ACES Terrier

The Association of Chief Estates Surveyors & Property Managers in the Public Sector
Volume 27 Issue 1 Spring 2022

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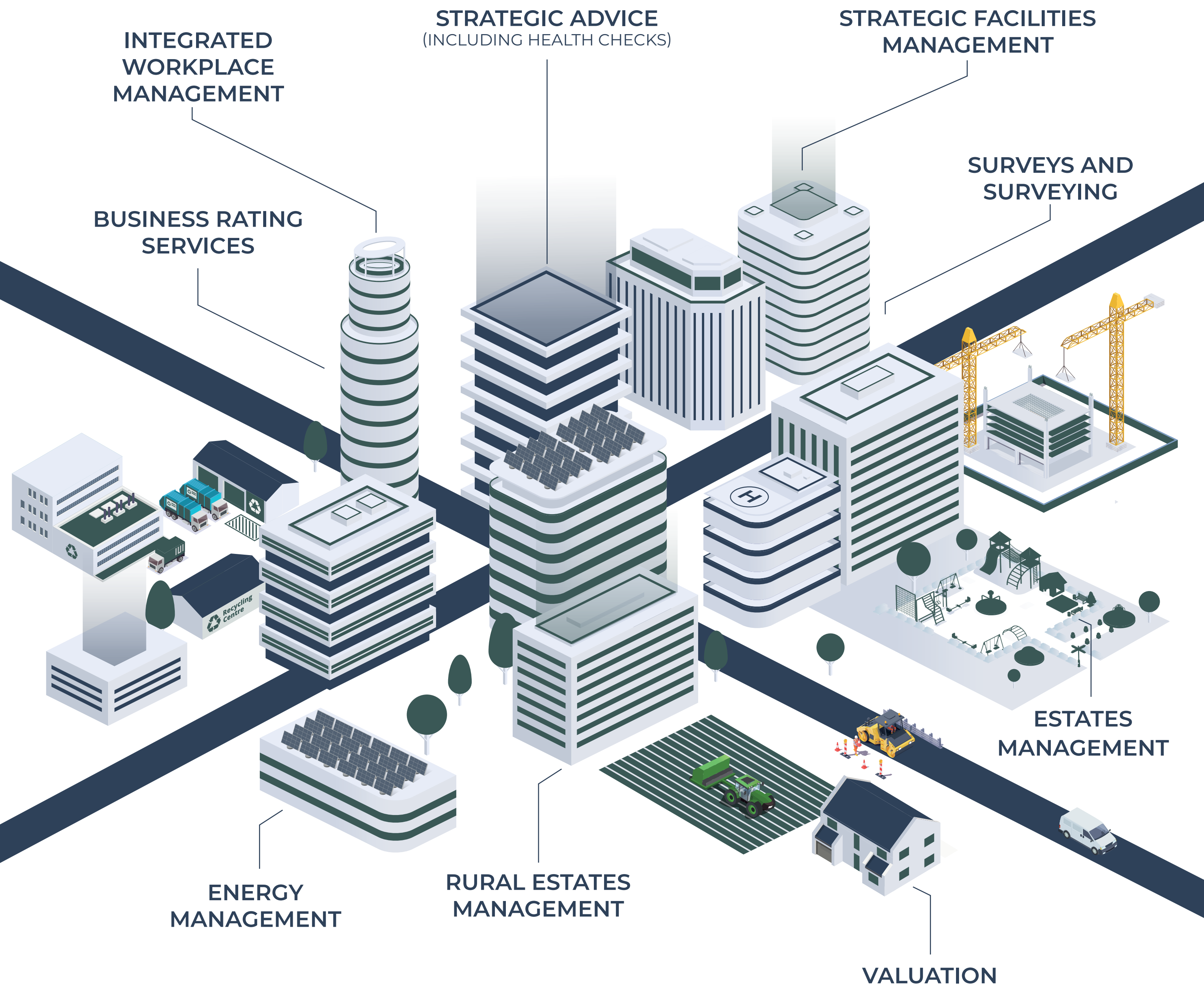

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ACES TERRIER

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

EDITORIAL

Betty Albon

Welcome to the 2022 Spring Terrier.

I'm celebrating 10 years as Editor for ACES. I'm not sure that 'celebrating' is quite the right word, but I've certainly been in post for a decade. I havn't worked out how many articles, words and pages that totals, but it's quite a lot! Thanks to everybody who has submitted articles over the years – and please keep them coming. I quite like the reputation that ACES' Terrier has achieved as a partisan professional journal. It's all down to you the contributors, and the skills of the publisher, Marcus Macaulay.

This issue continues to feature rural and environmental matters, including the hot topic (no pun intended) of achieving net zero emissions. There are articles on the recent Levelling Up White Paper, alternative options for housing delivery, asset management, procurement, and regeneration of high streets post-Covid – although I'm not sure "post-Covid" is actually where we are - and many other professional topics. Hopefully plenty to get your teeth into over the Easter break.

Please spread all this valuable information far and wide in whatever ways you can – and there's certainly a lot of opportunities now to do that in hard copy and online www.aces.org.uk/library/ . Remember to tell ACES' Secretary, Trevor Bishop, if you would like to change your delivery address to reflect changing work patterns – we're here to please!

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

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Cover photo: Cover of the 2020 Reimagining council farms 2040 Vision report, near Keswick, by kind permission of CPRE

NATIONAL COUNCIL

Notes of ACES Council Meeting on 21 January 2022 (virtual)

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

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

President's report

The President, Chris Rhodes, reported on his activities since the 2021 AGM and confirmed that, at the last London Branch meeting, he had relinquished his chairmanship of the branch as intended.

A key activity was the organisation of the Presidential Conference in Sutton in September 2021 and he expressed his thanks to the conference team for their enormous help with the planning.

The President noted that he now had allocated some dates of branch meetings to attend during the year and asked branches to fill in any gaps as soon as possible as his diary would soon fill up. He thanked Council members for their support during the year and looked forward to working with everyone.

Secretary's report

The Secretary reported on matters arising during the period since the 2021 AGM. He provided the latest statistics on membership and mentioned a high turnover, typical of "year-end", but a slightly improved number of new members compared to resignations.

On subscriptions, it was noted that problems still existed with the website automatic invoicing, but all had gone out following some manual intervention. At the time of reporting, about 43% of invoices had been paid. The total receipts from membership would be less compared to previous years as some branches had reduced their branch fee for 2021/22, in some cases to zero, as a reflection of on-line rather than 'real' meetings.

The Secretary referred to the successful conference and AGM in 2021 and expressed the hope that these would be the last fully virtual meetings. He concluded by thanking again the numerous ACES officers and members that had helped him carry out his duties in recent months.

Financial matters

The Treasurer, Willie Martin, presented a report on the financial position of the Association. He was pleased to state that ACES found itself in a very healthy financial position, with no major issues facing the Association. Notably, ACES continued to benefit from the SAM Diploma course which continued to produce good returns.

A detailed report with appendices from the Treasurer is published on the ACES website.

ACES' website

The Secretary reported verbally on the state of the website. In general, the site was stable and operating efficiently, but the ongoing issues with regard to invoicing and forum notifications were a cause for concern and the Secretary was in close contact with the website managers to find solutions. On a positive note, the flexibility afforded by the format of the website was helpful and enabled improvements to be explored and implemented such as the availability of recordings of presentations from the conference and other webinars for the benefit of members, as well as non-members.

The Secretary noted that Marcus Macaulay (ACES' Terrier publisher) had helped out on a number of issues due to his technical expertise and hoped to continue to use him to assist. The President noted that the website was our main window to the world, so we needed to make sure that resources were utilised to ensure that it was providing the desired functionality and results.

Consultations

The Senior Vice President, Helen Stubbs, reported that there had been two consultations considered recently. These were on the reform of Leasehold and Commonhold regulations and Biodiversity Net Gain, and members would be given the opportunity to respond either individually or through ACES in a corporate response.

Special item – Junior Vice President

The President referred to the recent application for this post from Sara Cameron and the subsequent request to members to endorse delegation of the appointment to this Council. 126 members unanimously approved the delegation and Council was asked to vote on the proposed appointment. The Council vote was also unanimous, and the Secretary confirmed approval of the appointment. The President expressed his delight and looked forward to working with Sara, who stated that she was very excited about the role and looked forward to working with the team.

ACES' Terrier

The Editor, Betty Albon, made her usual plea for branch reports for ACES' Terrier. She was not receiving any case studies from members, which used to be more common, and was often a good route to get nominated for the ACES Award for Excellence. It was appreciated that members were under significant work pressures at the present time. Secretaries were asked to raise this with members at branch meetings as it would be good for all to share more examples of best practice in ACES' Terrier, alongside the contributions from the private sector.

The Editor noted that she had not brought forward a report on advertising for ACES' Terrier, in anticipation of this being picked up by the Sponsorship Officer. However, she undertook nevertheless to contact all the current advertisers to invite new adverts for the Spring edition of ACES' Terrier.

Business Plan

The Senior Vice President reported on progress and thinking regarding her review of the Business Plan which had now expired. She was undertaking a high-level review which would include updating the constitution where necessary, adding in policy documents such as a diversity policy, reviewing the structure and duties of ACES Officers and Core Management Team and ensuring modern working practices were adopted where appropriate. A report to July Council was intended. The SVP had extracted annual core activities from the current document and added new draft actions for 2021-24. These included a review of job descriptions for officers, to reflect changes and increased activities. The SVP confirmed she will be calling on members to ask what they think ACES should be doing in the next few years, and this would help shape the new business plan.

The President thanked the SVP for the valuable work done so far on the review. Comments included introduction of an environmental driver in the actions.

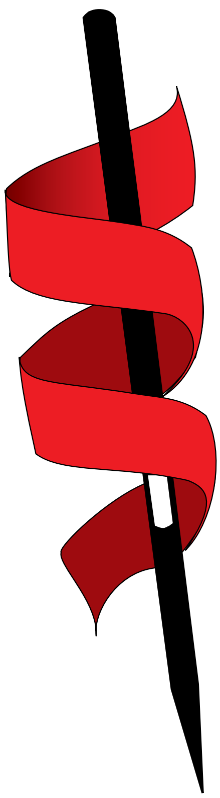
The Secretary reported on the resignation of Jeremy Pilgrim from the role of Sponsorship Officer which was pertinent to the review of the Business Plan. It was therefore necessary to look again at filling this post as soon as possible, in view of the approaching conference and AGM and maintaining a good long-term relationship with sponsors and advertisers. It was agreed that a short-term task force be assembled to take matters forward and a number of Council members volunteered.

It was also re-affirmed that the role of Branch Liaison Officer was another very important role that needed to be filled. It was suggested the new Junior Vice President, Sara Cameron, could lead on this. Sara confirmed that she was happy to explore this, with potential support from a member to be identified in due course.

The Head of Engagement, Neil Webster, reported on recent matters he had been progressing. The programme of free webinar events with partners continued, with many members registering for these. Engagement with other bodies had been progressed recently, notably with DLUHC, NHS and RICS, as well as private sector partners. Recent meetings with RICS presented further opportunities to support the FACES initiative (see below), in the context of the RICS APC activity.

Annual Conference 2022

The President reported on the latest proposals for the 2022 Conference (15-16 September). A strong team from the London Branch was supporting the President and discussions were in hand with the Holiday Inn in Sutton. The President had considered a hybrid event, but is planning a live event.



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

The ACES website Job Vacancies page (open to all) caters for member and non-member organisations advertising for public sector property posts.

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

The Job Vacancies page is currently available to ACES member organisations to advertise opportunities **at no cost.**

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

The new and improved ACES website enables advertisers to enter their vacancy details direct online and include their logo, website links and required details (subject to approval by ACES Secretary).

*The cost per advert for non-members is currently £100.00 for a maximum of 4 weeks' exposure on the ACES website; this is still excellent value!!

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

Good progress has been made on securing sponsors and speakers for the event, with a good range of topics to suit most members. The President also confirmed that a social programme was being worked up alongside the main conference, with interesting venues in the vicinity of Sutton and that a location for the Gala Dinner was being explored (Nonsuch Manor).

AGM 2022

The Secretary reported that he had now formally booked the rooms at Cardiff City Hall for the 2022 AGM on Thursday 17 November 2022 [Ed – note the AGM will take place on a Thursday this year]. It was noted that the Welsh branch will be very supportive with arrangements to ensure all goes well and delegate numbers are healthy.

Discussion took place on the traditional pattern of the AGM location but that this was historic as opposed to constitutional, and that other locations which might be more accessible should be considered. It was agreed that the Secretary should consult members on the preferred location for 2023.

ACES' Award for Excellence and President's Award

The SVP reported that she had taken an early look at the format for this and would pick up in more detail when deadlines were a little closer. She thanked the Editor for the call for more case studies by members for ACES' Terrier which could easily translate into award nominations.

Asset Management in the Public Sector

Malcolm Williams updated members on the SAM diploma course which continued to go very well, with the help of the ACES members doing the presentations. The 4th iteration of the course had just started with 22 participants, which maintained a good turnout. Bookings were also being taken for the 5th iteration due later in 2022, and then a meeting would be arranged with CIPFA to take a view on delivery in 2023. The course was also proving a financial success and the President thanked Malcolm and the team for their efforts.

RACES/Homes for Older People

Derek Rowell provided an update on progress with these two initiatives.

While the RACES initiative had progressed well at the early stages, interest had waned, and Derek now sought views on continuing with RACES. The consensus was that Council should take stock for a while and include actions in the business plan review. Derek agreed to meet with the RACES champions and report back.

Similarly, notwithstanding initial good progress with the iHOPE initiative, key partners such as ALATS and SOLACE had still not signed up and it was difficult to proceed without them participating. There was also a potential rethink on the part of finance officers regarding investment strategies. Derek was thanked for his considerable work in progressing this initiative and it was agreed that it should be kept on ACES agenda and revisited when Covid recovery may perhaps be less prominent and when capacity in social care was improved. Derek advised he sadly had to withdraw for personal reasons but agreed to liaise with Simon Hughes to convene the task force again and agree a revised timetable.

FACES

Neil Webster provided an update on proposals which were designed to assist new entrants to the profession. He referred to a new entrant surveyor, Zaman Sheikh, who worked with Sara Cameron, who was very active and keen to get involved in FACES.

Neil also referred to recent liaison with RICS which culminated in the sharing of a long list of organisations in the UK (around 6,000) who had APC candidates in the pipeline. Around 10% of these are in the public sector and work was ongoing to introduce them to the FACES initiative. Further analysis would also be undertaken to identify non-member organisations with a view to apprising them of the benefits of ACES and opportunities for mentoring by existing members.

