branch meeting, which highlighted the LLP partnership approach taken in the Queensway redevelopment project in Southend-on-Sea, Essex, the team working with ACES' member Alan, and his advisors 31ten and Swan, agreed to prepare this article. It outlines the project from their individual perspectives, and tells us how this challenging project became a reality.

The project

Porters Place Southend-on-Sea LLP - a joint venture between Southend-on-Sea Borough Council and Swan Housing Association - has recently submitted a 'hybrid' planning application which should see £500m invested in Southend, through the Better Queensway regeneration project.

The planning submission is the culmination of more than 5 years of work, in what is just the latest phase of plans to bring about this large-scale regeneration. The project has been led by Southend-on -Sea Borough Council and which carried out wide ranging stakeholder consultation, completed a soft market testing exercise, secured Housing Infrastructure Fund (HIF) Funding, carried out a full public procurement and then entered into a new Limited Liability Partnership with Swan Housing Association, all before they could even start consulting on the hybrid planning application recently submitted.

Alan is Director of Property and Commercial at Southend-on-Sea Borough Council. Alan has been with Southend since 2003 and has developed his career there. He heads up the property team at Southend and has significant experience in property and asset management, valuation and has dealt with both the transactional and delivery elements of a number of major regeneration and development projects at Southend. He is also Vice Chair for ACES Eastern Branch. Alan is one of the council's Porters Place Southend-on-Sea LLP representatives (see structure diagram).

Andy is Director of 31ten Consulting. He is a leading advisor to the public sector with particular expertise in the local government, health and housing sectors, developing innovative models for housing, infrastructure and mixed use development, including companies and joint ventures. He has more than 20 years' knowledge and practice of public sector advisory services, co-founding 31ten Consulting in 2015.

Frank is Development Director for Swan Housing Association. As Development Director for the east region, Frank plays a lead role in the delivery of the Swan Group's existing development pipeline, acquiring new business opportunities, and establishing cross-sector partnerships to deliver a diverse project portfolio. Since joining Swan in 2014, Frank has contributed to the growth of Swan's development pipeline to over 8,500 secured residential plots, including over 1,000 on site, and a range of complex, mixed-use development and regeneration projects across Essex.

This hybrid application will establish the principle of regenerating the site and the overall masterplan, as well as the details of the highway changes. If approved, the project will be transformative. The 4 tower blocks that form the current Queensway estate would be demolished in stages and replaced with a high-quality development of up to 1,760 modern new homes, create attractive new public spaces, including a new Station Plaza and a large public park, as well as a range of creative and commercial spaces and improved links to the town centre for those travelling from nearby streets.

<u>Alan – setting the scene and council requirements</u>

The Queensway estate was developed in the 1960s along with many parts of Southend, but is no longer fit for purpose. It is failing residents and it is no longer making a positive contribution to Southend town centre. So, after many years of this project being in the pipeline, everyone at the council was determined finally to make this happen.

Southend has some very affluent areas and some extremely deprived ones – including the Queensway estate and surrounding area. We were committed to addressing the disparity for residents of the estate and neighbouring wards which have significantly poorer health, higher unemployment, and lower levels of skills and educational achievement compared to the borough's population as a whole. The estate itself was tired and the design had not stood the test of time.

So, we set out to create a 30-year joint venture partnership to deliver the design, planning construction and long-term management of the development. To ensure that we achieved a 'better' Queensway, we were clear on the minimum requirements – 20 of them in fact - that the project must achieve. These covered everything from highways, parking and permeability, to housing tenure and design quality, with viability hurdles and social value measures thrown in for good measure.

Through a full OJEU process, we sought to bring together a genuine partnership approach, to optimise and fully integrate the opportunities for Better Queensway. The procurement process included a detailed assessment of the approaches to placemaking; planning; housing and commercial space; environmental sustainability; Smart Cities social value land assembly; highways; finance and legal. It was a significant undertaking for which we retained Sharpe Pritchard as our legal advisors and 31ten as lead consultants, addressing strategy, procurement and finance, to help us define our strategy and find the right partner. IBI Architects supported our master planning and Cushman & Wakefield advised the council on property, CPO, valuations and procurement.

Essentially, the deal we offered to the market was that we would put in our land (our only guaranteed investment). We were up for some risk, where there was commensurate reward, but we wanted to see meaningful financial returns, and for our investment to be balanced with private investment.

We also weren't prepared to leave the future uncertain – we wanted an on-going role in the governance of Better Queensway and wanted significant influence over design, branding, disposal strategy, management and procurement through the long term 30-year partnership.

While this may seem a big ask, to the council this was essential. We were clear we wanted to create a great place, which stitches back the community which had been severed from the town centre by a dual carriageway and which also delivers high quality, sustainable, smart, well-managed housing.

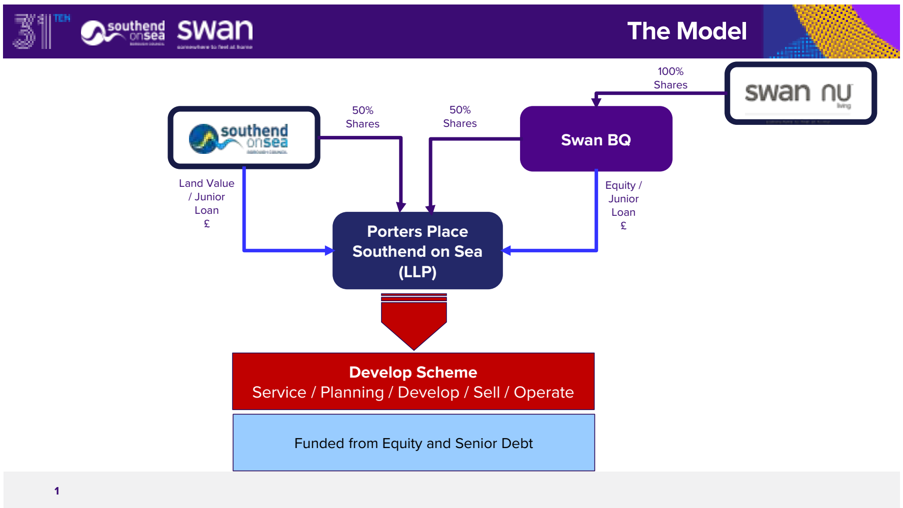
It is really exciting to see this major regeneration project move into the next stages, with the planning application now submitted.

<u>Andrew – the consultant's roles</u>

As a consultancy we specialise in helping councils use their assets and powers to achieve their objectives. We recognised the council's determination to make this happen and our focus was on ensuring that it could meet its objectives, while putting together an OJEU package which would actually find the council not only a partner, but the right partner.

While taking a lead on strategic procurement and financials was central to our approach, a critical element of our work was first helping to distil the council's aspirations into a set of 'Minimum Requirements' that any bidder must reach. These included:

- Increasing on the 441 affordable homes already on site
- Delivering appropriate housing offers to returning residents and new affordable tenants
- Demolition of the towers
- Addressing the Queensway Highway (retaining 4 lanes)
- The red boundary line of the procurement; and critically
- The proposals being financially viable.



Achieving this gave us clarity with which to work with teams from across the council and the appointed external advisors, to put together the public procurement.

What we ended up with was an innovative and exciting partnership approach that was designed to pull together public funds, in the form of the HIF funding, public land in the form of the council's investment of the Queensway site, and development and management expertise from the right partner that would have the appropriate blend of development, management and funding expertise. Most importantly, a partner that would have a shared ethos with the council to deliver a viable scheme, a high-quality built environment, with an appropriate mixed tenure community that balanced the requirements of the diverse residents of the area, and a place that both parties could be proud of. It was the long-term stewardship of the lives of those that lived and worked in the area that was so critical to the council, which is why a 30-year model was designed that tied parties into the need to deliver quality. Both parties would be there for the long term, so would live and die by the actual things they delivered, and would benefit from the successes and learn from the challenges.

We knew this was a lot to ask the market, so there was extensive pre-market engagement with a range of parties, to ensure the package taken to market both delivered the council's requirements and was fundamentally of interest to potential bidders. This process was critical in developing the model that was procured, as shown in the diagram.

The procurement process saw Swan Housing Association emerge successfully as a result of its solution to best fit the council's requirements, which was really testament to the partnership approach displayed throughout the process: listening, challenging and developing an offer that was both pragmatic and innovative, demonstrating a close alignment of Swan corporate objectives with the council, and a shared vision and goals for the partnership.

A key challenge going forward, and one which the council has been successfully navigating to get to the point where the hybrid application was submitted, is how the council juggles its many hats. It's a shareholder in the LLP making the application, but also the local planning authority! It's the funder of the project, but also appoints directors onto the joint venture board. This is a whole new way of working for the council, but we're delighted with how they and Swan have been able to work together, to take us to this critical milestone in the project.

<u>Frank – joint venture arrangements</u>

As a regenerating housing association with its own in-house developer, NU living, we can not only design and build out this project but also critically, we are happy to manage it for the long term, as this is our approach to all of our regeneration work. By taking a long-term view on social value and our return, this helped us to stand out as a potential partner for Southend.

We've been working together really well as an LLP – there's been a lot to do and a huge commitment from both sides to get this done. Better Queensway is the opportunity for Swan, to transform the area into a vibrant regenerated centre which will provide hundreds of much needed high-quality new homes for those living and growing up on the existing Queensway estate. It will also provide additional affordable and private homes and high-quality public realm, including safe places for everyone to enjoy.

At a time when Southend-on-Sea, like the rest of the UK, responds to the impact of C-19, this regeneration will draw in around £500m of investment into the centre of the town.

We're confident as a LLP that we have far exceeded on the council's 'Minimum Requirements' and as a housing association which exists to provide homes, we are delighted that the LLP will deliver 512 genuinely affordable homes, with a mix of 300 social rented homes and 212 intermediate units (shared equity and shared ownership). The council and Swan are also intending to deliver an additional 100 genuinely affordable homes through a separate contractual agreement.

Sustainability will play a huge part in the project. The new homes will be energy-efficient and economical to run, while high quality green spaces - the planting of 190 new trees, the installation of electric car charging, and sustainable construction methods [Ed – I'm hoping to feature Swan's modular construction methods in a future issue of ACES' Terrier] - will improve the overall environmental performance of the development.

You can find out more about this project at www.betterqueensway.co.uk and view the planning application on the council's planning portal.

Bryony is the Head of the Right to Build Task Force, a government supported organisation working with landowners, promoters and local authorities to help diversify housing supply through custom and self build.

A founding member of the Task Force, Bryony previously worked at Graven Hill, the UK's largest Custom and Self-Build development.

SELF BUILD HOUSING

Building expertise around custom and self build

Bryony Harrington Bryony@righttobuild.org.uk

Bryony updates us on activities of the Task Force and how it can assist to encourage all local authorities to become actively involved in supporting this important sector of housebuilding. Sadly, the take-up remains low, but a key point that Bryony wants local authorities to take away is the need for them to play a more interventionist role in the land market, to help improve local opportunities for alternative models.

In her 2017 Parliamentary Briefing Paper, Wendy Wilson (https://commonslibrary.parliament.uk/research-briefings/sn06784/) referenced the traditional barriers to self building in England: finance, planning and land. Following the introduction of the Right to Build legislation, the situation for each has improved with: the now statutory requirement for planning authorities; increased amounts of development and mortgage finance; and the 10% requirement for small sites in the National Planning Policy Framework.

However, custom and self build acts as a disruptor to mainstream development in the UK, and is on a slow trajectory of growth, largely due to lack of experience and the legislation not quite proving itself fit for purpose. While the direction of travel is welcome, none of those barriers have been fully overcome and the challenge remains to build on progress to date.

The limitations of the legislation were highlighted in October 2019, when analysis by the National Custom and Self Build Association (NaCSBA) found a mixed picture of activity of how councils were meeting their responsibilities. This showed that types of activity varied widely, with many councils adding qualifying tests to limit people signing up to the registers and failing to permission adequate plots.

The Task Force to date

Established in 2017, the Right to Build Task Force is part of a Community Interest Company offering consultancy services to local authorities and landowners to support delivery of custom and self build homes. Based on a successful Dutch model, it was created to address the lack of knowledge of how to deliver serviced plots in the UK, drawing on a pool of experts to advise clients. Its launch followed the commencement of the Right to Build legislation in April 2016, which placed a duty on all bodies responsible for plan making in England to host, and have regard to, a register of those interested in self building locally.

Sharing good practice

Rising to the challenge, the Right to Build Task Force is actively working to share emerging good practice. While the Task Force has always had support from government, this year the Ministry of Housing, Communities and Local Government (MHCLG) has provided finance to enable it to work with all local authorities it has not previously engaged with.

This funding is transformative, as it means we are able to reach authorities that are not yet advocates – crucial in ensuring that action is taken nationwide. Since C-19, this initial support takes the form of an introductory webinar, and the funding removes the cost for the local authority.

The other focus area for the Task Force is land – as it remains one of the most significant barriers to sites coming to market. As such, the other target group we're working with are landowners and promoters, sharing the benefits of serviced plots as part of a suite of options in bringing land forward for development.

With these clients, work is usually focussed around building understanding of the development models for custom and self build, including approaches to valuation, lessons learned from other projects, and what stakeholders can do to identify and successfully bring forward suitable land for plots. We see great potential in the need for 10% of sites to be small.

How we work with local authorities

Over time we have developed a process where we work with each authority as an individual client, with a webinar tailored to local circumstances. This way we consider their constraints and opportunities, and their supply of land. It also gives us significant reach within each council, with the ability to access portfolio holders for planning and housing, senior officers and other council members. This ensures that the knowledge shared is impactful, creating the kind of political energy that drives activity.

Understanding of custom and self build is generally very low, so the sessions serve as an introduction to the Right to Build, routes to provisioning land for serviced plots, and what planning and housing departments can do to ensure schemes are delivered successfully. Pre-session discussions and research provide a baseline of what the local authority needs, and identifies gaps in their understanding.

The Task Force is multi-disciplinary in that it draws on a pool of experts from planners to developers, to deliver focused follow-on work. So, depending on what clients want to get from the next steps, we then pair them up with a specialist with the right skills to meet their needs.

The initial MHCLG-funded introduction (local authorities only) paves the way for this more detailed work, such as evidencing demand, drafting better policy, or identifying and bringing on land for custom and self build. For example, one of our experts conducted a masterclass in valuing land for commercial development, specifically for custom and self build. As well as the presentation, attendees worked through a model, valuing a site to apply the learning, so that they understood the parameters in facilitating land for serviced plots, both from the council's and a developer's perspective.

The role of land

The key point that we want local authorities to take away from the webinars is the need for them to play a more interventionist role in the land market, to help grow local opportunities for alternative models. Consequently, we encourage them to review any land they own, or could purchase, as well as brownfield registers, but with small sites and potential for serviced plots in mind.

Equally, we encourage and can offer support for bringing forward a pilot scheme to trial process and test policy, or working collaboratively with local land promoters, managers and owners.

Of course, the need for robust evidence of demand is imperative, and the Task Force now has a suite of tools it can offer, such as the Assessing Demand for Custom & Self Build Housing Tool, which we developed in conjunction with Three Dragons, and current demand tools created with Custom Build Homes and BuildStore. These can be used to drill down locally and regionally, providing the evidence that landowners or managers need confidently to put forward sites for custom and self build and identify suitable product mix.

This is important, as while the authority's self build register is a great short-term evidence of local demand, it needs to be combined with other data to give a fuller, longer term picture that is more in tune with local plan time phases. This way, we can ensure that where serviced plots become available, there are people and developers locally that want to take them on.

Reviewing best value

Section 123 of the Local Government Act 1972 grants councils the discretion to dispose of land how they wish, but with an expectation that it cannot be disposed 'for a consideration less than best that can be reasonably obtained'. Many authorities pursue financial value as the basis for 'best'.

However, there is a move towards social value being given more weight in terms of what 'best' might be, and custom and self build marries up well with such an interpretation. In this instance, best value can relate to building resilient communities or, in the case of community led homes, affordability that is locked in perpetuity, such as with the Community Land Trust model.

The Marmalade Lane Cohousing Community in Cambridge, built by TOWN, shows that custom and self build can be used for higher density solutions, such as terraces, and not just single plot developments [Ed - the Task Force was not involved as advisor in this particular project].

Disposing of land for custom and self build can tap into this view of best value, as people building for themselves typically invest more money and energy into their homes, usually build more sustainably, and tend to stay in their homes for longer than those living in market bought homes. Residents also move in with a sense of community garnered through shared experiences, something that can take years to develop (if at all) on a standard housing estate.

Marmalade Lane Cohousing community - Images supplied by the Task Force

Nowhere is this more evident than for legacy landowners, who are typically disposing of a single windfall parcel of land, such as a farm selling off part of its estate. We have found that in this scenario, where the vendor will continue to have local links, they are often interested in building 'better' homes, and custom and self build meets this criteria [Ed – see linked articles on 'Building Better Building Beautiful' and stewardship in 2020 Spring Terrier].

The Right to Build Task Force can help landowners unlock this potential to deliver a better outcome locally. We know that Sir Oliver Letwin's 'Independent review of build out rates' found that diversification in housing speeds up build out rates, but the route has other advantages, too. Because it typically draws on local SME housebuilders to deliver homes, it boosts local economies and employment, and it's also an innovator, championing Modern Methods of Construction.

For local authorities, when we explain these benefits, they start to see the weight of the argument for inclusion in policy for custom and self build to be a source of valuable, additional homes to complement the conventional housing supply. We, and they, know it is harder to deliver than the speculative housing they are familiar with, but our support can help include provision, and secure the delivery of sites.

Planning insight

One area where our experience is invaluable is staying on top of the appeals around custom and self build – which are now starting to emerge as the legislation comes of age. These identify common problems in local authority activity around the Right to Build and their interpretation of duties around the registers.

