ACES Terrier

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

Volume 28 Issue 3 Autumn 2023

ACES

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ACES TERRIER

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

EDITORIAL

Betty Albon

Welcome to the 2023 Autumn Terrier.

Once more, this is a bumper issue, boosted by the reports coming from the very successful ACES' National Conference held in the City of York on 21 September. It was a one-day event, but Helen Stubbs, ACES' President, pulled together a full day of speakers who addressed how surveyors can collaborate to further healthcare and wellbeing. And I have to say, I now have a much better understanding of how the health system operates, as I am sure all delegates will feel. Maybe we can now speak to our local health representatives with confidence.

This Terrier features a lot of articles on housing – at least two of which could be seen of as controversial (or just plain honest!) - some on the environment, and a large range of technical and professional topics. I have no hesitation in saying that there is something of interest for every reader. Don't miss the set of articles directed at helping our young surveyors further their careers.

Please share ACES' Terrier with colleagues - in hard copy and online www.aces.org.uk/library/.

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Cover photo: ACES National Conference, York, courtesy of Marcus Macaulay.

Peter is a member of the North West branch of ACES and Past President 2019-20. He was the first ACES' President to preside over an ACES virtual conference.

ACES NATIONAL CONFERENCE, YORK Health and public sector working together 21 September 2023

Peter Gregory and Betty Albon

This report is a summary of the presentations made at ACES Conference held at the Radisson Hotel, York. More detailed articles of some presentations will be included in this and Winter editions of ACES'Terrier. My sincere thanks to Peter for producing a comprehensive resume and helping the Editor considerably.

President welcome and opening remarks – Helen Stubbs, ACES President

Helen welcomed delegates to the ACES National Conference 2023.

ACES is unique in the way it represents the public sector. The wider public sector support for ACES is increasing, as organisations are now realising the benefit of ACES and are starting to support their staff becoming members.

With that increase in membership comes a shift in the type of issues and asset classes that our membership deals with, and having a broad knowledge and base understanding of different types of public sector property helps each of us in our working lives. And that's where the focus of my year as ACES President has been - culminating in today's conference to try and explain the workings of NHS property to give members the confidence of talking and working with the NHS on joint projects.

No easy task – but between us we will give it a go.

In the time available today we cannot hope to explain the full workings of NHS property, but we are hoping to outline the basics, set out what you need to know to get started, what some of the issues you may face and why, and where you could go for additional information and support. Through the use of case studies, we will demonstrate how the NHS and wider public sector can work in partnership to deliver the new health estate.

I'm going to ask each of you to try and think of at least one key takeaway from today – and if any of you walk out of the room and think – actually I am now confident enough to pick up the phone to the NHS and suggest that we start to think about how we can repurpose that vacant unit on the high street, or think about incorporating a health building in the regeneration scheme – then my job will be done.

Onto the business of the day.

THE THEORY

Six papers were presented to outline leadership and governance, estates strategy, planning, and finance, including internal landlord and tenant structures.

Leadership and governance /NHS explainer - Andrew Strange, NHS Property Services

[Ed – please see full explanation by Andrew in this issue of ACES' Terrier].

NHS Property Services (NHSPS) was founded in 2013. It inherited the estates of 150 organisations, with a diverse background of management; considerable work was involved in understanding the estate. It is now a maturing organisation, with an estate comprising 2,755 properties totalling 2.5m sq m, with 7,000 occupiers. It represents 10% of the NHS portfolio.

Some of NHSPS achievements are a disposal pipeline of £502m; capital investments of £907m; and a 30% reduction in carbon since 2019.

Key organisations are:

- NHSPS owned by the Department of Health and Social Care, through a budget devolved to NHS England. Commissioning bodies include Integrated Care Boards (ICBs), which set local targets and budget spend
- NHS Providers include NHS Trusts, GPs, local authorities, the private and third sectors, clinical and office estate, comprise the occupiers of most of the freehold and leasehold estate.

Commissioners and Providers together comprise the Integrated Care System (ICS). ICS is the level at which NHS and local government will work together, to deliver place-based planning and delivery of healthcare. Cascading down, Primary Care Networks work at neighbourhood level, via GPs. NHS Trusts work together eg in mental health trusts.

In terms of governance, NHS trusts are managed by Boards; GPs are independent businesses. This contrasts with the elected nature of local authorities.

NHS spending on health and social care in 2023/24 is £454bn, which represents 10% of GDP; capital expenditure for the same year is £115.4bn.

NHS England Priorities for 2023/24 include increasing capacity to help reduce bed-blocking; health and social care integration; accessing care through the 111 system; and to make performance consistent. In total there were almost 600m patient contacts with GPs in 2021/22, equivalent to 1.6m interactions with patients daily. The total cost of running the NHS estate was £11.1bn.

Key Issues facing the NHS Estate are changing delivery patterns, workforce challenges, technology, and revenue pressures. There is a massive backlog maintenance issue, to make premises fit for purpose. 30% of the estate is the office portfolio – agile working has given an opportunity through One Public Estate, to reduce the need for the estate. The case studies today will illustrate some projects.

ICB Estates Strategy: Reflecting system and place priorities - Stephanie Porter, Hull and North Yorkshire Integrated Care Board

The Humber and North York ICS covers spend and performance for 1.7m people and is one of 42 ICSs.

The way health is funded is based on the Carhill Formula, which is affected by local priorities, socio economic profiles, and demographics. It is difficult to rationalise the estate due to accountabilities with local communities.

Traditional estate planning is siloed with little cross organisational working: it is not easy cutting across the organisational divide. Integration is a key theme – bigger is currently viewed as better. It is broader

than just hospitals – 90% of contacts take place away from hospitals, but 90% of funding goes to the acute partners, while only 7% of funding goes in primary care. While data is always critical, no data is collected on the primary care estate.

There is plenty of guidance available on management issues, such as the Naylor Review and Fuller Stocktake Report. Approaches are now driven by savings and short-term decision-making, so there is competition between buildings and clinical care funding. The King's Fund is a review of evidence, which shows that the building maintenance backlog is increasing. In 2018/19 building maintenance backlog was £6.5bn, 50% of which presented a risk to patients and staff. Backlog in 2020/21 is now £9.2bn; ageing medical equipment is also leading to higher costs and poorer care.

The ICB focus is to integrate with partners, to address health inequalities, to achieve targets around sustainability and net zero, and to facilitate alternative funding models. This is illustrated by York Place. The City of York Council is developing a new plan to cope with changing demands, of the estimated population increase (20% in 10-12 years, equivalent to 40,000 additional residents), resulting in an ageing population and increased demand on primary and acute services, with impacts on hospitals, adult social care and mental health services. The last local plan was so out of date that the health services have not received any s106 contributions.

Issues to grapple with:

- How to plan service development alongside the Local Plan. Prioritise in areas of greatest need
- Financial sustainability – affordability of land. Less costly options chosen at the expense of the sustainable options. Affordability criteria, eg development appraisals, require higher costs than market value
- Thinking more imaginatively – conversations are being sustained but solutions are hard to tackle. There is a third party market out there which should be exploited through partnerships.

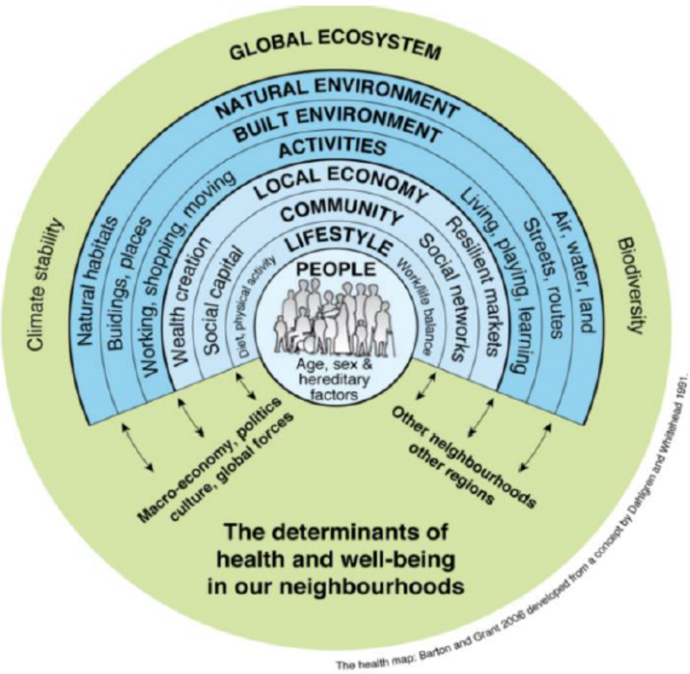
Planning For Health - Rowan Gilbert, NHSPS

Rowan works for the only dedicated town planning team in the NHS, to support health colleagues and comment on strategic plans. Her team has been undertaking a research project – what is health planning, and how can it be applied to health projects?

The team has an opportunity to take a leading role in healthy planning, making the planning process easier and more politically positive. It adds value to health projects and helps to prevent avoidable issues; it promotes health and well-being through the estate; develops principles to follow; and has a flexible approach to cope with a wide range of estates. It can facilitate health improvements and associated cost savings, deal with inconsistencies across the country and within the organisations and to support healthy placemaking.

Working with Nexus, a literature review has been completed, which has guided the approach to this project; there is a wealth of research, so there was no attempt to produce new evidence. Instead, the existing evidence base has been supplemented with interviews with developers and NHSPS teams, to determine what a successful mechanism for consistently achieving healthy developments on NHSPS sites could

Determinants of Health



look like, and also working with external consultants, academics and planning professionals, to carry out further research on health planning and how this impacts development viability.

Population health is not determined through medicine and treatments alone: evidence has found that only around 20% is caused by access to and quality of healthcare. The remainder is made up of the physical environment (10%), individual behaviours (30%) and socioeconomic factors (40%). This means that planning health into communities and developments is essential to improving health and wellbeing.

The Health Map (illustrated) shows the range of health determinants that influence our health, shown as spheres of influence, each level influenced by a change in one of the spheres. It shows the relatively small impact of people's individual characteristics (age, sex, hereditary factors) on their health, and highlights the interconnected nature of health determinants.

The built environment can have a very obvious impact on health. Poor quality housing has been found to cost the NHS £2.5bn in first year treatment costs alone due to poor quality homes, (eg damp, overcrowding, and poor layouts can lead to serious illness and injury). If £10bn was spent on improving the common hazards in homes, this outgoing would pay for itself in just over 7 years through NHS savings. Other aspects of the built environment include poorly designed neighbourhoods which are disconnected to local services, feel unsafe, have high levels of pollutants, and provide limited or uncomfortable public space, with a lack of exercise, social isolation, anxiety, lack of access to healthy foods, and exposure to environmental hazards. Dealing with these defines a 'Healthy Place'.

The research has highlighted the broad range of planning and design measures which can improve health and wellbeing, split into 11 categories: healthy and efficient buildings; complete and compact neighbourhoods; adaptable, inclusive and affordable; active lifefstyles and travel; environmental quality; safe and inclusive; green spaces and recreation; healthy food; social cohesion; connected employment sites via accessible routes; and engagement in planning. Some measures have been found to lead to specific health improvements, including reducing respiratory illnesses, falls, and extreme temperature related deaths. Walkable and well connected neighbourhoods have been found to improve levels of physical activity and social engagement, leading to improvements in mental and physical health. Planning challenges of deliverability, retaining quality, consistency and flexibility, and meeting viability requirements remain significant.

Guidance for healthy building design is available, and includes NHSPS standards and requirements to achieve BREEAM excellent status. National requirements are inconsistent, except for building regulations, and do not cover wide aspects of healthy design, although there are optional standards, eg Healthy Homes Act, Living Building Challenge.

Exemplar developments demonstrate the potential for holistic approaches such as at Kirkstall Road, Leeds, which includes a mixed tenure of apartments, affordable and student accommodation, set in a landscape designed for interaction, with community and cycle hubs.

The research report will inform the development of a new framework of standards and guidelines against which to test schemes and calculate a 'health net gain'.

Finance, landlord and tenant considerations

Three of the six 'theory' papers were presented within this area.

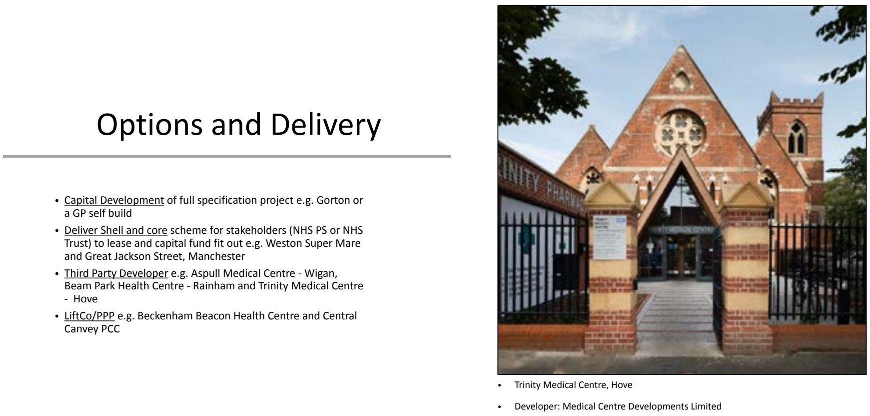
Healthcare premises development - Andrew Sutherland, Avison Young

Why consider a healthcare development? It is demand driven - 50% of properties are unfit for purpose. With an ageing population, it is more cost effective for patients to be seen in primary care settings. For providers, considerations are ESG and community angles, as well as commercially, a development can generate long term sustainable income. Local authorities often have land and can access preferential borrowing; they may have an under-utilised estate and by centralising health and community facilities, can release other tied up real estate and free up other opportunities which can benefit from rationalisation or reorganisation.

Options for delivery (with examples), are outlined in the slide on page 8, which also features the ornate new Trinity Medical Centre, Hove. The options are capital development of full specification; deliver shell and core scheme to lease, with capital fit out; third party developer (eg Hove); and Lift Co/PPP.

Stakeholders can be many and varied, including GPs, NHS Trusts, NHS Providers and independents, ICBs and NHS funders, including shared facilities like libraries with councils, and other third parties such as pharmacies, charities, and day nurseries.

Partnering with the NHS can be challenging, but don't be put off. Areas to work through include understanding NHS terminology – it takes time. Delivery options have developed over many years to suit the specific needs of the stakeholders. Successful collaboration schemes can be demonstrated nationally, including the case studies featured today, with scheme alignment with the parties' core objectives, and with support by specialist consultants. Schemes result when need, sites, and



collaboration opportunities evolve.
Key considerations and issues include:

- Schedule of accommodation – understanding utilisation: common space allocations can confuse net to gross calculations
- Consider design in light of funding and viability
- Is design efficient?
- Service charges – eg common areas are not income-generating
- Management
- Leasing and occupational terms – 25-30 years deemed minimum term
- Agreements for lease – to be signed before building occupied, otherwise no incentive on tenant to document the lease.

Primary care investment - Rob Hearle, Avison Young

Rob looked at funding options, opportunities and the market. The major ones are to forward fund, by creating an investment, engage with NHS stakeholders, set up the legal structure and fund. This is a common option. A pre-purchase will de-risk the investment by guaranteeing a return. Alternatively, a standing investment can be taken to the market and strategies considered for disposal.

Wrap lease funding uses the covenant strength of the NHS and other public body, which retains an overriding interest and long-term residual value, and pays rent to an investor who purchases the 'wrapper' lease term, say 30 years. In turn, the public body acts as landlord for the occupational lease.

Investment into primary care has proven its resilience, with a trend of yield compression in the last 10 years, resulting in positive investment opportunities. While there has been some yield growth in the last 18 months (less movement in the primary care estate), health is still stable and resilient compared with other sectors, in what is classed as prime real estate – NHS paid all its rents through Covid..

The major investors are Primary Health Properties (513) £2.8bn; Assura (605) £2.7bn; Black Rock, Medical Centre Developments, Alpha Real, John Lewis Partnership Pension Fund and NHSPS.

Rental Growth in 2021 was 2.24%.

Current market features are rising interest rates to control inflation; net lending to commercial real estate is rising; and capital funding is currently available for the sector. There is stock availability and huge demand and potential.

Premises cost direction, GP rents and landlord and tenant Issues - Bryan Wootten, Wootten Dean Chartered Surveyors

[Ed – please see full explanation by Bryan in this issue of ACES' Terrier].

Bryan explained the principles of NHS rent reimbursement. The basis is the Statement of Fees and Allowances 'Red Book', replaced by the Premises Cost Directions 2004 and 2013.

GPs expect rent reimbursement. Rent reimbursement is based on an assessment of market rent and applies to both owner-occupied surgeries (assumes notional lease terms of 15 years, 3 yearly rent reviews, internal repairing) and leased surgeries (actual lease terms, new-build proposals).

For new schemes, value for money must be proven using the District Valuer, who assesses VFM on scheme details, development appraisal, and blended cost and value assessment. The DV reports to NHS on VFM, conditional on eg lease terms, construction and design guidance, actual net internal area.

Development risks associated with new schemes include abortive costs; construction cost changes, and GPs with unreliable commitment. Lease terms are not dissimilar to a typical commercial lease, but the longer term commitment needs an effective exit strategy for the GPs. There is a risk that at rent review, the reimbursement rent may be less than rent agreed.

Bryan's full article explains 'Last man standing' and 'Armageddon Clauses' and the issue of measuring health facility net internal area and the RICS Code of Measuring Practice.

THEORY INTO PRACTICE

A range of case studies – some more advanced than others – illustrated the theory into practice and challenges along the way [Ed – I hope to feature these in greater depth in ACES' Winter Terrier].

Case Studies using Community Ventures - Emma Bolton, Community Ventures

Established in 2008, Community Ventures is a management services provider of JV companies for primary care and community developments, for itself, NHS and local authorities. The organisation has a focus on a community ethos.

Middleton St George

Proposed new GP premises, whereby NHSPS will be the head tenant with a sub-lease to the GP practice. There were problems with GP commitment due to succession/retirement, overcome by NHSPS intervention. Community Ventures acted as the developer. The project commenced in summer 2023 and is due for completion in spring 2024. It will make a big difference to the rural community.

Burmantofts

This is a 6-year project to date. It is a deprived multicultural area of Leeds with health inequalities and a health building unfit for purpose, set in a local regeneration area. There are 60 languages spoken and incomes are no higher than £30,000. The health centre development is seen as a catalyst to wider regeneration.

Castleford

In 2012, the NHSPS building was in poor condition and the need for a new health centre was established. Community Ventures was selected as preferred developer for 3 GPs and community services. The project included a change of direction due to the best value for money solution through the council presenting an alternative approach using prudential borrowing.

Community Diagnostic Centre, Stockton High Street - Steven Taylor, North Tees and Hartlepool Foundation Trust

The demand was to deal with widespread health inequalities and deprivation in Hartlepool, Redcar and Darlington, tackling impacts of an ageing population and localised lower life expectancy, and poorer health outcomes. This coincided with a national policy to provide diagnostic services in CDCs, to allow patients to access planned diagnostic care nearer to home, without having to attend acute hospitals which were still needed for urgent diagnostics.

Sites were identified under the OPE programme – the geographical area was examined for opportunities and an appropriate site identified from a long-list of 20. Stockton Waterfront was selected as it was part of a major demolition project; services are accessible, with good transport links; the scheme represented value for money; supported modern methods of construction and net zero, and was BREEAM excellent.

The business case was approved in

Stockton Waterfront – Key CDC Objectives

- ✓ Services which are separate from an acute site
- ✓ Services which are easily accessible through good public transport and private vehicles
- ✓ Sufficient access to parking for patients, carers and staff
- ✓ Has the ability to provide safe, secure and flexible facilities that are HTM / HBN compliant
- ✓ Achieves value for money
- ✓ Has a long term impact with support from other diagnostic spokes
- ✓ Can be deployed within the time frame
- ✓ Can support construction using Modern Methods of Construction (MMC) to achieve Net Zero Carbon and BREEAM Excellent

January 2023. It will be the largest scheme of its type in the North East serving the whole of the Tees Valley. It is currently the largest in the country out of around 130 CDCs approved and will deliver 150,000 diagnostic tests per year. It is a collaboration between seven stakeholders, including, critically, NHS Trusts and Stockton Borough Council.

The business case presented £30m build costs and a 2-year build period. However, the funding approval subsequently required spend to be reduced to £24m and the build period to 16 months. Contractor procurement required careful thinking because of the complexities of the whole redevelopment site, including major demolition of Castlegate Shopping Centre.

Legal documents were also complex, including a 120-year lease at a peppercorn rent granted to the Trust in recognition of the great benefits to the public and the best price justified on ESG grounds. Timescales remain challenging, but planning permission was approved in August 2023 and work commenced on 4 September 2023.

What has worked? Engagement; regular updates; collaboration; early recognition of issues; and understanding the various approvals required by each party.

Burnholme Health and Wellbeing Hub: A case study in GP Development - Stephanie Porter, Hull and North Yorkshire Integrated Care Board and Martin Eades, Priory Medical Group

York City hides its deprivation and inequalities well, but as outlined above, is expecting significant increases in the resident population. The Priory Medical Group owns 3 GP premises, each of them were converted housing stock, so they are not sustainable in the long term.

Redevelopment presented an opportunity to include other users, eg York City Council. The proposal is to create a single site of multi-use, presenting a one-stop-shop. Funding is to be through recycled capital receipts from the three former premises, developer contributions (s106/CIL), rent recycling, and an Integrated Care Board (ICB) financial envelope.

Although this project had been discussed for many years, it is yet to be started [Ed – for reasons I hope will be developed in the case study feature in ACES' Winter Terrier].

MOD and NHS Major Capital Scheme: Catterick Integrated Care Campus - Karina Dare, NHSPS

This case study involves a wide range of key partners – Humber and North Yorkshire ICB/MoD/NHS England/North Yorkshire Council, plus local stakeholders and service providers, to be located at the Catterick military base.

The end use is an ICC which will be NHS 25%, MOD 75%. It is a development to serve a population with specific needs, military related. The benefits envisaged are to empower residents to manage their own care through prevention, early intervention and rehabilitation; to deliver integrated care more effectively at neighbourhood level, which in turn will improve recruitment, training and retention.

The project was envisioned in 2015 as a joint facility to deliver savings and efficiencies for both parties. The ICC will be 11,000 sq m, capital cost £100m, split 25/75%, developed by the MoD under a P22 design and construction contract. The NHSPS is head lessee, with subleases to NHS occupiers under joint governance and clinical operating models.

Learning points have included that different approval routes and cultures create challenges; cultures and organisational languages are different; good leadership is key, although it can be difficult to balance partner requirements. But overall, there is never enough time, money or resource.

General remarks

All NHS projects can be challenging due to variations in funds coordinated by the Treasury and are subject to political influence. Bids for capital also have to be made annually. A fine balance is needed between capital/rent/yields and understanding partners' requirements. Although timelines are inevitably extended, for projects to be viable, multiple partners are generally necessary, but the big advantage is the long-term demand for health services: "once we're in a building we never leave!").

DELIVERY

This session of two presentations investigated how to develop a scheme on the ground using the principles already discussed, and the wider context of creating resilient town centres.

Development delivery: Creating a market attractive development proposition - Jon Pinkerton, Carter Jonas

John set the market context, which is currently challenging – house prices down 4%; sales volumes down 20%; poor developer results. The commercial market is similarly affected – rising costs, inflation, and labour shortages. He itemised the attractions of working with a public sector partner, particularly its covenant and access to funding, partnership working, land assembly powers, and political influence. However, the public sector covenant has become tarnished in the last 12 months, where political influence can also be a damaging thing, bureaucratic and slow decision-making processes, and an uncommercial attitude with no recognition of market changes and impact, nor flexibility in a fast-changing world, and now with resource limitations. But partnering nevertheless remains strong.

The first principles for development delivery are:

- Establish proof of concept by initial feasibility – opportunities/constraints/ capacity/viability. What are the issues? Initial designs
- Establish land ownership and title– often takes a long time to resolve issues
- Surveys – topography, utilities, ground conditions, environment/ ecology, all basics necessary to submit a planning application
- Planning - appraisal, pre-application discussions, outline or full consent
- Public sector requirements – specification, timing, and wider scheme requirements which go beyond planning, eg sustainability, affordable housing
- Viability funding – update initial work using subsequently obtained data. Is there a funding gap? Is re-scoping needed?
- Soft market testing – is there market appetite? Acquiring market feedback.

There are three main delivery options for the public sector. It may take full responsibility – all risks are accepted on all aspects of the development, and the build procured through a contractor. A development agreement route contracting with a private sector development partner is an alternative, which can be highly conditional on site assembly, planning and funding. Here the public sector can control timing and specification; a basic land price will be agreed, with overage generally prioritised to the developer. However, conditionality can lead to delays and renegotiation in a changing market.

The third route is a joint venture – a risk-sharing partnership, contractual or corporate, where the business plan acts as the backbone. Governance is by a JV Board. It uses private sector expertise, collaborative and sharing profit and risk, but it involves complex documentation and the JV would benefit from including a portfolio of sites. A weakness is that partners' interests can become misaligned.

The chosen route will depend on context, required outputs (financial or social/community), appetite for risks, funding opportunities, expertise and in-house capacity – and politics!

How can we deliver healthy, viable and resilient town centres - Stephen Norris, Lambert Smith Hampton

[Ed – this presentation is scheduled to be included in ACES' Winter Terrier, particularly featuring the newly released 'From Recession to Renaissance' research report].

The UK is heading into a perfect storm, exacerbated by the war in Ukraine. Issues and challenges for retail include inflation at 6.7%; rising interest rates currently at 5.25%; high government debt (£2.5bn, or 100% of GDP); online sales at 26%; high street, shopping centres and retail park vacancies at 14%, 18% and 9% respectively; footfall down 15% from 2019; rising costs of occupancy; and big failures of stores and jobs, often caused by bad management and not recognising consumer demand. Put simply, there is too

much retail space.

Local authorities are also in debt – by 2024, 1 in 6 local authorities will have run out of money. Economic issues have affected investor confidence. Greater resilience must be built into town centres to ensure their vitality and viability.

Steve covered a whole host of topics including the climate crisis; the need for improved infrastructure; 15-20-minute neighbourhoods; and retrofitting and repurposing, where residential development is a key component: they need to be promoted, they are not straightforward, and often not attractive to developers due to viability or environment – people need to want to live in town centres.

There needs to be flexible space to be able to adapt, and a move away from the anchor model – blended user mix will be more resilient. “New anchors” should include health and social care services to take pressure from hospitals and bring footfall into accessible town centres. Examples of NHS Community Diagnostic Centres are to be found at Wood Green Shopping Centre, The Glass Works, Barnsley, Dolphin Centre, Poole, and others. User age profiles need to be extended through education and facilities which create entertainment and fun. And create an environment that people will want to visit through public realm and events. Dover, which suffered from Brexit fallout, has improved its public realm with a £4m spend; Altringham has enhanced its internal market, which has improved the high street offer.

Green spaces – from big statements to small interventions – can replace “blandscape” with landscape and turning “the impossible” into “The art of the possible”, where local authority ownership, vision and control are essential. Leading schemes on the horizon are Stockton with its CDC (see above) and Broad Marsh Green Heart, Nottingham, to ‘put the marsh’ back in the city centre as urban wetlands.

So who should lead and fund a town centre renaissance? The consensus is that collaboration is required: funding – local authorities, central government are the main sources, but there are other options; there is a whole raft of capital financing sources if you look around, including many government-backed funds. However, the funds are fragmented and generally time constrained, when project costs have increased significantly.

Notwithstanding, respondents to the survey are broadly optimistic about the future of town centres. Town centres have a vital role to play – they are valued for more than shops and services. To deliver successful town centres, a mix of interventions can help involving collaboration, consensus, and stakeholder engagement, together with more flexibility of uses. Future town centres will meet diverse needs – vibrant, fun and a place where people want to be.

PROFESSIONAL PROPERTY MATTERS

RICS Valuation update - Jonathan Fothergill, RICS

Jonathan gave a tour through proposed changes to RICS guidance and other ongoing reviews.

Global Red Book - as part of RICS’ commitment to promote and support high standards in valuation delivery worldwide. The publication continues to detail mandatory practices for RICS members undertaking valuation services. The latest version is effective from January 2022 and incorporates the most recent version of the International Valuation Standards.

Earlier this year, IVSC put out an updated exposure draft for consultation. With this updating process in mind, it’s likely that during in late 2024, RICS will be putting out an updated Red Book incorporating any changes to the international valuation standards as a minimum. In addition, RICS is currently undertaking member consultation for a strategic review of scope, content and structure. Important themes in valuation currently including automated valuation models and incorporating ESG factors. There are also format considerations

whether or not to move to a more interactive and live web based version of the document and away from the current PDF format. Feedback will be appreciated.

UK National Supplement to the Red Book – now in the final approval stages of finalising a new UK National Supplement to the Red Book, the current version originating from 2019. It is due for publication in 2023. The purpose of this updating exercise is first, to make important updates in the area of regulated purpose valuations appearing in UK VPS 3, particularly in respect of valuer rotation for these types of valuations, and to make more routine updates to the content relating to financial reporting, public sector valuations, and residential valuations. This was informed by the 2021 recommendations in the Independent Review of Real Estate Investment Valuation undertaken by Peter Pereira Grey, all accepted by RICS. The review also made wider recommendations for the valuation profession that are not going to be reflected in this update of UK standards, such as recommendations relating to education and the professional assurance framework.

The new UK VPS 3 will set out new protocols relating to terms of engagement and instructions, providing preliminary advice, draft reporting, and client discussions. All of the changes have been informed by extensive market engagement and consultation with the valuation industry over the past 2 years and are intended to assist in enhancing valuer objectivity and independence.

To expect:

- UK VPGA 4 - Valuation of local authority assets for accounting purposes, entirely re-written, in conjunction with representatives from CIPFA, to present the information to members in a more accessible and user-friendly manner, and to avoid duplication of information
- UK VPGA 6 - EUV in the public sector, has had a major overhaul by the RICS EUV working group and has been prepared in conjunction with a new professional standard recently published
- UK VPGA 17 - local authority disposal of land for less than best consideration, incorporating guidance relating to Northern Ireland and Scotland.

Discounted cash flow valuations – arising from a Pereira Grey recommendation, for the surveying profession to embrace more explicit methodologies through the use of analytical models such as DCF. This is a key part of improving confidence and aligning more closely with wider financial analytics. RICS does not intend to mandate their use, but the work of Neil Crosby at Reading University with a global working group will be published. Additionally, RICS is working on work streams to assist in upskilling the valuation profession in the area of DCFs, including providing practical training courses and a DCF transition hub.

RICS public sector related valuation guidance principles - some valuation guidance output over the last year which has particular relevance to the UK public sector.

- IFRS16: Principles for UK real estate professions – review of principles of lease liabilities
- Existing Use Value for UK public sector financial statements – helped by Chris Brain. Guidance published using EUV to achieve consistency; at the international level, RICS' valuation team has assisted the International Public Sector Accounting Board (Current Operational Value, IPSAS 46)
- Surveyors advising in respect of compulsory purchase and statutory compensation – to make more clearer the importance of Red Book valuations in this process. This is a live project and a draft of the updated guidance was issued earlier this year for consultation.

Thematic Review of Non-Investment Asset Valuation for financial reporting purposes - RICS has been assisting the government's ongoing review to examine these valuations. The backdrop is the widespread delays in the annual asset valuation exercises in England, with concerns about cost, time and usefulness of the audit process.

The Treasury launched its consultation on a range of options in March 2023, following a year-long review – and some of these, if approved, would have quite a radical impact in the area of public sector valuations. RICS had undertaken some consultation with its public sector valuation membership to discuss the proposals and submitted its consultation response setting out its views. Subsequent to this, RICS has taken up HM Treasury's invitation to be part of its own working group, to assist in finding a successful outcome which is in the public interest. Discussions remain confidential.

RAAC –liaising with the Department of Education and industry partners, RICS is working to advise the government to provide guidance on remedial action to make affected buildings safe. Some Q and Q content can be found on the RICS website.

Health and wellbeing and the Red Book - Health and wellbeing is part of the Red Book glossary definition of sustainability. It acknowledges that sustainability and ESG factors can be a significant market influence, and importantly, that valuers should always have regard to their relevance when taking to market.

The updated Valuation of medical centre and surgery premises practice standard is due for publication in early 2024. This project is currently being undertaken by a working group consisting of valuation specialists in this niche sector from the NHS, valuation office, operators, investors and private practice. The new guidance will cover the NHS framework, the impact of legislation and NHS policy, inspection and measurement practice in this sector, along with guidance for valuations for partnership purposes and loan security.

Legal update – Antony Phillips, Fieldfisher

Antony delivered his regular update feature on notable recent caselaw, using his well-rehearsed format to update delegates – after over 10 years presenting at ACES' conferences and AGMs!

Rather than misrepresenting Antony, no attempt is made here to summarise the cases [Ed – please see stand-alone article from Antony in this issue of ACES' Terrier].

Property Update and SAM Diploma (CIPFA) Mark Poppy and Donna Best, CIPFA

Mark and Donna took the last conference session, highlighting some of the issues of the day. It feels like we are experiencing a pretty unprecedented period in the world of local government finance, which has seen Northampton, Croydon, Thurrock,

Woking and Slough declare bankruptcy since 2018. Councils are unable to set a balanced budget and have been essentially borrowing money from the government to cover day-to-day costs (over 16 councils). The latest to fall victim is Birmingham City Council. The implications could be fire sales, difficulties of recruiting to failing organisations, and adverse public reaction. 10% of local authorities are under threat of the need to serve s114 notices in 2023/24, with more to follow in 2024/25; pressures are coming from children's social care, inflation, energy costs, and salaries. Government is blaming local authority leadership and decisions.

The Levelling Up and Regeneration Bill – the Bill is now at the report stage in the House of Lords, with a view to get it passed ahead of the King's speech in early November. An already huge bill, even early this month, there were additional policy areas being added by the Lords in relation to childcare and climate change duties.

Agile working - the adoption of the 4-day week by local authorities is being challenged by central government on grounds that it means a failure of their duties. The benefits quoted are that it attracts quality staff at a time when advertised posts are unfilled and interims are costly. In 2022-23, nearly a quarter of the 27,619 full-time jobs advertised by local authorities went unfilled. In the meantime, civil servants could soon be presented with fresh guidance on the proportion of their working week that should be spent in their official workplace, with the suggestion that ministers could push for a one-day-a-week limit on remote working.

There is also a demand from staff and councillors to allow hybrid meetings. Under 50-year-old laws, councils are required to hold in person certain statutory meetings, such as for planning and full council. LGA is now warning that the recruitment and retention of councillors, particularly those balancing career or care commitments, will be hampered if powers are not given to councils to enable them to hold statutory meetings in a hybrid format. So we could see a move in the not too distant future for the existing laws to be amended. Another trend is for public sector staff to work from abroad.

Space utilisation was measured in the most recent CIPFA poll. Often, buildings are still operating on the basis of 100% attendees when only a small proportion physically attend. Rationalisation is an objective to combine offices and save money, downsize, or move premises. Poorly maintained buildings – there are pressures to divest, but there is often reliance on the income from non-operational buildings. The maintenance backlog is very high.

Four district councils have spent over £290m on property investments, using short-term borrowing. While capital may be being lost, investment revenue is being sustained. Housing developments are being dashed in some councils, with a failure to deliver high quality development schemes due to high interest rates, rising construction costs, market uncertainty and the inability now to invest outside the authority boundary. However, it is worth investigating the gov.uk 'Find a grant' website, which brings together all government grant funding available and there may be a random pot!

A couple of documents from the Government Property Agency which may be useful are its ESG Report, 2023 and the Net Zero Estate Playbook, 2021.

And finally, reference was made to the joint CIPFA/ACES Diploma in Asset Management. This is a success story – 300 delegates have gone through the course, mainly from local authorities, but it is now broadening to other public sectors – health delegates are encouraged to attend; there is a discount for ACES members.

President's closing remarks

I'd like to start with a thank you to everyone in the room for committing to the day and listening, interacting and hopefully learning something new. I

hope that you managed to gain some knowledge, but more importantly, the confidence to say – actually I know where to start now, or I know where to go when I get stuck.

I would also like to thank all the presenters for giving up their time: it's not only the day itself, but all the preparatory work that goes into developing the presentation, and thinking about what the audience would like to hear.

Thanks goes also to the ACES team at national level for supporting me with the organisation of the conference, and for the North East Branch executive for being my glamorous assistants for the day.

And lastly, I would like to thank my employer, NHS Property Services, for allowing me the time to devote to ACES over the last couple of years leading up to my Presidential year and this conference. It really does help if you have an employer who can see the benefits of ACES and how it can support the development of its employees.

It would be remiss of me if I didn't do a shameless plug to a captive audience about NHSPS and how we can support you to work through your health estates projects. We have dedicated specialist teams working in strategy, development management, lease advisory, asset management and construction, as well as the team I am in - investment management. For instance, you may just need someone to support you in lease negotiations with a GP, or someone to bounce ideas off in relation to sources of funding, or you might think – "oh NHSPS has a very strong disposals team with a track record of consistently achieving above market value for their disposal sites, thus providing capital to reinvest back into the NHS – I'll give Helen a call and see if we can work together to sell this surplus site that I have".

Helen was congratulated on seeing through a successful conference.

Carter Jonas

AVISON
YOUNG

Lambert
Smith
Hampton

MORE PHOTOS OF CONFERENCE MOMENTS ARE ON PAGE 110.

CONFERENCE SOCIAL REPORT "Goujons of Steel" - A reflection on the York Conference Social Programme

Marcus is a member of the London branch of ACES and long-standing member. He was part of the Presidential team, to organise the social programme.

Marcus Perry

The social element of the conference started the previous day, when ACES members and guests assembled in York Museum's Hospitium for an evening meal.

This year's Social Programme started inauspiciously.

Heavy rain and storms in the days leading up to the conference had raised the water level in the River Ouse. Cruise vessels on the river that morning could not get under the city centre bridges without hitting their upper decks. As lunch had been booked for social delegates on board a city cruise vessel, with a journey up-river and back, this part of our day's programme looked to be in jeopardy, as 18 social delegates set out from the conference hotel and headed on foot towards York Minster, our first visit of the day.

The dreaded 'phone call from City Cruises office, cancelling our lunch cruise, was duly received as we approached the

Minster's entrance. No time yet to figure out a plan B for lunch as we were ushered into the Minster, soon to link up with our guide for the morning – Ruth. What a gem she turned out to be: personable, professional and knowledgeable, blending detailed statistics on the history of the Minster with a light, friendly touch, as she took us through the main features of the building. Her use of an ipad to highlight at close-up some of the architectural features really helped us understand and appreciate the Minster's treasures. Our hour's tour with her flew by. We thanked her for our excellent tour then headed for the road train stop outside the Minster, to take the first road train of the day, from the Minster to the National Railway Museum, a journey of just over 1km. Some in our group opted for a more relaxed morning and passed on the visit to the Museum, leaving the rest of us to board the road train.

We had allocated an hour for the Railway Museum, just enough time for a taster visit, spent mainly in the museum's Great Hall, home of some huge steam locos and small passenger carriages. The road train then took us back to the Minster, bang on time. The train is operated by volunteers and congratulations go to them for their friendly, fun and efficient service which saved us a lot of walking in the morning and valuable time.

Back at the Minster we were reunited with our colleagues who had opted to stay behind. All now looked to the programme leader for plan B and an alternative venue for lunch. This necessitated a quick soft-shoe shuffle and a glance to the heavens for inspiration. Lady luck came to our leader's rescue as a recollection of his time living in York 53 years ago recalled the spacious interior of the nearby Guy Fawkes Inn. Few restaurants or hotels welcome a group of 18 walk-in diners without a reservation, but this was no problem for the Guy Fawkes Inn, who found us a delightful, covered courtyard towards the rear, where the staff promptly took, then served, our orders for drinks and light lunches. We spent a thoroughly enjoyable and relaxing hour at the inn, and full marks go to the Bar Manager, her waiting staff and her chefs, for looking after us so well. A good cash tip on top of the service charge was appropriate and this was much appreciated by the Bar Manager on behalf of her staff.

In the afternoon visit, we had a choice of a tour of York's Chocolate Story (14 takers) or a tour of the city walls (4 takers), a sort of Game of Thrones "to the wall" experience, but without the violence. Our chocoholics had a short walk through the pedestrianised centre of York, via the Shambles – York's most famous street – to arrive in good time for their one and a quarter hour's tour of this popular attraction. Feedback [Ed – no pun intended from Marcus] from those attending was very good, with chocolate samples going down well.

The wall walkers also had an enjoyable afternoon. Mention of the weather today is perhaps overdue – after the previous days' rain the weather was kind to us, mostly sunny with a gentle breeze and pleasantly warm, perfect for walking along the city walls walkways. The reward for our efforts was a drink at the Hole in the Wall pub, near Bootham Bar, another former haunt of our programme leader, all those moons ago.

Our group of 18 were joined by 11 business delegates and guests for the conference's informal dinner at the Olive Tree Mediterranean restaurant, located just within the city's walls to the south of central York, opposite Clifford Tower. An enjoyable evening followed. While some of the dishes were a bit hit or miss, the Sicilian wine, chosen for us by the manager, was excellent and plentiful in supply. All seemed to enjoy the informal setting of the dinner with good chat in friendly company - what ACES is all about [Ed – the professional content isn't too bad as well – see Conference write-up].

Lady luck with the weather, and the Guy Fawkes Hotel coming to our rescue, saved the day for the social delegates, and although it would have been nice to have had the water-borne lunch cruise, my colleagues were not over disappointed by missing out on the river cruise.

Selecting venues and the attractions for the social programme was made easier by the ACES President's excellent choice of conference hotel. Apart from the very comfortable and spacious rooms, and the good buffet breakfasts, the location of the hotel on the south bank of the River Ouse, equidistant between the two central bridges – Lendal and Ouse – meant most of the attractions were accessible by foot, from and back to the hotel. Those in our group nursing dodgy knees or subject to bits falling off managed the walks very well, so well done to them!

Many thanks for coming to York! Roll on 2024 and our next President's choice of venue for her conference. Wherever she choses, I am sure the hard core of the social delegates will re-muster to support her conference and join the social programme of visits selected for them.