Council confirmed its support for the proposed approach.

Co-ordinators, branches and external working groups

A number of liaison officer and branch reports were received. Thanks go to the liaison officers for their efforts in producing detailed and topical reports which are appreciated by members, and to the branches for submitting reports on their activities.

Chris Brain commented that the emergence of ESG (Environmental, Sustainability and Governance) should be embraced by ACES and a new liaison officer role put forward. The President concurred with this and agreed to bring it forward for further action.

Sam Partridge and Daniella Barrow spoke about recent positive and productive meetings with RICS and most recently in January when the theme was around education and skills. The RICS, through our strong links with Paul Bagust, were keen to broaden the discussion topics and address current issues raised by members in the public sector, and member ideas were encouraged.

Future meetings

For the next Council meeting on 8 April, plans have been put in place for a "hybrid" meeting, recognising the lingering presence of Covid. A committee room at The Guildhall, London has been booked for a live meeting and remote access will be available for those who cannot attend in person.

A venue for the Council meeting on 15 July has yet to be determined, but Council members agreed it should be outside London and accessible to most members. **We would therefore welcome offers from ACES Members of free meeting accommodation to cater for around 25 attendees, from 10.30 am to 3.00 pm, lunch included of course!**

There was no other business and the meeting closed.

ACES MEMBERSHIP

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

I list below the changes in membership between 1 January 2022 and 31 March 2022.

New members approved

There were 15 new applications approved during the period:

First Name	Surname	Organisation	Branch Ref
Andrew	Wilcock	Ardent Management	L
Gary	Shimmen	Basildon District Council	E
Sam	Munnings	BCP Council	SW
Matthew	Seymour	Cardiff City Council	W
Anna	Wills	Durham County Council	NE
Kathryn	Hurlock	East Suffolk Council	E
Nicholas	Keyes	Monmouthshire County Council	W
Fiona	Teague	Newport Norse	W
Felicity	Paddick	NPS Peterborough	E
Ben	Forsdick	NPS Property Consultants Ltd	E
Malcolm	Hill	Perth & Kinross Council	S
Jonathan	Janes	Perth & Kinross Council	S
Stefan	Hemming	Sandwell Metropolitan Borough Council	HoE
Elaine	Field	Thurrock Borough Council	E
Claire	Barrett	Westminster City Council	L

Members transferred during the period.

One member transferred during the period.

First Name	Surname	Branch Ref
Don	Waters	W

Resignations

The following 15 members resigned during the period:

First Name	Surname	Organisation	Branch Ref
John	Loxley	ACES Retired Member	SE
Simon	Campkin	BCP Council	SW
Murray	Quinney	Cabinet Office	L
Aileen	Wiswell	Cabinet Office	NW
Tim	Broadhurst	Caerphilly County Borough Council	W
Margaret	Wells	Concertus	E
Kathryn	Hurlock	East Suffolk Council	E
Liz	Suatt	Eastleigh Borough Council	SE
Terry	Garnett	NPS Humber Ltd	NE
Alan	Phelan	NPS Humber Ltd	NE
Sharon	Taylor	NPS Norwich Ltd	E
Sally	House	NPS Peterborough	E
Liz	Macdonald	NPS Property Consultants Ltd	E
Steve	Hicks	Reading Borough Council	SE
Catrin	Mathias	South Oxfordshire District Council	HoE

Sadly, one member, Gordon Smith, a former President of ALAVES, passed away in Autumn 2021. Gordon's obituary can be found in this issue of ACES'Terrier.

Total Membership	
Status	Number
Full	221
Additional	67
Honorary	35
Associate	27
Retired	36
Total	**386**

OBITUARY GORDON K SMITH

It is with great sadness that we report the death of Gordon K Smith who passed away in October 2021 at the age of 92. Gordon joined ALAVES (a predecessor of ACES) in 1973 and was elected President in 1986. He was Honorary Secretary of the Association from 1979, before handing over to Tim Foster in 1983. Gordon was also a founder member of the North West Branch in 1979.

Gordon began his career in local government at the age of 16 as a draughtsman at Sheffield Town Hall.

His potential was soon noticed and he was recommended to train as a surveyor. He qualified as a RICS member following a correspondence course and evening lectures at Sheffield University. In the 1960s Gordon had spells at Salford and Manchester (with Frank Longdon) before moving to Leicester City Council in 1974 where he became City Estates Surveyor. He retired in 1988 and enjoyed a long and happy retirement with his wife Rosemary.

Professional

Niall is the Sustainability and Environmental Practitioner of Cluttons. His expertise lies in sustainability and consultancy. Working alongside all areas of the company, Niall assists clients on sustainability issues such as setting and achieving net zero targets, retrofitting commercial and residential properties, and providing strategic ESG advice

NET ZERO
Net zero public sector research

Niall Keighron and Sam Luker Niall.Keighron@cluttons.com s.luker@aesg.com

Niall and Sam kindly agreed to write up their presentation of a webinar in early March which was attended by many ACES' members. The webinar included the findings of a survey by participants and information about how to model buildings to net zero.

The survey

The drive to net zero is a concept that has now been widely accepted as the solution to avoiding a climate 'tipping point' in which there is no return. This was agreed by the UK government, when in 2019 they set a national net zero target of 2050. However, there has been a growing impetus for local councils to push their own, more ambitious, net zero targets. Climate emergencies have been declared up and down the country, with local authorities setting net zero targets closer to 2030 rather than those set in national policy. With that only 8 years away, Cluttons and AESG wanted to see what was currently being done - and what needed to be done - to achieve net zero within the UK's public sector. This section will discuss our findings.

In the lead up to the 'Public Sector: How to model buildings to net zero' webinar, participating councils and central government representatives provided insight into councils' current positions on their respective net zero journeys.

Our research covered the progress on net zero initiatives, the most important drivers and challenges, the understanding of current carbon footprints of respective councils, the roadmap to implementation of respective strategies and the role of offsetting. The overall results of the survey are analysed in the Appendix.

The research found that 58% of councils who took part were in the 'early stage' of their net zero journey, with 26% at the delivery phase but 11% not yet started.

When it came to examining the main drivers for UK councils in setting their net

Sam is an Associate in the Sustainability team of AESG with a wide range of experience across energy efficiency and sustainable design for a diverse range of projects. His key responsibilities involve the management and delivery of projects in both the residential and commercial sectors. As part of this work, Sam has been strongly involved in the development of energy and sustainability strategies and frameworks for a variety of projects including residential masterplans, retail and office portfolios, new healthcare schemes and student accommodation developments.

zero strategies, the majority of responses included the financial savings that come from achieving carbon reductions and the environmental benefits that it would bring to the local area. Government regulations were another key driver, and this was especially prominent for those councils with ambitious net zero targets of 2030; suggesting that there is a realisation that significant changes are necessary if UK councils are to be anywhere near net zero within the next 8 years.

In response to the third question: 'What are the two most important challenges you face in achieving your net zero target?', 71% stated that 'financing the journey' was the greatest challenge, with 'skills to implement' and 'time' being the second and third most popular responses. This supported the idea that councils within the UK do not currently have the resources available to meet their net zero goals and without further government assistance, the most ambitious targets may not be met.

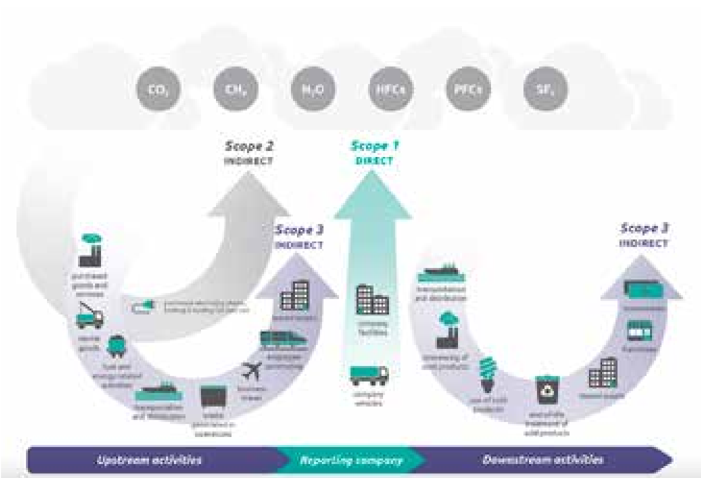
The fourth question showed that only 24% of the councils and government representatives had a 'clear' or 'comprehensive' understanding of their current carbon footprint, with 37% stating they did not understand their carbon footprint. Alongside this, results from our fifth question: 'Does the strategy give a clear roadmap for implementation?', 69% of respondents stated they only had a 'not clear' or 'average' understanding of their council's own net zero strategy, with only 27% having a 'clear' or 'very clear' understanding. The results from the 2 previous questions highlight the challenges that most councils are currently facing. Despite net zero targets rapidly approaching, the majority of local councils who responded are still unaware how they will be expected to meet these, questioning whether these targets and declaration of climate emergencies were seen as achievable goals, or in response to public pressure and statuary obligations.

Lastly, with many councils within the UK setting ambitious net zero targets, we were interested to find out how many had included 'carbon offsetting' in their councils' climate strategies. Unfortunately, 68% did not know if their strategy included offsetting – supporting the result that many respondents did not understand their own climate strategy. Of the respondents that knew offsetting was included in their strategy, 20% was the average figure suggested; however the majority stated their council's exact offsetting figure was yet to be determined.

Overall, the findings from the net zero survey, distributed among councils across the UK, suggest that despite over 75% of local authorities in the UK now declaring a climate emergency, very few have a clear understanding of how their targets

Net Zero

Emissions boundary & SBTi's Net Zero target



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Drivers & incentives

will be achieved. The most ambitious of commitments may have been made in response to public pressure and statuary obligations, rather than a sincere belief that net zero targets will be met. Despite the majority of councils being unaware how much carbon offsetting will contribute towards their net zero strategy, it is felt that without greater financial assistance, and significant and rapid progress, offsetting may be heavily relied on. However, with the price of carbon offsetting due to rise significantly in the coming years, councils will be forced to look at reducing their own emissions first, but will require further government assistance in order to do so.

Our main call to action from this research is that collaboration between the private and public sector is more crucial than ever and bodies like Crown Commercial Service will play a key role in leveraging the expertise of sustainability consultants to support both central and local government in delivering its targets and making a real step change in the UK's drive towards net zero.

In the following sections, we provide more information on what net zero is, why it has recently gained importance and recognition and, in our opinion, what are the best approaches to achieving net zero.

Net zero definition

Net zero can be defined as balancing the amount of carbon and greenhouse gases emissions associated with an organisation or a development's construction, operation and related activities to zero or negative, through the use of energy efficiency, low carbon procurement, on-site renewable energy and carbon offsetting. Among the available standards, the Science Based Targets Initiative can be considered the most comprehensive standard for organisations, developers and developments that are pursuing net zero carbon across their operations.

Greenhouse gas (GHG) emissions are divided into 3 main scopes (see slide):

- Scope 1- Direct GHG emissions: Direct emissions are the emissions that occur from sources that are owned or controlled by the company or development, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc
- Scope 2 - Electricity indirect GHG emissions: Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the organisation or development
- Scope 3 - Other indirect GHG emissions: Scope 3 allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company, such as transportation, extraction, and production of purchased materials and use of sold products and services.

Drivers and incentives

Climate science confirms that the eventual extent of global warming is proportional to the total amount of carbon dioxide that human activities add to the atmosphere. Therefore, to stabilise climate change, CO_2 emissions need to fall to zero. There has subsequently been a considerable increase in the interest to pursue net zero among public and private sectors in the UK.

The main drivers for pursuing net zero are:

- Government policy and regulations – Such as more stringent planning requirements, building regulations compliance and Energy Performance Certificate (EPC) ratings
- Cost savings – A more efficient building means lower energy costs, and with bills forecasted to continue rising, the case for net zero gets clearer
- Stakeholder demands – Both investors and tenants are demanding more sustainable buildings
- Risk management – The physical and transitional risks associated with climate change drive cautious decision makers towards lower risk net zero buildings.

Benefits of net zero

It is estimated that pursuing net zero would have the following national environmental and economic benefits:

- Contribute to generate £689m savings on energy bills by retrofitting 3.49 million homes to EPC level C
- By 2030, reduce carbon emissions by 7.92MtCO2e through retrofit activities
- Generate £1.9bn p.a. cost saving for the NHS, and
- Create 32,104 FTE skilled jobs by 2030 to meet retrofit demand.

Regulatory timeline

In recent years, the government has taken certain measures to further align with the national goals of net zero by 2050. These measures have been outlined in the form of construction and operation building regulations. The table summarises the how and when these regulations will impact the built environment by 2030.

Approach to net zero

The optimum strategy for targeting net zero takes into consideration a whole systems approach that enables companies to understand the complex interrelationships and challenges posed by net zero aspirations, and come up with practical solutions. This combines an understanding of managing physical factors (such as the building fabric and mechanical systems) with wider intangible factors (such as economic, behavioural, and organisational), and the intricate interactions between the two. Using this approach facilitates the consideration of behaviours and interactions between different parts of the company, and how these can combine to provide a beneficial net zero outcome.