Specifically, authorities have a duty to 'permission' sufficient plots to reflect the demand evidenced by the registers; how they count permissions is often the focus of the appeals. This case law helps feed into the reform agenda by providing empirical evidence, alerting MHCLG to discrepancies in practice.

What we are seeing from appeals that have gone in favour of custom and self build, is that when it is part of a carefully-thought out strategy by a local authority, it is far more likely that the custom and self build will be granted permission.

Because of this discretionary approach, the Task Force is publishing its own planning guidance for custom and self build. The first parts will be available via the Task Force website in October, with more to be released over the next year. And this will be ever more pertinent as we move towards the reform mooted by the 'Planning for the Future' White Paper, which represent such a huge change to how we build.

It's important to note that it's not just England where we can offer support, although the Right to Build is solely English. Interest is widespread, with Northern Ireland traditionally having strong levels of activity, and Wales recently launched Self Build Wales – offering a route to land and finance. Scotland now has legislation favouring registers, and Scottish government will be looking south of the border at our experiences so that it takes the best examples and addresses issues head on.

Case study: Carlisle City Council

For Carlisle Council we undertook a programme of work covering detailed policy guidance, good practice examples and lessons learned from other custom and self build schemes, and a workshop with officers to unpack and discuss.

The council went on to commission detailed analysis of current local demand to create a robust evidence base to underpin new policies. In addition, the Task Force advised on identifying and maximising opportunities to deliver homes, including raising awareness locally among landowners and SME builders. Now the council is progressing work on the St Cuthbert's Garden Village, with an ambition to deliver a custom and self build offer which is responsive to local demand.

New Housing Diversification group

A new action group, Housing Diversification, is calling on government to deliver on its commitment to support a much wider range of routes to housing development and to boost the number of small-to-medium (SME) housebuilders who deliver them.

Housing Diversification is made up of the Federation of Master Builders, the UK Cohousing Network, the National

Community Land Trust Network and NaCSBA, working under a common banner.

Currently, volume house builders and the housing association sector deliver the majority of England's housing, and yet together they are not able to deliver on government's ambitions for 300,000 homes per year. The number of SME housebuilders halved following the last recession. Currently, the SME sector, comprising small housebuilders, community led housing and custom and self build, is delivering a minimum of 20,000 homes annually, but it has the potential to deliver significantly more housing – up to 130,000 extra homes by 2025 (see statistics below). These homes are sustainable, beautiful, innovative, of high quality, support local economies and provide training and employment.

Diversifying the housing market is a core pillar of the government's housing policy, but to ensure we 'Build Back Better' it must be a core part of a wider strategy for recovery from C-19. Housing Diversification is calling for:

1. The establishment of a high-level Housing Diversification Taskforce, with a range of items set out for consideration (see Appendix)
2. Commitment to a 5-year renewal of the Community Housing Fund as part of the Comprehensive Spending Review
3. The creation of a robust and statutory system of reporting on diversification as part of government housing statistics, including the NPPF requirement for 10% of homes to be delivered on small sites (one hectare or less).

Andrew Baddeley-Chappell, CEO, NaCSBA, and spokesperson for the group said: "Despite the importance of houses to our lives and the scale of their cost, there is currently too little choice when it comes to new homes in this country. We have come together to deliver more passion, quality, and care into the new homes and the new communities that we, as a nation, need to be creating.

Appendix

Recommendations for consideration by the Housing Diversification Taskforce:

- Invest in local authority planning departments to help them make determinations quicker and address the bottleneck created by lockdown
- Address loopholes in the Right to Build legislation and how activity is reported
- Deliver on government's commitment to extend Help to Buy (or introduce a new loan scheme) to custom and self build to address the current unfair competition
- Create a strategy for Homes England that supports diversification, including ensuring it is embedded and actively encouraged through the upcoming Delivery Partner Panel 3 process
- Require Homes England to adopt a policy whereby 10% of homes that are delivered as a result of their investment or land disposals are built on sites of no more than one hectare
- Explore the scope for local authorities routinely to set up developer forums that bring together a range of views (planning officers; SME house builders; community representatives) to assess housing demand and strategies to meet this.

Some statistics

- The Federation of Master Builders represents 7,500 SME firms across the UK, half of which build new homes. FMB members expect to build more than 12,000 new homes in 2021
- NaCSBA reports that custom and self build delivers 14,000 homes annually - with full support this could be 73,500 by 2025
- There are 10,780 community led homes in 'live applications' on Homes England system awaiting delivery, part of a wider pipeline of 23,000 homes (Source: http://www.communitylandtrusts.org.uk/_filecache/387/a2e/905-clh-pipeline-analisys-dr-tom-archer-feb-2020.pdf)
- Many of the live projects are reliant on the Community Housing Fund 5-year renewal.
- The figure of 130,000 extra homes by 2025 is made up of an extra 73,500 custom and self build homes and half (see note below) of the potential 65,000 homes that could be delivered by SMEs, were the sector to return to delivering 40% of all new homes, as it did in the 1980s. Finally, the 23,000 community led homes figure is added to this total to reach 129,000 homes, rounded up to 130,000.

A note on counting: Roughly 50% of SME housebuilder output is custom or self build, so the 20,000 figure represents 14,000 custom and self-build homes and half the annual FMB delivery figure of 12,000 homes to prevent double counting. Community led homes are, therefore, in addition to this figure.

Find out more

For advice or to enquire about support, visit the Right to Build Task Force www.righttobuildtoolkit.org.uk

NEW SETTLEMENTS

How important are new settlements for providing for housing need? The question raised in the Planning White Paper

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Janice and Ben discuss in detail how the existing and proposed planning systems should deal with applications for new settlements: should it be locally or centrally decided? The authors put forward the pros and cons of the two processes for the development of major housing proposals.

Janice is a Visiting Professor in the Bartlett School of Planning at University College London. Janice was a Senior Adviser on local government at DCLG 2000-2005, having been Chief Executive of Rutland CC, Director of Technical Services at Woking, and Professorial Head of the School of Planning and Landscape at Birmingham Polytechnic.

Ben is Associate Professor in Spatial Planning and Government at the Bartlett School of Planning, UCL. His research interests centre on the relationship between state modernisation and the planning system in the UK. Recent work has included projects on devolution and spatial planning, planning for national infrastructure, the implications of office-to-residential permitted development, and local authority delivery of housing. He has been working on a project looking at the relationship between organisational form of planning services and the realisation of the public interest.

Jan has recently published a book 'Changing contexts in spatial planning' (2018 Routledge) and a joint book by Policy Press 'Reviving local authority housing delivery.'

Planning consultation documents

This summer has seen the launch of consultation on different aspects of planning in England including reforms to Use Classes Order (1), PD rights (2), and a White Paper (WP), 'Planning for the Future'. While discussion on many aspects of the WP, including design, infrastructure and housing numbers, have been underway across the development sector – public, private and interest groups - one important policy question has not received much attention. This is set out in question 9c in the WP and concerns the extent to which the 2008 Planning Act regime should be used to granting Development Consent Orders (DCO) that provide combined planning, consenting and compulsory acquisition powers over land to scheme promoters. The question in the WP asks:

Do you think there is a case for allowing new settlements to be brought forward under the Nationally Significant Infrastructure Projects regime?

There may have been little discussion about this question as it may appear to be a bit obscure to those more focused on house building. The DCO process has been used for major infrastructure delivery in England and Wales, although Wales is now implementing a separate system. However, this question is worth a closer look at the role in might play in the delivery of new communities, whether the current legal frameworks in the 2008 Act are fit for this purpose and what kind of contribution to housing delivery this process can make. Does it also fit into the broader style and intent of the WP through its proposed introduction of non-negotiable zoning and associated funding with delivery, both centrally driven? Question 9c in the WP opens up the possibilities of more New Towns in line with this thinking. Perhaps, this is a policy that occurs in every 50-year cycle, as the Addison Act in 1919 promoted large scale council construction of out-of-county estates, while the new towns were a major tool for economic restructuring after 1945 (3). While England is not recovering from war, there are major considerations of institutional restructuring after Brexit. What might be the role of new settlements in this new order as asked in the WP?

New settlements and local plans

When considering the question 9c in the WP, this has to be viewed within its immediate planning context. The Inspector's response to the North Essex Authorities (NEA) local plan proposes for new (garden) communities met the partial buffers in May 2020, calling for a rethink of the way in which local plans can deal with larger, longer term development for new communities, rather than large new housing estates. Other councils have fared better in their local plans, such as Cheltenham and its Golden Valley development, but in this case the council owns the land and it has been strongly backed by the relevant Local Economic Partnership (LEP), including some contributions to funding. This support from the LEP, through the government framed growth deal, together with funding for projects through the government led Homes and Communities Agency, through Housing and Infrastructure Fund (HIF), appears to provide greater certainty of success at local plan examinations. This was confirmed in the NEA case, where the whole development was not part of the Essex LEP 2014 growth plan, but those parts that found favour with the examining inspector were supported by HIF funding (the proposals were for 3 new garden settlements, of which the inspector supported only one because of viability concerns).

Development corporations

There is also a second background policy development that is underway that may have been overlooked. Last autumn the government launched a consultation on the reform of new town, mayoral and urban development corporations – to align their governance and powers including providing all with CPO powers (5). While the government has yet to respond to this consultation, in the 2020 Budget, the Chancellor announced that there would be 4 new development corporations in the Oxford to Cambridge Arc and subsequently staff have been recruited by MHCLG to progress these initiatives. In addition to those government policies, Milton Keynes Council has also proposed establishing an extension to its new town, to add to this growth model. As yet the mechanisms and funding support for these new development corporations have to be announced, but there appears to be a government appetite to increase the centrally led approach to housing growth, in addition to that indicated through the housing allocation algorithm outcome for each local authority.

Nationally Significant Infrastructure Projects

So, if the government is considering these moves for new communities, how would the use of the Planning Act 2008 make any difference? For those who are not familiar with the use of this Act, it was formulated by the government in response to the Treasury commissioned Eddington transport review into planning delays on the Terminal 5 inquiry (6). Further examination demonstrates that the government had been seeking to change the legal process for major infrastructure development processes since 1996 with a range of regulation laid but most not used (7). The Planning Act 2008 removed these major projects, now designated as Nationally Significant Infrastructure Projects (NSIPs) from the planning system and into a framework for England and Wales that was supported though Parliamentary processes. The overarching framework was provided by National Policy Statements for infrastructure, including different types of energy, transport and water (8). In some cases, schemes were required to follow this route to achieve a DCO and in others scheme promoters could request this process over others.

The NSIP process requires a long pre-submission process before acceptance of each proposal that includes environmental assessments and public and stakeholder consultation. Once in the system, the proposals are subject to a 6-month inquisitorial examination which cannot consider the principle of development (as in the 1947 Act and subsequently) which has been established by Parliament through the National Policy Statements (NPS), following which there is a 3 month process of review by the examiners and then 3 months for a decision to be made, with the whole formal process taking one year. It was argued that this would give certainty to scheme promoters, that could be from the private or public sector. This was particularly important for some schemes such as energy where DCOs are required for promoters to enter the energy auctions.

Initially, the Infrastructure Planning Commission (IPC) established by the 2008 Planning Act was responsible not only for examining the scheme but also making decisions on it. This was changed by the Localism Act 2011, where the autonomy of the IPC was removed and the examining inspectors were made part of the Planning Inspectorate (PINS). As part of these reforms, PINS could now only make recommendations to minsters who had the final 3months to make their decision.

While providing an agreed timescale, other issues about the DCO process emerged. Firstly, the amount of time taken for project acceptance into the system started to lengthen and research demonstrated that there was no difference in the average time taken under the planning system and the DCO approach, once the pre-application stages were included (9) Secondly, while there was a time limit provided for the whole process, there was no time limits for subsequent changes required and this provided an inbuilt inflexibility into the process (10) and our research has showed that scheme promoters are using a range of tools, including making use of the Town and Country Planning Act system for associated developments, to modify and amend their schemes in order to implement them (11). Local authorities were seen as being antagonistic to many of these NSIP schemes, but once approved they have been essential to project delivery. Consultation and commitments given to communities and consultees at the pre-acceptance stage have been lost in the process and to some extent compromised by the pressure for daily side agreements between the promoter and other parties throughout the examination period (12). This approach to examination has also served to hinder delivery when (apart from road and railway schemes), after the DCO, the project is typically sold on to another organisation and then often again to a third that will run the facility. Finally, the time limits set in the NSIP process are now wearing thin. The NPS were expected to be subject to regular reviews in commitments made by the Minister in the House of Commons but these have not been undertaken, and NSIPs are being taken to judicial review for being out of step with subsequent government policies e.g. on climate change. Ministers are also stretching the time period for their decision making; lastly, a high proportion of recent schemes have been refused by Minsters, an unexpected outcome for what was initially set out as a more certain consenting process for promoters.

The NSIP system has adjusted over time and some of the experience of inflexibility has been addressed through improved drafting of DCOs, which is undertaken by the scheme promoters and through codes of construction that are adopted to promote more flexibility. Consultation and community engagement practices are also changing in some schemes. Those who are using the Planning Act 2008 regularly argue that its still provides some certainty for promoters, and nothing compares with its 'one stop shop' approach for integrating a range of consents and compulsory acquisition powers. They are now arguing, through their expected responses to the white paper consultation, that the 2008 Act should be extended to the provision of new communities (13). Hence question 9c requires some consideration of the issues for the potential extension of the 2008 Act to the development of new communities.

Key issues

What key issues need to be considered in response to question 9c? The first is whether this is to be an approach for another wave of new towns – that is part of a national economic and social strategy as after 1945 that is set out in a NPS, or will it be left to scheme promoters to argue that their new community proposal is nationally significant? There have been privately promoted new towns before, such as South Woodham Ferrers in Essex and Lower Earley in Berkshire, although both of these had strong local authority involvement. If there is a NPS for new communities, how will this relate to other national development proposals, particularly for infrastructure?

Second, should there be a minimum size for these new communities? Some are suggesting that there may be a need for nationally significant new communities that are small in scale but are required to support other investment, particularly in more rural areas. Some developers would consider 5,000 homes to be the best minimum size to be used, although others may argue that this would not be a large enough scale to provide the mixed development required for a new community rather than a large housing estate. South Woodham Ferrers had a population of 17,000 for example.

While integrated consenting and compulsory purchase powers are attractive to scheme promoters, there may be public issues for projects that may take decades to complete. The Planning Act 2008 was established for a design, build and operate system, with the completed private sector infrastructure often being operated longer term by a different organisation from the scheme promoter. The granting of a DCO does not require the scheme promoter to implement the project and this has been particularly true in energy as well as other NSIP projects. If a DCO is granted, will this lead to land speculation and frozen development sites across the country? As the Planning Act 2008 does not require the principle of development to be established through the DCO process, will this require a Parliamentary lead and little local influence over the new community and its location? When combined with the revised development corporations, then will these be the new governmnet appointed organisations to implement these new communities or will they be run and operated by the scheme promoters?

These issues need to be addressed in the consultation. Question 9c has all the hallmarks of a seemly small policy question that could result in a major feature of our new planning approach in England and, as such, it deserves more attention. This typifies a broader trend in the white paper, namely that it contains a large number of proposals, many of which would have dramatic impacts if implemented, but about which there is only scant detail at present. There are important potential changes to the planning system coming, and it will be useful to keep a close eye on the practicalities of these.

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WOODLAND UPDATE

What opportunities exist for property professionals?

John A. Lockhart FRICS FBIAC CEnv john.lockhart@lgluk.com

Having listened to an extremely informative RICS Webinar by John on Biodiversity Net Gain, he kindly agreed to write a full article for ACES' Terrier. Here, John explains the importance of an effective programme of woodland creation and management.

John is Chairman of Lockhart Garratt (www.lockhart-garratt.co.uk) one of the UK's largest independent environmental planning and forestry consultancies and has 2 offices in the Midlands. He has 30 years' experience as a rural chartered surveyor, specialising in forestry and environmental planning and served as Chairman of the RICS Rural Professional Board.

John has participated in numerous government-led forums on forestry, tree health, carbon and biodiversity net gain and has presented on business opportunities around woodland creation, natural capital and green infrastructure. He currently leads on green infrastructure and environmental net gain on a number of large-scale development projects. He has also recently been appointed as Non-Executive Director to the Forest Service Board.

When placed in context of the challenges posed by the C-19 pandemic of the last 6 months, the 2019 election now seems a lifetime away. With the UK facing an anticipated second spike at the time of writing, and many regions facing additional restrictions and possible lockdowns, it may seem ill-timed to consider the opportunities around woodlands. However, despite all the distractions, woodland creation, the environment and climate change remain at the heart of the government's policy agenda.

The pandemic will pass, but trees and woodlands will continue to play an important part in our future, offering potential across a range of areas as articulated in the consultation on the England Tree Strategy (1), which focused on achieving a step change in woodland creation and on improving management.

Meeting ambitious planting targets

It is anticipated that the new strategy will set out policies to expand tree cover, support woodland management and increase public engagement with trees and woodlands. Not least, it will aim to affirm the government's tree planting commitment of increasing planting to 30,000 hectares p.a. across the UK, an anticipated 10,000 ha p.a. of which will be in England, by 2025. If this is to be delivered, it will require government to work closely with devolved administrations, communities and landowners in both the public and private sectors. With the emerging Agriculture

Bill 2019-2020 and our departure from the EU at the end of the year, we will see fundamental changes in land management as farmers and landowners adapt to the loss of production subsidies, accompanied by a refocus on the delivery of public money to support public goods.

The Environment Bill 2019-2020 is also set to influence policy around Biodiversity Net Gain, with an anticipated mandatory requirement for all developments to deliver a 10% net gain in biodiversity. Forestry and trees in their widest sense are now seen as possibly the most important element in helping address the challenges of climate change, air and water quality, carbon capture (2), recovering nature, and health and well-being. These public goods and the values they bring to society are now being recognised as the key priority for woodlands for the future, providing a significant catalyst for change.