NATIONAL COUNCIL

Notes of ACES Council Meeting held on 28 July 2023

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

This meeting was a hybrid meeting and the face-to-face element was held at The RICS Offices, Birmingham. Twenty one members attended the meeting in person or remotely, making the meeting quorate.

Detailed reports on the majority of these topics are published on the ACES' website www.aces.org.uk .

Matters arising

The President tabled a document which detailed the matters arising from the last meeting with responsible officers and action taken. She talked through the items and with input from relevant officers, provided an update on current progress. Betty Albon advised that she was happy for others to pick up the matter of a separate Terrier Website proposal. Morag Angus advised that a number of the Scottish Branch Executive were not available for the National AGM but would make efforts to get good representation from others.

It was agreed that this was a useful format for capturing matters arising at future meetings.

President's report

The President, Helen Stubbs, reported on her activities since the last meeting. This included a RICS President's Breakfast Meeting in May, the Welsh and Scottish Branch meetings, and catch up meetings with Avison Young and CIPFA. The President was not able to attend the IRRV Luncheon in July but was ably represented by the Senior Vice President, Sara Cameron, who enjoyed the meeting and catching up with RICS President.

Secretary's report

The Secretary reported on matters arising during the period since the last Council meeting. He provided the latest statistics on membership which showed an increase in membership numbers since the last report, including two new authorities in the Heart of England, and notably, reaching the milestone of **400** members which had not been achieved for several years [Ed – see Membership report in this issue of ACES' Terrier].

On subscriptions, the Secretary confirmed that at the time of reporting, just under 80% of invoices sent out at the beginning of the year had been paid. Branches were requested to help with chasing up arrears where possible.

The Secretary also noted that the membership subscriptions at all categories of membership would be reviewed in time for seeking approval at the national AGM in November.

Financial matters

The Treasurer, Chris Hewitt, presented a report on the financial position of the Association.

He tabled a newly completed management accounts document which showed a Statement of Receipts and Payments, together with a Statement of Financial Position. He talked through his new single page format which looked at the four quarters of the previous financial year and the year to date in the current financial year. As previously reported, the overall picture was healthy with good financial reserves and a good net surplus from operations, although there was significant reliance on the SAM Diploma income.

The key headlines coming out of the report in this format were that the income from subscriptions exceeded the operating costs (which effectively enabled the association to exist) and ACES then benefitted from further income primarily from Corporate Members and the SAM Diploma.

Simon Hughes asked the question about using the Association's surplus finances to help out branches and other relevant activities. The President advised this would be picked up as soon as possible under the proposed development of a Financial Strategy. She called for volunteers to join a working group to deliver the Financial Strategy. Discussion took place on ideas for expenditure; a bursary scheme or similar was suggested and welcomed. Chris Brain asked if there was a piece of work we could do to understand the impact of salaries for surveyors in the public sector, how this was impacting on recruitment and whether ACES could do anything about it.

Report of Head of Engagement

The Head of Engagement, Neil Webster, had submitted a report on matters arising during the period since the last meeting. The report updated Council on a number of matters including the FACES initiative (with 100 "early careers" people now signed up), our relationship with Corporate Members, measures to increase membership and other issues.

Specifically on FACES, there was very good feedback on the RICS APC Training Day set up with Carter Jonas on 27 July in Leeds.

Consultations

The SVP reported on notification of a recent consultation on the Levelling Up and Regeneration Bill concerning plan making reforms which is open until 18 October. She also referred to a Best Value consultation although the closing date was imminent. There was also a RICS housing retrofit professional standards consultation unlikely to affect ACES members but the SVP will make further enquiries. A question was asked about the recent RICS consultation on CPO and the SVP undertook to circulate the outcome.

ACES' Terrier

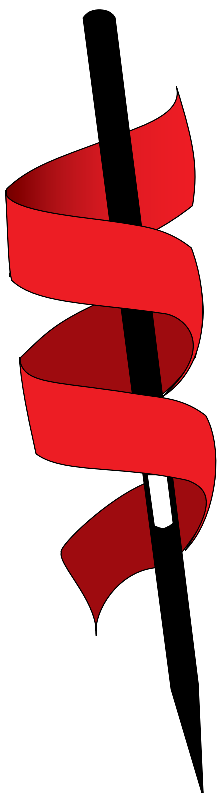
The President thanked the Editor, Betty Albon, for another excellent edition. Tony Bamford commented that it was nice to see an article by a local councillor in this edition and hope to see more of the same.

The Secretary talked through the proposal by Marcus Macaulay on creating a new dedicated website for ACES' Terrier which was mobile phone friendly, broke the journal down into articles that could be easily searched, included advertising banners as a potential source of extra income, and contained improved links to relevant resources and social media.

The cost of the proposal was presented to members for information. It was noted that there was a significant investment, not only in setting up the website, but in translating the information in each individual edition of the Terrier into the new website format. However, Marcus had indicated in his proposal the extended opportunities for advertising by contributors and others and that over time this should cover the initial investment.

The President considered that more work was required on the proposal before members could make an informed decision. Discussion took place on whether introducing page turning software on the existing site was an option.

It was noted that the development of a separate Terrier website, along with improvements to the SEO facility, could significantly raise the profile of ACES and that the "power of the internet" to



reach a wider audience shouldn't be underestimated.

It was concluded that the CMT would pick up further consideration and development of the proposal and report back.

Core Management Team

The Secretary reported that a number of meetings of CMT had taken place covering the day to day running of the Association. A number of key actions and decisions had taken place and Council endorsed and approved the actions taken by CMT.

Free membership for CIPFA

ACES has had a longstanding free ACES membership arrangement with CIPFA (pre-SAM Diploma), partly as a quid pro quo for Betty Albon attending CIPFA events for free. Donna Best's ACES membership subscription is up for renewal and as a CIPFA employee, she has previously been granted free membership since 2020. CMT had agreed to continue the arrangement.

Appointment of social media champion

Following the approved Business Plan, Neil Webster has had discussions with Imogen Poppy who works for Hertford Regional College as social media manager, and who has prepared a framework for what she can do for ACES, based on ACES' standard hourly rate. Council is asked to note progress.

Liaison officers

Following a limited response from members to a call for volunteers for Liaison Officers, the Secretary has been approached by the Valuation Office Agency offering three non-member volunteers to join the newly formed Liaison Groups. Full details of the experience and knowledge of the volunteers has been provided and on the back of this, CMT has proposed including them in the new Liaison Officer Groups (details on the July Council webpage).

CMT has also proposed that the three volunteers be informally classed as "Associate Members", with a view to admitting them as full members at the National AGM in November.

Future meeting venues

In order to avoid missing opportunities, CMT has progressed with fixing venues, subject to Council final approval, for future meetings for 2023. With regard to the National AGM, the secretary has been in contact with the Scottish Branch and the Edinburgh member and a booking has now been secured at City Chambers in Edinburgh and firming up the format, lunch menu etc., is in hand.

Council endorsed and approved the actions taken by CMT.

Annual Conference 2023

The President advised on the latest position with regard to the 2023 Conference, to be a one day event on 21 September, the City of York. The theme will be Health and Public Sector Working Together and a good range of speakers had been identified/secured.

As a result of the efforts of Neil Webster, considerable support from Corporate Members and others had been lined up for the Conference including Carter Jonas, Avison Young and Lambert Smith Hampton.

The President talked through the detailed financial plan that she had worked up for the conference based on the most recent data available and anticipated attendance. On the basis of the current plan, the overall net position was a small deficit.

The President preceded her reference to the Social Programme with a huge thank you to Marcus Perry who had put together such an excellent programme. As the programme was typically to be delivered "at cost" as in previous years, the President was happy for this to proceed as planned.

The President talked through the format for the day which comprised sessions under the headings of Theory, Partnership in Practice and additional technical matters on property management matters, legal matters and RICS issues [Ed – see conference write-up in this issue of ACES' Terrier].

AGM 2023

The Secretary brought members up to date with the latest details. The meeting will be at the City Hall in Edinburgh on 17 November with an emphasis on the awards ceremony, celebrating the good things that ACES and members do in so many diverse ways. A speaker and the invitations to guests are being considered. There will probably be an informal meal the night before for those that need to travel to Edinburgh the day before the meeting.

ACES Award for Excellence

The SVP advised that in addition to the traditional award for excellence, the awards this year would be extended to include Project of the Year, Team of the Year, FACES Award, Net Zero Champion and Community (Social Value) award. So far seven nominations had been submitted and the SVP will ask branches to give a push for more nominations. The Editor had also passed to the SVP recent articles from the Terrier, which qualify as nominations.

Asset management in the public sector

Malcolm Williams updated members on the SAM diploma course which continued to go very well, with the help of the ACES members carrying out the presentations in a professional manner.

Malcolm advised that as of June this year, we will have had 177 students that had taken the Diploma Course. On top of this, applications are coming in for the next iteration which starts in September and interest is still healthy. There will be some tweaking of the course content to make it more relevant and attractive to the health sector. The President confirmed she was talking to colleagues in the NHS about attending future courses.

RACES/Homes for older people

The Secretary reported on progress since Derek Rowell had to step away from the iHOPE initiative. It was commented, again, that Derek had worked hard and enthusiastically to get the initiative to a good level of engagement and this was much appreciated. The Secretary had had some discussions with potential parties to take up the baton and was awaiting responses. Another call out for volunteers was recommended.

Co-ordinators, branches and external working groups

Liaison Officer and branch reports were received, and these have been published on the ACES website for the information of all members. Once again, thanks went to the Liaison Officers for their efforts in producing detailed and topical reports which are appreciated by members, and to the branches for submitting reports on their activities.

Tony Bamford gave a verbal update on his Rating and Taxation and Covid reports. Daniella Barrow gave a verbal update on a recent meeting with RICS in June. Daniella was encouraged that despite recent worrying news, the communications from the RICS seem to be improving and there was a drive to conduct more workshop discussions on public sector matters. On RICS consultations, it was noted that there would be a comprehensive look at Landlord & Tenant Act Part II matters later in the year which will be of interest to many members. Daniella also referred to the RICS Manifesto which would look at key areas of housing, real estate and skills in the Levelling Up agenda and ACES has been asked for input. Some updates on Standards including a revised Code of Measuring Practice for the UK only!

Chris Brain gave a verbal update on EUV Guidance for asset valuations and the review of financial reporting for asset valuations which will be published shortly.

The President thanked the branches for their reports and verbal updates as appropriate, which again gave interesting insights into things going on in the regions.

The secretary tabled the proposed grouping of Liaison Officer Reports and discussion took place on the latest allocations which seemed acceptable to Council. The Secretary also referred to the recent offer from the VOA outlined above.

Future meetings

The following future meetings were noted:

Annual Conference
21 September 2023, York

Annual Meeting
17 November 2023, Edinburgh

Any other business

Simon Hughes asked if Council would give support to Remit Consulting doing an anonymous survey of members on office occupation, on the basis it would be done free of charge. This was supported by Council.

Chris Hewitt suggested a poll of members to understand if they are engaging with our corporate members, in view of the financial support that is being given to the Association. The Secretary advised that this could be done by way of a survey using MS Forms and the Treasurer agreed to pass a list of questions to the Secretary accordingly.

The President closed the meeting and those attending in person attended a Tour of Paradise Birmingham Project provided by MEPC [Ed – see Alex Housden's article in this issue of ACES' Terrier].

ACES MEMBERSHIP

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

I list below the changes in membership between 1 June and 30 September 2023

New members approved

There were 21 new applications approved during the period:

First Name	Surname	Organisation	Branch Ref
Mark	Tyler	Align Property Partners	NE
Douglas	Henderson	Angus Council	S
Paul	Allison	Barnsley Metropolitan Borough Council	NE
Paula	Conway	Belfast City Council	S
Julia	Nock	City of Wolverhampton Council	HE
Craig	Isdale	Falkirk Council	S
Philippa	Sampson Bancroft	Greater London Authority	L
Kevin	Foster	LocatED	L
Naheem	Siddiq	LocatED	NW
Ravinder	Cheema	LocatED	HE
Simon	Kidd	LocatED	NE
Will	Mumford	LocatED	SW
Ralph	Million	London Borough of Tower Hamlets	L
Sandra	Hudson	Malvern Hills District Council	HE
Liz	Macdonald	NPS Property Consultants Ltd	E

Jo	Stewart	Scottish Borders Council	S
Mark	Halligan	Slough Borough Council	L
Kieran	Meighan	Stockton Borough Council	NE
Arthur	Pritchard	Warrington Borough Council	NW
David	Loveless	Woking Borough Council	SE
Neil	Turvey	Wyre Borough Council	NW

Members transferred to past membership

One member transferred to retired membership during the period:

First Name	Surname	Branch Ref
Phil	Thompson	Heart of England

Resignations

The following member resigned during the period:

First Name	Surname	Organisation	Branch Ref
Rowena	Gornall	Wyre Borough Council	NW

Membership

Summary of current membership at 30 September 2023:

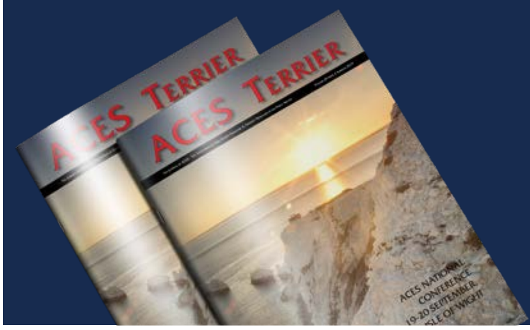
Total Membership	
Full	235
Additional	82
Honorary	34
Associate	23
Retired	38
Total	**412**

Trends

This quarter sees the greatest increase in member numbers for a long period. This is partly due to a block membership agreed with the government owned organisation, LocatED, and a number of members attracted by the National Conference.

As usual, this is in the context of a large number of members who have still not paid their subscription and who may have to be expelled from the association before year end, and a number of members who have "resigned" but who have not yet decided if they wish to remain as retired members or associates.

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



ACES

The Terrier
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07853 262255 - 01257 793009 - secretary@aces.org.uk
ACES Editor: Betty Albon editor@aces.org.uk

Helen is Senior Transaction Manager at NHS Property Services and President of ACES.

PRESIDENT'S PIECE

Helen Stubbs, president@aces.org.uk

Welcome to this bumper packed edition of ACES' Terrier and to my final contribution as President.

It's been difficult trying to determine what to write for this issue – I want to reflect on the last full 10 months as President, but I don't want to pre-empt the AGM in November at which I will be looking back on the achievements that ACES has made over the last year (and there are many). Equally, I want to comment on the very successful conference on 21 September, but don't want to go into huge amounts of detail as the conference is the focus of this edition. I do however want to say a huge thankyou to everyone who made the conference a success, from the presenters to the audience, and everyone who supported with the organisation on the day, and especially to Trevor Bishop for his administrative support and Marcus Perry for his social programme organisation – THANK YOU ALL.

I thought that I would take this opportunity to promote the FACES concept that we are currently developing. Final submissions for the APC assessment have just been uploaded to RICS and colleagues throughout our organisations are frantically revising, trying to remember in detail the five new rules of conduct, the differences between IPMS and NIA and the structure of the Red Book, along with all of their example submissions and case study in minute detail. I certainly don't envy them. FACES or the "Future of Association of Chief Estates Surveyors" to give it its Sunday name, is the collective name that we are giving to the project to develop and encourage newly/recently qualified surveyors within the public sector, with a view to supporting them through their early years careers, in the hope that they will continue to stay with the public sector and not be lured by the bright shiny lights of the private sector. We are developing the project scope and it currently includes topics such as mentoring/coaching; APC mock interviews and guidance; soft skills development. If you have any ideas of topics for inclusion, or more importantly graduates/newly qualified members of your team who would welcome some additional support, then please do get in touch.

THE NHS EXPLAINED Leadership and governance

Andrew Strange Andrew.strange@property.nhs.uk

Andrew has been working in property strategy in the NHS for the last 10 years. He has previously worked in local government and consultancy as a town planner prior to joining NHSPS. Andrew has a deep understanding of the NHS and the property challenges that it faces in continuing to provide patient care. He has drafted and supported the development of numerous estate strategies within the NHS, including the BSW STP Estate Strategy in 2018 that helped secure funding for a number of strategic developments, including the NHS' first net zero carbon integrated care centre in Devizes.

Andrew's paper which opened the sessions at ACES' National Conference is detailed here, to help set the context of the NHS leadership and governance, strategies, planning and financing of the NHS.

Andrew's task and context

Andrew's aim was to walk delegates through the NHS structure, funding and key property issues NHS faces. He hoped we would go back to base and root out our own NHS representatives, who are always keen to engage and see how projects can be progressed to deliver better patient care across the country.

Andrew is the Strategic Leader for the south of England. There are a whole lot of similar challenges to address across the public sector, including the health sector. So how do we work together?

NHS Property Services (NHSPS) was founded in 2013. It inherited the estates of 150-200 different organisations and a whole lot of buildings with a diverse background of management, which all came together into one organisation. There was a lot of fire fighting at first, trying to understand the inherited estate, data, and contracts managed to deliver services to the estate. The organisation has moved a long way since then. It is now a maturing organisation, with an estate comprising 2,755 properties totalling 2.5m sq m across Eng, with 7,000 occupiers. It represents 10% of the NHS estate. It is a substantial estate to manage.

Some of NHSPS' achievements involve the focus to release capital for reinvestment. There has been a significant disposal pipeline of £502m: the 'low hanging fruit' has been sold, so all the NHS partners are having to work hard to rationalise and consolidate the estate and free up assets which are beyond their life or in the wrong location. Capital investments totals £907m. There has been a 30% reduction in carbon since 2019.

A recent initiative has been NHS Open Space – bookable serviced accommodation, whereby a clinician, physio, optician or others can go on the website to book a room (like booking.com for health care accommodation - click, book, pay, use). More than 1,120 rooms are available. It is driving more flexible use of space within the NHS and is new income. It also gives a lot of data about utilisation [Ed – see 2020 Autumn Terrier for an article on NHS Open Space].

Key organisations

NHS can be seen as a kind of a 'brand' rather than a single organisation, where the Department of Health and Social Care (DH&SC) is the shareholder. It is a wholly owned government property company. DH&SC is given a budget by the government every year, which decides how much should be spent on health. DH&SC manages the overall budget. and hands a lot of it down to NHS England.

Key Organisations

DH&SC

- holds the overall budget for NHS E
- occupies offices and has some surplus/ retained estate

NHS England

- allocates the budget to ICB
- commissions some services
- mostly occupy offices (leasehold)

Commissioners

- ICB
- ICB/Councils
- NHS England
- mostly occupy offices (leasehold)

Providers

- NHS Trusts
- GPs/PCN
- private sector
- local authorities
- third sector
- mix of clinical and office estate with some specialist and ancillary estate (mix of freehold and leasehold)

Integrated Care System

NHS England is the approval/regulatory body. It sets national programmes for the NHS and sets the broad direction of the NHS at a national level. Neither are health care providers, so they do not deliver services. Property occupied is the administrative estate and some storage. NHSPS property is managed through a budget devolved to NHS England by the Department of Health and Social Care.

Commissioning bodies include Integrated Care Boards (ICBs), which set local targets and budget spend. While NHS does commission some specialist services, the main commissioner at the local level is the ICB, with significant budgets. ICBs set targets for how to improve population health and decide how money is spent locally. There are over 40 ICBs nationally; they overlap many local authority (LA) areas: some are co-termiinus with a single LA, but others are much larger and cover a much more significant area. ICBs are mostly administrators, occupying an office estate.

Providers providing direct health care include NHS Trusts and GPs. GP practices are private businesses effectively managing their own budgets, although some property costs are reimbursed by the care board [Ed – see article by Bryan Wootten]. Other providers are local authorities, the private and third sectors (important aspect of service delivery if you need health care). Property is a mix of clinical and office estate, held as freehold and leasehold estate. Commissioners and providers form the Integrated Care System.

There is much more of a move locally to join up health and social care in a bigger way. The challenge is to provide free treatment at the point of delivery; social care requires much more individual assessment and complex provision.

The clinical estate is owned or leased by a provider organisation(s). While acute hospitals are owned by NHS Trusts, local GP property may be leased through a NHS third party insurer, or owned themselves and receiving rent from a commissioner.

Commissioners and Providers together comprise the Integrated Care System (ICS), which come alongside ICBs and Integrated Care Partnerships (ICP). ICS is the level at which NHS and local government will work together, to deliver place-based planning

Integrated Care Systems

Integrated Care Systems

- c. 40 ICS
- partnerships of commissioners and providers
- integrated care boards – decide how funding will be spent
- integrated care partnership includes other partners e.g. local authorities

Place Based

- "place" based planning and delivery of healthcare
- often at local authority level

Primary Care Networks

- neighbourhood level
- GP/primary care led

Provider Collaboratives

- NHS Trusts work together e.g. more than one acute or mental health Trust

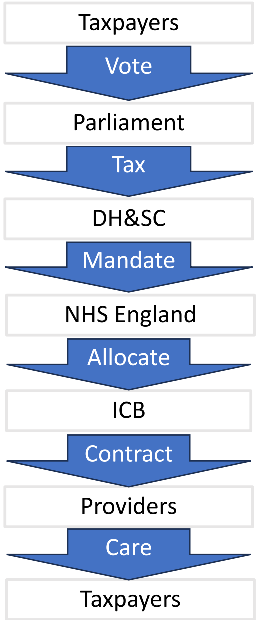
How Does the Money Flow?

Table 2.1: Resource Departmental Expenditure Limites (DEL) excluding depreciation

£ billion (current prices)	Outturn(1) 2021-22	Plans(2) 2022-23	Plans 2023-24	Plans 2024-25
Resource DEL excluding depreciation				
Health and Social Care	144.1	173.9	176.2	180.5
of which: NHS England	133.7	155.4	160.4	165.9
Total Resource DEL excluding depreciation, post Allowance for Shortfall	**451.8**	**447.9**	**454.5**	**459.3**

Table 2.2: Capital Departmental Expenditure Limit (DEL)

£ billion (current prices)	Outturn 2021-221	Plans 2022-232	Plans 2023-24	Plans 2024-25
Capital DEL(3)				
Health and Social Care	9.0	11.2	12.0	12.6
Total Capital DEL	**93.0**	**107.6**	**115.4**	**117.5**



40% of RDEL is spent on health and social care

The NHS is the UK's biggest employer.

Integrated Care Systems (ICS)

and delivery of healthcare. It is a legislative requirement that IC Systems have an IC Board with representation at ICP level.

At the local level, key people for the LA to contact are the commissioners and provider sector. The commissioners set the demand for property – where to invest, where to spend, etc, and are the big influencers in the property world. For example, the Birmingham and Solihull (B&S) councils have a combined budget of £3.5bn. A significant proportion will be spent on education and social services. For comparison, the B&SICB has a budget of £2.5bn, so is a massive contributor to the local economy and an important influencer on issues like health inequalities.

Within each ICS you will find place based partnerships and place based working. These tend to be at the LA level, where ICBs plan services around LA areas.

Cascading down, Primary Care Networks (PCN) work at neighbourhood level, via GPs. NHS England is encouraging individual GP practices to work together. Rather than one practice serving just its, say, 10,000 patients, GP practices should work at 50-60,000 scale, as Primary Care Networks. These are not formal groupings and each is still independent within the PCN, but they all have the same objective – better patient care. They are ran by GPs, which have the challenge of trying to run health care and a business at the same time. In time, the PCN might look more like a business, eg shared back offices and receptions, but it is a slow start.

Provider collaboratives – NHS Trusts work together on shared initiatives, share learning, to deliver better care. So within one ICB, trusts may take learning from another eg in acute or mental health trusts.

One key fascination Andrew drew attention to - in terms of governance, NHS trusts are managed by Boards; GPs are independent businesses. This contrasts with the elected nature of local authorities. Some Board representatives are elected, others are appointed, in a different way to local government. So there can be two massive public sector groupings within a similar area that are run in very different ways. NHS personnel can be surprised when they seek to understand the politics of councils in property transactions, town planning, etc. There can be polarised positions. Added to which, the GPs are purely independent and private and GPs are looking at the bottom line, but often with financial incentives provided by the commissioners. It makes for interesting dynamics!

How does the money flow?

The commissioners have contracts with the providers. Around 2021, the government introduced a statutory change and the necessity to tender services was amended. The concern was that the private sector would come in and deliver a lot more services? Andrew felt this had not happened significantly.

It is very important for surveyors to understand contractual relationships and funding flows. Therefore in property transactions, who's the ultimate funder of whatever you're seeking to deliver? Is it from the Department of Health? From NHS England? Is it contractual?

The scale of investment within NHS on health and social care in 2023/24 is £454bn, which represents 10% of GDP; capital expenditure for the same year is £115.4bn. There are two pots of money – day to day revenue (£454.5bn); DH&SC allocates capital (£115.4bn) for all health and social care. A lot of the revenue spend goes into day to day appreciation, equipment renewal costs, backlog maintenance, and a smaller proportion into investing in new items.

This sets the scene for structure, governance and funding, around which hangs strategy, planning and implementation.

NHS LANDLORD AND TENANT Premises cost direction, GP rents and landlord and tenant Issues

Bryan Wootten bryan@woottendean.co.uk

Bryan kindly prepared this paper to explain the detail of landlord and tenant matters for GP practices. Surveyors working in partnership schemes with the health sector should be familiar with the differences.

Bryan is an RICS Registered Valuer with over 30 years' experience as a chartered surveyor working in the primary care environment, including 15 years working within the District Valuer's office. During his time there, he specialised in providing value for money reports to numerous NHS organisations relating to new primary care centre proposals. This involved the negotiation of commercial terms for new schemes with third party developers and numerous GP practices. He was also involved in the assessment and negotiation of NHS reimbursement rent on behalf of NHS organisations; a role that he continued following the establishment of Wootten Dean Chartered Surveyors in 2006.

Bryan currently supports GP practices in connection with new primary care centre proposals and extensions; this typically involves site purchase negotiations, securing NHS funding for scheme proposals through the preparation of business case submissions, and the negotiation of NHS reimbursement rent to ensure scheme viability. Bryan also provides surgery valuation advice to numerous clients, in addition to the negotiation of lease renewals and rent reviews within the primary care environment.

Rent reimbursement

I thought it would be helpful to start by providing a brief overview of NHS rent reimbursement to GP Practices before we consider how the principle of rent reimbursement is applicable to new development proposals.

It's worth noting that generations of GP practices have carried an expectation that the NHS will reimburse them the rental costs of the accommodation required to deliver their NHS contract. Currently, rent reimbursement is arranged according to the Premises Costs Directions 2013 (PCD). The longevity of this arrangement is worth bearing this in mind because it continues to be the prevailing expectation of GP practices today.

Today, rent reimbursement largely involves an assessment of the market rent of GP surgeries, referred to as Current Market Rent; there are a diminishing number of practices still in receipt of what used to be called Cost Rent reimbursement, but they are really a legacy from a previous generation. Moving forward, we are left with a market based approach to rent reimbursement.

The Directions confirm how we assess Current Market Rent for both owner occupied and leased surgeries. There are still a large number of GP practices who own their surgeries – my guess is that numerically this is still the majority form of GP surgery occupation.

For owner occupied surgeries, rent reimbursement is the Current Market Rent based on an assessment of the notional rent of the property. The Premises Directions define the notional lease terms upon which the Current Market Rent will be assessed i.e. assumes a 15 year lease with rent reviews every 3 years, on an upwards and downwards basis, subject to a floor of the initial rent, with repairing and insuring obligations assumed to be on a tenant internal repairing and insuring basis.

For leased surgeries, the Premises Directions also provides for rent reimbursement of the Current Market Rent for GP surgeries occupied under a lease, with the Current Market Rent assessment adjusted to reflect the actual lease terms.

One item of note is that Part 5 of the Premises Directions make it very clear that where a GP practice seeks NHS rent reimbursement support relating to a new lease, this support is to be sought and confirmed prior to the commencement of the new lease. This applies to new build surgeries, lease renewals on existing surgeries, and a new lease on an existing surgery, for example where a third party investor may approach an owner occupier GP practice with a sale and leaseback proposal.

So, most of the time I'm representing the GP practices on the tenant side, and if I have one message for them, it's not to enter into any lease without NHS approval because their future rent reimbursement is dependent on prior approval of the lease.

PCD create the framework by which the

NHS can provide the support required to deliver the primary care estate. It is discretionary in its nature. What I mean by this is that the NHS is not obliged to provide financial support for everything that is provided for in the Directions. So the Directions allow the NHS to reimburse the GP practice its reasonable costs in engaging a project manager where it is engaging with a third party developer on a new surgery proposal; and likewise the legal costs associated with advice required before entering into a new lease. The NHS may choose to provide this type of financial support to a GP practice but it's not obliged to do so. As ever, it will seek to prioritise the type of support it provides according to its priorities for improving the estate.

Confirmation of Value for Money for new build schemes

So, if you're looking at new development proposals which include accommodation for a GP practice, how do you secure NHS funding for this part of the scheme?

The first step will involve securing in principle support from the NHS. Engagement with the Integrated Care Board (ICB) is needed, and it will be made clear what is required to secure its approval. At some point, once you've jumped through the hoops required by the ICB, the District Valuer is instructed by the NHS to assess whether the scheme proposed represents Value for Money to the NHS.

The DV will engage with the developer's surveyor in a negotiation on the level of rent that the NHS will support. Ultimately, the DV will report back to the NHS their opinion of the Current Market Rent of the scheme as proposed. In arriving at this opinion, the DV will assess the rent proposals by reviewing the scheme details using a cost based development appraisal as part of the VFM assessment. Part of this will inevitably involve scrutinising the scheme costs – typically site assembly, construction costs and yield requirements are much discussed. The DV will also compare scheme costs and rent requirements with other comparable recent schemes as part of the Value for Money assessment. Essentially, a blended cost and value based approach to a scheme is adopted by the DV in assessing the Current Market Rent of the scheme.

The DV will then report back to the NHS their assessment of the Current Market Rent. This report will effectively be conditional on the following:

- on assumed lease terms as detailed in the DV report
- on compliance with NHS requirements in terms of construction and design guidance
- compliance to scheme drawings as agreed between the parties
- developer delivering prior agreed net internal area on completion of scheme (to be confirmed on final inspection).

Assuming the rental requirements for the GP practice accommodation are confirmed as Value for Money, then the developer can progress the scheme.

Development risks

Potentially abortive costs

From a developer perspective, there is a significant amount of time, trouble and effort (and cost) required to get to the stage of NHS and DV approval of a scheme. There are business cases to be written, early stages design work required, QS estimates for DV evaluation, surveyor's costs in DV negotiations, maybe pre-application advice on planning. And after all this, there is no guarantee that the DV will confirm that the scheme represents Value for Money to the NHS.

The ICB may be able to provide some support to cover these at risk costs, but such support certainly shouldn't be assumed.

Construction cost changes

Post confirmation of Value for Money from the DV, managing increases in construction costs when going out to tender can be problematic. It may be possible to take the hit within the existing rent agreement and if not, going back to the DV to ask for additional rent may be the only option. The reality is the ICB may not have sufficient funds to support an additional amount of rent.

GPs

How to ensure the GP doesn't get cold feet and decide not to sign the agreement for lease once Value for Money confirmation has been secured. Do you just trust that their desperate need for new accommodation carries them over the line?

It is important to have early conversations about expectations. Can you sign them up to an earlier commitment?

These are issues that I don't have an answer to but they are real enough.

Notable lease terms and other issues

Lease term – Long lease terms are accepted as a reasonable requirement of this property type due to the bespoke nature of the NHS accommodation requirements. This is clearly attractive to developer/investors but the long-term nature of the lease can be problematic from the GP tenant perspective, particularly where there are smaller GP practices involved (see the last man standing issue below).

Alienation provisions – Leases to GP practices generally offer a degree of flexibility when it comes to assignment. Most GP practices are partnerships, and typically the landlord will require 2-3 partners to sign the lease; they have joint and several liability on behalf of all partners. The flexibility generally offered in these leases allows individual partners to assign to other GP partners or other qualifying NHS bodies without requiring the consent of the landlord. The purpose of this is to allow GP partners to retire with no ongoing lease liability. It is generally conditioned on the landlord's requirements for a minimum number of partners to remain on the lease.

Rent reviews and reimbursement rent
Most GP surgery leases include a commitment by the landlord that the lease rent will not exceed the NHS reimbursement rent. This is to satisfy GP expectations as previously described.

Since 2013, the NHS requires that the lease rent reviews are completed prior to the NHS review of reimbursement rent. In this context, rent reviews can present a problem for the landlord. How do they deal with the situation where the reimbursement rent reported by the DV is lower than the lease rent agreed between the parties?

In order to address this issue, the landlord generally requires inclusion of a clause in the lease which allows him to challenge the DV assessment of the reimbursement rent at review, by effectively stepping into the shoes of the GP practice in the reimbursement rent appeal process.

Landlord & Tenant 1954 Act

Leases are generally within the Act – there is an expectation that leases will be renewed as it is generally in the interests of both parties, given the specialist nature of these building and the likely continuing demand for surgery accommodation to deliver services to the local community.

Last man standing

The issue of last man standing for GP practices relates to the falling numbers of GP partners currently in General Practice, and the difficulties some practices have experienced when trying to recruit new partners. In terms of the impact of this issue in the context of new surgery proposals, it most often becomes a barrier to GP commitment when smaller practices are involved. Imagine being one of 3-4 partners being asked to commit to a 25-year lease when you've not been able to recruit new partners and your prospective landlord requires a minimum of 3 partners party to the lease. This is perhaps less of an issue than it might otherwise have been due to the significant numbers of practice mergers over the past 10 years; the result of these mergers is partnerships with significantly larger numbers of partners for whom such a commitment is less of a concern.

Armageddon clause

In some situations, landlords may be prepared to offer GP tenants the right to break the lease in the event that NHS funding support is withdrawn from the GP practice. This is not a common feature of GP practice leases, and where it is included, it is usually a conditional offer, for example requiring the GP tenant to show that they are unable to pay the rent from practice income, that they have made best endeavours to find alternative funding, or an alternative acceptable assignee.

RICS Guidance Note 60

Refers to the valuation of medical centres and surgeries. Probably the most helpful part of the guidance is the explanation as to how to calculate the Net Internal Area of a GP surgery. The guidance notes explains that as a result of different requirements for space utilisation within GP surgeries, additional areas are included within the calculation of NIA. So, for example, there is a recognition of the need for separate staff and patients' WC facilities in GP surgeries; as a result additional WCs used exclusively for patients are included within the NIA of a medical centre. And there are other areas that are included within the NIA as a result of adopting this approach.

Obviously, in rent negotiations, it is then a matter of negotiation as to the level of value to allocate to these different areas.

OPE YORK CENTRAL Building a movement through partnership, York Central, One Public Estate

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In a perfect piece of timing, Jez and Helen have provided this case study of York Central, a One Public Estate project outlined in a NHS case study at ACES' National Conference. "As a result of this cross-public sector collaboration, York Central has become one of the largest mixed use regeneration sites in the country today."

Jez is Regional Programme Manager, One Public Estate, Local Government Association. He has over 10 years' experience in public sector property and housing services. Since joining the LGA in 2019, he has managed a large portfolio of cross public sector property projects, fostering collaboration to drive forward delivery.

Helen is Regional Programme Manager, One Public Estate, Office of Government Property (Cabinet Office). Originally qualified as a development surveyor, Helen's career has focused upon leading multi-agency programmes across the public and private sector, joining the Office of Government Property in 2020.

York Central: a gargantuan effort from many public bodies to deliver enormous benefits for the entire region. This project reimagines 45ha of under-used brownfield land in the heart of the city. The area will become a vibrant residential, cultural and commercial quarter, addressing challenges around York's growing population's housing needs and playing a big part in growing the economy.

One Public Estate (OPE)

The OPE programme is about local and central government working together to get more from our collective assets - whether that's catalysing major service transformation such as health and social care integration, unlocking land for new homes and commercial space, or creating new opportunities to save on running costs or generate income.

It's a national programme delivered in partnership by the Office of Government Property within the Cabinet Office, the Local Government Association and the Department for Levelling Up, Housing and Communities. Working with local partnerships of public bodies, the programme provides practical and technical support through regional teams to deliver ambitious property-focused programmes in collaboration with local authorities, central government and other public sector partners.

York Central

City of York Council joined the OPE programme in 2014, committing to looking at its estate differently through working in partnership to deliver more, together. In light of the constrained financial landscape at the time, the council focused on delivering significant community benefits and to support the ambitions of its (then) emerging local plan; of which the redevelopment of York Central was a key element.

York Central is a 45ha former railway engineering site which lies west of the city's railway station. An outline planning application for York Central has now been approved and, when complete, the site will form a new space at the heart of the city, delivering up to 2,500 new homes (20% affordable), over 6 ha of urban park, as well as around 100,000 sq m of office, retail and leisure space.

Partnership

The York Central project is now well underway and is a collaborative effort by the York Central Partnership, comprising of majority landowners Homes England and Network Rail, with City of York Council and the National Railway Museum, and demonstrates the benefits of the public sector working in partnership at scale.

In 2016, OPE provided a further £250,000 grant funding to assist with establishing

An aerial illustration of the York Central Development


York Central in relation to York City Centre

the formalities of a partnership between the four bodies, collectively now known as the York Central Partnership; to complete commercial negotiations around acquisitions; to engage procurement advisors; and to undertake a wide-ranging public consultation, which would help to inform the approach to planning.

The Partnership Agreement identifies roles, risks, investments (direct and grant) and rewards of each of the four parties, with each taking responsibility for elements of the works, such as infrastructure, attracting inward investment, or developing the site. Using the OPE ethos and by acting as one, the four partners have unlocked even more opportunity – through the assembly of land, access to finance, and by bringing differing perspectives and expertise together.

The OPE programme, with its blended team across central and local government, was able to utilise its combined knowledge and relationships to broker between parties, make connections between teams and help to join dots where required. The York Central partnership has moved from strength to strength since its inception.

Collaboration

To get this project off the ground, City of York Council worked with landowners Homes England and Network Rail to open up a parcel of disused rail land needed to improve the road network. This unlocked the development potential of further parcels of land and, as a result of this cross-public sector collaboration, York Central has become one of the largest mixed use regeneration sites in the country today.

This collaboration afforded City of York Council and its partners a significant opportunity: maintaining an influential stake in the direction of the regeneration while receiving both a return on the investment from land receipts and greater business rates retention locally. The project is enabling the extension of the National Railway Museum; local residents' engagement has been key.

The York Central project has, to date, secured £135m public sector investment to build key infrastructure to unlock the site's potential. Construction started in 2022 after outline planning permission was granted for works that will see a new bridge over the East Coast mainline railway, new drainage systems, together with new cycling and pedestrian routes. All phases are anticipated to complete by 2035, with a forecast of £1.16bn gross value added to the local economy.

Drivers

As a place-focused initiative, OPE projects all have different, locally based drivers. As well as seeking to make best use of


York Central proposed new square

brownfield land which had been vacant for several years, City of York Council was facing an increasing challenge to meet its growing population's housing needs. York Central presented a distinctive opportunity for growth, both for the city and the wider region.

The city also lacked sufficient supply of 'Grade A' office accommodation, so the partnership sought a space to both encourage the retention of local employers as well as the ability to attract inward investment. Lying between the A19 and A59 corridors and with its superb rail connections, York Central provides an exceptional location.

York Station Gateway

Alongside the York Central development, York Station Gateway is being master planned to improve the station frontage and link it with this regeneration opportunity.

With footfall through the station predicted to triple over the next 30 years, the partners are delivering on a plan for sustainable growth which prioritises pedestrian and cycle routes and the creation of new public spaces which complement the York Central development.

Getting Involved in OPE

OPE began in 2013, working with 12 local authorities and a handful of government departments. To date, OPE has supported over 800 projects, working with 12 government departments and hundreds of public sector stakeholders, helping transform local communities and public services across the country.

Today, there are 69 locally led OPE partnerships covering 98% of English local authority areas. So far, through the collaboration of public sector partners sharing property data, challenges and ideas to focus on place, these partnerships have enabled over 37,000 jobs, released land for almost 33,000 new homes, reduced running costs by over £119m and raised £593m in capital receipts for reinvestment.

The programme has also been supporting local authorities to release surplus brownfield land for housing development, unlocking unviable sites by providing capital funding for remediation through its Brownfield Land Release Fund (BLRF). The BLRF programme has seen land released for more than 3,000 new homes so far and anticipates another multi-million pound application round opening before the end of the year.

To get involved in a One Public Estate partnership near you, please check our website to find the contact details for your area: https://www.local.gov.uk/our-support/one-public-estate/contact-one-public-estate

A further partnership between the City of York Council, West Yorkshire Combined Authority, Network Rail and LNER aims to deliver these enhancements, which are due to complete in 2025.

Following significant success and growth of OPE, City of York Council is now part of a wider network of public sector partners in the North Yorkshire One Public Estate Partnership, working alongside the new North Yorkshire Council and other public bodies to consider current challenges and future collaborative opportunities.

To learn more about York Central, visit their partnership website; https://www.yorkcentral.info/

ENVIRONMENT PLAN Environmental opportunities – Myth or reality

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

John outlines a few initiatives for environmental improvements, but questions with the current government commitments whether delivery is myth or reality.

John is Principal Consultant, Nicholsons. He has over 30yrs experience as a rural chartered surveyor, specialising in forestry and environmental planning. He has been a fellow of the British Institute of Agricultural Consultants since 2014 and has 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. Over the last year, John has led the consultancy team supporting Defra on its Nature for Climate Fund project, focused on returning vacant and derelict land into beneficial, productive woodland, with greater environmental and social benefits.

In 2020, John was appointed as Non-Exec Director to the Forest Services Board and sits on the Conservation Committee of the Queen's Green Canopy. He was on the Expert Working Group that helped advise/develop the RICS Valuation of Woodland and Forests Standards 2nd edition.

Moving goalposts?

Since the 2018 publication of the 25-year Environment Plan, we have seen a real focus across both government and the private sector around opportunities in the environmental space. The expectation is that these opportunities will support the high-level aspirations of government, to leave the environment in a better state than they found it and to meet obligations, now enshrined in law, to deliver carbon net zero by 2050. The principle of "public money for public good" thus catalyses opportunities for landowners and investors to work together to provide fair returns and high-quality environmental outcomes.

