ACES Terrier

The Association of Chief Estates Surveyors & Property Managers in the Public Sector
Volume 28 Issue 4 Winter 2023-24

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VOLUME 28 - ISSUE 4 - Winter 2023-24

ACES TERRIER

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

EDITORIAL

Betty Albon

Welcome to the 2023-24 Winter Terrier.

I'm just watching the snow fall intermittently. Spring must be on its way though, as the wood pigeons have begun calling to each other, so I have that delight for the next eight months!

This issue leads with the inaugural speech of ACES' new President, Sara Cameron, which she delivered at a very successful Annual Meeting held in Edinburgh in November 2023. The City Chambers are a splendid location, and it was good to be back there after 7 years, Covid intervening to prevent some live events. Sara is taking a year off work, partly to concentrate on ACES. She hopes to keep members updated and looks forward to meeting as many members and colleagues during the year while she is #PresidentOnTour in her campervan.

Included are articles arising from presentations at the National Conference held in York last September, particularly some of the health sector case studies and Steve Norris' annual town centre research update. I'm very pleased to include one of the ACES Award winners – a practical guide to retrofitting a council house as part of Southend-on-Sea City Council's policy of reaching net zero. There are articles looking back and forward in the commercial property market, views on the approaching Infrastructure Levy, healthy buildings, a FACES update to help our young surveyors further their careers, and much more.

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

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Cover photo: ACES President, Sara Cameron, courtesy of Marcus Macaulay

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Graeme is Head of Estates, PLACE Directorate, The City of Edinburgh Council, and a member of ACES Scottish Branch

WELCOME TO EDINBURGH

Graeme McGartland

On behalf of ACES Scottish Branch and the City of Edinburgh Council, I would like to offer a warm welcome to the 2023 ACES Annual General Meeting. Some of you will have been to Edinburgh before, but for those of you who have not, I thought I would provide you with a few facts and figures about the local authority.

The city extends to 264 square kilometres (102 square miles), with most of the area contained within the city bypass. However, in the northwest, it stretches as far as South Queensferry, just before the Forth Bridges.

Midway through 2023 the population is estimated at 537,000.

There are 17 wards with 63 elected members, and it is currently run by a Labour minority administration.

The current council workforce is 18,400, with the main office the 194,000 sq ft Waverley Court HQ building.

There are:

- 90 Primary Schools
- 23 Secondary Schools
- 38 Community Centres
- 28 Libraries
- 2 Piers
- 1 Harbour
- 1 Marina

There are 1,500 km of roads in the city, and the tram network has been increased to 19km with the completion of the line to Newhaven – on time and on budget!

In 2023/24 the net revenue expenditure will be £1.29bn, with revenue funding from Scottish Government of £956m. Therefore, the council is facing a difficult financial future, as I am sure most of you in the room can relate to.

Our funding gap for next year is £58.6m and over the next 4 years, we need to remove over £170m from our running costs. Like many of you, we are doing what we can to face up to the climate emergency, the costs of living crisis, RAAC, displaced refugees, and just last week we declared a housing emergency.

However, it is not all bad news. We are undertaking one of the largest redevelopment projects in the country at Granton, where we will deliver 3,500 homes and which will also have the largest coastal park in Europe. As part of the project, we have plans to provide a sewer source heat network to provide zero carbon heat to the development.

We are submitting an outline business case with neighbouring authorities to develop the Forth Green Freeport, which will target an estimated £5bn investment and support 50,000 new jobs.

We are part of the City Regeneration Deal, which will deliver much needed investment in transport, innovation, culture and housing.

On the cultural front, the festivals are now back to levels seen before the Covid pandemic.

In closing, I thought I would provide some information on the venue for today's events. City Chambers was originally built as a Royal Exchange in 1753, but as it failed to prove popular with the merchants it began to be bought, in stages, by the local authority at the time, with the acquisition being completed by 1893. Further expansion works were undertaken in the early part of the 1900s.

Most of the interior of the main Chambers where we will have our lunch dates from between 1875 and 1890. The complex sits on the Common Good Account.

As you walked through the courtyard, you may have noticed two statues. The bronze gentleman sitting on the chair in the north east is General Stanislav Maczeck, a Polish WW2 tank commander who took part in the liberation of France

Caption: Skylight of main Chambers
Photo courtesy of Trevor Bishop, taken in 2016 when ACES' AGM was last held here

and lived in Edinburgh for the last 46 years of his life.

The main statue in the middle depicts Alexander the Great taming his horse Bucephalus and there is a story behind this statue, perhaps true but perhaps an urban myth. The statue was commissioned in 1832, but was not cast in bronze until 1883. At that point in time, the sculptor became concerned that he would not be paid in full and as a result, if you look closely at the ears of Bucephalus, you may note that they resemble a pig more than a horse.

While I could talk for longer about this great city, I will not take up any more of your time and will finish by once gain giving you a very warm welcome to Edinburgh, and I hope you have a fulfilling and enjoyable day. Thank you.

PRESIDENT'S KEYNOTE ADDRESS 17 November 2023, Edinburgh City Chambers

It is said that being around a table is when friends understand the warmth of being together. We are an Association, and when you look that up in the dictionary you see common purpose, connection and collaboration. It is my honour to lead the toast to our friends and guests in that same spirit. Slainte mhath [Ed – cheers].

Keynote address

Thank you and good afternoon. I would firstly like to say a heartfelt thank you to everyone here, members, guests and our corporate friends, for making the journey to Edinburgh today. I am especially grateful for those who travelled a long way to join us here in my other home city. I was going to wear my tartan today but thought it might take the shine off my new jewellery, so instead I will share my Clan's motto which is very apt for today, aonaibh ri cheile - let us unite.

Being a Cameron is something I am very proud of, and Scotland has been the heart of my family. I won't say any more, as I am sure to cry and I certainly don't want that photo on the front of ACES' Terrier!

It is customary to share a bit about how I come to be standing here. My career to date has been squiggly to say the least. I started at an institutional investor as an assistant portfolio manager specialising in sheds. I then ventured into estate agency, facilities management, development, and then real estate commercial finance, before finding my place in the public sector in 2008 as an Estate Surveyor at Norwich City Council. It was there that I truly learned my craft and specialised in asset management of a mixed portfolio across Norwich. Some of my favourite letting deals are still going strong in Norwich, and most of these are food and drink related!

So, as a bit of an expert…the venue and meal today have been excellent and I thank Trevor and colleagues, particularly Graeme McGartland for organising everything today, and to Edinburgh City Council, for enabling us to host you in such fabulous surroundings.

I am truly honoured to be standing here in front of you, being appointed President of ACES, and following Helen's great lead. Helen, you are a class act to follow, and I will do my best to live up to your example.

During my first few years in public sector property, I had heard of ACES but had no real engagement with the Association until, while working for past President Simon Hughes at Norfolk County Council, the two Neils - Webster and McManus - approached me in a pincer movement when I was elected to RICS Governing Council in 2017. Before I knew it, I was speaking at Neil's conference dinner, signed up as an ACES member, then Secretary of Eastern Branch, and here I stand.

We continue to work through uncertainty and challenging circumstances. Public sector property professionals have to be resilient and agile to not only do more with less, but to ensure that where organisations hold property, they do so with safety at the heart of their management.

For me, ACES has been the bridge between self and the job and it has enabled me to keep up with the pace of constant changing circumstances. I know it has been said before, but this is the unique selling point of ACES and it is reflective of the inclusivity of the public sector – you are welcomed, supported, encouraged and challenged collegiately. I will be forever grateful that that support has been universally extended to me throughout my last 3 difficult years. With the right support network, we can all continue to manage our land and property assets effectively, as well as being able to deal with whatever curve balls head in our direction. ACES is an excellent example of the power of the network – as an Association it is truly collaborative, with partnership working central to our and our members experiences, objectives and outcomes whether hyperlocal, at branch level, or nationally.

Between Norfolk County Council and my latest role as Head of Strategic Property for Babergh & Mid Suffolk District Councils, I took up roles with RICS to chair my local Matrics group in Norfolk, sit on the board of RICS Eastern Region, and act as a mentor and counsellor for those undertaking their APCs in commercial property and latterly, corporate real estate. The future of the profession has been at the core of everything I have spent time and effort on since joining the public sector in 2008. From creating a learning environment for myself and colleagues to flourish, establishing a digital APC hub at NPS/Norse group, to presenting CPD to my peers, to overtaking the socials and supporting surveyors whoever they may be with #surveyorhood and #celebr8surveyors with Natasha Stone and Joanna Farnsworth, my guests here today.

Simply put, I have a passion for mentoring, training and professional development, especially encouraging the next generation into choosing a career in the built environment and particularly the public sector, as well as developing our resilience through the middle years of our careers and into leadership. I am not only a chartered surveyor, I am a chartered manager and delivering through our people is what drives me. That is why the FACES initiative, and our future ACES pipeline, will continue to be core to my term of office as your President. Using our collective resources, we can not only assist our early careers colleagues to succeed in their professional qualifications, but we can sponsor and advocate for them to succeed in their careers by creating greater opportunities, not just in the breadth and depth of projects they can get involved in, but by being involved in ACES itself, coming to meetings, speaking at branch events, helping plan the next conference, and perhaps we can even create a shadow council to give board experience to those interested in developing transferable management and leadership skills.

The Association is absolutely the sum of our people and our collective experiences, and without our members and a developing pipeline of future members, officers and presidents, we will not be able to sustain our purpose. Your participation is key to making this Association what it is, and encouraging your early careers colleagues to get involved in supporting the Association in shaping the key decisions and reporting back on activities cannot be underestimated.

The support of our external partners and corporate friends is also crucial in good times and challenging times. We are grateful for our valued partners who continue to contribute excellent professional development, as well as fulfilling the role of critical friend and trusted ally to our members and organisations. I'd like therefore to thank our corporate sponsors and everyone else who gives up their valuable time to help support and strengthen the Association.

During the next twelve months I will dedicate my time and efforts to furthering progress in our objectives to:

- influence regulation, policies and strategies governing the use of public sector assets
- promote opportunities and best practice in the effective use and management of assets to support organisational priorities in the public sector
- equip our members, in their work by supporting and encouraging them in CPD to ensure continued personal and professional effectiveness – this absolutely includes increased efforts to engage with all of your early career colleagues who will benefit from engaging with ACES early in their careers
- and to seek representation from every local authority and public sector organisation. So if you're not yet a member, we want to talk to you!

I also have a conference to plan for September 2024; with the help of Eastern Branch, I would love us to gather in Norwich to explore strategic asset management through the net zero lens. With most local authorities declaring a target of net zero by 2030, we still have a long way to go with budgetary pressures, a skills deficit, and challenging external factors to overcome to achieve this - not least changes in administrations following the local elections earlier this year and a pending general election any time before January 2025.

Property will not be able to solve all of our challenges, but because it touches all of our lives, it is a significant part of any solution. Our ability to undertake cross-cutting projects and deliver best practice, while providing a safe and compliant asset base, will continue to challenge us all.

I am conscious that as an Association we need to ensure that we remain adaptable to the external factors and that we continue to deliver our members' needs and wants. I look forward to meeting as many of you and your colleagues during the year while I am #PresidentOnTour in my campervan. But please don't leave it until I am next in front of you to share your thoughts, ideas and feedback – I want to hear from you regularly and encourage you to contact me anytime for a chat. I will be visible and accessible and keen to engage on the socials, at events, and networking opportunities.

The FACES panel
Public Sector Connect Local Authority Estates Conference, Manchester

That all being said, I want to reiterate how privileged I feel standing before you today. I will approach my year as your President with gratitude and dedicated focus on the continued success and sustainability of the Association.

Thank you.

ACES Awards

It is now my honour to kick off our new Awards and share the successes of some of our members by celebrating our Awards for Excellence winners.

We've always celebrated excellence in our sector with a singular award, and it has been a genuine pleasure to create four new awards to recognise at our annual celebration more of what our membership does.

The five award categories are: Team of the Year, Net Zero Champion, Community Champion, The FACES Award, and Project of the Year.

Team of the year

Where would we be without our people?

Teamwork and putting our people first makes everything else work well. We wanted to hear about your teams, whether they are organisational teams or project teams, so we can recognise and reward their achievements.

The winning team represent four different public sector organisations attending the Public Sector Connect Local Authority Estates Conference, where they introduced themselves and explained how they got into property and the public sector. Each had been nominated by their manager as part of their career development and each overcame nerves to talk openly and honestly in front of an audience. The panel was very well received and showed that the future of ACES is in safe hands.

The Team of Year is: The FACES Panel

Panel members were Persephone Galanis, Manchester City Council; Robbie Metcalfe, Lancashire County Council; Naomi Bates Aspin & Co/Whittington NHS Health Trust; Sebastian Berry, Chorley District Council.

Persephone collected the award.

Net Zero Champion

This award is to celebrate public sector Net Zero Champions

With a majority of public sector bodies choosing 2030 as a Net Zero target date, we want to showcase significant milestones, projects, innovation and dedication to achieving a decarbonised public estate.

The winning programme is an ambitious carbon neutral programme from a unitary local authority early to declare a climate emergency in 2019. Their goal was to become an exemplar of what regional leadership can do in combatting climate change. Their action plan has been recognised nationally and outlines multi-dimensional leadership in a complex systems landscape serving 560,000 residents.

The programme includes an 8,000ha forest, energy efficiency improvements to council owned homes, changing their fleet to ultra-low emission vehicles, changing planning policies to encourage the switch to more renewable generation, and considering climate change and social justice in all council decisions [Ed – Councillor Martyn Alvey of Cornwall County Council submitted an article for 2023 Summer Terrier].

The Net Zero Champion is: Cornwall County Council.

Senior Vice President Dan Meeks, South West Branch, accepted the Award on behalf of Cornwall County Council, who couldn't be present, but did send the following words.

'Thank you for our ACES' Excellence award recognising the work we are doing to cut our carbon emissions in Cornwall. Sorry we can't be with you today – we felt it would be ironic to accept a carbon reduction prize after travelling the length of the country.

We have had many firsts since declaring a climate emergency in 2019 – one of the earliest councils to do so – and this latest achievement recognises our work as we continue to build on our goal to become an exemplar for what regional leadership can do in combatting climate change. So we are delighted to be the *first to receive this new ACES award.*

Although this is an Association of Chief Estates Surveyors Award, this is not an award just for the property team and its surveyors, it's a recognition of collective brilliance across the local authority of a wide team of committed local authority colleagues who have brought together their specialist knowledge and skill to shape an holistic solution specific to Cornwall…a model for all to aspire towards. Silo mentality is so last year!!

Our nationally recognised climate action plan was the culmination of conversations with thousands of our residents, businesses, community groups and partners across Cornwall. Among our key projects are the 8,000-hectare Forest for Cornwall, energy efficiency improvements to council-owned homes, transforming our fleet to ultra-low emission vehicles, changing our planning policies to encourage the switch to more renewable energy generation and considering climate change and social justice in all our decisions. We have worked hard to give our residents more choices on sustainable travel, started a pilot project with several of our dairy farms to produce biomethane that is being used to power some council vehicles, and invested in clean energy such as geothermal, Cornwall's first wind turbine since 2016, and championed the region's floating offshore wind ambitions.

While we are a unitary authority and the country's largest rural council serving 560,000 residents, we have direct control over a relatively small proportion of Cornwall's total emissions, so we need to hold the spotlight up to ourselves and lead by example. In 2019 we became the first local authority in the country to adopt an innovative decision-making framework where we put tackling climate change and benefits for our residents at the heart of our council decisions.

While we are making progress, the size of the task is unprecedented and requires us all to go further and faster. Thank you again for giving us this award as we continue to work across boundaries to guide and influence a collective journey towards a carbon neutral Cornwall.'

Community Champion

This award showcases projects where social value is a driving force.

We looked for examples of maximising stakeholder and community engagement, as well as realising broad benefits from partnership working, big or small; we wanted to see excellence in engaging and working with communities to deliver more from our built environment.

The winning project is a One Public Estate exemplar. It brings together on one site an extensive new leisure centre including swimming pools, secondary school, health services, library, job centre, family hub, pre-school, citizens advice bureau and other community facilities, alongside offices for councils, police, NHS, ACAS and the UK Health Security Agency.

To support carbon reduction objectives, the project also has extensive and varied renewable energy generation and storage.

The Community Award goes to:
The Mildenhall Hub.

Presented by Chris Rhodes, Past President, Sara accepted the Award on behalf of the joint West Suffolk and Suffolk County Councils. Sara was able to present the Award in a mini-ceremony at ACES Eastern Branch meeting at the Cambridge Guildhall on 1 December.

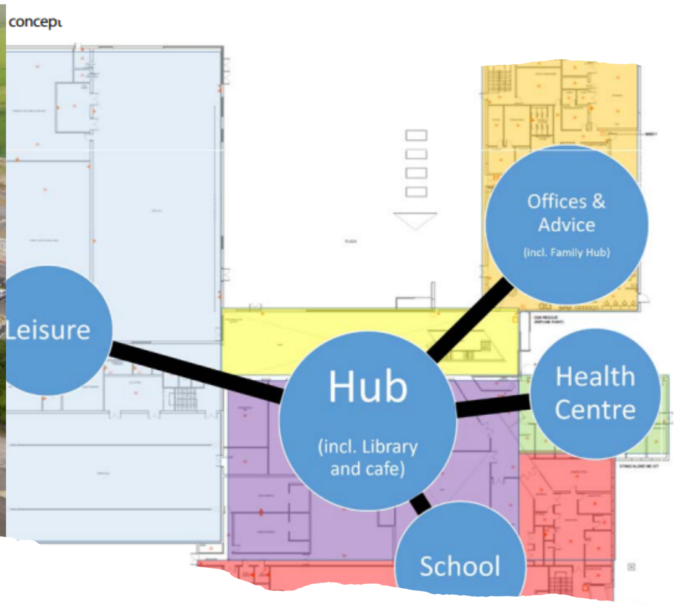
The FACES Award

We wanted our established members to nominate our early career colleagues and team members to showcase what they are doing in the early stages of their property careers. We wanted to hear about the amazing work being done in your teams by apprentices, graduates, APC candidates and those in the first years of their professional careers; telling us how they stand out to you and so we can celebrate them!

We have already seen the success of the four representatives from the FACES community. The awards panel felt that this award should go to one of the panel that represented ACES and the public sector property profession at the Public Sector Connect Local Authority Estates Conference.

Project of the Year

We all strive to provide excellent asset management, supported by our professional staff, to use land and property



Mildenhall Hub

to further the aims of our respective authorities and organisations. Simply put, this award recognises exemplary work.

The winning project of the year is an ambitious programme to decarbonise 6,000+ council houses to ensure the council achieves its net zero target of 2030. The programme has included loft insulation and LED lighting to 75 homes, innovative trial of Endotherm to improve boiler efficiency in two sheltered housing schemes, upskilling retrofit coordinators and assessors, use of EC04 funding for cavity wall insulation and a Solshare pilot for solar PV.

Now delivering at scale, with a £2.3m social housing decarbonisation fund project to retrofit 110 of the worst energy performing homes up to EPC C by March 2025. This council has also created an exemplar retrofit show home to demonstrate cutting edge sustainable technologies to the public [Ed – see full article in this issue of ACES' Terrier].

Our Project of the Year goes to:
Southend on Sea City Council.

Rob Tinlin, Chief Executive of Southend on Sea City Council, was invited to accept the Award, and expressed his pleasure, on behalf of his team, to do so.

That concluded proceedings and left Sara to thank everybody again and wish them a safe onward journey.

Presented by Neil Webster, The FACES Award goes to: Persephone Galanis of Manchester City Council.

Caption: Colin Wright, West Suffolk Council, Brian Prettyman, Suffolk County Council, receiving the joint Award from Sara

ACES ANNUAL GENERAL MEETING

Notes of the AGM held at Edinburgh City Chambers on 17 November 2023

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

The 2023 Annual General Meeting, held in the splendid surroundings of Edinburgh City Chambers, was attended by 32 ACES members and the meeting was quorate. The Secretary reported that 33 members had tendered their apologies for absence. The minutes of the Annual General Meeting held in Cardiff on 17th November 2022 were approved as a correct record.

Annual report of Council

The President, Helen Stubbs, and Secretary presented a comprehensive report on the work of Council and the Association for the year 2022/23 which was approved by members. The Secretary talked through the items in the report including an update on membership, which included a high number of new applications against a modest number of resignations, resulting in a significant increase in total membership [Ed – see membership report in this issue of ACES' Terrier]. At 422, this was the highest level of membership for a number of years and reflected efforts by branches and Neil Webster in particular.

The Secretary thanked all the liaison officers and branch representatives for giving up their free time to produce their excellent reports, and for their valuable contribution to a successful year for the Association. Members were urged to take some time to read the useful information in the Annual Report.

The President summarised her last 12 months in the presidential role. She was delighted to be present in Edinburgh, where she spent many years of her early career. She thoroughly enjoyed her year as President and the challenge and exposure to issues beyond the NHS estate.

It was noted that the Association had strengthened over the last year with the refresh of the Business Plan and future vision workshop, and was a thriving business, largely thanks to the SAM Diploma. A financial resilience plan was therefore being developed to look at risks, liabilities and opportunities.

The President commented on member engagement and the high number of "silent members" in the Association. The reasons for this need to be understood and ideas would be welcome for engaging members more.

The President gave thanks to the support afforded to her by the Core Management Team during the year, as well as members of ACES Council for quite rightly carefully scrutinising reports, proposals and decisions made. She was delighted to be handing over to Sara

Cameron and wished Sara every success as President during 2024.

Helen referred to the 2023 Conference which trialled a one day format and was a very successful event, with lots of good learning opportunity. The financial outcome of the Conference was presented in terms of direct income and expenditure, excluding cross income of a proportion of Corporate Membership income. This approach showed a loss in the order of £3,300. Figures were also presented showing the effect of an allocation of corporate member income and the costs/expenses incurred by officers. It was noted that the primary reason for the Conference was not to make a profit.

A survey of members indicated good feedback on the elements of the Conference and the usual reasons for non-attendance were distance, cost and time. The President advised that the full responses would be evaluated, and lessons learned would inform forward planning for 2024. Discussion on the treatment of income from Corporate Members took place, and it was agreed that this matter would be raised and discussed again at the next Council meeting, with a view to clarifying how Corporate Membership and allocation of income would be dealt with in future.

It was noted that the full Annual Report was available on the ACES website for the perusal of members (https://aces.org.uk/aces-national-agm-2022/).

Financial matters

The Treasurer, Chris Hewitt, presented his report containing the unaudited financial statements of the Association for the period ending 30 June 2023 with recommendations for subscriptions for the coming year. It was reported that performance was similar to the previous year and the Association continued to find itself in a strong financial position. The Treasurer suggested that the Association should consider deploying some of its cash

reserves, possibly through support of CPD activity for its members.

It was agreed and approved by members to adopt the accounts as presented and to maintain the annual subscriptions level at £125 for full members, £80 for additional members and associate members, and retain the current £40 for retired members.

The Treasurer referred to the custom of making an honorarium presentation to the outgoing President and considered that the current level was low, relative to the significant workload. Members approved an increase of the honorarium to £250. It was noted that the President requested a donation to her preferred charity in lieu of the honorarium.

Discussion took place on a number of matters, including the risks of holding a cash balance in the association's accounts. The President referred to the financial resilience plan that was being considered and it was agreed that a working group from the wider membership needs to be established as soon as possible.

The full year end accounts have been placed on the ACES website.

ACES constitution – proposed changes

The President reported that the work that she had been doing during the year on the Business Plan prompted requisite changes to the Constitution, as did the work undertaken by the Treasurer on resolving banking issues with Barclays.

She talked through the proposed changes, particularly the relationship of the branches with the national Association, tidying titles of national and branch officers, reference to the Core Management Team and its role, as distinct from Council. Documents were tabled showing the proposed amendments and a "clean copy" of the Constitution put forward for approval.

Discussion took place on the proposed changes and some amendment of the wording of some clauses was considered. There was also a debate on the procedure for taking such amendments to the AGM and first taken through Council accordingly. To make progress towards an approval, it was proposed that the final changes be emailed out to Council, giving members time to consider the revisions and then be given delegated authority from the AGM to make a decision on the changes. This solution was approved.

DLUHC/ACES Working Party

It was approved that Neil Webster and Simon Hughes continue with initiatives to develop relationships with DLUHC during 2023/24.

Consultations

The Senior Vice President reported on a number of consultations throughout the year. She noted that the level of responses from members remained low and reflected the working pressures that many members remained under. It had, however, been particularly useful to see some responses collated by our Liaison Officers.

Officers of the Association

The following were approved as officers of the Association for 2023/24:

President	Sara Cameron
Senior Vice President	Dan Meek
Junior Vice President	Vacant
Immediate Past President	Helen Stubbs
Secretary	Trevor Bishop
Treasurer	Chris Hewitt
Editor	Betty Albon
Head of Engagement	Neil Webster

The decision on the appointment of a Junior Vice President was approved to be delegated to ACES Council [Ed – Alan Richards of Southend on Sea Council has since agreed to take on the role].

It was noted that Andy Kehoe and Gillian Boyle would step down from their respective roles if a replacement came forward. Rachel Kneale agreed to contribute to the Regeneration and Housing topic on an informal basis.

Council membership

Keith Jewsbury and Willie Martin were approved to serve on Council for 2023/24 representing Past and Honorary members of the Association.

Neil McManus, Andrew Stirling and Chris Rhodes were approved as full members of Council for 2023/24.

Honorary membership

Nominations were made to the meeting to confer the designation of Honorary Member of the association on Jeremy Pilgrim and Derek Rowell. Both were past Presidents of the Association and having retired now merited the nomination. The Secretary referred to the contributions to

Liaison Officers

The following were approved as liaison officers for 2023/24:

Liaison Officer Groups	Members	Organisation
Commercial, Strategic & Agricultural Asset Management	Andy Kehoe	Wirrall Council
	Julie Blight	Royal Devon NHS
	Lee Dawson	JLD Property Consultants Ltd
	Jeremy Pilgrim	ACES Retired Member
	Dan Meek	NPS (South West)
Regeneration & Housing	Gillian Boyle	ACES Retired Member
Rating & Taxation/CPO & Compensation	Christina Gavin	VOA
Valuation	Chris Brain	Chris Brain Associates
	Hayley Anderson	VOA
	Ellen Atkin	VOA
Health	Neil Webster	Cyclo Consulting
DLUHC/ACES Liaison	Neil Webster	Cyclo Consulting
	Simon Hughes	Norfolk County Council
RICS Liaison	Daniella Barrow	Norse Consulting
	Sam Partridge	Exeter City Council
Post Grad Course and Diplomas	Malcolm Williams	ACES Honorary Member
RACES & iHOPE		
Branch Liaison	Marcus Perry	ACES Retired Member

Sara with Senior Vice President Dan Meek

the Association made by Jeremy and Derek and the proposed Honorary Memberships were approved.

Future meetings

The following meetings scheduled for 2024 were noted:

ACES Council	19 January 2024	Guildhall, London (confirmed)
ACES Council	26 April 2024	Birmingham (to be confirmed)
ACES Council	12 July 2024	Preston (to be confirmed)
Annual Conference	19 or 20 September 2024	Norwich
ACES Council	October 2024	Virtual "Wash Up" Meeting
Annual Meeting	15 November 2024	London

ANY OTHER BUSINESS

No other business was raised from the floor.

The meeting closed and was followed by a presentation from Caroline Cooper of EG on the current property market [Ed – reproduced in this issue of ACES' Terrier].

The outgoing President then made her President's Awards, which went to the Heart of England Branch (accepted by Malcolm Williams) and to Malcolm Williams, for his coordination of the ACES/CIPFA SAM Diploma course. In his acceptance, Malcolm thanked his ACES' colleagues who contributed to each of the modules of the course.

This was then followed by the installation of the new ACES President, Sara Cameron, who gracefully accepted the presidential chain of office from Helen Stubbs (see photos on pages 12 and 13).

An excellent annual lunch was enjoyed by members and guests and the day was concluded by the President's Keynote Address and the presentation of the five new ACES Awards for Excellence [all covered 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 October and 31 December 2023.

New members approved

There were 11 new applications approved during the period:

First Name	Surname	Organisation	Branch Ref
Nia	Morgan	County Borough of Blaenau Gwent	W
Colin	Freeman	Dumfries & Galloway Council	S
Jayne	Wilsdon	Gloucester City Council	HE
Belinda	Mather	Home Office	L
Oliver	Judges	King's Lynn & West Norfolk BC	E
Huw	Lewis	London Borough of Croydon	L
Lewis	Hinds	Pembrokeshire County Council	W
Sarah	Lofts	Southend-on-Sea City Council	E
Christina	Gavin	Valuation Office Agency	L
Ellen	Atkin	Valuation Office Agency	L
Andrew	Voss	West Lancashire Council	NW

Members transferred to past membership

No members transferred to retired membership during the period.

Resignations

The following 17 members resigned during the period:

First Name	Surname	Organisation	Branch Ref
Robert	Perkins	ACES Retired Member	HE
Bob	Entwistle	ACES Retired Member	HE
Jane	Pocknall	ACES Retired Member	L
Robert	Vaughan	ACES Retired Member	HE
Mandy	Robinson	Angus Council	S
Miles	Phillips	BCP Council	SW
Paul	Wilkinson	City of London Corporation	L
Katharine	Swan	Dumfries & Galloway Council	S
Dan	Gillbanks	Gateshead Metropolitan Borough Council	NE
Stuart	Paskins	Hertfordshire County Council	E
Steve	Meynell	Hinckley & Bosworth Borough Council	HE
Richard	Combes	Savills	E
Steven	Newman	Southend-on-Sea City Council	E
Victor	Mbvundula	Torfaen County Borough Council	W
Brian	Maguire	Valuation Office Agency	NE
Christine	Deane	West Lancashire Borough Council	NW
Chris	Bentley	Worcestershire County Council	HE

Membership

Summary of current membership at 31 December 2023:

Total Membership	
Full	236
Additional	79
Honorary	36
Associate	21
Retired	34
Total	**406**

Trends

This quarter sees a slight fall from the peak of 412 members in the previous quarter. Typically at this time of the year, the dispatch of the bulk of membership invoices in mid-December has resulted in a number of resignations. The membership, however, still remains at a healthy level compared to recent years.

It should be noted that the current level is in the context of a number of members who have still not paid their subscription and who may have to be expelled from the Association in the absence of action to address arrears, and a number of members who have indicated their wish to resign, but who have not yet decided if they wish to remain as retired members or associates.

Members of the Southend retrofit team; Ben and Jo are on the right

HOUSING RETROFIT PROGRAMME Southend-on-Sea City Council Retrofit Programme

Ben Harrison and Joanne Matthews

Ben is Housing Sustainability Officer and Joanne is Principal Engineer at Southend-on-Sea City Council.

The importance of the bigger picture and the retrofit programme.

ACES Award winning 'Project of the Year' went to Southend-on-Sea City Council for its retrofit programme. ACES Eastern Branch was treated to an enthusiastic presentation by Ben and Jo at its December meeting, who illustrated what the project entailed.

We are all increasingly aware of the need to improve the sustainability of the UK's housing stock, which is one of the oldest and least energy efficient in Europe. While improving the energy efficiency of our homes remains paramount, other areas such as water usage and embodied carbon also need increasing attention. Competing priorities and a rising cost of living mean that we must ensure that we are getting maximum value for money when improving the environmental sustainability of our homes.

Why retrofit?