We are seeing a massive increase in interest in woodland management and tree planting, from both within the sector and outside. Landowners and other stakeholders are now looking at the feasibility of new woodlands, as well as the management of existing woodlands.

Learning lessons from the past

After a steady decline going back to the 12th century, woodland as a percentage of land area in England increased in the 20th century, inspired by a realisation of the importance of a sustainable timber resource after 2 World Wars and the subsequent establishment of the Forestry Commission as part of the 1919 Forestry Act. However, despite this upward trajectory, tree-planting and proactive woodland management in England is still woefully short of what's needed. In fact, 101 years later, England is looking to learn lessons from Scotland, where the sector has successfully challenged and supported leaders in government and the Forestry Commission to make tree-planting objectives a reality. It is clear that without similar strong leadership and collaboration between government and the forestry sector, this will not happen in England.

Short-term assistance, long term gains

A significant barrier to businesses investing in woodland is the fact that it is a long-term commitment, generally considered to be a permanent change of land use. Forestry, woodland and trees across the majority of England, were, and still are, seen as a marginal business activity at best, with most owners content with achieving little more than covering their costs.

For new woodlands, returns from timber sales are far into the future; and with high capital costs associated with establishment, returns are poor and highly unpredictable.

Current grants, while significant, have not been sufficient to overcome these barriers at any real scale. Funding that is simpler to access can be supported by private investment through a range of blended finance models and will be critical to effect real change. However, the long-term opportunities that woodlands present are substantial, ensured by their longevity, ability to deliver against a vast range of natural capital benefits such as carbon sequestration, water quality, flooding, landscape, biodiversity, health and well-being, and air quality. But we will only be able to capitalise on this potential by finding ways of supporting such benefits and securing the new planting needed to meet the ambitious targets of the Clean Growth Strategy - and the ultimate goal of Carbon Net Zero in 2050.

New woodland creation

<u>Where to plant?</u>

A key consideration is finding the right land to plant on. Land suitable for woodland creation is often in competition with better-understood alternative uses, some of which may yield shorter term gains such as energy crops, development, food production, biodiversity offsetting and rewilding.

It doesn't make economic sense to use our best and most versatile agricultural land; but equally, we need to avoid it impacting areas of high biodiversity or environmental value. The good news is that this still leaves many possible options, especially across local government land portfolios, including:

- low-grade arable and temporary grassland
- marginal upland farmland
- ex-mineral restored sites; and
- historic landfill sites (which surprisingly account for some 0.85% of land area in England and Wales) (3).

As well as the land itself, a flexible

Mountpark Bardon

approach is needed for tenure, with long leaseholds, pie crust leaseholds and joint venture/share (tree) farming all being possible options. It's also critical that we learn from mistakes of the past, such as inappropriate planting on unique peatland habitats in the Flow Country in the 1980s.

<u>What are the real costs?</u>

Every investment involves costs, financial and otherwise, particularly when embarking on woodland creation for future financial gain. However, there are also many opportunities to manage and mitigate these costs to maximise investment potential.

- The necessary design and process stage must be adhered to before any project can be given the green light, but resulting opportunities arise in terms of engagement, the Woodland Creation Planning Grant, scale and collective approach, as well as possible working models with third sector partners such as the National Forest and Community Forests. Integration of large-scale woodland creation in association with strategic development may also offer exceptional opportunities to create unique long-term landscape settings
- When choosing plants, careful consideration needs to be given to availability, species diversity, resilience, provenance, climate change and the timetable. We need to broaden thinking from purely native species, to secure long-term sustainability. Opportunities also exist in terms of scale, engagement and possible investment in supply chain development
- At the planting stage, potential issues include labour availability, skills, health and safety, lack of technology and investment, and processes and technique. However, new opportunities through increased mechanisation and scale and cost engineered design can deliver excellent savings
- Once planted, vulnerable trees must be protected from vermin; however, the use of plastic and excessive fencing in order to do this can attract criticism. So, it's important to consider how site assessment and comprehensive vermin control at landscape scale can offer potential alternatives
- The issues don't disappear after planting, and the demands of ongoing maintenance are often underestimated and neglected. In some parts of the sector, current delivery frameworks do not favour innovative and integrated solutions. However, efficiencies can be secured through considered design, facilitation of mechanisation, and a more scientific approach, understanding and responding effectively to the requirements of the crop
- It is also important to consider the real cost of any short-term revenues that may be foregone and cash flow implications of the substantial costs of establishment. Acknowledging these costs and thinking about how they can be offset through the delivery of real benefits that can be recognised and funded, to reflect their real value to the public, will be key. In particular, it is hoped that the forthcoming Environmental Land Management Scheme (4), which proposes to target public money to the delivery of public goods, will recognise and support these real values.

What are the opportunities for business?

So, with an understanding of the real costs, we are able to explore where the tangible business opportunities lie and how these might help support our investment models.

<u>Timber</u>

The planned Urban Lung timber skyscraper in Cardiff (5) is an emblem of the future, and of a return to this aesthetically pleasing building material as we increasingly turn away from steel and concrete, inspired by the 2050 zero carbon target. Timber construction techniques are improving and evolving as many construction companies see the increased use of home-grown timber as a key goal. Recent studies have also indicated that the use of Hybrid Cross Laminated Timber has resulted in reductions of up to 75% in transport construction trips during the construction phase of a development (6).

Carbon

Accountability around carbon emissions was finally taken seriously when plans for a third runway at Heathrow were rejected by the Court of Appeal in February, on the grounds that the proposals did not adequately incorporate the government's responsibilities in terms of carbon emissions, as stated in the Paris Climate Agreement. As the first sector with established carbon accounting, under the Woodland Carbon Code (7), woodland creation now has a clear pathway to revenue. In addition, the Woodland Carbon Guarantee scheme (8) is now offering the prospect of realistic returns for sequestered carbon, with offers being made under the first 2 rounds in the region of £24/tonne Co2 and £19/tonne Co2 respectively. The third round is scheduled to run from 26 October to 1 November 2020.

Water quality and flooding

As recent history has shown, flooding is a major issue across the UK. As well as providing natural flood management, the planting of trees can also help reduce soil erosion and nitrate pollution. Some large-scale woodland projects are now in the pipeline, with partners working closely with local authorities to address water quality issues across key catchments.

Biodiversity

As noted earlier, the Environment Bill 2019-20 was created to "address the hidden costs of development", with the Bill proposing that developments be required to provide a 10% gain in biodiversity from the baseline figure. As a long-term land use, new and existing woodlands can deliver real biodiversity benefits more securely than other habitat creation models that will only be secured for 30 years.

Landscape, health and well-being

Woodland creation offers a unique opportunity to create and restore beauty to our landscape. In turn, this enhances landscape recovery, benefits air quality and improves physical and mental health through public access to green spaces – something which has become a key priority during the current Covid crisis. The tangible value that access to high quality green spaces offers society in supporting both our physical and mental health is now recognised. Woodlands, both new and existing, have an important role to play in this.

Grafham Water

The existing resource

While government's key focus is on expanding our woodland resource, consideration also needs to be given to existing woodlands and trees. Over many years, they have been considered the poor relation in comparison to other property assets. However, the critical importance of these assets, not least in terms of natural capital and biodiversity, is now becoming more widely recognised.

The England Tree Strategy also focuses on enhanced protection of some of our most valued assets, in particular ancient woodland and veteran trees. There is also likely to be greater protection offered through the planning system, particularly where trees are cleared in advance of development. The value of urban trees and woodlands is also recognised, with aspirations for increased planting and canopy cover targets for the urban environment. As recognition of the public goods that trees and woodlands provide rises to the top of the agenda and complementary policy is drawn up, we are likely to see new opportunities emerging.

However, we must not forget the fundamental function of woodlands is for the production of timber; whether for construction, fuel or high-quality furniture, timber is a uniquely sustainable product. Recent years have seen significant increases in timber values that have "opened the door" for many historically unproductive woodlands to be brought back into functional and sustainable management.

There are undoubtedly challenges on the horizon, not least the relentless progression of ash dieback, as well as other pest and disease problems. However, these can also offer opportunities to change the thinking around woodland, recognising it as a growing asset that requires proactive and effective management, to ensure that it continues to deliver its high value benefits for generations to come.

Woodlands as the pathway to a greener future

The real benefits woodland offers society are well known and understood, reflected by the government's aspirational targets for woodland creation in the UK and England. However, if these targets are to be met, real and effective leadership and cooperation is needed across the whole sector.

The creation and preservation of woodland is a long-term commitment. As a society, if we wish to secure these benefits for both our future and that of coming generations, we need to ensure that these benefits are supported, based on their real values. If we can achieve this, we will see woodland become a real and sustainable part of rural property business, delivering a greener future to which we all aspire.

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COUNTY FARMS

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Graeme first outlined CPRE's research into the importance of county farms in 2020 Spring Terrier. This article is an update on progress, including the first recent workshop with ACES' members, and how CPRE hopes the project will become more relevant, with greater impact over the coming year.

Introduction

Shared Assets (SA), New Economics Foundation (NEF) and CPRE are working in partnership to develop a new vision for the future of county farms, to explore how they might do more for new entrants and wider public goods, and to promote this vision with key policy and decision makers. The project is funded by the Farming the Future programme of A Team and Roddick Foundations until July 2021 (www.farmingthefuture.uk).

Reviving the county farms project

Now underway since February under lockdown and loosening up, the project team has had to work in the available light of Google and Zoom and navigate the ups and downs of furloughing.
With the presence of coronavirus, we've also reframed the work to consider the potential of county farms in tackling not only the ongoing crises of climate change and biodiversity, but also what they might contribute to 'green recovery' or 'building back better' and other frames that have emerged since March 2020.

Work has carried on in 3 main areas set out in our original project plan:

- NEF strengthening the evidence base through desk research and a wider literature review, to understand county farms in the broader context of the transition to sustainable farming, delivery of wider public benefits and developing a framework to describe them

- SA has led on researching new, innovative and emerging models of public land ownership and management. Its work draws on case studies from across Europe, as well as the United States and New Zealand, to put together a picture of tried and tested practices of public farmland ownership and management including land holding organisations, municipal programmes of peri-urban agriculture and farm incubators, plus models of land management from sectors such as housing and conservation
- CPRE has worked on the Agriculture Bill, with a view ideally to change policy, but the government not being minded to accept amendments. We've been pragmatic and have sought to raise political awareness of the issue and to keep county farms in mind in the wider debate. County farms featured in the Public Bill Committee, Commons and Lords but notably a wholesome 250 lines of Hansard records speeches in the Lords Committee by Lords Whitty and Curry among others. In these debates Lord Gardiner for the government confirmed there would be future investment in new entrants and county farms as outlined in February 2020 ('Farming for the future' policy document [Ed – see 2020 Spring Terrier])
- As a fourth strand, the team has also discussed what is planned with the Defra Future Farming team and the Secretary of State George Eustice MP.

The project has now moved onto an exciting phase - to reimagine county farms for the future and build that into a compelling vision for the medium to long term. We want to co-develop that vision and identify which tools are needed to build support for it with those who can make it happen. We've been guided in this by an expert panel, including advisors from the Tenant Farmers Association, ACES, Royal Agricultural University, Land Workers Alliance, and Food for Change, to build on important work by ACES, Tenancy Reform Industry Group and others: we do not want 'to reinvent the wheel'.

So over the next few months we are convening a series of workshops with ACES estate managers, councillors, council tenant farmers, prospective new entrants, and the wider sector of food, farming and conservation organisations.

E-workshop 22 September

The first of these e-workshops with ACES and Defra Future Farming team was held on 22 September with around a dozen estates managers and members of the Defra team. We are very grateful to Charles Coats [Ed – ACES' lead for the Rural Branch] for his assistance in this. This was held under Chatham House rules so we can report here some of the findings, but without attributing them to any participant.

Attendees discussed 2 main questions. At this stage there was no aim to reach a consensus so from the rich conversations, here are some of the equally fruitful observations:

<u>What are the main barriers for county farms at present and what opportunities are there for county farms in future?</u>

- Local authorities are juggling multiple demands on land and many potential uses and objectives, not least planning and housing, tackling the climate emergency and green energy and land for biodiversity net gain - farming and rural issues have to compete with these. The risk of sale of assets remains or housing from farmsteads, while new entrants want houses
- Land and farm estates are finite and in local terms they may only be able to offer limited opportunities
- There is a need for support from council members and from key senior officers such as directors of finance, if county farms are to be successful. But there is a challenge of continuity with coming and going of council members and staff with a loss of expertise
- Farming itself may be a barrier with the career less attractive to some, so slowing the flow of good applicants to take on farms; on this there was a mixed picture as also in some areas, strong applicants were coming through with a good track record, talent and innovation. Questions arose whether people need such experience - are they really new entrants or perhaps from farming families anyway?

<u>What should the shared vision for county farms be in 2040, and what tools from this project might help achieve that?</u>

- There is a good story to tell nationally about the contribution of county farms to the tenanted sector with longer lets, availability of fully equipped holdings, and a high percentage of new entrants – they make a strong and special contribution which could be showcased: more could be done collectively to do this
- New opportunities are emerging around climate change (and potentially collective action on this), the new Environmental Land Management Scheme and the fund for new entrants Defra is developing
- With the right political support, local authorities can prove less risk averse than some long-standing large estates and there is scope for innovation and experimentation, and a chance to learn from different pilots and trials across the country
- New entrants might experiment with more bare land rentals; supplying local food; selling carbon storage; share farming with livestock supporting arable farmers locally
- Building relationships externally, ie with other landowners, will be important to increase opportunities for new entrants to progress and move on.

<u>On drafting a new vision</u>

Any vision needs to recognise the national picture and illustrate what county farm estates can deliver as a whole, collectively, as the sum of their parts. This will give value to even the smallest estates and what they can achieve.

The vision needs to be broad so

that it can work nationally and locally. It will need to be adaptable for local circumstances; individual estates provide multifaceted services that need to be determined by local priorities. No vison can deliver everything so this vision needs to be achievable and balance providing opportunities for new entrants to farming with wider sustainability issues (economic and environmental).

Farming and food production need to be central and a vision must be grounded in reality, be flexible, and develop a consensus within agricultural and tenanted sectors about what the county farm service will deliver.

Biodiversity net gain, carbon and other drivers – such as new employment, business units, social prescribing - are major opportunities for county farms to be more progressive and take risks to meet local challenges and needs [Ed – also see article on woodland in this issue of ACES' Terrier]. Health and environmental issues can now be formally included in objectives and there is potential to shift to optimising the benefits rather than maximising financial returns.

Work needs to start on reviewing outcomes and ensuring that the tools such as indicators, benchmarking of performance, and assessments of natural capital value –are in place to enable delivery of wider benefits that can be reliably quantified and captured.

Next steps for the project

This workshop was an important start to a process of investigation, through which we hope to build stronger relationships with a wide range of stakeholders and develop a deeper understanding of the issues from different perspectives. We plan to do follow-up interviews with those willing to give us more detailed insights, and to take our findings back to get feedback on what emerges. Please get in touch if you would like your perspective to be included.

The overarching objective remains to co-develop the vision and the tools needed to promote it and build support. So we are already planning our next events with tenant farmers, those who want to go into farming and growing, and councillors. While the vision looks to the longer term, a key part of the immediate value of this work will be, we believe, to help the Defra team in its work to develop the new programme of funding for new entrants – we want this work to feed into its evidence base and design process.

Conclusion

This is a crucial time for this project to engage with ACES' members. We were encouraged by the willingness to engage, professionalism, experience and openness of those who attended the workshop. The issues which emerged were both familiar and long-standing challenges for those present, but also reflected the new thinking needed to respond to the almost seismic shifts occurring in public policy, particularly around farming and food production, trade and the environment.

A year or two back I attended a conference in Cambridge where a professor explained that, post Brexit and in terms of farming policy, we were going through a fundamental realignment of the relationship between the public and private sectors. County farms are very much at that interface between public and private and so caught up in that debate. This is a fast-evolving area but perhaps one thing has emerged positively from C-19 – and indeed from the 2008 financial crisis – is a better understanding of the essential role governments national and local have in supporting investment and innovation. Undoubtedly, and to help address the myriad issues we face, the way we use land to farm, grow food, manage nature, and support the community will need substantial doses at both levels of government. And in that, with the right political support, county farm estates have every chance to play a leadership role.

Kevin is a London based public sector surveyor with a particular interest in the sustainability of buildings and climate change.

SUSTAINABLE DEVELOPMENT
Green gables

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Kevin gives readers a comprehensive whistle-stop tour of initiatives in modular construction, sustainable energy and building materials.

Climate emergency

The importance of delivering sustainable development in the built environment, within the context of combating and preventing irreversible climate change damage to our planet, is now widely recognised at local, regional, national and international levels. Following a 2016 Paris Agreement on Climate Change in which most countries committed to bringing about zero carbon emissions by 2050, there is a view today that this 2050 target date needs to be brought forward to a much earlier date, if serious environmental threats to our quality of life are to be averted.

In the UK public sector for example, some 245 councils declared a Climate Emergency in February 2020, with 149 of the authorities setting a zero carbon emissions date of 2030 or earlier. The councils included 26 of the London boroughs, which had earlier issued a Joint Statement on Climate Change in November 2019, setting out details of cross-borough working programmes. The programmes include the building of a low carbon and green economy, ensuring 100% renewable energy now and in the future, retrofitting of all domestic and non-domestic buildings to an average EPC B standard, and securing new low carbon buildings and infrastructure through the use of local planning authority powers (1).

Although both new build development and estates renewal or remodelling programmes to existing property stock might seek to achieve similar sustainability benefits, the complexities around delivery of each could be markedly different.