A 4-step process (with an in-built feedback loop), sets out our approach to achieving net zero for existing assets:

Plan

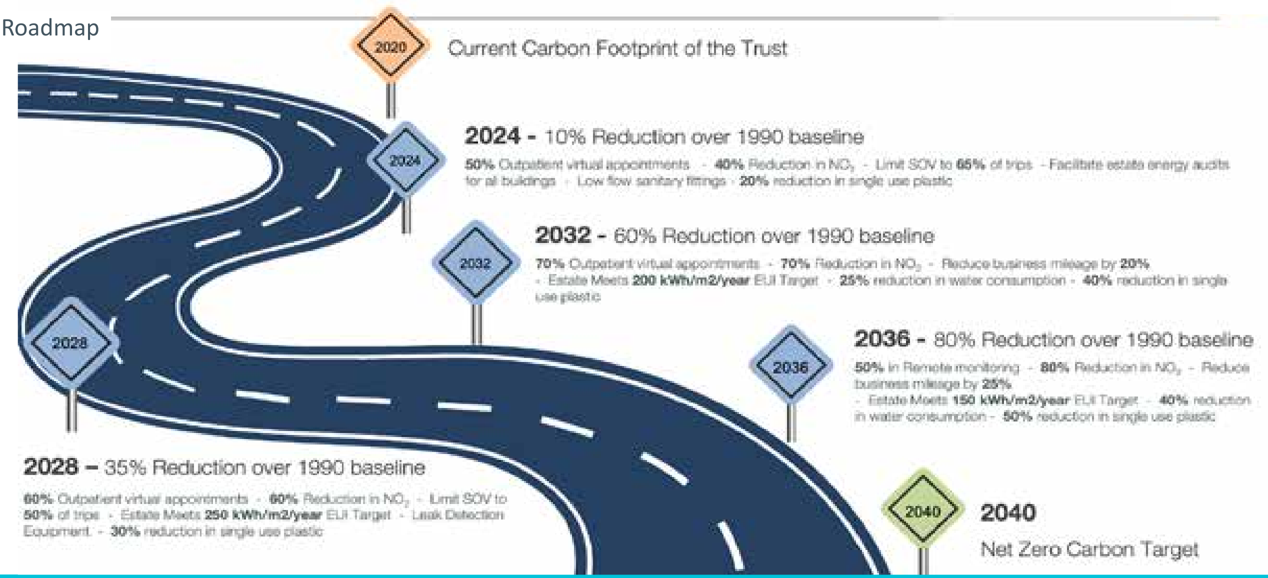
1. Determine the carbon emissions scope boundary and the baseline upon which to compare
2. Establish governance structure within the company, assigning roles and responsibilities for the strategy moving forward
3. Set and agree targets, formalise through policy documents and communicate effectively throughout the company, from the board to delivery.

Regulatory timeline

<table>
<tr><th></th><th>CURRENT</th><th>2022-2024</th><th>2025</th><th>2026-2029</th><th>2030 ></th></tr>
<tr><td>RESIDENTIAL</td><td>Energy Performance Certificate (EPC) for all tenancies required to meet the minimum Band E rating</td><td>Part L update for new buildings to come into effect on the 15th June 2022 (31% improvement on current regs)</td><td>- Future Homes Standard
- Proposal to require new tenancies to meet the minimum Band C rating</td><td>Proposal to require all residential buildings to always hold a valid EPC</td><td>Proposal to require all tenancies to meet the minimum Band C rating</td></tr>
<tr><td>HISTORIC & LISTED</td><td colspan="5">An EPC is not currently required for a listed property or building within a conservation area when it is sold or rented in so far as compliance with minimum energy performance requirements would unacceptably alter its character or appearance.
However, if the listed building already has an EPC, then the property will be within scope of the appropriate regulations.</td></tr>
<tr><td>EDUCATIONAL</td><td colspan="5">There are currently no minimum requirements for educational buildings unless there are aspects of the building that are leased out.
Where any parts of the building are leased out, the EPCs requirements for Commercial buildings are applicable.</td></tr>
<tr><td>COMMERCIAL (OFFICES /RETAIL)</td><td>Energy Performance Certificate (EPC) for new tenancies required to meet the minimum Band E rating</td><td><u>2023</u> - Energy Performance Certificate (EPC) for all tenancies required to meet the minimum Band E rating</td><td>- Proposed Future Buildings Standard
- Proposal to require all commercial buildings to always hold a valid EPC</td><td><u>2027</u> - EPC required to meet the minimum Band C rating</td><td>EPC required to meet the minimum Band B rating</td></tr>
<tr><td>INDUSTRIAL</td><td colspan="5">For industrial buildings with no heating system and no integrated office space, an EPC is not required.
Where heating systems and integrated office spaces are present, the EPCs requirements for Commercial buildings are applicable.</td></tr>
<tr><td>FUTURE POTENTIAL REGS</td><td colspan="5">Over the next 10 years, voluntary industry drivers such as Display Energy Certificates (DEC) & NABERS could become integrated into regulatory requirements.
Regulations covering embodied carbon are also likely to come into fruition at some point in the near future (Part Z).</td></tr>
</table>

Net Zero

Roadmap



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Summary

1. The reputational and financial risks can no longer be ignored
2. The financial business case is growing ever stronger, especially for the public sector
3. The accelerated regulatory timeline for buildings to address their carbon footprint is resulting in stranded assets
4. A pragmatic, practical roadmap to decarbonisation of property portfolios should be developed through a collaborative and integrative approach
5. There is no time to waste!

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<u>Develop</u>

4. Develop estate specific decarbonisation strategies, including feasibility assessment and life cycle costing
5. Identify and apply for different sources of funding to facilitate changes/upgrades
6. Integrate within the strategic asset management strategy (if available) to programme in improvement works and set out a timeline for net zero interventions
7. Identify and onboard key partners needed to implement strategy from both a consultancy and a delivery perspective.

<u>Manage</u>

8. Implement the steps identified within the net zero strategy with clearly defined roles and responsibilities for all involved
9. Monitor progress, measuring against defined KPIs in accordance with recognised methodologies, such as the GHG Protocol to ascertain performance.

<u>Optimise</u>

10. Report on progress against the net zero targets set out within the strategy
11. Review the strategy against latest government regulations, technical innovations and net zero solutions, to ensure current and future compliance
12. Update strategy and implementation plan using the feedback gained from the monitoring and reporting process.

Overall, the research conducted by Cluttons and AESG has highlighted that there is no denying that UK councils are engaged with the challenge of achieving net zero and the benefits that this will bring for their local areas. Many have set ambitious targets, declared climate emergencies, and are at the start of their own roadmaps on how progress will be achieved. However, the sincerity of these net zero plans is soon to be tested, with many still admitting they do not understand their councils' net zero roadmap. Following the net zero approach outlined in this article, local authorities can move from the phase of setting the target, to achieving the target without wasting any time, as there isn't a lot left to waste!

Appendix

There were 50 respondents to the survey, which was made up of 6 questions. These respondents represented 45 councils and covered a spread of locations across England and Wales.

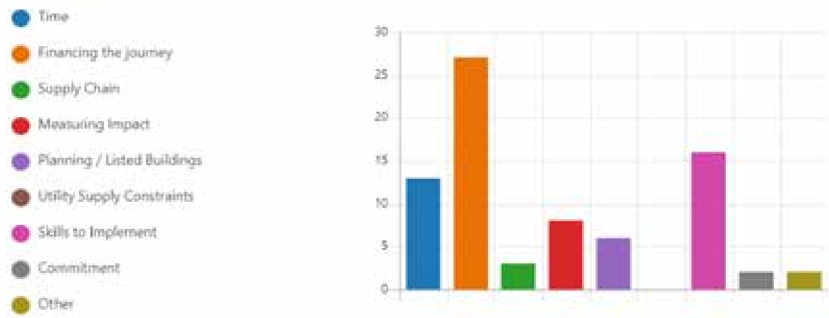
1. Where are you on your net zero journey?

More Details

2. What are the two most important drivers in setting a net zero strategy?

3. What are the two most important challenges you face in achieving your net zero target?

More Details



4. Do you understand your council's current carbon footprint?

More Details

5. Does the strategy give a clear roadmap for implementation?

More Details

6. Does your council's climate strategy include carbon offsetting of residual emissions?

More Details

Jon is Principal, Global Director of ESG at Avison Young. He leads the firm's global ESG strategy and program, developing and supporting the ESG framework and team, including sustainability leads in the UK and North America.

Nick is Principal, Global Director of Insight at Avison Young. He has over 30 years' experience in leading private sector research and consultancy functions.

DIGITAL TWINNING How digital twins are helping the drive to net zero carbon

Jon Gibson and Dr Nick Axford jonathan.gibson@avisonyoung.com nick.axford@avisonyoung.com

Jon and Nick kindly agreed to provide a full article on this element of Avison Young's recent webinar attended by many ACES' members. Based on their research report into global trends shaped by the race to net zero ('Ten trends for a zero carbon world'), Jon and Nick highlight the key opportunities of utilising digital twin technology to design, build and operate greener buildings. Totally fascinating – remember, you read it here first!

The challenge before us

For decades, building owners and asset managers have been focused on controlling costs. Increasingly, they are under additional pressure to reduce carbon emissions. As the real estate sector accounts for around a third of the world's energy use and CO_2 emissions (1), the way we design and construct new buildings, as well as operate and retrofit existing assets, is under scrutiny like never before.

To reach net zero by 2050, it is widely accepted that the real estate sector will need to reduce emissions by 50% by 2030 (2). Various countries, cities and organisations are already making some headway, which is being driven by changes to building codes, government regulation and a range of pressures from stakeholders of different types. To further accelerate change, investors, developers, occupiers and policymakers must have access to technologies that can facilitate the accurate capture and analysis of data to make decisions that help, rather than inadvertently hinder sustainability commitments.

From cradle to grave

Emphasis is increasingly moving towards managing and minimising the whole life carbon of a building. This includes upfront embodied carbon from construction, operational emissions in-use, maintenance, lifecycle replacement and end of life disposal of material. Given that a large proportion of these emissions will be directly or indirectly determined during construction, it is crucial that sustainability considerations are built into the process from the earliest stages.

Materials and techniques used in a building's construction typically account for 11% of a building's total emissions. However, as new buildings are designed to be more efficient and energy grids decarbonise, this number can rise to 40-70% of the whole life carbon of a building (3).

Almost 30% of a net zero carbon building's emissions are produced during its operation (4). When designed well, the structure of a building can be optimised to capitalise on natural heating, cooling and light to reduce energy consumption – principles adopted in an architectural concept known as Passivhaus. Careful use of the right materials in buildings designed to manage solar gain and control airflows can result in operational energy savings of up to 90% (5).

The best way to reduce emissions during construction is not to build things at all, which is driving a major focus on refurbishment and reuse of existing buildings. Once a building does reach the end of its useful life, the challenge is to replace demolition with "deconstruction". This involves construction materials, predominantly those tracked through digital building passports, being reused in a new project or recycled. The World Green Building Council believes this could make a significant dent in the construction industry's carbon footprint, by reducing the huge quantities of construction and demolition waste that ends up in landfill (6).

Technological innovations are now helping us to navigate all stages of a building's life, to consistently monitor and analyse its carbon footprint and make smarter, greener decisions around construction, operation and decommissioning.

What is a digital twin?

The idea behind digital twinning dates back to the space exploration missions of the 1960s, when NASA utilised the concept by creating an exact replica of each voyaging spacecraft for study and simulation purposes (7). A digital twin is a virtual model which represents real-time data on the functionality of a physical object (8) From a real estate perspective, it uses live data derived from a real "smart" building to create a digital replica which can be used for predictive modelling (9). This differs from conventional building plans as it is an integrated computer model which duplicates the linkages between the building's various components and systems. As a consequence, a digital twin allows for the simulation of complex scenarios across the full lifecycle of a building (10).

How can technology support the race to net zero

Building Information Modelling (BIM) and digital twins can provide a solution to both environmental and economic challenges, by creating and managing information for a building through integrating multiple types of data to produce a digital representation of an asset across its lifecycle.

Modern construction methods already rely heavily on computer modelling to develop and co-ordinate designs, assess structural integrity, and communicate plans. However, utilising computer modelling to its full potential across the whole of a building's life could add further value. Once a BIM model has gained access to continuous data through various sensors spread throughout a building, it can become an enhanced digital twin which replicates all aspects of a building and its performance.

Facilities managers are realising the value of the data collected during the early phases of a building's life and using it to inform strategies to improve operational and environmental efficiency.

Providing accurate data on actual performance in use, digital twins can be used to identify and address any variation between the designed energy efficiency and the operational reality – known as the 'performance gap' (11). By identifying inefficiencies in these systems, digital twins can run a plethora of simulations and subsequently propose informed energy-efficient solutions. Indeed, the implementation of Institute of Environmental Sciences digital twin technology has provided the 250-hectare Nanyang Technological University Singapore's campus with a 31% reduction in energy use and a reduction in carbon emissions of 9.6 kilotons across a 10-year period; delivering cost savings of SGD 4.75m (12). Given that typical non-domestic buildings exceed their designed energy usage by 3.8 times (13), anything that helps diagnose and rectify such inefficiency makes a material contribution towards reducing emissions. In addition, the technology can also be used to increase sustainable energy production. Nvidia Corporation's digital twin platform is expected to drive increased energy production of up to 20% across Siemens Gamesa's wind parks (14). Such models can also play a crucial role in facilitating maintenance, upgrading and modifications throughout the building's life, and helping with reuse and recycling during eventual decommissioning.

Into the future

Much of the innovation required to deliver a net zero carbon real estate industry by 2050 must focus on what to do with the vast stock of existing buildings that need to remain in use for many decades to come (15). If governments, cities and companies are to have any chance of meeting the targets that they are setting themselves, they will need to find ways to upgrade existing building stock. The UK government, in collaboration with the University of Cambridge, has demonstrated its desire to utilise technology to help drive solutions, by launching the National Digital Twin Programme to build an eco-system of connected digital twins (16). In most cases, the insight will demonstrate a requirement for "retrofitting" – reducing energy consumption and increasing operational energy efficiency through changes to the structural fabric and internal systems of a building.

Here, digital twin technology can be used in truly innovative ways, such as by assessing the impact of adding renewable technology to help buildings decarbonise. One example of this is Energy Open Piazza (17), an energy platform developed in conjunction with innovation studio Unit 9, Avison Young and a wider consortium including University College London Energy Institute. It allows a digital twin model to simulate the impact of adding battery storage and renewable technologies to a building. The platform assesses the optimal technology to install, based on actual building energy use, and considers batteries in combination with ground or roof mounted solar PVs, ground source heat pumps, and the use of electric vehicle chargers. The model also allows users to simulate the financial benefits of installing such a battery system alongside renewable technology.

In Avison Young's experience, adding battery storage to a building can in some cases reduce the payback of the installation of solar PV by 50%, as well as generate new long-term, secure cashflows for the building owner. Avison Young is currently using the platform to evaluate installations in a school which, if the project goes ahead, will help the school to decarbonise, reduce reliance on grid energy, and free up cashflow for its operating budget. It will also provide an educational talking point in future energy systems for pupils.

Digital twins can also be used to assess how conditions outside as well as inside a building impact energy use. One such application relates to assessing the impacts of climate change on the resilience of the building and its occupants. Recently Avison Young created a digital twin of a local authority HQ building to assess overheating risk based on forecast future climate scenarios. Adopting best practice methods and datasets, the digital twin enabled the simulation of overheating risk based on several scenarios. Taking into consideration the orientation of the building, and characteristics such as window size, fabric performance, occupancy density, end use types and operating hours, the digital twin allows for assessment of overheating risk to a variety of zones in the building and can model changes to mitigate these.