Carbon savings have always been a huge driver for the emerging retrofit sector. The UK housing stock accounts for around 20% of the UK's carbon footprint and, with the UK being legally comitted to reducing its greenhouse gas emissions by 100% from 1990 levels by 2050, decarbonising housing will have a huge role to play in hitting this target. This is particularly the case at Southend, where the local authority's 6,000+ council homes account for 45% of the its emissions. However, there are a growing number of far more pressing reasons why we need to begin to retrofit energy and water saving measures at scale:

- ONS figures suggest that 45 people die per day in the winter months due to excess cold homes, a number which is likely to rise as bills increase
- In Essex at least 21% of people are now in fuel poverty, which has lots of knock-on impacts including for the local economy and increasing rent arrears
- The East of England has been classified by the Environment Agency as severely water stressed, and it is forecast that by 2050 there will no longer be enough water to meet the country's needs
- 40% of England's crops come from the East of England which is rapidly running out of usable water.

While these statistics paint quite a bleak picture, there are also lots of benefits to be realised by taking proactive action on retrofit:

- The health benefits of energy saving measures mean that the cost of works on the country's 'excess cold' homes would be paid back in 9 years through savings to the NHS alone
- Improving a home's EPC rating has been shown to have a direct correlation to increasing the value of

the home, with EPC C homes being worth 5% more than EPC D ones

- Proactively reducing water usage and improving drainage means that less money needs to be spent on upgrading infrastructure and old sewer systems.

What we are doing

Southend-on-Sea City Council has committed to a broad ranging retrofit programme which seeks to explore emerging technologies, while also delivering tried and tested ones at scale. This includes:

- Commitment to undertake 400 new Energy Performance Certificates (EPCs) each year to improve our stock data
- Up-skilling staff to be qualified to fill PAS 2035 retrofit roles
- £2.5m Social Housing Decarbonisation Fund (SHDF) project to retrofit 110 of our worst performing homes up to EPC C – this will reduce bills for tenants and the carbon emissions of these homes by 30%
- Use of Energy Company Obligation4 Scheme grants to complete hundreds of cavity wall insulations and refill older, failed installs
- Loft insulation and LED lighting in 75 homes – saving almost £20,000 and 7 tonnes of CO2 each year
- Solshare pilot deploying solar panels across 8 of our flats, which will save 20% in grid energy use.

Catchment to Coast

Catchment to Coast is a suite of DEFRA's Flood and Coastal Resilience Innovation Programme funded projects covering locations in Southend-on-Sea and Thurrock.

Catchment to Coast is one of 25 national schemes seeking to improve resilience from surface water flooding, drought and coastal erosion through the use of innovative, nature-based solutions. The success of the implemented solutions from all 25 projects will be evaluated and presented to DEFRA at the end of the programme in 2027, with the goal of influencing future policy and funding decision-making both locally and nationally.

Catchment to Coast's innovation measures are being delivered at multiple sites across the upper, middle and lower hydraulic catchment. The success of each measure will be evaluated on a site specific and a combined catchment basis.

Objectives of Catchment to Coast

1. Long-term, dynamic catchment management of water – capture in periods of excess, treat and store for times of need, at both a community and property level
2. Use of complementary, nature-based solutions across the upper, middle and lower catchment; site specific and cumulative impacts will be monitored and evaluated
3. All measures will be strategically aligned, cross administrative boundaries, be adaptive to a changing climate and provide community resilience; all measures to provide secondary benefits to both the environment and communities (hydro citizenship)
4. All nature-based solutions will be innovative, or traditional nature-based solutions will be used in an innovative way or combination
5. Build strong relationships with local stakeholders and partners to reduce flood poverty across the project area
6. Use evidence gained to bring about change to national and local policies, including funding mechanisms.

Retrofit show home, 7 Juniper Road

To ensure that we continue to focus on interventions that will work best for our tenants and achive most value for money, we have completed an innovative retrofit pilot project on one of our recently acquired 3-bedroom homes.

This home was built in the 1950s, had an EPC D rating with no water saving measures, and all the gardens were covered with impermeable concreate. The project aimed to test the latest sustainable technologies including insulation, energy generation, and grey water recycling, to demonstrate these to the public and raise awareness of their benefits. Southend-on-Sea City Council only owns around 5% of the city's housing stock, therefore it is vital that we look to inspire others to begin retrofit journeys of their own, as well as doing work on our own stock.

The Strategic Housing team partnered with Morgan Sindall and the Catchment to Coast Project to deliver the works.

<u>Summary of measures:</u>

External wall and loft insulation

- 100mm of expanded polystyrene panels and mineral wool firebreaks
- 400mm of loft insulation (mineral wool)
- Reduced heat requirements enabled us to spend £2,000 less on a smaller heating system.

Triple glazing

- Existing windows were pre-2002 and due for renewal, so we upgraded to triple glazing

- Improved accessibility, safety and ventilation of windows with new designs and trickle ventilation.

De-centralised mechanical heat recovery ventilation

- Captures heat from stale air in a ceramic core before the air is extracted
- Uses the extracted heat to warm incoming fresh air
- Cost £6.50 a year to run and recovers 84% of heat.

Air source heat pump (ASHP) and solar PV

- 7.5kW ASHP with upgrades to radiators allowed us to take the home off gas completely
- The ASHP is 390% more efficient across the year and the gas standing charge has been removed so overall, it will be cheaper to run than a gas boiler
- Electric heating links up well with the 4kW of solar and 6kW battery.

<u>Smart data monitoring</u>

There are several discrete environmental sensors throughout the home that will monitor air quality, temperature, and humidity. This data is visible to us and the tenant via an app. The system will raise alerts if there are causes for concern such as excessively high humidity. This will allow us to be more proactive with our maintenance and ensure future retrofit measures are working well for our tenants.

<u>Hydraloop grey water recycling</u>

Every home and building can recycle its own water. In the retrofit house, we have installed a range of measures in the house and landscaping including a Hydraloop device which cleans grey water from shower, bath and washing machine, as well as condensation water from tumble drier, and heat pump. This water can then be used for toilet flushing, washing machines and garden irrigation. The Hydraloop installation is estimated to save 25-25% on tap water and waste water through clean, clear, safe and disinfected water reuse in the home. More information on Hydraloop is available at https://www.hydraloop.com/

Rainwater harvesting, sustainable drainage and climate resilient planting

Using water more efficiently, by grey water rainwater harvesting, storing and re-use, can reduce water bills and reduce demand on our limited water supply.

In the retrofit house, we have installed grey water harvesting to collect rain runoff from roofs, gardens and paving, reducing usage from pipe networks and reducing costs for the homeowner. In Southend, the average house roof will capture 60,000 litres of water p.a. (enough for 300 baths). Water is stored in water butts and rain gardens and used for watering and car washing. This also helps to reduce the risk of flooding, as water is being stored and used rather than just falling to the ground and using up capacity in the drainage system. We have also included a living green roof on the cycle storage to retain water, reduce runoff and create a new habitat area.

In several areas, including in the front and rear gardens, permeable paving and highway verge, Hydrorocks have been installed effectively to create rain gardens. This is a product created using compressed mineral wool wrapped in a geotextile membrane, is 100% natural (and 50% recycled) and has a water storage capability of 94% and can itself be infinitely recycled. The Hydrorocks attenuate water in the front garden and other areas for surface water run-off, serving to provide water to the gardens and improve flood resilience by reducing pressure on the mains drainage. (more information at www.hydrorock.com).

The gardens at the retrofit house have been designed to be colourful, pollinator friendly, low maintenance and with low watering needs, and to look good all year-round.

The expected benefits

We have already undertaken some baseline data modelling to capture some of the expected benefits. For instance, by using EPC modelling, we know that energy bills for the house are predicted to fall by around 75% and carbon emissions of the home will be reduced by 3.45 tonnes per year - equivalent to 345 mature trees!

However, there are also lots of wider benefits that must be factored in when considering payback and we need to move to a broader systems view in order truly to appreciate that 'payback'. For instance:

- Energy independence - The bill savings will improve as energy prices continue to rise
- Improved green skills and local economy - It is vital to promote local jobs in these emerging markets, and lower energy bills can give people more money to spend locally
- Healthier homes - Warm homes reduce the risk of damp and mould which in turn saves the NHS money and reduces maintenance costs

Show Home (In sequential order of works)*				
Measures	Cost	Yearly Bill Savings	Yearly Co2 Saving (Kg/year)	Energy Performance Certificate (EPC) Score
Loft Insulation	£500	£160	350	D 66
Door and Window upgrades	£5,800**	£85	200	D 68
External Wall Insulation (EWI)	£27,250	£575	1,150	C 77
Air Source Heat Pump and new heating system	£16,000 (£8,500)***	£105	1,360	B 80
10 Solar Panels	£9,725	£615	390	A 96
Total	£59,275 (£51,775)	£1,540	3,450	A 96

- Increased value of the home - Studies suggest that the energy efficiency works have added up to £50,000 of value to this home, which is almost as much as we spent!
- Protected from future government legislation - In the future, homes may need to have an EPC C rating for us to be able to rent them out
- Normalising and socialising the benefits - Informing more people and encouraging them to talk about the benefits of retrofitted improvements will increase take up and deliver greater impact.

Key lessons so far

- Baseline data - It is vital to capture the 'before' data so that we can ensure that we are prioritising interventions that give us the most value for money
- Align with planned work – Retrofit can be made much cheaper when aligning it with work that needs to happen anyway. For example, on the showhome we took the opportunity to upgrade end-of-life windows to triple glazing
- Up-skilling contractors – A lot of this work is still new to contractors, and we must prioritise up-skilling the sector as we commission and deliver capital works
- Sequencing is vital – Retrofit work needs aligning with regular void and landscaping works to ensure maximum effectiveness, for example keeping continuous layers of insulation with as few penetrations as possible
- Keeping an open mind to technology – The measures we have done on this house will not work for all of our stock, for instance we won't always have space for an air source heat pump and will need to use other methods of heating
- Benefits of combining certain measures – Some measures work really well together, by insulating first we were able to save £2,000 on a smaller heat pump
- Resident engagement – Doing this amount of work on one home will not be practical for all homes, and it is important to engage with neighbours and incoming tenants, to ensure everyone understands the technologies and maintinace requirements.

What's next?

- The show home is open to the public for the next 2 months; if you are interested in visiting please email retrofit@southend.gov.uk
- The home will then be let to a family on the council's waiting list.
- We will continue to monitor the home through smart sensors and tenant engagement
- We will be insulating another 110 homes through the SHDF by 2025
- Several new net zero and Passivhaus new-build projects are coming forward in 2024 which will also explore more water saving measures and continue to build knowledge, experience and data
- Feed findings into national policy.

It is also vital that we start looking at wider aspects of the sustainability picture that currently do not get enough coverage. Examples of this include how we prepare for the growing risk of overheating in our homes, and also making sure we consider the upfront/embodied carbon of our interventions to ensure that we are not doing more harm than good!

These projects have brought together skills from across the council organisation and the private sector, to deliver real value for residents and take big strides for the council in helping to deliver towards our net zero in operation by 2030 target.

We are really proud that this project was recognised in the 2023 ACES Award for Excellence and awarded Project of the Year.

Caroline is Key Account Manager at EG.

EG DATA
EG data driven decision making

Caroline Cooper caroline.cooper@eg.co.uk

Caroline presented these findings at ACES Annual Meeting in Edinburgh.

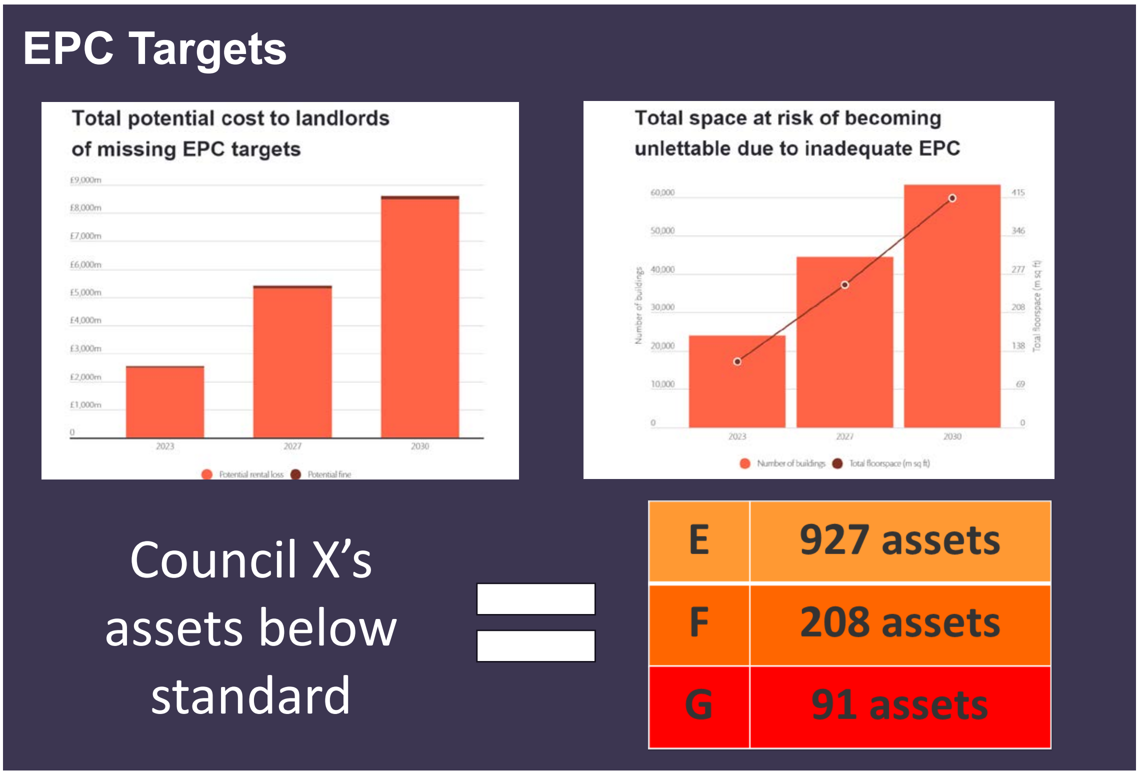
Thank you so much for having me today. It's great to be part of this event. I work at EG - formerly known as the Estates Gazette.

Essentially my role at EG is to work with the public sector and I really enjoy it. You are a great bunch of people to work with [Ed – flattery always helps….] and I work on the data side of the business, so I'm going to present to you today some of the key trends in the market.

Trends

Environmental, social, governance credentials

One of the key trends we're seeing at the moment is that a lot of heads of asset management are saying "valuations are not representative of what the real price would be of some of the assets we see in the market". Around 75% of respondents to an EG survey said that valuations are not accurately representing the market value of a property. The major reasons for this are ESG credentials. This includes things like climate change, social value, occupier demand and EPC ratings - are they being considered in those valuations? A survey was carried out. The first question was "do ESG credentials have an impact on valuations?" Overwhelmingly, the



Most investible cities

Manchester	Average Achieved Rent	Net Yield
Office	£20.18 Sqft	7.28%
Retail	£19.16 Sqft	8.05%
Industrial	£6.85 Sqft	6.73%
Hotel and Leisure	£13.20 Sqft	8.28%

Nottingham	Average Achieved Rent	Net Yield
Office	£14.65 Sqft	8.02%
Retail	£26.88 Sqft	8.30%
Industrial	£6.19 Sqft	5.89%
Hotel and Leisure	£14.53 Sqft	8.21%

Edinburgh	Average Achieved Rent	Net Yield
Office	£22.54 Sqft	6.38%
Retail	£27.82 Sqft	7.21%
Industrial	£9.42 Sqft	6.28%
Hotel and Leisure	£24.19 Sqft	4.94%

Liverpool	Average Achieved Rent	Net Yield
Office	£15.58 Sqft	9.05%
Retail	£25.08 Sqft	9.81%
Industrial	£6.32 Sqft	9%
Hotel and Leisure	£15.89Sqft	10.26%

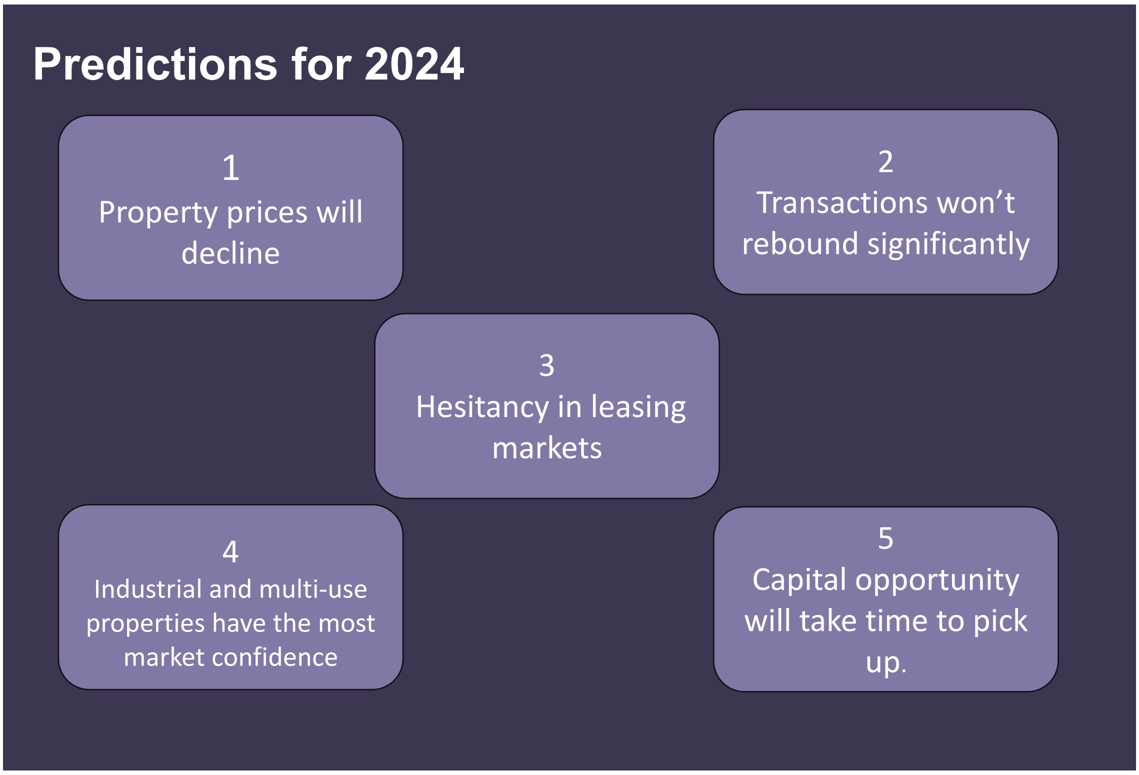
Birmingham	Average Achieved Rent	Net Yield
Office	£19.26 Sqft	6.82%
Retail	£20.76 Sqft	7.10%
Industrial	£6.49 Sqft	6.06%
Hotel and Leisure	£18.26 Sqft	7.93%

answer was yes. The second question was "do valuations accurately reflect those challenges?" And the answer was no.

Energy Performance Certificate ratings

I want to caveat what I say, as the dates keep changing with EPC ratings and enforcement, so please bear that in mind. But regardless, with forward-looking on current EPC ratings, there is an emerging property crisis. The reason we've trended the data is because when we look at assets and the EPC ratings that they have, we know that by 2030 there is a potential £4.8bn worth of rent at risk, and 340.7m sq ft of stranded assets at risk, that is, will be unlettable because of their below-acceptable EPC ratings. EG has trended the data regionally (available if you contact Caroline).

I want to make this more relevant. I have taken one un-named council and I have looked at its assets (see slide opposite). While the council has many assets in those higher brackets, I wanted to focus on the lower brackets of E, F and G: over 1,000 assets currently aren't meeting those EPC standards, which translates into potential cost to landlords, including a lack of rent, but also fines, and also that space that's going to become stranded and redundant. This could be a real issue.



So what we're doing at the moment at EG is working with councils to look at recommendations that can be put in place, and also looking at whether it is time to sell those assets to investors that actively want to take that space on.

Investment hot spots

I need a bit of audience participation - the question I'm asking is what is the most investable country in the UK? Is it England? Wales? Scotland? Appropriately, 37% of local areas in Scotland are deemed as highly investable, in comparison, 22% of places across the UK were considered "high investment areas". Backed by the data, over the last five years Scotland has had an average yield of 9.06% (England 7.2%; Wales 8.98%).

Turning to the most investable cities in the UK outside of London, the top three are Manchester, Nottingham and Edinburgh (see slides on page 23 for detailed data of sector rents and yields). Liverpool and Birmingham take fourth and fifth places.

Sector performance

The office sector saw a bit of a up and then we see at Q3 since over 12 months, relative values have started to come down and we know EG reported that Q3 was one of the worst quarters on record for investment and transactions. However yields continue to rise.

When we look at the retail market, rents are really started to come up in Q3, which is fine because the transaction levels are actually coming down. We can also see the projection of yields growing, so that's good news for investment.

And finally for industrial, this is a sector that investors and occupiers have real confidence in, so although the rental values have strange trends, there is still a lot of confidence in that market.

Predictions for 2024

Some predictions for 2024:

1. property prices will decline gradually
2. transactions won't rebound significantly; we are still waiting for investors' buying confidence. I appreciate that the recent announcement on interest rates is going to have really helped with that confidence
3. hesitancy in leasiing markets; with capital and expenditure still being a real concern, occupiers are still really hesitant to sign leases
4. however as I have just mentioned, industrial and also multi use properties have the most market confidence and we're going see a lot of success in those activities in 2024
5. there is a big amount of capital build-up through the lack of investment in 2023. However this will take some time to be spread out, but there is a lot of opportunity.

EG working with the public sector

The final thing I wish to cover is how we work with the public sector. Some of you might already work with us, and some of you might not, but we work really closely with inward investment teams, estate management teams, and planning teams. We like to get into as many areas as possible, but we help to provide comparables for Red Book valuations; for portfolio management, in terms of EPC, we give recommendations; we provide news and analytics; also helping to understand investment potentials for disposals and acquisition; and also disposal marketing through our magazine, but also through our various EG portals.

And I'm also delighted to say that if you are an ACES member, you are eligible for a 10% discount. So if you are interested in anything I went through today, please come and talk to me.

TOWN CENTRE RENAISSANCE

From recession to renaissance: What is the future for our towns, high streets and shopping centres?

Steve Norris SNorris@lsh.co.uk

Steve is an Executive Director and National Head of Planning, Regeneration + Infrastructure at Lambert Smith Hampton. He has over 30 years' experience of advising both the public and private sectors on transformational town centre regeneration projects.

Throughout his career, he has advised numerous local authorities on the preparation of evidence-based strategic visions and investment plans; viability testing and options appraisals; and the planning and delivery of major mixed use schemes. Steve is also an expert adviser to the government's High Street Task Force, and a board member of Revo.

Steve spoke at ACES national conference 2023 held in York last September. He kindly agreed to write an article on his presentation highlighting the results of the annual LSH survey and the ingredients for effective regeneration. The full report can be found: https://www.lsh.co.uk/explore/research-and-views/research/2023/september/lsh-revo-survey-results-2023

As another year has drawn to a close and we look forward to a new year, what does the future hold for our towns, high streets and shopping centres?

Things can only get better in 2024, surely?

2023 will be remembered for an acute cost of living and energy crisis; with inflation peaking at a 40-year high in October 2022, interest rates rising to a 15-year high, and government debt standing at its highest level since the 1960s. The fallout from the pandemic and Russia's invasion of Ukraine has had a damaging impact on the UK's economy, and on consumer, business and investor confidence. A perfect storm? Aligned with this, many local authorities are either heavily in debt, or teetering on the brink. This has had direct consequence for the provision of essential services, and for the delivery of critical regeneration and infrastructure projects, a number of which have either been frozen or scrapped in the last 12 months.

So although the country was not (technically) in recession in 2023, it has certainly felt like it for many households and businesses.

And for most of our towns, high streets and shopping centres, the pandemic and cost of living crisis have effectively accelerated many of the trends and challenges they have been facing for over a decade. Put simply, many of our town centres are characterised by too much retail space, rising vacancies, poor environments and falling footfall levels.

A PERFECT STORM

Interest rates @ 5.25%
Inflation @ 6.7%

UK gross debt @£2.5bn[1] (100% of GDP)

Online Sales @ 26%

High Streets Vacancies @14%

Shopping Centre Vacancies @18%

Retail Park Vacancies @ 9%

Footfall c.15% down from 2019

wilko

408 stores / 12,500 jobs
2 warehouses / 300 jobs

Sources: include Local Data Company & Springboard
Notes: 1 @2023 (Q1)

RESPONDING TO THE CLIMATE CRISIS

Which five main local interventions for towns and shopping centres do you believe will most help address the UK's pledge to tackle climate change over the next ten years?

TOP FIVE KEY INTERVENTIONS	2023	2022	2021	CHANGE IN RANK (2021- 2023)
Improve public transport network	70%	66%	31%	←→
Provide more infrastructure for electric vehicles	43%	53%	41%	↑
Provide infrastructure for healthy and active travel	43%	44%	25%	↑
Prioritise retrofitting over demolition/rebuild	43%	N/A*	N/A*	N/A
Improve building energy efficiency	42%	N/A*	N/A*	N/A

So are there reasons to be cheerful? A town centre renaissance

The 2023 LSH/Revo research (supported by our partners, including ACES) concluded that it is not all doom and gloom for our high streets and town centres.

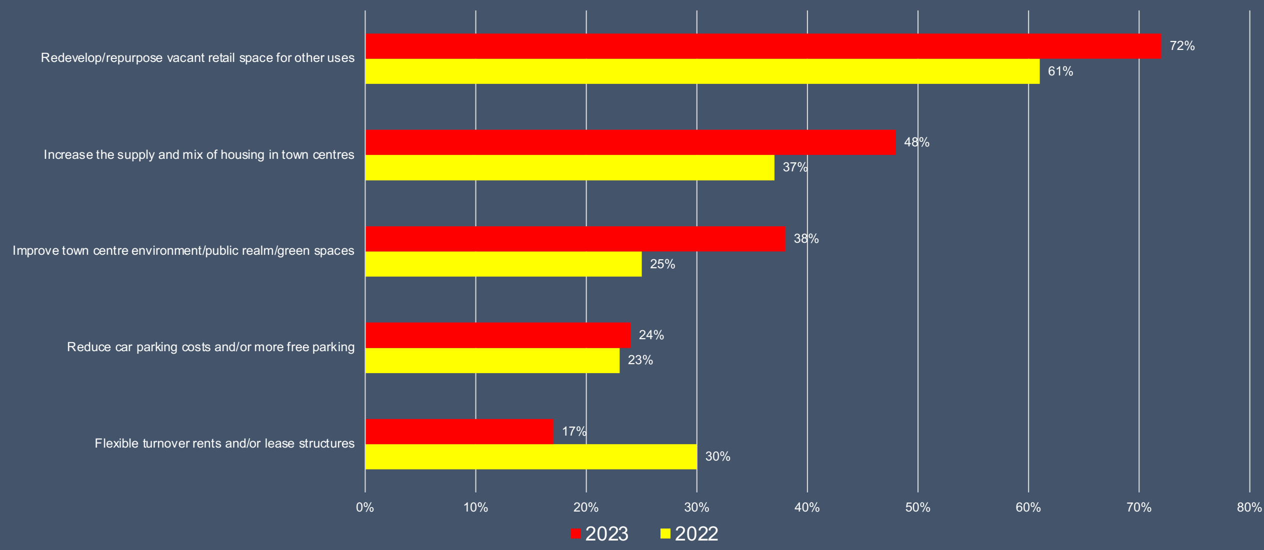
Indeed, I would argue that we are now entering into one of the most exciting and creative periods in their long and turbulent history. What the LSH/Revo research report has optimistically referred to as a town centre renaissance.

What is clear is that our high streets, towns and shopping centres have a vital role to play in the country's economic recovery and growth; and the impact of the pandemic has shown us that they are valued for more than just their shops and services.

We know that retail is no longer the simple single solution to the many issues and challenges our centres are facing. Although there is no one-size-fits-all approach to town centre regeneration, there are a mix of actions and interventions that, taken together, I believe can help build back confidence, resilience and recovery.

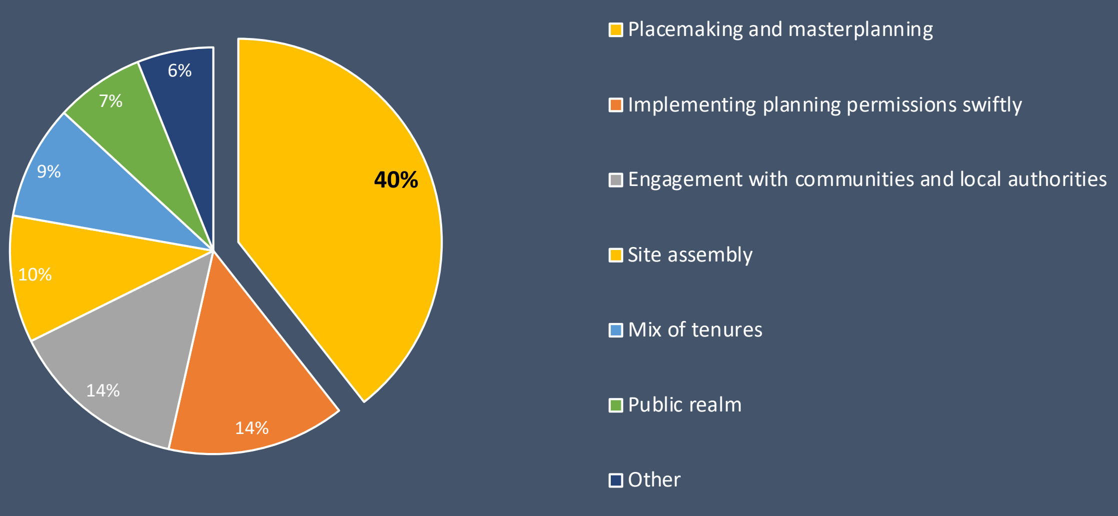
BUILDING TOWN CENTRE RESILIENCE

What measures do you think will help to build greater resilience in our town centres over the next five years, helping to ensure their overall vitality and viability?



ENABLING TOWN CENTRE LIVING

What is the one critical ingredient for enabling town centre residential development opportunities?



Actions and interventions

From my 30 years of advising on town centre regeneration, the starting point for successful and sustainable town centre regeneration necessarily depends on the establishment of joined-up **leadership and governance** structures.

Once established, it is absolutely critical that **communities and stakeholders** are represented and involved in the decision-making process from the outset. Where possible, communities should be part of originating ideas, and involved in the early setting of objectives and visions, rather than as an afterthought.

Aligned with this is the need to develop robust evidence-based and deliverable **regeneration and investment strategies** that balance high quality visions and placemaking initiatives, with critical commercial, environmental and social value objectives.

The best strategies will help inform the timing, funding and delivery of regeneration projects. And the gold-standard strategies will be those that are flexible enough to respond to dynamic consumer, economic, technological and market trends.

The Broad Marsh Green Heart vision aims to reconnect Nottingham's ancient streets with a green space at its heart

The delivery of these and many other initiatives will not only require effective and meaningful collaboration, partnership working and engagement from day one; it will also require significant **investment of time, resources and funds from both the public and private sectors**.

Some centres and places – not all by any means - have been lucky enough to benefit from the government's series of capital-backed funds over the last four years; including the Future High Street Fund, Towns Fund, and Levelling Up Fund. But, as we head towards an election in 2024, hopefully lessons can be learnt on all political sides, and the more traditional and inflexible approaches to funding can be reviewed and improved.

For starters, the government's capital funds need to be more transparent, more joined-up, and allocated to areas based on robust evidence of need, rather than via a costly competitive bidding process and/or political agendas.

There is also a need for more long-term, patient regeneration funds that are not fixed by political timetables. On this point, the government's announcement on the eve of the Conservative Party Conference of a £1.1bn Long-Term Plan for Towns is a positive initiative - although only 55 centres are set to benefit from the c.£20m endowment-style fund.

Homes England will also have an increasingly critical role to play, through building partnerships with the public and private sectors to help deliver the sustainable regeneration, funding and transformation of some of our struggling town centres.