In Defra's report "Nature markets: A framework for scaling up private investment in nature recovery and sustainable farming" published in March 2023, the stated aspirations are:-

"Our Environmental Improvement Plan 2023, published in January, set out a comprehensive plan for halting and then reversing centuries of decline in nature. Sustained government funding has an important role to play in helping us meet these targets and transition to a net zero, climate resilient, and nature positive economy. But government cannot do the job alone. We have set a goal to grow annual private investment flows to nature to at least £500 million every year by 2027 in England, rising to more than £1 billion by 2030. The development of high-integrity nature markets is a key part of our strategy to enable firms to mobilise this investment."

However, recent weeks have seen mixed messages from government, with recent attempts to remove the mandatory nutrient neutrality rule proposed in the Levelling-up and Regeneration Bill and the pushing back on the ban of the sale of new petrol and diesel cars and gas and oil boilers to 2035.

Recent years have seen huge investment and innovation across the private sector, looking for new opportunities to deliver real environmental change in tandem with the protection of revenue streams and capital values. We will shortly be seeing the introduction of the Taskforce for Nature-related Financial Disclosures (TNFD) recommendations.

However, the goalposts continue to move, or in some cases have not yet materialised. In the most advanced areas, for example Biodiversity Net Gain, there is still a huge amount of confusion, with all sides still awaiting the publication of the secondary legislation and detailed regulations ahead of the formal introduction of the mandatory 10% requirement in November 2023 [Ed – now pushed back to January 2024]. Without these, landowners, developers, and local planning authorities are all still only partially sighted as to how to manage this space.

Even in the carbon space where we have a well-established Woodland Carbon Code and more recently the Peatland Code, recent changes associated with the financial additionality test have led to concerns that projects that would previously been 100% secure being in danger of failing the formal validation process.

Natural capital

Natural capital (1) remains the critical framework that will underpin all opportunities in the environmental space. However, we are still seeing a huge disparity in both the quality and usability of data. Some local authorities have been working effectively in the space and now have excellent datasets that will be critical in supporting the development of their Local Nature Recovery Strategies before the March 2025 deadline. Although, many are still working with poor data that does not reflect the local context and critical priorities.

In seeking to better understand the natural capital baseline and associated ecosystem services, opportunities and trade-off assessments must be tailored to the particular facts of the landholding, not least the requirements and aspirations of tenants and key stakeholders. These are dynamic and will further change over time.

Having a robust baseline will be the key to identifying opportunities to engage in the emerging markets as these become clearer and more secure.

Carbon and focus on Net Zero

Of the ecosystem services which flow from natural capital, one of the most fundamental is climate regulation through carbon uptake. It is now clear that local authorities that have not yet declared a climate emergency are in a very small minority. However, at the same the time, the number that have developed and are enacting strategies to address the challenges remains modest.

Management of land holdings will have a critical part to play, and understanding is growing all the time. At the recent Groundswell (2) Regenerative Agriculture Festival, land managers, scientists and practitioners were able to share ideas and experiences. We have always understood the importance of soil as a natural capital resource, but policy and farming practice has taken us down a pathway that much of this resource is in very poor condition. We are only now understanding how it can provide us with real solutions to many of the issues that we now face in the environmental space, from its role as a carbon store, natural reservoir, and water filter, combined with its ability to support healthy food production with less reliance on artificial fertilisers, pesticides and cultivation interventions.

Photographs courtesy of Theo Cohen

Mountpark: Land use and landscape change in action, Swadlincote

New community woodland, Swadlincote

In terms of climate change, some recently publicised regenerative farming projects have been able to demonstrate robustly net annual carbon sequestration in the region of 20 tonnes/ha over a single season. Such credits rely on the land manager for permanence, and any soil carbon initiative must effectively engage the landowner and all stakeholders.

On the back of 2019 election commitments, we have seen highly published targets for new woodland creation. Government support has been focussed through the Nature for Climate Fund and in particular the England Woodland Creation Offer to deliver additional tree planting. While planting levels are increasing and the pipeline of schemes is expanding, delivery is still falling well short of targets, principally based on the effective permanence of the land use change and the economic returns. However, woodland remains the best understood and most secure pathway to carbon sequestration. Government and the private sector are working closely to provide effective regulation and develop robust schemes to effectively link carbon and wider ecosystem services benefits. Forest Canopy Foundation (3) has been working closely with the Forestry Commission, Defra and the private sector in this space. It is the aspiration that this and similar initiatives will help to secure private sector investment to deliver increased woodland creation and real opportunities for landowners.

Water quality and flood risk management

As noted above, the last few weeks have increased uncertainty. However, the fundamental need for land management changes to deliver real benefits in these areas is now becoming a real opportunity for landowners. For example, the EnTrade (4) Catchment Market is a business developed through Wessex Water that has established an online marketplace for nature-based solutions for water quality and flood risk management. These opportunities are focussed and allow access to secondary funding and environmental opportunities such as Biodiversity Net Gain (BNG).

No doubt this will be replicated in other areas of the country as policy and necessity drive environmental change.

Biodiversity Net Gain

While the imminent legal requirement for all developments to deliver a 10% uplift in BNG is likely to deliver the first real commercial opportunities in the environmental markets space, the current uncertainties and lack of regulatory detail are still holding projects and opportunities back in some areas as parties seek to get a clearer understanding of the real opportunities and risks. Headline figures of circa £30,000 per biodiversity credit, and the expectation that a single hectare of land could deliver and uplift 2 -5 credits, gives the impression of a unique and valuable opportunity. However, risks around ongoing management, monitoring and administration costs over the 30-year period are leading many to question engagement.

In the local authority space, many are exploring the opportunity of becoming a credit provider; however, initial indications of requirements of arm's length transactions and independent legal status are leading many to question the value of what would seem to be a robust and simple solution. There is also the opportunity to become a responsible body (5) with oversight of the delivery and management of BNG sites. However, again without the detailed regulations it is not possible fully to evaluate any opportunities.

Summary

We are undoubtedly seeing a huge amount of interest and engagement in the environmental space, with sector-based initiatives, corporate Environmental Social Governance agenda, and the reporting recommendations of the TNFD, it is certain that this will continue to grow.

Natural capital remains the keystone, and a practical baseline understanding will be key to assist in identifying opportunities and guiding decision making.

We are already seeing real market opportunities emerge in the carbon and biodiversity spaces, but in all cases, the critical message must be to ensure that the risks and opportunities are fully evaluated and understood.

So: myth or reality? As is so often the case the answer is still far from clear. However, with the biodiversity regulations due in the coming months, the recommendations from the TNFD and the ongoing focus on water quality and net zero, we appear to be getting there. The key requirement will be to ensure that understanding continues to grow.

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William is a Senior Surveyor in Forestry England's Woodland Creation Team working alongside a team of foresters, project managers, landscape architects and other professionals to create 2,000 hectares of new woodland by 2027. www.forestryengland.uk

WOODLAND PARTNERSHIP Forestry England Woodland Partnership: Working with local authorities to deliver woodland creation

William Tyson william.tyson@forestryengland.uk

William kindly agreed to write for ACES' Terrier after he and colleagues recently undertook a nationwide virtual presentation and extensive Q&A session. It featured a successful case study partnership which is repeated here. Forestry England would be delighted to discuss more partnerships with public sector landowners.

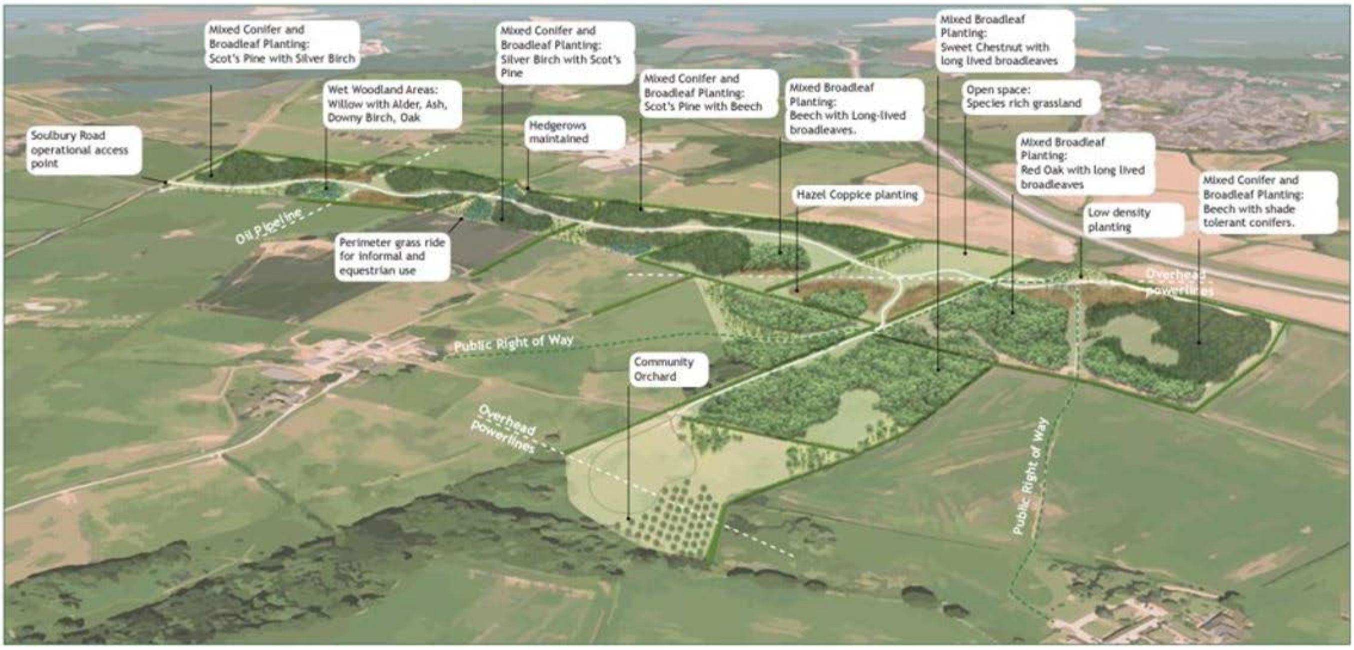
The offer

With government policies on Net Zero in the headlines recently, public attention is again focussing on targets aimed at tackling the climate crisis. The publication of the fourth State of Nature Report at the end of September also highlights continuing loss in the UK's biodiversity. Covid highlighted the lack of greenspace in many neighbourhoods and the government's Environmental Improvement Plan includes ensuring everyone in England lives within a 15-minute walk of woodlands, wetlands, parks, and rivers. These challenges must be tackled together. Over 300 local authorities have declared a climate emergency, and nature-based solutions are often the best ways to respond, while creating high quality greenspace for communities. However, swift action must be balanced with pressures on budgets and partnership working will be key to benefiting the climate, nature, and people.

This is where Forestry England's Woodland Partnership comes in. Backed by DEFRA's Nature for Climate Fund, the Woodland Partnership aims to create new woodlands using long-term leases with public and private landowners. Forestry England is England's largest land manager, responsible for caring for 1,500 of the nation's forests. Since launching the Woodland Partnership in 2021 we have been working with local authorities and other landowning public sector organisations who want to establish woodland and support nature recovery across their region as well as provide more high-quality green space for their communities.

Unlike traditional grant-funded tree planting schemes, the Woodland Partnership acts as a turn-key solution for woodland creation. We give landowners the opportunity to work with an expert partner who provides the staff, knowledge and forestry machinery to turn land from its current use to a thriving established woodland, and carry the costs of the work and long-term management. We aim to create woodlands with a minimum size of 20ha for a lease of 60-120 years. As well as a guaranteed annual rental income with no upfront cost, we will aim to register all Woodland Partnership sites with the Woodland Carbon Code, and carbon credits generated can form part of the

Wing Wood visual representation



Wing Woods Visual Representation
& Precedent Images
Date Drawn: 7.11.2022
Author: JM
Not to Scale

lease negotiation to help organisations reach their net zero targets.

Case study: Wing Wood

The case study outlines how the Woodland Partnership is working with Buckinghamshire Council to create a new woodland at Wing, near Leighton Buzzard. The 51ha site is owned by Buckinghamshire Council which has pledged to plant 543,000 trees across Buckinghamshire as part of its Bucks Tree Mission. We had initial discussions with Buckinghamshire Council in 2021 and heads of terms drafted for the lease in March 2022. By March 2023, we had permission to plant, the lease was signed, and planting had started.

We agreed shared objectives for the woodland between Forestry England and Buckinghamshire Council and these are reflected in the design and how the new woodland will be managed These are to:

1. Increase woodland cover and carbon capture
   The site will be planted with 132,000 trees. Forestry England has registered the site with the Woodland Carbon Code. It is estimated the project will sequester over 10,000 tonnes of CO2 over the 100-year lease. All carbon credits will be transferred to Buckinghamshire Council
2. Increase woodland resilience
   With temperatures predicted to rise between 1.5-2.5 degrees, the climate in the Southeast of England will become warmer and drier by 2080. We have chosen tree species that are resilient to these changes, to ensure the woodland planted will continue to sequester carbon and survive in the drier climate for up to 200-300 years. Many traditional native species are unlikely to fare well in warmer climates and there is a growing threat of the introduction into the UK of tree pests from overseas. As a result, to meet the objectives of the new woodland, planting includes a mix of species over the whole site
3. Restore and connect habitats
   Ecological surveys identified existing habitats. Features such as hedgerows and shelterbelts, ponds, badger setts, and buried archaeology have been incorporated into the woodland design. with open space and rides. The new woodland will create new wildlife corridors through the landscape and link it to existing semi-natural ancient woodland, reflecting the Lawton Principles of 'bigger, better and more joined up'. The woodland edge habitat will increase significantly with the addition of woody shrubs along forest rides. Forestry England uses a Natural Capital Accounting Tool to measure the current value of natural capital services from future woodland creation scenarios as compared to the existing baseline (horse grazing and arable farmland). This shows a 161% uplift in value against measures of climate, recreation, and timber on the current baseline
4. Enhance biodiversity
   The planting will increase biodiversity by maintaining a mixed species in each woodland block, while retained hedgerows will continue to provide habitat for smaller songbirds as well as foraging sites for bats. Small ponds, surrounded by areas of wet woodland will be created. Regular cutting of hazel areas for coppice will provide benefits for butterflies, moths and other invertebrates, as well as creating transitional open space for ground nesting birds. Keeping open spaces in the woodland will also benefit ground nesting birds and invertebrates. Once planted, ongoing monitoring and site surveys will help measure improvements to biodiversity, and an increase of rare and protected species. Wing Wood

Baseline and proposed habitat

Existing habitat: Arable and grazed pasture assessed as botanically poor with hedgerow boundaries in varying condition.

Proposed Habitat: Broadleaf, mixed and low density conifer woodland, hazel coppice, wet woodland and species-rich grassland. Hedgerows will be retained and improved.

has been included as a trial site for environmental DNA analysis, which will quantify the improvement in soil quality and biodiversity as the woodland develops

5. 5. Use sustainable forestry practices
The woodland will provide a sustainable source of high-quality timber. It has been designed, and will be managed in accordance with the UK Forestry Standard and UK Woodland Assurance Standard. Over time, the woodland will become mainly broadleaved as the conifers are thinned out, with a few scattered over-mature conifers kept for nesting birds of prey. Thinning over time will also encourage the natural regeneration of broadleaves and conifers, to create a multi-layer woodland, which will be managed through a continuous cover forestry approach. Local coppicing organisations and volunteers will manage areas of hazel in rotation, which in 5-10 years' time will produce coppice timber products used for making fences, gates and hurdles etc.

6. Recreational resource for the local community
The new woodland will be open for people to walk and cycle in and enjoy. Horse riders can continue to ride in the woodland, with the addition of new bridleways. A new network of footpaths will link with the existing public right of way to create circular walking routes through the wood, while discouraging access to areas of high biodiversity value such as species rich meadows and ponds. A community orchard will be planted in the field nearest Wing village, and it is hoped this will be a valuable resource for the local community. There are no plans for any major visitor facilities in the new woodland due to its size.

This case study demonstrates how we can provide large-scale tree planting quickly where both partners have a strong ambition to create woodland. The planting at Wing Wood is the first stage in a long-term partnership with Buckinghamshire Council. Both are committed to seeing the site develop into a thriving woodland that will benefit the climate, nature and people.

Next steps for the Woodland Partnership

Forestry England has a target to create 2,000 hectares of new woodland by March 2027. We will do this through a combination of freehold and leasehold acquisitions, but know we cannot achieve these targets alone.

We are keen to talk to local authorities and other organisations with potential woodland creation sites over 20 hectares and can be under agreement by March 2025. Each partnership site will be different depending on the objectives, and we have a high degree of flexibility when agreeing terms for sites through the Woodland Partnership. If you would like to hear more, please contact Forestry England's woodland creation team on woodland.creation@forestryengland.uk

Charles is Head of Development Partnerships at the global property consultancy Knight Frank. He specialises in the delivery of large-scale development projects across the UK with a particular emphasis on long-term value creation and community value. His overarching ambition is to get Britain building homes that people are proud to live in.

LANDOWNER STEWARDSHIP Why is it so hard to get the new high-quality housing that the country so desperately needs and communities want?

Charles Dugdale charles.dugdale@knightfrank.com

Charlie puts forward the model for the delivery of quality housing, but it continues to lack government support. "What Michael Gove……. ha[s] seemingly missed is that there is a small group of people who have been quietly fighting the system and proving that it is possible to deliver the new homes everyone wants, with the support of their communities and to the envy of their neighbours.

An alternative model to "dreary"

There was much to support in Michael Gove's long-term plan for housing (delivered on 24 July). I do believe urban extensions should more closely resemble liveable, workable neighbourhoods like Clifton Village in Bristol rather than "that dreary, standardised, commoditised, horrendous option that is too often being offered" as one questioner put it.

I was thrilled he repeatedly referred to Welborne, the new 6,000-home garden village community just starting construction (after 17 years in planning!) as a model for the future; *"6,000 new homes delivered to a design blueprint shaped by the landscape architect Kim Wilkie and the aesthetic genius Ben Pentreath" (1)*. Kim and Ben are indeed geniuses, but it seemed odd not to mention the person behind the project – the landowner. Poundbury was accredited to its landowner, the King – then the Prince of Wales - but not Welborne.

Might this be because it still has not sunk in yet that it is these inspirational individuals that are challenging the conventional wisdom that it is no longer possible to deliver places we really want to live in?

It felt like an epiphany to me when I finally realised what every development I admired had in common. It was that they all had a landowner who had a care to the long-term success of a new community and who exerted their custodial responsibilities onto the development process. I studied Jindee in Western Australia, Serenbe in Georgia, Cayalá in Guatemala, and they all had long-term landowners behind the projects. When the Building Better, Building Beautiful Commission studied our best domestic examples – historic examples like Edinburgh New Town, or more modern examples like Tornagrain or Nansledan – they reached the same conclusion and made clear recommendations to government that if it would like more beautiful places developed, it needed to do more to harness the long-term horizons of landowners.

For many years the UK's housebuilding has been dominated by the national, publicly quoted volume housebuilders. There is no doubt they can produce houses efficiently, but most would admit they are housebuilders and not place makers. The combination of shareholder expectations and the huge obstacles in the planning system has meant they naturally focus on speed and efficiency of delivery when they get a chance – to maximise their return on capital. While it is understandable, it creates a conflict between this and building the new communities we so desperately need, communities with proper physical and social infrastructure embedded in the first stages of delivery and where the homes built not only fit the local vernacular, but bring joy and pride to those that live in them. We are all influenced by the environment around us.

Blinkered minister/ enlightened landowner

What Michael Gove and many of his colleagues and predecessors have seemingly missed is that there is a small group of people who have been quietly fighting the system and proving that it is possible to deliver the new homes everyone wants, with the support of their communities and to the envy of their neighbours.

As Michael Gove himself is aware, there is one inspirational person behind Welborne. Someone who believes very strongly in their custodial responsibilities as a landowner, and who decided that if development was to happen in his backyard, then he would make sure it was done as well as possible. At considerable personal cost and risk, and against all conventional wisdom, Mark Thistlethwayte has self-promoted the Welborne project, established a company to be the master developer (bringing in the best talent from across the industry) and formed joint ventures with local regional SME builders to deliver to their shared vision (2).

Yes, the architects are important – in Welborne's case sought out and retained by the landowner himself - but nothing happens without the stewardship approach of the landowner. It's proven to be very rare that a Welborne situation – supposedly Gove's model for the future – arises, and why is that? Perhaps it has something to do with the costs and risks? Using publicly available information we can study Welborne as an example to illustrate my point.

Mark Thistlethwayte with the author

Welbourne case study

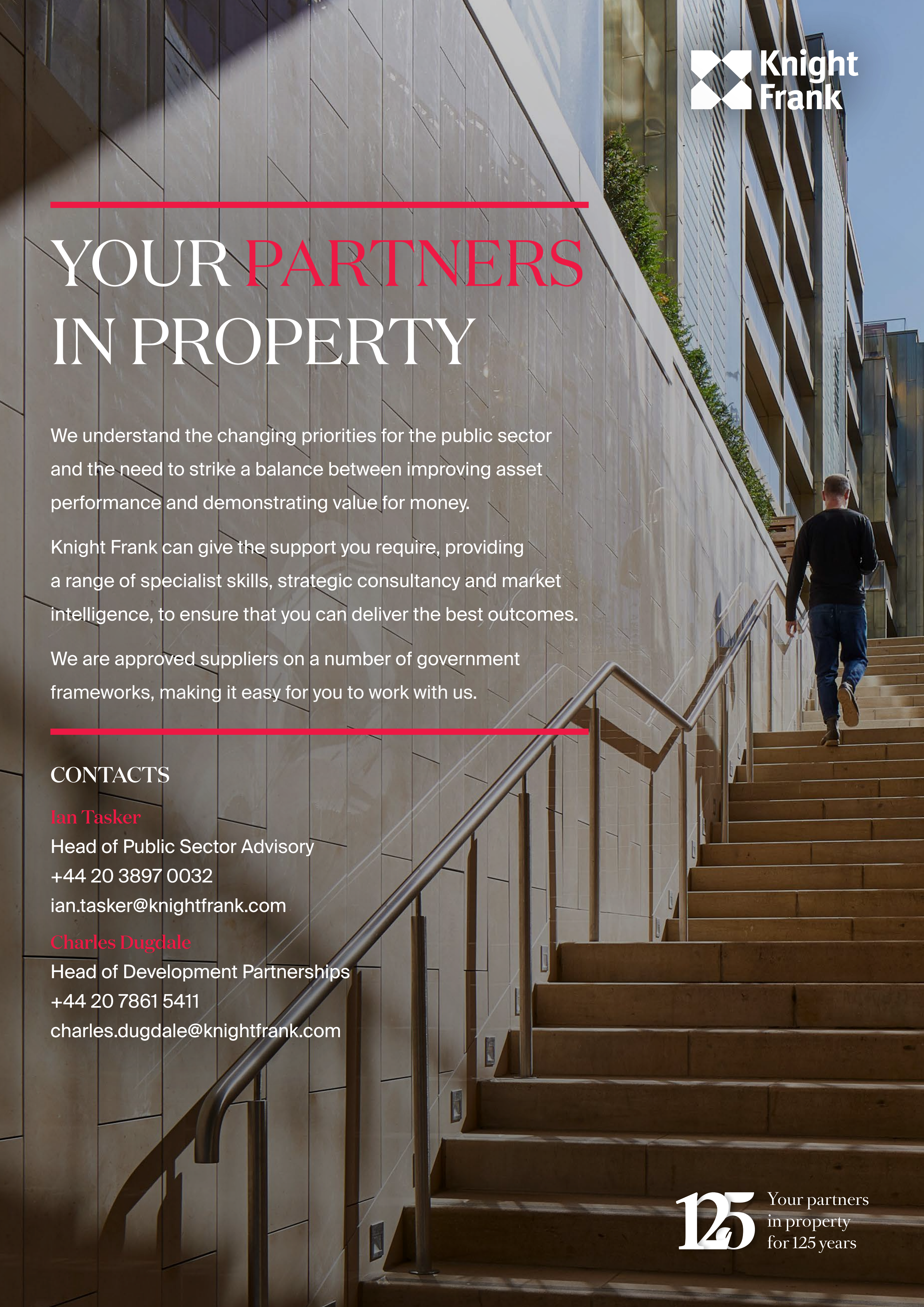
The total land required comprises some 1,120 acres and with no planning potential, might have reasonably been valued at £9,000 per acre, situated as it is next to the M27 and Fareham. Although the local planning authority itself, Fareham Borough Council proposed the development in 2006 (at that stage for a high density 10,000 homes development), the landowner has had to spend c£30m in planning costs (almost £27,000 per acre) to bring the development (now for 6,000 homes) to fruition. Putting up three times the value of the underlying land might be considered as bold under any circumstances in light of the obstacles put up by the planning system (Welborne had even to overcome a compulsory purchase process launched by the planning authority). However, the landowner was determined to make sure the development only proceeded under the right terms.

Of course, many will point to the fact that few developments are delivered from one landowner's land – this was also true at Welborne where the principal landowner has had to acquire more than half of the total land from his neighbours at full development value. Very substantial sums are required, and this is where the current system breaks down. Even when there is a developer or landowner that is prepared to put up substantial capital to secure and ensure a fantastic development, they have to endure enormous risk and delay from the planning process – 17 years in Welborne's case – and that was where the planning authority was not only in favour of a development, but proposed it.

I think we are all aware that in 2023 our society is all about instant profit/ gratification. Individuals as well as companies want immediate maximum value. As a financial project, Welborne may fail some of the more conventional tests… but this is the critical point, it is the landowner's ability to be patient in how it realises its returns that enables the project ... The landowner is no fool – a career in banking (including CEO for part of the Rothschild Group for 13 years) has resulted in a model which while it produces a much lower return on capital, should be both less risky overall (and thus more deliverable) and ultimately at least as profitable. It's all based upon patient investing – not looking to strip out money at the earliest opportunity. This is why Welborne could be the blueprint for so many other schemes if landowners can be encouraged to adopt a similar approach.

Mark Thistlethwayte, as the man behind Welborne, has come up with this model and is doggedly – sometimes by sheer force of personality – making this work at Welborne, despite the obstacles put in his way. He has assembled a team to deliver a fantastic community – John Beresford (ex-Grainger), Ben Pentreath and Kim Wilkie may be the headline stars, but this is all about community building and taking the locals with you.

But this is where is gets hard. Surely the government should be embracing this approach? The combination of 17 years in the planning system and having to acquire all the neighbouring land means the Welborne development starts at "breakeven". There is no planning gain.



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Images courtesy of https://welborne.co.uk/gallery


Chesterfield Village Centre


Dashwood Neighbourhood

The costs of complying with umpteen rules over 17 years means that they are now only back to breakeven point. Which PLC would countenance such an approach?

Even now at Welborne they are not selling their land to housebuilders for value today. Instead, they have formed JVs with local SME housebuilders who, while producing a fantastic product, could not normally afford to participate in a project of this scale. This is true long-term capital at work for the country's gain. This should be the domain of long-term funders – pension funds, Oxbridge colleges, large landowners and others who think of investing over decades. The landowner chooses to take this view on a multi-generational basis.

The reason so many of us got very excited about the recommendations of the Building Better, Building Beautiful Commission was because it realised that other long-term investors would invest if the risks were not so high. The system makes it a high-risk proposition which then dissuades investors. If government policy could do more to reduce the risks of this approach, then we would indeed see more projects like Welborne emerging.

I must confess that among Michael Gove's warm words I could see little in the detail that would actually support the approach being taken at Welborne:

*He talks of "our Levelling Up and Regeneration Bill (LURB) will eliminate the "hope value" that landowners and property speculators try to extract from any sale" (3). As the Welborne case illustrates, there is no gain to tax. If their intention is to eliminate the uplift in land value for achieving planning permission, why would another Welborne come forward ever again?

Kier Starmer and the Labour Party may have fallen into the same trap and describe "hope value" as being a massive unearned price premium in Compulsory Purchase Orders. He may soon learn that that hope value doesn't exist in a no-scheme world on greenfield land.

Back to Gove's endorsement of Welborne as the model for the future - we need to consider the second stage of development that follows promotion – the activity of investing in infrastructure to service land for development, sometimes called 'master developing'. Sadly, the summer newspapers have been full of large projects still lacking community infrastructure many years after homes were occupied – and even more sadly for many schemes there is nothing coming. This has become the norm. Contrast this again to Welborne: as it hits the ground, the investment in infrastructure is estimated to cost c£400m, of which almost £200m will be incurred in the first six years. This includes massive offsite contributions to infrastructure required by the councils (including a new junction on the M27), but it also includes delivery of a beautiful village centre, a primary school (due to open two years after the first occupations), a hotel/pub, community hall and much more. A new community trust – modelled on Letchworth and Bourneville is all part of it.

We – the country - badly need government support and focus here. Of course, we support the sensible use of brownfield sites as a significant part of delivering new homes, but brownfield sites cannot do it all and we would simply suggest that there needs to be a joined-up approach to ensuring the country facilitates the developments it wants and needs. Welborne (or other non-brownfield sites) cannot proceed without creating its own infrastructure; it is a new settlement that needs to stand on its own two feet. It cannot simply plug into the existing infrastructure of roads and utilities that were built to support our existing towns and cities. Brownfield sites can do this and under the current system, where sites like Welborne are weighed down with filling in "infrastructure deficit" in their area, some brownfield sites are effectively free riding on existing infrastructure while greenfield sites pay their own way. Unfortunately, the LURB looks like it will tilt this imbalance further, making it even harder for greenfield development to make a sensible return. Where this happens it is the community infrastructure and quality that are lost first to ensure the required margins are achieved.

Michael Gove reaffirmed his commitment to the LURB's Infrastructure Levy proposal. In his words it: *"Will further incentivise that brownfield development. Developers aiming to build on greenfield sites will have to pay more – to provide for the new* *affordable housing and the infrastructure necessary in areas where there just aren't the roads, GP surgeries, the schools and shops already in place. By contrast, in urban areas where the infrastructure already exists – and indeed in London, where school rolls are falling in the heart of the city – densification and growth can ensure existing public services thrive and remain sustainable."*

Ignoring the obvious non-sequitur, the logic of this policy is completely lost on me. Projects like Welborne that must fund all of its own infrastructure will under the LURB be asked to pay an infrastructure levy on top. New projects like Welborne, which is only getting off the ground because of an individual's personal principles, will surely be sunk by such a policy.

Minister Gove - if you genuinely want exemplar schemes to succeed and thrive you need to support them properly. Across the country, landowners, promoters, and developers who would like to deliver a "Welborne style" project are already getting overly squeezed, which is why so many are leaving it to the national housebuilders or not progressing projects at all. This is why so few projects like Welborne are coming through the system. The country desperately needs more new homes but equally importantly, it needs the confidence that the new homes and communities we are building will add to our wellbeing, confidence, and pride in both our nation and our homes. This means we need to rewin the country's trust by building beautiful, well planned and serviced communities.

It is fantastic that Welborne has won political attention – and I am quite sure it will continue to do so – but it has only come about because of the strength of character and passion of a stewarding landowner. The government's own commission on how to encourage better and more beautiful housing wrote at length on how to encourage more stewardship of development projects and perhaps its report might be a good place to start policy review if we really want more projects like Welborne to emerge.

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Andrew is a director in Savills Urban Design and Head of Urban Design in Oxford. He is responsible for leading the team on major masterplans specialising in regeneration and mixed use urban extensions. He provides expert consultancy services on a wide range of projects from schemes in conservation areas to mixed use proposals in town centres and large urban extensions. Andrew has completed a number of regeneration projects for the HCA and worked on some key masterplans in JVs and for public and private clients.

PLACEMAKING MATRIX
How a new matrix aims to bring quality and beauty to town planning

Andrew Raven ARaven@savills.com

Following from Charlie's questioning piece, here Andrew draws attention to a recent publication which attempts to assess high quality placemaking using a Placemaking Matrix.

'Better Places' is a recent publication from think tank the Policy Exchange on how high-quality placemaking, even beauty, can be embedded into the planning system by using a Placemaking Matrix (https://policyexchange.org.uk/publication/better-places/).

It is intended as a comprehensive checklist (against which scores are given) to assess the quality and beauty of a scheme. It is proposed, initially at least, as a tool for assessing larger planning applications.

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The assessment tool includes weightings for different categories and provides criteria for physical, socio-economic and psychological factors, so unusually poses questions that directly relate to the creation of a sense of place – an issue with which many schemes (and assessors) struggle. The weighted assessment results produce a score of Outstanding, Good, Average or Poor (49% or below).

Questions range from the fairly basic *'Have bins and utility meters been concealed from entrance facades?' to the interesting 'Have all residential properties with two bedrooms and above been fitted with dedicated pram storage space?' 'Does the development eschew the segregated feel of a housing estate that is separate to its surrounding areas? and 'Are unique architectural features in place that have the potential to become local landmarks? (i.e. clocks, clocktowers, bandstands, sundials, weather vanes)'.*

Some of these questions might seem arbitrarily specific, but it's not necessary to score a 'strong yes' (= four points) in everything to reach a rating of 'Good' – and the report recognises that questions could be changed.

Answering the questions listed does allow interrogation of detailed proposals at many levels and across different aspects of design. For example, as my colleague Andrew Buroni, health expert in Savills Earth, points out, having a set of 12 questions on health and wellbeing is a good start to ensuring that health is embedded in detailed designs. Reference to the identification of specific design features supported by the Joint Strategic Needs Assessment (used to plan local health and care needs) could be a useful addition.

The matrix criteria may not in reality achieve the stated purpose of assessing 'beauty'. But they will provide local authorities with a useful and detailed checklist, and offer house builders clarity on what is likely to be required at detailed design stages, and what elements must be given consideration.

However, it is a lot more complex than an assessment using just the 12 criteria from 'Building for a Healthy Life' which is the most easy to use toolkit for design assessment.

There is plenty of scope for interpretation of the questions and argument about the answers (even though the report provides some analysis of what might be expected for each category). We will be very interested to see some more emerging score tests – and maybe do some ourselves. Our impression is that some of the criteria, in particular in 'Buildings' and 'Sense of Place' will prove problematic for some.

An end to poor design would be a fine outcome, and anything that moves us in that direction is helpful. But the Placemaking Matrix tool will not be a panacea. The skills and resources are still needed – not just to assess proposals, but to design them well in the first place.

Grant is Executive Director and Head of Boyer's London planning team. He leads a team of 14 consultants on a wide spectrum of projects across London and the South East, including large-scale regeneration projects, urban extensions, and more bespoke high-value residential development.

LAND BANKING
Land banking gives LURB a bad name

Grant Leggett grantleggett@boyerplanning.co.uk

Grant here puts the case against the government's proposal to penalise developers which may fail to achieve build-out rates.

In its revisions to the National Planning Policy Framework (NPPF), the government committed to 'build enough of the right homes in the right places with the right infrastructure'. Unfortunately, it has set out to achieve this by blaming the failure to do so on developers – specifically 'bad developers' who 'play the planning system'.

Michael Gove also tabled an amendment to the Levelling Up and Regeneration Bill (LURB) in a similar vein. The amendment would require developers to report on the build-out rates of residential planning permissions and also enable councils to take account of applicants' records of delivery in deciding whether to approve or refuse future applications.

This should be considered in the light of the furore over housing targets: the fact that housing targets have all but ceased to exist in the recent re-writing of planning policy. Not only are housing targets effectively over, but it is hard to imagine how housing need, especially for social and first time buyer housing, can be met in current circumstances.

It's not clear how one reconciles the need for developers to report on housing delivery, while at the same time doing away with any requirement for councils to meet any defined target. More to the point though, the abolition of housing targets is of seismic consequence compared to the tremor of a developer's annual report on delivery. It's a shot through the heart, and whomever is to blame, the abolition of the targets gives LURB a bad name.

Nevertheless, what would the need to report on delivery and its consequences for future applications mean for developers?

I will skip past the nuisance impact of this, and the question of how over-stretched local planning authorities will resource the administration of this new reporting task. Perhaps they can re-use some of the left-over red tape that will be lying around to wrap this process up in.

Developers' main concern will be that planning permissions can quickly change from being a benefit they have earned to a millstone around their necks. Securing planning permission will mean they enter into a new contract, of sorts, being to 'deliver or else': the 'else' being they risk being blacklisted on future applications. And not necessarily just in an authority they may have failed to deliver in. There seems no limitation in the amendment as to whether a planning authority may examine a developer's record nationally, and it may be that developers are required to submit their records in support of applications as a validation requirement.

It is also not clear what justification developers will be able to rely on in explaining away non-delivery of a permission. Developments sometimes just go wrong, despite the best endeavours of developers. More often than not, when they go wrong, it is for reasons outside of developers' control – as the moratorium on nutrient neutrality has showed. Despite the government's efforts to resolve this issue it continues, and there are many other capacity-based issues that will continue to impact on what might otherwise be a smooth planning process. These involve a lack of strategic planning over drinking water provision (especially in the east) and over the capacity of electricity networks (especially in London). Developers put in these intractable positions at least need comfort that misfortune in one instance would not mean they are fettered in future by being 'blacklisted' by a local authority.

Ultimately, the amendment will mean developers will either make fewer applications, or refuse to sign s106 agreements unless they are absolutely certain they can be delivered.

This will unduly affect smaller developers who are already most disadvantaged. Like it or not, a lot of smaller developers' business is based on selling on land with permission to other parties who have the capability to build. And building is riskier than ever at the moment due to uncertainties around build costs and supply chains, interest rate hikes, and the cost of living resulting in decreasing residential property values and longer and more problematic sales.

The amendment also seems to undermine the use of Section 73 to amend planning permissions in order to optimise them or to make them viable. The more flexible use of s73 to more readily amend planning permissions was one of the government's tools to kick-start development after the last recession. The amendment seems to create a 'Catch-22', whereby if a developer applies to amend an unimplemented (unviable) permission, a council could refuse it on the basis that it hasn't been delivered. Protracted discussions over scheme viability will therefore no doubt abound prior to s106 agreements being signed, delaying applications further, and affordable housing will be the main casualty.

Developers would of course welcome some carrot along with what seems like a weighty stick. Exploring a form of incentive for quick delivery might be a better option rather than a punishment for non-delivery. This might be a fast-track for developers that have a positive record of delivery, or a ratcheted infrastructure levy that encourages development more quickly.

But one senses any hint of mercy to developers would be seized upon by those that oppose development, and be torn up. The Levelling Up and Regeneration Bill is increasingly becoming a NIMBY charter, supported by a NIMBY government, and as such it looks set, tragically, to stifle delivery.

Andrew is a chartered surveyor with 30 years' post qualification experience and has worked extensively with a wide range of public bodies, government agencies and local authorities. He was a member of DLUHC's Expert Panel advising on changes to the NPPF and PPG in respect of viability.

He founded BPS in 1999 and the company now provides development viability advice to 26 of London's boroughs and a further 20 unitary, district and borough councils. Andrew's background is in development and some of the company's early clients included several of the major housebuilders. However, to ensure an impartial position, BPS no longer works for developers.

BPS' geographical coverage extends over much of south east England. Work includes a wide variety of development types, from schemes under 10 units to the largest development of more than 18,000 homes; in capital value terms, that is schemes in excess of £8bn, down to under £1m.

THE DELIVERY PROBLEM Planning reform and valuation reform?

Andrew Jones BSc MRICS andrew@bps-surveyors.co.uk

Andrew questions whether it is right to blame the planning system on poor housebuilding completions. "Despite cyclical bank lending to property against unsustainable values, there seems little appetite to consider the actions of the surveying profession as potentially part of the delivery problem."

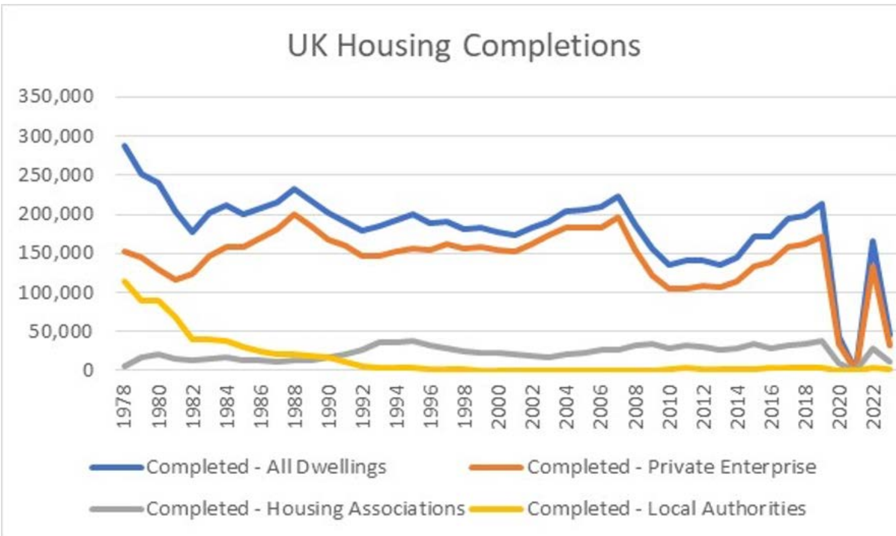
Planning reforms on the cards

Planning reform looks set to be a key battle ground for the next general election. While there are differences in approach between Labour and Conservatives, both seem united in the view that low housing delivery is primarily the product of bottlenecks in the planning system.

Currently tabled reforms through the Levelling-up and Regeneration Bill includes, among other measures, simplifying the production of local plans through omitting the need to restate national policies. There appears general support for the introduction of National Development Management Policies, which it is hoped will simplify local plan production and generate much greater policy conformity across authorities.