New build development

New construction projects can have a number of sustainability facets to them, whether this should relate to construction methods, choices of building materials, and the use of reclaimed materials to help minimise embodied carbon impacts, or the use of renewable energy technologies at a time when the country is transitioning away from a dependence on fossil fuels as an energy source, in favour of energy decarbonisation alternatives.

<u>Modular construction</u>

Arguably, one of the most striking changes in the recent evolution of the construction industry, alongside BIM, has been the emergence of high-rise modular construction methods. Until now, modular construction has mainly involved low carbon home modules being manufactured off-site in factory environments, with the modules then being transported to low rise housing sites for assembly there. Precision engineered manufacturing processes in controlled and enclosed factory environments enable production advantages to be realised as a result of the co-ordination and repetition of manufacturing activities, which activities have become increasingly automated. Being precision engineered, the modules are likely to have fewer defects, be fully airtight and well insulated, and result in less wastage of materials (2).

Practical project delivery benefits may include reductions in snagging phases, and reductions or elimination of rework, enabling construction schedules to be improved. As the on-site element of modular construction is generally focused around the assembly of the modules, benefits for surrounding residents could include shorter periods of disruption during construction, lower numbers of heavy vehicle movements to and from sites, and reductions in levels of air and noise pollution emanating from the building sites (2) (3).

High rise modular construction can, though, make considerable demands on the skills of architects and design firms to get a building's design and engineering right at the outset, as well as involve them in detailed logistics around suppliers, transportation to site, and handling on site. Any client changes made to the project after the manufacturing processes have been set in motion, can also prove costly (2).

Construction could involve 2D modules or 3D volumetric modules, or a combination of both, depending on site constraints, or hybrid development involving, for example, a mix of traditional construction on the lower levels of the building, with modular build above (2) (3). A high-rise modular development at 101 George Street in central Croydon in south London, is reportedly the highest modular scheme in the UK at present. The 546 apartments development of 2 towers involved the manufacture of 1,500 steel framed modules, which were 95% complete at the point of installation, with windows, electrics and plumbing already fitted. The modules sit on a traditionally built, double height concrete podium which houses community and flexible space facilities, with gyms and club rooms in a 2-storey basement (4).

In addition to decision making around choices of construction methods, clients, their architects and designers might need to determine which renewable energy technology or combination of technologies could be best utilised for their particular projects, taking account of considerations including variations in cost with different options.

Insulation

Thermal insulation may be a comparatively inexpensive way to reduce heat loss from buildings in winter and minimise heat gain in summer. Insulation could involve the use of synthetic materials such as mineral wool, glass mineral wool, or rigid plastics, or the use of a range or naturally occurring insulation materials such as wool, hemp, cob (clay, straw and earth mix), or even straw bales (5), and can be used in combination with other renewable technologies. A 2012 built, 2-storey Aberystwyth University Institute of Biological, Environmental and Rural Sciences building, for example, is insulated with sheep's wool, with other renewable technologies including a biodiverse green roof, natural ventilation, a 4,000 sq m ground source heat pump system, and rainwater harvesting. The building achieved a BREEAM excellent rating (6).

Renewable energy

While early solar panel installations attracted some criticism on aesthetic impact grounds, panels design has improved to the point where some panels can now fit almost seamlessly with standard roof tiles on buildings. Panels may be either solar photovoltaic, with heat generated from daylight cells, creating energy for use as it is generated, or solar thermal, which generates energy through absorbing direct sunlight to collectors that both heat buildings and provide hot water, with the hot water being stored for use in overcast conditions or at night (7).

Whichever renewable technologies should be decided on to generate energy, projects could also include other design features to maximise energy usage and minimise waste, such as LED lighting, smart metering, solar shading to reduce solar heat gain in buildings, and rainwater harvesting to help reduce water waste.

Existing property stock

Replacing gas and oil energy sources with renewable energy generation alternatives, either as part of estates renewal and remodelling retrofit programmes or as free-standing projects, may prove costly for property investors and owners, but equally may be unavoidable if full energy decarbonisation in the built environment is to be achieved.

In its Summer 2020 Annual Report to Parliament, a UK Committee for Climate Change (CCC) has set out recommendations detailing what each government department needs to do to achieve net zero carbon by 2050. As part of a C-19 'green and resilient recovery' initiative, the committee is looking at low-carbon building retrofits, and the introduction of green passports setting out details of actions taken, or to be taken, to improve the energy efficiency of buildings, with financing costs being brought forward to fund the schemes (9).

Encouragingly, some major landowners in the private sector are also taking these challenges very seriously. British Land, with a £14.8bn property portfolio under management, has plans to transform the entire estate to net zero carbon by 2030, with building retrofits being financed through a transition fund. The company's customers will also be supported in transforming their own spaces to reduce carbon emissions (10). Canary Wharf Group, the owner of the 97-acre Canary Wharf financial estate in London Docklands, has pledged to reduce carbon emissions by 65% by 2030, having already cut emissions by 34% since 2012, and to ensure that 60% of their suppliers have science-based targets in place by 2025. The group now buys 100% renewable electricity for the estate (11).

Ground source heat pumps

The CCC has determined that from 2025, no new homes are to be connected to the UK gas grid, with homes instead being heated using low-carbon energy sources that have high levels of energy efficiency, have appropriate ventilation, and should also be of timber frame construction where possible. The CCC has suggested that the country needs 2.5m heat pumps by 2030 and 25m heat pumps by 2050 (12). With around 80% of UK heating currently being supplied by gas, c1.6m new gas boilers being sold annually, and between 20-30,000 heat pumps only (of which around 4,000 are ground source heat pumps (GSHPs)) currently being sold each year, the scale of the task to decarbonise heating is challenging. (12).

GSHPs are dependent on there being sufficient land available, and on the ground's geology being suitable, to enable the installations to be made. Being a non-combustion heating system, the GSHPs absorb heat from the ground to draw it into buildings in a highly efficient way which is unaffected by air temperature, is recharged by solar energy and rainfall, and produces up to 3 times more energy than it consumes (8) (12).

For, say, a single house or pair of houses with land around them, the technology can enable either a straight pipe or 'slinkies' - pre-coiled pipework to be laid in trenches 1-2m below ground to extract heat. For large buildings or estates, the technology can enable shared ground loop arrays to be laid deep underground, so that communal heating can be provided in a way that mimics traditional gas frameworks, and is suitable for heating both single and multiple occupancy dwellings, with each dwelling having its individual heat pump. The shared ground loop arrays system is infinitely scalable for larger developments or estates, allowing economics of scale on installation costs to be made (12). Installation involves the drilling of deep boreholes for closed loop ground array pipework to be laid.

If there should be an accessible source of surface water nearby, such as a lake, canal, river, or the sea, then an alternative closed loop array system, involving the use of pond mats and a slinky pipe on steel frames in the water, can deliver a highly efficient and cost effective way of extracting heat (12). An open loop variation, involving extracting ground water from an underground aquifer or mine, could be an option in former coal or tin mine areas for example, to offer an efficient source of heat extraction, although also being more costly to maintain and with corrosion, filtration and extraction considerations to be taken into account (12).

The Kensa Group has delivered GSHP projects for both Enfield Council in north London and the Gentoo Group housing association in Sunderland. At Enfield, the project involved a GSHP installation to heat 8 13-storey tower blocks of 402 flats, with 96 deep boreholes of around 212m, enabling a shared ground loop array to be laid. The project is realising about 773 tons of CO2 annual savings, roughly equivalent to taking 2,000 cars off the road. For the residents, their heating costs have been reduced from about £900 pa to around £350 pa. A feature of the project is Kensa's Evo Series Shoebox heat pump in each dwelling, which is compact enough to fit in a cupboard or under a sink (12).

In Sunderland, the Gentoo Core 364 project has involved a gas supply replacement to 364 flats in 7 tower blocks with a GSHP micro communal district heating system extracting heat from an underground aquifer below the blocks, and accessed via open loop boreholes drilled to depths of about 60m. The GSHPs not only provide the flats with renewable source heating, but also provide consistent ambient temperatures for the tower block communal areas, to prevent heat loss and overheating. Annual carbon emissions have been reduced by around 420 tons of CO2 (12).

Another leading GSHP manufacturer, the Vaillant Group, has installed GSHP systems as part of the refurbishment of 2 estates near Market Drayton in Shropshire and in Solihull in the West Midlands, for Bromford social landlord. The project involved installation of geoTHERM Micro District GSHPs to heat 15 properties across 2 sites at Hodnet Village and Cleobury Mortimer, with the pumps extracting thermal energy via boreholes about 110m deep, to provide the properties with heating and hot water. With no gas availability in Hodnet, and an existing electric storage heating system considered to be inefficient, the geoTHERM heat pumps are now providing the properties with their own sustainable and cost-effective renewable energy supply. In Solihull, Vaillant upgraded a New Road 37-homes sheltered housing scheme with 3 GSHPs, cutting carbon emissions by around 131,900 kg p.a., the equivalent of planting 289 trees.

Future innovation in sustainable development

In my carbon reduction' article [Ed –see 2012 Spring Terrier], I made reference to the potential of fibre reinforcement polymer bars, known as rockbars and previously used in the Russian space programme, for use in infrastructure projects. The bars are stronger than regular steel, are much lighter, more corrosion resistant, and having some excellent durability qualities, were used to reinforce a concrete bridge deck on the Thompson single-span road bridge in Northern Ireland, a scheme designed and project managed by Amey (13). Today, Fibre Reinforced Polymers (FRP) applications include not just bridge decks and structures projects, but external cladding projects in aggressive and corrosive environments, and other structural refurbishment and repair works.

An FRP aqueduct at Chorley in Lancashire which carries the River Chor over a railway line, was constructed in 2015 to replace a Victorian cast iron predecessor (14). On Christmas Eve in 2015, severe storms caused the Dover Seawall and 250m of rail track to collapse. Network Rail commissioned replacement works for a new 'rock armour' reinforced concrete piled raft structure, and a steel footbridge with 2 FRP composite pedestrian footbridges. The project won an Institute of Civil Engineering 'Best Infrastructure Project in South East England' award for the engineering firms Costain and Tony Gee and Partners (15).

Another innovative building material, currently in development, which appears to me to be as remarkable, is hydroceramics. Barcelona's Institute of Advanced Architecture in Catelonia (IAAC) architecture school has developed a hydroceramics external cladding material, made of ceramics panels and an insoluble polymer – hydrogel - that can apparently absorb 500 times its own weight and passively cool buildings by as much as 5 degrees Celsius, enabling savings in air conditioning energy consumption to be made. On hot days, cone shaped holes in the cladding absorb water and air into the hydrogel, and the building is gradually cooled as water in the polymer begins to evaporate. IAAC researchers estimate that hydroceramics cladding could reduce air conditioning costs by as much as 28%, depending on climate (16).

In addition to new building materials, sustainable construction can also benefit from imaginative thinking around different ways of repurposing or recycling existing materials. With insulation for example, the use of natural and recycled insulation materials is now extending to the use of recycled newspapers, with fire retardant additives such as boron that reportedly improve fire resistance performance (17). An Enterprise Centre at the University of East Anglia, designed by Architype Architects, has achieved a BREEAM Outstanding rating, for a building that incorporates a number of locally sourced natural and bio-renewable materials in its construction, including recycled newspaper insulation. The insulation is also believed to have good hygroscopic qualities for absorbing and releasing water, to help reduce risks of condensation in buildings (17).

........and the bigger picture

Although 'green gables' construction might be the aspect of sustainable development and renewable energy generation that property professionals may find themselves most likely to be engaged with in the years ahead, other parts of the challenge to bring about decarbonisation of our environment, such as our ability successfully to harness wind and solar power on a large scale, are equally important.

In 2019, renewable energy amounted to almost 26% of all UK energy generation, in part because of a rapid expansion of offshore and onshore wind farms, and increases in the numbers of solar farms (18). By mid-2020, renewable energy generation had increased by a reported 32%, with wind, solar and biomass setting new levels for energy generation (19).

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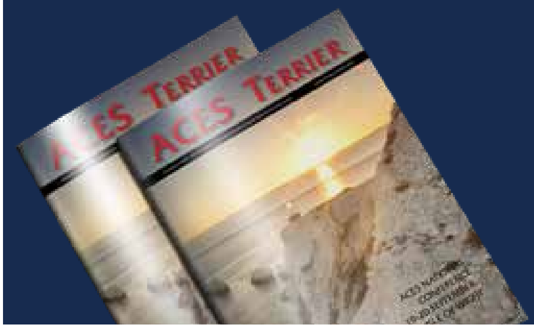

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ELECTRIC VEHICLES

Charging ahead – electric vehicles and the opportunities for income generation

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Clare outlines the ways local authorities could exploit financially the government's intention to promote electric vehicles. She describes the range of charging models but emphasises that we need to get in on the act now.

September 2020 produced some key developments in the world of electric vehicles (EVs), including the first World EV Day. A simple yet effective concept, its purpose – to celebrate EV ownership, worldwide. To mark the day, Transport Secretary Grant Shapps announced £12m in funding to propel ground-breaking EV research. Later in the month, official figures released by the Department for Transport (DfT) revealed that sales of green cars have jumped above diesel for the first time. The data shows that 33,000 pure electric and hybrid vehicles were registered between April and June, compared with 29,900 types of diesel vehicles. According to the DfT, this was the first time that more alternative fuel cars than diesel cars were registered in 3 months.

Background

These events come at a time when the government is looking to advance measures to ensure that all new cars and vans are ultra-low emission.

In February 2020, the government announced plans to bring forward the end to the sale of new petrol, diesel and hybrid cars and vans, from 2040 to 2035, or earlier if a faster transition appears feasible. A consultation that was launched on the matter ended on 31 July, and many MPs are now applying significant pressure for this target to be advanced to 2030, for the UK to align with other countries within Europe.

Despite the headlines, there are 32.5m cars on UK roads, and Battery Electric Vehicles and Plug-in Hybrid Electric Vehicles make up only a small proportion of this amount. Nonetheless, due to advancements in technology and government support, sales are rising, with a 5-fold increase in EV market share in 2020 against 2019.

To serve the escalating numbers of EVs already on the road, and the future targets, a step-change in the availability of charging infrastructure is required. While 60-70% of charging is expected to take place at home, not everyone has access to

a dedicated parking space. It is estimated that at least 20-30% of charging is likely to occur at the workplace or visitor attractions, and 10% on the road network at forecourts.

These considerations present a wide range of opportunities for landowners and developers, including local authorities, looking to share in the profits from EV charging.

Technology

Dwell time is key to identifying the right charger capacity for any site. There is a range of charging technology infrastructure available, ranging from 3kW to 350kW. These can charge vehicles from empty to full between 30 minutes and 12 hours, depending on the EV battery size. Lower capacity infrastructure charges over a longer period. Higher capacity infrastructure, that provides a speedier way to top up, is typically found on motorways and A-roads. While higher-capacity charging provides a faster solution, the cost of the charge point is much greater than those producing charge over a longer period. Faster charging stations also require additional grid infrastructure, and this is often competing with other sources of demand or generation on the same constrained network.

Opportunities

The range of different models available include options where provision is left to private businesses. Here the commercial outlay will be taken on by the private firms with the benefit that the local authority exposure is minimal. There is also the potential for charging infrastructure to raise revenue for councils.

There are 3 distinct categories: roadside (EV forecourts); workplace and visitor attractions, and residential/commercial development.

EV forecourt

This is essentially a 21st-century filling station, offering ultra-rapid charging, with an ability to charge a full vehicle battery from empty within 30 minutes. As is the case with a more typical motorway service area, additional provisions for food and drink, groceries and meetings will be available.

Suitable sites are between 0.5-2.5 acres, require road frontage adjacent to the strategic highway, with over 25,000 vehicle movements per day, have an appropriate grid connection, and limited planning constraints on or adjacent to the site. There are often renewables, including solar PV and battery storage, on-site or adjacent, to reduce the site's reliance on the National Grid at peak times and to ensure the security of supply.

Landowners could expect to receive up to £100,000 p.a. to lease the land to a developer over a 20-30-year term, while also contributing to Corporate Social Responsibility (CSR) goals and futureproofing the road network for a dramatic increase in EVs year-on-year.

Visitor attraction

This type of charging relates to dedicated parking spaces for staff or customers, offering fast or rapid charging, with an ability to charge a full vehicle battery in 1-4 hours.

Suitable sites are those with parking for staff, fleet vehicles or visitors. Examples include fast food and coffee outlets, leisure, retail parks, theme parks, supermarkets, offices, and commercial buildings.

Landowners could expect to receive between £1,500 and £5,000/space p.a over a 20-year term, while futureproofing/diversifying their business and staying ahead of the game against their competition, attracting a greater number of visitors. Again, the implementation of EV charge points would likely assist in meeting CSR objectives.

Residential/commercial development

These are slower chargers fitted on driveways, residential streets and within commercial property developments, to charge when at home (typically overnight) or business premises. Local planning authorities often require the installation of EV charging within new residential developments. Slow chargers can charge a battery from empty in around 12 hours.

Any residential or commercial property development is viable, providing there is sufficient grid capacity on-site, and generally includes large employers, companies with large EV fleets, hotel chains and multi-storey car parks.

Landowners can expect to achieve charging at a reduced rate, paying more like 14p/kWh versus up to 35p/kWh charging en-route. Furthermore, grants are available to encourage the implementation of charging, especially on new housing and commercial developments where there is a planning condition for this to be implemented.

Act now

Many local authorities are already considering the prospects of the EV market. As well as presenting an opportunity for income generation, the additional benefits, such as reducing reliance on fossil fuels, are well-established. However, there is much competition for grid connection, as more large-scale generation connects to the network across the UK. Couple this with there being a finite number of opportunities in strategic locations means that those acting on the opportunity quickly will gain a first-mover advantage.