Devolution and the decentralisation of decision-making powers, resources and funds to local governments as part of the government's levelling up agenda should also go some way to creating the conditions for more strategic and sustainable funding decisions at the local level that will help maximise the economic, social and environmental benefits for all places.

It will be interesting to see how Homes England's role and the devolution agenda evolve during 2024.

And whatever the timing of the general election in 2024, it is hoped that the existing or new Prime Minister and chancellor place even greater priority on our failing and forgotten towns. If they don't, then many could wither on the vine by the end of the decade, with damaging consequences for local economies and communities.

So what is the future of our towns, high streets and shopping centres?

In my view successful future centres will be those that help to promote health and wellbeing, tackle deprivation and the climate crisis, and provide attractive, viable and entertaining places where people of all ages want to live, work, shop, study, play and socialise. Above all, they should be vibrant, fun and safe places… restored once again as the **beating hearts and souls of our communities**.

Iain is Business Development Director at Carter Jonas. He has over 25 years' experience of working in economic development, regeneration and the wider property industry. He started his career working for Regional Development Agencies in London and the South East, and since then has advised a large number of local authorities and central government departments for Carter Jonas and prior to that, Avison Young.

Alexandra is a member of the Commercial Board at Carter Jonas and leads the Commercial Division's Public Sector Consulting team, where she provides strategic advice to public and third sector clients, focusing on the delivery of solutions to business needs through estate change. She specialises in UK wide property rationalisation and transformation projects and has a long history of public sector property consultancy achievements.

COMMERCIAL PROPERTY INVESTMENT TRENDS The rise and fall of local authority commercial property investment

Iain Mulvey, Iain.Mulvey@carterjonas.co.uk Alexandra Houghton and Alexandra.Houghton@carterjonas.co.uk Dan Francis Daniel.Francis@carterjonas.co.uk

Iain, Alexandra and their colleague Dan outline 2023 trends, which follows on from the presentation at ACES' Annual Meeting in Cardiff in 2022. This article has been written by Carter Jonas in collaboration with Jeremy Pilgrim and Lee Dawson, ACES Council Strategic Asset representatives.

Introduction

Local authorities have purchased a significant amount of commercial property over the last decade. This has been partly to generate income to make up for falling central government funding, and partly to facilitate town centre regeneration and gain more direct control over assets of importance to local communities.

Local authorities such as Somerset and West Berkshire are following others and have recently announced divestment from their commercial property portfolios. This news commands a lot of negative press, but we have sympathy with the challenges many local authorities are currently facing. Having invested heavily in historically well-performing assets for the right reasons - fuelled by significant borrowing at favourable rates - the high-profile attention that the serving of s114 notices has attracted has brought this activity back into public view. It is important to note, though, that some of the higher profile cases have been nothing to do with property investment, but reflect broader issues. However, the solution is often seen to come from property asset sales.

Disposal of property assets

The traditional local authority 'hunt for revenue' and the subsequent disposal of assets (originally anticipated to be held for long-term income) may be overridden by the need for liquidity where a s114 notice has been issued. Desperate times call for desperate measures.

However, those not in crisis mode are also indicating they are likely to dispose. Some local authorities have been clear that these are not fire sales, but will be sold at the right time, on a case-by-case basis. The problem here is the loss in value since the original investment was made: where the value is now less than the value of the loan, there is an obvious gap. Ironically, those properties that perform best for the local authority – an obvious contender for retention – are most likely to be those approved for sale as they wouldn't crystallise a loss and are more likely to trade in a weaker market. Also ironically, this is the same choice faced by institutional fund managers during flows of peak redemptions from retail funds. The type of loan originally taken out will have an impact on whether a local authority is able to crystalise a loss in their accounts.

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

Section 114 notice

A s114 notice is a report issued by the chief financial officer of a British public body to prevent certain types of expenditure. It is named after s114 of the Local Government Finance Act 1988.

When a local authority issues a s114 notice, it means that the council's finance officer believes that the authority is about to incur expenditure that is unlawful according to the Local Government Finance Act. This is usually because the authority expects its expenditure to exceed its income for a particular financial year.

After a s114 notice is issued, the authority may not incur new spending unless the finance officer permits it to do so. Council leadership must meet within 21 days to discuss how to bring their expenditure in line with funding.

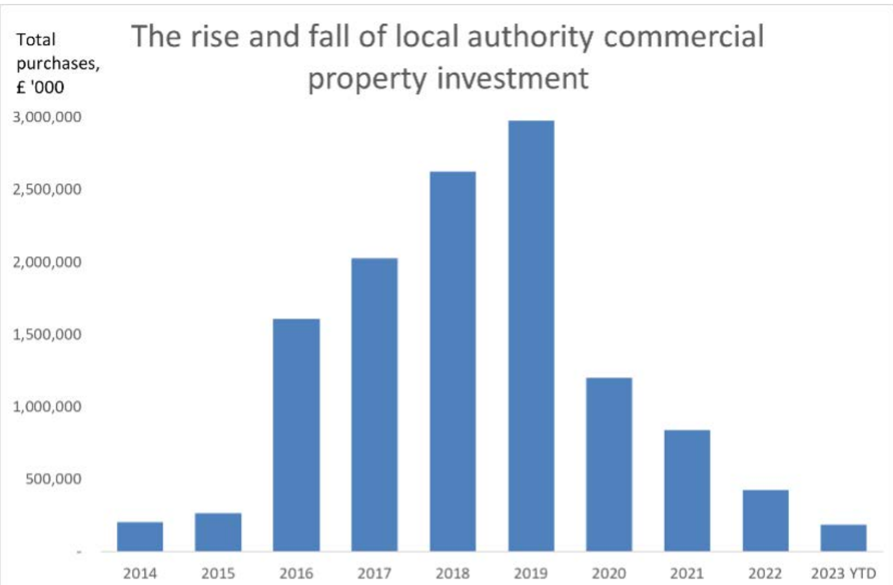
Alongside the supply and demand issue facing the market are a number of other factors which complicate matters further. The inflation of rising interest rates has put pressure on yields across all sectors, and we have seen a significant shift in prime, but especially secondary, yields since most of the properties were purchased. While the issues facing retail are well documented, the office sector continues to feel the after effects of Covid. While occupational levels struggle to return to pre-pandemic levels, there is the added complication of ensuring MEES compliance. The capital costs associated with this can mean those buildings which are non-compliant will struggle to recover any form of value.

Effective asset management will be a critical success factor to offsetting losses, but in valuation and real terms by driving up rents, adding additional income streams, repositioning assets, and often through simply doing the basics effectively.

Perhaps we should look at the positives. We are in a market with little stock - investment in UK commercial property has been in decline since mid-2022, with the average quarterly investment volume totalling £9.1bn in 2023, 38% down on the five-year quarterly average. With the anticipated level of distress not yet coming through as it did in 2009, these assets will create an opportunity for investors. Despite the pressure that has put on debt backed purchasers by inflation, there remains a massive wall of equity poised for deployment. Those institutional funds are understandably standing back from the market, but once some green shoots of recovery appear, then we anticipate that they will move quickly. Market sentiment is extremely fickle and can change very quickly, as we have seen in previous cycles.

Given that, our recommendations are that any local authorities considering disposals spend some time completing asset management plans to maximise receipts, and the time it takes to run a procurement process to select an advisor, it may be that by the time these assets come to market, it coincides with an uptick in demand.

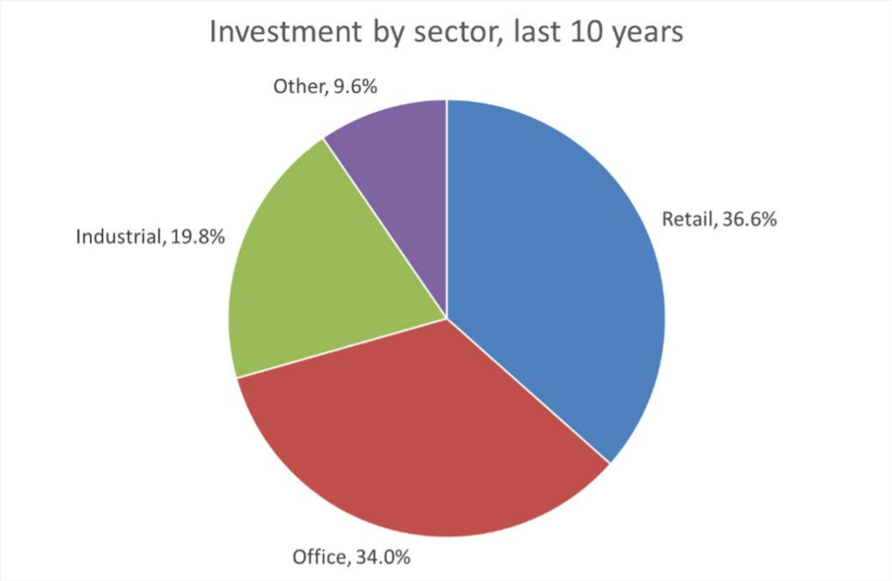
Against this backdrop, we examine the scale and nature of local authority commercial property investment over the last decade.



How much commercial property have local authorities purchased?

Our analysis shows that local authorities in the UK have invested in commercial real estate to the value of £12.4bn over the past 10 years. They invested particularly heavily from 2016, with over £1.6bn purchased in that year, a figure that rose steadily to a peak of almost £3bn in 2019.

Most purchases were undertaken via borrowing from the Public Works Loan Board (PWLB). Amid rising concerns in central government around the scale of local authority borrowing and the rapidly



accelerating pace of commercial property investment, the Treasury increased the interest rate available through the PWLB by 100 base points in October 2019. These loans then ceased to be available to local authorities from late 2020 for investing in commercial property to generate income.

This, together with rising uncertainty around occupational demand following the pandemic, meant the total value of purchases fell rapidly from £3bn in 2019 to £1.2bn in 2020 and has dwindled to less than £200m so far in 2023 (see graph).

Many of the purchases were of large assets. Of the £12.4bn spent, more than £5bn (41% of the total) was spent on assets worth more than £20m, and £8.1bn was for properties worth over £10m (65% of the total).

There has been huge variation in the degree to which local authorities have invested in commercial property, with some highly exposed and others with little or no exposure. The most exposed five local authorities have invested £2.4bn between them over the last 10 years, 19% of the total across all local authorities. 31 authorities invested more than £100m over the period, and the top 50 local authorities account for 62% of the total value purchased.

Conversely, some local authorities have only limited exposure. Of those authorities who purchased commercial property, 103 bought property worth less than £5m in total.

Over the last decade, investment has been biased towards retail and office properties. Retail was the most prominent sector, accounting for £4.5bn (36.6% of the total), with spending on offices only slightly lower at £4.2bn (34%). A much lower £2.5bn (19.8%) was spent in the industrial sector. The remaining 9.6% (£1.2bn) was spent on a variety of 'alternative' sectors, including healthcare, hotels and leisure. The 'alternatives' also include development sites and other land purchases (see pie chart).

Regeneration versus income

Local authorities initially invested in commercial property through a desire to fund regeneration schemes and gain control over local assets to assist in the regeneration process. This was particularly focused on secondary town centres and those with obsolete high street offices or tertiary retail.

However, the motivation increasingly switched to providing income for local services against a backdrop of reduced funding from central government. The latest figures from the Local Government Association underline the problem, showing that local authorities in England face a funding gap of almost £3bn over the next two years.

Where investment has been solely for income, local authorities were able to make purchases outside of their boundary. These 'off-patch' investments became increasingly popular, and our analysis shows that eight local authorities invested more than £100m each in properties outside their jurisdiction. 25 local authorities purchased 100% of their commercial property in locations outside of their jurisdiction, while 46 purchased at least 40% of their portfolio outside their boundaries. In total, more than £3.7bn has been invested 'off patch' over the last decade.

There are no definitive figures for the proportion of commercial purchases used for investment versus regeneration. However, 46% of the sum invested over the last decade was for property outside of the boundary of the purchasing local authority, and was therefore almost certainly purchased for income. The remaining 54% of purchases by value are within the boundary of the local authority and are likely to be a mix of income and regeneration objectives - in reality, there is a 'grey area', as some purchases were probably for a mixture of both objectives.

A higher proportion of purchases within the local authority boundary were for retail, at 45%, compared with 25% out-of-boundary, further underlining the regeneration objective for 'on patch' purchases.

Impact of capital value shift

The investment performance of commercial property has varied considerably, according to the sector and quality of the asset over the last decade. The relatively high proportion of retail sector purchases, and the secondary nature of many of these assets (especially those bought with a regeneration angle in mind), has left them vulnerable to the shifts in retailer demand, accelerated by the pandemic.

Likewise, the polarisation of office occupier demand towards very prime stock in major city centres has left local authorities holding secondary offices highly exposed. Conversely, the industrial sector and some of the 'alternatives' have performed well, while local authority exposure towards these sectors was more limited.

We have looked at the value of retail, office and industrial property purchased in each of the last 10 years, and calculated how the capital value of that property would have changed over the period since purchase, assuming it has moved in line with the Morgan Stanley Capital International Quarterly Index. On this basis, the average value of retail property purchased by local authorities would have fallen by 29% since it was purchased. For offices, the average value would be 23% lower. However, industrial property would have increased by 23%.

Overall, given the volumes purchased

154

LOCAL AUTHORITIES

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Our specialists have an in-depth understanding of the day-to-day operational requirements of local authorities which allows us to provide tailored estate advisory services to meet your operational needs. The strategic and planning advisory services we offer are supported by the practical implementation of agreed strategies, using informed market knowledge and expertise gained through the successful delivery of transformative projects.

To discuss your current requirements, please contact:

Alexandra Houghton, Head of Public Sector
alexandra.houghton@carterjonas.co.uk | 07880 004520

OUR LOCAL AUTHORITY EXPERIENCE:

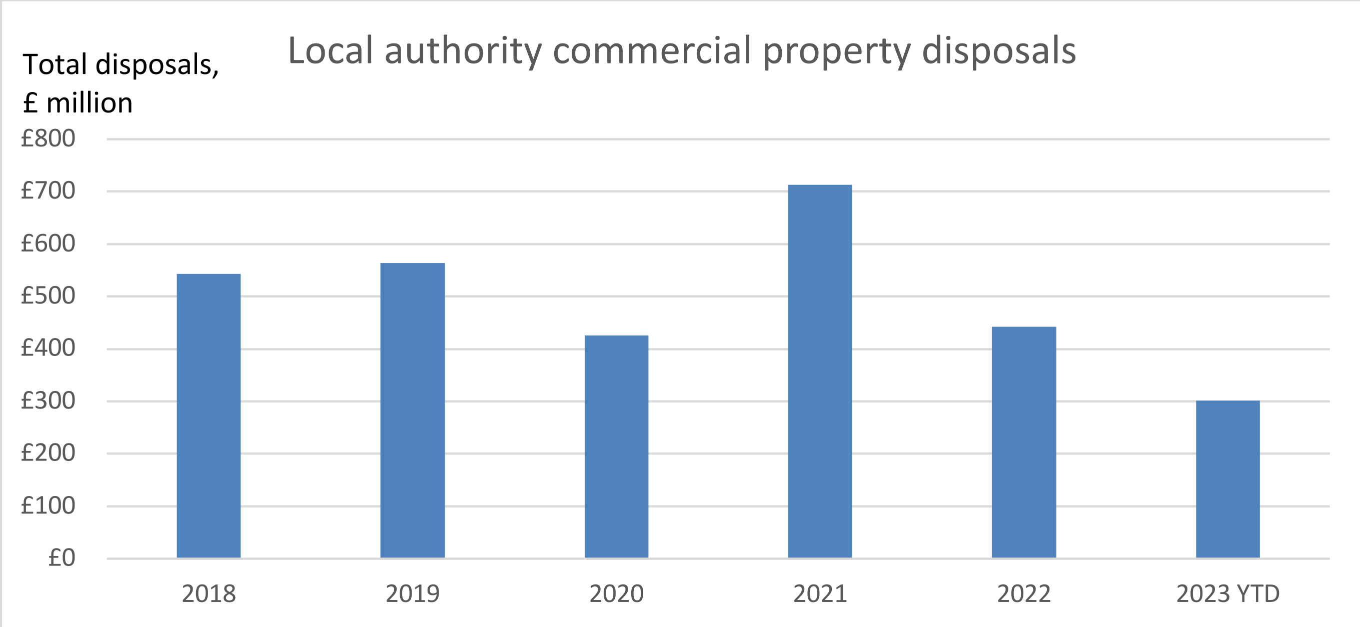
3,500 assets assessed using our Location & Asset Strategy Review methodology

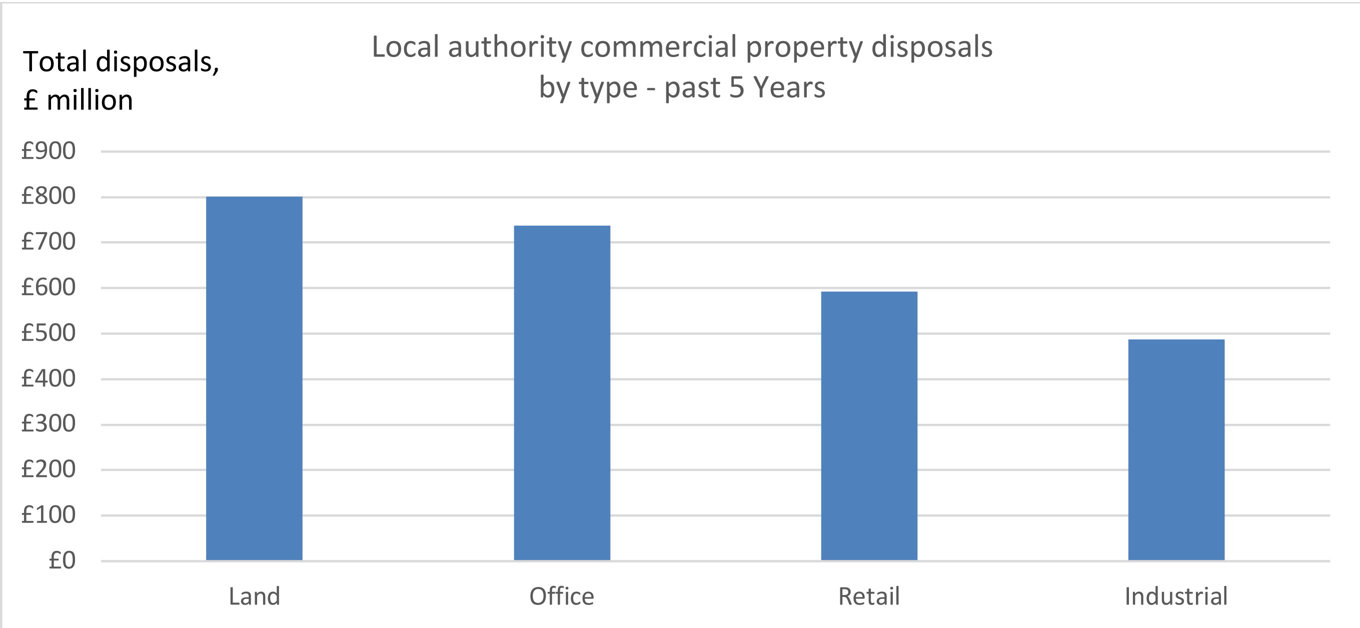
4 joint venture partner procurement exercises undertaken in the past 24 months

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





across the different sectors, and the relatively heavier weighting towards retail and office properties, the overall value of the retail, office and industrial properties purchased by local authorities over the last decade would, on average, currently be 15% lower than the value when purchased.

Most purchases were undertaken via borrowing from the PWLB, and local authorities have collectively accumulated a significant amount of debt. The average yield of all deals above £10m was 5.87%. This was notably above the average loan rate of 4.06%, which is the rate local authorities borrowed from the PWLB.

Commercial property disposals

Although the majority of recent activity has been on the buying side, local authorities have also produced income by selling properties.

From 2018 to November 2023, local authorities sold a total of approximately £3.0bn worth of commercial real estate (both investment and operational properties). The annual sales volume shows some fluctuation, with the peak occurring in 2021 (£713.1m) and a notable decline in the following years, dropping to £301.2m in 2023 (to date) (see graph).

Breaking down the sales by asset class, office properties accounted for £737m of the total sales since 2018. There was a peak in sales in 2021 at £197m, potentially driven by changing work trends and the impact of remote working models. However, sales volumes have since decreased, which might be linked to a market correction or shifts in investment focus.

Retail properties, traditionally a significant component of local authority assets, have totalled just under £600m in sales since 2018, the second highest volume by sector.

Industrial properties, with total sales of £486m, accounted for the lowest volume of the three main sectors. This may well reflect the robust demand for industrial space, plus strong rental and capital growth, which might be seen as a steady income generator in the upcoming years.

Land sales were the highest among all asset classes, totalling £801m. A significant surge in 2023 (£162m to date) suggests a growing interest in land assets, possibly for development projects or in response to housing and infrastructure needs.

The slowdown in commercial property sales by local authorities is now likely to reverse as local authorities in financial difficulties begin to dispose of their portfolios, and others decide to make selective asset sales.

Conclusion

While national media has wasted little time in being critical of local authorities for investing in commercial property, the truth is that in the vast majority of cases, it has not been a free-wheeling reckless approach that has been adopted. What is true, however, is that the market has moved on, and so has the challenge facing local authorities, and in some cases, those investment assets offer a solution to those challenges, albeit potentially a rather short to medium-term one. To get a successful outcome, it is crucial that local authorities give attention to some key issues which we have considered, before embarking on asset sales:

- Asset management: Ensure that any outstanding asset management initiatives that will be accretive to the capital value have been actioned and therefore that the authority captures that uplift, rather than the purchaser. This needs to be undertaken as part of broader strategic asset management planning, where possible working alongside organisations such as CIPFA, ACES, RICS and external property advisers looking to provide good governance and guidance
- Vendor pack: Undertake thorough due diligence prior to the sale, to reduce the number of issues that potential buyers may raise, and produce a comprehensive vendor pack
- Purchaser due diligence: Make sure that thorough due diligence is carried out on potential purchasers, and their track record and ability to complete is clear, as well as source of funding. The fall-through rate on sales has been high, and with lots of new entrants coming into the market, it is critical that the buyer profile is fully understood to avoid deals not completing and having to go back to market
- Select a good agent!: The major procurement frameworks have already sifted a list of agents with a focus on working with the public sector, but make sure that the agent you select has local market knowledge and a specialist knowledge of local authorities, as well as the investment market.

Carter Jonas has a national footprint and experience of advising over 125 local authorities across the country. They are strongly placed to advise local authorities and investors navigating the complex processes around this subject area.

Brownfield Land Release Fund (BLRF2) - Round 3 open for applications

The third and final round of BLRF2 is open for applications, with up to £80m capital funding available to support the release of council owned brownfield land for housing.

Applications close at 23.59 on Wednesday 14 February 2024.

For more information about how to apply visit the One Public Estate website

Paul is Head of Property Standards at RICS responsible for creating new standards, best practice and thought leadership on all property related matters, with a specific focus on facility management and corporate real estate. Over the years, Paul has contributed to the discourse around workplace productivity, AI, the impact of emerging technology on the sector. He frequently represents the profession as government liaison at leading industry events.

Olga is Managing Director of Ekkist and current RTPI East of England Chair. She is the author if the guide.

HEALTHIER BUILDINGS
A guide to designing, delivering and managing healthier buildings

Paul Bagust PBagust@rics.org and Olga Turner Baker olga@ekkist.co

Following on from the RICS IBOS this "…paper serves as a practical guide that covers not only operational considerations but also the overall design and delivery of healthy buildings of all use classes."

The occupation and use of our buildings has changed radically in recent years. Technology has wrought enormous change; business models and consumer habits have been transformed; environmental concerns have come to the fore; attitudes to health and wellbeing are rapidly evolving; expectations of all asset types are far more sophisticated; and the role of real estate in our overall economy and society is changing.

Acknowledgement of the scope of change leads to the conclusion that we need new, innovative approaches to the delivery of services.

All organisations expect more from their buildings, and decisions are being driven by factors other than cost, such as talent retention, wellbeing, environmental performance and social value.

The ultimate target is better and more measurable organisational outcomes through a finely tuned workplace and a committed, engaged, and healthy workforce.

The human experience of buildings

While there is much discussion on the environmental impact that buildings have, there is now an increasing focus on the field of design and management for well-being centred on the human experience – the profound impact that buildings have on our mental and physical health. It concerns every aspect of master planning and building design, and involves every built environment professional.

Delivering healthy buildings and healthy places is fundamental to achieving progress in wider global issues, such as the UN Sustainable Development Goals. It is therefore the collective role and responsibility of all built environment professionals to ensure that we are delivering buildings for current and future generations that will ultimately help to create healthy, thriving and resilient communities globally.

The role of understanding and advising on health and well-being is complex, varied and requires collaboration.

The recently launched RICS paper "A guide to designing, delivering and managing healthier buildings" produced in partnership with Ekkist, the UK's first health and well-being consultancy for the built environment, explores these issues.

It is becoming increasingly challenging for surveyors and other built environment professionals to navigate healthy choices around building design decisions, certifications, products and operations, with new regulations and voluntary standards emerging that require detailed guidance and expertise.

With well-being also forming an important part of the Social 'S' of ESG, surveyors, funders and developers are keen to understand, enhance and measure the ways in which their property portfolios can support human health.

It has become clear that the built environment plays a central role in determining public health outcomes, based on the time that the average individual now spends indoors and the extent to which environmental factors can either mitigate against or drive chronic health issues.

As a result, the health and well-being of those who occupy the built environment have become central to research, narratives and emerging real estate strategies. In light of this, as an organisation that values the quality of real estate and wishes to support members in remaining at the forefront of developments within the sector, RICS has developed this practice information.

In addition to the well-established RICS Public Sector Asset Management guidance, this document builds on RICS' International Building Operation Standard (IBOS), which was launched in February 2022 [Ed – see 2022 Spring Terrier] to help organisations measure the operational performance of property assets. Critically, IBOS added another dimension – user experience and well-being – and in doing so, reached beyond the more traditional technical aspects of operational performance that have become established over many decades.

Following on from this, the present paper serves as a practical guide that covers not only operational considerations but also the overall design and delivery of healthy buildings of all use classes. The purpose of this paper is to consider this in more detail in order to enable all organisations to consider and embed this as part of their wider real estate strategy.

"Health and well-being has entered the forefront of forward-thinking companies' agendas. Organisations have realised that designing for health is pivotal to their success. As a result, the adoption of global standards has grown. As one of the first companies founded globally to solely focus on this discipline, Ekkist has seen the change first hand. Certifications provide a common language that is credible and clear, they help mitigate risk and future-proof buildings against occupier trends, support organisations with frameworks for transparency and accountability, and provide results. They create healthier and happier people and places and add tangible social and economic value." (Olga Turner Baker).

The new guide is The design, delivery and management of healthy buildings, 1st edition, and is available on the RICS website: https://www.rics.org/profession-standards/rics-standards-and-guidance/sector-standards/real-estate-standards/the-design-delivery-management-of-healthy-buildings-1st-edition

Why design for wellbeing?

- Modern populations can spend as much as 90% of their time indoors (US EPA Report to Congress on indoor air quality)
- World Health Organization (WHO) data show that almost all the global population (99%) breathe air that exceeds WHO guideline limits for contaminants
- While physical inactivity is responsible for 1 in 6 deaths in the UK, people in activity-friendly neighbourhoods get 90 minutes more exercise per week (Sport England)
- In hospitals, views of nature have been shown to reduce the perception of pain and increase recovery from operations by as much as 8.5% (research by R.S. Ulrich in Science)
- An estimated 2,000 heat-related deaths occur each year in England and Wales (House of Commons Environmental Audit Committee)
- In classrooms, children with access to brighter, daylit rooms can score as much as 7–18% higher in tests (Terrapin Bright Green LLC)
- Newly installed furniture, insulation, flooring, and wet-applied products (eg paint, adhesives, sealants) can significantly introduce Volatile Organic Compounds into living spaces for around 1 to 2 years (research by S.B. Holøs et al, in International Journal of Ventilation)
- People living in areas with high levels of traffic noise are 25% more likely to develop depression than those living in quieter areas (research by E.Orban et al in Environmental Health Perspectives).

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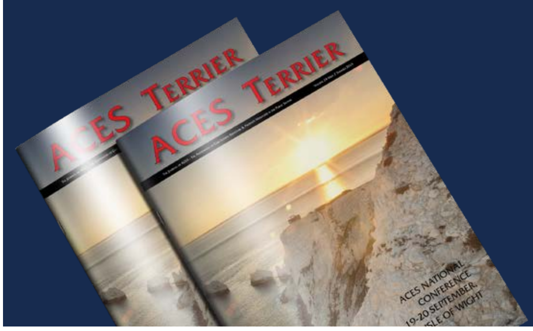

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DECARBONISING HISTORIC BUILDINGS Future-proofing the East of England's heritage

Mike Rigby mike.rigby@easternpromise.org.uk

Mike agreed to write this summary, following a successful live event held at the Frankopan Hall at Jesus College, Cambridge. "Even where stakeholder engagement is successful, combining energy efficiency measures with historic buildings remains challenging."

Mike is Chief Executive of Eastern Promise. He founded it as a podcast in 2021, which highlights the huge potential of the East of England across multiple sectors and locations. After swift success, Eastern Promise became a non-profit Community Interest Company in 2023 to grow the brand, attract sponsors and put on bigger events, while still producing the podcasts.

Before starting Eastern Promise, Mike spent 15 years as a Parliamentary researcher to a Norfolk MP, based mostly in the county. During this time Mike wrote speeches, national press statements and articles, supported select committee work, organised events, helped draft legislation, liaised with public sector bodies including councils, NHS Trusts and Norfolk Police, led the response to the 2009 expenses scandal, and both conceived and managed the "How Should Norfolk Grow?" initiative, in many ways a forerunner to Eastern Promise.

Mike also produces podcasts for clients including the University of East Anglia and is a media and PR consultant, speaker, writer and stand-up comedian, often simultaneously.

Decarbonising historic buildings

Like most ideas, it was a throwaway comment that led Eastern Promise to focus its first live event on decarbonising the region's heritage.

"Decarbonising historic buildings, that's a growing issue" said Paul Cooper, partner in the Cambridge office of property consultancy Ridge and Partners, during one of the many getting-to-know-you meetings over coffee that I've held over the past year. The meeting was to introduce Eastern Promise, a non-profit Community Interest Company. Our business is full throated advocacy of the East of England by the East of England, for the East of England; not just for the whole region, but for individual counties, cities, towns, and communities, reflecting their uniqueness and showing why the East of England is the most exciting, dynamic and capable region in the UK. In business, culture, academia and civil society, Eastern Promise exists to celebrate the region's successes and to discuss how we grow, spread and amplify those achievements.

Paul's germ of an idea grew into an event with a venue; the Frankopan Hall at Jesus College in Cambridge. It was an easy choice, given the frequency with which I was told that the college had a really great story to tell on its own decarbonisation plans and processes. It didn't hurt one bit that the college had first-class staff running first-class conference facilities and with first-class catering.

And so, last October Eastern Promise gathered an audience of officials, experts and academics to discuss the routes to decarbonising the East of England's historic buildings, the legal issues and ramifications uncovered, as well as policy objectives of those seeking to retrofit ageing estates with modern renewable heat and power sources.

Our discussions fell neatly into two sections: the first dealing with the main points driving forward decarbonisation, and the second focussing on methodologies and practicalities.

I couldn't have asked for better, more knowledgeable panellists and it remains a huge honour for me personally to have had Jesus College Bursar, Dr Richard Anthony; Mills & Reeve property lawyer Laura Ludlow, Chief Executive of the Heritage Trust Network David Tittle [Ed – David featured in 2023Autumn Terrier] and Mayor of the Cambridgeshire and Peterborough Combined Authority (CPCA), Dr Nik Johnson, all on that first panel (see image).