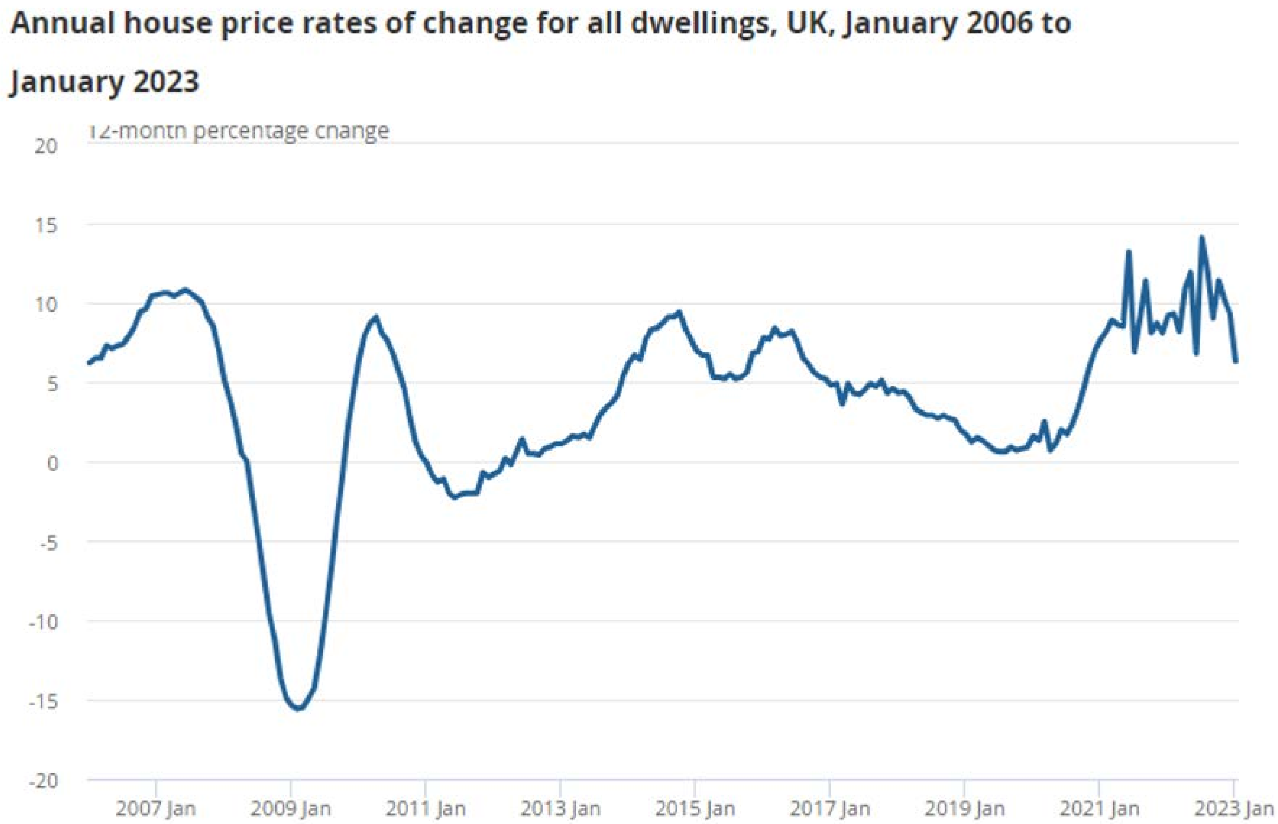
Other proposals concern release of land in the Green Belt for housing in high value areas. Land supply targets should be locally driven argue the Conservatives, with Labour backing national targets.

The blunt instrument of the Infrastructure Levy still forms a key component of the current Bill, but there remains considerable scepticism voiced during the recent technical consultation, that workable regulations can be formulated which are actually capable of the Levy delivering at least the same level of planning obligations as secured through the current viability based system.



Source: ONS

Source: Land Registry



Many believe these proposals should be scrapped in favour of improving the process around existing s106 Agreements.

There are of course many more aspects of planning reform which could or should be discussed, together with their potential impact on housing delivery, but this would be to assume that reform of the planning system is in fact the only way in which to increase house building.

Housing delivery patterns

Examination of UK housing completions over the past 45 years shows that the high point of housing delivery was 1978, with a total of 288,560 completions.

By contrast, and with years of tinkering to the planning system behind us, the most recent peak figure for delivery was in 2019, with a total of 214,160 completions (74% of the 1978 total) and an overall average for the last 45 years of 181,645 (just 65% of the 1978 total). Recent housing delivery levels are a long way below the often touted target of 300,000 completions p.a. considered necessary to meet the UK's housing needs, which of course were never even achieved in 1978.

It is also evident that the public sector and housing associations played a large part in housing delivery in the late 1970s, comprising over 40 % of total delivery, which has shrunk to circa 20% for many of the years subsequently, and reflects a proportion of the overall contraction in delivery.

It is significant, however, that housing delivery dipped in the period 2010 and 2011 in the wake of the 2007-2009 financial crisis, which gives some clues as to role of other factors influencing housing delivery.

The chart shows the changes to house prices over the period 2006 to the current day.

It is evident that the fall in house prices in 2009 corresponds with the dip in housing delivery evident in the period 2010-2012 immediately following the crisis.

This conclusion is so self-evident, it is surprising that concerns over house building do not focus or even reference the importance of price downturns on market delivery, let alone seek to understand what is actually happening and why.

It is understood that development land is in short supply and consequently there is competition to acquire it. This inevitably puts upward pressure on land prices and the assumptions that underpin those prices to secure land. In practice, this means that land prices require optimistic assumptions about value growth in relation to development costs to be adopted to generate competitive bids. The temptation is however to over bid to secure purchases as without land you can't develop. The chart illustrates movements in the land price index, which clearly shows rises in land prices in the period 2012-2014 ahead of sustained growth in house prices, which really only kicked in late 2014 -2015 following the 2007-2009 financial crisis.

Interestingly, the same Knight Frank publication also highlighted that 77% of respondents identified planning delays as the key factor impacting housing delivery, not the economics of site delivery.

It is also evident that there is a correlation between the direction of house prices and housing completions, although many other factors such as general cost inflation are also part of this complex picture. Generally speaking, a rising price market generates higher completion levels. While planning reform is widely accepted as being necessary, it may be too sweeping to assume that housing delivery will simply rocket to 300,000 completions on the back of it without some recognition of the role played by the relationship of land prices to house prices and the need to create a stable and sustainable housing market.

Surveyors have a substantial role to play in this as most land purchases are underpinned by formal valuations. When considering viability in a planning context, as a company we are continually told that there is the "real market" for development land and another for the "planning world" where another set of rules apply. Ultimately whether land is valued for sale, purchase, bank lending, or for planning purposes, it is only worth what a planning consent on that land can deliver, so the impartial observer would expect a high degree of conformity of valuation for between these purposes, but this is rarely the case.

Consideration of several thousand applications has rarely revealed a land price at a level equal to or below the land value adopted for planning purposes and this often creates considerable mistrust in the viability process when viewed by planning officers and elected members. The obvious question is how is the actual land cost funded in reality?

If the suggested differences in valuation approach are to be given credence, the core difference, if any, must rest in the assessment of market direction as this generally does not form part of planning viability other than in growth explicit assessments.

The missing completions

In May 2021 the LGA published figures which suggested that 2,782,300 homes have been granted planning permission by councils since 2010/11 but over the same period only 1,627,730 have been built. The implication is that some 1.15m houses secured consent but were never built.

This analysis over a decade suggests that 40% of consents failed to be delivered. The precise reasons for this are not clear, but perhaps it is fair to say that in a development market which is heavily reliant on sustained house price growth, in part to fund high land prices, that periods of negative or static growth are a significant constraining factor.

If all these consents had been delivered, the annual average would be around 278,000 or close to that achieved in the 1970s. Another take on this is that pressure on the planning system could have benefitted from 40% fewer applications to process, if all those which failed to come forward had never been submitted. This would surely have enabled overall application times to have improved.

It would be interesting to see if housing delivery rates could improve and were more resilient to periods of low sales value growth if land prices were more closely aligned to those identified through the planning viability process. Despite cyclical bank lending to property against unsustainable values, there seems little appetite to consider the actions of the surveying profession as potentially part of the delivery problem.

Zoe is a planner based in Boyer's London office. She works on a variety of projects across London and the South East, including residential and commercial developments and mixed-use schemes. Prior to joining Boyer, Zoe graduated from the University of York with a BA (Hons) in History and the University of Manchester with a Master's degree in Planning.

LATER LIVING HOUSING
Can the NPPF help resolve the later living crisis?

Zoe Curran zoecurran@boyerplanning.co.uk

A subject area of interest to ACES' organisation, Zoe outlines the crisis in accommodating older people.

The housing crisis is impacting on all demographics. We frequently read about the problems experienced by first time buyers in getting a foot on the property ladder, but the problems at the other end of the age spectrum are just as acute. Furthermore, as a consequence of the currently proposed changes to national planning policy and further proposed planning reforms, sadly it seems inevitable the existing shortcomings are more likely to exacerbate rather than abate the crisis.

The proposed revised NPPF includes some positive commentary in relation to later living. Specifically, Chapter 5 sets out that: '…*particular regard is given to retirement housing, housing-with-care and care homes, which are important typologies of housing that can help support our ageing population*'. But while this recognition of more general need is encouraging, it is hard to see how sufficient supply will materialise through the embattled planning system. When the changes to housing policy contained within the proposed updates are taken into account, it is difficult to envisage how this improvement to the delivery of new specialist care older people's homes will be met - which the draft Levelling Up and Regeneration Bill itself notes is already forecast to be at a 37% shortfall against need by 2040.

Unmet needs (now and in the future)

According to the 2021 Census, 9% of the population of England and Wales is aged 75 or over and 18% of the population is aged 65 or over. The National Planning Policy Framework (NPPF) consultation material also highlights that by 2041 it forecasts that 1 in 4 of the population will be aged 65+ years old.

Yet despite the future forecast and current demographic population data, the Retirement Housing Group UK (RHGuk)'s recent report 'Planning for retirement?: How the planning system needs to change to better support the delivery of specialist housing for older people' describes how the supply of specialist housing for older people has failed miserably to keep pace with the ageing population - falling from 139 properties per 1,000 people for those aged 75 or over in 2015, to 110 properties in 2021, a 21% drop. Currently only 6% over 65s live in later living specialist accommodation, and less than 1% in housing with care. The RHGuk believes that provision of specialist housing for older people must increase substantially - from the current average level of 7,000 homes to 30,000 per year.

Representing 10% of the government's annual housing target, what likelihood is there that this can be achieved? And what is needed to facilitate it?

The proposed NPPF amendments – positive or negative?

The amendment proposed to paragraph 63 of the NPPF seems well meant. The specific reference to older people will hopefully encourage local plan policies to be informed by an understanding of the housing needed for different groups in the community, including the needs of older people. The amended text will see the current inclusion of older people being followed by refence to: '*…including for retirement housing, housing-with-care and care homes.*'

But what about specialist housing for older people? We already know this type of accommodation is not being delivered in sufficient quantum – through local plans or speculative planning applications and appeals. We already know the average rate of delivery is forecast to need to be significantly increased by just over fourfold. Yet the importance of specialist accommodation remains off the radar by the proposed amendments. This is a missed opportunity, and if so, should the government be asking itself why this is so?

The consequence of the proposed amendments

There is an alarming set of collective changes being proposed.

Firstly, there's the removal of the requirement for new local plans to be justified. This test should be a low bar requirement for plan making. It should not be seen to be a hindrance or a high bar test, but should be the minimum requirement for a local plan's strategy to be justified.

The proposed NPPF also includes enhanced rhetoric on 'brownfield first' and the removal of the requirement to review Green Belt if this is the only means to meet minimum housing needs, including those of older people.

In authorities of sizeable Green Belt designation, it is easy to foresee a significant negative consequence to the delivery of older people's homes and accommodation resulting from these collective changes. Where local plans continue to fail objectively to identify and understand older people's accommodation needs, present and future, and these new plans fail to meet overall general housing needs (resulting from the constraint in being able to achieve this without review and release of current Green Belt land), the delivery of new older people's accommodation and homes will surely be further impacted.

The further emphasis given to maximising brownfield land and building at higher densities will also place a further barrier to promoters and developers of older people's homes. Competition for limited land opportunities in such locations which are more suitable for older people's homes will increase.

Overall, there is a significant watering down of the current national policy direction to boost the supply of homes and the importance of ensuring that a sufficient amount and variety of land to come forward where it is needed.

It is important to acknowledge that not all older people's accommodation is suited to delivery within existing urban area defined confines. For example, integrated retirement communities (IRC) include a provision of high levels of on-site amenity space and both recreational and care facilities and so densities can be lower than comparable (in terms of unit size) general housing developments. Operators and promoters of IRCs often find themselves taking marginal sites which are less attractive to the volume housebuilders. Many of these sites are on edge of settlements, former agricultural land and or undeveloped sites within the Green Belt.

Increasing policies which disincentivise Green Belt release, alongside greater emphasis on protecting agricultural land, will very easily result in these sites evaporating.

The consequence of the above points is that current levels of delivery of older people's accommodation and homes will be reduced, not 'significantly increased' as the revised NPPF promises. And as we already know from multiple sources, this is a pressing issue both now and into the future. These proposed changes will almost certainly have negative impacts on the health and well-being of the nation's older population.

What amendments could/ should be brought forward?

The NPPF should be amended to include a clear direction that through local plan review, local planning authorities (LPAs) are required to undertake an objective and robust identification and understanding of current and forecast housing needs across the new plan's period. The assessment must not be just for overall older persons' accommodation: it needs to drill down into the type of care needed (general and specialist) and at least attempt to grapple with where the accommodation is most needed across the LPA.

Secondly, there is no 'one size fits all' solution to older people's housing. LPAs should be facilitating a range of options to provide needs-based supply (meeting at least the minimum level of need) as well as the different typologies of older people's housing needs. And of equal importance, identifying the right locations and areas for delivery of new older people's homes and accommodation – in most cases, town centres and locations where services, transport and facilities are already and are planned to be readily available.

Furthermore, local plans should allocate sufficient number of sites, in the right locations, for the delivery of older people's homes. Presently where local plans do include an allocation, it is usually for a care home within a much larger strategic site allocation. Local plans should be looking to allocate sites in existing town and village centres, and on edges of settlements where such locations meet the locational needs of the type of accommodation needed by the community.

Finally, local plans should continue to include at least one policy supporting the delivery of new older people's homes – across all typologies. It's important the planning system remains plan-led. But it must not become plan-absolute led. Local plans cover periods of a minimum 15-years. Changing economic, social and demographic circumstances rarely have regard for the duration of plan-making, plan lifespan and review cycles. It is important that planning policy, national and local, provides for speculative application secured developments – when the needs are demonstrated.

Use Class disorder

Planning policy also needs to consider the question of Use Class for extra care schemes. There is currently a lack of clear planning guidance on this issue, and local authorities often take different approaches in their assessment of which Use Class extra care/later living schemes should fall within. This ambiguity causes problems in the application of affordable housing and CIL, as Use Class C3 requires developers to provide affordable housing and CIL contributions, whereas this is not always the case for Use Class C2. This can cause unnecessary delays in the decision-making process, which creates increased cost to developers and further hinders the delivery of accommodation for older people.

As such, it would be beneficial if planning policy guidance could be improved to include an analysis into how the different forms of older person's accommodation can be classified within the Use Class system. This will ensure that clarity and certainty is provided for developers on matters such as affordable housing and CIL contributions, as well as achieve a more consistent approach across the country.

One solution could be for further guidance to set out the specific characteristics of extra care schemes which would fall within each Use Class, as the GLA has done in regard to affordable housing provision within the London Plan. This approach would recognise the considerable variation across the scope of extra care development, and would attempt to draw upon the specific characteristics which would fit within either Use Class C2 or C3, rather than attempting to offer a blanket approach.

Conclusion

The revisions to the NPPF proposing to improve the diversity and supply of housing options available to older people are welcomed, at a time when our population is ageing and there is a documented under-supply of senior living housing units. However, in order to ensure that the delivery of older people's accommodation can be delivered effectively, there are substantial issues which will first need to be addressed.

A number of the collective changes being proposed to the NPPF may actually hinder the delivery of older people's accommodation, such as the removal of the requirements for a new local plan's strategy to be justified, the removal of the requirement to review Green Belt to meet minimum housing needs, and the watering down of policy direction around boosting the supply of homes.

In addition, there are gaps within current policy guidance on this issue which the updated guidance fails to address, such as a general lack of promotion of the delivery of specialist accommodation and uncertainty around whether extra care development should be required to make contributions towards affordable housing and CIL.

KEY WORKER ACCOMMODATION The rise of income strips for key worker accommodation

Jaspreet Rahi jrahi@lsh.co.uk and Stephen Hemming shemming@lsh.co.uk

Jaspreet and Stephen outline a possible route for public sector organisations to provide accommodation for its key workers. The case of NHS is used here.

Over recent years, Jaspreet has provided valuation advice to over 25 NHS Trusts and Foundation Trusts for financial reporting purposes, internal decision making, and supporting business cases e.g. for key worker accommodation income strips. Key skills include key worker accommodation valuations, asset valuations for financial reporting including specialised DRC valuations, impairment reviews and opening balance position valuations, and IFRS 16 valuations.

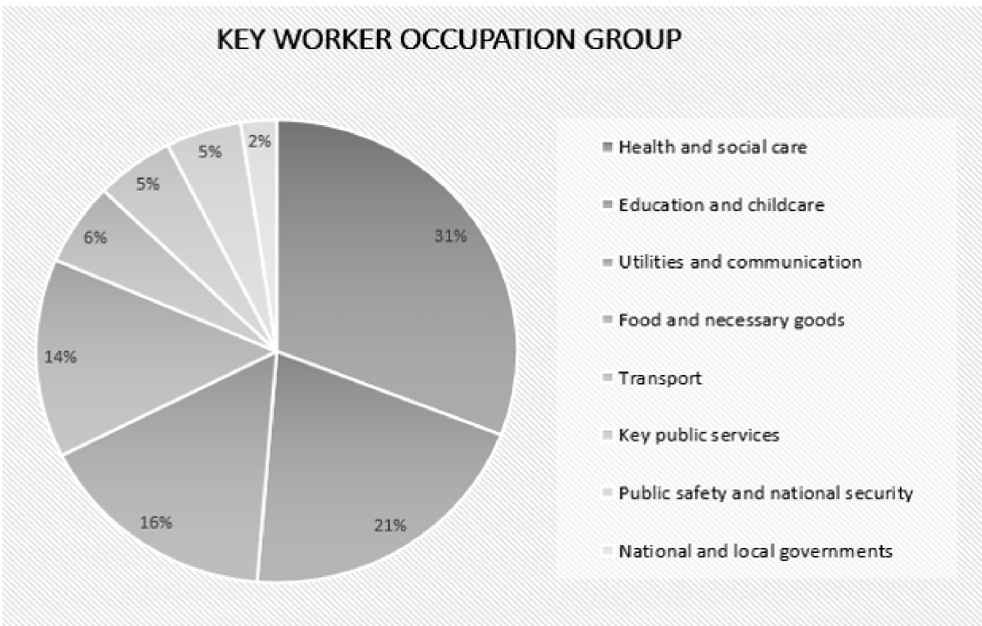
Stephen has worked with many NHS Trusts across the country, helping to deliver estate strategies as well as operational development, including key worker accommodation. Key skills include detailed knowledge of NHS Property requirements, and a wide understanding of planning and development issues affecting NHS and public sector bodies. Stephen has extensive experience of preparing estate strategies and estate management plans.

A post-Covid key worker

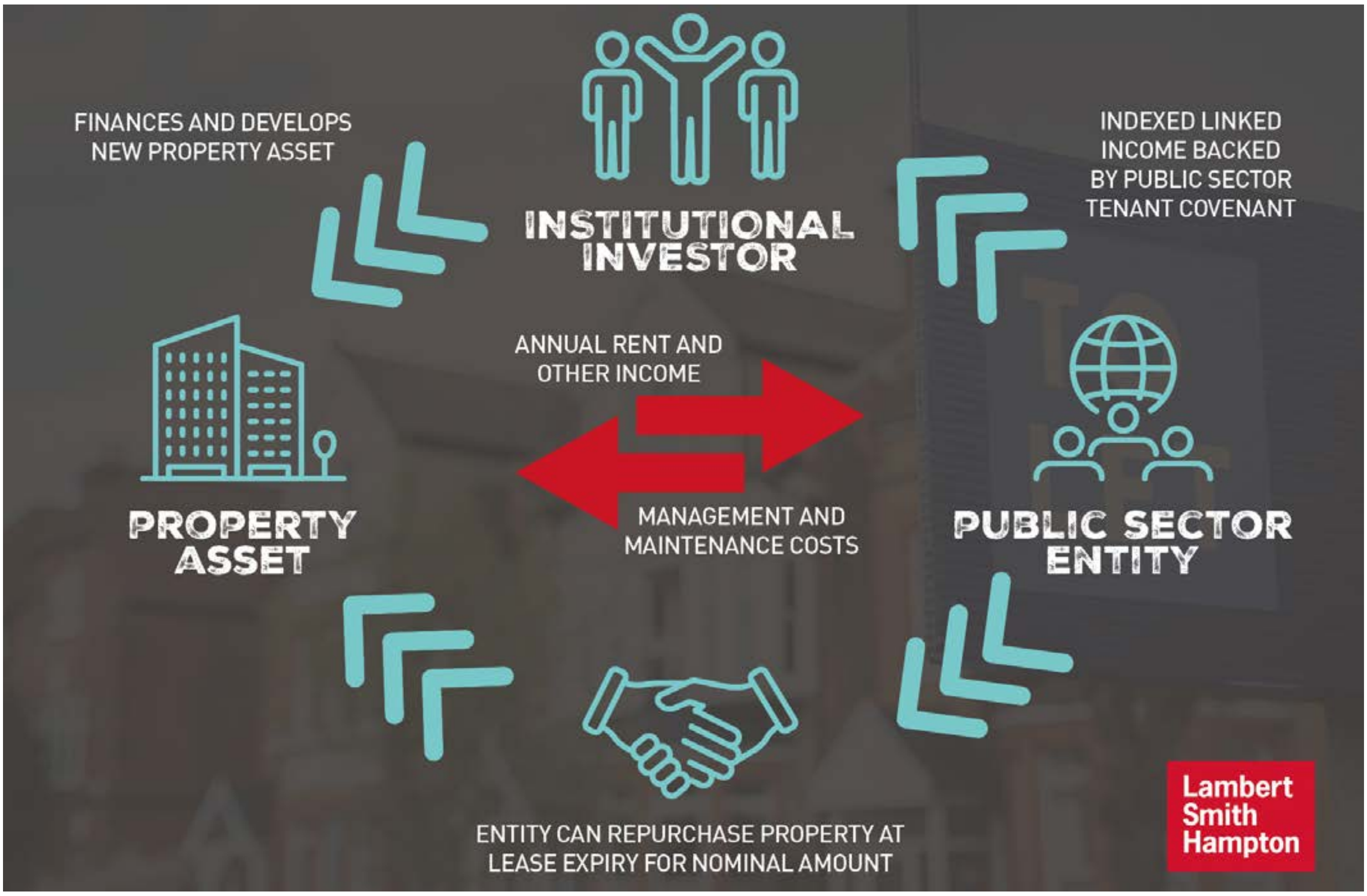
The National Planning Policy Framework 2023 defines "essential local workers" as public sector employees ('key workers') who provide frontline services such as NHS staff, teachers, police, firefighters, military personnel, social care and childcare workers.

Covid has redefined those who we consider as an "essential local worker" to maintain a functioning socio-economic society. A debate exists whether this definition should be widened to include a diverse scope of key workers following the pandemic.

The ONS carried out a study in 2020, shown in the diagram, illustrating the occupation groups for key workers. We observe that the majority worked in health and social care (31%), education and childcare (20%), and food and necessary goods (14%). We expect that the split would remain relatively similar for 2022 to 2023, with the healthcare sector representing the largest occupation group of key workers.



Source: Office for National (ONS) Statistics - Annual Population Survey 2020



Increased cost of living

A variety of factors, directly and indirectly owing to the current economic and political conditions, has led to a significant increase to inflation and consequently the cost of living. For a large part of society, it has become clear that income has become insufficient in covering housing costs, particularly in London and the South East.

The inevitable housing crisis has accelerated over recent months, with an increase to the private rented sector, where many tenants have turned to occupying houses in multiple occupation (HMO). The higher demand for HMOs has increased the price of single let rooms within house shares, which key workers would typically seek to inhabit. Local authorities have been unable to keep up with the demand for affordable housing, yet the government has equally placed stringent requirements on the planning system for new housing. The toughened planning regulations, coupled with an already Covid delayed pipeline and impacts from the economy, has further restricted supply.

A vicious cycle of costs

At a time when the public purse is tighter than ever before, the government faces fresh funding challenges with "Schoolgate" and RAAC, as well as the promise of the New Hospital Programme. As such, the provision of social housing may have fallen down the list of priorities. This has resulted in many healthcare key workers being unable to afford suitable accommodation within a commutable distance of the workplace. In certain areas of the healthcare sector, this has led to a reduction in the workforce, resulting in staff shortages and high agency/temporary staff costs.

Financing and delivery options

In assessing possible solutions for delivering key worker accommodation, funding presents a major barrier, with some local authorities close to bankruptcy and an increasing number of NHS trusts in special measures. As healthcare and social care represents the highest proportion of key workers, the NHS will be used as an example hereafter to look at potential funding solutions:

- NHS Trust funded
- Leasing: operating leases, sale and leaseback arrangements, and income strip leasing
- PFI/PPP project finance
- Joint venture partnership with the private sector
- Government grant funding.

Following the abolition of PFI models in October 2018, the government is yet to confirm what, if anything at all, will replace the former preferred method of funding public sector property and infrastructure projects. Although an ideal option, NHS funding and government grants appear to be highly unlikely, noting the current estimated high risk backlog costs at £10.2bn, as published by Estates Returns Information Collection 2021/2022. One option could be a JV with the private sector; however, this would still require the entity itself to provide an element of funding and incur costs, which is highly unlikely to be available.

Sale and leaseback v income strip leasing

A popular route to funding over the years has been the leasing option, with sale and leasebacks previously being the preferred method of releasing funds within primary care. More recently, the exponential rise of income strip leasing has grown particularly across the healthcare sector, which has benefitted from the released funds by reinvesting these within its existing estate.

A sale and leaseback is where an entity sells the freehold interest to an investor and enters into a long lease (typically 20 years) with the same investor, as a tenant to occupy the sold premises. This

is in exchange for an upfront lump sum payment from the investor to the vendor. The lease will include strong index linked rent reviews, which are usually on an annual basis and therefore create an investment value associated with the lease in place.

An income strip leasing is similar in principle, with one key difference. An entity still sells the freehold interest to an investor and leases back the premises by way of a long lease (usually 30 to 40 years). In this instance, the entity has the right to repurchase the asset for a nominal amount upon lease expiry. The capital receipts released from the sale are used to finance the development of an asset required by the entity, for example, funding key worker accommodation. The model is illustrated in the graphic on page 54.

Investor interest

In signing a long lease, typically between 30 to 40 years, where key worker rents are reviewed annually subject to index linked increases, this creates an attractive proposition for institutional investors looking for long term investments. Investors are particularly drawn to income strip opportunities from the public sector, for example the NHS, which has a strong covenant strength (being government backed) which reduces the risk of defaulting.

The combination of a long lease, annual rental growth, and a strong tenant covenant provides an investor with a stable and reliable income steam – which is highly attractive to an institutional investor.

Potential benefits

The capital receipts from the sale of the freehold interest can be reinvested back, to forward fund the development of new key worker accommodation. There are several benefits to the entity by choosing an income strip option:

- Development and financial risk associated with new accommodation is transferred from the entity to the investor
- Should there be a gap between the rental income and expenditure, the entity can benefit from a profit rent
- The entity will have an option to purchase the reversionary property interest for a nominal amount upon lease expiry
- Funds are released to the entity on practical completion of the development/execution of the occupational lease
- Income generated from the underlying asset is likely to match lease payments
- The entity has ability to generate income from the accommodation following lease expiry
- Accommodation would be in line with the entity's specifications and therefore high quality and fit for purpose
- Provision of key worker accommodation to attract and retain staff, particular in areas of high rents and in rural locations.

Potential risks

As expected, there are risks associated with any funding option; the risk with a healthcare entity entering an income strip leasing arrangement like this would need to consider:

- The rental income achievable from the key worker rooms will be subject to market conditions
- A shortfall in income could arise, if the rents derived from the rooms do not keep in line with the increase of the lease rents (growing by RPI/CPI) over the full period of the occupational lease
- Income risk – ability to generate sufficient income to meet rental payments
- Inflation risk – ability to pass on inflation linked price increases to customers
- The costs associated with running the asset may be greater than expected e.g maintenance, voids etc

NHS requirements

Specific to the NHS, in accordance with published NHS Estates code and health building notes, NHS requires any form of sale and leasebacks (assuming the inclusion of income strip leasing) to adhere to the following requirements:

- *Any sale and leaseback arrangement should provide value for money and be supported by a fully documented audit trial on how the decision was reached*
- *The NHS organisation must ensure that its right to continue to use the facility is preserved for as long as it is likely to be required*
- *A comparison between the government's cost of capital and the lessor's likely cost of capital should be made.*

Similar due diligence would apply to other public sector organisations.

Alyson is a Director in Boyer's Wokingham office. Alyson joined Boyer in April 2019 and helps to lead the Wokingham team. Alyson has around 20 years' planning consultancy experience acting on behalf of developers, funds, institutions and registered providers. She has successfully promoted sites and negotiated complex planning permissions across a range of projects, including large scale mixed use urban extensions, later living, employment, retail and leisure across the South East and Thames Valley.

SOCIAL HOUSING DELIVERY
What needs to change in planning to speed up the delivery of social housing?

Alyson Jones alysonjones@boyerplanning.co.uk

Alyson sets the scene on the dire state of new social housing completions and assesses party manifestos: "governments must adopt a pro-housing, pro-development attitude and find a way to actually deliver on promises."

The need and the deficit

In a recent YouGov poll commissioned by the National Housing Federation (NHF), a significant majority of adults agreed that not enough social housing is being built in the UK. The feeling was strongest among Labour voters, at 74% compared to 52% Conservative and 69% Lib Dem voters. According to the NHF, just 6,554 social homes were built in England last year, 81% fewer than in 2010, with the actual figure being a deficit, given that 24,000 were sold or demolished. This is significantly short of the 90,000 social rented homes that Shelter is calling for to meet demand and this does not take into account the need for other forms of affordable housing such as discount market housing or shared ownership. Indeed, the research commissioned by the NHF and Crisis from Heriot-Watt University identified a need for 145,000 new affordable homes each year up to 2031.

On this basis, with the social rent housing crisis affecting the disadvantaged, consideration needs to be given to both the current and potential future governments' plans to resolve the issue.

The current government is seemingly doing little to increase the supply of housing, let alone social housing for rent. Michael Gove's calling in and refusal of a 165-home Berkeley development in Kent, on the basis that the design was too 'generic', then a similar response to AC Lloyd Homes' reserved matters application for 200 homes in Warwickshire, both demonstrate how, brow-beaten by NIMBYs, the government has concerned itself too much with the detail of design, which while laudable, does not address the bigger picture.

The draft consultation on the National Planning Policy Framework (NPPF) in December 2022 and the changes to the planning system being made through the Levelling Up and Regeneration Bill has caused general disarray in the planning process, with over two thirds of local plans now being out of date and many emerging plans being placed on hold. This has resulted in a return to planning by appeal in those areas most resistant to development. The proposed removal of the mandatory requirement for a five-year land supply plan is believed to have cut the number of houses that will be consented next year by at least half, and a recent study by the HBF suggested that housebuilding in England is set to fall below 120,000 a year – the lowest level since the Second World War. If (and this may be optimistic) 30% of new homes built are affordable/social housing, this amounts to no more than 36,000, which does little to address the 90,000 a year deficit and the rapidly increasing demand brought about by rising rents and mortgage rates, the cost of living crisis and historic under-supply.

In 1945, Clement Attlee won the general election claiming that a vote for Labour was a vote to "build the houses — quick!", and he did so. Harold Wilson built 400,000 a year in the 1960s, a total not beaten since.

In both cases, the delivery of considerable numbers of new homes was facilitated through public funding. Although open market homes (which deliver a proportion of social housing) are now delivered in larger numbers by the private sector, public sector support is necessary to facilitate widespread development, and specifically the much-needed increase in social housing.

The party manifestos

As we approach the next general election, Labour has promised to build more social rented homes each year than are sold off or demolished within the 'very early years' of government.

A future Labour government has promised to *'repurpose the Affordable Homes Programme to direct it overwhelmingly toward the provision of social rented homes'* and use enhanced compulsory powers to make it easier and cheaper to deliver affordable housing. It also plans to scrap the controversial Infrastructure Levy and reduce the number of social homes sold off each year under the 2023 Right to Buy scheme.

The rhetoric from Labour concerns national projects, driven from the centre, including a generation of new towns.

It was publicly funded development corporations that created the New Towns of the 50s, 60s and 70s and the same legislation that enabled more recent successes such as at Ebbsfleet Valley, in which I was involved. Projects such as this, when it comes to the delivery phase in particular, benefit from being well co-ordinated around infrastructure delivery, target-focused with both plan-making and development management powers to expediate decision making. They demonstrate that large-scale development driven from the centre, enshrined in regional policy and implemented over a period much longer than a single parliamentary term, can be successful.

Public funding and political will is necessary to deliver the requisite amount of homes, and thus the requisite proportion of social housing: not simply shared ownership and discount market schemes such as First Homes focused on home ownership, but socially rented homes that local authorities, with rapidly expanding housing lists, are crying out for, and affordable market housing which is priced at 50%, rather than 80% of market values in some cases.

There are tentative areas ready and waiting that would-benefit from either New Towns, Urban or Mayoral development corporations, with the Levelling-Up and Regeneration Bill expected to extend their powers and make it easier to establish. The Oxford-Cambridge Arc was a clear candidate for this, but now appears to have been replaced by Cambridge 2040. The likely success of Michael Gove's ambitious plans to more than double the size of Cambridge are in some doubt, but will require considerable collaboration between the public and private sectors, starting with the involvement of Homes England and substantially boosted resourcing (a 'planning super squad' is apparently being assembled to address the current deficit in public sector planners).

But the issue goes beyond planning. Firstly, it is fiscal: social housing can't be resolved if funding is nothing more than a tax on development – increasingly so as spiralling build costs and requirements such as biodiversity net gain push viability to its limits. Affordable housing and in particular social rented housing, is always the first thing to go when viability assessments are undertaken and submitted in support of application proposals. This is because Community Infrastructure Levy is a priority for those councils in which it has been adopted and is non-negotiable, while development mitigation is a statutory requirement, which leaves little room to divert funding into social housing. The proposed Infrastructure Levy will create further costs, along with uncertainty.

At some point it may be asked – perhaps by a Labour government - whether development that does not make provision for affordable housing should take place at all. Will the level of developer profits continue to be accepted at the current levels?

The Conservatives' focus on the Renters' Reform Bill will not actually deliver more homes, and will almost certainly remove rental properties at the cheaper end of the market where they are most needed.

Furthermore, following a backbench rebellion at the end of 2022, the government watered down its commitment to a 300,000 new homes target for England, with housing targets now proposed to be a starting point, with new flexibilities to reflect local circumstances. The target has not, in any event, been met as yet. In 2019-2020 there were 242,700 'net additional dwellings', but this fell the following year, partly due to the pandemic. Following the government announcements, which were bound into the proposed changes of NPPF and the Levelling Up and Regeneration Bill, the planning system has slowed down further, with additional impacts arising from interest rate rises and mortgage uncertainty as well as significant build cost inflation.

The Conservatives' manifesto commits to affordable housing and renewing the Affordable Homes Programme, but no specific funding pledge or affordable housing targets have been identified. There is a suggestion that councils could use developer contributions to fund discounted homes for sale to people with a local connection.

The Labour party wants to improve the rate of house building in the UK and has set a target of 150,000 social houses p.a. while retaining a 300,000 annual housing target, to be delivered through a series of schemes such as building on 'ugly' parts of the Green Belt, and using compulsory purchase powers to allow land to be bought by councils for prices that exclude 'hope value', making it much cheaper for housebuilding. The recent appointment of Deputy Leader Angela Rayner as shadow levelling up, housing and communities secretary suggests that Labour is committed to social housing and homes for first time buyers in particular. The Party has confirmed that it is committed to restoring social housing as the second biggest tenure, although as a long-term aspiration.

The Liberal Democrats had sought to focus primarily on affordable housing delivery, with its manifesto calling for "a national target for building social homes, aiming for 150,000 a year by the end of the next parliament" and with new powers for local authorities to build their own social affordable housing. The Leadership had proposed to delete its 380,000 annual housing target, but the Young Liberals voted against the proposal at the Party Conference. The Young Liberals were furious with the plan, saying it was not "ambitious enough" for people struggling to find places to live. The Party will now have to decide how and where those homes will be delivered, especially as they "firmly believe in safeguarding the green belt and protecting natural habitats".

The demands on developers must be lessened because if a standard housing development becomes unviable, the social housing component is immediately lost. We had seen some movement on this in the government's recent announcement to amend the Levelling Up and Regeneration Bill to remove the EU legislation concerning nutrient neutrality, but the government has been thwarted in its efforts by the House of Lords and will have to look at other legislation to get such changes through. A Bill is anticipated in November's King's Speech and a satisfactory solution could release 145,000 homes currently on hold.

More importantly, however, a long-term and wholescale solution is required, coupled with a change in attitudes – governments must adopt a pro-housing, pro-development attitude and find a way to actually deliver on promises - recognising the negative impacts arising from an insufficient housing supply, whether it be for social rent housing, affordable market rent, shared ownership, First Homes, family housing or later living housing.

The housing crisis impacts across all demographics and all parts of the country. We need more bold thinking, well thought out and funded proposals and most of all certainty for the housebuilding industry, to have the confidence to build and turn around the decline in social housing numbers and make real progress in delivering what is so badly needed.

RAAC AND VALUATIONS Asset valuation impact of RAAC

Chris Brain FRICS chris@chrisbrainassociates.com

Chris gives some timely advice about how to approach RAAC in asset valuations.

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 is ACES' Valuation Liaison Officer.

I have been getting questions from members of my Asset Valuation Circle on whether RAAC could impact their asset valuation programme, specifically DRC valuations. I thought ACES members might find it helpful if I shared my thoughts.

The existence of RAAC in your assets has the potential to affect both asset value and useful remaining life for accounting depreciation.

There has been much high profile publicity in mainstream news over recent weeks around the impact of RAAC in schools and other public buildings. Clearly though, RAAC has been around in public buildings for several decades. Many of you will be already aware of the collapse of a roof at Singlewell Primary School in Kent in 2018, which fortunately was over a weekend with no injuries. You may also be aware of a school roof collapse, reportedly in Essex the previous year.

As such I would have hoped the impact of it was already being reflected in physical obsolescence adjustments of DRC valuations, in the same way any building condition issue or building defect would. After all, it is a factor that can significantly influence the physical life of a major component of some buildings. The Standing Committee on Structural Safety alert in 2019 recommended all RAAC planks installed after 1980 be replaced. Their report found that such planks were becoming "more defective over time".

What has probably changed thinking is the recent decision by the UK Government to issue fresh advice around re-assessed risks, stating that RAAC is "life expired and liable to collapse".

While the condition of RAAC should always have been reflected in obsolescence adjustments, if the risk assessment has resulted in parts of buildings having to be closed off, this creates another layer of consideration for the asset valuer.

I have been made aware that some auditors are already asking questions of local authority asset valuers about what they are doing about RAAC and how it is impacting their valuations. In the circumstances, if you are an asset valuer, you need to give thought to any changes in valuation approach you will be making, and be ready to justify any such changes to auditors.

It's not possible for me to advise what you should do, as any change you make will depend on the prevalence of RAAC in your buildings, what you know about their condition, and the associated risks of collapse.

One thing I can say for certain, is that asset valuers need to be speaking with their technical building surveying or engineering colleagues, to establish the extent of the problem for your buildings and to understand the timescales around any proposed remediation.

If you are a finance officer who procures your asset valuations, then I would suggest urgent communication with your valuers (whether internal or external) so that you understand the issues, and can align awareness ready for the audit process.

Not just DRC!

For the avoidance of doubt, RAAC may not only affect assets valued using DRC. It may also have implications for assets valued to EUV, or indeed potentially any valuation basis.

The reason is, if the condition of RAAC in a building has had a significant effect on the physical life of the asset, then there is clearly potential for it to impact on the useful asset life adopted for accounting depreciation. And this impact will affect any asset, irrespective of the valuation basis.

And just as RAAC may affect obsolescence adjustments (and therefore value) in DRC assets, it may also impact on the value of assets where they are being valued using a market based valuation approach. This could apply both where the existence of RAAC affects the ability of the entity to use the asset, in the case of EUV assets, or where it may affect the bid of a potential purchaser, in Fair Value measurements.

Not just this year's valuations!

Many reading this article may over the years have heard me regularly remind asset valuers and finance staff, that what matters is whether the balance sheet figure is a true and fair reflection of the value of the asset.

While a rolling valuation period is allowed under the CIPFA Code, this is only allowed where the asset valuations remain materially accurate. This means that RAAC is not confined to assets falling to be valued in 2023/2024. If the impact of RAAC is significant in any of your buildings, it could affect material accuracy, irrespective of the year the asset is next due to be valued.

You may find yourself having to revisit recently valued assets to make sure that RAAC is fully reflected in balance sheet values and carrying amounts.

Summary

If RAAC affects your assets, it will potentially affect your asset valuations. If it affects your asset valuations, it will affect your audit. The last thing I know you are looking for is territory for the auditor to find you on the back foot. So, you may very quickly need to get yourself up to speed on RAAC.

Antony is a partner at European law firm, Fieldfisher, where he is Head of Real Estate and also heads the Property Litigation team. He deals exclusively with contentious (and potentially contentious) issues relating to commercial, mixed use and residential property. This includes dilapidations claims, rent reviews and other landlord and tenant disputes, real property disputes (including covenants, easements and ownership issues), development issues (including rights of light, party walls and boundaries), contentious planning disputes and property related insolvency issues. Throughout his career, Antony has had a strong emphasis on public sector work, helping clients unlock value in their property portfolios and dealing with issues arising from public sector clients' ownership and development of their real estate holdings.

Antony is a regular speaker at ACES conferences and other events and is an honorary member of ACES.