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

CASELAW
1 Blackfriars Ltd (in administration) revisited

Tony Mulhall tmulhall@RICS.org

Tony outlines a recent high-profile case conducted virtually. The eye-watering variations to the valuations raises questions about whether RICS guidance was being followed appropriately.

After a 4-week trial, evidence taking in the Blackfriars case concluded at the beginning of July. This is a case taken by the joint liquidator against the administrator, mainly alleging an under-sale of the site 1 Blackfriars in 2011 to clear the bank debt, and a failure to pursue a funded rescue of 1 Blackfriars Ltd, the owner of the site. This is a high-profile case emanating from the Global Financial Crisis (GFC) and in the context of C-19 did well to get off the ground at all.

In a ground-breaking move this complex, lengthy, expensive and consequential case was heard online, after the decision to proceed was contested by the respondents. The entire proceedings were available to members of the public with one-click access, something a lot of platforms could well learn from. When I say the entire proceedings, I mean each session was presented on screen, 4 small video images, one of the judge online at home in Norfolk, and the 2 opposing QCs located somewhere in central London. The individual witnesses were set in their own particular locations, the most exotic of which was the developer who was, as he described, 'trapped in the British Virgin Islands'. What you didn't get the sense of were the phalanxes of supporting lawyers and teams of witnesses, mostly distributed in their own homes, all of whom would have normally occupied the body of the courtroom. Mercifully, apart from a couple of minor glitches the technology held up.

Background

In 2006, developer 'Beethams' bought the site 1 Blackfriars on London's South Bank from Sainsbury's, for £48m. The site had an extant office permission.

To exploit its further potential, at the height of the financial/property boom in 2007, Beetham set about revising the permission to a deluxe hotel/apartment development in a 51-storey landmark building. The site was valued by Savills in 2007, for refinancing by an RBS-led syndicate on a Red Book valuation of £210m, assuming permission for the scheme. A further Savills valuation for UBS (2008) put the site value at £240m. By the time the planning application was granted in 2009, Lehman Brothers had collapsed, the financial markets were in melt-down and the appetite for 6-star luxury had evaporated. In 2009 the site was valued by Savills at £135m.

Beethams, already financially stretched on towers in Manchester, Birmingham and Liverpool, recruited a Russian partner, Mirax to take an equity stake in the proposal. Repeated failure by Mirax to provide sufficient funds to prevent the loan covenant being breached, exhausted the bank syndicate's patience. They finally appointed joint administrators from BDO, who following marketing by CBRE, sold the site to Berkeley Homes for £72m and recovered the bank debt. Berkeley Homes paid an additional £5.5m to the Beethams.

The joint liquidator for 1 Blackfriars Ltd alleged that the sale of the company's sole asset at an undervalue by the administrator, and a failure to conduct the administration to pursue a funded rescue of the company, was in breach of their obligations.

The facts

Evidence of fact was called first from the witnesses involved in the case at the time. At the outset, one of the joint liquidators was subjected to intensive questioning about the conduct of the administration, particularly whether the administrator had allowed the lending syndicate headed by RBS too much of a role in the administration. There is a legal obligation on the administrator to act in the interest of all the creditors, and not as alleged in this case in the interest of the banks solely.

The question then was whether the administrator and their advisers, CBRE, were happy to sell the site at a price which reflected the value of the debt, at just over £70m, when the developer had a Red Book valuation at the time for £125m. The further question was whether the sales and marketing conducted was appropriate, and whether the price achieved reflected the market in 2011 when there were tentative signs of recovery.

A great deal of time was spent with the developers at the start of the trial trying to distinguish between 'unfunded' bids and 'funded' bids. The last days of the trial were spent trying to establish with experts what money really was available in the market in 2011 to fund a rescue or execute a transaction. This was well trodden ground from the developers' evidence, where cross-examining QC explored the numerous approaches to prospective funders, alternative lenders, potential joint venture partners, and other forms of equity providers. No matter who was approached, they never came up with that crucial ingredient – money. The Shard's Irving Sellar was approached. Even Cerberus, an American fund well known for picking up distressed debt, gradually suffocating the debtor and seizing the assets, passed up on the opportunity. Aptly named, Cerberus was the dog that guarded the gates of Hades to prevent the damned escaping.

The opinions

Yet at this remove, the expert witness for the applicant considered the site would have represented an 'exceptional proposition' for funders based on a combination of senior debt (60%), mezzanine finance (20%) and equity (20%). Dispute arose about the returns to be earned for different tranches of funding. It was suggested a short-term equity participant could put in £10m for a year, to obtain planning consent and earn 100% return from the increase in value.

The QC argued that before any lender would allow a funded rescue, it would need to know there were resources to build the scheme. A letter from a bank offering a commitment to fund in principle was regarded by the banking expert as worthless, peppered with caveats and written with the intention of exiting the commitment if the weather changed. How often as a banker he must have provided such 'letters of assurance' to borrowers!

Banking risk - the 3 Cs

One of the banking experts said valuation is not a main driver for lenders. Both experts identified 3 lending principles: Character, Capability and Collateral. Yet the valuation of that collateral must surely be of interest to the underwriter. Cross examining QC laughed at the idea that Beetham/ Mirax had the character and capability to deliver this project. Beetham needed a new equity partner, but was there anyone available 'to hold Beetham's hand'. (As it turned out, a restructured Mirax Group, strapped for cash in 2010/11 completed the 93-storey Federation Tower, the tallest building in Russia in 2013).

Although it seems there was a lot of capital available in 2011, the risk appetite was low compared with the buccaneering days of 2006/7. According to the expert 'lending is a risk business and assessment of that risk is what lending is about. Planning permission is one of the risks, but senior lenders do not take planning risk.' Delivery and demand risks are also significant, not to mention inputs to development appraisals which carry their own combination of risks.

At one point QC for the applicant subjected the expert witness to a surprising and seemingly unnecessary interrogation on the workings of the Capital Asset Pricing Model, a financial model that calculates the expected return on a security based on its level of risk. This is an area of investment finance that has come under scrutiny since the GFC. It falls into the category of 'Portfolio Theory' which postulates efficient markets. RICS valuation methods and underlying assumptions are linked to these concepts of efficient markets and 'rational' economic behaviour. These assumptions are now being seriously questioned by the likes of George Soros, Mervyn King and John Kay.

The RICS valuation review might usefully address some of these fundamental articles of faith. I also sense the expectations of an expert witness across a range of scales of development will need revisiting. So will actual conflicts of interest, and perceptions of conflicts of interest, in conducting a statutory duty.

The judge's decision

There will be much to pour over for RICS members and the Institution, when the judge hands down his decision in due course. RICS guidance, the 'Red Book', the 'Valuation of development land', among others was frequently quoted. It will be interesting to see whether the judge comments on how well they have been adhered to by professionals, based on the evidence of this case.

Roger is a Senior Partner at Wilks Head & Eve LLP, Chartered Surveyors, and Director Rates Plus. He is a highly experienced rating practitioner, who has been President of the IRRV on 2 occasions and also President of the Rating Surveyors Association. He has over 36 years' experience in the rating of public sector property and has been at the forefront of central negotiations with the Valuation Office Agency at every revaluation since 1990, in respect of a number of classes of property

RATING AND VALUATION THOUGHTS

"Well, what fun!"

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Roger summarises some of the rating, valuation and investment challenges ahead, all of which will put extreme pressure on local authority revenues.

So here we are writing this in mid-September with some major 'local' lockdowns starting and fears of a second spike in C-19 dominating the news [Ed – Roger wrote this before the tightening of restrictions of late September were implemented].

The threat of recovery for non-payment of rent and evictions has just been stayed until the end of the year. John Lewis Partnership, historically a barometer of the high street, has just announced a first half year loss of £55m. The government furlough scheme is set to end in a few short weeks and while there is talk of more targeted new help on the horizon - that ship is not yet in view.

Talking of ships, all cruise lines are in port with their ships and cruises abandoned for 2020 and possibly beyond. Of course, you could always fly…. Well, to some places and then you might have to quarantine on your return. The result of all this is to take a break in the UK and have a staycation. That message has been a saviour – at least in the short term to the UK hospitality industry which suffered heavily through lockdown.

Currently we are told that more than 70% of office workers have got used to working from home and prefer it. Part time office work has resumed for some and full time for very few. Some large companies have now said the home-work regime is permanent, some putting off a decision as to when or whether to return until later in 2021.

Retail and food establishments relying on footfall from office workers in cities and town centres have had a nasty reality check. That of course is in addition to the structural shift in shopping patterns, which has moved vast amounts of people's shopping habits online, probably permanently. Some argue that the retail online migration which was happening pre-Covid has been accelerated by the pandemic by at least 5 years. The move to more flexible working and working from home for office-based staff, which started from a much lower base, has also grown exponentially.

The arts sector has been devastated through the lockdown. Live entertainment, with theatre and concerts, is still off the agenda. Major sporting events including football are still struggling with how fans might attend a match safely [Ed – again back off the agenda].

Among all the negatives there are a few positives: schools and universities are back, and pubs, restaurants, hotels and leisure facilities are open, albeit with limitations. Much of this we are told will be short-term – though the definition of that is unclear. What is clear, is that when we do return to what we might describe as 'normal', those new norms in lots of aspects will be different to pre-Covid norms.

We have a new planning regime emerging in the form of regulation or draft law. This brings forward an accelerated process for getting new homes actually built, but also addresses the decline of retail in high streets and how property and uses are to be re purposed. We have a short-term Stamp Duty benefit to restart the housing market.

Rating changes

In addition, the prospect of the shorter periods between rating revaluations has for the moment evaporated, with the 2021 revaluation being scrapped and the existing legislated revaluation for 2022 being pushed out to 2023. Originally, we had a valuation date (Antecedent Valuation Date) of 1.4.19. That was a week into lockdown and was never going to survive. The options were to move it on a year and have a one-year AVD. In the event we have an AVD of 2021 and a revaluation in 2023.

All this set against the background of a government having launched a 'fundamental' review of business rates to be published later this year. Looking at the exact scope of that review does make the word 'fundamental' open to interpretation. We shall see.

Alongside deferral of a quarter's VAT, self-employed tax, business rates came into sharp focus with a government relief scheme for certain types of property, removing business rates for the financial year 2020/21. Quite a lot of major and necessary intervention. The records of business ratepayers were then further used to identify recipients of grants from government, of either £10,000 or £25,000, to assist in dealing with business shut down.

Nobody knows whether this will be extended beyond the current financial year. The calls for systemic reform are around facilitating a major reduction in the Uniform Business Rate, down to about £0.30p/£ from just over £0.50p/£ currently, together with a reform agenda to simplify reliefs and exemptions.

Government needs the money raised from business rates and arguably, would have to be raised from something else if that happened. Nobody seems keen on a domestic Council Tax revaluation for predictable political reasons, so we are left looking at increasing other taxes and on-line sales taxes and similar. Given where we are, where some would like us to be, and looking at financial realities – I am not going to guess at an outcome, nor any timescale for it.

Property market

In the meantime, in the real world of property, we have a collapsed retail market with many Company Voluntary Arrangements, the latest granting up to 4 years' rent free for some shops in a fashion chain. Non-payment of rent as being unaffordable is evidenced across all types of property; there are empty office buildings; occupiers looking to downsize or change; in hospitality, a number of permanent closures.

Rental evidence is at best scarce and struck under somewhat difficult circumstances. Investment yields are attractive to investors, given historically low interest rates and provided you can achieve the rental payments, for some still a good investment.

Freehold values of shopping centres are a problem and large speculative office buildings may be mothballed or reconsidered. The RICs is encouraging us not to use 'material uncertainty' clauses for most types of property valuations as recipients don't like them.

Property traditionally lags behind in the effects of an economic downturn and we have seen a market that is all over the place, with good and appalling in unequal measure. For local authorities, those that decided to invest in commercial property by borrowing at very low interest rates and seeking a higher yield have had in some cases a rude awakening, with unpaid rents or re-negotiated lower rents, destroying much of the purchase decision rationale and for many significant capital value loss as well.

All set against a background of one of the major sources of revenue for the local authority – business rates - looking at an unknown somewhat uncertain future. That is apart from the anticipated losses in rateable value, as ratepayers pursue valuation reductions on the back of C-19 effects.

Forecasting future income from the tax base, even without fundamental change, looks to be very difficult and almost certainly from a revenue perspective, all likely to be bad news.

Evidence

So, whether the valuer is looking at an AVD of April 2021 for business rates, an investment value of let property, a development appraisal, or any other kind of valuation needing an evidence base – life is a bit tricky. Valuer opinion over hard evidence is likely to be the order of the day and that will sort the sheep from the goats. We will all need to work to the basis we might often be in error, but never in doubt…

Still never mind, we know government is keen on algorithms and we have a number of automated valuation software systems being marketed. They will no doubt save us all. Just like the algorithm-based students exam results this year– I am sure we can all look to them with confidence. After all – what could possibly go wrong!

It won't be boring – that's for sure.

Heena works as an analyst in the research team at Carter Jonas, reporting on market trends and themes across both the rural and commercial divisions.

THE MODEL ESTATE 2020

Model Estate Performance

Heena Gadhavi Heena.Gadhavi@carterjonas.co.uk

The Model Estate report has been featured for a number of years, lastly in 2019 Spring Terrier. It provides useful trends for asset classes typically managed by local authority surveyors, and comparisons against other investment types. While the changes over the past year are modest, I'm sure next year's report will see dramatic changes.

The Model Estate Report for 2019 performance

The 'Model Estate' is a notional agricultural estate created by Carter Jonas in 2010. The estate comprises 3,168 acres, which includes a combination of let and in-hand farms, a commercial and residential portfolio, and a solar farm. It is located in Oxfordshire.

The model estate is also used to compare the performance of agricultural land against a basket of alternative asset classes: residential and commercial property, equities, gold, fine wine and classic cars. By recording the data since 2010, the report can focus on the estate's annual change and its longer-term performance.

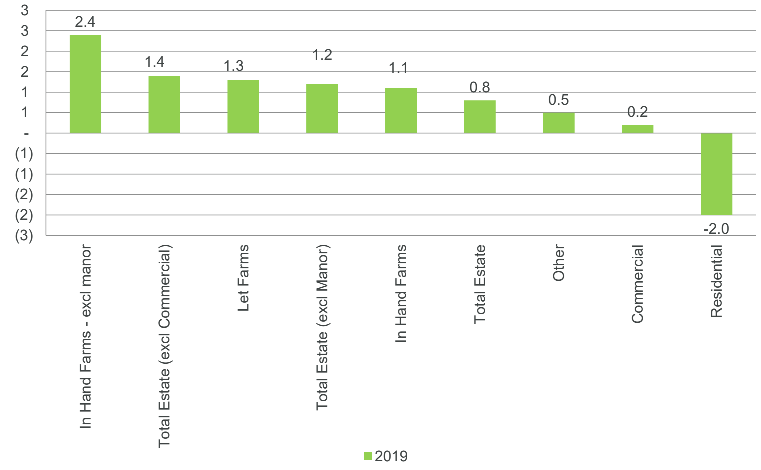
The model estate was valued at £39.75m in December 2019, representing a modest but respectable annual increase of 0.8%. This rise was driven by a positive performance across all components, with the exception of the residential portfolio, and was in contrast to the 1.7% annual decrease witnessed in 2018.

Let farms: 1.3%

The estate's growth was supported by the value of its let farms, which increased by 1.3% in 2019, in contrast to the previous 2 years' negative growth rate. While the

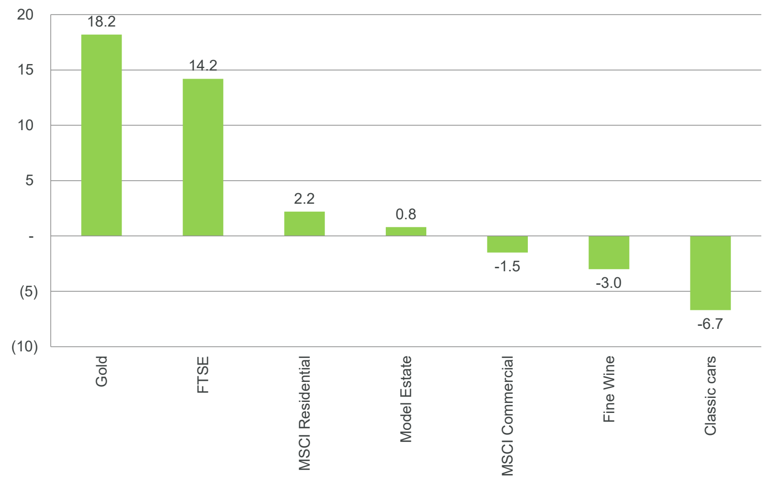
2019 Model Estate Component Performance

Source: Carter Jonas



2019 Asset Performance

Source: Carter Jonas



cottages saw a small decrease in value over the year, arable land increased by just under 3%, bolstering the sub-sector's performance.

In-hand farms: 1.1%

The performance of the in-hand farming component rose by 1.1% during 2019, in comparison to the previous year's 2.6% decline. This rise was entirely due to the increase in arable land values over the course of the year, with pasture and woodland values remaining static. The value of the Manor House reduced by 1.1%, in contrast to the previous year's improvement, although in line with the wider country house market. This had a negative impact on the sub-sector's performance; in-hand farms excluding the Manor House showed growth of 2.4%.

As a result of the unprecedented wet weather conditions over the last year, the cropping rotation has been impacted, with a higher acreage of spring produce incorporated. The oilseed rape crop has also been subject to cabbage stem flea beetle, and the combination of these factors has significantly reduced the projected income for 2020. There may be further impacts to this due to changing commodity prices, following the coronavirus outbreak. Furthermore, with the extraction of minerals resource scheduled for 2020, 25 acres of land was removed from the cropping rotation.