Delegates heard how historic buildings that are in irregular use, such as village churches or rural retained fire stations, are not really the problem. In fact, it is the built heritage that's in near constant use, such as hospitals, council offices and university lecture theatres which emit far greater heat and CO_2, posing their custodians a much greater challenge when it comes to controlling and reducing emissions.

The panel did not sugar-coat unpleasant truths, emphasising just how difficult and costly getting to net zero is going to be. Indeed, Dr Anthony did not mince words: the low-hanging fruit of decarbonisation had already been picked and readers planning to offset their way to net-zero success were either fooling themselves or, essentially, cheating.

Left to right - David, Richard, Mike (author), Laure and Nic
Photo courtesy of Deborah Dawson

Discussion ranged over other places in the CPCA with an equally historic built environment – think Peterborough, Ely, St Neots, St Ives, Huntingdon, Wisbech – which needed as much, if not more, focus from elected politicians than a city such as Cambridge, with its mix of ancient, wealthy colleges and global businesses. The Mayor asked questions of the audience too, seeking to know and understand more about the challenges at hand and what difference, if any, the CPCA might make.

Decarbonisation needs to be part of a holistic strategy across both operational estates and investment properties. Underlined was the simple but essential need to have an agreed policy in the first place. Given the intellectual curiosity essential to a university, the Bursar left the audience in no doubt about the importance of ensuring one's policy ducks are all in a proverbial, holistic row.

Mills & Reeve property lawyer Laura Ludlow spoke of the need to educate and modify the behaviour of stakeholders on energy consumption and emissions, pointing out that all the conservation measures under the sun are futile if users simply crank up the thermostat, rather than just putting on a jumper.

To secure successful changes in behaviour and acceptance of renewable energy installations, panellists agreed that stakeholders must be consulted as early and as widely as possible. Many, if not most readers of this article, will be keenly aware of the disparity between the speed of decision making in large public sector organisations, and the break-neck rapidity with which misinformation circulates on social media, generating vocal opposition based on half-truths around plans that may not yet exist.

Even where stakeholder engagement is successful, combining energy efficiency measures with historic buildings remains challenging. This is due to the impact of these measures on the fabric of buildings, which may have limited space in which to retrofit new technologies. In the case of Jesus College, the installation of ground source heat pumps under the cricket pitch disrupted two seasons' play, much to the annoyance of the college's cricketers. Yet they have since returned to the Jesus College crease and the heat pumps are now driving down the college's carbon footprint. From the wicket keeper to silly mid-off, I'm willing to bet they feel it was all worthwhile.

2023 also offered a further timely and public example of renewable technology being retrofitted to a centuries-old historic building in the East of England and being met with attendant furore locally. This was subsequently aired in certain national newspapers with barely contained glee.

City councillors in Cambridge rejected the concerns of their own heritage conservation officers, local campaigners, and Historic England, to grant planning permission for King's College to put over 400 solar panels on its famous chapel roof. The importance of being able to reverse the installation of renewable energy measures to remove or upgrade them was discussed at length in the second panel. Indeed, in the King's College case, the fact that the solar panels could be taken down or replaced upon the end of their useful life undoubtedly contributed to the city council's decision to give the go-ahead.

Conundrums

The acrimony over the installation of solar panels on the Kings College chapel roof laid bare the central conundrum at the heart of this debate, which boils down to this: doesn't the urgency required in addressing the climate crisis outweigh the need to conserve our built heritage, particularly where the primary focus of estate managers isn't on heritage conservation but enabling their organisation's core business?

Ironically, this dilemma came into even sharper focus a few weeks later when I was asked to summarise our discussions at Jesus College, at an event for the audience at a Cambridgeshire & Peterborough's Climate Partnership event in Ely. Sat alongside much more knowledgeable experts from the CPCA, I relayed the key points from the Jesus College event: clear policy, cost controls, reversibility, and behaviour modification.

In the Q&A that followed, several local councillors in the hundred-strong audience asked me what was to be done about applications such as King's College, when an authority's own officials were giving narrow advice that was not considering the wider climate imperative. My answer was that of course, a heritage conservation officer's first duty is to conserve heritage; that is their role under the planning system. It is for councillors on planning committees to reach what we all agreed was the correct decision, as I believe they did over King's College.

Sadly, this is far too short an article for me to expand on the debates and discussion on the second panel, which was much more technical in nature and sparked a fantastic debate in the hall. The good news is that you can listen to the full event from start to finish here (or via Apple podcasts, Spotify or Amazon Music - just search for 'Eastern Promise – The Podcast').

Conclusions

In the end, I took this away from the event: we are right to look at decarbonisation of our historic built heritage in the round, beyond preserving a building simply for preservation's sake, doubly so where that building has a primary purpose other than heritage, such as education, administration, or healthcare.

Although local councillors may understandably prefer not to wade into the conservation debate, the King's College case showed that they are more than capable of exercising their discretion prudently, having weighed the arguments and reached a decision in the public interest. Moreover, they know that they are directly accountable to residents for the exercise of their judgement via the ballot box.

This is as it should be. I cannot see how it could or should work any other way.

[Ed - see HYPERLINK https://www.gov.uk/government/publications/adapting-historic-homes-for-energy-efficiency-a-review-of-the-barriers]

Ian is the head of Savills Infrastructure in the UK. He advises clients on their property strategies and leads teams to deliver them. He works with many water companies including Anglian Water and Thames Water.

NET ZERO AND INFRASTRUCTURE

Six recommendations for UK infrastructure

Ian Cutts icutts@savills.com

Ian outlines six key areas of infrastructure planning – and the investment this will need – to try to achieve UK net zero.

Needless to say, quite a lot has happened since the first National Infrastructure Assessment (NIA) in 2018. As well as events such as Russia's invasion of Ukraine and Covid, the UK is also five years closer to 2050, leaving only 27 years to achieve net zero ambitions. Infrastructure will be a key part of achieving those ambitions but, as the National Infrastructure Commission (NIC) points out, there is a lot of work left to do.

Here are the six key takeaways from the NIA report.

1. Heating buildings

It will be electric that decarbonises our buildings, not hydrogen. Of all of the metrics the NIC used, hydrogen failed to outperform heat pumps in any. The Commission therefore recommends a major programme of investment into electrification of heat in buildings. As well as £3.2bn a year until 2035 for public buildings and social housing, it recommends offering £7,000 to homes to switch to heat pumps. This is a similar amount to what is currently on offer through the Boiler Upgrade Scheme. The NIC did still back the use of hydrogen as a tool for heavy industry to cut emissions.

2. Energy security

The cost of living crisis was partly brought on by Russia's invasion of Ukraine and its impact on the energy process. The UK's meagre gas reserves left the nation vulnerable, so the NIC proposes the creation of a new strategic energy reserve. It recommended legislation be introduced to give the secretary of state powers to establish and control this strategic reserve and that the government takes action to develop a reserve that could be used to generate 25TWh of electricity in 2040, and to maintain it at this level after that.

3. Water

The average British citizen uses 145 litres of water each and every day. By 2050, the government sees this being closer to 110 litres, but the NIC wants to see more action to achieve that. It recommends Defra introduces measures to push compulsory metering beyond water stressed areas. It also advocates the systemic rollout of smart meters in a concerted campaign to reduce water demand. Flexible tariffs and education campaigns to help consumers understand their own consumption and the effect of water abstraction on the natural environment were also recommended.

4. Flooding

The NIC struggled to measure the progress made on flood risk because the government currently has no quantifiable long-term risk reduction target for flooding beyond the current investment cycle. It recommended setting a target level of risk reduction would allow the Environment Agency to take a strategic approach across catchments.

To reduce the impacts of flooding, the NIC says the government should require all new developments to be able to resist river and surface water floods with, at least, 0.5% annual probability. By 2025, the Commission expects a long-term measurable target to reduce the number of properties likely to be flooded by rivers, or the sea, to be in place.

5. Environmental data

The environmental impact of infrastructure is currently handled on a project-by-project basis. According to the Commission, the

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evidencing process can take years and regularly duplicates recently gathered data, unnecessarily delaying projects. The NIC expects Defra to introduce a data sharing platform for environmental data as early as 2024, to speed up the development process. By the end of 2025, the Commission expects statutory consultees to develop a library of historic and natural environmental mitigations for different kinds of infrastructure.

6. Recycling and waste
Rishi Sunak recently committed to roll back a policy that would have seen households have seven separate bins. This has widely been dismissed as a non-existent policy; however the NIC still wants to see clarity and guidance on what is planned for recycling. For example, the consistent collections policy has been replaced by "simpler recycling", but it is unclear what this means and how this will work. By 2026, the NIC wants to see recycling targets for all local authorities and the expansion of the single use plastics ban.

The NIC also expects the government to signal that unabated energy from waste is not a viable option in the long term. To do so, the Commission recommends a ban on future energy from waste plants which are not already in the local or national planning system, and which do not have plans for carbon capture.

What does it all mean?

These are just six stand-out recommendations. In addition to the above, the NIA delved into a wide range of areas including broadband, connectivity and transport. Each area requires investment, so it is unsurprising that the Commission called for £30bn p.a. until 2040, in order to achieve the recommendations. That is just government funding. The NIC also wants to see private sector investment increase from around £30-40bn over the last decade, to £40-50bn in the 2030s and 2040s. In a cash-strapped economy, it remains to be seen whether both private and public funds can withstand such short-term pain to realise the long-term gains.

TOWN HEALTH FACILITIES
Can health save our high streets?

Jonathan Turner jonathan.turner@communityventuresltd.co.uk

Jonathan looks at whether the delivery of health care facilities, especially for primary care and community services, could help revitalise the country's ailing town centres. Emma Bolton, CEO of Community Ventures, spoke about Castleford and other new build facilities at ACES' National Conference in September.

Jonathan is a Strategic Health Professional and chartered surveyor with 27 years' experience in the property industry, specifically in the public sector, specialising in health and social care. He started his career in the NHS, working initially as a project manager involved with a wide range of capital projects in acute, community and mental health sectors. During his 10 years in the public sector, he also undertook strategy and transformation roles along with commissioning. Alongside his extensive knowledge of the health and social care sector, he has also worked on higher education and research facilities, including a new business case planning process for Manchester Metropolitan University, and the development of the prestigious National Graphene Institute for the University of Manchester.

NHS Reset

The primary care sector is facing a time of crisis, with nearly 1 in 5 GP practices having closed since 2013, and shortages of qualified GPs leading to growing workloads for existing staff.

Alongside this, one in four GP practice premises is in a 'poor' or 'very poor' state, according to BMA research, with significant investment in new, modern surgery buildings and health hubs badly needed ('One in four' GP practice premises in 'poor' or 'very poor' state - Pulse Today).

At the same time, the country's high streets are also in decline, with the growth in online shopping, popularity of out-of-town shopping parks, and high-profile shop closures of major retailers such as Wilko, Paperchase and Mothercare.

Since the pandemic, the NHS Reset campaign has been examining what the health and social care system should look like. One of the areas they have looked at is health and the high street, looking at how the health sector can get more involved in the community, and the high street in particular.

But can these seemingly unrelated sectors work together to the benefit of both? It's an interesting proposition.

When making decisions about the location of a new health centre or primary care facility, there are several critical elements our team of estates consultants will consider, including:

- Can the facility be accessed easily by everyone, including disabled people, the elderly, and those without access to a car?
- Are other partner services available nearby, for example community services, social care and pharmacies, to support the delivery of primary care services?
- Is the surrounding area safe for staff and patients?

Keighley

Town centre health facilities?

For all of these points, it makes sense to at least consider locating new health facilities in town centres. They are generally easily accessible not only by cars, but also by bike, public transport and on foot, especially when compared with out of town locations – a feature which also encourages a healthier lifestyle. Ensuring that the health estate is easily accessible to all is key in ensuring that everyone can access services at the right time and the right place, which can support the reduction of health inequalities in some communities.

Town centres attract other services, such as a choice of pharmacies, libraries and advice centres, dental practices and other health and social care services, meaning it's easy for health sector, public sector and private sector services to work together, utilising the available estate to its fullest extent, and opening up additional options for patients.

Finally, town centres are designed for people to visit safely, tending to be well lit, busy and often pedestrianised.

However, the benefits work both ways. Locating a health hub in a town centre brings greater footfall onto the high street, attracting people who wouldn't normally have made the trip, and making visitors to the high street more diverse. These people may often combine their health and wellbeing appointment with visiting shops or a café, boosting trade in the area. Additionally, the staff who work in the health centre provide a much-needed regular increase in high street visitors.

<u>Keighley</u>

Community Ventures has been involved in two recent projects which are attempting to bring health to the high street. We are currently working on a new development in Keighley, where we are working on behalf of the Bradford District & Craven Health and Care Partnership, to lead the development process and author the business case for a new health and wellbeing centre, which has secured a £3.4m capital contribution as part of a Towns Fund grant from the Department of Levelling Up, Housing and Communities.

The proposed new health hub could include a range of health services, including GPs, community care, mental health, dental care, training and more. Subject to appropriate approvals, it will be built on a brownfield site in the town centre, which was formerly occupied by Keighley College.

As well as helping integrate health services, the centre will also bring around 200 jobs to the town centre, providing a welcome boost for the high street.

Cllr Alex Ross-Shaw, Portfolio Holder for Regeneration, Planning and Transport for City of Bradford Metropolitan District Council, said: *"The announcement is a great result for Keighley. It will bring a brand new facility in the heart of Keighley, in easy reach of transport links, and which will provide essential services to improve the lives of those living in the community.*

"In addition, it will be a great boost for investment and jobs for Keighley and the wider district."

<u>Castleford</u>

Community Ventures has also been involved with the planning of a new health hub in Castleford. This will be the town's first major regeneration project under the Strategic Regeneration Framework for Castleford, a guide to how the town centre can be developed over the next two decades. It shows how local authorities should be considering health as an important factor in the push of footfall to town centres.

The health sector should use its power to be a catalyst for change in our communities, and the crisis on our high streets is one where it can make a real difference.

Community Ventures is a boutique consultancy, offering bespoke strategic advice to our clients to help solve their estates and service planning challenges. We have an integrated service offer with operations, development and consultancy teams. Our experience of working in health and social care for over 15 years means we're uniquely positioned to help drive efficiencies, solve problems and develop solutions to help improve the health of our communities. If you need help with the planning, funding and development of health facilities, our team of experienced estates professionals can help. Get in touch.

Steve started his career within the NHS in 1988, as an apprentice electrician, moving onto designing and project managing various projects within the North Tees & Hartlepool NHS Foundation Trust estate. After the formation of NTH Solutions, Steve became the Deputy Managing Director in 2021 and then an estates project manager, managing the construction of the 42-bed emergency assessment unit at North Tees Hospital.

Steve was promoted to head of Design and Development in 2010, overseeing the Trust's whole capital programme. He then became Assistant Director of Estates and Capital in 2018, responsible for maintaining the existing estates, and its medical equipment. He was promoted to Deputy MD in 2021.

STOCKTON HEALTH STUDY Stockton Community Diagnostic Centre case study

Steven Taylor steven.taylor13@nhs.net

The York Conference included the presentation of a series of case study projects. This is a summary of the Tees Valley Community Diagnostic Centre to date. Steve presented the context, issues and progress of the project, emphasising that collaboration is key.

Collaboration is easy to say and much harder to achieve. What I wanted to talk through today is our experience working on the Tees Valley Community Diagnostic Centre (CDC). This project has brought in a number of other stakeholders, including local authorities. It has been a learning curve for me as well.

NTH Solutions

NTH is a NHS owned company and a subsidiary company of North Eastern Hartlepool Foundation Trust which provides estate facility services for the trust, but we also provide services nationally to external parties. Any income we generate goes back into the NHS for the benefit of patients.

The NHS carried out a review nationally of NHS diagnostics capacity. The recommendation was that NHS organisations across England move to providing diagnostic services in CDCs. CDCs allow patients to access planned diagnostic care nearer to home without the need to attend acute hospital sites. These services are separate to urgent diagnostic scan facilities, which results in shorter waiting times and a reduced risk of cancellation, which can happen when more urgent cases take priority. It also leads to improved patient experience and outcomes, and contributes to reducing health inequalities.

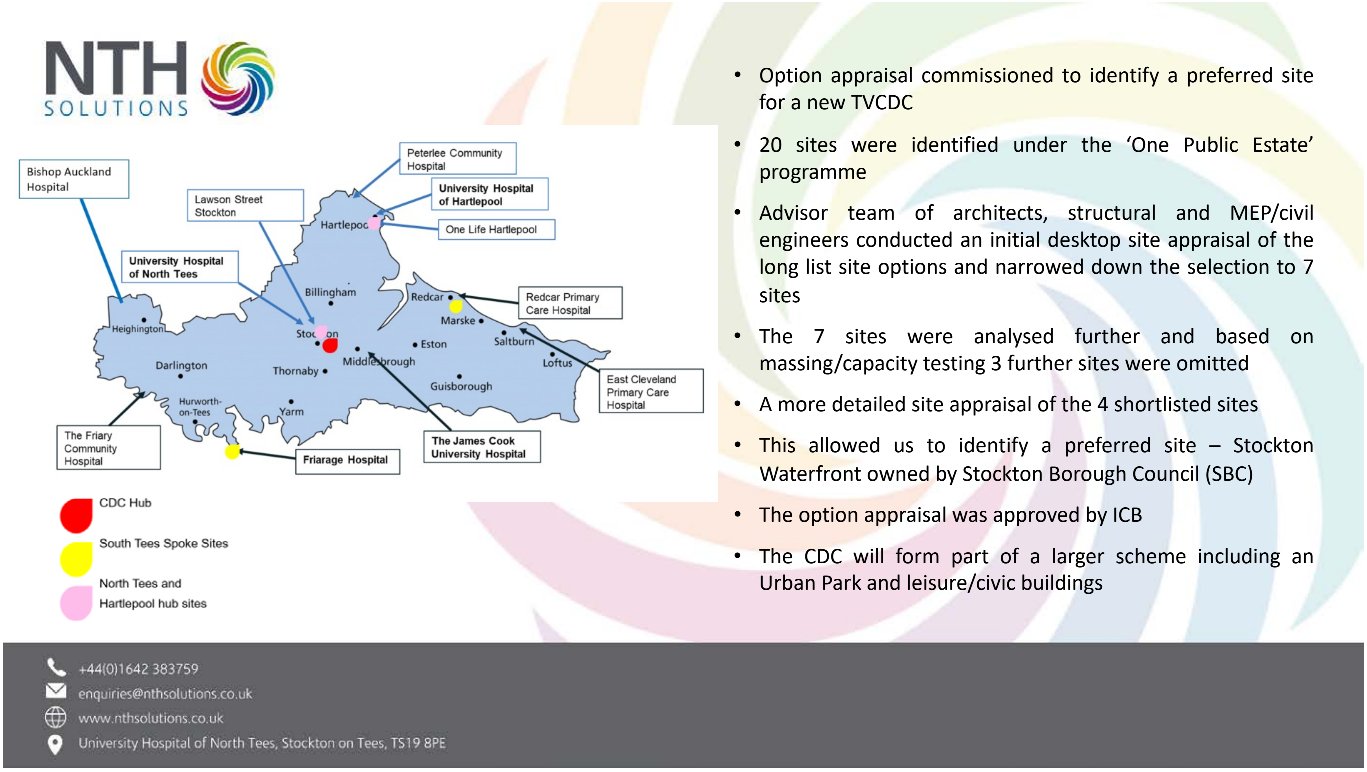
Why does the Tees Valley need a CDC?

The Tees Valley has a significant ageing population. While the population is not projected to increase, the population age group of over 65 is projected to grow by 21% an over the next 10 years and that's quite a significant impact potentially on the healthcare system. In the Stockton area itself, there is actually a 10-year difference in life expectancy from one end of Yarm Road to the other. In terms of comorbidities (concurrent diseases in one body at the same time) and compared to the national average, we have a significantly higher percentages of residents suffering from health problems like obesity, diabetes, asthma, heart disease and depression., so significant improvements need to be made in this area.

The Tees Valley CDC will serve Stockton, Hartlepool, Middlesbrough, Darlington and Redcar (see map). All of those areas and within the northeast have very similar health inequalities, so that identified the need and motivation for the project in the first place.

Site selection and key objectives

The Stockton CDC will be part of a hub and spoke arrangement serving both the North Tees and Hartlepool and South Tees Foundation Trust areas. There are hubs at Hartlepool and Stockton hospital sites. The Lawson Street, Stockton site has some

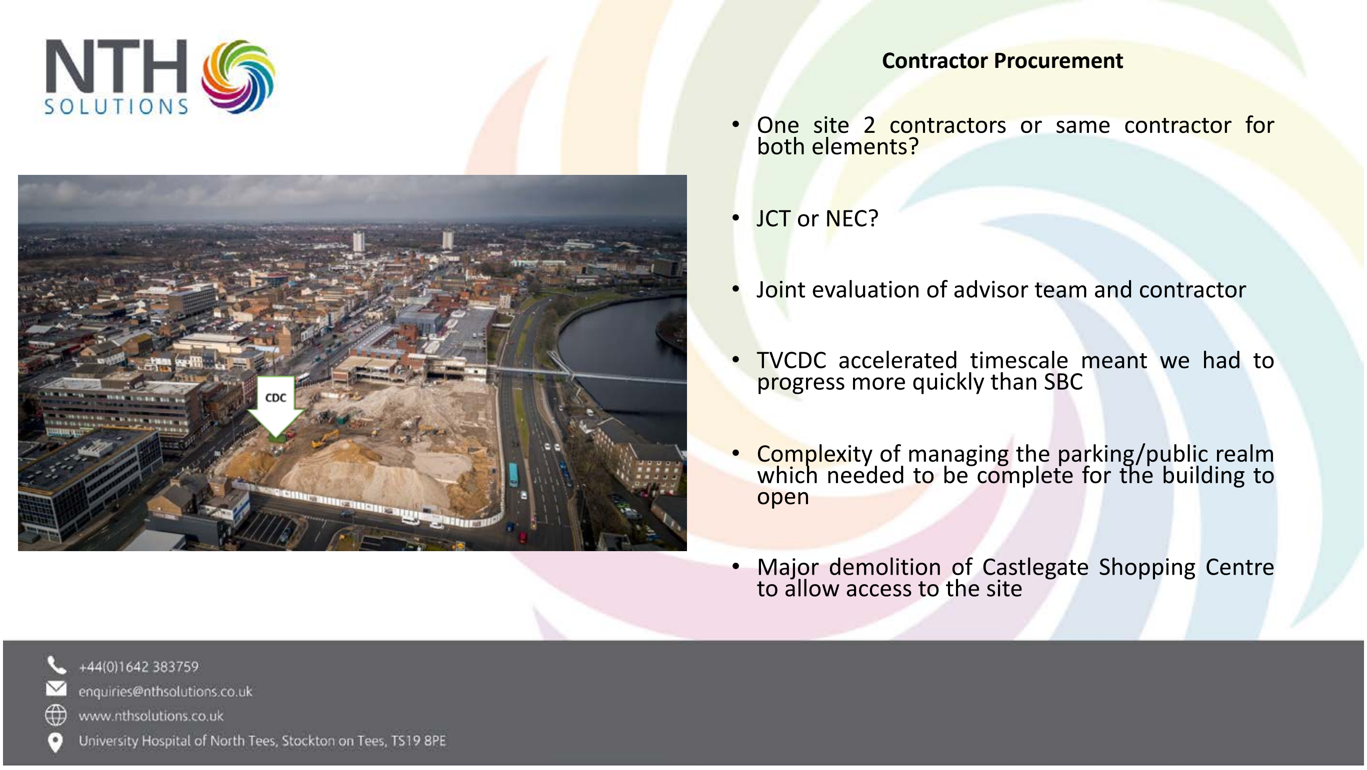


space that was void cost and wasn't being utilised, so there is a temporary Stockton spoke facility in there; there is also a spoke at the Friarage Hospital in Northallerton, and the final spoke is in Redcar. This arrangement covers the geographical area across the Tees Valley, and determined the location of where the main hub was going to be located.

We carried out an option appraisal as part of our business case (see notes adjacent to the map). The process of choosing Stockton Waterfront is outlined - 20 sites identified under the One Public Estate programme; a multi-discipline team across the Tees Valley reviewed the list, with significant criteria to enable installation of diagnostic pieces of equipment in terms of MRIs and CT scanners requiring a ground floor building, to facilitate significant power requirements for these machines (7 sites). The four shortlisted sites were subject to a much more in-depth appraisal, to eventually select the Stockton High Street site. The option appraisal went to the Integrated Care Board (ICB) for approval.

Stockton High Street

The CDC is part of the Stockton Waterfront urban park and leisure facilities. The image shows the completed vision; the CDC is



highlighted, located right at that end of the High Street. There is a major demolition project for Stockton Borough Council to clear the existing shopping centre and other buildings.

The key CDC objectives (see slide) are that the services are easily accessible for good public transport and private vehicles, sufficient car parking for patients, carers and staff; to achieve best value for money; support modern methods of construction, achieving net zero carbon in operation and also BREEAM excellent. On this particular site, we've actually got a bus stop right outside the front door, which is fantastic for the people of the Tees Valley.

The business case was approved in January 2023. Some of the key features around this building – it will be one of the biggest CDCs in the country, certainly the biggest in the northeast and it was selected as one of circa 130 CDCs approved across the country. It will be delivering around 150,000 diagnostic tests a year and the facilities will include two MRI scanners, two CT scanners, an X-ray room and three ultrasound rooms, so quite a significant amount of diagnostic equipment. With so many planned attendances, it will bring significant footfall to the High Street.

Facilities will be shared and used by the partners, including staffing by both NHS Trusts, to create as much flexibility as possible; both trusts are embracing an attitude of sharing. The collaboration project also includes Stockton Borough Council (urban park and redevelopment of the High Street); North of England Commissioning Support Unit (IT services); Department of Health & Social Care; and NHS England.

Commissioning

We followed the Treasury Green Book principles and the NHS Better Business case process to develop our business case. The original funding request was for £30m and two years to build this facility. However, NHS England obviously wanted to spread its limited funding for CDCs as widely as possible and approved a £24m spend and completion in 16 months (March 2024). The trusts were determined that they wanted to deliver this scheme, so we've worked very hard to work within the financial and time limits, facilitated by really good engagement from the council. We would never deliver this project without significance amounts of collaboration across the team and across the stakeholders.

Our approach was to work together, but also find out where the red lines really were between these different groups and different stakeholders: we needed to get under the skin of that and find the real limits. We work very hard collaboratively, including the council providing an area within its offices for our project office, so we've held a significant number of fortnightly meetings and design workshops in that area.

Quite early on we appointed Siemens as the shared contractor and brought them into the design team meetings as well. This early involvement is quite rare. Taking this open approach and getting everyone around the table reduces risks; it has been a really positive experience and stakeholders get a full understanding of what this facility is going to be like: being involved in all the design development meetings has meant parties are very much engaged.

Progress

The photograph [Ed – taken for the September conference presentation] shows that demolition is completed, and the scale of the mound that is directly where the CDC is going to go. The health facility has had to progress more quickly that the council's plans, because of the financing restrictions. However, parking and public realm needs to be available from opening. We therefore recognised that was going be a significant risk, so we carried out a joint appointment process for our advisor team, in terms of project management, contract administrator and cost adviser. We had a significant discussion about the form of contract we should use, and we agreed to use the NEC contract. The appointments of all of these contractors and advisors were evaluated in one room together, with the council and the two NHS Foundation Trusts, so again, very much working together.

A raft of legal documents has been agreed, including access licences, agreements to lease, a contractual letter of intent, an interface agreement which is between Stockton Council, the trusts and the main contractor; we also have supplemental agreements on how that land will be used and to whose benefit it is over the life of the building. The lease itself will be 120 years at a peppercorn rent to the trusts. We had some very interesting discussions of achieving a peppercorn rent over such a long time in such a potentially commercial location on the High Street. It was justified by the greater benefits to the public of the 150,000 healthcare attendances on the High Street.

Between January and August, the following milestones were achieved:

- ✓ Joint project manager/cost advisor and quantity surveyor appointed (Jan 23)
- ✓ Main contractor appointed (Feb 23)
- ✓ Design development workshops to agree 1:100, 1:50 and C Sheets (Mar – July 23)
- ✓ Specification of Siemens equipment agreed by North and South Tees Trusts (Apr 23)
- ✓ Planning application submitted (May 23)
- ✓ Planning approved unanimously by planning committee (Aug 23)
- ✓ Northern Power grid order placed for 2MW supply (July 23)
- ✓ PCSA and Letter of Intent agreed and signed (Aug 23)
- ✓ Access Licence in place (Aug 23)
- ✓ Agreement for Lease signed (Aug 23)
- ✓ Building Lease in an agreed form (Aug 23)
- ✓ Site access by contractor (Aug 23).

We had a few interesting debates with the planning team and experienced the independence of the local authority: they said "well, the design isn't really wowing us". The officers were looking for a bit more interest on the exterior of the building, so we challenged our contractors not to increase the costs but refine the external design. The issue was a limited budget and a need to spend our money on the inside of the building - start spending more money on the outside, then effectively we're going to be taking out an MRI machine or a scanning machine, and that's not what this project is about.

The letter of intent was just to prepare the ground level on-site and carry out all essential services and just to get us a head start on the project. This enabled the other documents to be exchanged. Work actually commenced on 4 September and we had a first spade dig event on 15 September, and that was by a lady who was the first person to have diagnostic tests at the Lawson Street spoke opened a year ago.

Conclusions

What we learned was that collaboration is around communication and talking between the parties: what is the issue and can we talk and understand the different perspectives from the different parties. We will endeavour to continue that.

Stephanie is Assistant Director who has worked in the health sector for almost 33 years in a variety of roles, including in the private sector, offering consultancy services, and at NHS England undertaking an assurance and approval role. The majority of her career has focused on health planning, business case development and project management for health service projects.

Prior to her recent move to an estates role at the Integrated Care Board, she has been Director of Primary Care, focusing on primary care clinical network development, the Covid vaccination programme, and local responses to asylum and refugee service users.

Martin is Managing Partner who joined Priory Medical Group in 2008, following a career in global investment banking and corporate consultancy. He has overseen the development of the group into an award winning 60,000-patient single GP practice.

Martin is also a founder of Nimbuscare Limited, a GP alliance company providing GP and community services to over 250,000 patients. His recent achievements have been acknowledged in the "Fuller Stocktake" and the "Delivery plan for recovering access to primary care".

YORK HEALTH STUDY

Stephanie Porter stephanie.porter@nhs.net
and Martin Eades martin.eades@nhs.net

Another case study from the conference, Martin outlines the challenges of delivering a new GP practice, and the particular issues of finance, which Stephanie identifies.

The story of a GP rebuild proposal

York is a wonderful city and an amazing place to live and it's my privilege that we as a practice are able to offer healthcare to a good 60,000 of the patients who live in the city. The Priory Medical Group has nine surgeries across the city; we are an owner occupier. We existed pre-NHS - that's how long we've been around, as have most of our premises, something I'll come onto.

The case study we're going to talk about is Burnholme Health and Wellbeing Centre. We're talking about inequality similar to Stockton's Yarm Road and that 10-year life expectancy difference there. It's not that dissimilar in parts of York, which hides its deprivation incredibly well, and if you come here as a tourist and wander round the city centre, you'll see nothing of it; go a bit further out and there are pockets of significant deprivation and health inequalities, and we as a provider across the city want to help address that.

I come from an investment banking background prior to healthcare, and things used to move quite quickly; this is a whole different pace. In 2013, we as a practice acquired another practice towards the east of the city. We had three premises as part of that and they were all converted housing stock. Now our vision as a practice and our goal is to deliver all of our healthcare services from purpose built premises, no converted houses as it is not really suitable; it's difficult to make it meet regulations; it's certainly not sustainable or green, so we had a vision to create a brand new hub.