LEGAL UPDATE 2023

Antony Phillips antony.phillips@fieldfisher.com

Antony delivered this update at the National Conference in York.

In this year's case law roundup, our cases fall neatly within a transaction lifecycle; we start by looking at issues arising at the pre-contractual stage, move on to consider disputes arising during occupation and finish with a consideration of termination and redevelopment issues.

Signed heads of terms: when do they bind?

In Pretoria Energy Company (Chittering) Ltd v Blankney Estates Ltd [2023] EWCA Civ 482, the Court of Appeal considered the question of whether signed Heads of Terms were contractually binding on the parties (even though no formal legal documentation had been entered into).

Pretoria was looking to develop several anaerobic digestion plants in Eastern England and approached Blankney regarding a factory site in Lincolnshire. The parties agreed Heads of Terms (HoTs). The HoTs stipulated that (i) a 25-year lease would be granted, outside the Landlord and Tenant Act 1954 (LTA); (ii) a "formal agreement" would be created once planning consent was achieved; and (iii) there would be a short period for exclusive negotiation (a lock-out clause), which was legally binding. The HoTs were not marked 'subject to contract'. When Blankney wanted to pull out of the deal, Pretoria claimed that the HoTs amounted to a binding agreement for lease.

The issue was whether the signed document marked "Heads of Terms", but not marked "subject to contract", amounted to a binding agreement for a lease. At first instance, the High Court held that the parties had not entered a binding agreement for a lease. The Court of Appeal agreed. It considered there was no binding agreement on the basis that: (i) for a 25-year lease of a unique site, too many important items were missing from the HoTs; (ii) the 'legally binding' lockout clause was incompatible with Pretoria's claim that the other terms were also legally binding; and (iii) the proposed LTA exclusion required formalities (which were not carried out).

The takeaway here is simple: in order to eliminate any doubt arising as to the status of heads of terms and to ensure they do not create legally binding obligations, always head them "subject to contract".

Service charge certification

The Sara & Hossein Asset Holdings Ltd –v- Blacks Outdoor Retail Ltd [2023] UKSC 2 case went all the way to the Supreme Court. The tenant sought to challenge service charge provisions in two commercial retail leases. Pursuant to the leases, the tenant was responsible for paying a "fair and reasonable proportion" of total service cost "without set-off or counterclaim". The landlord's agent was required to certify service charge amount and that sum would then be "conclusive" unless there was "manifest or mathematical error or fraud".

The landlord issued an unusually large service charge demand and the tenant challenged the amount on grounds that: (a) the charge was excessive; and (b) included unnecessary items not due under lease. The landlord's position was that the certificate was final and binding both as to costs incurred and the sum payable. In contrast, the tenant's position was that the certificate not binding where sums were excessive or not within scope.

The High Court, the Court of Appeal and the Supreme Court each came to a different conclusion as to the effect of the landlord's agent's certificate:

- High Court: held that it was conclusive as to the amount incurred, but not whether the sums were in scope
- Court of Appeal: held that it was conclusive as to the amount and scope
- Supreme Court: found for the landlord, but adopted an entirely different approach, favouring a "Pay Now, Argue Later' interpretation. In other words, the certificate was conclusive as to the sum payable by the tenant for the relevant items, but not as to the tenant's underlying liability for the service charge. The tenant was therefore not entitled to withhold payment but, instead, should pay the sum and then dispute liability thereafter. Notably, the 'No set-off' provision in the leases did not prevent a counterclaim: its purpose was to ensure there was no delay in payment, not to prevent a counterclaim.

While this case turned upon the precise wording of the certification provisions, such provisions are commonplace in commercial leases and, as a result, the decision is likely to have implications for landlords and tenants alike. Landlords will benefit from certainty of cash flow. Tenants, on the other hand, will no longer be able to withhold payment as a means of obtaining leverage, but will benefit from a right to counter-claim. The question remains to be seen whether this decision results in more, rather than fewer, service charge disputes on similar grounds in the future…

Nuisance: has the law changed?

In February 2023 the Supreme Court handed down its long-awaited decision in Fearn and others (Appellants) v Board of Trustees of the Tate Gallery [2023] UKSC 4. What follows is an attempt to distil six years of legal wrangling and judicial consideration into a few short paragraphs.

A claim was brought in nuisance by residents of Neo Bankside, a building adjacent to the Tate Modern. The residents had acquired their flats in 2013/2014, before the Tate had completed its extension and creation of the viewing platform. The residents objected to the use by the Tate of the gallery platform (which enjoyed up to 600,000 visitors a year) and sought an injunction in nuisance to prohibit visitors from certain areas of the viewing platform (i.e. the parts that overlooked their flats).

In order to establish a nuisance, the residents needed to prove that the 'overlooking' constituted a substantial interference with their ordinary use and enjoyment of land.

The Courts found as follows:

- High Court: the judge rejected the claim on the basis that the Tate's use of the floor as a viewing gallery was reasonable and the residents had failed to take steps to mitigate (e.g. by lowering blinds/hanging net curtains)
- Court of Appeal also rejected the appeal, albeit on different grounds: they considered that the common law of nuisance was not capable of extending to overlooking
- Supreme Court: by a 3 to 2 majority decision, finding in favour of the residents, the Court held that: (i) visual intrusion can constitute a nuisance (the judges being unanimous on that point); (ii) there was a substantial interference with the ordinary use and enjoyment of the claimants' properties; (iii) the Tate's viewing platform was a very particular and exceptional use of land; and (iv) the ability for the residents to mitigate (with blinds/curtains) was not a defence, especially where the act in question constitutes 'special use.

The question that has inevitability followed the judgment is whether the law of nuisance has changed and whether 'floodgates' have been opened. In this writer's opinion, there has been no real expansion of principles of nuisance. The key outcome being that visual intrusion is capable of being a nuisance, which is consistent with long established principles. In this case, given that the court was dealing with two extraordinary and unusual buildings, coupled with unusual use, means that very few similar cases are likely to arise in the future.

Break clauses and termination: getting notices right

As the myriad cases on this topic attest, the process of drafting and serving properly formulated notices as a means of terminating legal interests is fraught with pitfalls. The reason being that the terms of break and termination rights must be complied with precisely. This year has added two further cases to the mix, with an unusual twist to the usual theme in our first case.

In Vistra Trust Corporation (UK) Ltd v CDS (Superstores International) Ltd [2022] EWHC 3382 (Ch), the tenant occupied a retail superstore in Cheshire under a 1954 Act protected tenancy expiring in 2029. The lease contained a tenant break option as at 11 February 2023, upon the giving of 6 months' written notice. The tenant served a break notice on 10 December 2018 to expire on 11 February 2023 (i.e. over 4 years later). The lease was subsequently assigned, and the new tenant served a s26 request for a new tenancy starting in June 2023. The Court was asked to consider two issues; (i) whether the break notice was valid (having been served so far in advance) and (ii) whether the s26 request was valid (given that the tenant had served a contractual break notice).

The court held that the break notice was valid – there was no implied term limiting the tenant to how far in advance it can serve. Secondly, it confirmed that the s26 request was not valid, having regard to the requirements of s26(2) which makes it clear that a tenant cannot serve a s26 request where it has already contractually terminated the tenancy. This could not be saved by the assignment; the assignee adopts the position of assignor in respect of any break notices served.

The second case was the Court of Appeal decision in OG Thomas Amaethyddiaeth CYF v Turner [2022] EWCA Civ 1446. While this concerned agricultural premises, the case is of wider application and of relevance to any party seeking to exercise a termination or break right. Here, the landlord had served notice to quit on the tenant of an agricultural holding. However, the tenant had, without notifying the landlord (in the absence of alienation restrictions in the lease), assigned its interest to a newly incorporated company. The notice therefore was addressed to the wrong entity (i.e. to the former tenant). The key issue was whether the notice was valid and could be saved on Mannai principles: by way of reminder, Mannai will 'save' a notice where it is clear and unambiguous and leaves no reasonable doubt about its intention.

At first instance and at the first appeal, the notice was deemed valid ('rescued' by Mannai). The Court of Appeal, however, overturned both decisions. It held that the notice was not unambiguous as it was addressed to the wrong person (i.e. the former tenant) which was too fundamental an issue to be saved by Mannai.

This decision serves as a stark reminder of the limitations of Mannai; while it may save defective notices in many instances, it will not save a notice which does not comply with basic formal requirements. Parties seeking to terminate rights should always seek specialist assistance to limit the prospect of future dispute on the question of validity.

Redevelopment under the 1954 Act (ground (f))

Section 30(1)(f) of the Landlord and Tenant Act 1954 (often referred to as the 'redevelopment ground') has long proved fertile ground for dispute between parties. While we await any proposed changes to this area as part of the Law Commission review of the 1954 Act, we have yet another decision on the proper interpretation and application of s30(1)(f).

By way of recap, s30(1)(f) provides that a landlord may oppose an application for a new tenancy where it is able to show *"that on the termination of the current tenancy the landlord intends to* **demolish or reconstruct** *the premises comprised in the holding or a substantial part of those premises or to carry out* **substantial work of construction** *on the holding or part thereof and that he could* **not reasonably do so without obtaining possession of the holding"**.

In Man Ltd v Back Inn Time Diner Ltd [2023] EWHC 363 (Ch), the tenant operated premises as a diner. It sought a new lease pursuant to a s26 request; the landlord in turn contested this on ground (f). The issue here was whether the landlord met the 'ground f' test.

At the time of the hearing, planning consent had been refused and was subject to an appeal. The High Court held that there was both: (i) a lack of any real prospect of obtaining planning consent and (ii) a lack of evidence as to the landlord's ability to fund the development. While the tenant was able to demonstrate a subjective intention to carry out the development, the tenant failed to establish an *"objectively realistic prospect of implementing" that intention – this has been held to mean a "real chance" rather than a "fanciful"* one.

The Court of Appeal considered two issues: (i) whether the High Court had applied the correct legal test on the question of funding; and (ii) treatment of the landlord's evidence on funding. In respect of the former, it considered the correct test had been applied, notwithstanding repeated references by the judge in that the landlord had to prove that it "would be able to fund the development" (which suggested a higher threshold was required). The appeal was also dismissed on the second ground – it was a case management matter for the judge as to whether he/she would allow evidence at a late stage in the case.

While the appeal failed on both grounds, the decision provides useful clarification on the correct legal tests to be applied. It confirmed that the 'realistic prospect test' applies equally to both the issue of planning and funding; there is no higher threshold for the latter. The case further serves as a salutary reminder to landlords that advance preparation remains key to overcoming ground (f) hurdles. It must ensure that that all evidential requirements are met by the date of hearing – this includes not only the landlord's intention, but also its ability to fulfil that intention (including whether planning permission will be granted and sufficient funds will be made available).

Summary

In a busy year for the property world, there have been two important Supreme Court decisions and three Court of Appeal/High Court decisions. Some useful guidance has been given to property professionals by the courts in the past year. This has included in respect of Heads of Terms, service charges, termination and break rights and the 1954 Act, all being areas that affect the work of ACES members on a day-to-day basis. Antony recommends that members seek legal assistance where appropriate.

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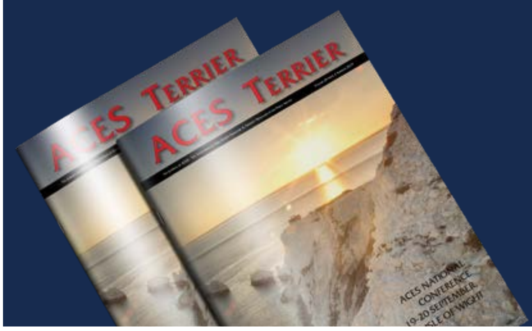

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DILAPIDATIONS FOR TENANTS For fools rush in (to negotiate) where angels fear to tread

Michael Watson Michael.watson@concorde-solicitors.co.uk

Following two articles in 2021 Summer and Winter Terriers concerning dilapidations claims and strategies for successful outcomes, Michael here sees claims from the tenant's viewpoint, but the advice also sets out warning for landlords.

Michael is a solicitor who has specialised on property litigation and risk management for most of his career and is a strong advocate of a proactive approach to the management of risks associated with owning and occupying property.

Michael has a particular expertise in relation to legal issues relating to telecommunications matters and property, for example, issues relating to the Electronic Communications Code, Code Rights, MSV surveys and phone masts. He also extensive experience in relation to commercial property dilapidations claims advising both landlords and tenants. He regularly presents CPD seminars and he is also the founder of the Linkedin Dilapidations Discussion Forum and Interest Group which has in excess of 2,500 members.

Having worked for a number of the large national law firms Michael established Concorde Solicitors in 2022 with the aim of "doing work I enjoy, for people I like working with at sensible prices".

The process

"Dilapidations" is a well-trodden path travelled by many tenants over the years with the consequence that the rules of the game are well known. Tenants' advisers know how the game plays and are able to guide their clients through the process of negotiation in order to conclude matters usually with some form of payment from the former tenant to their landlord.

A typical sequence of events will be for the landlord to instruct a building surveyor to prepare a schedule of dilapidations. This will set out a list of alleged breaches of contract, what works the surveyor considers to be necessary to remedy those breaches and what that will cost. This will often be prepared with the expectation that it will simply provide a start point for the process of negotiation.

The schedule is served on the tenant by the landlord and the tenant then appoints their own surveyor to "respond" to the schedule. The surveyor annotates an electronic copy of the schedule with their comments and costings. This is sent to the landlord and sets the parameters for the process of haggling, which is then anticipated to follow so as to define the quantum of the payment to be made by the tenant to the landlord.

The schedule served on the tenant will invariably remind the tenant of the requirement for a response within 56 days, in accordance with the Civil Procedure Rules Dilapidations Protocol, so the tenant may feel a degree of pressure to dive into the process of preparing a response to the schedule and then progressing the process of negotiation.

Diving into a response and negotiation may not be best course of action for the tenant. Instead of rushing into responding, haggling, and paying money, tenants may be well served to step back and take stock of the apparent claim being made against them.

A negotiated settlement of £250,000 against a claim of £500,000 may seem like a cracking result. The tenant (and their advisers) can report a "saving" of a quarter of a million pounds. But is that necessarily correct? What if there never was a claim of £500,000? What if the breaches the tenant was actually liable to equated to £100,000, or even nothing?

Tenants' advisers are the guardians of their purse so to speak and therefore, rather than just diving into a response and negotiation, they may be well advised to step back and look at the evidence disclosed in support of the claim and the legal basis upon which it is presented.

Before approving any settlement recommended to them, decision makers would be well served asking the following questions:

1. What sum was claimed?
2. What sum are we being offered as a settlement?
3. What sum are we legally liable for as damages properly recoverable at law as a consequence of breach of contract?

Question 3 is probably of particular importance for those who are the guardians of the public purse and those who audit them or hold them accountable.

What is a dilapidations claim?

A dilapidations claim is a legal claim for damages in respect of alleged breach of contract.

The objective of pursuing such a claim is to secure compensation for losses actually suffered, or in other words, to put the landlord in the same position they would have been in had their contractual promises been kept by the tenant. Where claims are brought after the end of the lease term, the landlord has no mechanism by which to enforce compliance with the terms of the lease and the only course of action available to them is to pursue a damages claim. In short, they want money.

There are only two ways they can obtain that money. The first is that they persuade the tenant to pay up. The second is that they place their expert witnesses on oath in front of a judge and try to persuade the judge to tell the tenant to pay. There is no other way. The landlord has the burden of proof.

Litigation can be both time consuming and expensive – both of which are significant disincentives to landlords taking action to recover damages for breach of contract. Instead, they rely on the goodwill of their tenants to agree to pay them something. If the tenant will not, then they either prove their claim at court or they forget it and move on.

Responding to a claim

It is still common for surveyors acting for landlords to take dilapidations instructions on a contingency fee basis, whereby they agree to charge a fixed price in relation to the preparation of the schedule of dilapidations, but then to take a percentage of whatever sum they manage to negotiate as a payment from the tenant. This has the consequence that the larger the settlement they can achieve in the shortest time then the greater their fee. It is in their interests, therefore, for the tenant to respond so they can then engage in the process of negotiation, with a view to closing matters off quickly.

It is a common misconception that contingency fees "incentivise" landlord's surveyors to achieve the best result for their client. Where, for example, the fee is 10% of the settlement, a settlement at £50,000 achieved with 20 hours' work will be much more profitable than a settlement of £75,000 that takes 50 hours of work. The former will generate an effective rate of £250 per hour for the landlord's surveyor, whereas the latter will equate to a rate of £150. The longer the process goes on, the less profitable it becomes for the landlord's surveyor. Ultimately a point in time may be reached where the investment of time required by the surveyor actually means the instruction becomes loss making. The contingency fee becomes a disincentive, and it becomes in the interests of the landlord's surveyor to close matters off and cut their losses. This may be something for the tenant to factor into their strategy for dealing with any claim.

A swift outcome can be in the interests of the landlord's advisers but may not be to the benefit of the tenant.

Whether on a contingency fee or otherwise, the landlord's surveyor will be keen to progress the negotiation and the tenant is often reminded that they should respond to the claim within 56 days. This is not strictly correct.

The Dilapidations Protocol is not mandatory but advises:

This protocol sets out conduct that the court would normally expect prospective parties to follow prior to the commencement of proceedings. It establishes a reasonable process and timetable for the exchange of information relevant to a dispute, sets standards for the content and quality of schedules and Quantified Demands and, in particular, the conduct of pre-action negotiations.

The Protocol is guidance as to what should generally be considered to be reasonable conduct and it recommends that the tenant should respond within a reasonable time, suggesting that this will usually be within 56 days.

The Protocol specifically refers to "negotiations" and indeed has a complete section dealing with "negotiations" (section 7) reinforcing the preconception that dilapidations is about a process of negotiation.

Tenants should not feel under pressure to rush into responding because of the Protocol. In most cases the Protocol is of no practical relevance at all because it only really comes into play when the court, after having had a trial and given judgment, then comes to consider the question of costs and conduct.

Tenants and their advisers should keep in mind question 3) above.

Tenant due diligence

If the landlord cannot persuade the tenant to open their purse, then their only option is to go to court. To do this they need a claim that is well prepared, credible and based upon good evidence and sound legal principles. Their expert witness(es), in formulating the claim, need to ensure that they have properly applied the principles of contractual interpretation laid down by the courts over the years. Having properly interpreted the contractual obligations, such as the contractual standard of repair, the landlord's expert witness(es) need to be sure as to the contractually compliant condition and configuration of the property at lease end. They then need diligently to inspect the property and collect detailed evidence, in order to opine on the extent of breaches of contract.

Having identified the breaches of contract, they can then apply their expertise to setting out their opinion, as experts in their field, as to what works are required to remedy the breaches of contract and what this will cost.

Armed with the advice of their expert witness in building surveying (and perhaps other disciplines such as M & E Services) the landlord can then take valuation advice to consider whether there is any cap on their damages claim consequent upon the application of s18 of the Landlord and Tenant Act 1927.

Having done all of this, the landlord can then set out and substantiate their claim for damages properly recoverable at law in respect of breach of contract.

Upon receipt of a claim, a tenant would be well served to take stock of that which is presented to them; rather than just launching into a response and negotiation, they should undertake some basic due diligence to examine whether the claim as presented will actually stand scrutiny at court.

They would also be well served to undertake some form of risk assessment as to the landlord's appetite for litigation.

If they conclude that the claim as presented is not sufficiently credible as to be able to be placed before a court, or the landlord does not have the will to take them to court, the tenant might ask themselves what is the hurry?

Certainly, before rushing into

negotiation, the tenant should be checking carefully that which is presented to them, because if it is not credible (in whole or in part), then why should they even take up time and expense in a detailed response and then negotiating against something that would not stand up in court?

The Protocol does not actually require a response to the schedule of dilapidations.

Section 5 of the Protocol details the recommendations in terms of responding to any claim and provides as follows:

> 5.1 The Response is not intended to have the same status as a defence in proceedings
> 5.2 The tenant should respond to the Quantified Demand within a reasonable time. This will usually be within 56 days after the landlord sends the Quantified Demand
> 5.3 Where appropriate, the tenant should respond using the schedule provided by the landlord. The Response should be set out in sufficient detail to enable the landlord to understand clearly the tenant's views on each item.

The obligation is to provide a response to a Quantified Demand.

Paragraph 4 of the Protocol sets out the requirements of a Quantified Demand:

> 4.1 The Quantified Demand is not intended to have the same status as a statement of case in proceedings
> 4.2 The Quantified Demand should:
> 4.2.1 set out clearly all aspects of the dispute, and set out and substantiate the monetary sum sought as damages in respect of the breaches detailed in the schedule as well as any other items of loss for which damages are sought. It should also set out whether VAT applies
> 4.2.2 confirm that the landlord and/or its surveyor will attend a meeting or meetings as proposed under section 7 below
> 4.2.3 be sent within the same timescale for sending the tenant a schedule; and
> 4.2.4 specify a date (being a reasonable time) by which the tenant should respond. This will usually be within 56 days after sending the Quantified Demand.
> 4.3 Where the monetary sum sought is based on the cost of works, it should be fully quantified and substantiated by either an invoice or a detailed estimate
> 4.4 If the Quantified Demand includes any other losses, they must be set out in detail, substantiated and fully quantified. The landlord should explain the legal basis for the recovery of losses, e.g. whether they are sought as part of the damages claim or under some express or implied provision of the lease
> 4.5 The figures set out in the Quantified Demand should be restricted to the landlord's likely loss. This is not necessarily the same as the cost of works to remedy the breaches
> 4.6 The Quantified Demand should not include items of work that are likely to be superseded by the landlord's intentions for the property
> 4.7 If the landlord's surveyor prepares the Quantified Demand, the surveyor should have regard to the principles laid down in the RICS' Guidance Note on Dilapidations.

The first and most important piece of due diligence that a tenant should undertake is to consider whether the claim documents that they have been served with actually include a Quantified Demand. It is not uncommon to see at the end of a schedule of dilapidations a single page headed "Quantified Demand" which in reality does nothing more than set out the total cost of works claimed, adds some percentages on for preliminaries, overheads, profit, contract administration, etc., includes sums for professional fees, and then has numerous other items marked as "TBC".

In short, there is no document served that actually sets out clearly all aspects of the dispute and sets out and substantiates the monetary sum sought as damages in respect of the breaches detailed in the schedule, as well as any other items of loss for which damages are sought.

In the absence of a Quantified Demand in accordance with the provisions of paragraph 4 of the Protocol, the obligation to respond at paragraph 5 is not triggered, so rather than rushing into instructing a surveyor to respond to the schedule of dilapidations and then to negotiate, the tenant would be well served in the first instance to invite the landlord to try again and set out their claim properly. Only when this has been done is the tenant able to evaluate the claim for damages and to formulate a response.

Tenants (or those advising them), when considering claim documents presented by a landlord, might usefully ask themselves some or all of the following questions:

a. Do the documents served set out clearly all aspects of the dispute?
b. Do they set out and substantiate the monetary sum sought as damages in respect of the breaches detailed in the schedule?
c. Do the claim documents include claims for any other losses and if so, are they set out in detail, substantiated and fully quantified?
d. Does the landlord explain the legal basis for the recovery of losses, e.g. whether they are sought as part of the damages claim or under some express or implied provision of the lease?
e. Is the monetary sum sought based on the cost of works and if so, is it fully quantified and substantiated by either an invoice or a detailed estimate?
f. Are the figures set out in the Quantified Demand restricted to the landlord's likely loss?

Experience of dealing with many claims for tenants over the years shows that landlords are often very lazy and slapdash in the preparation of the documents that they produce, cutting corners but not really bothered because they anticipate that the tenant will just play the age old game and pass the documents to a surveyor to negotiate a cash payment. This works for landlords for so long as the tenant will play that game, but what if they will not?

What if a tenant faced with a poorly prepared claim just ignores the landlord, or even tells them to "get lost" and they aren't going to waste any time on it?

What can a landlord do with a tenant that will not engage and respond? They could actually take the time to do the job properly but that costs money. They could put the claim into court. That too costs money and also requires them to prepare their claim properly, because someone is going to have to sign a statement of truth to that claim, stating that they believe that the facts stated in the particulars of claim are true and that they understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Whoever will sign the statement of truth needs genuinely to believe that the sum they say is due and owing as damages is properly recoverable as damages at law. That will be a challenge in relation to a claim based on a schedule that throws in everything, including the kitchen sink, so as to provide a start point for the landlord to negotiate from.

If the landlord is foolish enough to put a claim into court that is not substantiated, then if the tenant calls their bluff and is prepared to run the case to trial, things could unravel spectacularly for the landlord or rather their expert witness(es) in the witness box under cross examination. There are stark examples in the law reports where, for example, a lack of evidence has led to the downfall of the landlord and their claim along with humiliation for their surveyor expert witnesses.

Conclusion

Any tenant in receipt of a claim for damages for breach of contract arising from the repairing, reinstatement, decorating and other covenants in a lease would be well advised in the first instance to take stock of what they have been served with. They should critically examine the claim documents and consider whether in fact they do actually present a credible, coherent legal claim for damages.

If they conclude that they do not, then rather than rushing into cobbling together a response and then haggling a payment to the landlord, they may better be served by inviting the landlord to do the job of setting out their claim properly. The tenant should not be wasting time and expense in dealing with claims which are poorly prepared and lacking substantiation.

If the landlord is not prepared to do that then they cannot credibly threaten the tenant with court action. If they cannot make any credible threat of court action, there is no reason for the tenant to take time and incur expense with the claim. The primary motivation for tenants to negotiate a settlement of any claim is because if no settlement is reached, the tenant is at risk of the landlord doing something more painful and expensive to them. In short, they don't want to go to court. But if the landlord presents a poor claim, it can be better in the long run for the tenant to test the landlord in the context of court proceedings, rather than just throwing money at the problem.

While the answer to question 3) above may be difficult to establish, the one person who does know it is the judge. It is the landlord that bears the burden of proving it.

Tenants and their advisers would be well served to keep this in mind so as not to be fools rushing into negotiation where those more sophisticated in their approach to the analysis of claims might fear to tread.

With this in mind it is not unusual to find that the cost of remedying each of the breaches is a conveniently round number.

Peter, a Director of Lambert Smith Hampton based in the Chelmsford office, is a RICS Registered Valuer, with over 35 years' experience, with expertise in valuations and a focus over the last 10 years on work for public sector clients. In his current role, he specialises in undertaking and/or managing portfolio asset valuations for financial reporting purposes for a number of local authority and blue light service clients. He has extensive experience in using the Depreciated Replacement Cost and the Residual methods of valuation, in addition to the more commonly applied Comparable and Investment methods.

IFRS 16
The impact on capital accounting valuations of local authority property assets

Peter Whitington BSc Hons, MRICS PWhitington@lsh.co.uk

Peter kindly agreed to write this technical paper, having presented to ACES Eastern branch. He sums up many readers' thoughts in his first sentence! Hopefully his explanation will help with what (to your Editor) seems a highly complex exercise.

IFRS 16 – rarely, in the property valuation arena, has a combination of just four letters and two numbers, both been so long heralded and much dreaded!

Background

Now, I must be completely up front at the outset. Although a RICS Registered Valuer with over 35 years' experience and whose current role is focussed on capital accounting valuations for public sector clients, I have not yet undertaken a valuation under IFRS 16. Based on a straw poll taken in the room at a regional ACES meeting this summer, I suspect many of you reading this are in the same boat. I do, however, have a clear understanding on the property valuation requirements and believe this paper will steer your estates and finance teams in the right direction.

While the time frame for mandatory application has been deferred, the messages are clear that all local authorities who have not already done so, must reflect the requirements of IFRS 16 in the valuation of their property assets in the 2024-2025 financial year, the start of which is now less than six months away.

The intention of this article is to provide, from a valuer's perspective:

- an introduction/refresher to IFRS16
- a summary of the processes; and
- practical guidance and tips

which together should assist in preparing a valuation under this accounting standard.

Key points of reference

Before we get started, in Figure 1, I list the key documents (as at September 2023) which a valuer should have regard to in preparing a valuation under IFRS16 (for the current financial year), distinguishing between those generic to asset valuations and those specific to assets captured under IFRS 16.

Non-freehold property assets - the pre IFRS 16 (current) position

A local authority ('the entity') under previous arrangements (IAS 17) has been able to classify property assets held by the entity as lessee (i.e. on a non-freehold basis including licences, tenancies at will, and undocumented tenancies, in addition to formal leases) as either finance leases or operating leases.

Finance leases, typically long term (virtual freehold/ground leases), have to be recognised on the balance sheet and so subject to periodic formal revaluation. Operating leases, usually what we might consider occupational leases with contractual terms of less than 30 years and including all short-term leases/licences etc., do not. Therefore, a minority only of the entity's 'non-freehold' estate is 'on-balance sheet' and requires regular revaluation.

IFRS 16 – the basics

IFRS 16 is an accountancy standard

Figure 1

General Reference Documents

- **RICS Valuation Global Standards (effective 31.01.2022)**
- **RICS Valuation - Global Standards 2017 – UK national supplement (effective 14.01.2019)**
- **RICS Professional Standard (UK) – 'Existing use value (EUV) valuations for UK public sector financial statements' (1st edition, published July 2023 and effective 01.10.2023)**
- **RICS (UK) guidance note – Depreciated replacement cost method of valuation for financial reporting (1st edition, November 2018 - effective Jan 2019)**
- **CIPFA Code of practice on local authority accounting in the United Kingdom 2023/24 (June 2023)**

IFRS 16 Specific Reference Documents

- **RICS Practice Information IFRS 16: Principles for UK real estate professionals: accounting for leases on the balance sheet -UK (1st Edition March 2022)**
- **CIPFA - IFRS 16 Leases - a guide for local authority practitioners (2023 edition – published March 2023)**
- **CIPFA Bulletin 14 – Closure of the 2022/23 Financial Statements (March 2023)**

relating to leases and tends predominately to be the domain of accountants and finance teams. It has replaced IAS 17 and introduces a single lessee accounting model. Under IAS 17, the entity had the ability to decide whether a lease was an operating lease (off-balance sheet) or a finance lease (on-balance sheet). The standard requires lessees to recognise assets and liabilities for MOST leases and has introduced the concept of Right of Use (RoU) assets.

IFRS 16 – the valuation process

For the purposes of this paper, I have broken down the process of valuing an asset under IFRS 16 into three steps, further sub-dividing the final step reflecting the different recommended method of valuation in relation to specialised and non-specialised properties. I have set this out in a flow chart format as Figure 2 and will now provide some details around each step/sub-step.

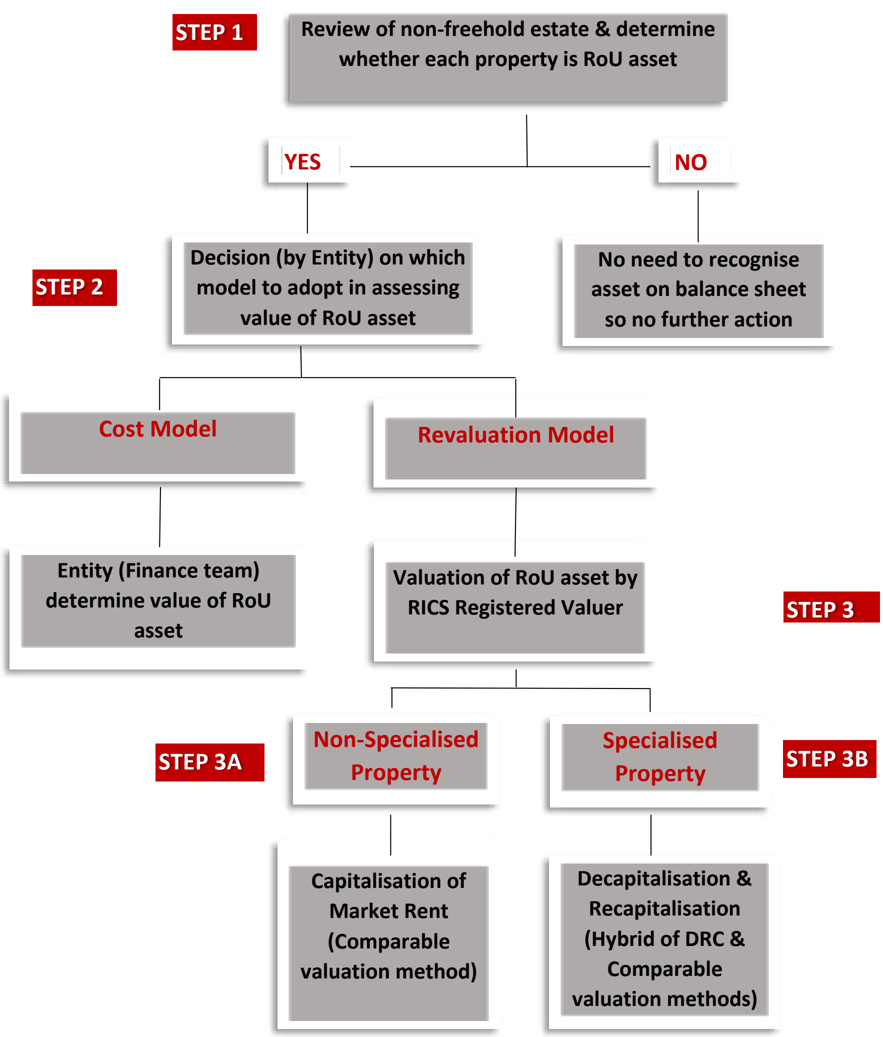
Step 1 – Review of non-freehold estate and determine whether each property asset is a RoU asset The initial stage in tackling IFRS 16 is for the entity to undertake a review of all its non-freehold property interests to decide which fall within the remit of the standard. This should ideally be through a project team of relevant internal staff from the finance and estates teams, with perhaps external consultant input. The entity's external auditors should be involved in this step.

This exercise should involve the collation and review of full data on existing 'leases' where the entity is the lessee and ideally, result in the formalisation of any undocumented arrangements, but as a minimum, determine key assumed terms for all arrangements remaining undocumented. Only if an asset meets the criteria for a RoU asset, does it need to be 'measured' (valued) and recognised on the balance sheet.

IFRS 16 applies to all leases with some key exceptions. Exclusions (in relation to property, as identified by RICS) are service concession arrangements (i.e. PFI), short term leases and leases of 'low value'.

In relation to UK local authority assets (as guided by RICS and CIPFA), a short term lease is defined as one with 12 months or less at the commencement date (this date is when the lessor makes the asset available for use and accordingly any rent free periods are considered irrelevant) and/or a tenancy with notice periods of less than 12 months. However, if a lease incorporates an option to purchase, even if it meets the above criteria, then it does not qualify as a short term lease. Any assumptions made regarding the exercise of any options to determine or extend should be based on operational requirements and likely scenarios.

Figure 2



As regards leases of low value, the standard does not include any definition in monetary terms, but it is generally accepted as equivalent to $5,000 when new and to represent the value of underlying assets – it is considered unlikely to apply to property assets.

What qualifies as a lease under IFRS 16 can be clear i.e. written tenancy (lease or licence) forming a contract (assuming exceptions don't apply) and includes leases with nil consideration or peppercorn rents only. Of course, there will be grey areas when no documentation is in place/available and each situation should be considered on a case-by-case basis. Ultimately, the decision on whether an arrangement comprises a qualifying lease is the responsibility of the entity.

At this stage it is also appropriate to consider the definition of a RoU asset. A Right of Use (RoU) asset is defined as 'an asset that represents a lessee's right to use an underlying asset for the lease term'. The two key phrases identified in bold require further definition. An underlying asset is defined as 'an asset that is the subject of a lease, for which the right to use that asset has been provided by a lessor to a lessee'. An important consideration is that the lessee must be able to both direct the use of the asset and receive substantially all of the economic benefits and/or service potential from use of the asset.

The **lease term** is defined as 'the non-cancellable period for which a lessee has the right to use an **underlying asset**, together with both: a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The length of the lease term (as defined above, not any actual lease term) is a key factor in the valuation of a RoU asset (more on this later) and needs to be determined (and documented) by the entity for each asset reviewed.

Contracted-out leases, with no options to break or extend, provide greater certainty in assessing the remaining term. Otherwise, there is more uncertainty and the need to consider whether the entity would intend to renew under the Landlord & Tenant Act 1954 and so extend the term. The position is more challenging where 'tenancies' are informal and/or poorly documented.

Step 2 – Decide which model is to be adopted in assessing a RoU asset's value

IFRS 16 requires that, in terms of (in accounting terminology) subsequent measurement (the initial measurement, for our purposes valuation, at the commencement date is be taken at cost) of a RoU asset, one of two models is to be adopted, either the Cost Model or Revaluation Model. The expectation is that in the majority of cases the IFRS Cost Model will be the most appropriate model to adopt, as an approximate proxy for Existing Use Value (EUV) or Fair Value (FV), these two bases of valuation being applicable, as in the valuation of freehold assets for the same purpose, in relation to operational assets and all other assets respectively.

In terms of practical expediency, the Cost Model is to be used unless it is considered inappropriate. This model is likely to be deemed inappropriate where: 1) a longer-term lease has no provisions to update lease payments for market conditions (i.e. rent reviews), or there is a significant period of time between those updates and 2) the value (FV or EUV) of the underlying asset is likely to fluctuate significantly due to changes in market prices.

Conversely, utilisation of this model will usually be acceptable where: 1) a market rent is being paid, or 2) the term is short enough that material increases in value are unlikely to arise, or 3) there are regular rent reviews to market rent and the property is not overrented. This model is not to be confused with the Depreciated Replacement Cost (DRC) 'cost' approach to the valuation of specialised assets and is to be used/applied by accountants, not valuers. Accordingly, I will refrain from considering this model in any further detail.

Step 3 - Assessing the value of a RoU asset using the Revaluation Model

In respect of RoU assets, where it is decided that the Revaluation Model is the most appropriate to be adopted, a suitably experienced RICS Registered Valuer (internal to the entity or an external consultant) should be instructed to produce a formal valuation. As a minimum, the Valuer will need confirmation of the lease term (determined by the entity) and a summary of the actual terms of the lease/tenancy.

The general principle is that RoU assets should be valued on the same basis that the underlying asset would be valued if it were owned by the entity i.e. EUV for operational PP&E, Fair Value otherwise. It is crucial however to understand that this valuation must only reflect the rights the lessee has acquired (RoU) and not the full value of the underlying asset. As a general principle, in undertaking a valuation under this model, the aim is to appraise what would be payable were the lessee to be deprived of the use of its lease and have to replace it with a similar asset under the same lease terms.

Different approaches are to be applied for Non-Specialised property and for Specialised Property (defined in the RICS Red Book as 'a property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise').

Step 3A – Application of the Revaluation Model to a Non-Specialised RoU asset

In essence, the method to adopt is a capitalisation of Market Rent but beware this is not a valuation of a leasehold interest as we might know it i.e. capitalisation of any profit rent for period receivable. The passing rent is not to be used in this leasehold valuation.

In applying the market/comparable approach, one has to estimate the Market Rent (as at the valuation date and having regard to all the actual lease terms, except passing rent, rent review date and any rent concessions lease) of the underlying asset. The rent will require capitalisation, using an appropriate yield, for the remaining non-cancellable lease term (confirmed by the entity). The current suggestion from the RICS is to use a single rather than dual rate yield (i.e. avoid use of sinking funds) as this best replicates the Cost Model approach.

The yield is to be derived from market evidence and it is suggested that good practice would be to start with establishing an appropriate freehold yield and adjust (increase) this to reflect the inherent less attractive nature of a leasehold interest.

On the question of tenant's improvements, it is considered that these will not usually form part of the RoU asset, the notable exception being if such works have been completed under a lease obligation.

Figure 3

Building		
Gross Replacement Cost	£1,500,000	
Depreciation (straight line)	41.67%	
Freehold DRC value	= £625,050	
x decapitalisation rate @ 6% - Proxy DRC rent	= £37,503	say £37,500 p.a.
Recapitalise 25 years (remaining lease term)		
x single rate (leasehold) yield of 7% (11.6534 yp)	= £437,003	say £437,000
Land		
Freehold land value	£300,000	
x decapitalisation rate @ 6% - Proxy DRC rent	= £18,000	
Recapitalise 25 years (remaining lease term)		
x single rate (leasehold) yield of 7% (11.6534)	= £209,761	say £210,000
Buildings + Land		
Total ROU asset value (£437,000 + £210,000)		**=£647,000**
Leasehold relativity (ROU asset value £647,000/ freehold value (rounded) £925,000) = 70% (rounded)		

Step 3B – Application of the Revaluation Model to a Specialised RoU asset

As with freehold/finance lease asset valuations of a property which is deemed to be 'specialised', the DRC is the most appropriate valuation method to adopt as a starting point. For the avoidance of doubt, a specialised asset is that for which there is an absence of an active market for the property. The general recommend approach is being termed 'Decapitalisation and Recapitalisation' which is a preferred approach as it mirrors that proposed for non-specialised RoU assets as discussed in Step 3A above (i.e. capitalisation of rental value).

The methodology is to establish a rental value (a proxy DRC rental) and capitalise this for the remaining length of the non-cancellable lease term. The RICS has recommended a twin track approach whereby one determines separate rents for the building(s) and the land and then capitalises each, before aggregating the resultant figures to arrive at the total value of the RoU asset. Acknowledging the IFRS 16 specific nature of this valuation methodology, I have included, as Figure 3 a worked example for illustrative purposes in relation to a notional operational premises.

Considering the building(s) first, we have to establish the DRC, as if it were held freehold, using the remaining life(lives) of building(s) unadjusted for the remaining lease term, if shorter. We then decapitalise this (in the example using a rate of 6%) to obtain a proxy DRC rental value for the building. Determining an appropriate yield will be challenging as, being classed as a specialised property, by definition there is no, or at least an insufficient, market and so you will need to base your opinion on consideration of a broad range of evidential indicators, ideally including nearest similar asset classes.

One then has to recapitalise the (proxy DRC) rent for the remaining length of the non-cancellable lease term using a yield which reflects an adjustment (in the example, applying 7%, an uplift of 100 basis points to the decapitalisation yield of 6%) to take account of the leasehold nature of the subject interest. The rounded product, £437,000 in the example, is the value of the building element of the RoU asset.