Importantly, the digital twin can also model energy savings and changes in carbon emissions to ensure no unintended consequences arise when installing measures to reduce overheating in existing building stock. For example, the installation of air conditioning will typically increase energy demand and carbon emissions (18), unless using energy generated by renewables. Having this holistic digital insight into corrective efforts before they are installed is invaluable, to ensure well-intended remediations don't end up causing a net sustainability loss.

Digital cities

The concept isn't only being applied to individual buildings. Groups of buildings, whole neighbourhoods and associated traffic and infrastructure networks can be linked together into a virtual built environment. Analysing 3D and 4D spatial data in real time supports decision-making across all areas of urban planning (19). Chinese software company 51World has created digital twins of Shanghai and Singapore to help developers and urban authorities make future evolution of the city as efficient and sustainable as possible (20). Before too long it seems likely that the majority of our towns and cities will have been modelled to at least some degree.

Digital insights

The sheer amount of information produced and captured in a building or city, and the siloed nature in which it often exists, can lead to critical data being underutilised. Without a clear overview of energy consumption, understanding how to meet sustainability requirements is difficult, despite being a top priority for asset managers and urban authorities.

It is therefore not surprising that the market for digital twins is forecast to experience immense growth, with the 2020 market valuation of USD 3.1bn set to rise by almost 60% each year to reach USD 48.2bn by 2026 (21). Opportunities to help buildings meet net zero requirements can be unlocked by capturing and linking data in one single interface, bringing disparate data sets and processes running throughout an asset together into a live, unified view.

Smart technology doesn't just drive efficiency – it equips asset managers with the information needed to make accurate and strategic decisions for the long-term sustainability of their buildings. Applied throughout the full lifecycle, from initial design to decommission, digital twins can revolutionise our buildings' performance and unlock the path to zero carbon cities.

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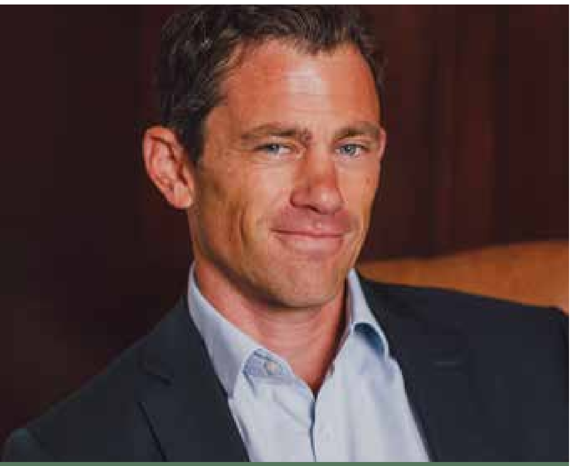

Scott is a renewables entrepreneur and co-founder of Eden Sustainable. His career in renewables started in 2001 and he is particularly interested in innovative solutions for landlords, and facilitating sector growth as part of the race to net zero. At Eden, Scott heads up strategic relationships with funds and key corporates. He is often found presenting at conferences, is a Trustee of Protect Our Winters UK, and a Fellow of the Royal Geographical Society.

SOLAR ROOFTOP SOLUTIONS

Solar rooftop solutions and the property industry's race to net zero

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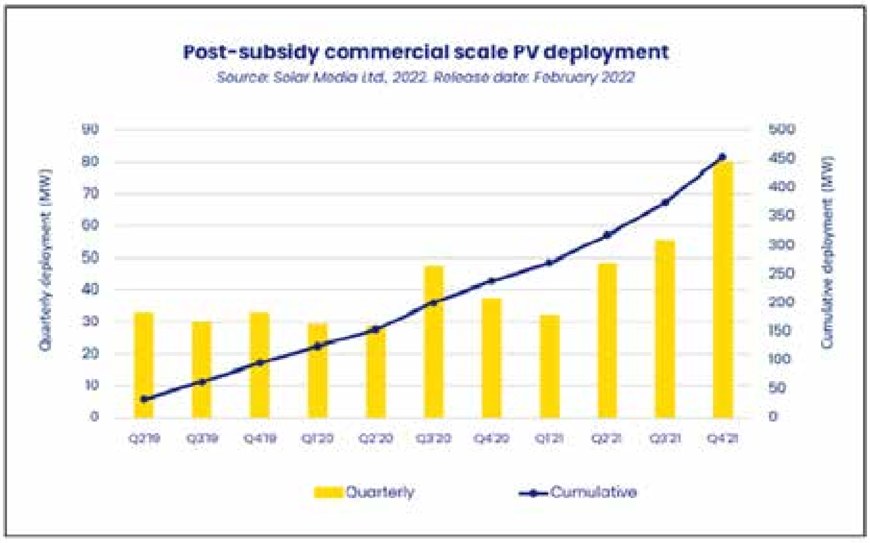
Scott explains the reasons for, and benefits of adopting solar energy as part of a net zero strategy.

Times they are a changing

Some of us may have some experience of renewable energy. The Renewable Energy Strategy of July 2009 brought market incentives such as the Feed In Tariff and the Renewable Heat Incentive. This heralded a boom and bust era for many solar providers. We may have navigated investment models and real estate minefields as the UK government inflicted its political jiggery-pokery upon us all and as the incentives degraded and ended, we may have been left licking our wounds or wondering where to go next.

Now times they are a changing, and solar rooftop is the golden child of UK renewables. There are several main reasons why solar and the property industry are increasingly comfortable bedfellows. In this post subsidy era in which we find ourselves, solar is now normalised and here to stay.



Firstly, energy price increases and fuel security. It's impossible to miss the shocking price rises of recent months preceding, but then made worse by global geopolitics and war in Europe. Many businesses and public sector organisations are seeing a doubling of fuel bills, and it really is crisis time for managing energy overheads.

Secondly, net zero commitments. COP 26 has been a gamechanger and ubiquitous net zero targets are driving genuine systemic change in board rooms. It's no longer a question of 'are you targeting carbon reduction', but 'when' and 'by how much'?

Thirdly, quality of building stock. Major property players are consistently sending out messages of value increases relating to on site solar. Additionally, Minimum Energy Efficiency Standards brings obligations of Level B by 2030. This is going to require investments of up to £30.5bn according to some estimations.

Whether public sector, institutional landlord, agent, or developer, the property industry is also waking up to the potential of zero capital solutions. By working with a specialist solar solutions provider, we can take advantage of solar without requiring up front or ongoing costs, freeing up budgets for other areas of the business. Commonly known as 'PPAs', Power Purchase Agreements involve a specialist ESG investor taking a roof space lease, building a power plant on site, and agreeing to supply power at far cheaper rates than can be bought from the grid, often around 30% and in some case 50% lower units rates, and for a term of around 25 years. Rooftop solar power plants can provide upwards of 20% of a property's power requirement, so it's easy to see how the financial benefits can stack up, even without incurring any capital expenditure.

Increasingly, electric vehicle charge points, LED lighting and energy power procurement are becoming part of the same mix of solutions.

Having started in the industry in 2001, it's so exciting to, at last, see solar being part of regular every day conversations in the property industry. Whether choosing to fund solar on balance sheet or whether to work with a specialist solar PPA provider, it really is here to stay. We really can all make a difference, and I humbly request we take every opportunity to do so.

Commercial rooftop solar is now becoming a major success story, which is incredibly welcome, given the UK's goal of achieving a net zero economy by 2050. According to Solar Energy UK (the excellent solar industry trade body) we need 40GW of solar capacity to be installed by 2030. Of this, 7GW needs to be commercial rooftop solar, and this is nearly twice generation capacity of the planned nuclear power plant at Hinkley Point, showing just how much solar potential there is in the UK.

Frequently asked questions

Of course, as with any decision making in property, there are various practical and frequently asked questions, and here are a few of the main ones:

- How does solar actually work and what if we don't use it all on site? - Solar PV systems convert sunlight into electricity. These connect directly to the building's electrical system, feeding its lighting, computers, servers and other power demands. Any electricity not used onsite can be exported to the national grid, receiving payment for doing so
- Will solar provide all the power for a site, and what if the sun isn't shining? - A site will, in most cases, still require some power from the national grid when its dark, or if the peak demand on site is greater than the solar is providing at any given time. The closer a generation curve matches a consumption curve, the more effective a solar array becomes. Good quality system design is as important as good quality construction, in order to maximise the potential benefits of solar to any given site. Technologies such as battery storage are emerging and will be widely viable at some point in the not too distant future. Storage will minimise the amount of solar being exported to the grid and keep it available for use on site
- What about planning regulations and connecting to the national grid? - The 3 main technical consents a project needs are planning, grid, and structural. Under 1MW projects are eligible for Permitted Development Rights so a prior notification is sufficient. Above 1MW your specialist solar provider will apply for full planning permission. Your solar provider will also liaise with the local grid (the Distribution Network Operator) to ensure that the solar plant can be connected. Last but not least, a structural assessment ensures that the roof is suitable for solar, for the long term
- How long does it take to install solar? - Planning, grid and legal consents can lead to project lead times of 4-6 months, but once on site, projects can be installed in a matter of weeks, depending on the size and location. Working with an expert company means disruption can be minimal
- As a tenant, can I still take advantage of a zero capital solution (i.e. using a Roof Lease and Power Purchase Agreement?) - Yes. At its simplest, this is quite normal, and the investor will take a sub-lease of your roof space. The head landlord will most likely need to provide consent in the form of a licence to alter or licence to sublet. There are various innovative aspects of a good Lease and PPA framework which enable landlords, tenants and investors all to benefit.

Some case studies

Here are 2 examples of rooftop solar schemes.

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Atul is an Associate Director in Lambert Smith Hampton's Planning, Development and Regeneration team. He has over 25 years' experience in planning, retailing, strategic property, economic consultancy and property research for both private and public sector clients. Atul has led several retail, leisure, and town centre strategies for local planning authorities to help unlock property, commercial and social value and update and inform their plan-making process.

LEVELLING UP
Levelling Up White Paper: missions possible or impossible?

Dr Owen Hawe and Atul Joshi OHawe@lsh.co.uk AJoshi@lsh.co.uk

Owen and Atul outline the key headlines from the Levelling Up White Paper and what the potential implications are for the property and planning industries. Their message is partnership between public and private sectors. Atul welcomes questions if you wish to contact him.

The government's long-awaited Levelling Up White Paper (LUWP) sets out 12 national levelling up missions. These missions reflect the medium-term ambitions of the government, underpinning the expectations and plans of both the private sector and civil society. While some missions are more precise than others, the general message is one of spreading opportunity more equally by 2030. The key to delivering this will be through devolution and empowerment of local leaders and communities.

The private sector has not gone unnoticed in this matrix, with a clear message of encouragement to work in partnership with the public sector to deliver these missions.

Positive, loose and open to interpretation

The LUWP allows for opportunities to enhance environmental, social and governance policies at the local level. The government will set out an initial framework, which should then provide an opportunity for local authorities, stakeholders and communities to engage and direct positive initiatives at the local level. As the paper concludes, 'this is a collective endeavour' – we see the value in the levelling up agenda to bring back the old style grass roots, regional policy.

The elephant in the room is that, yes, the rhetoric in the LUWP is fantastic, it would be hard to find someone who doesn't want a 'healthier, greener, stronger, and fairer economy' but we first need to start seeing this policy being applied, with on-the-ground actions aiming to unlock investment.

We find ourselves in the epicentre of the Levelling Up Agenda. Eight years have passed since the 'Levelling Up' phrase came to the fore, when the then Chancellor, George Osborne, announced the Northern Powerhouse Initiative. We now have 8 more years to deliver the missions of the levelling up agenda, leaving many wondering if these are simply 12 Missions Impossible.....

The lack of detail in the LUWP has also left us with a sense of dissatisfaction, as many important details will be delivered 'in due course'. For the length of the paper, there simply isn't enough to fully understand how these missions will be achieved at a local level. However, we must also acknowledge that the LUWP is perhaps more strategic – setting out the big picture – rather than the tactics of how success will be achieved.

Take a deeper dive into the detail

Let's take a closer look at the key topics emerging from the Levelling Up White Paper.

<u>Devolution</u>

Representing the biggest shift of power in recent times from Whitehall to local leaders, the LUWP will set out a complete systematic reform of how the government works, in order to better level up the United Kingdom.

<u>Planning</u>

Anyone working in planning will be well aware of the slow process of adopting local plans. To address this, the LUWP states that 'local plans will be made simpler and shorter', work more efficiently, and give communities a greater voice. Councils and communities will also create new local design codes, helping to shape streets 'as residents wish'. The LUWP continues with 'empowering' terminology throughout as it looks to shift the power to communities.

The housing crisis is still an ongoing issue; the LUWP responds on this front by stating that funding for housing will be focused on brownfield sites and away from London, unlocking £1.8bn investment to deliver up to 160,000 homes across England. New housing on brownfield sites could open further opportunities for regeneration, while improving wellbeing and urban living and positively contributing to "people everywhere living longer and more fulfilling lives, and benefitting from sustained rises in living standards."

With last year's Planning White Paper now likely being watered down from the radical reform initially implied, it is safe to say that although there are references in the LUWP to future planning reforms, much of the planning reform dialogue has been largely left open. On the plus side, it is positive that the government is still indicating that these will happen, but whether or not we will see anything before the next elections remains to be seen.

<u>Town centres</u>

The government will proactively identify and engage with 20 places in England that demonstrate strong local leadership and ambition and where the impact of existing investment can be maximised to catalyse economic transformation. The first of these will be Sheffield and Wolverhampton. In England, the government will refocus Homes England so that it uses its extensive statutory powers to partner with local leaders, to unlock barriers and drive forward regeneration.

A key 'mission' is for "Pride in Place", with the aim that by 2030, people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between top performing and other areas closing.

To aid with this, 68 local authorities are to receive expert support from the High Street Task Force, including Southend-on-Sea, Somerset West and Taunton, Rossendale and Dudley. Delivery to these local authorities will be staggered, starting from summer 2022 until the end of the programme in 2024. Furthermore, the government will explore further measures to revitalise high streets including "ways to incentivise landlords to fill vacant units. For instance, powers for local authorities to require landlords to rent out long-term vacant properties to prospective tenants". We will wait to see how this is put into practice, considering landlords will always seek to generate income from their properties.

The government will also enhance compulsory purchase powers to support town centre regeneration; provide further support for re-using brownfield land for development; set a more positive approach to employment land in national policy to support the provision of jobs; and increase engagement with infrastructure providers in plan making to bolster productivity.