Burnholme is part of a wider campus. It was a community college that closed down formally and properly in 2014. On that site, the plans were for a sports centre which is already there, a nursing residential home, a community centre, and a health centre. One of those options was the health and wellbeing hub, a new build bringing various things together, and of course this is right in the middle of our patch and the perfect opportunity. There were significant conversations with City of York Council and the commissions around what could we do. The conversation was choose an oven ready site with access roads, water, and electricity and we just need to come along and build it; it'll be fine.

So what's happened since then? It's been a journey I think it's fair to say. Making the money stack up was one thing, but it was also the case of what should this site look like, and as a practice, we're very forward thinking, quite innovative, and we like to push boundaries. We wanted a single site that did everything we wanted – pharmacy, community, primary care, and anything else that we could get onto the site, working together collaboratively, make it easier for patients - a one stop shop, make it simple.

So we created big, and we had various other parties involved; we had the Mental Health Trust, the secondary care trust, the hospital, plus ourselves, and a pharmacy. We scoped a scheme and we even had it drawn up, and it looked fantastic. And then we started having conversations with our commissioners. Around the same time there was possible money nationally, ring fenced for improvements or expansion of GP premises. We applied for that fund, but as things grew, it was getting quite expensive.

The key behind this case study is that the environment around us is changing all the time. Over the last 10 years, York has also moved from railways and

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chocolate to tourism and bioscience. Our environment in general practice has changed significantly: different commissioners; moved from PCTs to CCGs to ICGs, all with different goals and different agendas. Integrated care is the current place we're around. That means everyone has got to try somehow to work together, put aside different empires, goals and different strategies and work together to deliver this.

We designed big and then we were told go small - you need to rein in, it's too expensive, we can't afford it. So we rescoped the scheme. And then a couple of years later the Estates Technology and Transformation Fund and other premises funds came along. So we bid for that. It's funny how you do it. I am not a property expert. I just need some money. We can go and get it from the bank, or we can come to commissioners and say have you got some money in this pot and what can we get access to. It was just constantly shifting.

What we're trying to achieve is get that seal of approval, take it to the commission, to close these three sites, relocate the services in here, jump in with a few other people, so will you approve it, so we can get access to some NHS money.

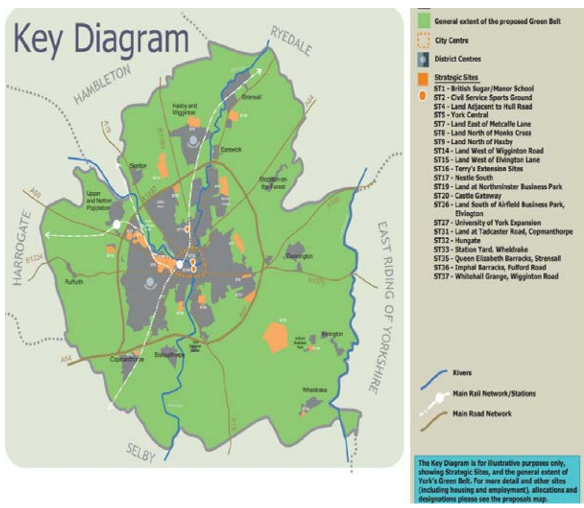
It's been backwards and forwards. The challenge for us is in primary care. GPs are a bit of an anomaly [Ed – see Andrew Strange and Bryan Wootton's articles in 2023 Autumn Terrier]. We are private contractors who own our own premises, so we are not like a hospital and just ask for money from the central pool. We wanted to create this building back in 2013/2014. There has of course been increased pricing and cost inflation, so the build cost is now about £5m, so we're having conversations with commissioners. We want to know how we service that debt through the NHS financing system of notional rents. So we rescoped it again to make it smaller.

The environment continues to change all the time which makes it tricky. We come back to the challenge of how do we fund it? How do you make this happen? We know what we want to do with the new build, but how do we pay for it? We can get rid of three premises and recycle the capital, but given the cost of a new build, we can't close the gap – the notional rent will not service the debt.

York is a city that is growing massively. The projected 10-year population growth is about 40,000 across the city, which is only 350,000, so very significant growth. We're trying also to future proof what we do. The workforce has changed; the number of GPs in the country is decreasing, but the system is worked quite cleverly to create other health professionals to work alongside, so actually the overall numbers of people providing primary care have gone up, and we need more space to house them. The population in York is slightly skewed towards the older end of the scale and they have greater health needs than younger professionals, so there's more people and more demand, so we need more space and that's going to come at a cost.

York Place – an Example

- City of York Council are in the process of developing a new Local Plan. Once adopted, the new Local Plan will determine how the city develops over the next 15 years and beyond.
- Planning a 20% increase on the current population over 10-12 year period
- That's 40,000 addition residents



NHS finances

Stephanie – probably unfairly – introduced herself as the harbinger of doom!

Money comes in chunks to the NHS, annually. What happens is that money is promised, but not enough is done underneath that to make sure that the governance is there so that we can use it. The issue is that the whole country is attempting to procure facilities like the Stockton CDC at the same time. but it all takes so much time.

We know that there is a mature third party provider model; some practices will want to own. How do we achieve affordability? We find different ways to bring cash in, but it needs to balance with the same amount of notional rent. What do private sector partners want? We need to make sure that everybody's speaking the same language, understand the aspirations. We talked about how the Wakefield scheme arrived at where it's at, with Community Ventures. Sometimes these things come up out of desperation. Castleford took 10 years; Martin is talking about Burnholme being 10 years. Ultimately, we are going to have to find a way of doing things, so we are looking at different models recycling cash with the Treasury. That's the irony – the money all comes from central government. They give with one hand and take away with the other. We are not borrowing from the banks or pension funds. A priority funding system is in place, so York has to bid against others in the north east area.

York is growing twice as fast as any other area in this region. We need to find a way to work with partners; how can we hold the dam while we're waiting for the new build or better utilisation and start projecting three-year rent reviews. I have been in the NHS for 33 years and I've never seen a downwards rent review. We can project what our revenues will be. We're juggling different pots of money.

The bit about doing the right thing against what you can afford to do would be helped by involving lots of partners. We always start projects looking at multiple partners and support a mixed economy.

Martin - The passage of time is somewhat helpful. As a practice, the partners have always owned their premises, and that position has softened, because a lot of those partners over that 10-year period have retired. Of course growth in capital in premises was essentially a pension fund. Now that they have moved, our options of models of ownership now vary from shall we rent it, through to will we own it all. Primary healthcare is still a very attractive space for banks - they see this as a safe bet. They are under pressure to lend, ironically, but they are limited in who they can lend to and who meets the criteria.

As Steph said, we are trying to work with our partners. We have an ambition, a goal. We know what good looks like; we see examples all over the country of what great health care can look like. We want to deliver that in York. It is a great city to live and it's a great place to be. We want healthcare to be great too.

The real pressure is on us now. York has a local development plan. As healthcare providers we've got to respond to that and Burnholme for us is a really key piece of that jigsaw. There are more than 40 GP practices in the city. It is only a small city, so if you designed it from scratch, you'd probably have four or five hubs that deliver everything in strategic locations, meeting those health inequalities and ensuring there is equal accessibility across the city. We're trying now rapidly to move forward - what can we do now for the future? Burnholme has just been sitting there as a pile of mud. The only difference is that the trees are now 10 years old, so they're beautiful. They were saplings when we started this project!

The economic landscape keeps changing around us and the metrics change massively as well. When I first went to Steph with this project, I think it was a circa £5m build. I've seen the figure today; I've been given the business case figure just this morning (Steph hasn't seen it yet). It's now double digit, which is slightly scary, so that's one of the aspects – OK, we could not have forecast a pandemic or a financial crisis - but in reality to get the same build 10 years later, it's going to cost us double the money.

So determination, resilience, a sense of humour, collaborative working, will definitely get us there. We're not finished yet. We'll be back - in 10 years' time when we're all sat round this table….

Karen is Primary Care Estates Strategy Lead. She has 30 years' experience in health and the disability sector in the UK and New Zealand, working in primary and secondary care,clinical service management, change management, and estates and facilities. This has included strategy for office, general practice and community hospital schemes.

At NHSPS, her work has focussed on the optimisation of the estate.

CATTERICK HEALTH STUDY

Karina Dare karina.dare@property.nhs.uk

This is the third of the case studies presented at the York conference regarding an unusual partnership of the Ministry of Defence and a number of NHS, GP and community organisations.

The partners

The Integrated Care Campus of the proposed future joint scheme at Catterick Garrison, shown in the artist's impression, is not a reality yet. It will be quite a big facility and is intended to replace existing services. There has been a lot of discussion today about working with partners. There is a wide range of partners (see slide), key being the Ministry of Defence (MOD) and the Humber and North Yorkshire Integrated Care Board.

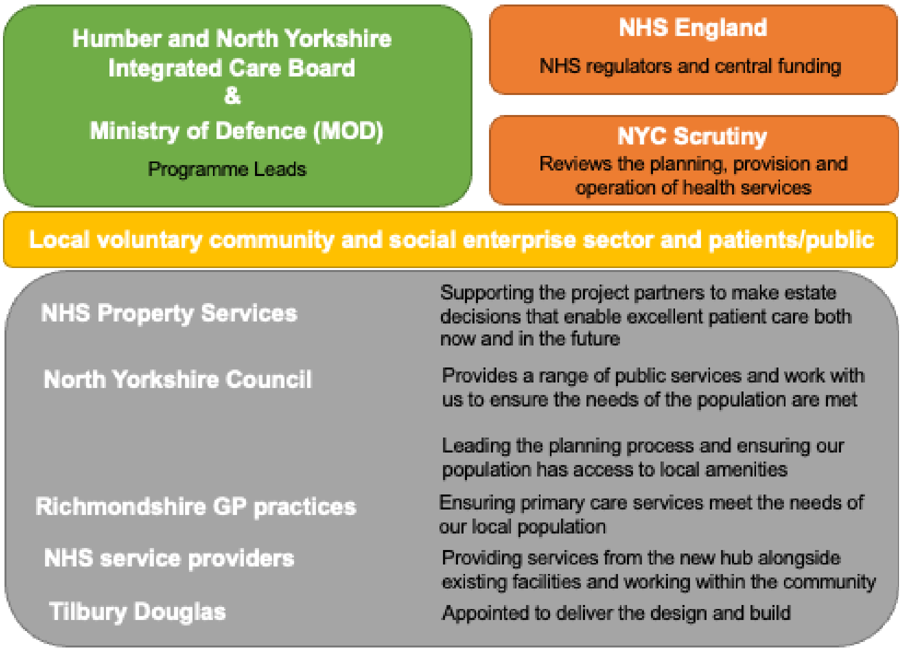
Others integral to the project are North Yorkshire County Council, our local voluntary sector and various tiers of the NHS, including about seven or eight different healthcare providers who will be using the NHS space in this facility. Not surprisingly, the MOD didn't want to deal with all of them; they didn't want 7-8 tenants who changed every two or three years, or want this space or more space; they wanted a single tenant to deal with, to make their lives a bit better, although they may regret that now! And then we have the wide range of service providers – North and South Tees; GP practice; Horizon drug and alcohol; we have voluntary sector groups who will be using the facility, so there's a whole range of NHS occupiers.

We are taking about 25% of the building, so we're the junior partner in the scheme; MOD will be using 75% of the building, using it significantly as a regional hub for a lot of their services, which are currently very poor facilities, so it's a really significant project for MOD.

This is a bigger project than just infrastructure. This is about trying to find a collaborative way to deliver services to a particular community with particular needs, what is a significant military population with a significant veteran population, with the whole raft of needs. They are different than the leafy North Yorkshire location you might think, but I think we've all said today that the communities we're trying to support have needs and everyone who's written a business case, I'm sure, sees exactly the same thing.

Planning

Progress so far (first flow diagram). This is just a half way. There are two of these slides - one is how long is has taken us to get where we are. The discussions about the initial vision of a joint healthcare facility started in 2015, with some public visioning. We went through all of the normal governance routes around project



initiation, around making strategic cases, feasibility, engaging with partners. There was joint funding of some of this activity – NHS funded the feasibility study and MOD funded an assessment study.

We came to the conclusion that a joint facility would produce real economies of scale for both partners, and we thought probably between 10-15% reduction on floor area and capital costs by working together, using shared spaces and being collaborative in what we were doing. We also shared skill sets, so I think it's probably the first time MOD has used P22 which is the healthcare framework to deliver this project, so they're using construction companies with particular knowledge and skills in healthcare to help deliver this scheme most effectively. We've partnered with them to support them through using that P22 framework, using our NHS knowledge. So it's about taking the skills and experience from both sides of the partnership, and giving it benefit from that.

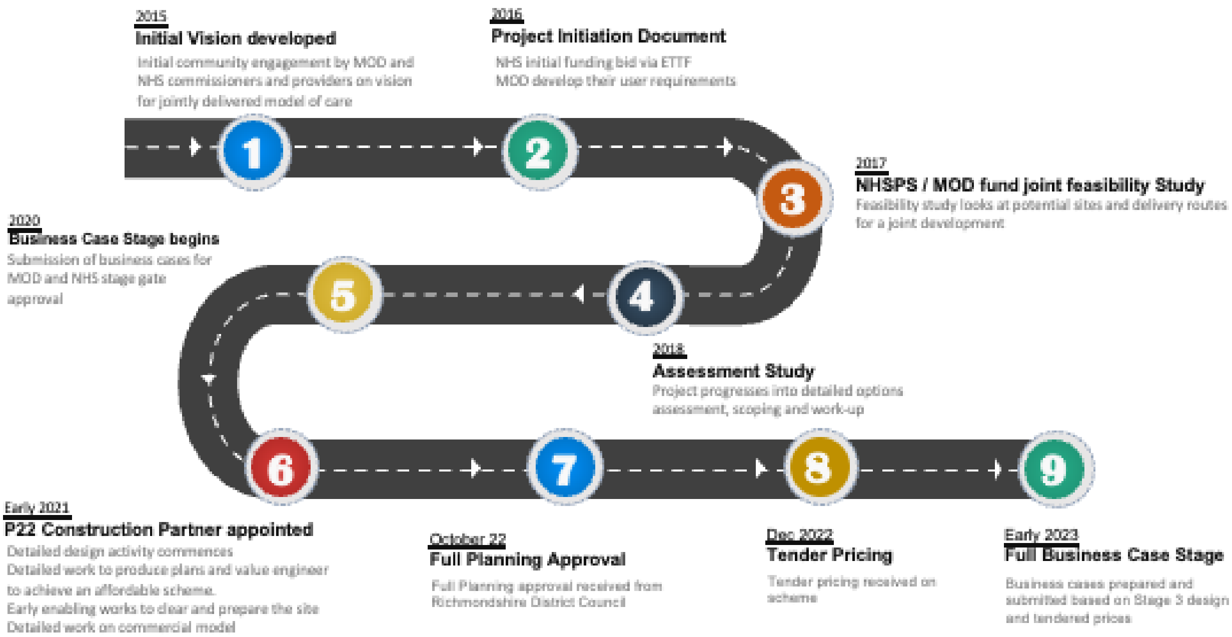
Next steps (second flow diagram). So where are we now? MOD has received approval for its business case. Unfortunately, you know when you're working with partners with different governance processes, the NHS hasn't got its approval yet, so we're at that sort of difficult juncture, where one partner's got the money and they are ready to sign the contract and the NHS – and it quite often happens – has a time lag on our governance; we have some issues we need to resolve to get that final approval in place. But we'll get there.

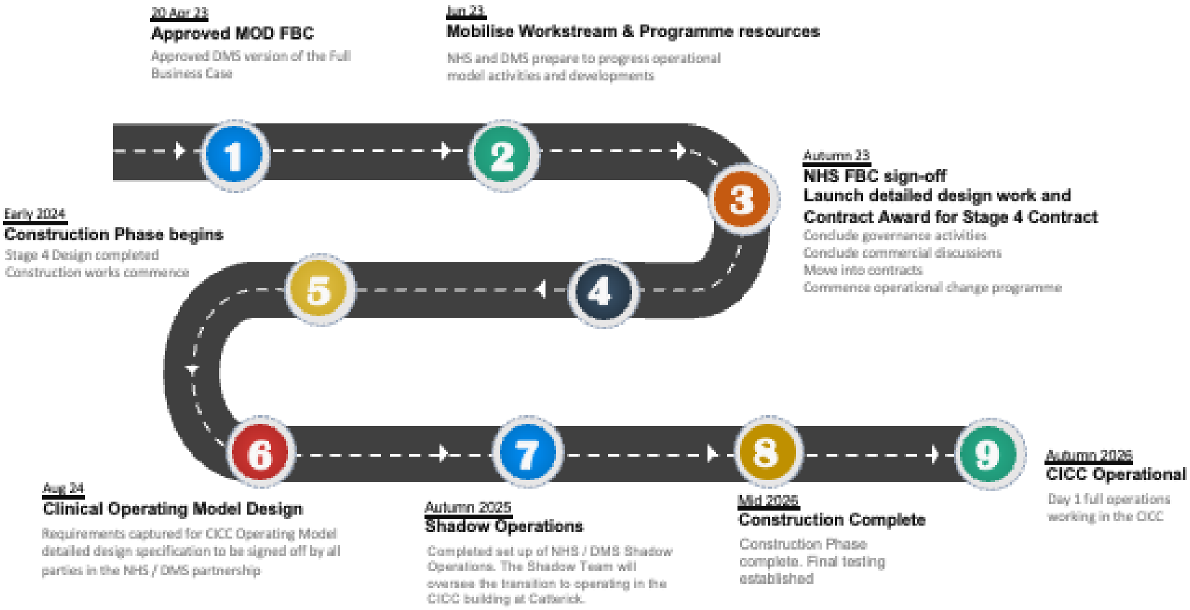
Additionally, there's a whole programme of work around joint healthcare delivery, about the clinical model and joint operation of the facility, and the services, and how that cultural change in healthcare is going to be delivered, in parallel with the build. It is planned to get on site in January 2024. There's a two-year programme in clinical change running alongside the construction.

Benefits of the ICC

There's a lot of work gone into designing the facility. The benefits of the facility are:

- Empowering people to manage their own care, to have a focus on health and wellbeing, prevention, self-care, early intervention and reablement and rehabilitation.
- Delivering integrated care more effectively
- Enhanced primary care
- Integrated care model at neighbourhood level
- Increased role of voluntary and community sector
- Create care pathways which promote personalisation, independence and resilience
- Improved environment patients and staff
- Improved recruitment, training and retention.





These are the same sort of benefits I think we would all talk about; we are trying to empower the local population to have a focus on health and well-being, making this a feature of the community. There are also some employment and training benefits and some different skill sets. MOD healthcare is focused on occupational readiness. NHS probably has stronger skills in chronic disease management, so how can we blend those skills? How do we expose the MOD healthcare teams to some of the older persons' health and some of the things that they probably wouldn't see in their day-to-day work. How do you train people and encourage people to come and work in places like Catterick over the long term, by providing a good quality facility, good training, research and development links.

All of those are aspirations for the scheme.

Commercial structure

The completed building will have a net internal area of 11,000 sq m; for primary care facilities, that's very big. The capital cost is now topping out over £100m, split 75/25, with the MOD as developer and operator. This is slightly new territory for the MOD, which is taking on a tenant who will share the facility with them. That brings out lots of challenges. Maybe their standard operation procedures and the head of facility might not be able to tell the nurse from South Tees to get in line, thanks very much! That's not going to be the way it works.

The MOD will grant a 40 years' right of use at a peppercorn rent. NHS Property Services will take a headlease for the NHS, which will sublet to the NHS occupiers, including the GP services. There will be a joint governance model. How they are going to bill us? How are we going to raise facilities management? We are probably going to be receiving services from the MOD through a national contract. So lots of new territory.

Because the NHS is putting in capital, this will be a typical rent structure and that's fundamental to the North Yorkshire system, so all the conversations are about how do you afford the revenue. If you can get a chunk of capital, and you can put it in so you have no rent to pay, actually everything else becomes more affordable because you are not topping out your revenue budget. So If you can find a commercial model that will work, where you can get your hands on some NHS capital, which is challenging, there are real opportunities to do things differently.

The other aspiration is to progress to a joint clinical operating model between the healthcare on the MOD side, and the NHS. You get some efficiencies from that as well.

Learning points

So what are the learning points? The different approval routes, processes and timeframes create challenges for schemes to get to the contract stage. There are significant cultural differences between the NHS, which is a multitude of organisations all with their own statutory and approval routes and governance arrangements. So if you go into a scheme, you think you're dealing with the NHS, make sure you know who you're talking to, because there's not one NHS, and there's also not one MOD I've discovered. There are lots of different budgetary holders within MOD with different interests that need to be served, but there's also a very different culture between the two organisations.

Having really good quality local, regional and national engagement and leadership has made all the difference to the scheme, that has allowed us to unlock issues that we didn't think we could get past: we have probably broken most of the rules along the way. When I say 'we', I mean the collective 'we'.

You need partners who are prepared to challenge the status quo. It is very helpful for me that I don't understand the MOD chain of command. I can ask really stupid questions when things don't make sense to me: that can be helpful to me and for my colleagues, as sometimes it's a little bit difficult. But it needs to be challenged, if you think you can find a better way through.

The MOD and NHS speak a different language, and we both have suites of acronyms (you could write a book from the list of acronyms between the two partners). Sometimes speaking the same language is challenging. I discovered yesterday, after five years working with the MOD, that there is a whole new set of acronyms that I had not come across and had to have explained to me. And for anyone with military backgrounds, G1, G4, G6 didn't make any sense to me.

And the last thing is that there is never enough time, money or resource, particularly resources. There may not necessarily be the people, the resource, and time to commit to a scheme that is really significant, and try to do it off the back of the day job.

Nigel is a chartered architect and Director of Design, based in Boyer's Wokingham office. He leads the architectural portfolio of Boyer's Design service. His experience spans over 20 years of design and delivery of commercial and high end residential schemes for private developers and housing associations across the UK, as a consultant, contractor and developer. At Boyer, he is currently leading a wide variety of projects, from one off houses to new communities.

'BEAUTY' IN DESIGN

Can a 'beauty calculator' raise standards in housing design?

Nigel Booen NigelBooen@boyerplanning.co.uk

Nigel discusses the concept of beauty and the potential consequences of application: "Form and function are both important design considerations, but does 'beauty' favour the former at the expense of the latter, tilting the beauty calculator towards what is aesthetically pleasing over that which works?"

As part of the government's preoccupation with 'beauty' as a principal factor in the creation of new developments, it was hinted momentarily that the Secretary of State may legislate for the use of a 'beauty calculator' to assess and determine planning applications.

The prospect of a tool so precise as a calculator to measure something as esoteric and nebulous as beauty has understandably caused consternation among architects and designers.

So is there any way in which such a tool could work? Can we entertain this idea for a brief moment?

What makes a house beautiful?

Firstly, it is important to consider what constitutes beauty in housing design. Clearly a building's form, architecture and the materials used are relevant. Much of the recent policy on beautiful buildings, specifically the work of the Building Better, Building Beautiful Commission, describes 'beauty' as being found in historic styles of architecture. In relation to the work of the Commission in 2020, the then Secretary of State Robert Jenrick said that the planning system would place a 'higher regard' on quality and design (see boxed quotation).

Beauty versus functionality

Other criteria, however, is less clear-cut. If 'beauty' correlates with 'good design', then functionality must also feature. But there are circumstances in which functionality can override aesthetic value, for example, in providing car parking. Convenient and accessible parking is a necessary component of a well-functioning housing development. But Georgian style schemes are being upheld as the epitome of good design, and there is little opportunity in a Georgian town layout for on-plot, off-road parking and garages, unless of course one is thinking of mansions in the meadows.

Planning for the future: consultation outcome

Published by Gov.UK January 2023

"We are cutting red tape, but not standards. This government doesn't want to just build houses. We want a society that has re-established powerful links between identity and place, between our unmatchable architectural heritage and the future, between community and purpose. Our reformed system places a higher regard on quality, design and local vernacular than ever before, and draws inspiration from the idea of design codes and pattern books that built Bath, Belgravia and Bournville. Our guiding principle will be as Clough Williams-Ellis said to cherish the past, adorn the present and build for the future.

We will build environmentally friendly homes that will not need to be expensively retrofitted in the future, homes with green spaces and new parks at close hand, where tree lined streets are the norm and where neighbours are not strangers."

Form and function are both important design considerations, but does 'beauty' favour the former at the expense of the latter, tilting the beauty calculator towards what is aesthetically pleasing over that which works?

Circumstantial beauty

For a calculator to provide consistency, it should be applied universally. But this immediately poses a problem in relation to housing development. Should urban schemes within a conservation area, for example, be judged more stringently than a deprived inner-city area would be, because the need for housing of any kind, along with infrastructure and investment, is more pressing than aesthetics? Does a warehouse necessitate being beautiful to the same extent as the regeneration of a high street? And should temporary housing be judged as rigorously as civic buildings in strategically important locations and which are built to span centuries?

Paying for beauty

Perhaps even more importantly, what is the cost of 'beauty'? An investment in good architectural consultancy and high quality materials will require savings to be made elsewhere. In some circumstances, the sums necessary which score highly on a beauty calculator will mean that funds are not available to be spent elsewhere, for example in providing community facilities, affordable housing, or increasing biodiversity net gain. Or simply that the scheme will become unviable.

Measuring beauty

There are also questions over whether the beauty of an unbuilt scheme can be assessed with any real accuracy. The artists' impressions and computer-generated images typically provided to accompany a planning application tend to focus on the more aesthetically pleasing elements of a proposed scheme. They rarely portray the backs of buildings, the car parks and the service areas, yet in reality, the beauty of a scheme is a combination of all of its features. Similarly, a depiction ahead of planning permission will present the development at its best: blossom will be in flower, children will be smiling, and balconies will be well tended. The reality of course is quite different. But would a beauty calculator factor that in (and should it, with no quantifiable evidence as to how the development's future might evolve)?

This then leads to the question of who might be qualified to assess the potential level of 'beauty' in an unbuilt scheme. An architect might be qualified to do so; but the scheme's own architect would be biased, as would any other (competitor) architect. A local authority planner would have the necessary objectivity, but may not necessarily the design training. Local authority design panels might provide the solution. However, design panels no longer exist routinely across all planning authorities - in reality, today no more than a quarter of local authorities have design panels.

Presumption in favour of sustainable development

Perhaps the most important issue is that the potential veto of housing schemes on design grounds seems to overlook the 'presumption in favour of sustainable development' - that development should be allowed on the basis that it is sustainable and complies with planning law (see box). The current NPPF suggests that all other considerations are secondary.

Conclusion

The government's attention to design standards is admirable in principle, but its application raises many questions.

Planning is primarily objective and formed of checks and balances. If 'beauty' is to be raised to the top of the development agenda, then the 'presumption in favour of sustainable development' drops down. Consequently, fewer much needed homes will be built.

It is unquestionable that beauty is best measured post-completion. It should take into account quality of build and craftsmanship. But the long term is also important: how well the completed scheme is taken care of is the measure of a truly successful development.

The Presumption in Favour of Sustainable Development

NPPF December 2022

Plans and decisions should apply a presumption in favour of sustainable development.

For plan-making this means that:
a) all plans should promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects;

b) strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas, unless:
i. the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area; or
ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

For **decision-taking** this means:
c) approving development proposals that accord with an up-to-date development plan without delay; or
d) where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date, granting permission unless:
i. the application of policies in this Framework that protect areas or assets of particular importance provides a clear reason for refusing the development proposed7; or
ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

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CARTER JONAS OUTLOOK 2024

Colleagues at Carter Jonas have prepared this summary and forecast of likely key areas of importance in 2024.

Life sciences

The outlook for the UK life science sector in 2024 is optimistic, with strong employment and venture capital investment growth prospects. Real estate in this sector is set to become more dynamic, with increased demand for lab space and energy-efficient facilities. There remains a significant opportunity for UK institutional investors to engage more deeply with this sector, to close the gap with the levels of investment seen in other markets.

We expect the life sciences sector to maintain its growth trajectory, with employment growing at a faster rate than in the broader economy. The 'Golden Triangle' (Cambridge, London, and Oxford) will continue to provide a significant draw, yet other cities are also gaining traction in attracting investment, including Manchester, Edinburgh, Bristol and Birmingham. The UK's ambition to be a 'Science Superpower' by 2030, underpinned by government R&D funding, the recent re-joining of the Horizon programme, and a possible regulatory review post-Brexit, will likely bolster the sector's growth further.

A near term shortage in new development coming forward in key markets means that demand for lab space continues to outstrip supply, particularly in established hubs, which will likely continue into 2024, driving laboratory rents up.

Labs are intensive energy users, and there is increasing demand for energy-efficient space, driven by rising energy costs and the push towards net-zero carbon goals. This may result in an amplified focus on developing energy-efficient real estate for life sciences.

The availability of risk capital in the UK for investment in life science companies reflects a mixed landscape as we look towards 2024. Despite a record-breaking year in 2021 for funding into life sciences, 2022 and 2023 saw a decrease in funding. This decline was attributed to economic uncertainties that affected costs, supply chains, and the ability accurately to forecast cash flows. However, this did not signify a withdrawal of interest but rather a strategic pause, with pent-up capital expected to re-enter the market.

The UK sector's growth, backed by government support and record levels of equity finance, indicates a promising future, yet it underlines the potential for UK institutional investors to increase their engagement to match the sector's growth and the global investment landscape. While there is a notable pool of risk capital available, the uptake by UK institutions has been conservative compared to other markets. We view the recent slowdown in funding as a temporary recalibration rather than a withdrawal, setting the stage for renewed activity as market conditions stabilise.

Biodiversity net gain

David Alborough, Consultant
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What will the introduction of mandatory biodiversity net gain (BNG) in January 2024 mean for developers and landowners?

One of the key changes for the planning system in 2024 is the introduction of biodiversity net gain. This requires most new developments in England to be able to demonstrate and deliver a mandatory

10% net gain in biodiversity either on the development site, or by purchasing BNG units offsite from third parties, in this newly created market. It will ensure that developers leave the environment in a better state than they found it, by creating or enhancing habitats for wildlife. It comes into effect from January 2024 (or April 2024 for small sites), having been delayed from Autumn 2023.

We expect BNG to have a significant impact on the development process in the UK, with increased focus on green infrastructure and more innovative design solutions. It will also transform the relationship between developers and landowners, who will enter into BNG agreements for mutual benefit.

Meanwhile, local planning authorities (LPAs) have been preparing their own policies and guiding frameworks on BNG. Many have introduced BNG requirements prior to the implementation date, and some are exploring higher percentages of net gain than the 10% prescribed. We are increasingly seeing LPAs deviating from the national position, either in the percentage net gain required, or in their guidance for delivery. We are also seeing more LPAs adopting measures to channel investment towards local sites to accelerate the local market. We expect that the year ahead will bring even more creative and resourceful local solutions.

Carter Jonas' Research team has recently published its latest findings. It has analysed the emergence of BNG policies and guidance within LPAs. In a series of research from spring 2022, Carter Jonas' Q4 2023 research of the 306 LPAs in England, it has revealed a gradual increase in the number requesting in excess of the 10% biodiversity net gain. Three approved and 17 emerging local plan reviews do so, an increase of 33.3% from our Q4 2022 research.

Although not included in the analysis because of the early stage of adoption, numerous LPAs are actively considering a higher level of net gain. Two LPAs are set to have the most ambitious policies to date: both would require a minimum of 30% net gain, but these policies are emerging through the local plan process and not yet adopted.

Commenting on the importance of the research, David said: "Our analysis provides developers, landowners and planning consultants with valuable insight into where the greatest demand for off-site BNG is emerging, which has important implications for developers and identifies opportunities for landowners."

Specifically, the research identifies some significant regional variations. BNG policies with a requirement in excess of 10% tend to be located in the south of England. In the South East, 11 LPAs have a BNG policy (either emerging or adopted) calling for greater than 10% net gain, accounting for 16.7% of LPAs in the region. This compares starkly to the North West, North East, West Midlands and East Midlands, where no LPAs make this requirement.