Other: 0.5%

The "other" category of the estate saw capital values increase by 0.5% in 2019, which was entirely due to the annualised increase in revenue of the solar farm. Both the capital value and rental income from the telecoms mast, commercial shoot and fishing rights all remained static over the same time period.

Commercial: 0.2%

The commercial element of the estate remains fully occupied and increased by 0.2% in 2019, due to a small uplift in the rental values of both the workshop/ storage and office, while yields remained constant. Occupier demand throughout the UK's regional office markets remained robust throughout 2019. Low volumes of speculative development continue to fuel rents. This will have a positive impact on rural office locations, with occupiers increasingly demanding a good quality working environment with crucial internet connectivity.

Residential: -2.0%

The residential portfolio was the only component which saw values fall in 2019, by 2.0%. Despite this reduction in capital values, rental levels remained stable during the year and demand for good quality, well-located rental accommodation in rural locations remains strong. This decline contrasts with trends witnessed in the national housing market, where pricing levels during the year increased, particularly after the December general election. In Oxfordshire however, price growth was relatively muted.

Model estate versus alternative asset classes

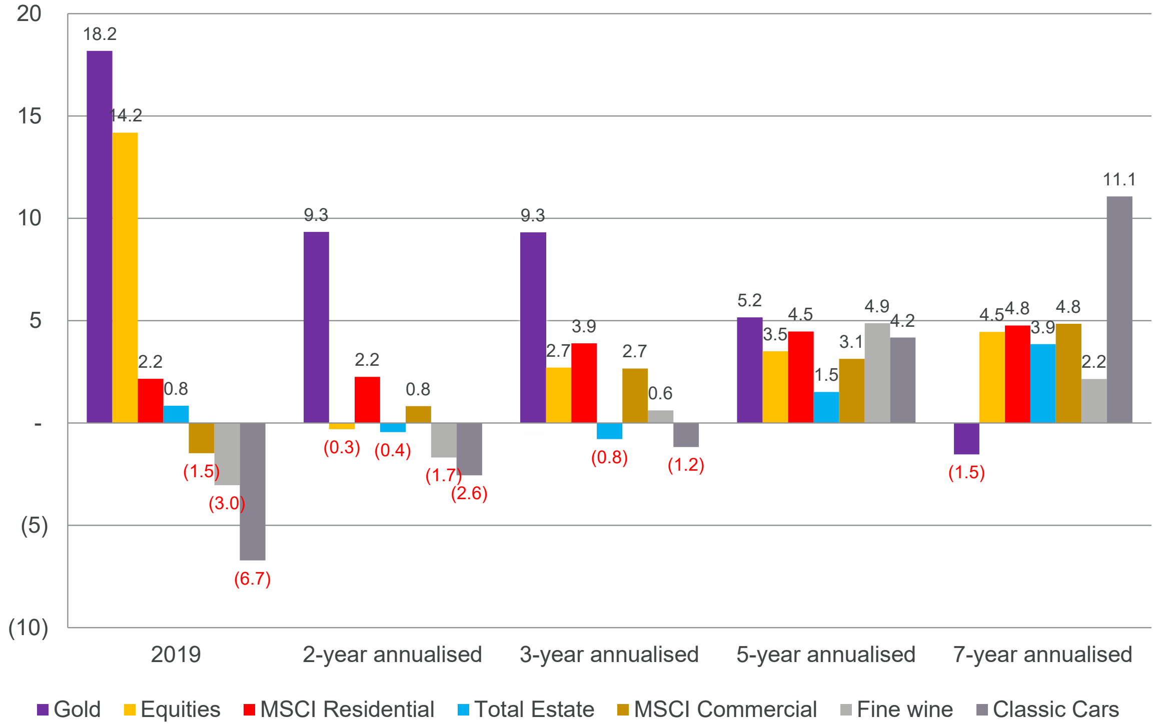
The model estate ranked fourth in this year's alternative asset class rankings, with its one-year performance outstripped by gold, equities and residential property. Over the longer-term, annualised growth remained strong, at 1.5% on a 5-year basis and 3.9% over a 7-year period.

Gold

The price of gold surged in 2019, increasing by 18.2% during the year,

Alternative Asset Class Performance

Source: Carter Jonas



compared with 1.2% in 2018. In actual terms, this equated to $1,512/oz at the end of 2019, the highest year-end figure since 2012. Demand for gold was strong throughout the year and, in US dollars, price growth increased most during the summer months, as a result of the 75 basis points fall in the US Federal Reserve bank rate to 1.5% in October.

Equities

In the equities market, the FTSE All Share index ended the year up by 14.2% annually at 4,196 points. This was the highest month-end result for the year and was inflated by the Conservative party majority in the December general election, which pointed to more certainty in the UK Government as we move into a post-Brexit period.

Residential

Annual house price growth in the UK increased by 2.2% during 2019; however, regional variances were apparent. Wales recorded the largest annual increase of 7.8%, while the South East and London saw slower, but positive, rises of 1.0% and 0.2% respectively. Price increases are forecast for 2020, buoyed by the clear general election result and by the anticipated stamp duty increase from 15% to 18% for overseas buyers in the Spring Budget. These purchasers are expected to rush to acquire before the Budget, which may temporarily strengthen the market.

Commercial

The fall in commercial capital values in 2019 was once again driven by significant reductions in the retail sector, where values declined by 7.7%. This was in comparison to a relatively stagnant performance in the office sector of 0.1% during 2019. While the industrial sector has experienced double-digit growth over the last 2 years, a lower but positive increase of 1.7% has again resulted in the sector performing most strongly.

Fine wine

Pricing of luxury asset classes was restrained in 2019, facing various headwinds, including Brexit uncertainty and new US tariffs on European wines. As a result, the fine wine index ended the year on 302.6 points, down by 3% annually. During the year, the index dipped slightly before it peaked in August, and then declined rapidly each month until December. While the short-term trends are negative, over a 5- and 7-year period, the index increased by 4.9% p.a. and 2.2% p.a. respectively.

Classic cars

Uncertainty surrounding Brexit and the US-China trade conflict has also affected the classic car market. A decline of 6.7% was recorded in 2019. However, such assets are thought of as being longer-term investments. Over a 5-year period, annualised growth of 4.2% was recorded, and this increased to 11.1% over 7 years, showing the asset's strong long-term investment potential.

HOMELESSNESS AND SQUATTING

Will there be a rise in squatting this winter?

David Asker property@hcegroup.co.uk

Conditions are ripe for an increase in squatting, with homeless people living in residential and commercial properties. David outlines the necessary steps that can be taken to protect premises from unwanted guests, and the risks involved with evictions and clear-up.

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

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

The UK faces a perfect storm for a property crisis for both residential and commercial property this winter. Landlords have been prevented from undertaking forfeiture of commercial leases (with the moratorium extended to at least 31 December 2020) and from evicting residential tenants. In addition to significant rent arrears, many commercial landlords are likely to lose a good number of tenants over the coming months, as many companies move towards permanent home working or, sadly, go out of business.

The resumption of residential evictions on 20 September is likely to lead to an increase in homelessness, putting increased pressure on local authorities to house those who are evicted, but there will be those who, for whatever reason, fall through the net.

Evidence suggests that around 40% of single homeless people squat after approaching shelters and hostels for assistance. At any one point in time, 6% of homeless people are squatting.

A lack of available housing, coupled with an increase in empty commercial spaces, might well create circumstances that are ripe for an increase in squatting.

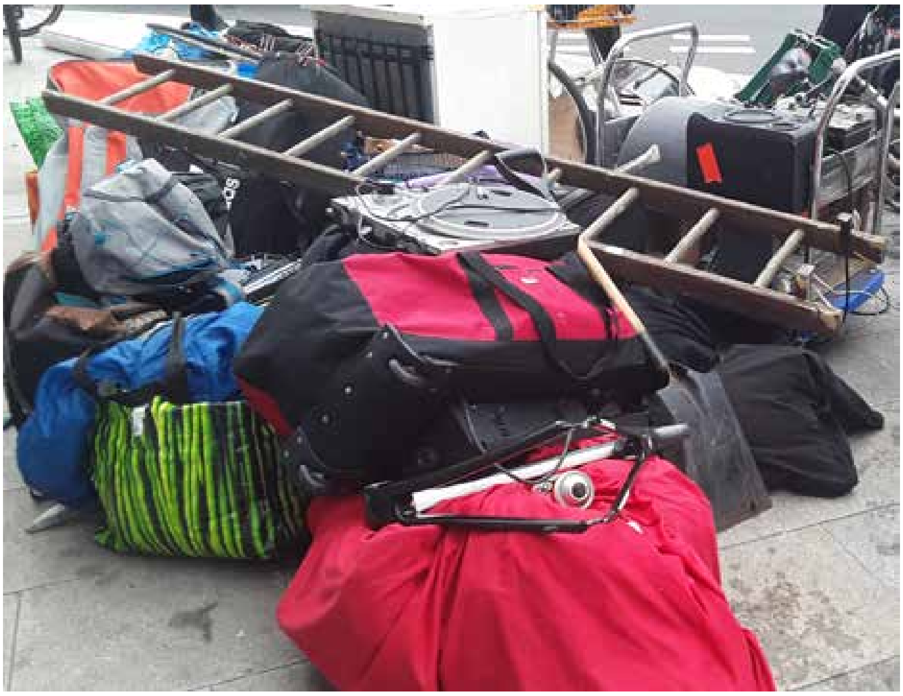
Squatting

Squatting in commercial property isn't a crime, so empty commercial property is vulnerable to squatters, particularly during the winter months. This is likely to include property of all types including retail, office and leisure, and the hospitality sector of pubs, bars and restaurants. The reality is that any unoccupied building can become a target.

Any commercial property owner should be looking at the necessary steps that can be taken to protect the premises from unwanted guests. As they say, prevention is better than cure.

Here are some security measures you can take

- Conduct regular security patrols
- Erect strong fences, fit barbed wire
- Fit CCTV, alarms, security doors and motion detector lights
- Consider property guardians [Ed – see article in 2020 Summer Terrier]



- Disconnect water and power supply right away to deter occupiers (you are not permitted to disconnect services once they have moved in).

Considerations for squatter evictions

Squatters will be evicted under a High Court writ of possession. In most cases the action will be started in the county court and can then be transferred to the High Court. The writ will be against "persons unknown" and court permission is not required to transfer.

The issuing of a writ of possession against persons unknown and its enforcement were permitted during lockdown, so it is likely to remain the case, even if the commercial sanctions of forfeiture and commercial rent arrears recovery remain in place for some time.

Many squatters are vulnerable, with significant welfare needs, both physical and mental health. These need to be taken into consideration before action is taken and a risk assessment undertaken. Training in vulnerability awareness and ensuring a thorough risk assessment has taken place should be of paramount importance for anyone doing this work.

When evicting squatters we have experienced some terrifying scenarios, including a property that had been set up with a gas canister on a heated electric ring waiting to explode - a booby trap that could have caused serious injury or even death.

We also undertook an eviction of squatters from a derelict hospital with specialists in full protective clothing, as we were made aware that the building was contaminated with asbestos. We entered to discover the individuals who had taken up residence were ripping, with zero protective clothing, the asbestos lagging from copper pipes to remove the copper.

Post eviction clear-up

Once the squatters have been removed, the building can be left needing a proper deep clean using protective equipment and a licence for the disposal of hazardous waste. In the current climate, this is exacerbated by the pandemic and the necessary sanitisation that needs to be carried out, to ensure the building is deemed safe.

We are also wary of what can lie behind closed doors and some of the sights we have witnessed cannot be unseen. These include:

- Bio-hazardous materials
- Exposed wires
- Flooding
- Dogs and other animals
- Human and animal waste
- Asbestos contamination
- Flea infestations
- Booby traps
- Drug paraphernalia.

As a High Court Enforcement Officer, I have worked on many high profile infrastructure projects and, for me, planning takes priority; I need to risk assess fully any situation and ensure I've taken the appropriate measures to mitigate risk for everyone involved.

More often than not, the individuals I deal with on the evictions side make decisions that put themselves at risk, and it is up to me to have the foresight to ensure we've covered everything in the risk assessment, and we are fully prepared for squatters to make incredibly foolish decisions that could be life endangering.

William is an undergraduate at Nottingham Trent University

ACES HEART OF ENGLAND PRIZE

An undergraduate's view of the similarities and differences between the strategic aims and objectives faced by corporate real estate managers in the public and private sector

William Clarke

For a number of years the Heart of England Branch has been supporting Nottingham Trent University with its BSc (Hons) Real Estate first degree course, by providing a talk on corporate real estate management in the public sector and giving a prize for the best work undertaken by an undergraduate student on a public sector property related topic. Due to the coronavirus lockdown, no talk was given this year, but a prize was awarded to the student who produced the best 1,000 essay.

The competition

For a number of years the Heart of England Branch has been supporting Nottingham Trent University with its BSc (Hons) Real Estate first degree course. A prize was awarded to the student who produced the best essay on: "Compare and contrast the different strategic aims and objectives faced by corporate real estate asset managers in the public and private sectors in the UK".

The winner was William Clark who was chosen from the 3 best answers selected by the university course leader. Choosing a winner was a difficult task as all 3 approached the answer differently. William concluded that the aims and objectives were similar, with both the public and private sector aiming to align the real estate portfolio to business needs in the most economical and effective way. The major differences, he concluded, were the need for the public sector to achieve value for money with relative inflexibility from an aging property portfolio, while the private sector could focus mainly on financial gain, with secondary objectives to support the community. The other 2 students did not disagree with these views, but one also highlighted the barriers asset managers face in the public sector making it difficult to attract and retain staff. The other considered that the public sector could not be as efficient as the private sector due to bureaucratic barriers and lack of funding, and so concluded that the public sector was inefficient. This view may not have been so strong had it been possible for the students to receive the ACES talk. Not surprisingly, as this was not possible, none of the students mentioned how asset management had evolved in the public sector over the last 20 years; breaking down silo working; using property as a driver for transformational change; developing a corporate approach to the use of property; and moving to a collaborative approach across the whole of the public sector. Neither did any of the students mention that the approach adopted by real estate surveyors to deliver the strategic aims and objectives was more about process in the public sector than in the private sector, where it is more about technique.

The winning essay from William

Companies within the public and private sectors have several similar aims and objectives. Most private companies aim to maximise profitability, while public bodies aim to provide services with available resources for the benefit of taxpayers. Both will have environmental, social and governance values embedded. Corporate real estate asset management (CREAM) aims to align business and property strategies, directly impacting efficiency within both sectors.

Differences between the 2 derive from the 'customer' - all citizens in the public sector but individuals or a smaller group in the private sector. Public sector bodies are primarily funded through taxation and therefore face political pressures to ensure that 'value for money' is met. Local authorities (LAs) have a duty to their electorate, creating a need for transparency and increasing criteria when managing assets.

With elections every 4 years, LAs are under pressure to produce results in this time for fear of not being re-elected. Conversely, stakeholders within private companies are often more receptive to longer term strategies to increase value.

Private companies strive to reflect their goals and brand in the properties they operate from. An example of a firm that does this successfully is the technology company Apple. Apple has traditionally only taken space in prime retailing locations, integrating the use of glass and lighting to reflect the company's technological status. Similarly, Apple is set to take space in the newly redeveloped Battersea Power Station, emulating the campus-style set-up seen in tech locations such as Silicone Valley. The banking sector of the firm, Apple Pay, has also agreed to take office space in 22 Bishopsgate, a skyscraper, currently under construction in London's financial district. This new specification estate boasts a plethora of technological and environmental advances, again, in keeping with Apple's values, and exemplifies the flexibility and expenditure that private companies can justify to boost their reputation, promote their brand, and increase shareholder value.

The National Audit Office reported a halving in funding to LAs from central government since 2010, creating a greater reliance on alternative income. A LA's property portfolio combines operational and investment assets, and with continued strain on capital, the need for CREAM within the public sector has increased, leading to the introduction of public sector asset management guidelines by the RICS.

In contrast to the flexibility and extravagance that private sector firms can exhibit, the public sector is under constant scrutiny from the taxpayer as to how it spends money, therefore unable to portray itself in the same way. It is commonly considered that many LAs fail properly to understand their assets, some not recognising the extent of their estate. Much of the operational property has been in occupation for extended periods and has become outdated and inefficient. Offices are commonly spread across LAs, regularly not central, and this creates a disjointed appearance. To reduce costs, LAs outsource or share some services with others, meaning that occupational costs can be distributed accordingly.

An example of a LA that has attempted to save costs and increase efficiency through CREAM is Leeds City Council. In 2018, the LA consolidated 17 of their offices into 4, including centralising all client-facing services into one office in the city centre. The LA worked with its private sector landlords to dispose of assets and agree a deal to occupy a refurbished Grade B office space. This move was stated to have saved taxpayers £27m and increase efficiency by housing all public services under one roof, in justification.

An example of where the pressures created by public scrutiny have prevented such a move is Kirklees Council, Huddersfield. Here, the council occupies several upper floor offices spread across the centre. To consolidate offices and streamline services, the council aimed to build a new office block on a brownfield site. To further justify the move, various sustainable additions were proposed, such as wind turbines, solar panels, and green water usage. However, once fully costed, the proposed scheme could not be justified as money well spent. An asset manager in the private sector would not face the same issues, being able to argue an improvement in staff well-being, greater efficiency, and enhanced external perceptions. This highlights a significant difference between the 2 sectors.

When acquiring investment properties, councils must spread their risk to ensure stable returns. They can choose to either invest in properties within their LA, or purchase prime properties elsewhere with stronger yields. Buying property within the LA adds an additional incentive to improve the area, both enhancing the micro-economy, and ensuring business rates, a major source of income, remain attainable.