Secondly, is a rental assessment of the land. If possible, this should be determined by using any market rental evidence available relating to the prevailing land use in the locality. Otherwise, as in the worked example, one should apply the same decapitalisation principle (as used in valuing the building) to the capital value of the land (based on a comparable valuation considering relevant land types) to arrive at a market (proxy DRC) rent for the land. Finally, one has to recapitalise this rental figure for the same period as the building (25 years in the example). The same yields of 6% (decapitalisation) and 7% (recapitalisation) have been adopted in valuing the land as were used to value the building.

On the presumption that both elements form the constituent parts of the RoU asset, then the two values are added together to produce the total RoU asset value, £647,000 in this example.

As is good general valuation practice, it is considered prudent to sense check the result and an appropriate measure is to consider the ratio of the RoU asset value to the freehold value of the underlying asset. This check in the example confirms a relativity of 70% and while what is a reasonable relativity range is highly subjective, especially acknowledging the fledgling status of this type of valuation work, I believe many valuers would feel this is reasonably reflective of the difference between the RoU and freehold interests, given a 25 year remaining 'lease term', always mindful valuation is an art not a science!

Conclusion

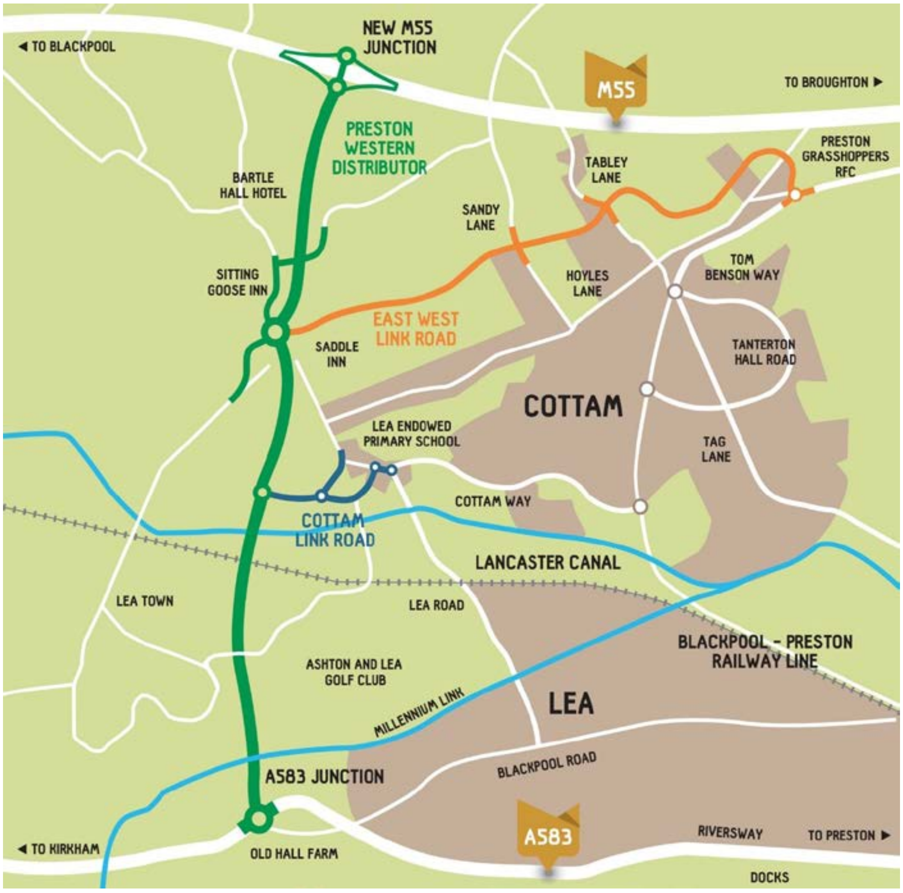
I hope that as you finish reading this any concerns and uncertainty about the impact of IFRS 16 on asset valuations will have been reduced and I am confident that as valuers, we will all have a greater understanding of this emerging area of valuation within the public sector as we move, in solidarity, through the next 18 months, and have come through the first financial year when IFRS 16 has been a mandatory consideration for local authorities in the revaluation of their property assets.

ACES AWARD FOR EXCELLENCE Preston Western Distributor Road Scheme. Challenges and lessons learnt at Lancashire County Council

Margaret has held the role of Principal Estates Surveyor (Estates) at Lancashire County Council for 2 years. Before that she was the Principal Estates Surveyor/Head of Estates at Concertus for 8 years and before that, for more than 20 years worked at Suffolk County Council in various roles.

Helen's first task as President in November 2022 was to present the 2022 ACES Award for Excellence. The breadth of projects submitted for consideration was wide-ranging, and Margaret, with this complex infrastructure project and representing Lancs County Council, was the unanimous winner.

I am pleased to put Preston and Lancashire on the map and showcase our largest road scheme to date. The official opening was on 3 July 2023, and now is a good opportunity to review the lessons learnt in the context of the estate surveyor role. The scale of the project and the key estates challenges are set out below.



Construction criteria and funding:

- 4.3 kilometres of new dual carriageway
- A major route with a 70 mile per hour speed limit on the main distributor road
- A new motorway junction at Junction 2 of the M65
- Four new bridges over navigable waters ie Lancaster Canal and Savick Brook
- Budget over £200 million.

The funding for the scheme was provided in part by a City Deal Partnership, which comprised Preston City Council, South Ribble District Council and Lancashire County County. Additional contributors were Highways England, the government's Growth Deal, and Lancashire Enterprise Partnership. Delivery timescales set by funding bodies are often ambitious and non-negotiable.

Estates challenges

A 10-year timeline is anticipated for estates work including the settlement of compensation. This is split approximately 4 years before the service of the formal notices to purchase, and at least 6 years afterwards. Staff changes within the team over this period necessitates careful handover of work.

375 land ownerships: Each of the individual interests needed to be logged, the tenure understood, and statutory notices served. This land referencing exercise is ongoing for several years while the detail of the scheme is prepared and changes are made to the route. The record must be completely up to date when the Compulsory Purchase Order (CPO) is made. The Land Registry data was refreshed several times.

Statutory notices: Each interested party has several notices served on them in the run up to the scheme. Initially entry is for walkover activities, with a wide range of intrusive or detailed survey work to follow eg. ecological surveys, geotechnical work including soil sampling, drainage analysis, topographical surveys. Post completion of the physical works, more notices are required to facilitate monitoring for planning and ecological purposes. All plans to accompany the Notices were prepared in house by a land surveyor. The estate team served notices, in hard copy as required under statute. This involved a high level of focus within our business support team, and good collaboration with the estate surveyors. A well organised and protected master spread sheet was essential.

Purchase by agreement: Obtaining a CPO is a method of last resort. Genuine attempts to purchase the land by agreement must be evidenced to support the application for the CPO. Consequently, it was essential to demonstrate that good endeavours have been made to engage with landowners. Diplomatic estates surveyors are required as landowners exhibit a wide range of outlooks. Some are willing to negotiate to reach a position of certainty on their compensation, while others oppose the whole scheme and raise formal objections to the CPO and planning application. Ambitious claims have been received on a regular basis.

Approach to new motorway junction

Wide bank of landscaping

: One of four bridges

Noise fence to agricultural underpass

Managing expectations and protecting the corporate position: Typically, claimants want to know more detail than is available at the pre planning stage of design. Developing relationships with those affected is key to protecting the council from adverse reactions at all stages of the scheme. Many requests were received for additional accommodation works and all need to be worked through between estate surveyors, civil engineers within the council, planners, and the contractor.

Making the CPO: The CPO document was highly detailed and required accurate plans and text descriptions for each parcel of land. All legal tenures needed to be included. This necessitated close working with the internal legal team to decipher all the interests and represent them accurately in the CPO. A CPO will wipe clean the title of the land named within it and thus remove all legal impediments to construction on the land. The whole route of the road, and supporting land required eg for embankments and drainage ponds, is included in the CPO, even if an amicable agreement is close to conclusion, to ensure the legal title is clean. Even a small mistake can be costly as the authority is at risk of a non-collaborative landowner, and consequent high costs to either secure land by negotiation at a post CPO stage, or modify the scheme to avoid a land parcel that is not for sale.

Service of the General Vesting Declaration Notices (GVD): Lancashire County Council elected to use General Vesting Declaration notices to obtain possession of the land. This type of notice enables the acquiring authority to take possession of land 3 months after service of the GVD. The legal title passes to the authority on this date and therefore there is no need for conveyancing work. The estates team again served all formal notices. In a typical road scheme, all notices for access are served simultaneously, and the contractor takes possession of the whole site on day one. The scale of the public works was such that nine separate GVD were made over 29 months. This position became more complex due to Covid, which resulted in the contractor working simultaneously at several locations, to maximise social distancing.

As the notice date fixes the valuation date, the estates team had nine valuation dates for compensation assessments. The span of dates also applied to advance payments, final compensation and the deadline for referrals to the Upper Tribunal. The work required unprecedented collaboration between the internal legal and estates team, plus many construction and project management professionals.

A protected master spreadsheet was required to ensure notice and payment activity was tracked.

Political importance: The road is of elevated political importance to the local councils who formed a collaborative City Deal Partnership. Funding for the road was one of the four original objectives when the Community Infrastructure Levy (CIL) was launched in Preston in 2013.

Positives that we are proud of

1. Following on from previous CPO road schemes in Lancashire, we had a dedicated Transport Team who focussed on all aspects of infrastructure schemes
2. A strong mix of MRICS skills in the team ie 3 land agents, a land surveyor who prepared all the site plans, plus general practice surveyors
3. Lancashire County Council also had a dedicated highways solicitor who took responsibility for the CPO and Side Roads Orders
4. Good rapport with the wider construction and planning teams within the council
5. A position of mutual respect and dialogue with local MRICS surveyors who acted for a large proportion of claimants. For example, we agreed a standard agricultural value at an early stage and applied this to many claims, to reduce negotiation time and promote fair settlements between claimants
6. We provided early clarity of the level of surveyor fees that the authority would reimburse, with the expectation that any additional fee required by the professional would be paid by the claimant. These have been reviewed during the life of the project
7. Expanding the Transport Team as work pressures mounted to enable the flow of work to be maintained
8. To date no references to the Upper Tribunal. While some claims remain under negotiation, we are steadily working through issues
9. Use of GIS Pro mapping software to support the consideration of Part 1 claims in advance of the valuation date for this part of the scheme. Under the Land Compensation Act 1973, the Part 1 valuation date is a year and a day after the road opening date. The software enables data such as noise levels, compensation % bands, and settled claims to be viewed on a map. This is a significant aid to estate surveyors during negotiations
10. Completion of the new road has triggered residential development in the immediate locality. This was a political aspiration set out in the adopted Central Lancashire Core Strategy and the Northwest Preston Masterplan
11. 1We have celebrated our ACES Award for Excellence 2022! [Ed – quite right!].

Lessons Learnt for the future

1. The land referencing work was outsourced, in recognition of the shortage of staff in house to undertake the work at the early stages of the project. This is a position that we would not entertain again. Internal estates surveyors and lawyers need to understand every detail of the land tenures, and there were many hours of duplicated work while the in house team verified data. More recently, we have retained the land referencing work for new schemes within the internal team, and this has worked much better
2. Use of 9 GVDs has provided challenges and additional administration. Some of the dates were quite close, and with the benefit of hindsight, dividing the work into fewer larger phases would reap efficiency rewards. In part, the social distancing requirements of Covid created the need to split the construction team into smaller groups and locate them spread out across the construction site.
3. Much of the land taken including that used temporarily for site compounds was in agricultural use. Farmers have detailed reinstatement needs for their retained ownership such as land drainage, and avoidance of soil compaction. This is highly important to claimants and impacts on their negotiations with estates surveyors. Often it can be of less priority to a contractor who has completed the road and is preparing to move onto another project. A construction contract which obligates the contractor to perform well on reinstatement is important to protect the estates surveyors' time, and to prevent the escalation of additional compensation claims, and to protect the acquiring authority's reputation
4. Any element of injurious affection within a claim will often result in negotiations being deferred until the road is open. Given this the year after the road opens, can produce a round of new compensation claims
5. Some parcels of land experience significant betterment: residential development that is directly accessed from the scheme is one example. Another was the switch from a quiet public house to a strategically placed petrol station
6. Once the road opens, most people consider the work to be completed. It is the estate surveyors, and sometimes the lawyers, who are still fully engaged in compensation negotiations. A claimant has 6 years from the service of a GVD notice to either agree compensation or refer their claim to the Upper Tribunal. The timeline for Part 1 claims endures for 7 years after the road has opened
7. Given the long-time span of a road scheme, it is essential to have a robust filing system and good handovers between staff when new people take on key roles
8. A lesson from previous road schemes is that a reference to the Upper Tribunal can be very time consuming for staff, and consequently pragmatic measures to sidestep the Tribunal are worthy of serious consideration
9. If the construction project has overrun on cost, the estates part of the budget can come under undue pressure. However, the totality of the land costs is minor compared to the construction cost, and valid claims need to be honoured. For public works, the scheme cost was over £200m and the land estimate was £13m
10. t is a journey to be enjoyed and it is great to look at a major piece of infrastructure and know you played a part in its creation.

David is Chief Executive of Heritage Trust Network and leads on strategy, policy and funding. In the last three years he has overseen the Network's four-fold growth in membership, a significant expansion of its activities, and its growing influence in the heritage sector and beyond. David has worked in the built environment sector for 23 years, having previously managed design review panels in the South East and West Midlands, and managed international training programmes in urban design. He has sat on the boards of three different heritage trusts in the West Midlands.

PARTNERSHIPS FOR REGENERATION
How local authorities can benefit from working with the community heritage sector

David Tittle david.tittle@heritagetrustnetwork.org.uk

David describes how councils and not-for-profit heritage organisations can work together to revive high streets, save buildings at risk, and find a future for problematic built assets. "We can see that sadness at the loss of historic buildings was not just sentimentality, we have lost key assets that could have helped drive regeneration."

There are some key challenges that local authorities are facing - high street regeneration, saving buildings at risk, and securing the future of some of their own assets - where partnerships with not-for-profit organisations can be a big part of the solution. These organisations come in a variety of forms including heritage trusts that work across a city, county or region and can take on multiple projects, organisations dedicated to a single site, and community organisations, without heritage in their objects, that have chosen to rescue and reuse a historic building.

Burges Historic Coventry Trust

High streets

Town (or city or village) centre regeneration is a priority for most local authorities. High streets have been disadvantaged by the growth of out-of-town shopping parks with free parking and favourable business rates. As first the post, then the telephone, and now the internet came along as channels through which both to shop and deal with bureaucracies (like renewing driving licenses or paying rates), there is no need to go into town for the necessities of life. Covid and the peak in energy costs have simply accelerated these processes.

The results are there for all to see in declining footfall and vacant retail units.

Depending on what part of the UK you are in, there have been various reviews and task forces to examine the problem, sometimes followed by various funding streams. What many of these task forces and review panels agree, backed up by academics studying the phenomenon,

Inverkeithing Town House

is that the high street needs to change. It is no longer just about transactional retail, but about experience. Where town centres are bucking the trend, it is because they attract people to hang out, to enjoy a mix of cultural, community and retail experiences, to drink coffee or something stronger, to people watch. Historic streetscapes provide a compellingly authentic setting for this revival. The historic fabric of towns provides not just aesthetic interest, but a complex mix of units that lend themselves to creative re-use by entrepreneurs, social entrepreneurs and creatives. They reinforce local identity, distinctiveness and sense of place.

In the past, we have torn down historic buildings in town centres to replace them with what were seen at the time as ideal units for chain retailers, for TopShop, Wilko, Debenhams, Paperchase and all others that have now gone bust. Now we can see that sadness at the loss of historic buildings was not just sentimentality, we have lost key assets that could have helped drive regeneration.

Programmes such as Historic England's High Street Heritage Action Zones have sought to turn the tide in favour of heritage-led regeneration and nearly all of those 60 or more initiatives have been led by local authorities as the obvious body with responsibility for place and the resources to co-ordinate projects. But in many places, they have partnered with third sector organisations to deliver specific elements. Historic Coventry Trust delivered, on behalf of Coventry City Council, the National Demonstrator Project for the High Street Heritage Action Zones, restoring 15 buildings in the Burges and Hale Street to enhance a vibrant streetscape full of independent businesses. In partnership with local independent music shop and venue, Pop Recs, Tyne and Wear Building Preservation Trust have restored the 170-175 High Street West, Sunderland to become a multi-purpose arts and social space comprising a record shop, café, gallery and venue, with on-site facilities for visiting artists to stay and rehearse. Haverhub in Haverfordwest, Pembrokeshire has taken on the former post office and sorting office to create a workspace, multi-purpose venue, café and vital hub for the town.

What these organisations have in common, apart from being independent not-for-profit bodies, is that they are lean organisations, light on their feet and able to move quickly to delivery projects, tapping into charitable sources of funding, crowdfunding and the enthusiasm and expertise of local volunteers. They are just what a local authority needs as a partner when government is demanding 'spade-ready' projects. In Inverkeithing in Fife, while the local authority led on a building repair grant scheme and public realm improvements, Fife Historic Buildings Trust have undertaken the restoration of a key building, Inverkeithing Town House, to become a vibrant and accessible community hub, managed by a new community organisation.

Buildings at risk

There are over 7,000 historic buildings at risk on the lists produced by the four government heritage agencies in the UK. These represent those that are listed or have other heritage designations, but there are many other buildings that are well-loved by local communities but in a poor state of repair. For local authorities, these buildings (whether they own them or not) represent eyesores, sources of anti-social behaviour, and a concern for local residents who will look to the council to provide a solution. In some parts of the country, with high property values, private owners can be found to restore historic buildings, but often the conservation deficit is too high to make

Circus eruption

Court House, Bangor

this possible, or the building has such value to the community that they do not want it in private hands where there will not be public access. Community-led bodies are often best placed to take on such buildings as they have local support and connections, which mean they can find end-uses, and can access funding that is not available to private owners or public bodies.

49 – 53 Bridge Street, Banff are Category B listed and had been in a derelict state and on the buildings at risk register. In 2019, the North East Scotland Preservation Trust started work on restoring the buildings, to bring them back into use as accommodation for tourists on learning breaks at the newly opened Centre for Excellence in Silversmithing and Jewellery in Banff.

St Luke's Church was a Grade II listed, former Church in Wales property which was falling into disrepair, suffering from vandalism and theft of metals. It was made redundant and was sold to a developer who was unable to turn it into a profitable residential building. It was acquired by Circus Eruption in 2019. Circus Eruption is an inclusion charity that uses circus to build the confidence of young people facing various challenges. After years of using short-term lets, Circus Eruption now has a greater sense of sustainability and confidence in the future, offering stability and security to the young people they work with.

116 High Street, Boston, a Grade II* listed Georgian townhouse, had been on English Heritage's Heritage at Risk Register for 15 years. Heritage Lincolnshire was approached in 2008 by Historic England and Boston Borough Council to take on the project and set about devising a scheme for its repair and conversion. A total of £2.4m was raised from Historic England, the Heritage Lottery Fund, Lincolnshire County Council, the Architectural Heritage Fund, the John Paul Getty Junior Trust, and the European Regional Development Fund. In November 2012, the building was re-opened as a centre for social enterprise and is now owned and managed by the Lincolnshire Community Foundation.

Asset transfers

Local authorities are themselves the owners of historic buildings and sometimes those assets can be liabilities, with on-going maintenance headaches and difficulties finding viable uses. Selling historic assets to the highest bidder can seem like the best solution in terms of capital receipts, but may lead to further problems as local people demand uses that guarantee public access and community benefit, and private developers do not always understand the full costs of, or the right way to undertake, conservation projects. Community-led solutions can ensure that assets end up in good hands and contribute to the wider regeneration of places.

The 15 buildings mentioned above that Historic Coventry Trust has taken on as part of the High Street Heritage Action Zone are among 22 buildings transferred to the Trust from the City Council in a ground-breaking asset-transfer initiative. This transfer is underpinned by a framework agreement which gives the Trust the first option on any historic buildings the council wishes to dispose of. This initiative was not just about disposing of problematic assets, but ensuring that those buildings contribute to city centre regeneration, as they have created new music venues, tourist attractions and visitor accommodation.

Open House Festival was established in Belfast in 1999 as a music and arts festival that has made a huge contribution to the cultural regeneration of the city. It moved to Bangor, the home town of its two founders, Kieran Gilmore and Alison Gordon, in 2013. That was the same year that Bangor Petty Sessions Court House was decommissioned by the Northern Ireland Tribunal Service; for seven years it remained vacant and underused and was subsequently added to the Built Heritage at Risk Register. In 2017 Open House submitted a business case for Bangor Court House to become Northern Ireland's first community asset transfer. This was eventually approved at the end of 2020 and the building opened in 2022 as a music and arts venue, playing a key role in the regeneration of this seaside town.

Our network

Heritage Trust Network is the membership organisation for all these charities, community organisations and social enterprises, rescuing, restoring, reusing and managing historic sites. Peer support and learning is at the heart of what we do, bringing together our members online and in-person to share experiences and learn from each other and from experts in the field.

We are always keen to hear from local authorities that are seeking third sector partners for heritage regeneration projects. We can put them in touch with members on their patch, or work with them to find charities or community groups that are keen to take on historic buildings. We work closely with funding bodies such as the National Lottery Heritage Fund, Architectural Heritage Fund and Pilgrim Trust and with the government heritage agencies in each of the four nations www.heritagetrustnetwork.org.uk

'SHIFTING BASELINE SYNDROME' The decline of effective asset management

Chris Brain FRICS chris@chrisbrainassociates.com

Chris applies shifting baseline syndrome – commonly applied to an acceptance of the deterioration in environmental matters – to the decline of effective asset management practices. He suggests how we could reverse this trend.

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 is ACES' Valuation Liaison Officer.

Reflections

I'd like to begin this article by getting you to reflect. I want you to reflect on change that has taken place since you were a child.

Work your way through the following five questions, one by one.

- Are there fewer stars visible with the naked eye where you grew up?
- Do people take more photos of their pub meal?
- Are there fewer sparrows?
- Do you recycle more?
- Do more people have tattoos?

Depending on your age, your response may be a bit different to the next person, but there will be a pattern to your answers. That pattern will likely show a predominance of the answer 'yes' to these questions. The older you are, the more 'yes' answers you are likely to have given to these questions.

Shifting Baseline Syndrome

Why is that? Well, the answer is something called 'Shifting Baseline Syndrome'. This may be a term you have not previously heard of. But believe me this syndrome exists and is alive and well in all walks of life.

Shifting baseline syndrome is that process of change which is often imperceptible as it happens. Only looking back at later points is the significance of that change seen. Each generation grows up in a new norm, oblivious to the norm of the previous generation. This journey through successive generations, and norms, brings about change that can become imperceptible, but significant.

It is something that environmentalists often cite, particularly around conditions of the natural environment gradually degrading over time, yet people (e.g., local citizens, natural resource users and policy makers) falsely perceive less change because they do not know, or fail to recall accurately, how the natural environment looked in the past. It is often used in the context of the lowering of standards.

These generations are not lowering their standards on purpose, or because they have any negative goal, but simply because they don't know any better. It all occurs underneath the surface level, with most completely unaware of what's happening. New generations assume the lack of quality that they've become used to is simply normal, and so they no longer see the extreme damage that someone from, say, five generations prior would be absolutely taken aback by.

One of the first examples of shifting baseline syndrome was given by the scientist Daniel Pauly, and his work with fisheries. Since his work, the theory is still used by many to explain the declining oceans today. He pointed out that ridiculously depleted fisheries were using the fish population from just a few decades ago as the starting point of their measurements, their baselines, as it were, rather than what a fish population would be had it never been touched by mankind.

If you're looking at a drop in population over a few years, it doesn't seem to be that bad of a problem, and you could easily come up with a solution to maybe make up for a little of that. However, if you look at the drop in population over a very long period of time, say a few hundred years, the problem is suddenly mammoth, and one it would be very difficult to rectify.

But shifting baseline syndrome reaches further than simply environmental areas, as you may now have perceived from reflecting on your answers to the above questions. Those questions to which you answered 'yes' demonstrate some form of shifting baseline. What was once not the norm, has become the norm. Things you once used to see regularly, you see less. Things you once never saw, you now see routinely.

Not all change is good, but neither is all change bad. Shifting baseline syndrome is simply a term to describe that imperceptible change, and how human expectations of what is normal will change.

You might be starting to wonder how all this is relevant to local authority and other public sector estate managers. It's relevant, because the syndrome neatly describes what I have observed over the past four decades in the management of local authority property estates. There has been a gradual change, which might not necessarily have been perceptible as it happened, but when one looks back, is quite significant, in many different aspects of how property estates are managed.

Shifts in estate and asset management

One of the biggest shifts has been the reducing standards of basic estate management, through the reduction in site visits, resulting in much estate management being reactive rather than proactive. That quite easily goes back four decades.

More recent shifts include around the strategic approach to asset management. This shift has not been a straight line. Once virtually non-existent, strategic asset management improved significantly during the late 1990s, in response to publications such as Hot Property and Action Stations from the former Audit Commission, various UK Government and devolved government initiatives, plus asset management guidance published by the likes of RICS, CLAW (in Wales) and others.

Taking a strategic approach to property management, and embodying that in asset management plans soon became the norm. Many local authorities strengthened governance through the creation of corporate property boards, embarked on estate-wide condition survey programmes, gathered estate performance like never before, prepared service asset management plans and adopted rolling property review and asset challenge programmes.

This range of new activities even piqued the interest of many finance officers, who became allies in these initiatives, as they could see the payback through reduced revenue costs, increased income generation and capital receipts from the disposal of surplus assets. This was a 'golden time' for asset managers, where the profile of property management was high, and there was often corporate buy-in to strategic property decision making.

Fast forward 20 years and in many organisations I now find a completely different situation. But it has been a gradual process. A process which is almost imperceptible. Organisations have suffered from shifting baseline syndrome. Small steps have degraded what was once in place, but those small steps, while noticed, were not greeted with too much concern. Only afterwards, once the cumulative effect of all those steps are put together, is the effect truly seen.

It is the effect of this shifting baseline syndrome that is one of the principal causes of local authorities being in the "wilderness zone" which I refer to in my book, 'The Property Strategy Handbook' [Ed – see 2023 Summer Terrier].

The "wilderness zone" is a place where there are missing pieces to your strategic management of property, where:

- there is an unfounded belief the organisation makes strategic decisions
- the property portfolio is having little tangible positive impact
- property management is detached from organisational strategies
- property portfolio performance lacks structure and ambition
- there is no real grasp of the purpose of the property portfolio
- there is no clear property policy framework, and,
- there is insufficient resource capacity to deliver property priorities.

You may find yourself suffering from one or more of the above. The more you can identify with the bullets above, the greater impact on you of shifting baseline syndrome.

The impact of being in the "wilderness zone" is often characterised by one of more of the following:

- Fragmented approach to property decisions, often without full option appraisal
- Reactive property management, with lack of tangible investment strategy
- Wide range of data systems, often not speaking to one another
- property decision making not well-informed or consistent
- Property repairs are reactive in nature, with a growing backlog
- Not enough property people to get stuff done, with different property teams not talking to one another
- Failure to identify and manage risk exposure.

You may once have been able to say that none of these bullets was an issue for you, but now it's different. Over time, what was once routinely expected to be in place or to be happening is no longer there. It's been very gradual, sometimes associated with changes in budgets, property officers, chief officers, or in political leadership.

You now find yourself in the "wilderness zone", quite possibly through no fault of yours. But because each change that led to you being there was so small, people didn't really notice. Perhaps even you didn't notice. But looking back now, you can see that cumulatively the change has been significant.

Maybe it's time for you to reflect on this change and make a stand, even to fight back and put right some of the gradual changes you have suffered from. It's time to get yourself out of the "wilderness zone". For that you need a trigger, or a catalyst.

One trigger which can bring about a shift in thinking, is adopting a new property strategy. Not one that you write in some dark room somewhere, but one which you compile through collaboration across the organisation, alongside multiple stakeholders. A property strategy that is owned by everyone, where everyone has a stake in its success. A property strategy that reverses the damage from shifting baseline syndrome, gets you out of the "wilderness zone" and sets you back on a strategic property path.

David is a chartered surveyor and chartered planner with over 35 years' professional experience gained within commercial property and the specialist mineral, waste management and renewable energy sectors. He is a Group Partner at Carter Jonas, where he is national Head of Minerals & Waste Management. He advises mineral and waste operators, landowners, infrastructure providers, energy companies and financial institutions on specialist estate management, valuation and planning matters, with particular specialism in compulsory purchase and severed mineral interests.

David is a RICS Registered Valuer and Accredited Expert Witness. He is an immediate past member of RICS Governing Council and a member of the Policy Advisory Group of the Mineral Products Association.

MINERAL PLANNING Time to act strategically

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A topic rarely featured in ACES' Terrier, David explains the implications for the lack of effective strategic planning of minerals requirements to deliver national and local infrastructure projects.

The UK minerals sector delivers over a million tonnes of raw materials and products every single day. Yet, from a government policy point of view, this £16bn a year business is largely ignored.

The last four or five years have been something of a roller coaster for the minerals sector, according to Mark Russell, Executive Director – Planning & Mineral Resources at the Mineral Products Association (MPA), with a buoyant market for aggregates, cement and concrete for construction projects hit first by Brexit and then by Covid.

Yet with clear signs of recovery starting to shine through, growth in the market for these construction materials has once again tapered off due to wider uncertainties in the economy caused, principally, by Russian invasion of Ukraine and the energy crisis that this has exacerbated. *"But there is no doubt that, if you if you look beyond the immediate short term, the need for the materials and products certainly isn't going to reduce,"* (Russell). He points out that the sector, which in the UK employs around 80,000 people and contributes some £6bn to annual national revenues, truly is the driver of the economy.

"Mineral products are an unrecognised success story for the UK. The industry is self-sufficient and self-reliant and has a presence in every county and, arguably, in every town across the country. But it isn't given the recognition or the value that it warrants, largely because supply is assumed. The sector only really gets attention when that availability starts to become squeezed. Supply, by and large, has always been assumed by politicians and central government, which is then reflected in weak policy guidance, and by consumers who rely on these essential resources."

Planning for the nation's minerals needs

MPA's latest scenarios suggest that, despite ongoing economic uncertainty, Great Britain will need between 3.8 and 4.2 bn tonnes of construction aggregates over the 15-year period between 2020 and 2035 – the largest single material flow through the national economy. Much of this is needed to meet the nation's current expanding infrastructure construction and maintenance needs, not least as we tackle the challenge of building new assets to secure and decarbonise our energy supplies.

An accurate forecast of future aggregate requirements is vital. At present, aggregate demand is largely assessed using the rear-view mirror, based on previous years' production and not reflecting major infrastructure projects coming over the horizon. Without an accurate forecast of future aggregate requirements, and without major projects accurately forecasting their aggregate demand, mineral planning authorities will struggle to identify where these minerals will come from.

Of course, predicting this demand is not an exact science and is fraught with potential uncertainty. The events in Ukraine and their implications for the global markets, appear to have sharpened the government's views around the need to invest in domestic energy generation. And, whether this is through new nuclear, solar farms, offshore wind or even tidal barrage, it will require a large volume of construction material.

But, according to MPA, government departments and major project promoters and developers consistently fail to create proper plans to identify and secure the construction aggregates and materials needed to meet this need efficiently and sustainably. In the UK, the National Infrastructure Commission has tried to paint a long-term picture of infrastructure needs but they are not particularly engaged with planning to meet that need in terms of minerals. The same applies to the Infrastructure Projects Authority.

The major projects' impact on mineral planning

As the market improves and huge projects like HS2 gather pace, alongside aspirations to level up and build an unprecedented number of new homes, the ongoing lack of planning for the vast quantities of crushed rock, sand and gravel is a source of frustration at MPA.

"To meet that demand sustainably, you need to know that demand is coming. At the moment, by and large, it tends to work on a just in time delivery model, because the material has always been there and always been assumed to be there. But there has been very little consideration among the majority of major projects as to where material is going to come from, and how realistic it is to use some of the sources of supply that are assumed." (Russell).

The recent failed attempt to build a tidal barrage at Swansea illustrates this point. While there was a groundswell of local support for such green energy generation proposals, the main objections came from the quarry site proposed to provide the rock and aggregate needed to build the lagoon and barrage.

"When it came to the local planning process to supply the minerals required, there was no visibility that the need actually even existed."

Growing competition for mineral resource

MPA has been actively engaging with government departments such as, for example, the Department for Transport (DfT) to try to help make a better link between its policy ambitions for transport infrastructure and the minerals that will be needed to support those ambitions.

"If you are spending public money, why wouldn't you want to want to ensure that you're getting the most cost-effective supply option, but also the most sustainable supply option? The way projects are being planned at the moment simply isn't doing that. But, by planning strategically, you can increase the certainty or the likelihood of being able to deliver efficiently the minerals required for construction." (Russell).

The Minerals team at Carter Jonas is also keen to work with infrastructure clients, to develop their mineral resource strategies and help landowners and mineral companies identify prospect sites and secure the commercial development of strategic mineral reserves.

One infrastructure project has already raised concerns over the industry's ability to deliver the required capacity of materials, while supporting the needs of the wider construction market, alongside other infrastructure projects. Without transparency of need – the ability to know what's needed, where and when – it is difficult for the industry to take the necessary steps to secure the resources. But, more fundamentally, it's difficult for the local mineral planning system to take the necessary steps, because there isn't any evidence of that material demand.

"That's the penny that's just started to drop within the likes of DfT. They have made that link and are starting to talk increasingly with colleagues in other departments such as the Department for Levelling Up, Housing and Communities (DLUHC). There is a dawning realisation that project A may end up competing with Project B and Project C for the same material, so, you've got cross government departmental discussions starting to take place and, when those kinds of conversations take place and links start being made, it gives hope that more strategic thinking will result." (Russell).

Auditing supply to meet demand

Major projects are resource hungry, making it even more important for central government, project promoters and local authorities to work together to form that strategic approach to minerals supply. This is vital to ensuring that future supply needs are available not just for major infrastructure projects but also for the ongoing and equally important local developments.

"There have got to be policy and regulatory drivers and MPA has, for many years, been calling for resource and material supply audits on all major infrastructure projects so we know exactly what is needed in terms of materials, and where it's going to come from. It really needs to be set out upfront in the project planning and, until that happens, I really don't see resource availability getting any better. We do it for waste, down to the last few 100 metres cubed of waste arisings – what it is and where it will go – but there is a total disconnect when it comes to new minerals, and that is a huge frustration." (Mark North, Director of Planning at the Mineral Products Association).

North highlights the fact that a Nationally Significant Infrastructure Project can totally distort the local construction materials market and suck resource away from other developments. MPA's estimates suggest that a single major project could add between 40 and 50 million tonnes of mineral demand for that region. Yet, he says, with little visibility on this exact number, any schedule of need is impossible to plan for, and so is likely to simply become a drain on other projects' supply chains.

The need for local skills

It is a fact that minerals can only be worked where they naturally occur: it's all down to geology. Therefore the challenge is finding suitable sites that contain the required minerals, but that are also free from planning constraints and competing developments – a very difficult challenge that means working hard with local authority and local communities to enable a regional or national demand to be met.

Estimates suggest that it currently takes around 10 years from identifying a prospective site to selling aggregates over the weighbridge, even if all the planning stages are successfully negotiated. Greater clarity on volumes of material needed and a quicker planning system are therefore becoming vital to meeting demand.

LOCAL AUTHORITIES

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alexandra.houghton@carterjonas.co.uk | 07880 004520

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4 joint venture partner procurement exercises undertaken in the past 24 months

2,691 tenancies under management

8 estate regeneration CPOs currently being advised on across 5 local authorities

12 local authorities we provide annual asset valuations for

Historically, National Aggregate Guidelines have acted as primary government planning policy, to determine how much construction aggregate was needed in England over a period of time. This was disseminated through the now defunct regional planning system, down through long established Aggregate Working Parties, which in turn determined the apportionment for each Mineral Planning Authority (MPA) to provide for over a period of time.

With the demise of regional planning, a system was put in place where each individual MPA would forecast its own mineral demand requirement through annual Local Aggregate Assessments (LAA).

"At the moment, LAAs are just not functioning – the vast majority of them are not doing what they're required to do under the National Planning Policy, which is to forecast future demand for that authority area. MPAs simply don't have the expertise or the legs on the ground to carry out the assessments or the skills to do the necessary forecasts. So, the whole system is unravelling." (North).

Creating a new national statement of need for mineral planning

In the absence of National Guidelines, too often individual authorities derive their own methodology to create their LAAs, which leads to a highly variable output across regions and the country. MPA is currently in discussion DLUHC and with Aggregate Working Parties over the need to update the national guidelines and ultimately find a better way to produce local and national forecasts of overall construction aggregate demand. While any market forecast is inevitably going to have an error bar, because of the assumptions you feed in, for the minerals sector the ability for this error bar to be consistent is more important.

"A fundamental ask is for the government to produce what we've described as a national statement of need – to paint a picture of the role and importance of minerals in underpinning all aspects of its overarching vision for growth and infrastructure development. If you are able to produce something that reflects the needs that exist across all government departments and functions, you stand a much better chance of being able to get the necessary leverage to feed into the planning policies at a national scale. But it will also support the resourcing that's required locally to realise the outcomes that are needed." (Russell).

Jackie is Director of Rural & Urban Strategic. She is Chair of the Estates Gazette Public Sector Forum, an Honorary Fellow of ACES, and co-author of "Broken Homes: Britain's Housing Crisis Faults, Factoids and Fixes".

She is a former Policy Advisor to government who has spent decades as a regeneration specialist.

RURAL & URBAN STRATEGIC Helping respond to the financial fragility of the local government sector

Jackie Sadek j.sadek@randustrategic.co.uk

Jackie outlines the parlous state of local government finance. She proposes councils protect their asset bases, and offers to advise pragmatically through her company 'Rural & Urban Strategic'.

The entire nation seemed mightily shocked when Birmingham City Council issued a s114 Notice (as you'll know only too well, effectively a declaration of bankruptcy) on 5 September. But for those of us who move in local government circles, it was hardly any great surprise. As ACES members are acutely aware, Birmingham City Council - as the biggest local authority in Europe - is merely the most visible manifestation of a deep-seated malaise in local government financing generally. The canary in the coal mine, if you like.

The headline in the Municipal Journal said, bluntly, "local government finance is broken". And who can argue with that?

ACES members will know that the Brum problem stems from the straightforward function of an historic Equal Pay claim which has presented the council with an eye watering, and wholly unaffordable, bill in the region of £650-£760m, with an ongoing liability accruing at a rate of £5m-£14m per month. Something had to give. But Birmingham merely joins the ranks of Thurrock, Croydon, Woking et al

- eight councils in total thus far - who are grappling with similar difficulties, albeit for differing reasons, and who are thus in considerable pain. And many other councils are not so far behind, as a result of one thing or another.

I wrote a piece in the EG in that first week of September, urging the property and investor industry NOT to interpret this s114 Notice as being a result of poor governance or decision-making in the City of Birmingham. Far from it, I argued; it was very brave of the leadership team to confront the harsh fact that, however hard they might try, there is no way to make the budget balance. And we all know that no council leader wants to be in this position. It gives us a textbook demonstration of the financial fragility of the local government sector, a stark outcome of austerity. Not to mention the continuing fallout from the pandemic, inflation, the war in Ukraine, the crisis in adult social care, you name it, the list seems endless.

My EG piece was well received. The property market is positively disposed towards Brum. Its Chief Executive, Deborah Cadman - a good friend to ACES - and her able team, have always gone out of their way to be market-friendly. And it helps greatly that Birmingham had launched an aspirational growth plan at UKREiiF in Leeds in May, and that the council has a strong portfolio of assets, being - arguably - the 20th biggest landowner in the country.

The trick now of course, the BIGGEST EVER TRICK, is to avoid any fire sale. And it will be hard. The usual vultures are circling. The DLUHC Commissioners, led by the very able Max Caller, will help stabilise the ship; but Birmingham officers now need the best support and advice they can get. And they must push back on short term fixes. A joint public letter from Historic England, Arts Council England and the National Lottery Heritage Fund called for Birmingham's heritage and culture to be protected. Quite right. And the aforementioned Ms Cadman has gone on record to say Birmingham City Council "must not fall into the trap of just selling everything" and that it is important properly to assess the value of different assets and the impact they have on the city's economy.

So, what to do? Well, it would be super helpful if we could invent a term that is the opposite of "fire sale". I am struggling with this, but if anyone can think of an appropriate construct, do give me a shout. But notwithstanding, there are lessons in here for all of us. What should any local authority - perhaps not quite teetering on the edge, but certainly facing some financial strictures in this most challenging time - be doing? I know that ACES members are fully alive to this agenda, and the resultant further pressures that your public sector asset base will be under. You will all be taking measures to protect your authorities, giving yourselves a thorough health check, and not being complacent. Perhaps urging your portfolio holder, as a matter of good housekeeping, to have a think about running a slide-rule over everything that you own…. even if you've done it before.

Rural & Urban Strategic

Partly in response to these challenges - and in recognition that our strength is in revitalising problematic property portfolios - a couple of trusted colleagues and I have formed a company called Rural & Urban Strategic. Cue klaxon for unashamed puff to follow. We are three property professionals, each with over 30 years' experience in all disciplines of the commercial property sector, working in corporate property consultancy and listed property companies and with local and central government. Most of all, we have a proven ethos of public service. And this is the nub of it. In particular, we have a proven track record in sorting out your "old toot" - forgive the use of the technical term - having done this with a number of local authorities. We don't quite spin gold out of lead, but we do have a track record of turning liabilities into nice little earners.

Why not go to our usual professional advisers, I hear you ask? To which I respond, perhaps rather inelegantly: can they polish a turd? [Ed – I'll let you get away with that one!]. The mainstream real estate consultancies - and we work with all of them - will give you mainstream advice. But what they call a "stranded asset" we might tweak to morph into a "going concern". We will think outside the box. But we'll always be robust. So, show us your gash land and our team will try to find a way of using it to deliver your strategic objectives. We aim to deliver value-added for clients using our intrinsic understanding of problems, and to deliver economic solutions that are the best option for you and your community. At all times we will ensure that you retain control.