Part of the policy programme relates to high street rejuvenation, the High Street Strategy making it easier for converting empty shops into new uses, such as homes; rights to allow al fresco dining, making streets safer and cleaner. In continuation to the loosening of planning restrictions, the LUWP states that "the UK government will bring forward further measures to make high streets and town centres the thriving hearts of communities again."

<u>Regeneration and funding</u>

The LUWP recognises that the preparation of bids for government funding can be substantial as they must include complete business cases and require a lot of resourcing - which may not even result in any funding - against tight timescales. Hence, the government intends to streamline the funding landscape and help local stakeholders more on how to navigate opportunities.

This review is guided by 4 principles:

1. Reducing the unnecessary proliferation of individual funding pots with varied delivery approaches
2. Streamlining bidding, and supporting greater alignment between revenue and capital sources
3. Ensuring places have robust on-going monitoring and evaluation plans for the impact and delivery of investments and spending; and
4. Tailoring investment and delivery to the local institutional landscape of each nation of the UK.

Having more streamlined funds in place is beneficial. However local authorities will still need people 'on the ground', and there needs to be parity, led from the ground up, which is what we have always advocated for. This has always been a point of contention with devolution, giving powers to those who may not have the competency to carry them out.

The criteria for qualifying for future funds still appears to be unclear. It is our opinion that funding could be more restrictive on back of the economic cost resulting from the C-19 crisis among other fiscal uncertainties.

<u>Health and wellbeing</u>

It is hugely positive that health and wellbeing span across 2 Missions, with the aim of narrowing the Health Life Expectancy and improving overall wellbeing by 2030. Having a health outcome as a priority for the UK government demonstrates just how important having a healthier society is. Health remains a hot topic in the world of planning and development, and this is a good reminder that it's at the forefront of the levelling up agenda. Having a health outcome as a priority for the government demonstrates just how important having a healthier society is, in all respects. Furthermore, health provision has been implied to become more devolved.

The paper acknowledges that a society in good health contributes not only to the economy but also ensuring that everyone, wherever they live, can enjoy fulfilling, happy and productive lives. The Department of Health and Social Care (SR21) is preparing a White Paper designed to tackle health disparities, and it will be interesting to see if the built environment will be included in this.

<u>Culture</u>

Culture has also been included as part of restoring a sense of community, local pride and belonging. There is discourse on culture-led regeneration and transforming the landscape for arts, culture and heritage by "significantly increasing cultural investment outside London". In fact, 100% of the additional funding for Arts Council

England agreed at 2021 Spending Review (SR21) to support culture and creativity will be for outside London, including a £2bn Culture Recovery Fund helping museums, theatres, cinemas and heritage organisations survive the pandemic.

Employment

The LUWP promises to "set a more positive approach to employment land in national policy, to support the provision of jobs; and increase engagement with infrastructure providers in plan making to bolster productivity". This is a welcomed announcement for employment land to be on a more level footing with housing land, and one that is urgently needed if the UK is to keep up productively levels in line with other advanced economies.

Energy

Decarbonisation and the 'transition to net zero' is also a great soundbite, although there's little detail on a strategic plan for actually implementing this, and how this ties in with previous announcements to reduce carbon emissions by 68% by 2030 (compared against 1990) and 78% by 2035.

Alex leads the public sector land team at Savills, providing development strategies and disposal advice to clients across the UK. He has 20 years' experience in the public sector development market. He joined Savills in 2016 to operate across the UK business, working with London and regional teams to deliver procurement, agency and consultancy services to a wide range of public sector bodies.

LEVELLING UP Levelling up everywhere

Alex McKinlay alex.mckinlay@savills.com

In this second article on the Levelling Up White Paper, Alex considers some of the regional and sectoral opportunities for development, stressing the important roles for public sector surveyors.

Introduction

Earlier this year the government published its long-anticipated Levelling Up White Paper (LUWP), seeking to 'transform towns and cities across the country through ambitious regeneration projects'.

In the paper's executive summary (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052046/Executive_Summary.pdf), it states that *"while talent is spread equally across our country, opportunity is not. Levelling up is a mission to challenge, and change, that unfairness. Levelling up means giving everyone the opportunity to flourish. It means people everywhere living longer and more fulfilling lives, and benefitting from sustained rises in living standards and wellbeing."*

The summary goes on to outline the 6 key drivers of levelling up. They are as follows:

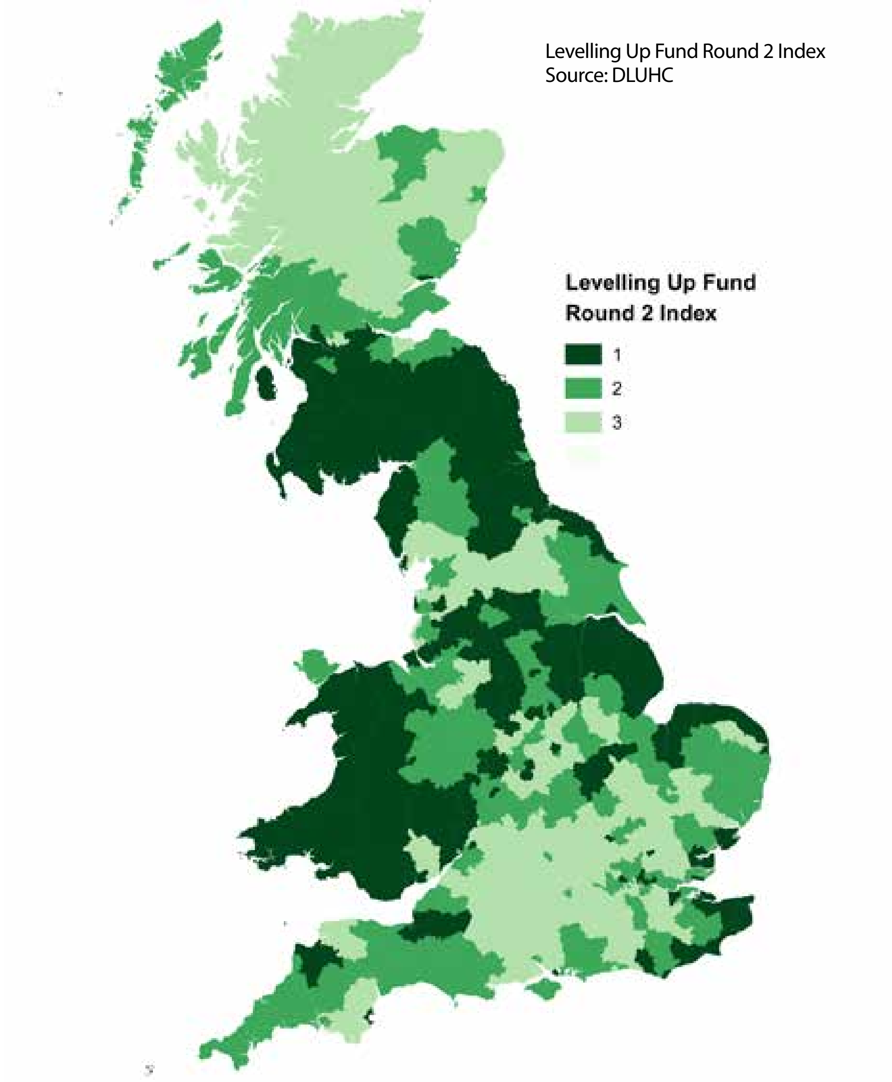
- Physical capital – infrastructure, machines and housing
- Human capital – the skills, health and experience of the workforce
- Intangible capital – innovation, ideas and patents
- Financial capital – resources supporting the financing of companies
- Social capital – the strength of communities, relationships and trust
- Institutional capital – local leadership, capacity and capability.

The paper's focus is on regeneration and funding for 20 locations in England (defined as sectoral clusters) in the period to 2030, reusing brownfield land (stimulated by a £1.8bn brownfield fund) to deliver housing and economic growth in areas identified as potential priorities for investment.

Significant funding announcements were made - the Secretary of State, Michael Gove, identified circa £4.8bn of additional funding for 2024/25. There was a notably a focus on the research and development sector, including low carbon industry, signalling the government's intention to address climate change through innovation achieved in new businesses outside of London and the South-East.

The proposed reorganisation of local government and existing partnership structures is relevant for planning, development and housing, though detail is awaited on the timing and process for establishing devolved mayors. The LUWP will lead to significant further legislation, including a Levelling Up and Regeneration Bill, a Social Housing Regulation Bill and the Planning Bill (announced under the previous Secretary of State, Robert Jenrick). In the interim, a number of policy papers are anticipated, which may outline some of those measures Mr Gove is now to implement.

For us, it feels that levelling up is not an event: it is a process for which the White Paper is only the start.



Levelling Up Fund Round 2 Index
Source: DLUHC

Target areas

The need to 'turbocharge regeneration' in the 20 target areas has a focus on re-use of brownfield land, in order to transform derelict sites and city centres and 'create places people will be proud to live and work in.' 12 bold national missions are identified, some more related to property than others. These include measures to increase affordable home ownership and location of jobs/housing, employment growth generally (noting the focus on research and development), targeted improvements in public transport (mimicking London), and fostering 'pride in place' (all associated with the building beautiful agenda set in 2021). The government proposes to legislate a Levelling Up Advisory Council and annual reporting of progress against the 12 missions.

The proposed reforms to local government, with a shift to a single-tier mayoral-style system in York and Yorkshire, enhanced powers for existing mayors (such as in the West Midlands and Greater Manchester) and new combined county level authorities (in a number of areas including Leicestershire and Norfolk), all signals a shift of power away from planning at the very local district and borough scale.

Not everything announced in the paper was new information – for example, we have known for over 18 months about the move to a North Yorkshire Unitary Authority, combining 7 districts and the resulting new local plan, which is anticipated to come forward in Yorkshire in the near future. A prompt transition to any mayoral strategic planning function needs to happen quickly, to ensure there are no further delays between plan making and decision taking, and well ahead of 2030.

Over recent years, the West Midlands has been the subject of increased investment and regeneration opportunities and is seeing more public bodies/companies relocating jobs out of London and into the region. This is most recently highlighted by the Department for Levelling Up, Housing and Communities moving its headquarters to Wolverhampton and the BBC relocating roles from London to the West Midlands (most recently its Masterchef production moving to Birmingham).

The focus is not solely in the north, for example the Solent has been identified as a UK sectoral cluster and focus for levelling up investment, with port and maritime specialisms, trade opportunities and universities. The LUWP also identifies the area as a UK centre for green finance.

In March, DLUHC updated its index of priority places ahead of second round levelling up funding allocations. The index was a ranking exercise of 3 key indicators:

- Indicator 1 - need for economic recovery and growth based off 3 metrics: Gross Value Added per hour, unemployment and skills (percentage of people with NVQ qualification or higher)
- Indicator 2 – need for improved transport connectivity (England only) measured by average journey times to the nearest employment centre of at least 5,000 jobs
- Indicator 3 – need for regeneration measured by dwelling and commercial vacancy rates.

Local authorities were then ranked 1 to 3 - 1 being high priority, 2 medium priority and 3 low priority. The map highlights that while the focus is not solely on the north, there is clearly a concentrated effort on those area outside of London and the South East.

The government has stated that it intends to lead by example and will be relocating more senior civil service roles out of London. It has already established a new economic campus in Darlington, a Home Office hub in Stoke-on-Trent and DLUHC's second headquarters in Wolverhampton. More civil service roles will move to locations across the UK, including Glasgow, Edinburgh, Cardiff, Belfast, Manchester, Newcastle, Birmingham, Bristol and Leeds, as key decision makers are redeployed to be closer to those they serve.

With further investment into areas outside of London, we anticipate a rise in opportunities for public sector work outside of the capital – as areas grow, they will need their own or improved hospitals, schools and transport links.

Housing

The government has maintained its emphasis on a brownfield-first approach to site-finding, including linking employment growth and new houses. There is no change to the government's national target of delivering 300,000 homes a year, but with the focus on brownfield sites, this will require a substantial drive towards regeneration of urban areas (which will start with 'transformational regeneration' in Sheffield and Wolverhampton in particular).

In addition to the LUWP, a separate £1.5bn Levelling Up Home Building Fund will be launched. This is intended to provide loans to SME housebuilders and developers to deliver 42,000 homes, with the majority outside of London and the South-East. £12bn is also being directed at affordable housing, with much of this funding already committed to delivery partners by Homes England and the Greater London Authority. The LUWP indicates that elected mayors will have greater influence over how some of the remaining funding will be spent, as currently happens in London. Looking to future allocations to support housebuilding, the abolition of the 80:20 rule indicates a change in direction from the funding strategy of addressing affordability by encouraging housebuilding in areas of high demand news.

The emphasis on regeneration, and expansion of the housing powers of elected mayors, is a positive move that gives opportunities for housing providers to meet the wider needs of local areas, and builds on the strong partnership working already seen in areas such as Greater Manchester and the West Midlands.

Research and development

A key plank in the government's levelling up agenda is to *"boost productivity, pay, jobs and living standards"* by increasing the R&D spend outside the South East by 40% by 2030, while leveraging *"at least twice as much private sector investment over the long term to stimulate innovation and productivity growth."*

The reason for this is historically, these high productivity jobs have landed in the 'Golden Triangle' made up of London, Oxford and Cambridge.

Over the last decade, approximately 80% of the venture capital raised by life sciences companies were headquartered in London, South East and Eastern regions. The last 3 years has seen this rise to 86%, driven by Oxford, Cambridge and London. This is significant, considering that over the last decade, the UK as a whole has seen capital investment in life science grow from £5.75bn in 2010 to £16.7bn in 2020, a 372% increase.

However, these markets are experiencing severe real estate bottle necks and constraints which decentralisation of funding, along with the significant increase of investment in real estate, infrastructure, and skills and education, could alleviate. Oxford has reported 3.8% lab space availability, while Cambridge has reported close to 0% lab space availability (with only 30,000 sq.ft available space under offer as of July 2021).

Many top life science research institutions, academic excellence and large and small companies are spread throughout the UK, and are key 'hooks' on which to base this decentralisation strategy. For regions to access the promised public sector R&D funding, and the potential private sector co-funding this could potentially unlock, regional areas will need to bridge skills and education gaps.

The life sciences supply chain presents a massive opportunity to attract manufacturing and services jobs; however at its core, it will still require access to in-demand advanced science, technology, engineering and mathematics degrees. So, while research funding is key, and so is its decentralisation, so too is the funding of new universities, colleges and advanced degrees which will need to access funding beyond levelling up funding pots.