The RICS published the names of councils opting to invest within their LA, boosting regeneration, which include Bournemouth Borough Council. Alternatively, Torbay Council look to separate their funding into regeneration within the LA, and safer investments across the UK. Councils that choose solely to invest outside of their LA were kept confidential to avoid criticism from taxpayers, as choosing not to invest locally outlines a lack of belief in the community and reduces the LA's incentives to aid regeneration.

LAs can borrow money at reduced rates, aiding their ability to invest. Performance is open to scrutiny, however, and additional risk is taken on. If the property does not perform as anticipated, debts must be paid from the public purse, which could lead to a reduction in funding for public services.

An example of where investment within the LA has looked to support the community is Trafford Council which, jointly with Bruntwood, purchased 2 shopping centres within its LA in 2020. With retail values declining, the joint venture looks to regenerate the centres, by incorporating office and residential development to increase footfall. In doing this, the LA can ensure control of the future of the assets and look to improve the centres. This will ensure that business rates are maintained or increased, and opportunity to create returns from the investment coincides with helping the community.

To conclude, the aims and objectives for CREAM professionals in the public and private sectors remain similar. The major difference between the 2 is the responsibility applied to the public sector to achieve value for money, within each parliamentary term. The age of the public sector and relative inflexibility add to these difficulties, while the private sector can focus mainly on financial gain, with secondary objectives to aid the community.

HEATHER HOSKING, LONDON BRANCH

Meeting on 15 May

The meeting was held on-line. 25 members and guests attended, including Peter Gregory, ACES President.

Presentation on recruitment - Richard Gelder of Hays

Richard Gelder gave a very interesting and informative presentation on the current recruitment situation and the changing expectations of people seeking employment. Key point of interest:

- The gap in pay between the public and private sectors is narrowing
- Only 2-3% of applicants respond to adverts
- Pay is 40-50% of what candidates consider when applying for a job
- Young job seekers are looking for a wider work "experience"
- The public sector offers a quality and breadth of professional experience, and flexible working, and needs to highlight this, particularly to attract young applicants
- The public sector needs to adopt faster processes in appointing staff.

Danielle Northam of GPP commented on the work being undertaken by the GPP to promote the public sector as an interesting and fulfilling place for property professionals to work. All agreed on the need for the RICS to attract new talent into the profession and for the public sector to ensure that the benefits of working in this sector are promoted.

President of ACES – Peter Gregory

Peter emphasised the importance of our partnerships and relationships with other public sector bodies and with the private sector. He also encouraged the sharing of best practice between branches and the need to ensure that membership is of value and attendance at meetings worthwhile, to encourage continuing growth in membership. He also suggested that we should consider how we could attract new members from the wider public sector, in addition to local authorities.

Discussion on the response to the C-19 pandemic

a. Portfolio property. The range of actions to deal with rent payments were:
   One council had offered tenants a 3-month rent holiday; another council said that each case was reviewed on an individual basis and some small businesses had been given grants; in some cases, individual payment plans were agreed where supporting evidence of hardship was provided; elsewhere, council's consultants were carrying out interviews with all tenants to establish their circumstances; tenants are being offered monthly payment arrangements where they usually pay quarterly; businesses identified by the government as having to close temporarily had been offered 3 months' rent free. However, it has become clear that many of those businesses have furloughed staff, have been given a 1-year business rates holiday and have received grant support

b. Operational property. Members discussed the effects of the C-19 pandemic on operational buildings. Arrangements were being prepared to allow a phased return to buildings, requiring measures for social distancing to be put in place. Most commented that the effectiveness of working at home has emerged as a significant outcome, which is likely to affect future policy on accommodation. The need for face to face reception facilities and some other meetings has now been shown to be questionable
   One council said that guidance on transport methods is likely to increase cycling, and therefore the need for shower facilities in offices. Some social services meetings have worked better using video links than when in a traditional office setting. There is no date for re-opening sports centres, which are being used to assemble and distribute food parcels, and as a drive-through testing facility; another council thought that visitor drop-in at offices may be discontinued in the long-term; another public body had issues with access to buildings, particularly high-rise, where use of lifts is essential, but it may only be possible to accommodate one person at a time; a director level rôle has been created to lead on the move out of the pandemic arrangements and to identify how ways of working can be permanently changed in the future; while there is no effective vaccine, the assumption is that working from home will continue; the situation has identified the need to provide more services locally; one council had identified a cost of £500,000 to change fire doors, to allow them to remain open and reduce hand contact

c. Remote working and staff/HR matters. One public body is carrying out a staff survey on how people are coping with working arrangements and how they want to work in the future. There has been a mixed response, with some people missing the work setting, some not having suitable facilities at home, but some preferring it; one council has an issue with a staff member who does not have broadband and will not pay for installation, as there is concern over setting a precedent; another concern is liability for ensuring that home working arrangements meet H&S requirements – particularly desk/display equipment/suitable chairs; there are issues around staff not taking leave during lockdown – implications for office cover when restrictions on travel are reduced or lifted
   For other services, arrangements for inspections for RTB valuations suggest using the government guidelines for residential estate agents, and desktop valuations where possible; one organisation has carried out on-line job interviews successfully. However, the Unison view is that there could be employment law implications for on-

line interviews, as some people could be disadvantaged

d. Support to NHS. There continue to be some requests from NHS for accommodation for pandemic related activities. It was noted that the emergency situation had led to very good working relationships being developed between public bodies, particularly between health and local authorities.

ACES matters

ACES award for Excellence – details to be issued shortly. This will include projects to cover C-19 initiatives [Ed – see ACES' website for details].

Council Meeting, 24 April. Chris Rhodes reported on the key topics discussed – in summary:

- Membership is showing an increase
- Terrier – next edition will be on-line
- Municipal Journal awards postponed
- Next year's conference will be held in Peterborough

RICS matters

Neil Webster advised that the RICS had suggested that ACES should provide evidence to the Public Accounts Committee's consideration of local authority spending on investment properties, and that Paul Bagust of RICS would be thanked for putting ACES forward.

Exchange of information.

- One council continued to work on development schemes, although it is proving challenging to keep developments on course, both because of issues with staff (social distancing) and the supply of materials
- Most committee meetings at one council had been suspended
- The original proposals for the London Cancer Hub have been changed and a building is now being converted to an Innovation Centre; 3 properties had been sold at auction before the lockdown – one has completed, but the other 2 have been delayed because of C-19.

Meeting on 17 July

The meeting was held on-line. 27 members and guests attended.

Presentation on The effect of the pandemic on rent and service charge collection – Andrew Waller and Steph Yates of Remit Consulting

Andrew and Steph gave a presentation on their research into the level and timings of payment of rent and service charge, contrasting the typical average collection levels and timescale for receipt with the experiences of property managers for the March and June quarter days. This was analysed by property sector and type, and tenant size. They also provided data on the level of rent concessions sought by tenants and eventually agreed and documented.

Discussion items

Frequency of branch meetings - There was a discussion about the benefits of holding informal on-line meetings between regular branch meetings to discuss issues arising because of the pandemic. It was agreed that we should retain the 6 formal, minuted meetings each year, with additional informal meetings between as a forum to discuss topical issues and share advice and information.

Response to and effects of the C-19 pandemic:

a. S25 Notices - generally authorities were delaying service of S25 notices because of the uncertainty in the property market, but safeguarding their position on leases excluded from the security of tenure provisions of the 1954 Act

b. Support for tenants – one council reported that the majority of tenants had been able to reopen their businesses. Many tenants are requesting support, but the council is taking into account the other help being made available by the government; a balance is required between the need to support the local economy, regeneration, and provision of employment against the need for income from investment properties

c. Return to offices – one council stated that staff are continuing to work from home and have been told that, for their wellbeing, they should take 10 days' leave by the end of September; daily on-line meetings are being offered to staff. At another public sector organisation, staff can seek agreement to work from their usual office location if they have difficulties working from home. Elsewhere, an on-line risk assessment and booking of desk space has been set up, but-take up has been very low, possibly because of staff concern about using public transport to get to work. At another council, desks have now been removed to ensure that social distancing is maintained

d. Future property reviews and requirements – many councils outlined proposals either to put office review on hold, or to adopt rationalisation of accommodation as part of budgetary savings

e. Provision of accommodation for homeless people - more permanent accommodation is being sought at one council, as it is anticipated that hotels will return to more normal trading in the autumn

f. Asset valuations and uncertainty - The effects of the uncertainty in the property market on asset valuations was discussed [Ed – see CIPFA report in this issue of ACES' Terrier].

Exchange of Information.

- One council was recruiting a graduate and senior surveyor. Approximately 100 applications have been received for the graduate post
- One member was seeking help in dealing with CHP projects
- Right to Buy valuations – one member reported pressure to carry out physical inspections. two councils were still doing desktop valuations and would consider internal inspections subject to risk assessment.

SARA CAMERON – EASTERN BRANCH

July to September 2020

Over the summer months, Eastern Branch haS continued to hold regular update meetings with members and guests on MS Teams. The regular calls have focussed on members' experience in responding to C-19 and sharing experiences of how best to deal with matters arising, such as reoccupation preparedness and criteria, to wider impacts such as rent and tenancy issues.

We circulated a survey which we anticipate re-circulating among members. The responses showed that there was an overwhelming feeling that there will be major asset reviews following recovery, that generally office requirements would reduce by 20-40% by adopting new ways of working, that there would also be a reduction in service and customer accommodation. We also covered market expectations and the expected shift from a traditional investment model to more strategic regeneration and employment needs.

We have also reviewed and discussed the Health and Safety Executive report from the Department of Work and Pensions offices in Leeds highlighting the lessons to be learned to make a bIn addition to these calls, we have held 2 formal meetings with guest presenters:

26 August 2020

Mark Stewart, Head of Health & Safety, Property and Asset Management at Lambert Smith Hampton – 'C-19 Response in property management'.

Mark's presentation covered operational measures and controls before premises are re-opened, during re-occupation and how to deal with incident management. He also introduced the guidance LSH has published for its clients – 'C-19: Managed Property Operation Plan' [Ed – see full article in this issue of ACES' Terrier].

Learning outcomes:

- Ensure risk assessments are undertaken/reviewed and controls implemented
- Implement suitable preventative controls
- Develop a robust incident response procedure
- Record events, review findings and continually improve.

20 September 2020

Dr Steven Norris, Director and National Head of Planning, Development & Regeneration at Lambert Smith Hampton – 'Town centre and high street futures in a post C-19 world'.

Steven's presentation covered the trends and challenges to our towns and high streets, how we can fix town centres and the future 'ghost towns or new dawn?' [Ed – see Steven's article in 2020 Summer Terrier].

Key actions/interventions:

- Critical mix – diversify or die
- Policy reform – out with the old
- Occupancy costs – level the playing field
- Fragmented ownership – take back control
- Strategic visions – why, where and how much?
- Funding and investment.

The resounding message is that we need to place our high streets once again at the 'beating heart' of our communities and make them exciting and entertaining, liveable and loveable, green and safe.

GILL BOYLE, NORTH WEST BRANCH

6 March meeting

The branch held its OGM at Kilhey Court Hotel in Standish, near Wigan. The meeting was attended by 25 members and 2 guests.

In the past few years, the branch has run a successful workshop programme, with the last one in November on asset valuations, attracting around 40 surveyors (both ACES members and non-members). It was agreed that the workshop programme should continue.

Presentation on Company Voluntary Arrangements (CVAs) by Ben Moorhouse of CBRE and Tom Prescott of Baker Proudlove (specialist retail agent). For CVAs to take effect, 75% of creditors (by value) need to support the proposal. Not all CVAs end badly: some are more the result of poor management or financial irregularities. Members had a range of questions, with their impact of CVAs on rents and rent reviews being of particular interest. Our speakers made clear that there is limited comparable evidence and limited awareness of them being tested at reviews. Our speakers also responded to a question on the difference between a CVA and administration, noting that CVAs have a big advantage for tenants as they are not in breach of their lease terms, as would be the case with an administration. CVAs will have an effect on investment valuations, covenant strength, and rent levels. It will be interesting to see how they may be used in the context of the C-19 crisis.

Topics also discussed included approaches to dealing with travellers and the issue of local authority investment in commercial property, in the light of the recent National Audit report on the subject.

Since the normality of the OGM, life at ACES NW, like everything else, has changed dramatically. All meetings are virtual, and members are keeping in touch by e-mail, phone, or through ACES' Forum. A topic much in discussion at the moment is how we deal with distressed tenants in our own property portfolios.

Virtual meetings 2020

All members have stepped up to the challenge of virtual meetings. Since March, we have held 2 executive and one open meeting, initially by Google hangouts and latterly by Microsoft Teams, kindly hosted by Phil Haslam. Our first virtual open meeting took place on 12 June.

Ian Carruthers from the VO gave his professional update. Among issues raised, Ian noted that the RICS is looking at DRC valuations, in particular the problem with using the BCIS indices at the current time. It is recognised in the industry that there may not be any comparables for some valuations. Ian's colleague Celia Read then gave us an update on financial viability, following the publication of the 2018 National Planning Guidance (NPG) and RICS consultation paper on the valuation aspects of undertaking viability assessments. The aim of the NPG is for these assessments to take place at plan stage, avoiding the need for scheme-specific viability assessments.

Most authorities represented at the OGM maintain tenanted commercial property and C-19 has had a significant impact on some sectors. Businesses in the food & drink, retail and leisure sectors have been seriously impacted, but for authorities whose tenants are mostly in industrial/distribution sectors, the impact has been far more limited. The impact of C-19 on rental income is a subject uppermost in the minds of many property managers and it was acknowledged that there is a fine balance to be achieved between securing this income, but also supporting tenants and the local economy.

The focus of the discussion then turned to the premises authorities occupy and experiences of working remotely. Generally, members seemed to be coping well but there were things that are missed, including the day to day casual interactions, use of printers, and face to face meetings.

Meeting on 24 July

The meeting was held on-line, hosted by Farida Ahmed. 16 members attended.

Talk by the ACES National President- Peter Gregory - Peter talked about the value of ACES including networking, mutual support and learning, and valuing partner contributions. He posed the question – how do we build on lessons learnt from Covid 19? He saw the answer to that including valuing what we have, apply lessons learnt to other challenges, embracing the technology and new ways of working.

The Impact of C-19 on rents – Patrick Kearney of Knight Frank - Pat has been closely involved for landlords, investors and occupiers working on strategies for now and going forward. There are lots of statistics available showing the massive impact for retailers. Even "essential" retailers who continued trading didn't all have a good time. There are viability issues on store re-openings – trade and sale volumes down and rising operating costs.

There could be some positive outcomes, such as a full review of the business rates system, an overdue retail industry shakeup, the co-dependencies between online and physical stores reinforced, an increased appreciation of physical retail, and a closer collaboration between tenants and landlords, which tends to produce better outcomes.

Some retailers have stopped paying rent; some paid in part; many issues remain unresolved. Rent deferment is a good approach, maybe with no or reduced interest charges. The RICS introduced a non-binding mediation scheme but take up has been small. Negotiated lease modifications, including backdated turnover rents, or lease extensions in exchange for rent deferment, might work. There is no single response position being adopted from private sector landlords. Many confidentiality agreements are being signed between landlords and tenants where arrangements have been agreed. Retailers are not being treated in a consistent manner, even where there is a common landlord. Some are agreeing backdated switches to turnover rents, particularly high-end retail in London.

Major landlords have different approaches. The most common approach is rent deferment and then possibly a discount on due rents from March 2020 on a sliding scale, in exchange for a 12-month rent extension.

There is a minus-20%-70% difference on sales across retail sectors since re-opening, compared to last year's figures. Smaller retail centres and mid-sized towns are doing better. Most operators are now wanting turnover rents. More CVAs are expected in the leisure/restaurant sector than the shopping sector.

GERRY DIVINE, WELSH BRANCH

Following the cancellation of our Spring Meeting due to be held at Aberystwyth on 2 April, our branch members, almost all of whom were now working from home, found themselves faced with several unprecedented issues, e.g. retail tenants seeking rent holidays while not trading due to the lockdown, office tenants unable to use the offices, and many similar issues. Corporate landlords found themselves thinking about the many changes that would need to be made to their offices to enable staff to return (if indeed at all) safely to an office environment.

A virtual meeting on MS Teams was arranged for 12 May for a small sub-group to discuss C-19 issues and post-lockdown planning. This was a short meeting with limited numbers but many issues such as revised desk layouts, suspension or termination of hot-desking, use of common service facilities such as photocopiers/printers, toilets and kitchens, continual or regular cleaning of door handles, etc., generated some lively and thought-provoking discussions. The consensus was that this was a worthwhile first attempt at a 'virtual' meeting for the branch and served as a useful pilot for our summer meeting.

Summer Meeting

This had been planned for 2 July in Swansea but was transferred into the ether and shortened in time. Branch Chairman, Lorna Cross, welcomed Peter Gregory for his President's visit, postponed from the cancelled spring meeting, and also Branch Liaison Officer, Keith Jewsbury, to this 'virtual' meeting attended by 27 members of ACES and/or CLAW. Lorna commented on just how well the public sector had responded to the pandemic.

Peter Gregory, ACES' National President

Peter agreed and said this had been achieved by various public sector bodies working together in partnerships. ACES also works with partners who had helped out recently by providing webinars for members. He reminded us of the ACES' website redesign – the new website went live just the previous day, 1 July – appealed for feedback as one of the aims was better communication not only within ACES but also as a shop window to drive membership. More members potentially means more influence, especially in responding to consultations, and he exhorted us to make our views known. ACES also promotes best practice through the ACES Award for Excellence. He is influencing and promoting the ACES Business Plan – there is huge expertise in this organisation - and his message was 'let's use it across the country'. Keith pointed out the benefits of sharing best practice which we do as ACES members, by using the new website and contributing to ACES' Terrier.