Our approach is simple and uncomplicated. We'll come and sort out the troublesome parts of your portfolio, for an agreed monthly retainer, which may - or may not - include milestone payments for agreed targets achieved. Alternatively, we can offer the ability to JV sites, where you retain ownership of the land (or other asset) and we deliver for you; we'll do this at our own risk, which would be reflected in an agreed profit share at delivery or sale point. More rarely, we have the ability to buy you out of the site, whether immediately or at a time that suits you best. Because of our relationship of trust with the public sector, we have a panel of investors with access to funds. And we can advise on the cheapest money.

In short: Rural & Urban Strategic promises to provide pragmatic solutions to your bespoke issues.

Just give us a shout if you think we could help. We'll come and have a chat. Absolutely no obligation. We are always open to having a conversation about the art-of-the-possible with your property portfolio, no matter how challenging. Needless to say, we have to act in good faith at all times, because if we didn't, we wouldn't have a business. So, our reputation is everything to us. We will always proffer open, transparent, impartial advice. You may not like it, but it will be honest. And, crucially, it might just give you the substance and the arguments you need to persuade your leadership to take prudent measures sooner rather than later.

PARADISE DEVELOPMENT, BIRMINGHAM
Paradise - History in the making

Alex is a development manager for MEPC with 17 years' experience in the built environment across several sectors, including urban regeneration, commercial property, residential, higher education and transport developments. He is a member of the RICS and the British Council for Offices.

Alex Housden alex.housden@federatedhermes.com

Alex kindly agreed to write this article, following a request from Helen Stubbs at the July ACES' Council meeting. Alex gave Council members a tour of the site.

Introduction

The Paradise development in Birmingham is transforming the civic heart of the city. Funded by an innovative public private partnership, MEPC is creating a vibrant new destination, combining prime retail and commercial accommodation in up to 10 new buildings set in extensive new public realm of the highest quality.

The development is being carried out in three phases, the first of which was completed in 2020. Phase 2 is underway and expected to complete in circa 2026 and phase 3 will follow on, with the whole development expected to be completed by 2030.

The site has a rich history but was heavily constrained by the 1960s ring road and gyratory which created a barrier to pedestrians between the east and west of the city. A central aim of the development has been to unlock these constraints and open up new connections, particularly for pedestrians moving around the city centre.

The public realm is at the heart of the Paradise development, creating brand new streets and squares in which the public can dwell, sit and take in the city in the midst of its most spectacular historic buildings.

History of the site

The term 'Paradise' has been associated with the site since the 16th Century.

It became known as Paradise Circus in the 1960s when Birmingham's Queensway network of inner ring roads was constructed. This became known locally as the 'concrete collar' which constrained outward development of the city core and inhibited pedestrian movements by introducing undesirable subways, tunnels and walkways. By the 1990s these were in poor condition and represented accessibility challenges.

Within the Paradise Circus gyratory stood a complex of buildings constructed between the 1970s and 1990s, with John Madin's brutalist Central Library as the centrepiece. Other buildings included the Birmingham Conservatoire, Adrian Boult Hall, two office buildings and the Millennium Copthorne Hotel. All were constructed on a podium above an underground service yard and car park plus the A38 dual carriageway (which

remains in a tunnel below the site) and the surface level road system.

At ground level, Paradise Circus stood between two distinct halves of the city. On one side stood the main retail core, central business district on Colmore Row and the city's civic heart - Chamberlain Square, the Town Hall and Council House. On the other side were the cultural landmarks around Centenary Square such as the Library of Birmingham and Symphony Hall, Argent's Brindleyplace development, and Broad Street's entertainment and leisure district. Paradise Circus represented a physical and metaphorical block between these two halves of the city.

By 2015, pedestrian movements in excess of 1m per month were passing through Paradise Forum, the shopping mall at ground floor within the Central Library, to get from one side of the city to the other. While the shopping mall was refurbished in 2007 to improve the space for both occupiers and the public, outside of Paradise Forum itself, much of the remainder of the complex was under-used and presented an undesirable network of public routes and a poor representation of the city centre.

The Paradise development seeks to address these issues and is a key feature of Birmingham's city wide masterplan, the 'Big City Plan', which was launched in 2011, now updated by the "Our Future City Plan", a bold vision for a green, vibrant and healthy city looking forward to 2040.

A series of key milestones unlocked the site and enabled the development to proceed:

- The creation of the Greater Birmingham and Solihull Local Enterprise Partnership and the City Centre Enterprise Zone in 2011 provided a unique opportunity to progress the significant site preparation works necessary under an innovative public private partnership
- In 2013 the new, landmark Library of Birmingham opened in Centenary Square; this enabled the closure and subsequent demolition of the old Central Library on the Paradise Circus site
- The Birmingham Conservatoire relocated to a new state of the art purpose-built facility at Birmingham City University's Eastside Campus. The new Conservatoire building represented a step change in the quality of facilities for the Conservatoire and has garnered international acclaim and awards.

The Paradise Masterplan

Urban designers Howells developed a transformational masterplan and locations of key open space and public realm. This established the total quantum of development within the 7ha site, as well as the distribution of uses.

The masterplan comprises a contemporary office-led, mixed-use development of up to 1.8m sq ft (NIA), containing:

- Grade A Offices, in up to ten new buildings
- 4* hotel with up to 250 bedrooms
- Ground floor level shops, bars, cafes, and restaurants
- 330 car parking spaces
- Buildings from 70,000 sq ft to 400,000 sq ft
- Floor plates from 12,000 sq ft to 40,000 sq ft.

The outline planning application was submitted in July 2012, approved by planning committee in December 2012 and the s106 Agreement signed in February 2013.

Although the scheme is predominately office focused, the redevelopment comprises a range of uses with minimum and maximum floor spaces set in order to provide flexibility for future market conditions. The aim is to deliver a development that lies at the heart of the city centre, and is truly mixed use, providing a place where people can work and spend their leisure time.

Achievements to date

- 635,000 sq ft. grade A office space in One Chamberlain Square (172,000 sq ft), Two Chamberlain Square (183,000 sq ft) and One Centenary Way (280,000 sq ft)

- 100% commercial office space let in phase 1, notably 150,000 sq ft to PWC, 40,000 sq ft to DLA Piper, 18,000 to Knights and other lettings to Mazars, AtkinsRealis, MEPC and flex office provider Cubo
- 60% office space within One Centenary Way let at practical completion, to Goldman Sachs (88,000 sq ft), Arup (69,092 sq ft) and JLL (14,000 sq ft)
- 46,000 sq ft retail/restaurant space, let to Dishoom, Alberts Schloss, Rosa's Thai Café, F1 Arcade and Yorks
- Approx. 7,000 sq m redeveloped public realm
- Conservation and restoration of part of the listed façade of the Birmingham Museum and Art Gallery
- Realignment of entire gyratory road network surrounding the site including preparatory works for the Midland Metro Centenary Square extension.

Current developments

Currently, two projects are under construction - Octagon, a 49-storey build to rent residential tower providing 370 new homes at the north of the site, and Three Chamberlain Square, a 189,000 sq ft (NIA) net zero carbon, BREEAM Outstanding commercial office building at the south of the site. Alongside Three Chamberlain Square, a 4 star boutique hotel with 152 rooms is planned to commence construction in 2024, along with further public realm including Ratcliff Square, Ratcliff Passage Western Terrace and Easy Row.

Phase 3

Phase 3 will be the final phase of the development, planned to commence in 2024 and complete by 2029. This will bring forward a further 310 – 445,000 sq ft of office, retail and leisure accommodation across three new buildings, and considerable new public realm centred on Congreve Square to the north of the site.

Public realm

The infrastructure and public realm works have dramatically improved and enhanced existing pedestrian routes through the city, and have opened up new and restored historic connections between different quarters of the city:

- Chamberlain Square public realm: High quality Yorkstone paving and granite bleachers, trees and planting replace worn out concrete block paving and steps
- Removal of Paradise Forum: The primary route between east and west of the city centre now consists of a traffic free open air street with new granite paving, trees and planters; it has opened up key views between the Clock Tower and Grade II* listed Council House in Chamberlain Square and the Grade I Hall of Memory in Centenary Square, for the first time since 1974
- Opening up a new route to the Jewellery Quarter via Congreve Street: A completely new route with a new grade level pedestrian crossing over Great Charles Street onto Summer Row
- New Summer Row including heritage paving and landscaping: Removal of disused and poor quality concrete subways, new accessible blue brick paving matching the nearby canal towpaths, cycle routes, green landscaping and new trees alongside the new highway
- New architectural and energy efficient lighting throughout which has improved visibility, safety and accessibility.

And to come:

- New links from Paradise Street to Chamberlain Square alongside Three Chamberlain Square, connecting the new Town Hall tram stop with the development
- Enhancement of bridge between Paradise and Centenary Square: Removing planters to widen the paving area, replacing balustrades and paving to tie in the Paradise development to the new Centenary Square

- Two further public squares including soft landscaping: Ratcliff Square and Congreve Square within phases 2 and 3 of the development respectively.

Sustainability

With the built environment accounting for some 40% of the UK's carbon emissions, it is imperative that development at the scale of Paradise contributes positively towards the drive to net zero, minimises its carbon footprint, and stands the test of time.

Each of the Paradise office buildings completed and under construction have achieved or have been designed to achieve BREEAM Excellent or Outstanding and the expert design and construction teams implement action plans to avoid, reduce, re-use material waste, and record key metrics about buildings' thermal and energy performance.

Both One Centenary Way and Three Chamberlain Square are exemplar low energy buildings, using air source heat pumps and air-cooled chillers to heat and cool the buildings and avoiding the use of gas powered plant. Further renewable technology is included in Three Chamberlain Square with a rooftop array of photovoltaic cells.

Whole life carbon assessments have been carried out and stretching targets set for reducing upfront embodied carbon, with Three Chamberlain Square adopting the London Energy Transformation Initiative C rating of less than 600kg of embodied carbon per sq m of GIA, approximately a 40% improvement against current standard practice benchmarks.

Socio-economic benefits

During the first phase of the works, at least 44 apprenticeships were created across 30 different trades, together with 79 work placements directly related to the development. A team of over 200 construction personnel, including 20 trainees and apprentices, were employed during the construction of One and Two Chamberlain Square.

One Chamberlain Square has been fully let to PwC and forms its largest city centre hub outside of London, with 2,000 staff now based in the building. The cutting edge fit out, designed over a 3-year period with extensive consultation with staff across the business, represents a highly adaptable, flexible, connected and integrated workplace that has proven highly popular with staff and clients alike

The project team has directly supported various charities and community groups, including the Ladywood Community Project and St Basils. It has participated in and promoted public events including the construction Open Doors initiative, Birmingham's 'Big Sleuth' event, and the visit by 'Dippy the Diplodocus' to the Birmingham Museum and Art Gallery.

Phase 2 of the development will incorporate Birmingham's first major city centre cycle hub, accessible for the whole Paradise estate – including showers, locker rooms, servicing and bike hire together with at least 350 cycle spaces.

The active frontages of the buildings, featuring terraces and colonnades, provide some of the finest outdoor seating spaces anywhere in the country. Retail occupiers have been carefully selected to ensure a vibrant offer to the public and to bring a new dimension to the city. Dishoom and Vinoteca, both new to Birmingham, have both chosen Paradise as the location for their restaurants, creating new employment opportunities and exciting new choices for customers.

Paradise is a once in a generation placemaking opportunity, transforming the civic heart of Birmingham. Bringing together public and private sector partners, MEPC is proud to lead a dynamic and diverse team of consultants, contractors and advisors, which is focused entirely on the delivery of a world class destination for the benefit of the citizens of this great city.

Sarah is a Partner with Carter Jonas, based in Leeds. She is a chartered town planner with over 20 years' experience. She has experience in managing the planning process on residential, mixed-use, commercial and leisure developments in a variety of locations on behalf of a diverse client base including developers, investment funds, social housing provider landowners and public companies.

LEEDS REGENERATION AND RENAISSANCE
The government's long-term plan for housing - its likely impact in Leeds

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Sarah looks at the potential for Leeds to capitalise on the regeneration opportunities announced by Gove. "Some fundamental and creative approaches to property ownership and investment could transform the lives of many – from first-time buyers to those downsizing into later living accommodation."

In July the Government committed to *'a new era of regeneration, inner-city densification and housing delivery across England, with transformational plans to supply beautiful, safe, decent homes in places with high-growth potential in partnership with local communities.' Michael Gove committed to 'the regeneration and renaissance'* of Cambridge, central London and central Leeds in the form of funding and reforms to the planning system to speed up new developments.

I share the Secretary of State's view that Leeds has significant potential, both to continue its upward trajectory and to kick-start regeneration, re-balance and 'level up' in a wider geographical context. Leeds has already demonstrated this through its healthy population increase and social and cultural innovations. As a result, the city is seen as an attractive place to live and is well on track for increased prosperity.

The important factor for Leeds is not in the announcement itself, but in how the Secretary of State's ambitions will be realised: how yet another new strategy for this part of the country might be truly strategic in its approach to investment and infrastructure, and whether this commitment will have a tangible impact on future prospects.

Inevitably the nature of such a long-term vision means that we cannot hope to see immediate change as a result. It is understandable that an announcement which sets goals in decades, rather than single years, remains silent on the immediate, potentially significant, changes which may develop as the Levelling Up and Regeneration Bill works its way towards Royal Assent, the progress of the NPPF consultation becomes clear, and, of course, as we approach the next general election. Yet each of these potential changes is extremely important in the planning and development prospects for the city and will impact its leaders' faith in national politicians' commitment.

The need for infrastructure-led strategic planning

A pressing issue for Leeds and its wider region is that a number of local planning authorities are struggling to deliver a five-year housing land supply. The issue is exacerbated whichever way you look. For greenfield sites, it is impacted by the Green Belt, which prevents many sites from coming forward through the local plan system. At the other end of the spectrum, brownfield sites – such as major regeneration schemes in city and town centres - are struggling to remain viable due to the weaker financial market.

A clear infrastructure plan creates certainty for central locations: specifically, a deliverable transport infrastructure plan is the single best opportunity to enable so many northern towns and cities to kick-start regeneration and bring new sites forward.

The West Yorkshire Mass Transit Vision 2040 was published in August 2022 by the West Yorkshire Combined Authority, and sets out the Mayor and other West Yorkshire leaders' vision: *'to be recognised globally as a great place to live with a strong, successful economy, where everyone can build businesses, careers and lives, supported by a superb environment and world-class infrastructure.'* All local leaders believe that improvements to mass transit and public transport systems would connect more people with jobs, training and education opportunities – as well as tackling the climate emergency as part of an ambition to be a net-zero carbon economy by 2038.

The West Yorkshire Mass Transit Vision builds on the visions set out in the Transport Strategy 2040. Published in May 2018, before the decision to remove the Birmingham to Leeds leg of HS2, the Transport Strategy set a plan for a new form of transport for West Yorkshire. It is a long-term document which paints a picture of what a successful transport system might look like in 2040. While a key component of the strategy has fallen away, it remains current in that it recognises that in order to deliver the vision for the Leeds City Region, the right transport network must be put in place.

Growth plans for Leeds and the wider region must go hand-in-hand with infrastructure, because infrastructure, specifically public transport infrastructure, facilitates residential and commercial development and the distribution of economic growth: undoubtedly, enhancing connectivity will provide the catalyst for further regeneration of the area, the flow of opportunities and benefits from economic activity.

Rethinking housing types, tenures and affordability

As part of a broad, strategic review of the issues which concern planning and development, my recommendation would be for a whole scale review of housing, specifically affordable housing.

The way in which we rent or buy homes hasn't kept up to speed with other changes in society. Today, flexibility is increasingly high on the agenda, specifically for those whose work is flexible – such as the many now working in the 'gig economy'. Some fundamental and creative approaches to property ownership and investment could transform the lives of many – from first-time buyers to those downsizing into later living accommodation.

Long-term plans for the region should place 'affordability' at their heart. In the current economic circumstances, the criteria for 'affordable housing' may need consideration – after all, market rents discounted to 80% remain unaffordable to many. Aspirations for the growth of Leeds should be balanced alongside the affordability of housing, ensuring that any long-term plan for housing is suitable and within reach of a wide-ranging demographic. Without this, Leeds will miss the opportunity to ensure that its society and economy are inclusive.

The future role of the Innovation Arc

There is huge potential in Leeds City Council's aspirations to regenerate old buildings, attract investment, create new neighbourhoods, and attract new tech businesses and jobs over the next decade. Some of the most prestigious institutions and large employers, including the University of Leeds, Leeds Beckett University, Leeds Arts University and Leeds Teaching Hospitals operate within the 'Innovation Arc', as do some of the region's largest public and private sector employers and mainstays of civic and cultural life, including Leeds Town Hall, Leeds Art Gallery, Leeds City Museum and Leeds Central Library. If delivered, the Innovation Arc can drive the delivery of improved infrastructure, support relevant funding bids, deliver jobs and opportunities and encourage people to remain in Leeds rather than going elsewhere for employment in these sectors, and as such it represents a huge opportunity for Leeds.

Conclusion

As the Innovation Arc, the Transport Strategy 2040 and the West Yorkshire Mass Transit Vision 2040 show, Leeds is not short of vision and ambition.

But while long-term visions are not unwelcome, the true test will be the strategy and the implementation of it. To gain the support of local opinion-formers, the government will need to demonstrate its ability in the short and medium term – through the Levelling Up and Regeneration Bill, NPPF and on significant issues such as a review of Green Belt, funding for brownfield development, affordable housing provision and immediate improvements to the public transport system.

A strategy that builds on what the leaders and residents of Leeds want and need could have substantial benefits. Building on past successes and current potential is a recipe for success; ignoring local vision and achievements will achieve the opposite.

Lucy is Head of Sale, Auctioneer, and Picture Valuer for the Old Master, British, and European Picture Department at Dreweatts 1759 Ltd.

WORKS OF ART
Is it relevant to public sector surveying?

Lucy Darlington MRICS ldarlington@dreweatts.com

In Summer Terrier's 'President's Piece', Helen considered aspects of works of art, and raised the question – and future career opportunity – of the role of works of art to the public sector practitioner. In this article, Lucy kindly volunteered to address Helen's questions.

I was interested to read Helen Stubb's article in the last edition of ACES Terrier. In particular, the idea that a work of art can be rendered worthless if it is downgraded from authentic to copy, or worse, forgery.

That an item's worth is based on more than its integral structure, technical brilliance, or authenticity is a concept that I would argue is not exclusive to the art market. Two identical objects from almost any genre: items of clothing, pairs of shoes, boxes of chocolates, bottles of soap – I could go on - can have vastly different price tags determined not necessarily by the quality or craftsmanship of the item, but by which logo or designer name it is ascribed. This seems to be a product of the human phenomenon of creating a hierarchy based on status, rather than an appreciation of skill, age, or even rarity.

This brings us rather neatly on to the question of whether the Personal Property/ Art and Antiques (PP/AA) side of surveying is of any relevance to public sector surveying. I was pleased to read that the conclusion was a resounding yes.

Helen gives the contemporary example of 'Old Flo', the Henry Moore belonging to the borough of Tower Hamlets which has now finally found its resting place in Canary Wharf, after disputes over ownership between London boroughs due to the sculpture now being 'fixed to the land' rather than an individual object.

In centuries gone by, most art (and I include all art, antiques, and personal property in that definition) was commissioned for buildings or collections within buildings; churches, museums, noble households, and palaces are all good examples. In many cases it is hard to see where the architecture ends, and the 'art' begins. For example, during the 17th century, keen to keep in with current fashions, many notable buildings including Chatsworth, Petworth, Hampton Court Palace, Windsor Castle, and St. Paul's Cathedral, commissioned woodwork carvings by the Anglo-Dutch artist Grinling Gibbons (1648-1721). Many of those same interiors (Chatsworth, Petworth, Hampton Court Palace), among others such as Blenheim Palace, and Burghley House, also boast beautifully painted ceilings by Louis Laguerre (1663-1721). These painted ceilings and carvings are integral to the houses they inhabit, painted directly on to ceiling walls, or carved into oak structures and panelled rooms; arguably fixtures rather than chattels and therefore potentially out of the remit of the PP/AA surveyor.

Many local authorities own works of art, and it is not part of mainstream valuation for public sector valuers. To use Helen's statistic, only 7.6% of Manchester City Council's art collection is on display – the number of works in its collection is vast, and there simply isn't the time, space, or financial resources to dedicate to exhaustive research on every item, and this explains why so many works of art have been misattributed/lost/left undiscovered.

About undiscovered masterpieces sitting in museum storage around the county (and indeed the rest of the world), Dr. Bendor Grosvenor has contributed an answer to this question through his television show 'Britain's Lost Masterpieces'. Running for five series, Bendor and his team uncover overlooked art works in public collections. Works by

Pieter Brueghel the Younger, Sir Peter Paul Rubens, Titan, Johann Zoffany, and Joseph Wright of Derby have all surfaced through the show, hidden in plain sight in museum basements and rediscovered through conservation and restoration.

To segway into another point made by Helen, deaccessioning or selling works in a museum's collection, even if it is to make space for something else, or to raise funds to subsidise funding, is rarely straightforward. And while this topic also skirts around the edges of a PP/AA RICS member, it is often important to be aware of an issue that may arise from providing a market valuation or being involved with a potential sale.

The RICS competency guide advises:

"The personal property/arts and antiques (PP/AA) market is diverse" …at one end are the collections in museums and/or in other private/public ownership, together with art and antiques owned by private individuals. It is an area accessible to everyone regardless of wealth…not limited to fine art, collectibles, heritage assets, antiques, and jewellery".

Yet, out of 22 available MRICS pathways, there is only one which covers the whole sphere of PP/AA. As such, most RICS members typically choose to specialise in one or two areas: silver and jewellery for example require a very different knowledge to paintings and fine art. Most auction houses, Dreweatts included, have dedicated departments for wine, furniture, ceramics, and Asian art, while some are split further still with pictures being divided between Old Master, 18th and 19th century, and Modern and Contemporary.

And while the 'General Valuer' has not quite yet become a thing of the past, it would be a brave man or woman to claim they knew everything about everything! This brings me back to Helen's question of retraining. The mandatory competencies are the same for all 22 MRICS pathways and there can be no doubt that the course teaches the core values for working in the arts profession, but in my experience the PP/AA pathway is primarily (although not exclusively I would add) focused on theory.

In the final coursework and interview, there is no exam to test whether you know silver from silver plate, or a reproduction print from a painting. The emphasis is on what you would do if you didn't know how to tell the difference, rather than demonstrating that you have a level of knowledge and experience enabling you to do so. As such, I would suggest that the only way to really excel in the field of PP/AA, armed with the values learned in the RICS pathway, is to get as much practical experience as you can. The more you can handle, inspect, compare, and analyse, the more you will learn without even realising it. And the more 'boring' and run of the mill objects you can handle the better, because then when you come across something truly special you can recognise the quality straight away. Working in an auction house is probably one of the best ways to acquire this knowledge as you handle and catalogue hundreds, if not thousands of objects every year.

So maybe not quite as straight forward as easily being able to retrain, but perhaps public sector surveyors would benefit from an optional competency to L1 in PP/AA to complement the pre-existing programme and bridge the gap between the two professions.

Dreweatts would gladly offer some work experience to Helen if she were up for it!

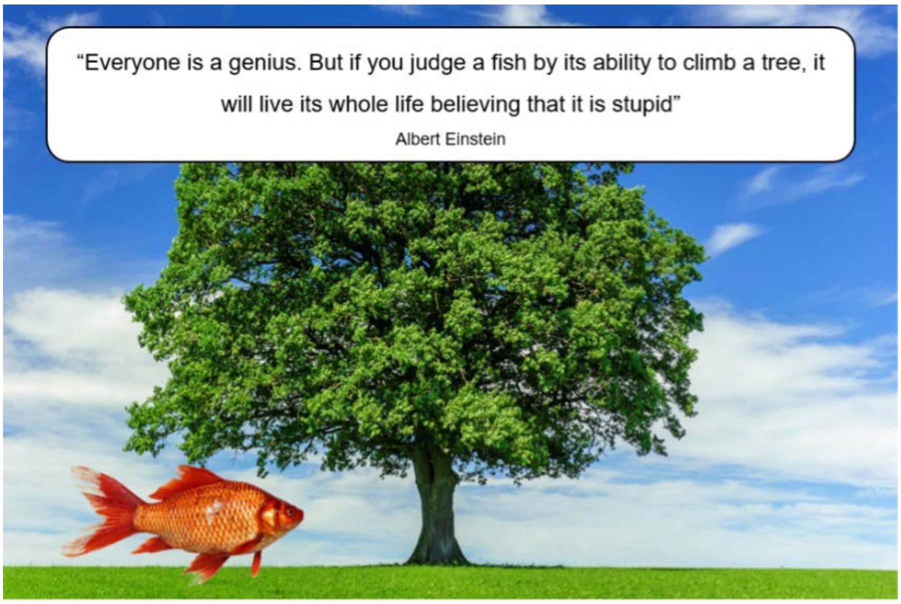
Ellen BA (Hons) PGDip Surv MRICS is Head of Local and Devolved Government at the DVS, Valuation Office Agency.

NEURODIVERSITY Making the VOA a dyslexia friendly workplace

Ellen Atkin ellen.atkin@voa.gov.uk

Ellen wanted to write something a little different for ACES' Terrier, to raise awareness of neurodiversity as a workplace issue. Here she uses her personal experience to illustrate how the workplace can help – "simple changes can make a big difference."

As a member of the VOA's Disability Group, I have a fabulous opportunity to mix with a really interesting and varied group of people. The group is aimed at all of our colleagues with an interest in disability equity. The main purpose is to promote awareness of all types of disabilities across the VOA, with the group's members acting as consultants to the business on disability issues. We want all our staff to



be 'disability confident' when dealing with their colleagues and customers alike and we want to create a diverse and inclusive workplace where our staff can bring their true selves to work. It's a fabulous and important goal in any business.

When Kirsty Wildgoose, our Disability Group Co-Champion, mentioned that she wanted to make the VOA a dyslexia-friendly workplace in one of our monthly meetings, I knew I could use my personal experience to help.

As a dyslexic I know certain everyday tasks are more challenging for me than others. Mainly writing, reading and spelling, but also things you might not expect such as finding the right words to use in a conversation, remembering a sequence of events in the right order, or repeating back a complicated or new word. I've never known any different, so I've tended to just accept it. It took me longer to realise that other things come more naturally to me than non-dyslexic people – I am a creative thinker, have great interpersonal skills, and am particularly good at looking at problems from a different perspective. Understanding that enabled me to look at my dyslexia differently. More and more, I see the unique and brilliant side of dyslexia being made visible nationally by powerful advocates like Richard Branson, but I am also seeing a much wider awareness of dyslexia within the VOA.

The thing with dyslexia, as with many neurodivergences, is that simple changes can make a big difference. Did you know that certain font types and sizes can make it considerably easier for some dyslexic people to process text, for example? (Arial and Calibri are good examples – and no smaller than size 12). After I learnt that, I changed the font type and size on my email and the impact to me as a dyslexic person was huge.

For example, since making this change, I have found I can read through emails more quickly. If I'm reading from a screen in meetings, I read more fluently. It's made me far more productive: in DVS, as in many walks of personal and professional life these days, we get so many daily emails that anything we can do to move through those more quickly is a huge productivity win.

Armed with this knowledge, I was keen to help others as well. After asking colleagues to make these font changes within DVS, I received some great feedback. Team members now say they finally feel like they can speak openly about their own work-related challenges more generally and discuss solutions or adaptations that help. It's a huge step forward to empowering all employees to achieve their best, and particularly to unlocking the strengths within all our neurodiverse colleagues and enabling them truly to shine.

It's important to remember that everyone has different needs, and each neurodivergent colleague may have their own challenges. My goal is to raise awareness of neurodiversity as a workplace issue, to ensure that as many people as possible feel confident to ask for help, talk about what might make a difference to them, and take advantage of the support available. All managers should be equipped to understand how different conditions can affect a person at work, and the power of even simple changes could help their teams thrive.

If you want to support your employees and make your workplace dyslexic friendly, here are some simple actions which the British Dyslexia Association recommend to make things easier:

1. Change standard font to Arial size 12
2. For headings, use a font size that is at least 20% larger than the normal text
3. Add extra space around headings and between paragraphs
4. Left align text, without justification
5. Make communication clear and unambiguous – say exactly what you mean.

The link to the full guidance is - https://www.bdadyslexia.org.uk/advice/employers/creating-a-dyslexia-friendly-workplace/dyslexia-friendly-style-guide

I feel lucky to work for an organisation that is inclusive and celebrates diversity in so many ways. Having a more accessible and inclusive work environment brings very specific benefits to me personally, but I strongly believe it also benefits the VOA as a whole. The more engaged, supported and productive our employees feel in their day to day work, the more successful we can all be together. And if a few simple changes are all it takes to move a little further towards an inclusive workplace, why not dive in and get started yourself?

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DVS
Property Services Division - Valuation Office Agency

Crown Commercial Service Supplier

Jen is a partner and co-founder of Property Elite.

Rachel is a business partner at Property Elite

RICS SENIOR PROFESSIONAL ASSESSMENT Senior Professional Assessment for membership of RICS

Jen Lemen BSc (Hons) FRICS jen@property-elite.co.uk and Rachel Saint DipSURV MRICS rachel@property-elite.co.uk

Jen and Rachel have drafted this article to show that the RICS has made available an alternative non-traditional route to membership for those individuals who have been involved in the property profession at a senior level for at least 10 years.

Property is a diverse profession. Traditionally, most RICS members have come via the standard structured training route. This involves an RICS-accredited degree and 24 months of structured training in a property related role. These graduates have the opportunity to sit their Assessment of Professional Competence (APC) after two years' work experience and, if they pass, they can call themselves Chartered Surveyors and use the designation MRICS.

If a candidate already has some work experience (over five years), then the period of structured training reduces to 12 months. Eventually this reduces to no structured training being required at all, when a candidate with an RICS accredited degree accrues over 10 years of experience.

Alternative routes into property

Many people get into property via many other routes, however!

Candidates, often those who have changed careers or direction after university, may have a non-cognate degree. With over five years' experience, these candidates can progress through their APC on the preliminary review route.

Other candidates may have worked their way up through an organisation or firm, learning on the job and developing their skills as a property professional over time and via their experience. They may not have a degree at all.

In recognition of the contribution that such individuals bring to the industry, RICS runs the Senior Professional Assessment (SPA). This is available to candidates who pass an initial vetting process demonstrating that they are working at the level required of a senior professional.

The vetting process requires submission of a CV, organisational plan and 400-word senior professional profile.

However, the fundamental criteria are that the individual can demonstrate over 10 years' experience in the industry, at a senior level, and have developed certain behaviours relating to ethical standards, best practice and promoting the profession, among others.

Candidates who are suitable for SPA will often have job titles such as Director or Head of …. They will be responsible for a team and for a budget, together with having management and leadership responsibilities on a day to day basis. On balance, they will undertake more senior management work than technical work. Far more likely is the situation that the SPA candidate leads and manages a team or teams who undertake the technical work. The candidate will act as a role model to the team and ensure that the team is working diligently, ethically and in line with RICS guidance and key legislation.

There is no requirement for any specific academic achievement. Having said that, if an individual has a relevant master's degree, the minimum time period in the industry is reduced to five years.

Once the candidate is accepted on the Senior Professional route, they have to prepare a written submission and go forward to a 60-minute online assessment interview. The submission includes three case studies: one focussing on the SPA competencies and two on the candidate's technical competencies. There is no separate Summary of Experience or diary/log book. The candidate still needs to complete the Professionalism Module and record at least 20 hours of CPD (50% of which is formal) within 12 months of submitting.

Interviews are scheduled in the Spring and Autumn of each year, a month or two after the submission window closes. The focus of the interview is a peer to peer review of the candidate's career, experience and technical competencies. The candidate is also tested on three Senior Professional competencies - Leadership, Managing People and Managing Resources – all to Level 2. This means that they must demonstrate knowledge of the theory behind these competencies and what it means for them to put it into practice.

The focus of all RICS assessments is to test the level and depth of a candidate's experience. Even on the SPA route, candidates still have to select their sector-specific pathway in the background.

It is, therefore, very important to choose a pathway which is as relevant as possible to your experience on any RICS assessment route. At SPA, it can be difficult to choose, given the individual's likely depth of experience. There are 22 different pathways, so expert advice is often necessary to ensure that the chosen pathway aligns as closely as possible with the candidate's career path and current role.

Rachel Saint, Partner at Property Elite says *"Most things in life which are worth achieving do take some work. Our aim at Property Elite is to help suitably experienced property professionals to demonstrate their full potential, by gaining the qualification and recognition that they deserve for their contribution to the property industry. Membership of RICS reflects the knowledge and seniority that these clients have achieved in their careers."*

Craig Kecheran is employed by Arcadis. He is a member of the RICS Matrics UK & Scotland Board.

THE MATRICS NETWORK

RICS Assessments: Matrics and the value of networking

Using a Q & A format, Craig identifies the importance of networking for young surveyors going through their qualification stages.

The RICS Candidate Engagement Team supports all candidates in the UK and Ireland who have enrolled and wish to gain their MRICS or their AssociateRICS designation. It's our job to provide free resources as well as answer the myriad questions that candidates will have along their journey, from the day they enrol, to the day they submit for assessment.

The assessment route is a challenge for everyone, but there is no doubt that this is helped by building a network for support, camaraderie, to share the highs and lows, to challenge and test each other, and to feel that you aren't alone.

Social networks such as LinkedIn are really valuable, but one of the most important channels must be the Matrics Network. We are delighted to welcome Craig Kecheran FRICS, from Arcadis, to pick his brains about this very special organisation, and how you can benefit from joining.

Craig, how would you describe Matrics for anyone who hasn't come across it?

RICS Matrics is aimed at students, apprentices, graduates and those who are up to 10 years newly qualified. It's made up of local committees who volunteer their time to provide a range of opportunities to develop, network and engage with others at a similar stage in their career.

Matrics provides a great community platform to support candidates through the journey, providing CPD opportunities and facilitating social and other events to help establish a strong network.

The best way to understand what Matrics is and how members can benefit from being involved is to attend first hand and experience one or more of the many great events held throughout the year.

What has your journey been? And what helped you?

I joined Arcadis 16 years ago as a trainee and have progressed through the ranks to becoming an associate cost consultant. I originally got involved in RICS Matrics in 2015, looking for support to help me get chartered. Despite being fortunate enough to have a great learning and development academy within Arcadis, Matrics afforded me a great opportunity to interact with members at a more local level. I managed to engage with others to discuss progress, competencies, undertake Q&As with each other and effectively just be a support network where we could learn from one another.

Despite getting chartered in 2017, I've remained involved as I know the stress of gaining chartership and find it personally rewarding supporting others through their professional career. I've also come to realise that Matrics was much more than just a strong support network for helping me gain chartership: the people I met have become friends, colleagues and clients.

I've undertaken various roles within Matrics over the years, from being a committee member of RICS Matrics Edinburgh to its Chair, and then on to Chair of RICS Matrics Scotland. More recently I've joined the RICS Matrics UK and Scotland Boards and am actively involved in helping to deliver the RICS' global strategy, shape the future of the profession, support RICS members, and inspire the next generation of surveyors.

What does networking mean to you, and how important is it when you are starting out in your career?

One of the key aspects Matrics is known for is the networking and social opportunities that are held throughout the year, often free of charge or for a donation to charity. Before I became involved with Matrics, it was always the directors and partners of businesses that would attend industry dinners and awards ceremonies, and they all seemed to know each other. Matrics provides a great opportunity to break that barrier where early career professionals can come along to events and develop a strong network of contacts within the industry.

It's important to develop your own personal brand in the early stages of your career as it can open up personal and professional opportunities. For me, I believe that business development opportunities are best explored in a relaxed, informal environment where you can chat to someone about anything and get to know them as a human being. You never know who you are going to be working with down the line, whether this be a new colleague or a client you're bidding to work for.

What sorts of events might a candidate expect to experience?

We look to put on as many events as possible: social activities, study groups, workshops, competency reviews, and counsellor support sessions are just some of the Matrics events that a candidate can expect. We've recently hosted a "Mock the Mock" event where a willing candidate undertook a mock final APC assessment!

You may even find a study buddy so you can support each other through the process, and there are plenty of social activities to join in with.

How does a candidate find out about a local Matrics group?

Join the RICS Matrics LinkedIn page here, and to find out what is happening near you, go to Training & Events (rics.org), select 'All Training & Events', and search 'Matrics' in the keyword search bar. You can also join MyRICS Community here, and search for 'Matrics' under Groups.

Over time you'll become aware of future events. Matrics Committees are growing and increasing their in-person activities, so keep an eye out.

Can you get more involved in Matrics than just being a member?

If you have a great idea for an event or wish there was more of a certain type of event held, then why not get involved in the committee and help facilitate these? You'll not only benefit from attending events you have an active interest in, but you will also get a genuine reward from supporting others.

If you're a chartered member, then hopefully you'll reflect and remember all the support you probably received through your chartership journey, and getting involved is a way you can give back. It is always great to have new committee members bringing experience and fresh ideas to Matrics. It is a great platform that can propel you to the next stage in your career and open up a range of business opportunities that can benefit you both personally and professionally.

Finally Craig, what's your number one top tip for anyone going for their assessment?

Everyone runs their own race – don't compare your journey to someone else's.

Plan, seek support, and engage with others who have been through the process. You'll get out what you put in, and RICS Matrics is there to support you through your journey, no matter how long that may take.

To find out more about how we support candidates at RICS, visit Candidate Support - UK and Ireland (rics.org) or email us on ukicandidatesupport@rics.org

> Ed – ACES also has an active membership for professionals starting along their career path. It is called FACES and operates through the regional branches.

DAVID MEE, NORTH WEST BRANCH

North West Branch held its meeting on 14 July at Kilhey Court Hotel, Standish, Wigan, attended by 24 members and 4 guests.

The branch was able through a show of hands to endorse the offer of Paul Edgeworth to take up the role of Branch Vice Chair. The position of Branch Junior Vice Chair remains unfilled.

Staff recruitment
The civil service is offering a salary of £30,000 for graduates. A member said that the approach of looking to revisit and review job evaluations, if possible, is useful to maybe increase salary offers in the light of recruitment difficulties, and consider succession planning. It was observed that there is less" churn "in the public sector than the private sector. All sectors are struggling with recruitment; also, rising agency costs are a problem. Apprentice schemes should be looked at -they are appealing to individuals as there is no student debt. The FACES initiative is developing some momentum, for instance at Eastern Branch. Professional fees are not normally paid by employers in the public sector which is a hindrance to recruitment.

It was agreed that there was much from the discussion to take to the Executive for consideration.

Professional knowledge update
Jonny White (Valuation Office) covered a range of topics including new government regulations on cladding (The Building Safety (Leaseholder Protections) (England) Regulations 2022; RICS guidance on valuations; Building Safety Act 2022; new RICS Professional Standards on Relevant Valuations; and "Show Me The Bodies" book by Peter Apps about the Grenfell Tower disaster.

Presentation by Paul Roberts, Hive Projects – the redevelopment of the Spindles shopping centre, Oldham and the repurposing of Stopford House, Stockport.

Paul gave a very interesting presentation on the repurposing of Stopford House, an office building of about 100,000 sq ft. built in 1975 - a property rationalisation project driven by the need to develop enhanced office space. The refurb was done in about 11 months at a cost of around £14-£15m. Key lessons learnt included creating flexible floor space, the balance between cost and benefits, and old furniture doesn't really work in new space. The approach was to limit mechanical cooling in favour of opening windows. It was to some extent designed for hybrid working, which was a bit of a gamble. Space savings have been achieved. It has generally been well received by building users. There was a suggestion of a future branch meeting at the building, coupled with a guided tour.

The second half of the presentation covered the repurposing of the Spindles Shopping Centre in Oldham. 450,000 sq ft of retail space bought by the council from the administrator. It is likely to become 150,000 sq ft of retail with the balance being offices and residential. Newly created office space has been trialled by council staff, with the feedback generally good. Acoustics for the offices have been a challenge, as has the former large Debenhams unit which had very few windows. Residential is challenging and needs to be subsidised at present. A new partnership with Muse Developments will try to unlock this.

Next meeting – Branch OGM, Friday 29 September. Members are encouraged to send a colleague if they are unable to attend, but please advise the Secretary beforehand.

GERRY DEVINE, WELSH BRANCH

On 13 September the Welsh Branch meeting drew 36 attendees, including 2 members from Heart Branch. The Branch Treasurer reported that we have eventually resolved some difficulties with our bankers and now have a fully functioning account again.

Since Covid, all our Branch meetings have been virtual except for the live branch meeting in Cardiff before the ACES National AGM. The Chairman had reflected on this and while virtual meetings have enabled more people to join in the meetings and CPD sessions, there are networking benefits in having a live meeting. It was agreed that the AGM (and following CLAW and ACES Property and Estates Meeting) be held live each year, from November 2023.

RAAC
Geoff Bacon reported that most discussion in the previous day's CLAW Leaders meeting was about RAAC. Welsh Government (WG) was on a fact-finding exercise for Ministers, asking questions as to the incidence and extent of RAAC in the public estate. More intrusive testing is needed before accurate answers can be given.

Richard Baker, for WG, had attended a meeting with the Institution of Structural Engineers (ISE) to try to ascertain how RAAC should be dealt with. Sam Rees (RICS Wales) said RICS has had many meetings with government and interested parties. There is Guidance on RAAC from ISE issued in March 2022 with Further Guidance in March 2023 and surveyors should use it as such, including the RAG rating tool therein. A RICS CPD Webinar (free to RICS Members with CPD Package) has been arranged and the recording is available on the RICS website).

Perhaps surprisingly, RAAC is still being produced and used extensively but there are no concerns about its current production and use. Concerns were also raised about the potential for asbestos disturbance during RAAC inspections.

RICS Wales
Sam Rees, Senior Public Affairs Officer, RICS Wales, advised the new RICS office is now open in Cardiff, in the old David Morgan Arcade. There is a meeting room available to members for a maximum of 15 people. Sam urged all members to make use of the CPD package included in each member's RICS subscription account. The Chairman commented that he has found the CPD package very useful, with the Ethics module a pain-free way of complying with the CPD requirement on this subject.