Sophie Davidson, Associate in the Research Team, explains: *"Some regional variation can be attributed to the influence of Local Nature Partnerships, which is evident in the south. For example, the Kent Nature Partnership is promoting a county-wide target of 20% within Kent and Medway. In response to this, Kent County Council (with funding support from Natural England) commissioned a strategic viability assessment of BNG in Kent. The report concludes that the biggest cost in most cases is to get to 10% net gain, and the increase to 15% or 20% is 'generally negligible'. This has influenced emerging policies in four district councils so far, representing 30.7% of the county. Likewise, the Surrey Nature Partnership and Sussex Local Nature Partnership have directed higher net gain targets in their counties."*

In addition to showing an increasing number of LPAs deviating from the national position, either in the percentage net gain required or in their guiding framework for delivery, Carter Jonas' research also identifies which LPAs are adopting measures to direct investment to local sites and accelerate the local market.

Sophie concludes: *"In areas with higher net gain requirements, we can expect the local market to develop at a faster rate. Many LPAs have stalled their local plan reviews in the face of significant changes to national planning policy, so BNG policies have taken longer to develop than expected. But as changes are formalised and local plan reviews progress, expect to see more LPAs progressing higher levels of BNG. We are aware of several which have included an option to consider a greater scope for BNG in early consultations.*

"Conversely, LPAs may drop their emerging 20% BNG policy before adoption. For instance, one district in the north west was seeking a 20% net gain in its draft submission but reduced the requirement to the statutory 10% in its final local plan.

"In the coming months, developers will be assessing their options and refining their BNG strategies. Meanwhile, demand for land for BNG will rise substantially, affording diversification opportunities for landowners."

Infrastructure investment

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In our outlook for 2023, we anticipated a period of continuity, with the government having just committed to delivering key rail schemes, including HS2 phase 2 to Manchester. The cancellation of the Manchester HS2 leg has been damaging for the UK's global image and for long-term strategic infrastructure delivery.

On the positive side, the funding has been reallocated to 'Network North', a vision to *"deliver faster and more reliable journeys between, and within, the cities and towns of the North and Midlands"*. Improving transport connectivity between key economic centres outside of London and the South East is indeed a vital tool to 'level up' the UK. While we welcome the 'Network North' vision, there is little confirmed detail on the specific schemes that will be delivered, or timescales. This will need to be a priority for 2024.

It is also very positive that proposals for Northern Powerhouse Rail (NPR) are continuing to be developed. The aim of this much-needed scheme is to transform connectivity between Liverpool, Manchester, Leeds, York, Newcastle, Sheffield and Hull, incorporating both new line and upgrades. The Transpennine Route Upgrade is now being delivered as phase one of NPR, electrifying and upgrading the line between Manchester and York. Carter Jonas is currently instructed on this major infrastructure scheme, delivering land assembly, consenting, and land referencing services.

The establishment of Great British Railways (a new public body to own, run and plan the rail network) was included in November's King's Speech, but the necessary legislation for reform is unlikely to be passed before the general election, effectively 'kicking the can down the road' again.

Although transport schemes tend to grab the headlines, other infrastructure projects are also vital and are arguably increasing in importance. Upgrading the capacity of the National Grid is becoming a critical issue, given the sheer amount of additional power that will be needed over the next decade, to electrify building heating systems and road transport, plus cope with population growth, housing development, rising data centre demand, and more.

The National Grid projects that demand electricity will increase by 50% in the period to 2035. At the same time, electricity generation will need to be decarbonised if the UK is to meet its ambitious climate targets. The National Grid and the distribution network operators are planning significant investment, and we should see this coming through from mid-2024.

Similarly, the water industry faces the challenges of catering for additional demand, planning for the impacts of climate change, and reducing water and sewage leaks. 2024 will see a further gearing up of investment to deal with these challenges.

The year ahead cannot be 'more of the same'. Significant investment will be required to deliver the infrastructure the UK needs, creating opportunities across the infrastructure spectrum. Indeed, residential and commercial development in certain key locations is already being held back by the challenges of obtaining sufficient power and water. But infrastructure investment is a long-term proposition, not suited to political cycles of five years (at most), and current initiatives will be either underpinned or undermined by the outcome of the general election. We hope 2024 will be a year for bold decisions.

Open storage

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Occupier demand for open storage sites has risen exponentially in recent years. Our monitoring shows an increase in enquiries from just 300 acres in 2019, to more than 2,000 acres in 2022. This figure is likely to have exceeded 2,500 acres in 2023.

Demand will continue to be strong in 2024, focussed on high-quality class 1 sites, with features such as excellent vehicle access, concrete surfacing, and high security levels. This will be buoyed by corporates requiring more sites to charge their expanding electric van and car fleets, as well as ongoing demand from logistics and parcels operators.

With structural undersupply in urban areas and double-digit rental growth over the last two years, investor appetite to enter the open storage sector will remain strong in 2024. However, some who made significant purchases in 2023 may pause activity while they assess their portfolios and develop strategies to increase rental income. Open storage portfolios have been trading at a premium, and this trend is poised to continue in 2024.

We expect further rental growth in 2024, albeit at a slower pace than the last two years. Prime rental levels in the regional markets remain well below those in London and the South East, by typically 40% across the locations we monitor, and therefore have the greatest potential for uplift.

Valuing open storage sites is challenging, as relatively few property professionals have sector-specific experience and there remains a lack of data, a situation we expect to improve over the next year. As the market grows in scale and increasingly forms part of institutional portfolios, it will become more important to value open storage as a use in its own right, taking into account the quality of sites.

With some commercial developments on hold in 2024, more consideration may be given to open storage as an interim use, although the capital expenditure required to create a high-quality site normally requires several years' payback. Given the favourable shifts in open storage rents compared with other sectors, 2024 could see more investors re-evaluate how this use could work in higher-value locations over the longer term.

Planning for housing delivery

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With 2024 almost certain to be an election year, what policies for housing delivery are we likely to see discussed and implemented?

Delivery of new homes

The delivery of new housing has stalled. Fewer than 200,000 net additional homes p.a. were actually delivered over the last decade, meaning that year on year the deficit in delivery is growing (see NPPF launch below).

It is likely that both main political parties will maintain a focus on achieving the 300,000 p.a. figure in their manifestos. Indeed, Labour has confirmed that it will reinstate this figure as a mandatory target, in addition to updating planning laws to give local authorities a greater say in delivery.

The big debate looks likely to be around land value capture (a mechanism by which a greater proportion of the uplift in land value arising from planning consent can be captured for public benefit, such as infrastructure and affordable housing).

Labour leader Sir Kier Starmer has

referenced an ambition to build 1.5m homes through a new generation of new towns. This is a highly ambitious strategy, and the mere fact that is it being advocated acknowledges the radical step-change that will be required to raise housing delivery to a rate anywhere near the target.

Under the Labour proposals, the development of new towns would be achieved through development corporations with CPO powers to capture the land value, so that the infrastructure has a better chance of being funded. There is some logic to this approach. It is likely to prove divisive for landowners, but we foresee that there will end up being a degree of compromise involving some sharing of the uplift in value. Indeed, if we are going to develop at scale, then some form of land value capture is probably almost inevitable.

The green belt

The debate around building major new settlements also raises the question of the green belt. Although the previous target of building 60% of all new homes on brownfield land has been removed, the ambition lives on in the NPPF (2023), and it has undoubtedly slowed the rate of housing delivery.

Brownfield housing development is not always viable and policy needs to reflect this reality. It is positive that Labour has recognised the potential of the low-quality, mostly brownfield, 'grey belt' that is unnecessarily protected through green belt allocation. In any case, there is nowhere near sufficient brownfield land to meet the 300,000 figure, certainly across multiple years, and meaningful greenfield development will be integral to increasing the rate of delivery.

House price affordability

Demand for homes will continue to be impacted by a fall in mortgage availability and affordability, exacerbated by the ending of the Help to Buy scheme for first-time buyers, with housebuilders also feeling the ongoing effects of labour shortages and elevated build cost inflation. Accelerating the rate of housebuilding will not be easy for whoever wins the election, and 2024 looks set to be a challenging year for housebuilders against the continuing subdued economic outlook.

Comment on the Revised NPPF, December 2023

I was pleased to have attended the launch of the revised NPPF at the RIBA in London. I was moderately encouraged by the greater certainty that it will provide to developers, housebuilders and land promoters, but we will have to wait and see how this all plays out on the ground.

Ordinarily, governments might be expected to sit on the fence and bide their time as they approach a general election. Alternatively, they could seek to become more radical in their position, providing a stark contrast to that of the opposition. However, in my opinion, Michael Gove's announcement did neither. After almost a year of distinct uncertainty pending the response to the consultation on the NPPF, we finally have some direction, even though some elements of the announcement do appear to be flawed.

Counter to expectations, the government has not completely given into the NIMBYs. In retaining the Standard Method as a starting point in assessing housing numbers, reasserting the 300,000 homes p.a. target, introducing league tables for LPAs, retaining the housing delivery test, the Secretary of State has sought to demonstrate that he is committed to growth.

The willingness of government to intervene and propose a new approach to planning in specific locations is encouraging, at a time when the sector had become increasingly concerned that entrenched, and slow local decision making was delaying much-needed development. This new approach is discernible, both in the decision to fast-track significant new development in Cambridge through the establishment of a development corporation, and through the increased use of special measures where local delivery has proven to be poor. I can see that a development corporation is likely to be necessary to take on the challenging task of more than doubling the size of the city (especially in view of the significant amount of green belt that surrounds it). I do think it will be important to ensure that the proposed development corporation seeks to work with local leaders and councils in a collaborative and joined-up way.

So, as we approach the next general election, it would seem that the divide between the Conservative and Labour parties on housing delivery is perhaps lessening – in fact both have asserted that they are *'on the side of the builders, not the blockers'*, while of course accusing each other of precisely the opposite! Blockages do potentially remain of course, not least the ability of LPAs to ignore their standard method housing calculation on the basis of arguing that to accommodate such levels of growth would be inappropriate to local character. Equally, where an authority is predominantly a green belt authority, it seems they may be able to duck the need to deliver much-needed housing.

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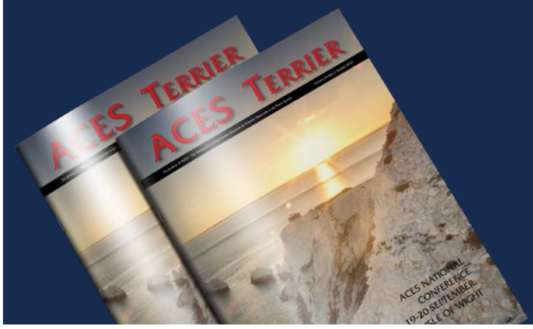

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PROPERTY STRATEGY PREPARATION A birder's guide to property strategy

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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.

Chris describes this article as "Another one that's a little off the wall, but hopefully with a message that will be understood." Yes, loud and clear, Chris.

Those of you who know me well, will know that I am a keen birder. I prefer the term 'birder' to twitcher. The latter is generally used to describe someone that chases around the country to see the latest rare bird that has been blown in from the continent or across the Atlantic Ocean, so they can tick it off a list, much like a trainspotter ticking off a rare railway engine in their train spotting book.

A birder is something different. It's someone who simply just loves watching birds, whether sat in a hide, looking out of the lounge window, visiting a wetland, stood on a clifftop, or walking through the woods. It's an observational activity, not a 'collecting' activity. Alongside this I also enjoy bird photography, a hobby I have got more into in recent years.

Birding can be nothing more than the simple art of mindfulness, being amongst and enjoying nature. Birding can also though be punctuated with exciting high spots. Observing an elusive bird species, a new 'lifer' or having the opportunity to view rarely seen bird behaviour. If it wasn't that way, many birders probably wouldn't do what they do. For me, one such exciting moment happened to me only last week, when I saw my first ever Waxwing, a bird that migrates to the UK for the winter, and only infrequently makes it to south west England.

When these moments happen, it's even better if I have my camera with me, and the activity being observed is close enough to be well captured.

While capturing unexpected behaviour or events can of course happen randomly, however ill-prepared you are, to be certain of getting the very best observation and photographic gems needs preparation. But to be serious about birding and bird photography requires a strategy. If you don't have a strategy, you will mostly end up with nothing much more than bird glimpses or 'snapshots', often with little to merit them other than to be able to show that you saw that bird.

This realisation was enforced one day last summer when I was sat in a bird hide in Pusztaszer, Hungary. I was in a bespoke woodland hide overlooking a woodland drinking station used by all the forest birds. Built by a local award-winning wildlife photographer, the hide was warm and comfortable, it was at eye-level to the water level, and so well hidden that the local wildlife had no idea it was there and that I was inside.

I had the right equipment with me; a sturdy tripod, a good quality wildlife camera and a telephoto lens that gave me composition options.

I spent around seven hours in that hide that morning. Getting there around 4am meant I had great light, took advantage of the time of day when birds are often more active, and allowed myself plenty of observation time. This increased the odds of me seeing something special, and see something special I did.

For around 40 minutes that day, I was able to observe and photograph a Goshawk drinking and bathing – for those birders reading this, you will know full well how unusual that is. My hide session even resulted in me taking one photograph

that has since received merit accolades in a number of international photographic competitions, from Spain to Tokyo.

I could have been on foot that day, rather than sat in the hide. I may have seen a Goshawk on my woodland walk, but I most likely would not have done. If I had seen one, it might have been at the drinking station, or more likely it would have been a fleeting glimpse as it flew at high speed through the forest trying to avoid me.

Either way, one thing I know for certain is that I would not have been able to observe it for 40 minutes. Goshawks are skittish birds. It would have been next to impossible to photograph the Goshawk bathing, at eye level from a matter of a few feet away, which I was able to do in the hide.

This all demonstrates the value of strategy. The value of thinking ahead about what you are trying to achieve, how you will create the environment that will increase your chance of success, how you plan your activities to give yourself adequate time to achieve your objectives, and of course how you select the right resources to get the job done.

Maybe you are wondering what all this has to do with property strategy, or perhaps my message has already come through. Pause a moment, and think about that last paragraph in the context of your property strategy.

Do you think enough about what you are trying to achieve with your property portfolio?

Do you think enough about how you need to create or adapt the environment which will increase your chances of a successful property strategy?

Do you allow proper time for delivery against your property strategy?

Do you deploy enough of the right resources to be successful in property strategy delivery?

If you don't answer in the positive to those four key questions, you may well be in the asset management wilderness, wandering rather aimlessly in hope of good things happening, only occasionally being in the right place at the right time, enjoying random opportunistic success rather than taking control of your property strategy future [Ed – see Chris' article about the wilderness zone in 2023 Autumn Terrier].

ARCHAEOLOGICAL FINDS
A golden age of finds

Simon Hughes

Simon is Director of Property at Norfolk County Council. He is a Past President of ACES.

Something slightly out of the ordinary, but discovering archaeological finds on public sector land might happen to any land managers.

Background

There are lots of exciting parts of an ACES member's role, whether it is seeing a completed new school, working on a big regeneration scheme, or seeing a new facility open in their community. For me, one of the highlights was handling a silver coin from a hoard that had been buried for over 1,000 years on county council land, before being discovered by an amateur metal detectorist.

The coins were buried in about 990AD and bear the portrait of Æthelred the Unready who was the King of the English from 978 to 1013 and again from 1014 until his death in 1016. Minted in London and Thetford, the coins were buried for safe keeping in an eleventh-century Thetford Ware pot similar to the complete one in the picture.

Why someone buried them, why they did not come back, and where they came from …. Well that would be a story to know!

A Golden Age of Finds

We are currently in a 'golden age' for finding archaeological evidence and in particular, metalwork and coins. This has been driven by the increasing interest in metal-detecting and, with it, the availability of much cheaper and deeper-searching detectors. Luckily, we also all now have phones that allow for accurate GPS recording and photographing of finds.

There has also been the growth of various metal-detecting clubs, as well as a number of films and tv shows around the hobby.

Agricultural practices are changing, notably the move away from deep plough to lower impact minimum tillage, but undoubtedly the traditional management of soil and use of certain chemicals will have damaged and disturbed several finds.

We are lucky to live in a country with such a rich archaeological heritage. The spot in Norfolk where I am writing this today has been inhabited since pre-Roman times, invaded, fought over, and even bombed several times (including by a Zepplin in World War 1) as well as having a rich mix of urban and industrial history. There is a fascinating wealth of history beneath our feet, with both professional and amateur finds helping us to understand better how our ancestors lived and worked.

So what does this mean for land managers?

Finding and preserving this heritage is key to our understanding. So while I am not going to be buying a metal detector anytime soon, what can we do to help ensure such finds are preserved and properly accounted for?

Firstly, land managers need to be clear on what land they are willing to allow metal detectorists. Our approach is that land identified for disposal and County Farms agricultural land (with the consent of the tenant farmer) are appropriate for metal detecting clubs to use. Parkland, trails, woodlands, sensitive habitat and other key buildings are not.

Some asset managers might wince at allowing clubs onto land identified for disposal … 'what if they find something'?

Our thoughts are it would be fantastic if they do! Finding and preserving our heritage is key and alongside (statutory) archaeological works undertaken as part of any planning process, such finds add to the richness of our communities. We sold a site in 2022 and a local group searched (and found) some parts of a crashed WW2 American bomber they had been researching. Did it devalue the site? Absolutely not. Did it enhance a piece of local history? Absolutely.

Secondly, we do insist on a formal license that ensures the individual (or preferably the club):

- Clearly sets out the areas to be searched (and to avoid areas such as environmentally sensitive features)
- Operates on the site within certain pre-agreed timeframes/dates
- Has appropriate insurance
- Agrees to abide by the government's procedure for treasure finds Report treasure - GOV.UK (www.gov.uk)
- All items (that are not classed as treasure) are the property of Norfolk County Council
- All finds need to be reported, including a GPS location.

Our view is that it is better to manage and work with the metal detectorist community – the large majority of whom are law abiding and want to preserve our heritage.

On finding items, consideration should be given around keeping the location (depending on how identifiable it is) as confidential as possible and also, thinking around what, if any, publicity is done at the time of the find. As finds may be indicative of wider items (for example a pot of coins may have been spread over several years by a plough), it is important to preserve the integrity of the site.

The legal issues

The process for 'finds' and also what is counted as 'Treasure' has changed and there are some good guides available at Report treasure - GOV.UK (www.gov.uk)

The law in Scotland is different to England and Wales and details can be found at Information for Finders - Treasure Trove (treasuretrovescotland.co.uk)

Broadly though, most of the approach and direction for 'Treasure' is around incentivising those who act honestly and legally. There have been a number of high-profile prosecutions of those who have not declared finds, notably that of the Leominster Hoard which also attracted long prison sentences and confiscation orders.

So what will happen to 'our find'?

The coins are currently being catalogued by specialist colleagues in Norfolk Museums Service and will then be valued by the Treasure Valuation Committee. We will then ensure that the finder of the coins receives the reward due to them.

Following this process, the coins, which are a significant find, will be displayed in our museums [Ed – see article about the refurbishment of Norwich Castle in 2022 Autumn Terrier].

Adrian is the Director of SOWN, the shared ownership brand within Leaders Romans Group (LRG). He is a property professional with residential experience gained over 35 years in London, the Thames Valley, and overseas in countries including China, Hong Kong, Singapore and Taiwan.

Adrian joined LRG in September 2018, bringing with him extensive knowledge of the London and South East new homes market. He now runs the company's shared ownership division, which works to provide a full sales and marketing service on behalf of many housing associations and Registered Providers across the UK.

SHARED OWNERSHIP Shared ownership potential and the need to unleash it

Adrian Plant aplant@sown.co.uk

Based on first-hand experience, Adrian explains why the availability of shared ownership units has fallen, but demand has increased. It represents a realistic option for renters to get on the housing ladder, and more government help is needed for this type of affordable housing.

While housebuilders are increasingly looking for novel and engaging means of marketing to achieve the necessary supply/demand balance in a challenging market, providers of shared ownership have the opposite problem. In the world of shared ownership, demand consistency exceeds supply, and the gap is continuing to grow.

This is not so much good news for our sector as a very real concern on a social level. And the reasons are multifarious.

The impact of the housebuilding slowdown

In the last year, housebuilding has slowed down considerably: more than half a million new developments have been put on hold during the past five years, and official data shows that only 19% of planning applications are processed within the recommended 13 weeks, compared with 57% a decade ago. Because around half of new affordable housing (which includes shared ownership) is delivered through conditions imposed on development through 'planning gain', the reduction in housebuilding (through lack of demand) results directly in a reduction in shared ownership properties (the demand for which increases in a challenging market).

And as the already acute need for affordable housing increases, the planning system alone cannot keep up with the volume of new homes required. This may be exacerbated if the proposed Infrastructure Levy is introduced, because it would result in planning gain revenue becoming available for local authorities to spend on the many wide-ranging financial demands that they face, in addition to housing.

Furthermore, the supply of shared ownership housing was further threatened when it was announced in early January that housing associations in England are due to have planned spending on new affordable homes cut in 2024. Following research by Centrus, it is anticipated that funding for 2024 will be reduced by 9% (£1.5bn) compared with the previous year's forecast.

Growing demand

Constraints in the economy generally have substantially increased demand for shared ownership and, against the odds, the sector has made considerable progress in meeting this demand. According to the English Housing Survey, 19,386 new shared ownership properties were delivered in 2021-22. This is the highest number since records began in 2014-15, a 14% increase on the previous year.

Shortly after what is now commonly known as the 'disastrous mini budget' of 2022, the Commons Public Accounts Committee commented that targets for building affordable homes were 'depressingly unattainable'. An additional 340,000 homes were needed to keep up with growing demand, it said, with a large proportion of these properties being affordable.

Inevitably, given the economic downturn, demand for affordable housing - and shared ownership specifically - is extending to a wider demographic. First-time buyers in the UK today are paying almost a third more to get on the property ladder than they were five years ago and in the last decade, the number of private renters moving into home ownership fell by 23%.

Traditionally, shared ownership is most popular among those aged between 25-35 (32-37 in London) but, as salaries fail to increase in line with inflation, the upper age is increasing. In fact, we are seeing a significant increase in the 65+ demographic - those who can't afford to stay in their homes due to reduced incomes and higher mortgage rates; those who pass equity to younger family members, and those who are downsizing to reduce bills.

In the five years 2018 to 2023, the average house price rose by as much as 40% in some regions, while the average income rose by just 11.6% in the same period.

Although shared ownership remains limited to those with a maximum household income of £80,000 (£90,000 in London), many people are finding that due to the impact of interest rates rises on mortgages, car and credit card loans, together with the cost of food and utility bills, they can no longer afford to buy outright, and shared ownership is a good alternative.

In many parts of the country, specifically the Thames Valley, the issue is reaching crisis point as the affordability of homes, both to buy and to rent, is inaccessible to many. In addition to forcing people to relocate away from families and friends, the resultant shortage of key workers in the area affects us all.

No more Help to Buy

Perhaps the greatest impact on the demand for shared ownership housing was the cessation of the government's Help to Buy scheme last year. Although various initiatives aimed at first time buyers remain, the absence of Help to Buy is very strongly felt. The scheme, which enabled buyers to buy with a 5% deposit using an equity loan worth 20% of the price of a new build home (40% in London), aided the purchase of almost 390,000 new build homes.

During this time, £24.7bn of government loans were advanced to support home buyers, allowing sales of houses worth £109.2bn to go ahead. Just under 85% of homes sold under the scheme were sold to first time buyers.

It was inevitable therefore that in July 2023, the UK's largest housebuilder Barratt said the number of first-time buyers acquiring its homes had fallen by 49% in the past year, as Help to Buy was wound down, and predicted a drop of 23% in build volume over the period July 2023-24.

Alternative Help to Buy?

In the wake of Help to Buy, the government has put in place a range of means through which first time buyers (and in some cases others) can purchase a property with financial support. These include First Homes, Deposit Unlock, Discount Market Sale, Discount Full Ownership, Intermediate Rent, Lifetime ISAs, London Living Rent and Rent to Buy.

Non-government supported initiatives are largely limited to privately available financial products, including first time buyer mortgages at 95% or even 100%, guarantor mortgages, joint mortgages and of course the nice-to-have (but not readily available) 'Bank of Mum and Dad'. But there are clear downsides to each.

Potential for the expansion of shared ownership

And so it's no surprise that the most popular initiative by far is shared ownership, which allows eligible purchasers to buy a share of a new build or resale home, paying a mortgage on the part being purchased and a below-market-value rent on the remainder.

The supply of shared ownership homes has increased in recent years. Around 4,080 units were completed in 2015/16, rising to a peak of around 18,220 in 2019/20 and falling slightly to 17,100 in 2020/21. In total, approximately 76,500 new shared ownership homes were delivered between 2015 and 2021.

But, as I explained earlier, shared ownership is not as widespread a tenure as is required. There are approximately 202,000 households living in shared ownership homes in England, which represents less than 1% of all households. Demand varies across the regions, with demand highest in areas where affordability is most stretched – largely in the south of England. Our schemes in London include Clarendon on Hornsey High Street in the heart of north London, and Ferry Island North Heart of Hale, located just moments from Tottenham Hale station. Both have proved extremely popular, attracting a wide demographic.

Government support needed

So what needs to change to replicate this success elsewhere?

The government's Affordable Homes Programme is an important foundation to build from, but so far fails comprehensibly to address increased demand.

My view is that the government needs to get behind shared ownership in the same way it did Help to Buy. Help to Buy benefited from a dedicated, widely recognised brand, with an effective information campaign and website which pointed would-be purchasers in the direction of suitable products. There are many myths around shared ownership which need to be addressed (for example that shared ownership is only available to people with low incomes or those on social housing lists; that you can never fully own a property through shared ownership; that shared ownership properties are of inferior quality compared to properties sold on the open market; that it's difficult to sell a shared ownership property; or that shared ownership is only available for flats… the list goes on) – but doing so comes at a cost.

There is also a need to reconsider how funding for shared ownership is derived, especially in the context of a potential recession and changes to the planning gain system.

Helping first time buyers and others to get on to the property ladder is vital not only for the individuals involved, but for the country's social and financial prospects. We have a great product and great demand for it – but more needs to be done to fully realise this potential.

Gilian set up Gilian Macinnes Associates in 2016 after a long career in local government, including 8 years with the Planning Advisory Service. She advices councils on infrastructure planning and affordable housing delivery, developer contributions and planning viability. She has advised unitary, district and county councils on their developer contributions guidance. Gilian also delivers training to officers and councillors and advises local authorities in relation to: development management, planning policy and supplementary planning documents; undertakes planning service reviews/transformation projects; and undertakes interim planning service management roles.

Gilian is regularly employed as a consultant by the Planning Advisory Service and is a trustee of the Town and Country Planning Association.

THE INFRASTRUCTURE LEVY

The Infrastructure Levy – what do we know?

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Gilian has written various articles on this topic for ACES Terrier, as successive governments grapple with the issue of wresting equitable sums for communities arising from development gain. Here she explains the evolving picture with the government's latest attempt.

What do we know?

The answer not as much as we thought we would after all this time. We have been waiting for the details of the new developer contributions mechanism, the Infrastructure Levy (IL), since at least the planning white paper 'Planning for the Future', August 2020. The future is a long time coming.

What we do know is that the Infrastructure Levy is a new charge on development that has been introduced as part of the Levelling Up and Regeneration Act 2023 (LURA), enacted on 23 October 2023 but not yet in force. The LURA is the enabling legislation; we will not know the detail until we have the regulations and guidance. We will not know when it comes into force until we have the regulations, in which the date (and transitional provision) will be stated.

The LURA also introduces the Infrastructure Delivery Strategy (IDS), which will be an important strategy document indicating the approach a charging authority intends to take to developer contributions. The IDS must be published by the charging authority, and it must set out the strategic plans of the charging authority in relation to the application of IL, and whatever else is specified in the regulations. The IDS will be examined. The charging authorities, like for the Community Infrastructure Levy (CIL), are predominantly local planning authorities (districts, boroughs, mets and unitaries), not county councils.

The government's stated aim of the Levy, set out in the consultation, is:

..to create a swifter, simpler, more transparent system, and one that will raise at least as much revenue as at present, if not more, for local authorities to provide the infrastructure and affordable housing that communities need. (1)

The IL rates and thresholds will be set based on viability:

'Local authorities will set a minimum threshold (on a £ per sq m basis), below which the Levy will not be charged. This is to account for the costs of development in an area, and the value of the land in its existing use, broadly meaning that the Levy is charged on the increase in land value created by a development. Rates will be set as a percentage figure of the final GDV above the minimum threshold...

Local authorities will be able to set different rates and/or thresholds for different development uses and land typologies in their local area. The Levy will apply to most types of development, but certain types may be exempt or subject to reduced rates. (2)

Differences between CIL and IL

The major differences between the CIL and IL are that IL is charged on the completion of development and CIL on the commencement of development; it is mandatory; and it will include funding for affordable housing. The charge is not finally calculated until completion of development; there is concern that the charging authority may have to borrow to fund infrastructure, unless it is delivered in kind, to ensure delivery in a timely manner. Although IL will be mandatory, there is no need to panic as it is intended that the IL will be introduced over a 10-year period, with a 'test and learn' approach, which I assume is a reaction to the very significant number of changes to the CIL Regulation in the first 10 years.

Based on the Technical Consultation document, the IL rates will be set by local authorities and based on the final Gross Development Value (GDV) of a development project, and the rates would be charged on the internal area (sq m) of a development, as a percentage of the final GDV (£ per sq m) above a minimum threshold. There are three stages in relation to understanding liability and payment:

- an "indicative" calculation is submitted alongside a planning application
- initial "estimated" payments are made after commencement but pre-occupation; and
- a final balancing payment is made once the scheme is completed or sold.

It is worth commenting that much of the IL legislation and operation is firmly based in the current CIL legislation and it is anticipated, from the information available to date, that many aspects of the operation of IL will be very familiar to those that currently work with CIL. CIL authorities will definitely have a head start on those without.

Internal and Levy funded infrastructure

The consultation document (3) divided infrastructure into two categories - integral infrastructure and Levy funded infrastructure. In addition to this, there is also the delivery of affordable housing.

<u>Integral infrastructure</u> is on-site infrastructure, needed to make a site liveable, and infrastructure where it is practical that the developer delivers it alongside the development. The intention is to aid site operation and ensure that critical, site-specific infrastructure is delivered in a timely fashion. This was not considered to be very different to what happens now, as on-site mitigation is often required to meet planning policy requirements, is often incorporated into build costs, and is secured through planning conditions and s106 agreements. Therefore, it has been anticipated that developers will cost in 'integral' infrastructure as part of the build cost for a scheme, and for it to be delivered in addition to payments of the Levy. This avoids the IL being used to fund infrastructure that would normally be part of the costs of development. The detail of how this will work in relation to different scales of development will need to be specified in the regulations.

In terms of <u>Levy funded infrastructure</u>, LURA requires regulations to apply the IL to support the development of an area by funding the provision, improvement, replacement, operation or maintenance of infrastructure. In this context, this can broadly be defined as infrastructure required as a result of the cumulative growth in the local area, and as with CIL, Levy funded infrastructure is not dependent on the functionality or physical location of a scheme. IL revenue is intended to be used to deliver infrastructure that is required because of planned growth that will have a cumulative impact on an area and creates the need for new infrastructure to mitigate its impact.

The meaning of infrastructure is set out in LURA (204N (3)) (4). It should be noted, as with CIL, the list is not exclusive; however, the list is broader than the examples given in the CIL legislation:

"infrastructure" includes—

a. roads and other transport facilities,

b. flood defences,

c. schools and other educational facilities,

d. medical facilities,

e. sporting and recreational facilities,

f. open spaces,

g. affordable housing,

h. facilities and equipment for emergency and rescue services,

i. facilities and spaces which —

   i. preserve or improve the natural environment, or

   ii. enable or facilitate enjoyment of the natural environment, and

j. facilities and spaces for the mitigation of, and adaptation to, climate change.