There followed a wide-ranging agenda, which included debate and discussion on:

C-19 – Tony Bamford outlined to his home branch his role as ACES' Covid Liaison Officer. He acknowledged the challenges of the responsibilities and asked members to feed back to him their expectations as to the nature, content and style of his contribution.

Re-opening office accommodation - discussions centred around the varying approaches to the management of investment properties and proposals for tenants' rentals. Richard Baker from the Welsh Government gave a presentation on their experiences and approach to re-opening office accommodation.

ACES recruitment initiative – members recognised the need to address this issue, including the skills agenda, and recognised the potential value of the ACES/CIPFA Diploma in Asset Management.

Council house building – the Welsh Government's decision to suspend the Right to Buy has enabled local authorities to invest in new social housing without the prospect of losing stock. Welsh authorities have the right to bid for funding from the Land Release Fund, which is geared to narrowing the viability gap for the development of affordable and social housing.

Community Asset Transfer (CAT) – Kelly Daniel of Rhondda Cynon Taf Council presented her research findings, drawn from 56 responding councils across the UK. The aim of the research was to understand how local authorities manage the process, the financial commitment involved and general experiences of outcomes, including reasons for failures. The research identified a range of different approaches from the respondents, including the following conclusions:

- The main reasons for the failure of CATs were the failure of the community group to sustain its financial commitments, followed by the failure of the group itself
- Statutory testing and inspections appear to be an area that local authority landlords need to address
- The availability of best practice guides would be helpful, as would local authorities learning from each other.

Our next meetings, AGM and ordinary business, are scheduled for 19 November and, with local lockdowns popping up, it appears they will also need to be held virtually.

Other interest areas

Simon started his career in the commercial field, moving to private practice in 1983. In the mid-1990s he joined Great Yarmouth Borough Council and in 2006 moved to Waveney District Council and retired in 2018.

MUSINGS 3
The last three months

Simon Eades

I am sure that, like everyone, these last few months have been different. Lockdown arrangements have placed new constraints on life which we have never experienced before and may have made the tone of my 2 earlier articles appear both light hearted and flippant at times.

I had no intention of looking back this time with rose tinted spectacles, rather to take a more measured look at my life as a chartered surveyor. The efforts of watching from the sidelines those keeping the workplace going working from home, some with the added distraction of home schooling, has been humbling. Perhaps this time I ought to be more respectful of those who are not as fortunate as I am.

Lockdown may have seemed to be a golden opportunity for me to complete the clearance exercise and I have continued to do so. However, lockdown started with the death of my father in early March at the age of 94 and my life was diverted in another direction. The difficulty of dealing with probate matters became a priority and hopefully the end of the first phase is in sight. It is at this time in life that, perhaps, you have the opportunity to review life when someone close to you has gone. I have realised how inspirational my father was to me and the sad fact is that there will never be the opportunity to ask him questions. It is a time to reflect and look back with memories from many people, and to hear how his life affected so many people.

It is a strange sensation going back to sort out the house and his possessions and papers when he is no longer there. He had moved into a care home last December when he was no longer safe at home and I started the task to clear the house. It was strange clearing through his papers at that time, knowing that he was not coming home. However, there was little opportunity to talk in detail as his memory was poor and his health was in decline.

I discovered early on that he was someone who kept everything - I now know from whom I inherited my habit of keeping everything. He had a notice at home which read: "If in doubt throw it out." The task of clearing his house illustrated that he was never in doubt and subscribed to this motto absolutely.

He worked as a solicitor in Norwich for 36 years and after retiring, continued as a consultant for some years afterwards. I once joked with one of his former clients, and a good friend of the family, that he was happy to pay for his advice. He replied that he was and was also sure we received advice from father. I said that we did but we did not pay for it. Quickly he commented that he was sure I did pay, but not necessarily in financial terms!

We got on very well, but as with any family we had our moments. He was there when I needed his advice.

My sandwich course at Trent Polytechnic included a year of professional training in the estates department of Norwich Union in Norwich. An integral part of the course was the completion of a dissertation. I decided to do a study on lease terms and father did provide some tips for me to consider. Some were useful but others were discounted! They may have been used in practice, but they could be omitted from my dissertation!

I returned to Norwich Union when I completed my degree and qualified as a chartered surveyor in 1980. My role in property management involved, with others, the assets in the north of England and Scotland and did involve some travel. The opportunity to go to places like Edinburgh, York and Hartlepool were pleasant and thoroughly enjoyable. Our paths did not cross in a professional way, but he was always keen to hear how I was doing. The differences between the legal systems in Scotland and England were a subject we talked about on more than one occasion.

After 5 years I wanted a change of emphasis and decided to enter private practice in Norwich. This gave the opportunity to expand my experience and hopefully undertake work for Norwich Union. I found working in private practice equally stimulating and the opportunity to generate a caseload of client work a challenge. However, father and I were careful that my role in private practice was not seen as an extension of his practice. In any event his clients, for the most part, had established agents and where I did act, it tended to be against his practice. It was always good to get a successful result!

In 1986 I moved to a commercial practice in Norwich where I spent 9 years undertaking landlord and tenant work, before becoming responsible for the agency department. It was exciting work and I continued to attract clients, but hardly ever from his practice. I may have been instructed by clients who employed his practice as their legal advisors, but we did not discuss work matters at home.

I soon became aware of the actual implications of the concept of conflict of interest and the RICS requirements that needed to be put in place. Father had some outside interests as a consequence of his work. We were aware of some and several continued after he retired as a partner.

In 1987 I was instructed by a solicitor to represent the landlord in a rent review of a small office block let to a firm of chartered surveyors in a market town in Norfolk. I concluded the rent review and thought nothing more. In due course, the tenant moved out and the landlord – the former senior partner of the firm of chartered surveyors - let the building as offices to the principal retailer in the town. The lease came to an end and I was instructed in the renewal.

My difficulty and real conflict was that father was the Chairman of the board of directors. I had known of this particular appointment for several years and so offered to stand down, as I felt there would be a conflict of interest. My client was a chartered surveyor and had dealt with father on many occasions. Both had a high regard for each other and the client was having nothing of it! Accordingly, I was required to confirm formally to my client, my employers, both sets of solicitors and the retained surveyor employed by the retailer that my father was the chairman of the tenant company. I completed the negotiations and a new lease was agreed.

Eighteen months later the tenant bought the freehold and the need for the offices subsequently diminished. Eventually the building was demolished and the retailer extended its car park! This case could have caused some difficulty and it was suggested by some in the office that, for my own security, I should ask father for his client list. My immediate reply was that this was a hypothetical question: I had no right to his privileged information but if it was in the public domain then that was another matter.

Father always had the knack of knowing when things were going in the wrong direction. In 1995 I was made redundant and it was a difficult few months. I had all the support that I could have asked for and I joined local government with some trepidation, but I have never looked back.

He also knew how to ask questions. In 1976 he was Chairman of the Norfolk and Norwich Incorporated Law Society. He invited me to the annual dinner. I accepted. On the morning of the dinner he reminded me and then said that I would be driving him to the dinner – and accordingly, I would need a clear head! As we drove to the venue, he dropped into the conversation that he would like me to take his principal guest back to his hotel. It was only when I read the menu that I saw that his principal guest was Sir Frederick Lawton a Lord Justice of Appeal and, at the time, one of the most senior judges in the country. He delivered his humorous speech full of recollections of his life and times without any notes. It was an evening I still remember. I have never driven so carefully through Norwich City Centre!

These last 3 months have been a voyage of discovery and recollection. It is only by looking back that the past makes sense, but I wish I had had the chance to ask him some more questions. Sadly his health had declined and I never had the opportunity.

For 50 years until retirement Dave practiced 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://davidlewispogson.wordpress.com

HERDWICK TALES
A well-known local character

Dave Pogson

I'm pleased to have cajoled Dave into writing more Selwyn tales.

An introduction

The Selwyn series that preceded 'Herdwick Tales' was written specifically for the Terrier. Each story was a self-contained episode in the life of an early-retired council property manager from 2002 to the present day and beyond, as he continued to maintain occasional contact with his former colleagues from the fictional Herdwick District Council. They can still be read in back-issues of the Terrier, starting from 'The Final Vote' in 2017/18 Winter Terrier [Ed – www.aces.org.uk/library/].

The characters often presented controversial and outspoken opinions on local and central government policy and practice. The stories were fictitious and occasional historical background details may have been changed to fit the chronology. The views expressed were those of the author, not those of ACES. The initial series ended with Selwyn's death from old age in 2036.

Herdwick Tales is a supplement to that original series and the same disclaimer applies. The author offers thanks to former ACES member Martin Haworth (ex-Lancashire County Council) for contributing suggestions to help improve this series.

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Herdwick District is a large, attractive rural area in the north west of England. Its main, centrally-placed administrative town is Shepdale with an assortment of smaller market towns and many villages scattered around it. It has fells and valleys and lakes. Its western edge wraps itself around Herdwick Bay in the Irish Sea. The main employment is farming, forestry and tourism and in the summer it fills to bursting point with tourists. In winter the Herdwick sheep outnumber the residents. Politically it has a 'hung' council with the Liberals being the largest party, followed by the Tories, plus a handful of Labour and Independent councillors, meaning that the membership and chairmanship of committees and working groups is shared between the parties.

'Thanks for the water. What are you drinking? Rampant Ram just like your father … although Selwyn would have had a pint not a half of course.'

They laughed.

'Yes he liked the local ale.'

Farah, the current Chief Executive and former Property Services Manager of Herdwick District Council and Lisa, Selwyn's daughter from his first marriage, were seated in the front window booth of the Wandering Tup on Sheepfold Lane, looking across at Shepdale Town Hall. It was sunny for the time of year and the street was crowded with shoppers, office workers seeking lunch and late-season tourists following the Walter Winster town trail, before dispersing to the fells to marvel at the unique Herdwick sheep which now played such an important role in saving the planet. The timeline on the electronic banner running across the town hall's first floor balcony was on a loop reading:

12:25 Friday 24 October 2036: … *Breaking News … Shepdale Museum honours well-known local character…*

Farah nodded towards the timeline and said, 'He deserves the honour.'

'No doubt you had a lot to do with it?'

'Well, he was my mentor but it wasn't my idea. However, when the Friends of Shepdale Museum raised it I was happy to help. Herdwick District doesn't have a lot of famous sons or daughters to choose from, so why not honour the ones it has. There's Walter Winster, the world-famous


Photo courtesy of Garry Lindsay

Herdwick dialect poet of course, who fell off the roof of this very pub and is reckoned to still haunt it. And there's Philip, who is still very much alive as Managing Director of Herdwick Powersource. His development of the nuclear fusion battery, thereby single-handedly saving the planet, will earn him his place in history. So he deserves to be there after his death, but he's far too young to be history yet. And that's about it. Let's face it, the big world events have pretty-much passed Herdwick District by. But history can be modern as well as old, and of local as well as national importance, so why not an exhibition about one of its well-known local characters?'

'But dad's fame isn't really in the same league as those others. He spent all his working life at the council, but others have done that too … you included, apart from your maternity breaks. He wrote a few fell-walking guide books which gained him the nick-name 'Pilot of the Fells' and generated a bit of national interest, but that's about all.'

'No matter. That's enough to be famous in Herdwick and I think it's fitting that they honour Selwyn. After all, people in Westminster have been granted knighthoods for less effort. He also did lots of other things – training loads of student surveyors, including me, over the years, coming back to help out with the asset valuations after he retired, helping save the museum. When you think about it, he did lots for the community on the quiet.'

'Well I suppose so. He'd appreciate you saying that, even though dad would be amazed and, most likely, too embarrassed to admit it.'

'What happened to Bob, Selwyn's old collie?'

'My stepmother was too old to exercise him. He went to spend his retirement with Bernard on the farm up in the Shepdale Valley. Plenty of sheep for him to watch up there. He seems quite happy.'

'So what have you brought for me? I recognise his old briefcase.'

Lisa made a space between the drinks, hoisted it off the floor and plonked it on the table.

'After dad's funeral, my stepmother invited me up to go through his possessions and said that I could take any personal items of his that I might like. This was lodged in the bottom of a wardrobe. When you mentioned that the museum was looking for exhibits, I thought that its contents summed up dad admirably.'

Lisa opened it up and began to describe the contents as she placed each of them on the table.

'There's his old 'Associate' and 'Fellow' Chartered Surveying certificates which he refused to send back to the Royal Institution on principle after terminating his membership, following his early retirement in 2003. He said he was keeping them, as they'd been more-than-paid-for through annual membership fees for in excess of 30 years.

There's a well-thumbed copy of Parry's Valuation Tables 1966 Edition with tax supplement at 8sh/3p in the £, which he must have bought as a student. Also, his last photo-identity badge from his Herdwick District Council days. You'll probably recognise those items tied in a bundle with pink deed-parcel string. They're an assortment of imperial and metric scale-rulers which appear to be his career-long collection, judging by the faded colours and worn graduations on some of them. That small, wooden one looks ancient.

There's a solar-powered Sanyo calculator, I guess from the 1980s, because he hated relying on anything that needed replacement batteries. Remarkably, it still works and has a small handwritten booklet of imperial/metric conversion tables for area, distance, volume etc, cut to tuck inside its case.

We also have 2 matching leather-cased 100-feet Rabone Chesterman imperial/decimal tape measures. He was never comfortable with the laser gadgets. One tape measure has 'Buying' written on it and 'Selling' is written on the other in indelible ink. You must have heard him tell that old surveying joke about these; that one was shorter than the other, depending upon what the job entailed.'

Farah laughed. 'Yes, I remember him catching me out with that when I first started as his trainee. How he laughed at my gullibility when I believed him.'

'The envelope contains some old photos of dad with various people at presentations and leaving-dos. You'll recognise a younger you on some of them. There's an early one with his old boss Arthur, and some with his drinking mates Jim and Eric and others. Most of them died before he did.

I've also brought a set of the signed, first-edition guide books that must have been presented to him by the Herdwick Gazette when they originally printed them. They may be worth a few bob now, but I'd rather put them on permanent loan at the museum for anyone to see, rather than lock them away in a cupboard. These are what earned him that "Pilot of the Fells" nickname.'

Farah smiled and nodded, 'They were before my time. He must have walked every footpath and fell in Herdwick when he was a young surveyor in the 60s, 70s and later – hence the titles 'Footpaths and Fells of Herdwick District' - and spent hours photographing and sketching and annotating all the routes in incredible detail. They are now an historical record in their own right. I'm told that second-hand copies still sell on e-bay and people still collect them. I've heard that the Herdwick Gazette is thinking of bringing out a re-print as it still receives requests for them from all over the country. They'll go well with his old office desk which they've already taken as an exhibit. Anything else?'

'Yes, there is. This.'

Lisa reached into her pocket and pulled out a small, wafer-thin plastic square with a paper label stuck to it with the word '*Lisa*' written on it.

'Err, is that an old floppy disk? I haven't seen one of those in decades. Now that is modern history. I wonder what's on it.'

'Well, I was curious myself, so I managed to find someone with some ancient gear who was able to fire it up and read it. I'm not sure that the contents should be made available to the museum though.'

'Now I'm really intrigued.'

'Well, you may not remember, but in 2001 I took a gap year between getting my B.A. and starting my M.A. I went 'Teaching English as a Foreign Language' on mainland China for 6 months. At that time, travel to the Peoples' Republic of China was just opening up and I was the only European living in the City of Huainan. Phone calls to and from China were difficult to make and very expensive, so I exchanged e-mails with my parents instead – mostly regular short ones with my mother. In between her e-mails, about once a month, dad would write longer ones. Initially they were intended to help me overcome my home-sickness, especially as that was when mam was just starting with her illness although, to be fair, we didn't know then how bad that would become. As you know, working for the council was his life, so dad would tell me about issues that arose at work, about his colleagues at the council and about his clashes with the councillors. He called them 'Herdwick Tales'.'

'I guess most of the people mentioned in them will be dead by now.'

'Maybe so but they might offend the descendants of those people. You know what it's like in Shepdale – kick one and they all limp. However, they are interesting, particularly to me, and you can read the transcripts if you want to. As you know dad had a very respectful and professional public manner when he worked for the council but these e-mails show that private side of his character that he kept hidden. He does express some rather irreverent views on his colleagues and the workings of local government.'

'In that case I definitely want to read them,' said Farah. 'I just hope that he spoke kindly of me.'

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Selwyn's emails from 2001 will appear as further Herdwick Tales in future issues of ACES' Terrier.

THE RETIRED RAMBLER

Music News
23 May 2019

Rolling Stones:
"One More Tour"

Ageing rockers the Rolling Stones have finally decided to hang up the guitars for good and call it a day. Again. But not before surviving members Mick Jagger and Keith Richards have taken the band out on the road for one last time. Despite being 76, lead singer Jagger commented "It's great to be singing songs like "Let's Spend the Night Together" and "Start Me Up" to a whole new generation of fans."

"What does this have to do with real property", you may well ask! Well, it was part of the front cover of Estates Gazette of 24 September 2005, part of an advert placed by a retail specialist firm called Lunson Mitchenall which was celebrating its silver anniversary at that time. The front cover advert was in the form of a selection of 'spoof' newspaper clips looking forward 25 years from 2005, with the caption, "Prepared for the next 25 years, whatever they may bring".

Being a bit of an old rocker, the 'Music News, 23 May 2019 - Rolling Stones: "One More Tour"' headline caught my eye. And what were The Rolling Stones doing in 2019? From June to September they were on a tour of North America, so the spoof headline was fairly accurate in that prediction. However, as for hanging up the guitars, the 2020 "No Filters" tour had to be postponed but it seems the Stones are still pretty keen to tour! Some of the other predictions in the advert may turn out to be a little wider of the mark though……

Other clips were:

9 May 2010
– Apple launches its new I-POD 2010

27 September 2024, 3.28 am
– Man on Mars!!

SPORT – 3 June 2026
– England Win World Cup

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