The opportunity here is not just the productivity boost of increasing education funding or feeding the R&D sector's labour needs, but the opportunity for new institutions and campuses throughout the UK to anchor new innovation districts which attract private sector funding, and large indirect/spillover benefits via boosts to productivity.

While this will take upfront public sector investment, the return over the lifetime of these projects has the potential to repay the public sector several times. When assessing these projects, the business case needs to consider the wider benefits and effects that can occur.

Conclusion

Savills recognises a continued need for investment in skills and local government resourcing, to adapt quickly to the revised governance structures. It is clear housing, employment and regeneration opportunities will be the most supported in the 20 locations and tailored to meet the relevant sectoral strengths. This should not mean that the potential for growth elsewhere is in any way overlooked. All geographies and sectors will need to be explored to create the national uplift that the LUWP envisages, and drive a post-Covid recovery.

Levelling up brings with it clear opportunities and challenges. Its objectives certainly won't be achieved overnight. The spotlight is once again on local government, especially in the target areas laid out by the White Paper and the subsequent documents which Savills, with its expertise and proven track record, can recognise. For all your real estate needs, Savills team of experts can provide insight and advice.

PAVEMENT LICENCES What street eating reveals about planning policy

Tony Mulhall tmulhall@RICS.org

Tony identifies the value of diversification of uses for high street regeneration – but it is not the favoured choice for everyone. The Levelling Up White Paper (see articles in this issue of ACES' Terrier) might facilitate these activities.

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RICS

Photo courtesy of RICS

Did pavement licences save UK high-street cafes during the lockdowns, or are they antisocial and inconsiderate? Councils and communities and professionals must collaborate to resolve this neighbourhood dilemma.

During a lunch break in central London, I enviously remarked on patrons of an adjoining public house enjoying their drinks on the pavement below in the sunshine. Aghast, one of my fellow participants denounced the practice, adding that the publican was probably in breach of its licence.

These express two quite different views of the city. In one, buildings act as an armature enabling the city to flex as circumstances change. In the other, buildings act as a corset keeping everything under control. Both positions could be right in different circumstances.

As we engage with C-19 restrictions, however, we may wish to reflect on what we want from our cities and buildings. How flexible do we want our urban areas to be? And do we want to resolve differences locally or through central government?

Businesses, community groups and local authorities around the UK have shown imagination and initiative during the pandemic. Central government also supported the hospitality sector by allowing use of outdoor spaces in the Business and Planning Act 2020.

Case study in Camden

For instance, a simple initiative that began in Belsize Village in the London Borough of Camden soon extended to other locations in the area.

Belsize Village Streatery enabled local cafes and restaurants to serve food and drink at 44 tables with 88 chairs in a small, paved public space from 8.00am to 9:30pm throughout the week. It started in summer 2020 to support hospitality businesses, and continued with periodic extensions. At the time of writing, it was seeking a permanent licence.

The borough describes a streatery as a car-free outdoor dining space for restaurants, cafes and other businesses to place tables and chairs on the pavement while enabling pedestrians to pass safely. Such dining arrangements are typical of southern European cities, but they have now become ubiquitous, albeit temporary, in the UK. This particular space was created by the permanent closure of one end of Belsize Terrace as a traffic calming measure in the 1990s, which had proved controversial at the time.

Until recently, licences for this kind of use were typically refused by UK local authorities. Although introduced last year as a public health measure to support business, such arrangements could now be embraced simply because they are enjoyable. On the other hand, the UK climate does not lend itself to comfortable outdoor eating year-round. Once people feel safe enough to eat inside they may do so, and street dining will become seasonal.

Latest update on licences

In February 2022 councillors voted to keep Belsize Village Streatery, with majority support from most local residents living within 200m of the scheme. Two other similar licensing proposals were rejected because of local opposition, which shows how important it is that these decisions are taken locally.

Issues with pavement space use

As communities reflect on their needs, the use of existing small spaces or the creation of new ones could rise up the political agenda. Neighbourhoods are increasingly questioning the need for much of their existing road space, which may also prompt extensions of pavement space. Whole traffic lanes and parking bays have been closed for months to accommodate dining tables. Will locals now seek to make these permanent, if not throughout the year then at least seasonally?

If so, there are technical and community issues to resolve in changing the status of public highways and pavement space.

- Permanent closure of a public road, referred to in legal terms as stopping up, is a lengthy process that involves consultation with the local community. It is usually carried out under section 247 of the Town and Country Planning Act 1990 or section 116 of the Highways Act 1980
- The right to use an existing public space temporarily for dining is conferred by a licence from the local authority. This usually applies to the pavement area adjoining a cafe or restaurant and is a much more convenient process than using space not adjoining the premises, although it requires regular renewal. It also entails consultation with the community
- There is a distinction between a pavement licence adjacent to the premises and licensing an area some distance away
- Given the risk of terrorist attacks, the need for public security while eating is heightened. Users and authorities will want reassurances about personal safety.

The original application for Belsize Village Streatery and the licence extension to the end of September 2021 was overwhelmingly supported in the local public consultations, but a few people opposed the idea. It also had cross-party support from councillors and the borough itself, even benefitting from Community Infrastructure Levy payments. The borough continues to pursue this initiative by granting licences in other locations.

But a few people, including some long-term residents of the area, opposed the idea. They wrote to local newspapers claiming that:

- the space belongs to the public rather than a few private businesses
- once indoor dining was restored, there was no continued justification for the streatery
- restaurants already occupying pavements with tables and chairs are forcing pedestrians on to the road
- Belsize Village Estate, a community interest company (CIC) linked to Belsize Village Association, does not represent the village and its residents, and has no authority to market the area.

This points to legitimate though opposing views about how a local area should evolve and adapt. So there needs to be a way to consider the views of those who may not favour such change.

Need for community consultation

The UK planning system is important to strike the balance between public and private interests. Consultation is vital to this process. The closer and more immediate the change is to the community, the more likely individuals are to be affected and express a view.

It is also important to recognise the variety of interest groups in a local area, each with its own response to an initiative. In this case, the local business community formed the Belsize Village Business Association. This group evolved into Belsize Village Estate CIC, which took the initiative in establishing the streatery.

A CIC operates to benefit the community it serves. Such companies are not strictly non-profit, so they can and do provide a return for investors. However, their purpose is primarily to benefit the community.

Proposals such as the Belsize Village Streatery will also be subject to local development plan policies. Groups looking to take similar initiatives will need the support of ward councillors – just as Camden supported the streatery – as they are ultimately responsible for implementing such plans.

There may also be a neighbourhood forum with its own plan to consider. As the streatery sits in the Belsize conservation area, the forum may be a consultee in the planning process on developments that might change the area's character.

Other interest groups may have legitimate views as well. Belsize Park Association has existed for more than 40 years, and has advocated on community issues from traffic management to affordable housing.

Place, planning and policy

As the streatery shows, communities face many issues when adapting to changes in consumer behaviour, market conditions and public expectations.

Approving the use of public space by private commercial purposes is understandably contentious. Related government policies on residential uses in commercial areas or the intensification of commercial activities in mixed-use areas come with potentially damaging side effects. How can a balance be struck between competing interests? Who should take the final decision?

Mitigating potential conflicts between different uses ahead of development is one of the recognised benefits of the UK planning system. The issues can be considered in the context of the particular place, and a decision taken in the round.

As central government relaxes constraints, the rights of local residents to peaceable enjoyment of their public spaces and their homes still need protecting. Permitted development rights (PDRs) are one of the ways to enable the urban economy to adjust to C-19 and post-C-19 conditions. But balanced against this is the benefit of enabling commercial enterprises to trade in areas designated for that purpose.

RICS has consistently advised on the risk of undermining healthy high streets and local centres with nationally imposed measures that could unintentionally accelerate decline. High street conditions around the UK are not uniform and a universal approach is not appropriate.

New commercial incentives arising from the relaxation of existing policies may result in the opposite of what they intend. For instance, the introduction of PDRs to change lower-value commercial into higher-value residential uses could in some areas hasten commercial decline.

A recent survey by Property Week found that a significant number of London boroughs intend to introduce Article 4 directions lifting the government's retail to residential PDR measure locally. This is despite the secretary of state's advice that such limits should only be placed in exceptional circumstances.

In the RICS commercial survey in summer 2021, most members suggested local oversight of relaxations in planning restrictions would ensure there are no unintended consequences. All of this seems to indicate that the final decisions on such proposals should be taken by the local authority.

Editor note: this article first appeared in RICS Land Journal, 8 March, and can be found at https://ww3.rics.org/uk/en/journals/land-journal/what-street-eating-reveals-about-planning-policy.html . Thanks to the RICS for allowing me to publish it.

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HISTORIC HIGH STREETS
The next evolution of historic high streets

Dr. Natalie Gates Natalie.Gates@HistoricEngland.org.uk

I'm pleased to welcome Natalie ofHistoric England as a new author to ACES' Terrier. Here Natalie gives an optimistic opinion of the versatility of our high streets, backed up by extensive references and case studies, many involving Historic England assets. "As buildings become renewed, belief in the possibilities of regeneration should rise in building owners, businesses and local people. It becomes easier to see possibility and opportunity when you know that you're not the only one investing in a place."

The only constant you can rely on is change. If buildings could talk, our historic high streets would tell us about changing needs of local populations over the past 300 years. Even without a pandemic, high streets were already facing a shift in their purpose and provision which Covid-19 has accelerated (1). What also has been well documented is the resilience of historic high streets (2). Can this resilience be harnessed to anchor the recovery and evolution of our historic places as we work out how we live, work and play in the 21st century?

As my colleague Owain Lloyd-James set out in his article in the 2020 IHBC Yearbook (3), while the shift to online retailing had affected significant parts of the high street prior to C-19, this was not universal. Not all goods and services are being provided online and some things are more experiential than others (4). Historic high streets are particularly suited to providing that experiential environment which attracts particular niche retailers and a range of other service and creative businesses. Historic England has seen this through our work with historic high streets over the past 15 years. Our experience informed the High Streets Heritage Action Zone programme which is part of the government's Future High Streets Fund package of support for local authorities.

The modern hierarchy of high streets means that significant market towns have found themselves with diminishing retail status over the last 20 years. The East of England, with its densely spread network

York Buildings 1832, Newmarket
Unless otherwise stated, all images are kindly reproduced courtesy of the author

of market town and village high streets, is a good exemplar. Large catchment areas for the big national retailers have concentrated comparison shopping experiences in a handful of principal places such as Norwich and Cambridge. People have been prepared to travel further afield to places which could boast the optimum mix of major department stores, niche national retailers, service businesses, and coffee shops. As a result, local market towns have ended up in a cycle of lower footfall,l causing high street closures and then the reduced offer generating even lower footfall.

York Buildings, Newmarket (see image). It has been a drapers, department store and electrical retailer. After Hughes Electrical moved to a smaller unit it was vacant, reopening in 2022 as an independent Italian restaurant.

In addition, the convenience of out-of-town retail parks where you can pick up DIY supplies and shop at major clothing and homeware retailers, alongside the weekly food shop on the way home from work, has had an impact (5). King's Lynn's neighbouring Hardwick Retail Park and Hardwick Industrial Estate is one of many examples of this nationally. As footfall has ebbed away, small and medium high streets find themselves in a cycle of decline – in the vicious cycle of being unable to attract businesses owing to low footfall and people choosing to go elsewhere, as they neither offer a day out experience nor the ability to get a range of things done with one visit (6). At one point, town centre retail expansion was thought to be the answer to stop leakage to neighbouring towns, but these aspirations now lie dormant with the reality of online retailing. This leaves many historic market towns at risk of becoming dormitory satellite settlements for larger neighbours if the role of each high street cannot be clearly established and reinforced (7).

The first lockdown turned this settlement hierarchy on its head and highlighted the positive environmental, economic and social benefits of shopping local. With so many people suddenly becoming home-based, they looked more locally for their supplies or went online (8). Shopping locally became one of the few positive things that could be done with a sense of being able to support local people, businesses and jobs. In fact, in the first lockdown, some local independent suppliers were able to provide what the major retailers struggled to do – eggs and flour being particularly notable.

While the retailers based near offices in our larger towns and cities suffered immediately from the instruction to work from home, those in our smaller towns and large villages became innovative in finding ways of opening safely (9). The image below is one such village coffee shop, which moved its counter to the door to reopen in July 2020 for takeaways only. It also provides space for a local florist to sell bouquets.

From the pubs and cafes that restructured their businesses to be takeaway only, to home delivery garden centres, bakers returning to doing rounds (am I the only one who remembers these?), and the haberdashers and bookshops which reopened by moving a table to the shop door, businesses have adapted what they have - particularly where they have a loyal local following. Lockdown highlighted the ingenuity of some of our local independent businesses when faced with the threat of survival, though others struggled to adapt and survive. This change in business and customer behaviour has continued (10), not to the extent as seen in lockdown, but as consumers we have recognised additional benefits and want them to continue (11).

We also have seen a rise in independent businesses opening on the high street buoyed by this trend. However, some have cautioned how sustainable the rise is, given many are independent retail and food businesses (12). This and a number of other questions remain unanswered. Will we readjust to being in crowded places? Will C-19 require continual adjustments to our

A village coffee shop

behaviour, even if only seasonally? And with hybrid working here to stay (13), what about the retailers and service businesses reliant on town centre office jobs? What will this mean for the buildings they use? For towns and cities which have a high level of net in-commuting, hybrid working may have a disproportionate effect (14). What is clear is our historic high streets have faced these types of fundamental questions before and survived.

Department of magical gifts, Rose Crescent, Cambridge

The opening week of the Department of Magical Gifts, Cambridge in October 2020. Covid delayed their planned town centre relocation; however, they also offer an online retail presence.

The former Lowestoft Post Office has been bought by East Suffolk Council and is being restored and converted using High Streets Heritage Action Zones and Town Deal funding. The new use will be announced later this year. Image courtesy of Rebecca Styles, East Suffolk Council.

With every change there are opportunities. At Historic England we are halfway through the 4-year High Streets Heritage Action Zone programme (15), with over 60 high streets and local authority partners. Each high street is looking at what types of activity and uses are needed by their communities and how the high street can provide it. Grants have been helping building owners restore and reinstate historic shopfronts to enhance the distinctive character of each high street. Funding also is available to aid sympathetic conversions to bring buildings back into alternative uses. National and local cultural programmes are encouraging footfall and building confidence. As buildings become renewed, belief in the possibilities of regeneration should rise in building owners, businesses and local people. It becomes easier to see possibility and opportunity when you know that you're not the only one investing in a place.