How the 'internal' and 'levy funded' infrastructure will operate in a local area will be set down by the charging authority in the IDS, which will be examined.

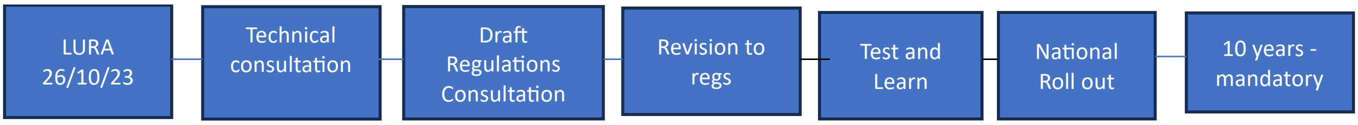
Operation of IL and using s106 - Three routeways

Initially, it was thought that IL would replace s106 (as was the case when CIL was introduced); this is not happening. It has been stated that the use of s106 will be reduced; there is not yet clarity on how this will be achieved. What has been set out, in the consultation, in terms of the use of s106, are three routeways for the use of IL and s106, which are as follows:

1. <u>The Core Levy routeway</u> – the most common - IL paid in cash by developers, with liabilities based on final GDV above a minimum threshold. This routeway has a role for s106 agreements, but there is reference to an approach referred to as a – 'Delivery Agreements' – used to secure 'integral' infrastructure in circumstances where conditions cannot be used.

2. <u>Infrastructure in-kind routeway</u> – it appears the intention to utilise s106 planning obligations, for large and complex sites, as a tool to secure infrastructure and affordable housing as an in-kind contribution of the Levy. This is considered to be a practical approach to timely delivery of infrastructure. The consultation states the key differences on how s106 would function under the IL than now is the value of any contributions towards infrastructure will have to equal or exceed the value of what otherwise would be secured through a calculation of the Infrastructure Levy and therefore, the value of that agreement cannot, through the process of negotiation, go below a certain monetary value – the 'Levy backstop amount'. The intention is that the infrastructure in-kind routeway will only apply to qualifying sites that fall over a certain threshold based on site size, limiting the use of s106 across the system.

The timeline for IL might look something like this – but the only date we know is the LURA.



3. S106-only routeway – Sites where GDV per sq m cannot be calculated, or where buildings are not the main focus of development, limited to definitions of development not set out in LURA (204E) and subject to the restrictions about the use of s106 currently set out in CIL regulation 122, which sets out the circumstances in which s106 obligations can be a reason for granting planning permission.

It is clear that S106 planning obligations will not be replaced by IL, but IL will replace CIL for all authorities, with the exception of mayoral type CIL which will survive.

Affordable housing

The government has been challenged through the stages of the Bill in relation to the ability of IL to deliver as much affordable housing as s106 obligations. The government has stated that it will deliver at least as much, if not more. LURA (204 G) states that the charging authority, in setting the rates, must seek to ensure that the level of affordable housing can be maintained at a level which, over a specified period, is equal to or exceeds the level of such housing and funding provided over an earlier specified period of the same length. But there is a get out clause, that is where complying would make development economically unviable. In addition, LURA includes a section (204 Z) on parliamentary scrutiny in relation to the provision of affordable housing, presumably to provide comfort that at least as much affordable housing will be provided as currently, and that this will be the subject of scrutiny.

I, like many others, find it difficult to believe that IL will deliver as much or more affordable housing than is currently achieved through s106, due to the fixed nature of the levy and the need to ensure delivery over the typology (geographic area, type of development, etc). Fixed thresholds and rates are difficult in terms of maximising value capture as you need to ensure most development is viable. It does appear likely that the rates will be set at a lower level to ensure delivery, or there will be a need to use the get out clause related to viability. The detail of how this will operate in practice is still unknown.

Question marks and timelines

To me there is still a very big question mark over the introduction and take up of IL. We may have the enabling legislation, but without the detail it will not proceed. We have almost certainly entered an election year and the consultation proved deeply unpopular and highly contentious with 30 industry bodies (including the Home Builders Federation, Royal Town Planning Institute, Town and Country Planning Association, Planning Officers Society, and Shelter) who signed a joint letter to government opposing them (5). At least two further stages of consultation are promised.

So what next? We need the detail – where the devil resides. Will it happen? We look forward to the next consultation. But in my view, any authority considering doing a CIL should wait no longer.

History indicates that governments implementing new developer contributions mechanisms is a troubled one. S106 continues to be a key tool in delivering both infrastructure and affordable housing and, miraculously although subject to many changes, CIL has been implemented and withstood changes in government. IL may never happen, and if it does, CIL will be good practice for the administration of IL.

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Mark is Associate Director at Boyer. He started his planning career in 2002 and has been involved with the preparation and implementation of numerous local plans for authorities across Suffolk and Essex. These have included full reviews, area action plans and site allocation documents. In 2020, Mark joined Boyer's Colchester Office as an Associate Director and uses his local authority experience to provide advice to a range of clients on projects across the East of England.

THE INFRASTRUCTURE LEVY
Will the infrastructure levy help or hinder the RAAC crisis?

Mark Edgerley MarkEdgerley@boyerplanning.co.uk

Mark takes a different slant on the provisions of the new Infrastructure Levy, together with doubts that it is an improvement on previous measures. It proves that there is a long way to go before it is clear just how the new levy will work.

2023 was a difficult year for local authorities up and down the country. Writing this as we approach the very end of the year, I am aware of regular updates on the confirmed and potential Section 114s.

In November 2023, the County Councils Network and Society of County Treasurers conducted a survey of 41 county and unitary authorities and found that 10% are not confident that they can balance their budget in 2023. The figure increased to 40% in 2024 and 60% in 2025, due to the combination of stubbornly high inflation, rising demand, and 'broken' provider markets for children in care. This is despite councils planning to make over £2bn worth of 'challenging' savings and service cuts over the three-year period.

Initiatives to resolve the funding crises

Other news concerns the savings made to avoid council bankruptcies: leisure centres and care homes closed in Kirklees, Christmas lights cancelled in Medway (albeit saved at the last hour by local businesses), and meals on wheels ceased (Southampton). Many local authorities have sold commercial property investments previously - including their own office premises in some cases – raising the question of what collateral will remain to prevent potential bankruptcy. All in all, the outlook for 2024 isn't great.

The cost of RAAC

Then there's the presence of Reinforced Autoclaved Aerated Concrete (RAAC) in public buildings, which creates unexpected and considerable expense.

On 6 December the government updated its list of schools and colleges in England that it has identified contain RAAC. The list now stands at 231. Furthermore, the education secretary has confirmed that more than 100 schools must be completely rebuilt due to the RAAC crisis.

The issue is not limited to schools: other public buildings including hospitals and GP surgeries are affected, as is social housing and in the case of the latter, there is apparently no government funding available to support the repairs necessary.

A new Infrastructure Levy

The announcements about RAAC coincided with an announcement by government on how infrastructure is funded: the creation of a new Infrastructure Levy. Bearing in mind the gravity of the situation for local authorities, this immediately raises the question as to whether the government's proposed new approach is the best way to deliver the much needed services, while preventing more local authorities from drifting into the red.

It is proposed that the Infrastructure Levy would replace both the Community Infrastructure Levy (CIL) and s106 payments, to be calculated on the Gross Development Value of a scheme on completion.

What is the Infrastructure Levy?

The government's intention is that, 'a simple, non-negotiable, locally set Infrastructure Levy will ensure that developers pay their fair share to deliver the infrastructure that communities need'.

The Levy would be calculated on a final gross development value of a scheme or phase of a scheme, above a minimum levy threshold. It is intended to replace CIL, s106 and affordable housing developer contributions with a single flat-rate levy based on the final sale values of a developments. Although primarily a financial contribution, the Levy could require the contribution of on-site infrastructure within the development.

The Infrastructure Levy does not necessarily mark the end of s106. The notes state that 's106 agreements will be retained to support delivery of the largest sites. In these instances, infrastructure will be able to be provided in-kind and negotiated, but with the guarantee that the value of what is agreed will be no less than will be paid through the Levy.'

Will the Infrastructure Levy help turn around council finances?

The rationale for the new levy is the government's stated objective in the context of levelling up: *'ensuring local communities can take back control'*. Central to this is additional borrowing and budgeting powers. A new 'Right to Require' aims to strengthen local government's powers in the negotiation process and through the Infrastructure Levy, it is intended that developers pay more to fund affordable housing and local infrastructure including transport, healthcare and education. With much of the levy payable on completion rather than throughout development, the change (to be implemented through secondary legislation attached to the Levelling Up and Regeneration Act) would give local authorities additional borrowing powers.

However, I question whether these extended powers will ultimately benefit local authorities, which are already almost universally under-resourced and whose circumstances may have, in some cases and possibly with hindsight, been worsened as a result of badly advised investments and commercial decisions which have been severely impacted by the pandemic – specifically, the purchase of commercial property, which have dropped significantly in value. My concern is that encouraging local authorities to borrow against future receipts in what is a very difficult market opens up the potential for yet more s114s.

Furthermore, there is concern in the industry that, unlike CIL and s106 agreements, the Infrastructure Levy funds may be spent on costs not associated with infrastructure. Therefore there is an increased likelihood that the funding will be used for other requirements, rather than specifically for the new communities that are being created. As we have already seen, this is exacerbated as demands – from social care to meeting net zero - increase.

Under s106 and CIL, it is stipulated that funding may not be used by local authorities to make investments in a commercially and speculative manner. While this limits the opportunity for smart investments, it also reduces risk and ring-fences the funds for community infrastructure and provision of housing and services associated with the new development.

The downside of the 'flexibility' brought about by the Infrastructure Levy is that mistakes could be made in public expenditure. Financial decision-making by locally elected politicians will invariably be compromised by the fact that politicians, understandably, are motivated by achieving and electoral support within a specific political cycle. This tends to be achieved through short-term successes, rather than the longer-term approach that strategic investment requires. Changes in leadership, policy priorities and political agendas will inevitably compromise long term success.

The need for more public/private partnerships

Rather than councils directly taking on increasing responsibility for commercial and investment decisions, while having increased responsibilities for budget allocation (compromised further by diminishing resources), I propose greater collaboration with the private sector.

There are many instances in which public/private partnerships have created successful housing and regeneration bodies, and where the private sector has provided resources – such as planning teams to help local authorities as a means of addressing nutrient neutrality, or working on the busier stages of a local plan. In these arrangements, both parties can play to their strengths and the council is freed up to make decisions that only the council can make, such as budgeting.

Conclusion

Like many in the development sector, I have reservations about the Infrastructure Levy. Most importantly, the increased flexibility that it offers local authorities should not be regarded as an advantage. If the Infrastructure Levy is to be implemented, I would suggest that the greater flexibility (or responsibility) that it bestows on the public sector should be supported by greater flexibility to pursue public/private working arrangements.

Because of this we are likely to see considerable disparity between wealthy and less wealthy local authorities, as well as infrastructure potentially being delivered after a development is finished.

The issue of RAAC in schools and other public buildings demonstrates the needs for timely and adequate provision of funding for public infrastructure. I do not believe that the Infrastructure Levy is the best means of delivering quality and timely infrastructure, and would suggest that tweaks to the current system, combined with an increased focus on partnerships which spread the financial risk, would be more satisfactory.

Jen is a partner and co-founder of Property Elite.

DISCOUNTED CASH FLOW VALUATIONS The new norm?

Jen Lemen BSc (Hons) FRICS jen@property-elite.co.uk

Jen gives some observations on the new RICS Professional Standard, Discounted Cash Flow (DCF) Valuations. As always, valuer's judgement will be needed, both whether to use the method, and what valuation assumptions to make.

In this article we will go back to basics, following the recent publication of the new RICS Professional Standard, Discounted Cash Flow (DCF) Valuations (1st Edition) (https://www.rics.org/profession-standards/rics-standards-and-guidance/sector-standards/valuation-standards/discounted-cash-flow-valuation)

RICS (2023) defines a DCF as 'A valuation model that seeks to determine the value of real estate investment property by examining its future net income or projected cash flow form the investment and then discounting that cash flow to arrive at an estimated current value of the investment'.

So, is this the new norm in property valuation? Not necessarily!

You, the valuer, need to use your professional judgement to decide which valuation approach (VPS 5) and method is appropriate. This could be the traditional investment method (such as using a term and reversion calculation) for a relatively simple investment, or a DCF for a more complex investment. Both are examples of the income approach under VPS 5 of the Red Book Global.

In either case, RICS encourages valuers to be explicit and transparent in their valuation methodology. Valuers could use both the implicit and explicit models to value a property investment, with the outcomes compared and cross checked. If adopted correctly with valid, reliable assumptions and inputs, then the two outputs should be similar (assuming the bases of value are also the same).

The Professional Standard provides guidance on how to apply the explicit DCF method to value investment property. This includes all income generating asset types (e.g. commercial and residential) and both occupied and vacant property. Its use is, therefore, not just limited to complex multi-let properties.

Explicit DCF valuations use a cashflow and explicit assumptions around a variety of inputs, such as rental growth, to arrive at capital value. Although more complex, DCFs can be used accurately to model a variety of scenarios and assumptions, including unique assets, or where comparable evidence is inconsistent or limited.

Essentially, a DCF converts a series of future cash flows over an assumed holding period, plus an exit value at the end of the holding period, to a single current value. This effectively means that future cashflows are discounted back to the valuation date.

Using a DCF allows valuers to reflect the specific characteristics of the investment being valued, including any rent reviews, lease exits, void costs, non-recoverable outgoings, and anticipated capital expenditure (e.g. refurbishment).

The exit value explicitly reflects anticipated rental growth, the reversionary nature of the investment, and an appropriate initial yield (taken to perpetuity).

The DCF calculation

An example DCF calculation shown here assumes an initial rent of £20,000 p.a. for a 15-year lease with 5 yearly rent reviews, on an upward only basis to open market rent. There are no break options or options to renew in this lease.

Period	Rent £	YP @ 9%	PV @ 9%	Sum £
1-5	20,000	3.8897	1	77,794
6-10	25,526	3.8897	0.6499	64,530
11-15	32,579	3.8897	0.4224	53,528
15-perp	41,580	11.11	0.2745	126,806
			Capital value	322,658

This is a useful point to introduce the fact that an explicit DCF can be used to derive two valuation bases as outputs - Market Value and Investment Value (as per VPS 4 of the Red Book Global).

Investment Value is the value to a specific investor or owner. Market Value, on the other hand, is the value to the whole market. RICS helpfully defines Market Value as being what you need to pay and Investment Value being what you should pay (or what it is worth).

If assessing Market Value, then all of the inputs should be market based and not specific to one investor or stakeholder. This would instead relate to the assessment of Investment Value.

Assuming we are valuing on the basis of Market Value, the various inputs into the above DCF are:

- Rent – based upon the actual rent paid under the subject lease (assuming a 15-year lease with 5-yearly upward only rent reviews to open market value)
- Rental growth – based on the valuer's assessment of the market (i.e. evidence and trends) and likely impact of inflation
- Holding period – based on the lease expiry date
- Initial yield (YP in perp) - to calculate the exit value and based upon market yield evidence from similar investments
- Discount rate – based on market evidence of similar transactions, i.e., using an internal rate of return analysis. In the absence of evidence, a 'first principles required return basis' can be adopted. This entails establishing a financial market risk-free rate of return plus a risk premium to account for the nature of the property investment being valued. Section 5 of the RICS Professional Standard provides in-depth guidance on establishing the discount rate.

The valuer will, of course, need to be able to justify all of these in relation to market evidence, and using their professional judgement and scepticism.

Issues

So what are some of the issues valuers need to be aware of when using DCFs?

Firstly, DCFs require the valuer to make a large number of explicit assumptions. It follows, therefore, that 'rubbish in, rubbish out'! The inputs and assumptions made in the DCF need to be accurate to allow the valuer to provide an accurate valuation output. This means that DCFs can be very prone to errors and to overcomplexity, particularly where a multi-let or complex investment is being valued.

Secondly, small changes to the inputs in a DCF can result in much bigger changes in the output, i.e. the assessment of Market Value or Investment Value. This means that valuers may wish to employ some form of risk analysis, such as sensitivity analysis, scenario analysis or simulation. These three risk analysis techniques are further discussed in the RICS Professional Standard.

Thirdly, valuers may not (yet) be experienced in the use of DCFs. There is a fairly steep learning curve in moving from traditional implicit investment valuations towards explicit DCF valuations. Valuers may wish to undergo additional training to ensure that they are fully familiar with the DCF valuation methodology, as well as how to use any valuation software. Given the inherent complexity of DCFs, it is likely that valuers will need to adopt either proprietary valuation software, or, if they are confident, a spreadsheet-based valuation model.

Valuers should only be providing valuations where they are sufficiently knowledgeable, skilled and experienced to do so. If a valuer feels that a DCF is the most appropriate way to value an investment, then even if they are experienced in valuing this type of asset, they may need to seek support or mentoring to adopt a DCF methodology in the first instance.

And finally, valuers need to become confident in assessing whether or not a DCF is the right way to value an investment or not. They may wish to use both an implicit and an explicit valuation methodology as a cross-check exercise, providing further valuation reliability and validity for clients.

DCFs are certainly not the new norm and RICS does not expect that they will be adopted across the board. However, they are a very useful tool in the valuer's arsenal which can be deployed in appropriate circumstances. It is, as always, up to the valuer to make this decision…

FACES
The future for public sector surveyors

Neil is the Head of Engagement for ACES and leads the FACES initiative.

Neil Webster cycloconsulting@gmail.com or neil.webster@aces.org.uk

Neil here gives a summary of the continuing and increasing momentum of ACES' initiative to provide advice to young surveyors.

Who we are

Following Zaman's article in the 2023 ACES Summer edition, this is the first formal update on our developing Future ACES (FACES community).

The programme was started to see how we could help up and coming surveyors in the public sector. Unlike the private sector (and the VOA!), there are smaller cohorts of "graduates" working for public sector bodies. It is therefore more difficult for employers to support their candidates in the same way. Some counties have been working with districts to create an umbrella group, but this doesn't work everywhere. So, this is where ACES can help.

We now have over 140 early careers people registered from across the country. These are people from the public sector who are studying to gain an RICS qualification. The vast majority are on the Commercial Real Estate pathway, with smaller groups on the rural, building surveying, project management and planning routes.

The Leeds event

What we do

We signpost to events put on by others e.g. Montagu Evans, LocatEd and RICS, and we organise our own too. For example, we had had a very successful APC Away Day hosted by Carter Jonas in Leeds on 27 July. Here are just two examples of the quality of feedback:

> I found the session to be extremely useful and it answered a lot of queries I have had about the APC as well as providing guidance I wasn't aware of or had considered."

> "I attended the APC day last week and it was fantastic. The day was incredibly well organised, the content relevant and useful, and having initially felt confused about my APC journey, I now feel completely prepared and eager to progress."

The next one is scheduled for 7 February at the London office of Lambert Smith Hampton. The agenda for these events covers:

- Pathways, competencies and levels
- APC Ethics/Code of Conduct
- Case study and submission documents
- APC related practical group exercise (allow 1.5 hours)
- What to expect on the day
- Top tips for APC success
- Q&A

FACES successes

To show the success of the cohort, at least four of the people are now qualified:

- Paul Gardner of Enfield Council,
- Persephone Galanis at Manchester City Council
- Robbie Metcalfe of Lancashire County Council
- Sopiah Miah of Calderdale Council.

We hope that we can expand the community to support these employees as they progress through their careers.

Public Sector Connect

We also held a successful early careers panel at the Public Sector Connect Local Authority Assets conference in Manchester last March. The organisers were slightly questioning of the topic when we first proposed it, but the feedback was fantastic. So much so we have been invited back in 2024! [Ed – see full article which follows in this issue of ACES' Terrier].

There is one place available on the panel, so if you or a colleague are able to get to Manchester on 20 March, please let the writer know.

FACES at ACES branches

The other development is that various branches are bringing the FACES community into their branch structures. Some are inviting one FACES member to their Executive, while other branches have broader ideas. London has invited the London FACES community to participate in branch meetings. One very nice lady took the minutes!

ACES Awards

Which brings us to the annual ACES awards. While there is a dedicated award for FACES, I am pleased to say that the community won two awards: Team of the year was given to the four people who took part in the conference referenced above. And for her commitment and contribution to the panel, Persephone Galanis won the individual FACES award. [Ed – see ACES Award winners in the President's keynote address in this issue of ACES' Terrier].

Onwards and upwards with your help

Which now leads back to you, our full members. What can you do?

1. if you have a person in your office who is not signed up for FACES, please get them to do so here
2. if you are someone with skills and time to help the candidates, please let us know. This could be mentoring, coaching, more general advice, or even mock interview techniques.

At the last meeting with the RICS, this was a major part of our discussions. We hope that our next meeting can be held jointly with the Government Property Team, so we can address the issues in the public sector more collaboratively.

So in a relatively short period of time, we seem to have gathered together a good group of people who could be the ACES members of the future. We are open to ideas, so if you can think of anything else please let us know.

Georgia is Conference Manager, Public Sector Connect.

PUBLIC SECTOR CONNECT
An additional source of focussed CPD

Georgia Richardson grichardson@publicsectorconnect.org

Georgia outlines the success of the recent Public Sector Connect conference, in particular the panel session facilitated by ACES' Neil Webster.

Other than ACES meetings and the national Annual General Meeting, have you attended any other conferences in the last 12 months? We all know that networking with property professionals from other organisations can spark new ideas; learning from others' pitfalls and successes can be extremely helpful when taking on new projects. This is what we at Public Sector Connect love to see at our events.

There is nothing better than hearing the buzz in the room after a really thought-provoking set of sessions, and seeing the animated faces as conversations and new connections are made. For example, back in April 2023 we hosted the Local Authority Property and Estates conference 2023 and part of the event was a panel session: "The Future of the estates profession in public sector". The session was facilitated by ACES Head of Engagement, Neil Webster and featured four newly qualified surveyors from across the public sector:

- Naomi Bates, Property Consultant, Whittington Health NHS Trust
- Sebastian Berry, Estates Officer, Chorley Borough Council
- Persephone Galanis, Graduate Development Surveyor, Manchester City Council
- Robbie Metcalfe, Assistant Estates Surveyor, Lancashire County Council.

Panel discussions were around the route to the profession and the challenges faced. It was extremely well received by the 150+ attendees on the day and was deservedly awarded the Team of the Year at the 2023 ACES AGM [Ed – see President's keynote address in this issue of ACES' Terrier].

Some of the feedback we received included:

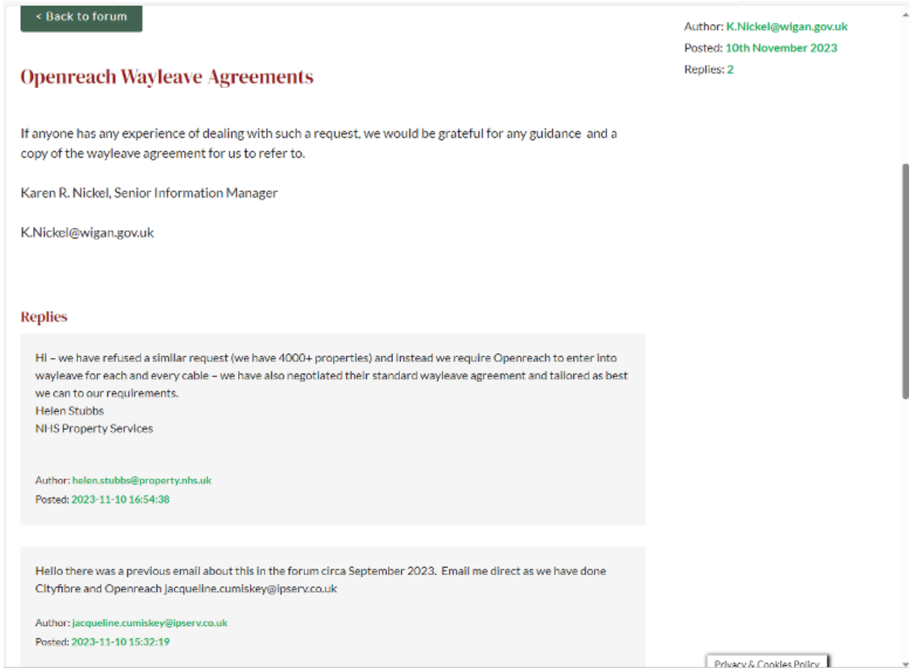
- *"it was brilliant to see such passion and confidence from the APC candidates when it's not easy sat on a stage like this. Well done to Neil Webster for facilitating that session"*
- *"The future of the estates profession in public sector was excellent with a great panel"*
- *"It would be nice to bring back the Graduates (ACES) to let us know how they have developed their careers in the last 12 months"*
- *"Was my all time favourite session. It was great to hear from younger people on their experiences"*
- *"I liked the young professional panel as it brought a discussion of the profession and involved all who attended the conference".*

With feedback this great, how could we not invite some of the panel back again for the Local Authority Property and Estates 2024 conference? Robbie and Persephone will be back and will be joined by 2 new panel members to give an update. Taking place in Manchester on 20 March, public sector employees can book their places for free via the event website: https://www.publicsectorconnect.org/lapropestates24

ACES FORUM
The answer to your problem

Jacqueline Cumiskey

Jacqueline emphasises why members should participate in ACES Forum. "The ACES forum is probably the unsung hero of the website but one I recommend you don't skip over, but add to your new year resolution!" It can be accessed by members through ACES' website (www.aces.org.uk).



Over the last couple of years, I have received regular notifications when someone raised a Topic on the ACES Forum. Some things I would look at if I had time and it piqued my interest. However, the last few months I have changed my approach.

The Title doesn't always do justice to the question; sometimes I would think 'that isn't anything I know about'. However, taking the time to read the full query raised by an ACES colleague I find that I can either offer a response, or better still monitor responses and glean insights. If you or a colleague have a query on something, it has probably been dealt with by another council and useful assistance can be found within the Forum.

If not, you can raise your own/query for a colleague and get comps, templates or contacts. Recent examples where I have helped others is gas governor sites, data management centres, asset valuation updates. I have also used the details to identify topics for ACES Eastern Branch monthly on-line CPD meetings and presenters.

Most recently, I was able to provide a template licence to install a defibrillator and this was originally provided by a counterpart in East Suffolk Council. I had a TEAMS meeting with the Wigan council property team to discuss wayleaves to multiple properties for telecoms. They in turn offered me help with community asset transfers.

The ACES forum is probably the unsung hero of the website but one I recommend you don't skip over, but add to your new year resolution!

ALAN RICHARDS, EASTERN BRANCH

Chairman's report for 2022-23

After becoming vice chair in December 2019, and then sharing the chair with Brian for a couple of years, I stepped fully into the role in December 2022. I have now completed my first year as chair of the branch and it has been a privilege and something I have really enjoyed doing.

I attended the National AGM in Cardiff in November 2022 and was joined there by Sara, Betty, and Andrew Stirling, all representing Eastern Branch. Collectively we contributed to the debate, raised important issues around the need for ACES to be more progressive in terms of equality, diversity and inclusion, and talked about some of the initiatives we have looked at and supported across our branch.

This time last year I spoke about my plans over the year, how I wanted us to work together to raise the profile of ACES in our organisations, and work to fill any gaps across the patch. One of the first things I did was to write to all the regional chief executives where we have ACES members, to explain the work that ACES does and to thank them for enabling our members to make the contribution that they do. I received lots of replies with a good degree of recognition, both of the work of ACES and the value it brings, to each of you and to your organisations.

I also said I wanted us to encourage greater participation in the branch and to work on succession planning. To support this, we have widened invitations to virtual branch catch ups and CDP days, encouraged members to bring guests to meetings, and welcomed a number of fresh faces. There is still more to do here in terms of filling of gaps in membership, and we can all play a part in continuing to raise the profile of ACES and of the role of the profession.

It was a pleasure to be asked to represent ACES and support Dr Steve Norris on his panel discussion at the launch of the 2023 LSH/Revo research [Ed – see article in this issue of ACES' Terrier] where there was a good panel discussion covering a range of topics including business rates reform, shopping centres, town centre regeneration, and the likely impacts of the Levelling Up and Regeneration Bill (now Act).

Unfortunately I was unable to attend the National Conference in York this year, but have had good feedback from branch members who attended and as always, Betty [Ed – with significant help from Peter Gregory] has excelled with an excellent write up in ACES' Terrier!

We have also worked hard to make sure our reach of CPD topics is broad and wide across the built environment, and tried to ensure a good spread of speakers over the year, which I hope you have all enjoyed and found value in. We will be continuing this work next year and have some interesting CPD sessions planned for 2023/4, covering topics such as airport expansion, our role in emergency management, and hydrogen.

As you all know, my role has developed way beyond estates over the last couple of years and I have found that broadening of remit fascinating. I will work with the executive to try to apply some of that experience to our regular sessions and, time permitting, always remain available to members who wish to discuss career progression or any other wider built environment issues.

We have continued with good success our monthly catch ups and covered lots of topics there from the current issues with RAAC, through budget challenges, estate rationalisation, lots of different takes on sustainability and utilities, comparing approaches to offices, and managing the impact of upcoming legislation. We will continue these regular, monthly virtual catch ups and as always, encourage attendance from members and colleagues where the topics will be helpful to them and your organisations – it all helps broaden our reach and build the ACES profile.

Last but by no means least, it is of upmost importance to take this opportunity to recognise the engine room which works away relentlessly to make all this happen. Firstly, our branch membership and the support provided by the executive. Particular thanks must go to Jacqueline Cumisky for her outstanding secretariat work – many of you won't see the amount of work she does, with support from Hannah, to arrange and co-ordinate our meetings, speakers' agendas and to keep the executive in order; and to Chris Bandy the new Branch Treasurer.

Finally, to all the executive and to the authorities which have hosted our meetings this year at West Suffolk House, Mildenhall Hub, Cambridge Guildhall and Ipswich Corn Exchange.

I am very proud to share that we have also brought to the branch two ACES Awards this year, announced at the AGM in Edinburgh! [Ed – see President's address in this issue of ACES' Terrier]:

- The ACES Award for Community Champion – The brilliant Mildenhall Hub
- The ACES Award for Excellence 2023 – Project of the Year" – for Southend's Retrofit House Project. Rob Tinlin, Chief Executive at Southend-on-Sea City Council kindly agreed to collect the award.

As many of you will be aware, Eastern Branch has a proud history of cultivating ACES National presidents, and we now welcome Sara Cameron into the role for 2024. Sara has taken the commitment to a whole new level, leaving her role at Babergh and Mid Suffolk Council and taking to the road with her cats for her Presidential year in her campervan. Sara, you have the full support of the branch and we hope you enjoy your year. I'm sure you will be brilliant.

I am also delighted to share with you that after receiving a very mysterious Friday afternoon call from former ACES President, Jeremy Pilgrim a few weeks ago, I have been invited to join that prestigious list. After some careful thought, I have accepted the invitation to stand as ACES Junior Vice President in 2024.

All in all, quite a year! Thank you all for a great year for Eastern Branch.

JACQUELINE CUMISKEY, EASTERN BRANCH

Secretary's Report 2023

Having taken on the role part way through 2022, I have completed a full year in which I have supported the Branch Planning Team and set up monthly catchup online sessions.

Eastern Branch continues to have a busy line up of events, with monthly virtual catch-up sessions and three in person more formal branch meetings. 2024 will be no different and we have speakers lined up for the first quarter, as well as exciting ideas for the in-person meetings. This is made possible with the help of the team, arranging introductions to speakers and identifying topics of interest.

At the end of 2022, the branch had 53 members and we finish 2023 with 62 members and 6 FACES members. It is important to ensure that new members receive the invitations and can take a full part in the branch and national activities.