Sam moved on to talk about RICS in

Education, reminding all that the current consultation on Degree Apprenticeships in Construction in Wales was open until 30 Sept. Sam said there had so far been a good response from the private sector but poor from the public sector. There could be more of these degree apprenticeships to come as well as the Real Estate degree at USW; City and Guilds is also involved. The first GCSEs in Built Environment were held for Year 11 pupils in Wales in summer 2023 and a link to the WJEC Report was provided. A member reported that she did a RICS School Ambassador visit recently and further visits are planned for this autumn.

<u>USW Real Estate Course</u>
There are four surveying courses at University of South Wales including the Real Estate Degree. The others are Building Surveying, Quantity Surveying & Commercial Management, and Construction Project Management. The courses can be taken over 3, 4 or 5 years. On the established courses, better grades have been scored by students involved in industry (experience counts!). The ability to Work, Earn and Learn can be achieved through USW's 5-year Network 75 apprenticeship scheme, which can enable students to graduate debt-free. There has been a good response to the launch of the Real Estate course, with a high number of applications. The course has had support from Ystadau Cymru.

<u>Welsh Government (YC)</u>
Dr. Claire Bloomfield, Head of Estates Ops, WG Land Division – Some Ministers are urging the removal of asbestos fron all public buildings. YC Groups are being asked if RAAC and asbestos should be included on a public register which could be beneficial for community action groups, using E-PIMS (not available to the public) or Data Map Wales, which is. It was commented that this was yet another system requiring data entries and IT people semed reluctant to create interfaces between the different systems.

<u>Valuation and estates and asset management matters</u>
The Property team in Swansea is leading on Local Area Energy Plans (LAEPs) as utility bills fall within its remit. Property people need to be involved in LAEPS at all levels, not just regionally, though Swansea, Neath Port Talbot, Carmarthenshire and Pembrokeshire are working well together. If you are not already involved, you need to be big hitters or influencers on LAEPs in your authority.

Audit Wales has carried out recent property and estates audits at Newport, Carmarthenshire and Pembrokeshire while Swansea's is currently taking place. The audit had helped to raise the profile of strategic asset management in Pembrokeshire.

CPD Session - Chris Brain

<u>Finance:</u> WLGA has warned a return to austerity would be 'devastating for our communities' following budget warnings from First Minister Mark Drakeford, who said the WG faces the 'toughest financial situation since devolution'. A table showed 2023-24 projected deficits for 15 of the 22 councils in Wales. In the wake of the s114 Notice issued by Birmingham Council, members were requesting a list of assets and services that must be maintained.

Other councils reported to be 'at risk' of issuing a s114 Notice included Coventry, Kirklees, Hastings Borough and Somerset County, while nine councils within SIGOMA had warned of having to issue s114 Notices by 2025. Financial difficulties were not confined to the public sector - Wilko and the Buckingham Group both collapsing; Savill's turnover and profits down; and Crest Nicholson profits falling as new home sales tumbled, while the FT reported 2023 construction company liquidations have been at their highest for a decade.

<u>Commercialism:</u> Spelthorne is at the top of a debt-laden English councils list (£1.1 bn or 87 times its annual income) in a Moody's report; a failed Woking Borough Council regeneration scheme leaves debts of £500m and a s114 Notice in June, while Mid Devon District Council and Middlesbrough Council are winding down housing subsidiary companies formed in 2017 and 2018 respectively after heavy losses. Meanwhile, Somerset has found itself in difficulty due to short-term borrowing by now defunct district councils in its area to finance commercial investments, while (Conservative led) Thurrock Council 'invested up to £655m' in Rockfire Capital, a solar farms company now in administration (in liquidation at 26 Sept.), some of which was used to buy a private jet, a yacht and a Bugatti Chiron. Moody's, a highly respected international credit rating agency, blamed the abolition of the Audit Commission in 2015 and austerity cuts for the failures.

<u>Asset management:</u> Chris looked at the findings in the Audit Wales report, "Springing Forward: Lessons from our work on workforce and assets in local government", issued on 12 Sept. 2023. (https://audit.wales/publication/springing-forwardlessons-our-work-workforce-and-assets). This reviewed the rapidly changed and evolving strategies and policies relating to digital, hybrid or smarter working models for workforces across all 22 local authorities in Wales and how it relates to their workforce and asset management strategies, and their service planning arrangements.

The importance of maintenance in the example of Elstree Film Studios (owned by Hertsmere Borough Council) where deferred maintenance tasks have now become unaffordable, but the studios provide around 20% of the authority's annual income. The Social Value of Libraries was also considered in recent reports with up to six times ROI estimated. Reports on Changing MEES regulations for warehouses (Knight Frank) and offices (Carter Jonas) say that many could become unlettable by 2027 without major upgrades.

<u>Flexible working:</u> Following a year-long hybrid working trial in which over 94% of managers reported that staff were equally or more productive in working from home, Ceredigion County Council is set permanently to allow its staff to work from home. There are some challenging areas such as poor broadband connectivity, induction training, and lack of social interaction for staff. On a global scale, see the latest workplace survey from Eptura (https://eptura.com/news/eptura-workplace-index-q2-2023/); while Amazon, Disney and Zoom (surprisingly) were among large firms reducing remote working days. A FoI request from the Taxpayers' Alliance, revealed that more than 1,350 requests from council staff to work from overseas had been approved over the past three years, mostly in London councils. Cheshire East, Cheltenham Borough, Nottinghamshire County and Ashford Borough councils were all said to be downsizing their offices due to more flexible working practices.

<u>Net Zero Carbon:</u> A "Progress Report: Reducing Emissions in Wales", required

under the Environment (Wales) Act 2016 was published by the Climate Change Committee in June 2023. It found: Wales' First Carbon Budget (2016-2020) has been achieved. Welsh greenhouse gas emissions decreased to an average of 28% below 1990 levels during the First Carbon Budget period (against 23% target) but Wales is not yet on track to meet its targets for the second half of this decade and beyond. Agricultural land use is lagging behind targets, increasing Wales' reliance on exceeding targets in other sectors during the Second Carbon Budget (2021-2025). The Third Carbon Budget (2026-203)) calls for a reduction of 39% on 2019 levels.

The WG is supporting delivery of Local Area Energy Plans across all local authorities in Wales but currently lacks a comprehensive national plan for decarbonising buildings, except public buildings and socially rented homes.

Wales has launched a publicly owned renewable energy company, Ynni Cymru, to drive local investment in community-owned low-carbon energy.

New guidance (June 2023). (https://www.istructe.org/resources/guidance/car-park-design/) by the Institution of Structural Engineers says that the structural design of car parks needs to be 'carefully considered' to ensure they are fire-safe, sustainable and secure for public use because average vehicle weight has risen from 1.5t in 1974 to almost 2t today due to electric and hybrid batteries and the increasing size of cars.

Air quality: Pollution in Leeds was above legal limits in 2021, despite reduced traffic due to the pandemic. In Newcastle, a Low Traffic Neighbourhood in one area is being discontinued after data showed increased traffic on smaller neighbourhood streets, but a trial is continuing in another city area. In Haringey, the number of 'School Streets' is being increased over three years from the current 23 to 61, where data showed a 42% reduction in traffic and NOx emissions down 26%. Birmingham's clean air zone has been less effective than thought, with NOx emissions down 7.3% against 13% forecast, and no impact on the concentrations of fine particles, PM2.5, the air pollutant with greatest ill-health effects. Parking charges and resident and business permits in Greenwich are now based on vehicles' CO2 emissions, with surcharges for diesel and additional vehicles.

Asset valuation: New RICS Guidance on Existing Use Value published in June 2023 now includes 13 case studies to demonstrate practical application of EUV, but there is no significant shift in thinking or advice. Measures are being considered by government in a bid to tackle the growing backlog of unaudited council accounts dating back up to seven years. A PAC inquiry heard there are fewer than 100 key audit partners registered to perform local audit and the scarcity is also beginning to affect other sectors, such as the NHS.

HM Treasury report to FRAB on valuation of specialised and heritage assets was published on 11 September, with any changes likely to be effective in 2025-26. RICS has launched a consultation on the Valuer Registration Scheme with three main proposals, open until 12 December (https://www.rics.org/profession-standards/consultations/regulation-of-valuers) and (https://www.rics.org/training-events/online-training/scheduled/rics-globalvaluation-compliance-officer-webinar?deliveryName=DM64573#undefined).

Health and safety: Some RAAC guidance - (https://www.cross-safety.org/uk/safety-information/cross-theme-page/structuralsafety-reinforced-autoclaved-aerated-concrete-raac-planks) and (https://www.local.gov.uk/topics/housing-and-planning/information-reinforced-autoclavedaerated-concrete-raac). From RICS (https://www.rics.org/news-insights/current-topics-campaigns/raacadvice-and-faqs) and a recorded webinar (free to RICS members) (https://academy.rics.org/rics-uk-providing-the-latest-on-reinforced-autoclaved-aerated-concrete-raac-webinar).

In Wales, the Auditor General, in a report published on 1 August raised fears that The Building Safety Act 2022, created in response to the Grenfell Tower disaster, and to be fully implemented in October 2023, would not be effective and the problems it sought to address will remain.

Levelling up: The British Retail Consortium has called for local authorities to make a 'cohesive plan' to revive shopping areas. In Q2 of 2023 shop vacancies were almost 18% in shopping centres and 14% in high streets. The highest vacancy rates were in the north-east and the Midlands, followed by Wales and Scotland. Herefordshire and Shropshire councils in England and Monmouthshire and Powys in Wales have entered into an agreement, the Marches Forward Partnership, to work together in various fields to secure additional funding for the whole of the Marches area, while Telford and Wrekin Council may yet join in the partnership.

However, an LGC survey found little optimism about the ability of councils to secure investment for regeneration projects in their area over the next 12 months. Schemes worth over £250m have been cancelled and projects worth over £2bn have been postponed. Planned housing developments in Spelthorne have been shelved while the council considers other options amid rising PWLB interest rates and construction costs.

BENTLEY MEMOIRS Two years on – Part 6 (ish)

David Bentley bentleybunch@icloud.com

David looks back on a full two years far 'oop north'

David was Head of Asset Management at CIPFA for over 20 years but has recently 'semi-retired' and moved to live in the Scottish Highlands north of Inverness. If you are interested in his photography website and 'Grumpy' travel guides, they can be seen at https://davidjbentleyphotography.com/ You may even be tempted to stay at his Bed and Breakfast which can be viewed at cuillichmill.co.uk; if it's any comfort, he assures me that he is not responsible for cooking the breakfasts.

Some tales

We are finally coming to the end of our second year, and I think we're gradually getting to terms with what it means to run a bed and breakfast in the Scottish Highlands. It's been much busier this time around, probably due to the fact that people have more confidence in travelling after Covid, and we've had some great guests from all around the globe. I've had so much practice at changing beds that I've somehow acquired the nickname of 'Duvet Dave' although I'm not sure it's one I'm going to use on my LinkedIn profile. The reviews are coming in thick and fast, whether it be Airbnb, Booking.com or Google and so far, so good, we're scoring best on all of these in the local area. Probably down to Leila's cooking and the popularity of the two dogs, rather than my laundry skills.

Despite the achievements, there have been some slight disappointments over the year. My efforts to persuade anyone from overseas as to the benefits of brown sauce as an essential accompaniment to a cooked breakfast have been largely unsuccessful, and very few seem to be interested in discussing asset management, let alone joining ACES [Ed – you're not trying hard enough David!].

It's the potential guests who never made it to the door that have given us more consternation. We had one enquiry from a family who wanted to park their campervan in the driveway overnight; their suggestion being that their children could sleep in one of our B&B rooms and the parents would stay in the van. We responded suggesting we were happy to accommodate but it would be better if one of the parents slept indoors with a child. We never heard anything back. They were either after a free babysitting service, or just planning to disappear in the night and leave us with two new mouths to feed. Another enquiry asked if we accepted Sainsburys 'Active Kids' vouchers. Unfortunately, I forgot to renew our multimillion-pound sponsorship deal with UK Athletics for this year, so on this occasion we had to turn them down. Finally, we had a phone call late

one evening from a Dutch group who were after accommodation for six people that same night. We told them we were fully booked and anyway could only accommodate 4 guests. They replied they'd been camping for the last four nights, and hadn't had a shower but they all had sleeping bags so were happy to sleep in whatever space we had. Much as we like to help, they didn't seem too convinced when I told them our insurance wouldn't cover this as an option and I must admit the prospect of six sweaty/muddy guys distributed on various surfaces around the house wasn't too appealing.

There was a bit of excitement last week when we received an email telling us we'd won an 'Enterprise award' for 'The Best Tranquil B&B Accommodation 2023 in Northwest Scotland'. While this was very flattering, we're not actually in the northwest of Scotland. Northeast yes, even north would do, but definitely not northwest. We emailed them back pointing out their geographical error, but they seem hell bent on giving us the award. I'm not sure why, maybe it's because they were also offering an option to pay £595 for an 'award package' that consisted of a full-page article in their magazine, a 'bespoke trophy' (which looks like one that costs £30.99 if you buy it on Amazon) and a personalised digital logo (whatever that is). For £795 we could have the already mentioned items with a two-page article and (drumroll) a digital certificate. The options for prize packages just got better and better, each time adding must have items to the bountiful delights already mentioned. The ultimate package came in at the discounted price of £4,995 and I was sorely tempted. Maybe not. I think we'll let them keep their award.


Inchindown

Asset management

On the property/asset management front it's been very busy, with quite a lot of events and writing asset management documentation fitted in-between clearing breakfast tables and duvet changes. So the tour guiding has had to take a bit of a back seat, although I have taken a few American tourists round and about. We also got some exclusive tour guide visits to see the newly refurbed Loch Ness Exhibition Centre and the not so new Oil Tanks. The former is a big improvement on the old exhibition and included a trip on the 'Deepscan' cruiser which takes you to the middle of Loch Ness in search of its most famous inhabitant. There's been quite a few sightings of Nessie in recent weeks although she didn't disappoint, as you'll see in the picture. No, of course it's not photoshopped.

The Oil Tank visit was to the home of world record reverberation. Reverberation, according to the Cambridge Dictionary is 'a sound that lasts for a long time and makes things seem to shake'. Contrary to popular belief, the record for the longest reverberation in any manmade structure is not held by the bedroom that I sleep in (snoring joke if you're not keeping up), but by the secret disused underground oil depot near Invergordon which goes by the name of 'Inchindown'. I realise it's now no longer secret because I've blurted it out, but as it's already featured in various TV programmes, I suppose I'm not being too remiss.

The tunnels were built in the Second World War as a secret bomb proof fuel store for the British Navy and seemingly remained undetected by the German Luftwaffe for the duration. Now they are hidden in the middle of a forest on a Scottish hillside and if you didn't know where they were you probably would never find them.

Since we moved up here, we'd heard various stories about the tunnels. giant spiders, headless ghosts, claustrophobic chambers, bottomless pits, pirate's treasure, the Loch Ness monster and flesh-eating unicorns. OK, I made one or two of these up; even so, I'd always wanted to visit and fortunately got a chance over the summer with a number of my tour guide colleagues.

The complex consists of six fuel tanks, the largest ones being 237m long, 9m wide and with arched roofs 13.5m high. To gain access to each tank you need to be pushed through a pipe on a small trolley. A bit like

a rotund pizza pushed into a rotund pizza oven, but certainly not as hot, and without pepperoni stuck all over you. The actual tanks (we visited Nr 1) have fortunately been drained of fuel (otherwise it might have been difficult to walk around, or take pictures for that matter), and we were treated to a world record reverberation, followed by a very impressive Enya recording - at least I presume it was a recording, as Enya didn't go in with us, and it would be very cruel to leave her underground all that time just for visitors to listen to.

We all emerged safely after 90 minutes underground and I'd love to go back again and have a bit more time with the camera in order to try some different shots. Maybe one of the flesh-eating unicorns might be prepared to pose for me next time?

Simon qualified as a chartered surveyor in 1980. He 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 (now East Suffolk Council). He retired in 2018.

MORE MUSINGS
A Sentimental Journey

Simon looks back at his career at a Suffolk district through the eyes of a cricket umpire.

Simon Eades

How many of you recall the song "Sentimental Journey" - composed by Les Brown and Ben Homer, with lyrics by Bud Green - which became Doris Day's first No 1 in 1945?

I suspect those reading this may recall that it was also the title of Ringo Starr's first solo album in 1970.

Well, this summer I made a sentimental journey back to Lowestoft.

In June 2006 I started work for Waveney District Council [WDC] in Lowestoft as a Valuation Surveyor in the Asset Management Department. I needed a change as I felt I had achieved all I could at Great Yarmouth Borough Council. The opportunity at Lowestoft was too good to miss. I had a thorough interview, was offered the post and started in June.

The acceptance of the job meant that I would be travelling from Norfolk to Suffolk - and back - every day. That did not present any difficulties, indeed there were three possible routes; but there was and is no love lost between residents of Norfolk and Suffolk. There is a friendly respect between the two counties, but I did have to play down my support for Norwich City in an office where the majority of my colleagues seemed to support Ipswich Town!

Umpiring

June 2006 was also the month that I started a new role as an English Cricket Board [ECB] Umpire. I started the three-month evening course in January, 2006 and took the exam in March, after covering the Laws of Cricket, the role of the umpire in interpreting the laws on the cricket field, and general fieldcraft. The results letter was waiting for me when I returned from a day auditing APC Panels in Swindon in April. I had to complete safeguarding measures and was approved to umpire in June 2006.

Many people have asked me why I took this step. I had played cricket on and off during my life but the decision to qualify as an umpire started when my sons were playing youth cricket. The coach encouraged me to get out of my chair and told me to find seven stones. I commented that I thought there were only six balls in an over but was told that I might lose one! I went out to the pitch and umpired the match and one thing led to another.

I do not umpire a specific club team – instead the appointments committee appoints ECB umpires to local league matches in Norfolk and North Suffolk.

Over the past 17 years I have umpired over 200 one-day matches, standing with 70 different colleagues and visiting 50 or so different locations in Norfolk and North Suffolk. I had been to some places before when I played cricket, but each time it was different. A league umpire has responsibilities immediately he arrives at the ground: this was one of the points that was reinforced in the training. A league umpire has more responsibilities than being able to count from one to six!

Working at Waveney

One of the first things when I arrived at Lowestoft was to understand and appreciate the extent of the asset portfolio. I was lucky to have the support and assistance of colleagues that knew the properties. As time went on, so my knowledge and appreciation increased and I was able to gravitate from Lowestoft to the other major areas in the district. I also gained an appreciation of the vast range of the asset portfolio and the annual asset valuations would turn out to be a challenge.

In many respects my initial journeys on starting at Waveney were similar to my journeys every Saturday between May and August each year visiting cricket grounds. I would ensure I knew where I was going, work out the route, and carry out the inspection. On Saturdays I would arrive at the ground, review the pitch and outfield and meet my colleague and captains.

We would umpire the match, enjoy tea between innings and when the match was over, I would go home.

I had some interesting journeys to some grounds. Some I have been to before and I needed no assistance. Others were difficult and despite having been to some several times, I still have difficulties in locating them!

I soon discovered that some games, from an officiating position, were better than others. I learnt very quickly that the best games from an umpiring perspective were to ensure that the umpires did not intervene unless necessary, and ensure that the game proceeded without incident. Clearly if there were incidents, then the two umpires had an obligation to diffuse the situation.

There are two grounds that I had no difficulty in locating as they were held on assets owned by WDC. When I was at WDC, the asset management department had overall responsibility for the asset, but the day to day management was devolved to the grounds maintenance team. This did mean that the cricket clubs were not directly responsible for the pitch and clubhouse. I had no direct responsibility for them other than to complete the asset valuations.

I have umpired at Lowestoft Cricket Club four times in the last 17 years. Ironically the last three times have been since I retired! The last two times were consecutive weekends this June. The location of the most easterly Cricket Ground in England, known as Denes Oval, is only 100m from the North Sea. There is a substantial brick wall between the sea and the ground – but nothing else - and any prevailing breeze from the North Sea always makes an impact! The umpire at Denes Oval always needs to have several layers of clothing!

I approached Lowestoft with the confidence that I could arrive in time. I knew where I was going- or so I thought. I had not appreciated road works in the town centre but I did arrive on time, passing several properties that I had managed in the past. It was a wonderful sentimental journey and I saw many former properties on a warm summer's day.

The match went well – both umpires had no difficulties or issues and the match was played in a good spirit. Lowestoft won by six wickets and it was ironic that the opponents were Beccles – the other WDC owned cricket ground.

Two vacant offices

I left Denes Oval and the road works conspired to send me south of the River Waveney along the road passing the location of the new shared council offices for WDC and Suffolk County Council. The temptation to go and have a quick look at my old office was too great and so I turned right. The original access was no more – the current construction of the third river crossing meant that the former access via Riverside Road was incorporated in the river crossing. I looked for a turning right and then I saw the next right - Colin Law Way.

I knew this was correct. Colin Law was the leader of WDC in my later years and the principal councillor responsible for asset management matters when I first started at WDC. Sadly he died shortly before I left WDC.

I had been at Lowestoft about a month when I was asked if I had any compulsory purchase experience. The council had instructed agents to act on its behalf and my involvement was to submit, with others, answers to any questions that may be raised internally by officers and members.

My recollection of the whole project has reduced over the passage of time, but the agents appointed by WDC had already completed a considerable amount of the site assembly before I was involved. I can recall that the Compulsory Purchase Order [CPO] was served in November 2006 and a Public Enquiry took place in April 2007. The CPO was confirmed in March 2008. The original plan included a government departmental operation based in Lowestoft. That department subsequently

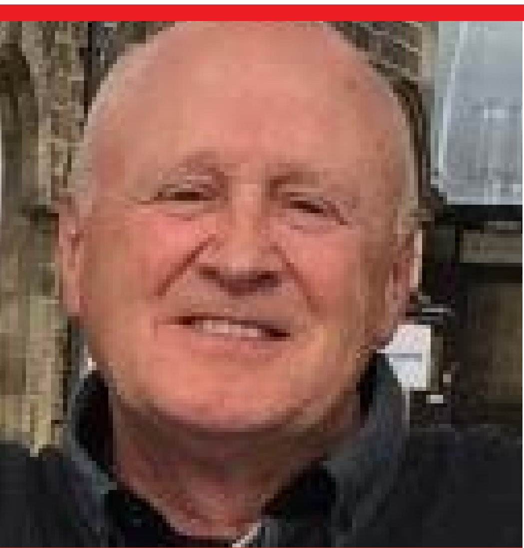
withdrew, choosing to redevelop its existing site and a revised plan was started in 2009. The revised scheme for the two authorities led to the need for a smaller building, and occupation took place in Spring 2015.

When WDC's asset management function moved to the new site, the team had just returned to WDC, following a period of outsourcing. There were pressures on space in the new building and so the WDC team was placed in a smaller building on the CPO site that was in the course of construction at the date of the service of the CPO. The then owners chose to complete the building and then occupy it for a short period before relocation to their new building. I followed the road round between the shared council office building and the site compound for the river crossing, and then I saw the smaller office building I used to work in.

The 180 sq m building was formerly occupied by WDC Asset Management and the Electoral Services departments, and Suffolk County Council Births, Marriages and Deaths. The building is no longer occupied – not surprising, bearing in mind the close proximity of the river crossing. When I left Lowestoft in 2018, the comment was made that the bridge would be so close to the building, drivers could be offered take-away cups of tea! It was only on that visit did I appreciate how true that comment was. It was quite sad to see the state of the building. I enjoyed my time there and in many respects, it was quite beneficial not being in the main building. Whether others thought that I do not know. On reflection, I thought that is was ironic that the two people still employed by WDC and were closely involved with the day to day development of the large building, were based in the smaller building!

Where was my next match? – Back to Lowestoft two weeks later. This time the weather was poor and it rained for the majority of the match. One team still wanted to play, to improve their position in the league, but this was not possible until the umpires felt the ground was safe. Unfortunately, we were defeated by the conditions and we had no alternative but to abandon the match.

This time I decided to go straight home, but not before I stopped to look at Lowestoft Town Hall. I took some photographs but the absence of any occupation has left its mark.



SELWYN – THE EARLY YEARS
The Great Shepdale Bell (1979)

Dave Pogson

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

'The Selwyn Series' and 'Herdwick Tales' that precede 'Selwyn – The Early Years' were written specifically for ACES' Terrier. Each story was a self-contained episode in the life of a council property manager from 2001 to the present day and beyond, as he approached and enjoyed early retirement from the fictional Herdwick District Council. They can still be read in back-issues of ACES' Terrier, starting from 'The Final Vote' in 2017/18 Winter Terrier.

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 second series ended just after Selwyn's death from old age in 2036.

'Selwyn – the Early Years' is a supplement to that original series, taking Selwyn back to the start of his career, 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.

'Do you remember Mad Mike who used to work in the Environmental Protection Group at Herdwick District Council?'

Image by Clker-Free-Vector-Images from Pixabay

Selwyn had called in to Shepdale Museum at the end of Sheepfold Lane on his way from visiting Megan and his baby daughter Lisa in the maternity unit at Northshire Herdwick Hospital. He was sitting opposite Sheila in the Curator's office.

'Vaguely. Environmental Protection Group never visited us much. Was Mike the guy who was involved in the Shepdale Bell dispute last year? The one whose hair turned white overnight. I seem to remember his name from reports of the controversy in the Herdwick Gazette.'

'That's him. He went off sick after that and never came back to work. I ran in to him last night when I went to wet the baby's head with Arthur, Jim and Eric at the Wandering Tup.'

'Congratulations. A girl I believe. The grapevine never sleeps in the council.'

'Both doing well. We're calling her Lisa. She looks just like her mother, fortunately.'

'Anyway, as I was saying. Mike came wandering in. We all chatted. He works for Lanchester City Council now but still lives in Herdwick district. He's been receiving counselling since his sudden departure from the council. As part of his treatment, he told us that he'd been advised to try and confront his fears. He told me how he was approaching that. Apparently visiting the Wandering Tup last night was a big step forward in his recovery but that was as near as he wanted to get to the town hall across the road. He kept glancing at it through the front bay. I don't think that he'll ever set foot in there again. Strangely, he had a pocketful of bits of paper, all with the same words on them, written out by him. He was giving them out to everyone in the pub. Said it was his mission now. That was also part of his therapy, he said, and he gave me this copy.'

Selwyn handed her a piece of paper with words scribbled on it and said,

'It sounds familiar to me, like a bit of the famous Walter Winster's dialect poetry, but not familiar at the same time if you know what I mean. Arthur said the same thing. We were curious. We thought that you, Sheila, as the local Winster expert, might know what it was.'

Sheila read it quickly and smiled.

'I know what the words could be. I wouldn't have known it six months ago. I'm amazed that Mike has a copy though. Including the workmen and the landlord of the Tup, there's only a handful of people in the world who've seen this before. Hang on a minute.'

She walked over to a filing cabinet, unlocked it, opened the top drawer and pulled out a clear plastic envelope containing what looked like an unfolded Capstan Full Strength Navy Cut cigarette packet. Turning the envelope over she handed it to Selwyn and said,

'Handle this carefully. Please don't take it out of the plastic. Just read that side. Then tell me exactly what Mike said to you.'

***

The Great Shepdale Bell had hung in the old Moot Hall at the crossroads on Sheepfold Lane since the 15th century. Locals claimed that it had been rung by hand every hour on the hour both day and night since then. It was reputed to bring good luck to the district just so long as it continued to ring out. It could be heard out on the fells. The Herdwick shepherds used it to find their way down after dark or in times of poor visibility from fog, rain and snow - which was often. In the main, the good luck had held as the town had prospered from the wool trade and from peaceful times as the great domestic upheavals of British history - the War of the Roses, the Civil War, the Jacobite Rebellion - all passed Herdwick district by.

In Victorian times the Moot Hall had burnt down. A town subscription raised funds to replace it with a new town hall on the same site. A clock tower was added on top and the Great Shepdale Bell was re-hung behind the clock in the bell room with the striker rope hanging directly down through the ceiling into the council chamber below, ready for hand-ringing. Immediately behind the dangling rope, on the council chamber wall, a carved wooden plaque spelt out the now-redundant Shepdale Municipal Borough Council motto "Pannus mihi Passionis" and beneath it the last verse of Walter Winster's world famous dialect poem, 'Ode to t'Erdwick' …

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

In later years the Bell's striking mechanism was converted to electrical power and the hand-pulling on the rope was abandoned. From above the town hall the Great Bell continued to sound out across Shepdale and out onto the fells as Herdwick district emerged unscathed from two world wars and looked forward to renewed prosperity from the international expansion of nostalgia-inspired tourism in the second half of the twentieth century.

In 1978 the bell faced its greatest threat since the Moot Hall fire.

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Selwyn continued to recount his evening with Mad Mike to Sheila.

'You remember that long running dispute about the Shepdale Bell last year? That's what sent Mike mad. Some off-comer bought 'The Olde Smoke-Shed Guest House' in the town centre and immediately made a fuss about his guests and himself not being able to sleep with the noise from the bell striking the hours through the night. Mike had to take sound measurements with a decibel counting machine. It was well in excess of 85dBA so he had to advise the Public Health Committee that the loudness of the bell constituted a statutory nuisance under the Public Health Act 1936 and had to be abated at night. And what a row followed that. Committee meeting after committee meeting, councillors up in arms, petitions, marches, a protest with sheep herded through the town, farmers chaining themselves to the historic hitching rings outside the town hall, letters to the Herdwick Gazette, letters to the local MP, a question raised in Parliament. All claiming an attack on our rights, sweeping away centuries of tradition, disrespecting our history, off-comers not understanding northern ways, disaster likely to befall the district, and so it went on. Mike was under a lot of stress as everyone blamed him just as much as the off-comer.'

'I remember it well. We did a small feature exhibition about it in the museum for the schoolkids at the time.'

'Charles Bowstead, the Clerk and Chief Exec, sent for Arthur and asked Property Services to find a solution. And we did. We talked to Shepdale Bellmakers & Clockmenders Ltd. They suggested that we record the sound of the bell and appoint them to fit an electronic sound system in the bell room. They fitted a timer mechanism to shut off the automatic bell striker at night, while the recording kicked in to play it through speakers at a lower decibel level. It was a compromise that complied with the law but pleased nobody. Locals round here are never happy unless they have summat to moan about. One unfortunate consequence was that the bell could no longer be heard out on the fells above the noise from the new motorway. But it was the best that we could do in the circumstances. Charles told the Councillors that they would just have to lump it or end up losing in court. The row died down eventually but it may yet pop up again come the next local election.'

'I guess that the council was caught between two crooks. So what exactly happened to Mike?'

'Well, after we fitted the new system, he had to go back to the bell room at midnight one Friday night to verify the lower decibel level. Nobody knows how it happened, but the door jammed shut behind him and he was locked in there alone until Monday morning when the caretaker found him. By that time his hair had turned white and he was rambling. That was the last that we saw of him until last night.'

'So how did he come up with the writing on this slip of paper?'

'Well Mike reckons that while he was locked in the bell room he was visited by the ghost of Walter Winster. We're not sure about that really because who believes in ghosts? And, anyway, there was a portrait of Walter Winster stored in that room. It could have played tricks with his mind. You know all those pictures of past mayors that line the corridor leading to the council chamber in Shepdale Town Hall? Well we'd run out of space for any more so we'd taken the first one down to hang the picture of the current chairman of council in its place. Our intention is to work our way along the wall in date order in the future as new chairmen are appointed. The portrait that we'd taken down just happened to be Walter's from when he was mayor. I recall it well because it was the first thing that I saw when I visited the town hall in 1966 at the start of my career. Mike had nothing else to look at or to talk to for the whole of that weekend.'

'It must have been horrible.'

'Well yes. Walter wasn't a great-looking bloke judging by that portrait. Oh, sorry, you mean about Mike being locked in? Yes, that must have been horrible too. You know about Walter's history - falling off the Tup roof just across the road and dying as a result on VE day in 1945. There's some old Tup-regulars that claim to have seen his ghost crossing Sheepfold Lane to the town hall at throwing-out time. They reckon that Walter goes over there to climb the clock tower for a better chance of winning his bet that he can see Blackpool Tower off the higher roof. Can ghosts see at night? Maybe it's only when Blackpool Illuminations are on. Really, I just put that down to the regulars having had too much Rampant Ram of a Saturday night.'

'Don't you believe in ghosts Selwyn?'

'I don't, but Mike does now. He reckons that Walter spoke to him over and over again that night, with the recorded bell ringing in his ears every hour, repeating what's written on that bit of paper…

'But hark t't warning yan an' all
'Bout 'erdwicks oot on't fell.
Yons' luck will only last s'long
As't earing t'Shepdale Bell.

So, Sheila, where did the cigarette packet come from with those same words written on it?'

'That's the funny thing about all this. It was only found earlier this year under the floorboards of the Wandering Tup. Workmen were re-insulating the void with fleeces, in keeping with its original construction, to comply with its Grade II* listing. They were fixing a bit of wet rot that was discovered in the floor joists. It was well after the date when Mike was locked in the bell room. You'll be aware that Walter was landlord at the Tup up to the date of his death. We've had the phrasing and handwriting examined and it seems to be Walter's. We also have a box of his original notes donated to the museum by his widow. The academics like to study them to see how Walter developed his inspiration, although I think that he was just three sheets to the wind when he was writing. He drafted most of his stuff on the back of Capstan Full Strength Navy Cut fag packets – his smoke of choice apparently – while sitting in the Tup. We reckon that he wrote this as the intended final verse to his world famous 'Ode to t'Erdwick'. Then, because he was drunk, dropped this very cigarette packet on the floor when he stood up … or fell over … or passed out. It must have slipped between a crack in the floorboards and we guess that he'd forgotten that he'd written it when he'd sobered up. It's ironic - the original Herdwick fleeces must have preserved it from the damp.'

'So Mike can't have seen it.'

'Not really. It's not been made public yet. We won't release it until we're certain of its provenance. It will have world-wide interest for Walter's fans. Especially with that emerging Greenpeace organisation where he has a bit of a cult following.'

'That poetic reference to 'luck' not lasting if you can't hear the bell on the fells – I know it's been a local superstition as long as I've been around - that does seem to fit with the other things that Mike said last night. He says that Walter's ghost warned him that disasters would befall the country, including Herdwick district, now that the bell could no longer be heard on the fells. Here, I jotted them down to remember them. It's a long list.'

Selwyn consulted the clean inside of a split Herdwick Breweries beermat on which he'd made notes.

'Walter predicted that England will never again win the World Cup; that there will be rioting in the streets over something called the Poll Tax; that the coal mining industry will come to a violent end; that we'll fight a war over an island in the South Atlantic with Argentina – can you believe that? We're more likely to come up against Argentina in the final of the World Cup. He said that unemployment will reach record levels; manufacturing will disappear; interest rates and house prices will rocket upwards; council houses will be sold off; poverty and inequality will flourish and that there will be no such thing as society any longer. His final prediction was that we will still have to endure many other hardships as a country - foreign terrorist attacks; world-wide recession; climate-change; pandemics; and something called Trump. It won't end until someone born within the sound of the Great Bell discovers an important new use for Herdwick wool to save the planet and change everything for the good again.'

'I agree, Mike sounds completely crazy. It all seems a bit far-fetched to me, Selwyn. Only time will tell if any of this is likely. I have my doubts. I mean, I've never heard of anything called Trump – does he mean a disease do you think?'

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'So, Selwyn, Megan's coming home with the baby tomorrow?' Then you're taking a week's holiday to help her out. I'm sure we can manage until you get back.'

Arthur and Selwyn were in Arthur's room at the council offices at the rear of Shepdale Town Hall. Selwyn had reported his conversation with Sheila to Arthur. Arthur asked,

'So, the other night. What did you make of Mike's or, rather, Walter's prediction?'

'Not much. England will win the World Cup again. They're bound to appoint Brian Clough as manager now, surely. What about Forest's European Cup Final Victory over Malmo in May? Absolutely brilliant.'

'No, not that. I mean the bit about the country's bad luck running until someone born within the sound of the Great Bell discovers an important new use for Herdwick wool to save the planet and change everything for the good again. It's hard to completely dismiss it as the ramblings of a madman when Mike had the exact wording of that missing verse.'

'Herdwick hasn't produced many world saviours over the centuries so far as I'm aware. We could be waiting a long time. Mike was nicknamed 'Mad' for a reason. I've no idea what the prediction meant.'

'Well, you've got a new baby. Maybe Lisa will be that child.'

'I doubt it. Megan's already planning her future. It doesn't involve Herdwicks as far as I know, unless she's thinking of teaching Lisa to knit bars of gold when she's older.'

'So, will you be haunting the Tup for a pint tonight? It could be your last chance for a while.'

'I think that I could be persuaded. Perhaps we'll bump into Walter's ghost at closing time. We can ask him to fill us in on some more of the detail about his predictions.'

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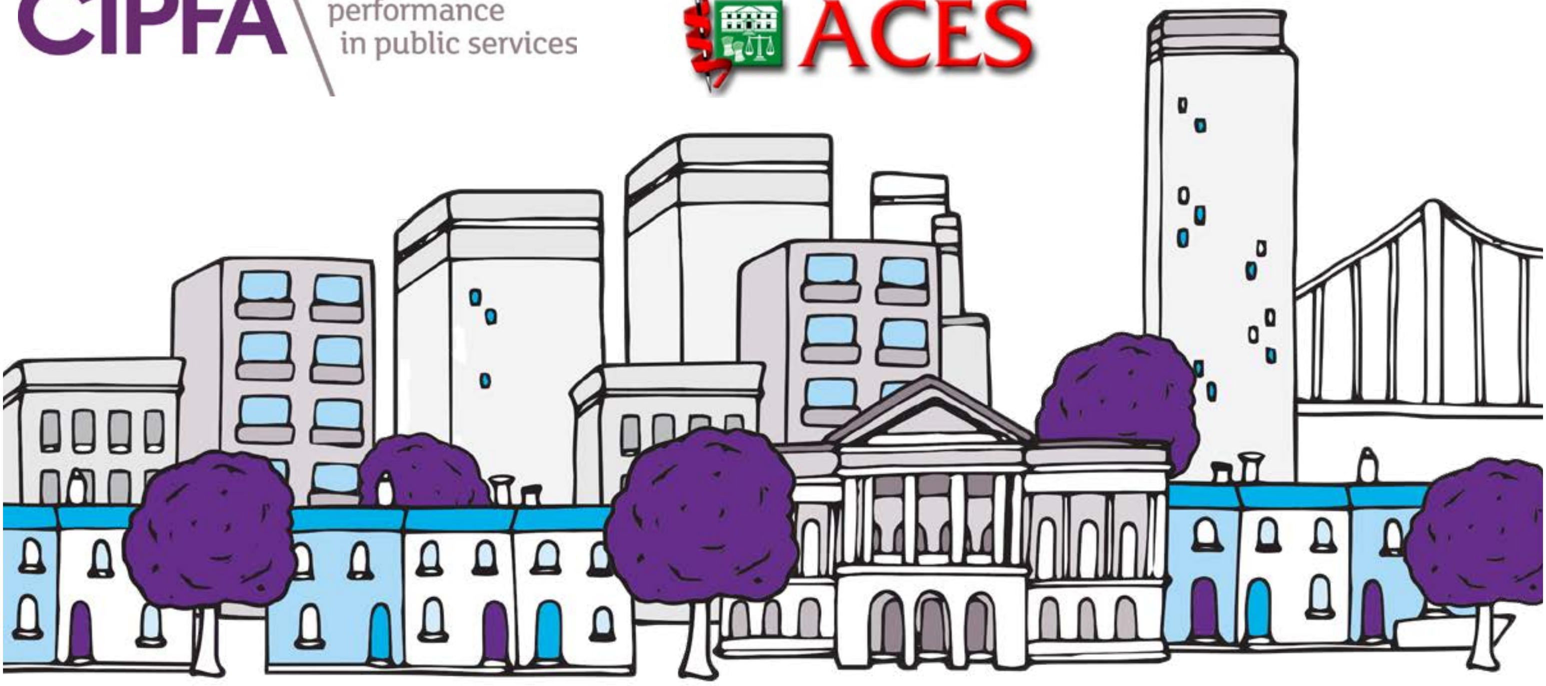

Diploma in Public Sector Asset Management

As a result of a protracted period of austerity in our economy and particularly in the public sector, key knowledge, skills and experience have been lost in property and asset management teams across the UK.

With little in the way of practical and bespoke training directed at the public sector asset management professional, CIPFA Property and the Association of Chief Estates Surveyors (ACES) have designed a modular diploma that seeks to deliver the skills and knowledge in those key areas of public sector asset management identified as requiring the greatest support:

Module 1	Strategic Asset Management, Introduction and Organisation
Module 2	Development of Documentation and Asset Management Challenge
Module 3	Business Case Development and Option Appraisal
Module 4	Capital Projects and Maintenance
Module 5	Data and Performance
Module 6	Operational vs Non-Operational Property
Module 7	Asset Management Today

Who should attend

The diploma is an ideal qualification for a range of staff who may be involved in Property Asset Management within a public sector setting. These include but are not limited to:-

- Property Staff new to the public sector or new to Asset Management
- New starters with little or no previous training
- Staff in other areas who may be involved in strategic property activity i.e. finance professionals, key clients from services, etc.
- More experienced property staff who have specific knowledge gaps or would like a more comprehensive understanding of this area.

How will the diploma be taught?

Whilst the diploma can only be attained by completing all 7 modules and successfully passing the end of course examination, each module is discreet and can be taken independent of other modules to help fill specific knowledge gaps. The course can be completed through online webinar training or via face to face classroom based teaching at locations around the country, or through a mixture of both.

How will the diploma be assessed?

Short confirmatory assessments will be completed at the end of each module to ensure students have understood the module content. At the end of module 7 a full written assessment will be completed covering all elements of the course.

What will be the cost of the diploma?

The cost of each module will be £400 for CIPFA Property Network Members and ACES members. For non-members each module will cost £500.

Network Members—£2,800+VAT for the full Diploma

Non Network Members—£3,500+VAT for the full Diploma

For a copy of the course syllabus please contact Keeley Forsyth, Property Business Support Officer at keeley.forsyth@cipfa.org