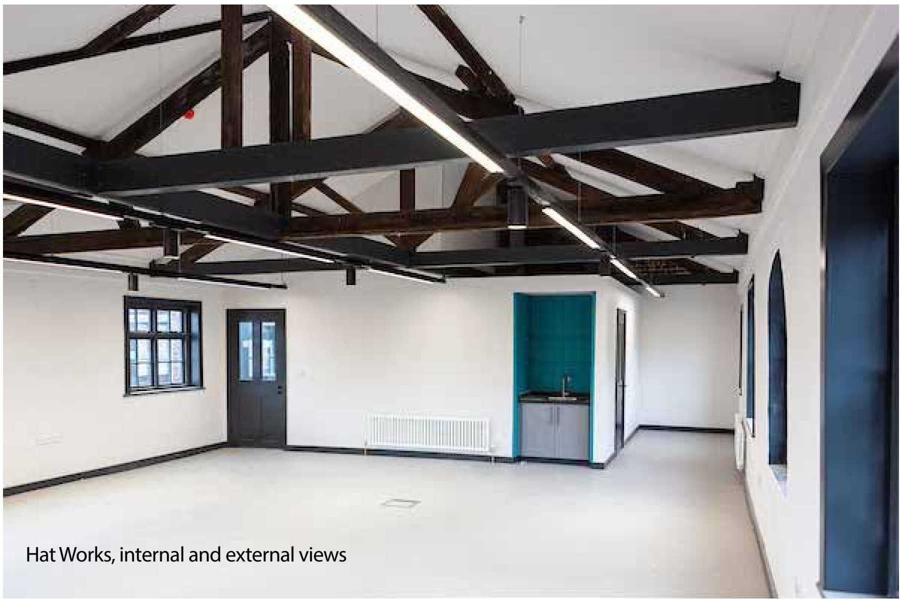
As we grapple with what the post-Covid world means for various types of work (16), many opportunities will arise to reshape both our working practices (17), the purpose of our offices (18) and service sector (19) and, consequently, our high streets. With smaller companies moving to homeworking to reduce their overheads, to larger organisations trialing hybrid models, the result is more people in the service and knowledge sectors are working from home at least part-time. This brings opportunities for local authorities to think about their key services centres, in planning terms, and their property holdings in or near high streets, to help transform and diversify the high street.

Lowestoft Post Office

The obvious place to start is live/work units above shops: affordable living spaces for young people (20) who want to be able to hybrid work in thriving places. This could be coupled with encouraging major banks and retailers to use their upper floors so that national staff can be partly based in their nearest town. We need to think about adaptable homes which facilitate the live/work physical and mental shift. Underpinning this is infrastructure with universal fibre optic broadband allowing people to work flexibly from home or other locations such as a local coffee shop.

Working locally doesn't have to mean working from home. The need to interact with other people, and the potential business creativity from bringing people together, could be harnessed through the development of local business hubs on our high streets which provide work and meeting spaces. This could have additional environmental, economic and social benefits, reducing carbon emissions from travel, corporate overheads, and providing some people with a better work-


Rutland Arms, Newmarket


Hat Works, internal and external views

life balance. This could be delivered in part through the reuse of historic buildings in our town centres: not all of our vacant buildings on high streets are shops.

If part of our national workforce makes a permanent shift to working more locally (even part-time in a hybrid model) it could bring wider benefits to the high street. If we can change and diversify the economic base that has been ebbing away from our small and medium market towns, investment in the historic environment could bring a new vitality to these places. This will not be a retail-led solution – the shift to online is a permanent one. However, opportunities for diversification of town centre uses such as housing, workshop spaces, health and wellbeing could see high streets becoming a hub once more, based around local need.

The Hat Works, Luton. Grade II 47 Guildford Street in the Plaiters Lea Conservation Area, a conservation area at risk. Rebranded as Hat Works, it is the oldest hat factory left in Luton. It has been regenerated by Luton Culture and the building now offers affordable work and social spaces, in an inspiring heritage environment, to young creative entrepreneurs. It was funded by South East Midlands Local Enterprise Partnership, National Heritage Lottery Fund, Historic England and a number of charitable trusts. Images kindly supplied by Shaun Armstrong.

Larger places, whose high streets were disproportionately affected owing to the reduction of leisure visits and office workers during C-19 (21), will not be immune to change. Any wholesale rebalancing of how we work may result in vacancies in parts of our larger towns and cities. Will regeneration shift to business districts (which may be separate from high streets) that have relied on importing workers from outside their boundaries? Will companies downsize, or will hybrid working still require the same space, but just reconfigured for the new ways of working and collaborating? What will this mean for where people live compared to where they work? These questions will remain for some time as we learn to live with C-19 and understand societal shifts.

More predictable is that the trend in online retail, coupled with the impact of C-19, will see integration for the major retailers of their online and offline offerings, with bricks and mortar stores in fewer and select locations acting as brand ambassadors for the online offering. When I was involved in a retail regeneration project nearly 20 years ago, the gold standard was having the catchment for a John Lewis. This proxy probably stands today - will the premier shopping locations be where John Lewis remains after its restructuring? It is likely that a handful of locations across the UK will become premium in person major retail experiences. And most, if not all, will be historic, though larger, high streets.

The high street is not dead, as some have proclaimed. Having sounded the alarm, we find ourselves in transition awaiting their evolution and renewal as they have done many times before (22). Its diversity (23), both in use as well as ownership, is its resilience and opportunity. Chances for different types and sectors of businesses to return to the high street. Time for us to reshape the menu choices for how and where we live (24), anchored in what makes each of our places special – its heritage. Local authorities are critical to this change. They set the strategy in terms of their local plans, but also can be the leaders for change, with their existing properties on high streets or by adding to their asset portfolios. The key is providing a bespoke experiential high street. It is not about competing with neighbours, but understanding each place's unique selling point and market.


Grade II building, King's Lynn

Grade II 33-39 St James Street, King's Lynn. It was built in 1908 using a pioneering technique, constructing one of the earliest reinforced concrete-framed buildings in England. Similar buildings did not appear more frequently until the 1920s and very few examples remain today. It was very unusual at the time because its design includes an exposed concrete frame. These were normally covered by brickwork or a rendered surface. Concrete only become an accepted material for exteriors when Wembley Stadium in London opened in 1923. Image kindly supplied by Historic England.

Two listed buildings in town centre locations illustrate the potential. One is a former purpose-built builder's merchants which became a garage then a night club, and is now partially vacant and partially a Kwik Fit (25). The other, now a clothing shop, used to be the showroom of a bespoke decorating firm (26). They remind us how varied and changing our city, town and even village high streets have been. They also remind us that the solution for every place is different. In some of our Heritage Action Zones, we have been able to uncover the past businesses, deepening the pride and understanding of local shopkeepers and residents with their place (27). If we understand and deliver what local people and businesses need, we can reuse our historic high streets in a way which honours the innovation, heritage, and dynamism of our past.

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REIMAGINING COUNCIL FARMS A vision for 2040

Graeme Willis GraemeW@cpre.org.uk

This is the culmination of a series of articles written by Graeme for ACES Terrier, and "Reimagining council farms" is the approved CPRE vision for county farms. ACES' rural branch members have been involved along the journey. Photographs are taken from the Vision report, courtesy of CPRE.

Graeme has worked on rural policy at CPRE national charity in London since 2006, majoring on food and farming since 2013, and as agricultural lead since 2019. He represents CPRE on Defra's Rural Development Programme Monitoring Committee and Environmental Land Management stakeholder group, and works in partnership with a wide body of food, farming and conservation bodies. He previously worked as a senior auditor at Price Waterhouse Coopers and as a senior lecturer at Anglia Ruskin and tutor and research officer at Essex university. He completed a Masters in Environment, Science and Society at Essex in 2004. He grew up in rural Cheshire, working frequently on family dairy and livestock farms.

Background

Shared Assets, New Economics Foundation (NEF) and CPRE, the countryside charity, have been partners since February 2020 in a project to research and develop a new vision for the future of council farms: to set out a positive future for their role in bringing new entrants into the sector and to deliver more and a wider range of public goods.

This article is an update on progress reported on in ACES' Terrier [Ed – see 2021 Summer Terrier] on finalising our new Vision and its launch in late March 2022. In particular, it presents new analysis and argument from the Vision report of why council farms play a special role, and a summary of the key recommendations for change in policy and practice.


Cover of the 2020 Reimagining council farms 2040 Vision report, near Keswick

The project has been generously funded by the Farming the Future programme of A Team and Roddick Foundations, (www.farmingthefuture.uk) and the Esmee Fairbairn Foundation (https://esmeefairbairn.org.uk/).

Introduction and wider context

Lord Curry of Kirkharle writes in the Foreword to the new Vision, *"We have entered a decade where farming faces a level of change not seen perhaps for a century."* In the launch event on 29 March he explored these issues further, setting out how the level of policy upheaval faced by farming is unprecedented, but within a wider global context of increased volatility: the impact of C-19 continues, but also more recently the unthinkable events in Ukraine directly affecting supply of basic commodities. This fatally, in his view, undermines the reliance on a policy of globalisation for UK food supply, and the long-standing assumption we can purchase the food we need cheaply from anywhere in the world. To these can be added the challenges of climate change and achieving net zero by 2050, of restoring habitats to aid nature recovery, energy security, and food security.

These events bring into sharper focus the importance of our farmland, but also the level of challenge for the farming industry. Land use is inextricably


Daylands Farm, Steyning, West Sussex

interwoven with these issues, and farming itself has a huge part to play in reversing damaging trends and providing sustainable answers. These events also amplify the need to attract young people with the talent, skills, ideas and, critically, the enthusiasm to take on these challenges and build their own future.

For multiple reasons it's become harder for young and new people to go into farming, with various rungs of the farming ladder falling away. Council farms have played and do continue to play a critical role in offering that first step into farming, but also enabling people to progress to other private estates and take their careers and lives forward. This argues strongly for retaining the vital national and strategic asset that are council farms locally and nationally.

The new report "Reimagining council farm: a vision for 2040" (https://www.cpre.org.uk/wp-content/uploads/2022/03/reimagining-council-farms-full-report.pdf) from CPRE, NEF and Shared Assets, picks up on all of these themes and is a response to the level of challenges we and farming face. Although the need to respond is urgent, the solutions we set out here are long term. In essence, the more extreme the challenges, the more the need to act strategically and not be blindsided by short termism. As a cumulative act of attrition, the loss of so much land and so many council farms over more than 40 years, worsening again in recent years, looks short termist, and to have sold council farms and the farming sector short. And the more extreme the challenges, the greater the injunction to think and act differently. This Vision we believe is a call for the actors in this drama to do just that – to act and think differently about the future of council farms. We must act with the longer term perspective that will put in place longer term solutions - or we may be condemned to lurch from crisis to crisis to ride the crests of waves of a perfect storm ahead.

Why council farms are special

Looking to the long term may still feel like a luxury we cannot afford, given the very real resource pressures and practical difficulties councils face now. If anything, the Vision endeavours to – and we hope this is evident from the words of the Vision itself – address directly the problems identified by setting out how things could and should be different. It also recognises that, if we are to protect, enhance and revitalise council farms for the benefit of both present and future generations, then we have to make a strong case for their value and their retention; indeed, we would wish for investment in their future and expansion, and ultimately their transformation.

Our 2019 report "Reviving county farms" (CPRE/Graham, K et al., Reviving county farms, December 2019) advocated the need for a 21st century vision that 'recognises their value, rejuvenates their purpose and puts in place the long-term protection, funding and support to make them flourish.' This Vision begins this process by bringing new analysis to bear on their value, and sets out how that purpose could be rejuvenated; it remains of course to policy makers of all creeds to make that happen.

In recognising their value, we have referenced important precursors in the 2008 Curry report, the 2013 Future of farming report, as well as the recent work by the Food Farming and Countryside Commission, which have all emphasised their importance as a crucial entry point to farming, but also for other benefits for people, welfare, for nature, and the wider environment. We have added new analysis to this, drawing on Central Association of Agricultural Valuers lettings data which shows that – for its very central purpose of supporting people into farming - acre for acre, hectare for hectare council farms are from 10 to 40 times more important than their land area - at around 100,000 ha or 1% of England and Wales (or 2.5% of the let area of agricultural land). Researching the most recent data available from 2019, council farms offered:

- over 1 in 10 of all new tenancies (Farm Business Tenancies)
- over 12% of farmland let that year
- 2 years longer average tenancies than any other landowner type, giving greater security to establish or consolidate a new business
- 1 in 6 of all lettings to new entrants, and
- 2/5 of all farms let with a home and/or buildings – critical for some types of farming.

The report recognises that council farms are part of a much wider sector involving family farmers, private, corporate, and semi-public and public institutional landowners. The transformation of farming that will be needed will require action on multiple levels by multiple parties. A key question to ask, then, is how do council farms fit into this vast endeavor, and in what respect are they different from private landholdings? After all, it is national government policy for farming to transition and to be supported to increase delivery of multiple environmental services alongside sustainable food production. That is the thrust of the government's Agricultural Transition and 25-Year Environment Plans, and the policy of 'public goods for public money'. The Vision report sets out to provide some answers to this serious question, to extend the scope to consider social and economic benefits for the sector and local people, and we hope a serious contribution to that debate.