The monthly meetings of the Planning Group enable the team to discuss major topics for the monthly virtual meetings. I thank each of them for their help, advice and support - Alan, Brian, Chris, Duncan, Kathryn, Kevin, Philip, Richard and the 2 Simons.

The monthly sessions have been supplemented by the following short presentations:

09/02/2023 Flash Flooding Sensor Solutions by Johnny Stubbs of Previsco

20/04/2023 Building a Local Authority Property Strategy in 6 easy steps by author Chris Brain

18/02/2023 Net Zero Construction Contracts, Harry Dyson, Zurich Insurance

13/07/2023 Working with Biodiversity, Carter Jonas

14/09/2023 Powering Up Britain: The Net Zero Growth Plan, Birketts

12/10/2023 VESTEGA's High Level Appraisal Tool

14/12/2023 The Hydrogen Heating Pilot by Cadent Gas.

Branch AGM held at Cambridge Guildhall. L to r: Jacqueline Kumiskey, Secretary; Chris bandy, Treasurer; Sara Cameron, national President; Alan Richards, Branch Chair and national Junior Vice Chairman

The sessions regularly have good attendance of between 20 – 30 participants.

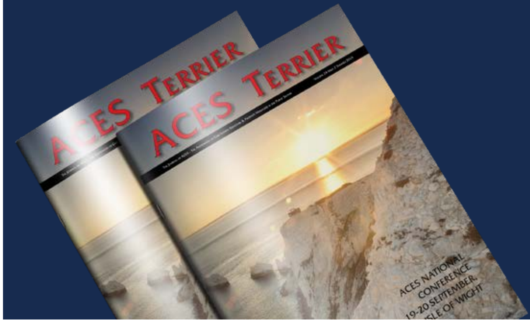
The branch has held four face to face meetings, including the AGM, with a full programme of CPD.

- 24 March -Mildenhall Hub, hosted by Suffolk County Council's Quentin Cass. Alex Wilson, Strategic Director at West Suffolk Council, delivered a presentation on the award winning and ground-breaking Mildenhall Hub and we were treated to an accompanied tour by Quentin and Alex. Prior to that we had a MEES and the Public Sector update from Shawn Galliers, Director of Sustainability Ingleton Wood LLP and then enjoyed a buffet lunch from the 'on-campus' coffee shop [Ed – both featured in 2023 Summer and Spring ACES' Terriers respectively].
- 23 June - Cambridge City Council welcomed the branch to the Guildhall and we enjoyed CPD sessions from ASG Energy's MD Tony Gresty presentation on Integrated Energy Solutions for the Warehousing and Logistics Centre. LSH's Peter Whitington delivered a talk on the mandatory changes to IFRS 16 in 2024 and its impact on the assets. Finally, Zaman Sheikh provided an update on the progress of Future ACES (FACES) [Ed - all featured in 2023 Summer (2) and Autumn ACES' Terriers respectively].
- 20 October - Ipswich Town Hall was a new venue for the branch, where we enjoyed refreshments and lunch from the tenant, Moments café, raising money for St Elizabeth Hospice. Suffolk Wildlife Trust provided an update and practical solutions for Biodiversity Net Gain and nature recovery. Mott McDonald gave a talk on ACES NHS Net Zero Standard throwing a light on the hard work going on behind the scenes [Ed – see this issue of ACES' Terrier].
- 1 December – presentations were given on the REVO Annual Survey findings and update, exploring the key issues and opportunities for our towns, high streets and shopping centres by Steve Norris, Executive Director Lambert Smith Hampton [Ed – see this issue of ACES' Terrier], Southend On Sea City Council Retrofit House Project and heating issues by Ben Harrison, Sustainability Housing Officer [Ed – also in this issue of ACES' Terrier] and Sara Cameron ACES Presidential Year 2024.

The branch is pleased that it offers a feeder programme into ACES' Terrier [Ed – I encourage every branch to do likewise, please].

Thanks to Hannah Hammond, FACES member, for all her help in organising the in-person meetings.

I have enjoyed the challenge of providing a full diary of CPD and events with the planning team and that it encourages each participant to share the benefits with colleagues.



ACES

The Terrier
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ALISON HEXT, HEART OF ENGLAND

Autumn report

The branch meetings have thankfully been hybrid this year, which has meant we have been able to meet face to face but also include those who can't attend in person. It has been very good to see people and to welcome our new members in person.

The Branch welcomed Helen Stubbs, ACES President, to the first meeting of the year in Wellington, hosted by Telford and Wrekin Council. The following two branch meetings were held at the RICS office in Birmingham where the attendance was good, with equal numbers of members present in person as virtually. CPD talks were given at each event, with the most recent talk from Aspinall Verdi on compliance with s151 on property valuations and transactions.

HoE has had another year without a Branch Treasurer, with the treasurer work carried out by the National Treasurer, Chris Hewitt, who has prepared the year's accounts for the branch. The branch thanks Chris for his year of support, especially as he has had the National Treasurer duties to manage and to get to grips with, in his inaugural year in this role.

Officer changes following the AGM

HoE Branch held its AGM on 9 November 2023 and as a result there have been some changes in officer appointments:

- Kevin Moore remained unopposed as Chair and we continue to seek a Vice Chair for the forthcoming year
- Philip Colledge was nominated and appointed Branch Treasurer
- Andrew Stirling was nominated and appointed as Branch Secretary

Membership

There have been quite a few changes in membership this year.

New members (9) at Cannock Chase, Herefordshire, Wolverhampton, Redditch and Bromsgrove, Shropshire, LoCated, Newcastle-Staffs, NHS Property, and Malvern Hills.

Resignations (4) at Worcestershire County Council, Newcastle-Staffs, and two retired members

Meeting dates 2024

8 February, 6 June and 7 November 2024 AGM (subject to possible change).

[Ed – thanks Alison for all your years' commitment as Secretary of Heart].

GERRY DEVINE, WELSH BRANCH

Late Summer Meeting – September 2023

With invitations issued on Teams, 36 attendees joined on this occasion.

With both the Branch Chairman and Secretary being away on holiday at the Time of the last ACES Council meeting, we were grateful to Chris Brain and Alison Hext (who was one of two HoE Branch members joining us as guests) for providing the updates from Council. The Branch Treasurer reported that we have eventually resolved some difficulties with our bankers and now have a fully functioning account.

Since Covid lockdown, all our branch meetings have been virtual except for the branch meeting proceeding the 2022 national ACES AGM which was live in Cardiff. The Chairman had reflected on this, and while virtual meetings have enabled more people to join in the meetings and CPD sessions, he felt there are networking benefits in having at least one live meeting a year, so proposed that the Welsh Branch AGM (and the immediately following CLAW and ACES Property and Estates Meeting) be held live from November 2023.

<u>CPD Session - Chris Brain</u>

Chris covered in this two-hour CPD session: finance, commercialism, asset management, flexible working, Net Zero carbon, air quality, asset valuation, health & safety and levelling up.

During the year we have been fortunate that Sam Rees, Senior Public Affairs Officer, RICS Wales, has joined our online meetings to provide news and updates on RICS matters; we are grateful to Sam for sparing us his time, especially when it has meant juggling his other commitments to do so.

Autumn Meeting – November 2023

The last meeting of 2023 included our Branch AGM and was held in person, which was reflected in the reduced numbers present - but there were still 17 in attendance at the Wales National Imaging Academy, just off the M4 at Pencoed, near Bridgend.

Clive Ball was re-elected to serve for another year as Chairman and Ben Winstanley was re-elected as Vice-Chairman. There being no other volunteers, Gerry Devine was re-elected as Branch Secretary and Treasurer. Clive had brought along a University of South Wales Network 75 Student from his team to talk about the new Real Estate degree course. This generated a lot of discussion around the future of the profession and how we could collectively support the new University course, including potential outreach sessions.

Sam Rees from RICS Wales provided updates on the new RICS office in Cardiff, the new GCSE in the Built Environment, apprenticeships (RICS is now a member of the Welsh Apprenticeship Alliance), Welsh Government (WG) support for new degree apprenticeships in Wales, new RICS Guidance on building safety, flood-maps, RAAC, valuation sustainability, Carbon Measurement Standards, and upcoming RICS webinars on several topics.

There were no WG representatives able to attend this time but Dr Claire Bloomfield (who, sadly for us, is soon to retire) had sent updates on WG/Ystadau Cymru (YC) matters - financial pressures are continuing to dominate organisational

ALPHA PROPERTY CONSULTANTS LLP

Introduction

Examining how restrictive covenants affect the development of land and the connection between the legal framework and how in practice their impact can be ameliorated.

The Approach

Alpha Property Consultants were approached by Green Properties Limited to advise on purchasing land at Hollow Grange, Greenshire ("the Site"). Initially we checked the title to the land, and it became clear there would be 3 aspects we would have to advise on:

1. The modification/discharge of restrictive covenants affecting the freehold title.
2. Explore the best possible obtainable planning permission.
3. The best method of purchasing the property

The Site

Hollow Grange is a town with a population of over 15,000. It has its own railway station and good road links and benefits from being only 20 miles from Liverpool. The town was originally a small village but has experienced considerable development over the last 20 years.

The 2-acre site, outlined in yellow, sits to the north of the town centre. It is surrounded by residential development and is one of the last remaining undeveloped sites. It consists of overgrown fields and a derelict shed/stable.

The Site is being sold by someone who inherited the Site from the original covenantor who had purchased it in 1968 from a neighbour.

Initial Actions

1. Contacted the agency appointed by the seller to register our client's interest.
2. Obtained Office Copy Entries and Title Plan from HMLR.
3. Visited Site to check boundaries, potential easements, explored surrounding areas etc.
4. Obtained Local Authority (LA) search to explore planning history and examined the LA's relevant planning policies.
5. Submitted Initial report to client to advise on restrictive covenant and planning potential.

The Problem … Restrictive Covenant

The 1968 Conveyance of the Site contains a restrictive covenant:
"The purchaser hereby covenants with the vendor so as to bind the land hereby conveyed into whosoever hands the same may come that:
1. No buildings structure or erections of any nature shall be constructed or placed or be permitted to be constructed or placed on the land hereby conveyed except buildings or structures of an agricultural nature to be used solely in connection with agriculture.
2. No noisy offensive or dangerous trade or pursuit shall be carried on upon the land hereby conveyed nor any trade or pursuit which may be or become in any way a nuisance annoyance or danger to the Vendor or his successors in title or to the owners or occupiers of any neighbouring property or which may depreciate the value of the Vendor's adjoining land or any part thereof as residential development"

Our client cannot simply obtain planning permission and commence its development as the covenantee could seek an injunction to stop it or seek damages to be quantified via the court.

We had to consider whether the covenant would be enforceable against our client, given that they were not the original covenantor. We adopted the four-point test for bindability:

1. The covenant must "touch and concern" the land of the covenantee;
2. There was an original intention that the covenant should run with the land. This is clear from the wording;
3. When covenant was made the covenantee must have owned the benefitted land. This is given more weight by S.78 LPA 1925 which deems that a covenant is made for the benefit of the covenantee and his successors;
4. The claimant must derive his title from or under the original covenantee.

Glossary

Restrictive Covenant prohibits specific kinds of activity or development of the covenantor's land for the benefit of the covenantee's land.
Covenantor is subject to the burden of the covenant.
Covenantee is the party benefitting from the covenant.
Conditional Contract is a contract which is subject to the completion of certain conditions.
Land Chamber of the Upper Tribunal ("the Tribunal") is the body which exercises jurisdiction for S.84 LPA applications
Planning permission is approval by the Local Authority of a proposed development

General Advice

If you are a covenantee and the covenant is likely to be modified or discharged, you would be best advised to negotiate a settlement at an early stage. The covenantor is likely to want to have the certainty of a settlement as soon as possible. Consequently, you may be able to obtain better compensation than would be awarded by the Tribunal.

If you are a covenantor you would be well advised to make your planning application as soon as possible and be aware of the long time it can take to obtain a tribunal decision.

The Deal

Although the Site could be purchased subject to the covenant and without the benefit of planning permission for less than we finally agreed, our client would have had difficulty financing such a speculative proposal.

Consequently, we negotiated the purchase of the Site conditional upon obtaining planning permission and modification/discharge of the restrictive covenant. Solicitors were instructed and a conditional contact was exchanged.

Planning Application

We 'worked up' with our client's architects and our in-house planning consultants a residential scheme of fifteen houses varying from 2 to 4-bedroom units. Draft plans were favourably received by the Local Authority in a pre application meeting. The outline planning application was subsequently submitted and approved by the Planning Committee. From instructing architects to final approval took just over 12 months.

The Solutions

Negotiations with Neighbour

At an early stage we approached the neighbour who benefitted from the covenant in order to negotiate its modification. At first, he was totally against any discussions. However, following submission of the planning application he appointed surveyors to act for him. Unfortunately, despite considerable discussions, a settlement could not be reached.

Mediation

We suggested to the covenantee that we attempted to deal with the matter via mediation, but he refused.

Insurance

We considered the possibility of a restrictive covenant indemnity policy. Insurance is a solution offered instead of the restrictive covenant being cleared from the title by legal remedy. It is available to those breaching or about to breach covenants.

If obtainable such a policy is useful in providing a quick and commercially acceptable solution. Insurance indemnifies the covenantor by transferring the risk of diminution in value of the property resulting from enforcement of the covenant from the covenantee to the insurer.

Unfortunately, because it was clear who had the benefit of the covenant and that the covenant was relatively new it was not possible to obtain a policy.

Section 84

1) As all attempts to reach a negotiated or mediated settlement with the neighbour/covenantee failed our only option was to make an application, under Section 84 Law Of Property Act 1925, to discharge or modify the covenant. The application is made to The Tribunal.

2) S.84(1) of the LPA 1925 gives the Tribunal power to discharge or modify any restriction on the use of freehold land on being satisfied on certain conditions. S.84 sets out various grounds upon which an application can be made.

3) Solicitors made the application under grounds:

- (a), "that by reason of changes in character of the property or the neighbourhood or other circumstances the restriction ought to be deemed obsolete"
- (aa), "that the continued existence would impede some reasonable user of the land for public or private purposes"
- (c) "that the proposed discharge or modification will not injure the persons entitled to the benefit of the restriction."

When (aa) is relied on the tribunal can discharge/modify the restriction. If satisfied the restriction either secures "no practical benefits of substantial value or advantage" to the person with the benefit, or that it is contrary to the person with public interest. (S.84(1A))

4) A crucial part of our arguments was provided in the report we produced which was submitted to the Tribunal as evidence. We showed in the early 1970's Hollow Grange had a much smaller population, and the Site was surrounded by fields. Now the town is considerably more developed and the Site is surrounded by housing developments. We looked at the development plan for the area and the outline planning permission. Whilst a planning consent is not a passport to a successful S.84 application, it is a first step, as it shows what is going to be built.

We showed how little impact the development would have on the land benefitting from the covenant. The house on the covenantees land was situated at the furthest point from the Site and, as it was surrounded by lines of trees, there were only a few sightlines where the new houses could be seen.

Finally, we suggested a figure for the compensation to be paid for the discharge of the covenant.

5) If a restrictive covenant is discharged/modified, the covenantor will be entitled to compensation from the covenantee. This is often measured by reference to "loss of amenity". It is not based on the loss of opportunity to extract a share of the development value.

6) The Tribunal ordered a full discharge of the covenant and compensation of £20,000.

planning, reminder that RAAC returns are due from all public sector organisations, and some details of the YC Conference (online) on 30 November.

Estate and asset management discussions took place on organisational structures, climate change, rotation of valuers (though not required for public sector asset valuations), bulk fibre telecoms installations, and property condition surveys.

As ever, the nature of the wider agenda was varied and the huge benefit and value of regular attendance at ACES meetings was self-evident from the high quality of the discussions in the room. However, wider work pressures reduce our ability to support these meetings as we'd all like was also evident by the smaller number present on this occasion.

<u>CPD Session - Chris Brain</u>

As this was an in-person meeting, Chris took the opportunity to facilitate a workshop-style CPD event rather than the more usual presentation, with question-and-answer session. For the workshop, Chris posed some questions which prompted much animated discussion, e.g., 'What are the main challenges you face as a property owner; 'What are your big successes in the last three years'; and 'How different do you think your property portfolio will look five years from now?' Answers varied widely and proved insightful and interesting. The workshop was judged a tremendous success and we hope to have further similar workshop CPD events.

Over recent years, branch membership through our ACES colleagues has become a little more diverse as, in addition to our local authority members and those providing local authority services, we now have members from NHS (including our Chairman), Natural Resources Wales and, for the past year, Welsh Government. This seems to be in line with the wider membership of ACES across the UK, and it is good to have this wider involvement from more organisations, reflecting that we represent all of the public sector.

JOHN READ, NORTH EAST BRANCH

Following the successful hosting of the ACES National Conference held in York in September 2023, the branch executive has been working to kick start branch activities with in-person engagement in 2024. While we have held several virtual sessions in 2023, it has only been possible to hold one branch meeting due to the ongoing issues associated with our banking arrangements. The branch treasurer has put in many hours dealing with these issues and the signs are finally positive for a return to normal business. This will mean that we will be able to hold in person meetings and get back to pre-pandemic conditions, with the usual networking and personal interaction that so many members value.

The branch AGM was held on 21 November, and it was agreed that we would hold four in physical meetings in 2024, with provisional venues of York, Gateshead, Derbyshire and Calderdale proposed.

Details and arrangements are still in hand and we hope to set meeting dates in the near future, together with a selection of CPD content at each of the meetings.

The branch executive currently has vacancies for a Communications Officer and Vice Chair. Mark Tyler has been proposed for the latter and will hopefully take over as Chair in November 2024.

Details of the Sheffield Hallam University ACES prize follows.

NORTH EAST BRANCH

Sheffield Hallam University ACES Prize

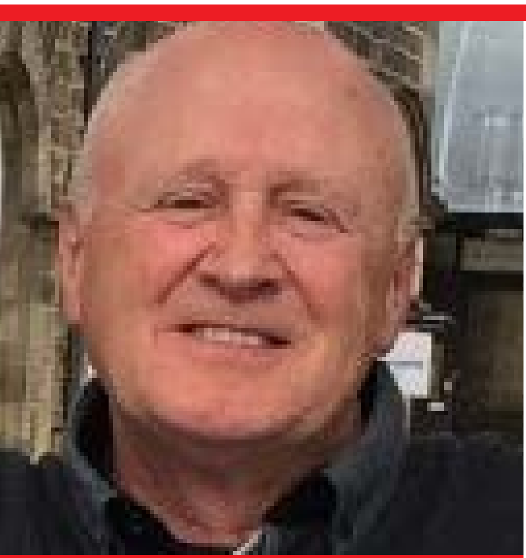
North East Branch continues to support surveying students on the BSc Real Estate course at Sheffield Hallam University. On behalf of the branch, a representative attended the annual prize giving ceremony in the autumn at the University, presenting the ACES Prize.

The winning poster was submitted by Jarrett Hobday and Evan Blake, using their fictional name of 'Alpha Property Consultants LLP'. Their intention was: "Examining how restrictive covenants affect the development of land and the connection between the legal framework and how in practice their impact can be ameliorated."

The ACES judges felt that this poster was informative and demonstrated an effective process of initial actions, identifying the problem of the restrictive covenant, relevant legislation, and options towards a solution. Overall, they thought there was a good effort by all shortlisted entries - well done.

Thanks to Helen Reardon MRICS, FHEA, Senior Lecturer, Planning and Development, at SHU, for providing the information.

The winning poster is reproduced left.



SELWYN – THE EARLY YEARS

For the good of the flock (1989)

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.

Overnight the rivers of blood ceased to flow and the drain channels dried up. On the previous day the bleating of sheep, the squealing of pigs and the lowing of cattle had filled the air. The day after there was just an eerie silence. For thousands of years uninterrupted slaughtering had been carried out at that location, dating back to the days of the Neolithic pig-sticking pits soon to be investigated by archaeologists commissioned by Shepdale Museum. Now Shepdale Slaughterhouse had closed forever.

The men who worked there may have been regretting it but no-one else was. It had been a grim and unpleasant neighbour for the residents of the adjoining housing estate, especially when panic-stricken stock occasionally escaped and rampaged along the roads until the police marksmen could end their terror. It was a nuisance to the shoppers, workers and tourists from the daily stream of stock wagons transporting the unfortunate victims to their fate, further clogging up the continually busy main street through the town centre. Slaughtering had not ended in Herdwick district. It would continue at the modern, privately-owned abattoir recently built near the new motorway junction outside of town. It had just ceased to happen on the council-owned freehold within the town of Shepdale.

***

'The Clerk and Chief Executive called me in, Selwyn. He's got the Chairman of the Council on his back about the old Slaughterhouse site.'

Arthur, the Property Services Manager for Herdwick District Council, sat behind his desk in his office behind Shepdale Town Hall. Selwyn, his Estates Surveyor, sat opposite him. They were alone and the door was shut.

'What's Charles 'beefing' about now?'

'Oh, very droll … The Chairman has fired up the Liberals to support him on a job creation scheme for the district. He wants the slaughterhouse site to become a business park. Carve up the existing buildings into smaller units, build new starter units where the pens are, and fill it all with new and expanding businesses. The planners are on board and an application will be lodged soon. It will be voted through.'

'Fair enough. Anything's better than the existing use. So, what's the problem?'

'Well, the council holds the freehold reversion. The Municipal Meat Company holds the lease from the council. It's for 999 years at a nominal £1.00 p.a. from sometime in the early 1960s.'

'Before my time. I've never needed to have any involvement with that lease as it just runs and runs without rent reviews or breaks, so there's never been any reason for me to look at it.'

'The lease states that MMC "shall not use the premises other than for the purposes of a public slaughterhouse." That's a very limiting restrictive covenant that prevents alternative uses without the council's consent and because of that precise wording, the council doesn't have to be reasonable. It can unreasonably refuse consent if it wants to.'

'It sounds like we can demand a ransom payment from MMC in return for releasing them from the covenant so that they can redevelop the site as a business park.'

'In theory, yes. In practice, the Chairman wants Charles to arrange a free release in the interests of creating hundreds of jobs for the district.'

'I don't think that we can do that.'

'Neither do I, but we won't be popular if we say that. Can you have a think about it so we can talk again? Then I'll have to brief Charles.'

***

Blake Edwards was wealthy and bored. He'd made his money in property development in London and then retired to live in Winander. He had an enormous house with lake-frontage, a gin-palace moored out on the lake, a trophy second wife and fingers in many business pies. Unable to settle for a life of ease, he'd run for the council on a job creation ticket a few years earlier and quickly risen to be the Leader of the Liberal Group, the largest party in the hung council, and Chairman of the Council. He'd had the Clerk and Chief Executive's office relocated from its historic setting in Shepdale Town Hall into the three-storey council offices at its rear and then commandeered the office next door so that he could be on hand to control everything of importance that happened. Arthur and Selwyn felt that Charles Bowstead, the current Clerk and Chief Executive of Herdwick District Council, was slowly being side-lined as Blake eased himself into an unhealthy position of power and influence. Charles, approaching retirement age, didn't seem able to prevent the shift.

***

'Arthur … you and I are of a similar age. You must be thinking about retirement too, surely? I know that I am. Between you and me, it's a new world now and the likes of Blake Edwards rule the roost. Once, the Chief Executive's position was respected. Our word was law. Now I'm regarded as little more than an adviser to the manager of a business. Edwards can't see that we have a wider duty to provide a service to the public that transcends basic commerce.'

Arthur and Selwyn were sat opposite Charles in his relocated office. Charles continued.

'We'll be able to get out of this trap soon, you and I. But you Selwyn … you're going to have to adapt to new ways. Especially if you want to become Property Services Manager after Arthur. You're going to have to become a political animal on top of being a good manager.'

'It's not a prospect that I relish. But I'm only 38. I've no other choice as I need to get a higher salary and a load more years under my belt before I can think of retiring.'

'Anyway, what thoughts have you come up with in respect of this slaughterhouse issue?'

Arthur leaned forward and lowered his voice a little.

'You know that the council is bound by s123 of the Local Government Act 1972. That means that a local authority has the power to dispose of land, but the main caveat to this power is that the council must not do so for "a consideration less than the best that can be reasonably obtained".

"Land" is defined in s270 of that Act as including "any interest in land and any easement or right in, to or over land."

Best consideration is generally interpreted as being the best price achievable in the open market. But it doesn't always have to be that if there are other relevant factors applicable. It's a subjective matter, but the Bonner Report clarifies the Act by saying that best consideration should be assessed by one or more RICS or ISVA qualified valuers.

If I understand you correctly, Charles, the Chairman has consulted his own solicitor and considers that s123 can be more generously interpreted.'

'Yes, firstly he thinks that the covenant does not constitute an interest in the land. Secondly, he thinks that best consideration can be interpreted as a lot of new jobs created for the district by the new development instead of money. So he wants us to release the covenant without demanding a monetary ransom payment. As the council's valuer are you prepared to certify that as best consideration, Selwyn?'

'No. I think that he's wrong on both points.'

'Arthur and I tend to agree with you. I've basically forgotten all my property law over the years that I've spent running the council. But something just doesn't feel right. Call it gut instinct. What sort of monetary value would you put on the site if it was sold unrestricted?'

'The council's freehold with the current lease in place is next-to-worthless to the council. The lease with the restrictive covenant limiting the use to a slaughterhouse is also virtually worthless to MMC now that the new slaughterhouse has been built. There isn't enough business for two slaughterhouses. But put the freehold and the lease together, with the covenant relaxed and planning consent for a business park, and they have a significant value. Each side needs the other. I reckon the two interests together are worth about half a million pounds in total. So the ransom for the release should be worth say 50% of that to the council.'

'So, what can we do about it, Selwyn?'

'Two things. If you can stall the Chairman for a bit longer, I propose to use Arthur's membership of the Local Authority Valuers' Association - LAVA for short - to see what help they can give me. They can trawl all their members in other authorities for opinions and examples of best practice. They include some pretty big county and metro councils which employ some very knowledgeable and experienced surveyors. Some of them must have wrestled with this problem before. Also, the Chairman's interest in this matter may be genuine but, nevertheless, it wouldn't do any harm to check if he has any kind of a financial relationship with MMC that he hasn't declared. Something doesn't quite smell right. The Treasurer could use his credit agents to research that company and check his interests.'

'Let's do it. But keep it quiet and report directly back to me.'

Selwyn glanced at Arthur, signalling him to remain seated, and said,

'Just a suggestion Charles, but it might be useful if you could ask the Chairman to clarify his precise intentions in writing … you know … just so that we can understand exactly what it is that he wants. You could tell him that as his request is a little unusual, that we don't want to mess it up for him. Also, you might even casually request a copy of his solicitor's legal advice… just to make us feel more comfortable about agreeing with him.'

***

'We had the meeting with Blake last week. Sorry that I haven't been able to say anything sooner. I was waiting for it all to be tied up formally before I talked to you.'

Arthur had called Selwyn into his office and closed the door behind him.

'How did it go?' was Selwyn's first question.

'As well as could be expected, I'm pleased to say.'

Selwyn breathed a big sigh of relief and smiled, 'And how did he take it?'

'Not well, but that was to be expected too. I'd never seen that side of him before, although I suspect that Charles has suffered it from time to time. Blake really is a nasty piece of work when he lets his guard down. There was a lot of swearing and name-calling initially. Then he kicked us out. Then he rang his solicitor before calling us back in. We didn't involve you just in case things didn't go as we'd hoped. You never know when you might cross paths with him again. But Charles and I had nothing to lose in a power struggle.'

'So what exactly happened?

Arthur leaned forward and pushed a brown envelope across the desk towards Selwyn.

'First things first. This document is from Personnel. All you have to do is sign both copies and leave one copy with me. Then they can start looking for someone to replace you.'

'Thanks, but I'll miss you … and Charles too. So please tell me all about it.'

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'Hello Charles … and Arthur too. Your secretary didn't say what this meeting was about, Charles. So what's going on?'

'Sorry Blake I don't want it to seem as if Arthur and I are ganging up on you. It's not intentional. I could have done this on my own but I also wanted Arthur to see the outcome of our joint efforts.'

'It must be important to drag you and Arthur away from your busy jobs, Charles.'

'Yes, it is.'

'As you know, Arthur and I don't have long to serve with this council. We both intend taking retirement within the next six months. We need to talk about succession planning.'

'The council will be sorry to lose you both. You've both been here for a long time. But everyone has to go sometime.'

'Yes, even you, Chairman.'

'What do you mean?'

'We've come to invite you to resign. Sometimes it's necessary to cull the faulty and the diseased for the good of the flock'.

'WHAT!!!'

'Steady on, Blake. Try and control that rush of blood to the head. Just listen to what we have to say first.'

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Megan had dropped Lisa off in the village with Ron, Selwyn's elder brother, and Mary, his wife. She and Selwyn were seated in a quiet corner of 'The Shepherd's Crook' pub where they'd first met. A pint and a half glass of Rampant Ram were placed on the table in front of them along with two menus.

'You've been very patient waiting for this explanation, but the waiting is over. But just bear in mind that most of what I'm about to tell you is strictly confidential.'

Selwyn knew that he could trust Megan to keep it to herself, but he still felt the need to say it.

'First of all, we're celebrating my promotion to Property Services Manager. Charles has arranged it so that the post doesn't have to be advertised. I'm the only internal candidate with a relevant RICS qualification. In any event, they feel that I should be rewarded for my loyalty and professionalism. He will just report it as a decision made by him under his delegation in the urgent interests of service continuity. The Chair of the Personnel Sub-committee has agreed that it can go to the Sub-committee as a confidential report for noting only. I'll start the new job in three months' time when Arthur retires. It will mean more money and my own office.'

'Oh, well done you. That is good news. So, Arthur's retiring. Why is it confidential?'

'Well that bit isn't but the rest is.'

He outlined the background leading up to Blake's meeting with Charles and Arthur and then added,

'So, Blake Edwards was on the fiddle. I went to LAVA and got a couple of barristers' opinions on relatively similar cases from two big London boroughs. It was quite clear that the release of a restrictive covenant was an interest in land, so was caught by 'best consideration' as a disposal. I also confirmed that creating jobs did not qualify as 'best consideration' under s123. So Blake's legal advice and his intention to give away the covenant for nothing were completely down the chute. Even worse, the Treasurer's credit agents researched MMC and found that Edwards had bought a financial interest in that company some years before. He'd kept that conflict of interest very quiet … and that takes some doing in a small town like Shepdale. He'd covered his tracks in some shell companies. Basically, it was one of those companies that had fronted the relocation to the new abattoir site. He'll be doing alright out of that. But he also wanted to cash in on the development of the old site too, by not paying the ransom to the council.'

'But didn't you need evidence? Wasn't it just your word against his?'

'Well, it might have been, but he was so confident of success and so keen to convince us that he was right that he rather foolishly put his intentions in writing to Charles, backed up with a copy of his Solicitor's erroneous advice. So, Charles and Arthur suggested that Blake could either resign his seat on the council immediately, or have his attempted fraud investigated by the s151 Officer and the district auditor, reported to the police and spread all over the front page of the Herdwick Gazette. In the end he opted to go quietly. The council will get its ransom payment, but even then, it will still be worthwhile for Blake to develop the site as a business park so he won't lose out … and the district will still get its new jobs.'

'Well done. And congratulations on the promotion. I assume that Charles and Arthur fixed that after all the fireworks were over.'

'Yes. I rather think that with all the upheaval - losing the Chairman, the Clerk and Chief Executive and the Property Services Manager all within a very short time– that they wanted to ensure that after the cull, they were leaving someone behind with similar values in at least one responsible position, to carry on their work.'

'The future's looking rosy then?'

'I think so. I've got you, a better job and a new baby. Life is good.'

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For a copy of the course syllabus please contact Keeley Forsyth, Property Business Support Officer at keeley.forsyth@cipfa.org