Council farms have similar potential to

other farmed land to deliver these benefits, but in other ways council farms - we argue - are special, and this special nature underpins that new purpose and potential:

- the land held in the public interest – especially municipal farmland – can have its purposes shaped democratically for tackling wider public challenges; government locally and nationally can show leadership in addressing multiple issues on their land - but crucially in partnership with their tenants - and walk the walk to match action with policy and strategy
- government at all levels holds huge convening power – though councils are challenged by austerity – and can bring together networks of farmer, producers and other businesses and organisations for mutual benefit – for supplying good food locally, to delivering care or other services. The case studies we present illustrate what is already possible with agroforestry in Cambridgeshire (see photo), care farming tackling mental and physical health, anxiety and social isolation in Buckinghamshire, or powering vehicles with renewable biomethane in a joint venture by Cornwall council and a local clean energy company, Bennamann
- in the same way as government via the Bank of England is the lender of last resort, land held in public ownership has a special role to play to de-risk aspects of farming – indeed supporting less experienced enthusiastic young and new farmers whom private estates may not want to take on – but also could play a critical role to help de-risk innovative farms and models of farming and scale up their application – that may mean supporting more community and social enterprise models of farming like community-supported agriculture or businesses or regenerative and agroecological models of farming that harness nature and soil health, to drive resilient and sustainable food production [Ed – see Community land Trusts article in this issue of ACES' Terrier]

Stephen Briggs, agroforestry, Whitehall Farm, Cambridgeshire

- lastly, national government policy is to deliver public goods for public money and to invest the best part of £2.4bn annually in the sector via schemes to enable this; this is a profound change, not only in policy or what farmland is expected to generate, but also how it should be valued. Area per se or quality for cropping may become less important as the sum of different benefits that can be delivered multifunctionally from farmed land becomes more so - be it food, energy, carbon storage, water quality and recharge, nature or public health and wellbeing. The logic of assets in the public sector, surely, is that their use should be optimised to provide social, economic and environmental benefits for local people and the wider community, and that these values should be better reflected in policies and strategies for it. To continue to value its farmland on a narrow financial basis is on this perspective illogical.

Putting in place long-term protection, funding and support

If the new Vision for council farms succeeds in changing public and political mindsets about the value of council farms, then it will have partially succeeded. We aspire for it also to help redefine their purpose in ways that address key contemporary issues but that respect their founding ethos in legislation dating back now 130 years. But neither of these will matter if we cannot first of all retain the national strategic asset of council farms across the country, and then ensure they are supported and improved. This requires inevitably the right policies and requisite levels of investment.

Inevitably too, the Vision sets out 10 recommendations to central and local government which we hope will serve to foster a sustained and honest conversation about the future of council farms (see insert box). There are 3 I wish to highlight here:

1. The need to build a new consensus around a national purpose for our council farms estate – one that can be unifying but guide, help and enable councils to shape their own strategies and provide a clear focus for management of estates fit for the 2020s and 30s
2. The need for more and better public information which measures, report on and promotes their public value and helps local people value what they have; but also and ideally this should go a step further and build connections – through food eaten or provision of care or educational visits - to council farms in their area and a sense of being linked to the countryside
3. The need for sustained long term targeted funding in their future to secure and stabilise what we have and enable councils to manage, plan structure and invest in their estates to multiply the opportunities and support current and prospective tenants in unlocking the manifold benefits that their farmland does, can and should deliver.

Key policy actions needed to realise this 2040 vision for council farms

To make real our compelling vision for council farms we call for the following actions across central and local government. Central government should:

1. Build consensus around a new unifying purpose for the nation's council farm estate that frames a long-term national strategy and five-year action plan which will guide local authorities to optimise management of their farm assets for delivering greater public benefits.
2. Support councils in developing new integrated strategies for their farm estates which build on local good practice to join up delivery of national and local social, economic and environmental objectives.
3. Harmonise and develop tools to recognise the value of public land which incorporate revenue, financial and natural capital values and wider social, economic and environmental public benefits and support local authorities to deploy these to better manage their farmland estates.
4. Reform reporting requirements on council farmland by updating information collected and reported locally and nationally to improve public understanding and scrutiny including on the nature and extent of holdings, support for new and existing tenants and public value including delivery of public goods.
5. Join up existing government Future Farming and Countryside Programme and other initiatives to maximise returns on cohesive investment in council farms and their agricultural transition.
6. Ensure sustained investment in and enhancement of council farms for the medium to long term by building for example on the government's own New Entrants scheme proposed financing for council estates.
7. Give councils a duty to assess wider social, economic and environmental benefits of planned uses in achieving best consideration when disposing of farms and farmland and to involve local communities in setting goals for their council farm estate and how it is to be managed. Ensure local people are properly informed of sales and that local not for profit models are considered as preferred options before sale.
8. Legislate to give councils a duty to put in place a net gain policy to enable judicious sales and purchases of land which protects and enhances the extent and quality of their farm estates for the future.

With support from central government, local authorities should:

9. Increase the access-routes and progression opportunities to work council farmland by developing new incubator and accelerator models to induct and equip more new entrants from all backgrounds to take up new opportunities on council farm estates and elsewhere.
10. Help new entrants, existing tenants and others working council farmland to realise local, novel and higher value market opportunities including supply via dynamic local procurement into council facilities.

Conclusion

As ACES' member Charles Coats emphasised at the launch of the new Vision, from a lifetime's experience of offering council farms to new tenants, they are driven by a deep enthusiasm for 'being their own boss', in spite of leaving behind secure jobs on or off farm. Equally, we could be forgiven for thinking who would want to farm, given the challenges the sector now faces and the wider context. Yet, turning this argument on its head, the crises from C-19, to climate change, to energy, have and will concentrate minds. For some at least, it suggests that producing food in ways that sustain and restore our health, nature's health and planetary health are about the noblest thing we could do.

So, there is potential for another seismic shift – to move farmers away from being seen as the guilty partners in damage to nature across the countryside, and to be seen properly as green pioneers, providing many innovative and different ways to move forward. An ongoing challenge to achieving that must be bringing new thinking into farming, and enabling new talent capable of tackling these issues and adapting to massive change, can enter the sector and drive forward change. In this now very public rethinking of how we use land, how land in the public sector is used, has we believe, a major part to play in making this happen.

Key vision statements

1. By 2040 council farms are working better for local authorities
2. By 2040 council farms are working better for farmers, growers and the land-based sector
3. By 2040 council farms are working better for local people.

Postscript and next steps

The project to develop the Vision is complete. We owe a great debt of gratitude to many involved in helping us to understand and think through the issues and take the Vision thus far. Many are acknowledged in the report. Others we hope will see their contribution reflected. We plan to further promote and disseminate this Vision and engage with interested parties who can help us to make it a reality. We welcome feedback on any of the content of this article, as well as engagement with our Vision and any of the underlying information and analysis. Please do get in touch with me at graemew@cpre.org.uk with any comments to improve our thinking and continue the discussion.

Time has beaten me, but I'll close by saying that despite the urgent challenges ahead, government has signaled its willingness to invest in the future of council farms. So it is also a propitious moment for change to happen.

James is a Partner in Knight Frank's Rural Asset Management Team specialising in institutional advisory services. James' team supports a number of public bodies with their rural estate matters, advising on a broad range of subjects including environmental projects, health and safety, tenancy management, re-structuring and diversification.

RURAL ESTATES Not at all blah blah blah

James Shepherd MA Cantab MRICS james.shepherd@knightfrank.com

James last wrote for ACES' Terrier a year ago. This article is aimed at those who deal with rural estates and agricultural land portfolios. It covers some of the key industry news, market activity, and touches on a few opportunities on the horizon. He hopes it provides a talking point for officers who deal day to day with rural estates and allows senior management to stay abreast of rural issues.

In my 2019/20 Winter Terrier article, I forecast the environment would be "centre stage" in the 2020s media, as it was through much of 2019. I was very wrong. Let us not be fooled though: it is the environment that will influence the majority of our futures most, and our children's' (and their children's') in the decades ahead. Property, in the widest sense of the word, and our lifestyles, will be transformed. No wonder the "E" in the acronym "ESG" (Environmental, Social, and Governance) seems to have struck a nerve in virtual boardrooms across the country. Does it therefore surprise you that Rewilders are driving the farmland market?

State of the nation

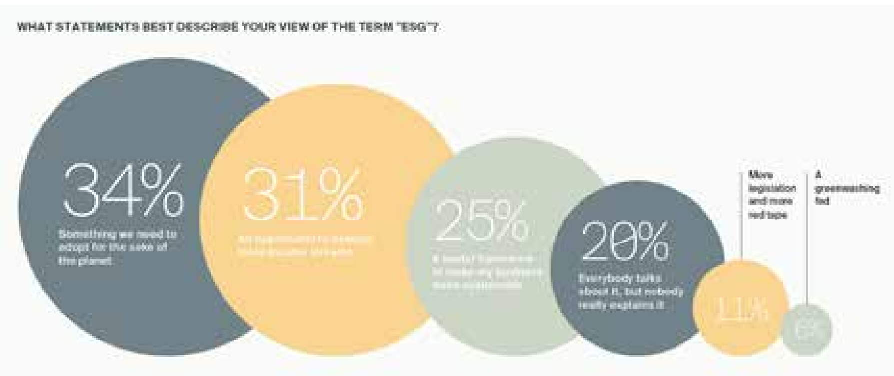
As we head into 2022, it is useful to reflect on the pulse of the rural economy. Knight Frank's 2021 poll of estates and rural businesses paints an intriguing picture of the challenges and opportunities facing the countryside (see box for graphics). Overall, the tone was upbeat, with almost 90% of respondents saying they are either very optimistic or slightly optimistic about the future of their business. "The world will need to be fed and only farmers can put food on the table," said one. Others are less bullish, however. "After a lifetime in farming I have never seen morale so low in agriculture."

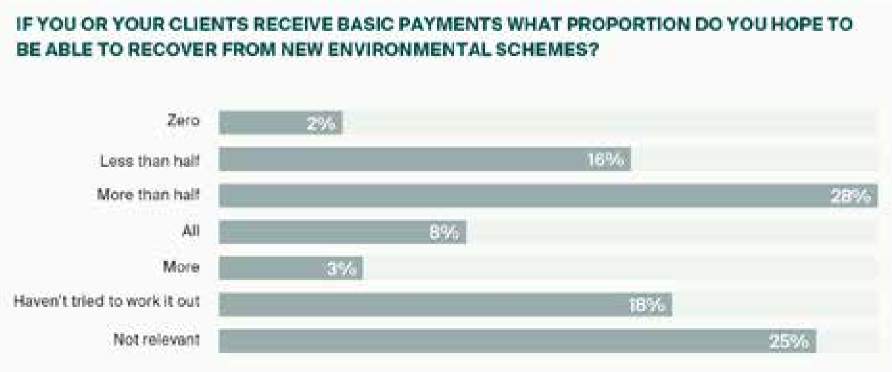
The C-19 pandemic has created multiple issues for rural businesses, particularly those with diversified income streams from tourism and leisure, but fewer than 10% of those who took the survey reported that the pandemic has had a very negative impact on them. "Covid has forced us to rethink projects we were developing, but the opportunities may lead us into a better position in the long-term," said one.

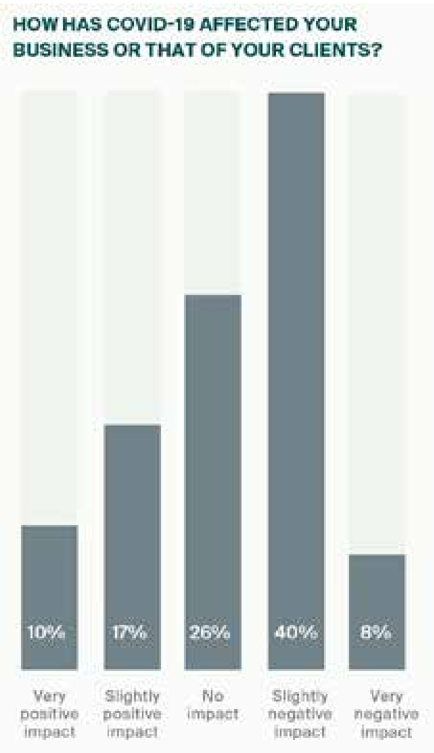
Brexit, of course, is the other big issue of the moment, but relatively few respondents are reporting a significant impact one way or the other so far. The outlook does become slightly more negative over the longer term. When asked specifically about the removal of the Basic Payment Scheme (BPS), just over a quarter said it would have a very negative impact on them or their clients – something for government to consider.

Most of those taking the survey were keen to see greater levels of diversity in rural businesses, while the current focus on ESG was generally seen as a positive

Source: Knight Frank Rural Report 2021







trend, although there were some cynics. "Kind words and fuzzy notions," noted one respondent. Some 48% of respondents plan to use land for biodiversity offsetting.

In other news

In November 2021 the Environment Act finally made it onto the statue book. According to George Eustice, Secretary of State for Environment, Food and Rural Affairs (DEFRA), "The Environment Act will deliver the most ambitious environmental programme of any country on earth. It will halt the decline of species by 2030, clean up our air and protect the health of our rivers, reform the way in which we deal with waste, and tackle deforestation overseas." A lofty statement that sets expectations high.

While some are cynics, there is much to suggest it is a meaningful piece of environmental legislation. Inter alia, the Act sets clear statutory targets in 4 priority areas: air quality, biodiversity, water and waste. This includes a target to reverse species decline by the end of 2030 and embeds 5 Environmental Principles into domestic policy making (integration, prevention, rectification at source, polluter pays and precautionary).

With an eye on being accused of "blah blah blah", and not wanting the Act to be toothless, the government has also legislated for creating a new watchdog; the independent Office for Environmental Protection (OEP). This new body has been formed to try and hold the government and public authorities to account for commitments made in the Act and comes with enforcement powers. The new watchdog was legally created in November 2021 and became fully active on 24 January 2022, before releasing its first draft consultation the following day. The consultation cited that the OEP would have the following 4 functions:

- Strutinising Enviromental Imporvement Plans and targets
- Scrutinising environmental law
- Providing advice to government on enviromental law, and other enviromental matters
- Investigating suspected serious failure to comply with environmental law by public authorities and enforcing compliance where needed.

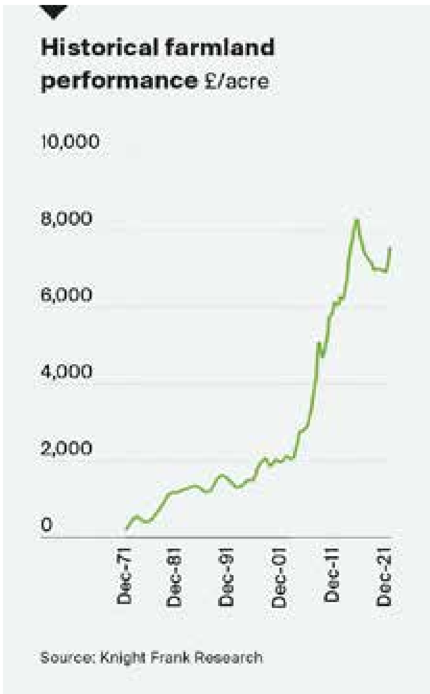
Notably, the public can make a free complaint to the OEP where they suspect that the government or a public authority has failed to comply with environmental law. While the OEP will cover all property and asset classes, it seems likely that public sector rural estates will soon be answering enquiries from the OEP, especially authorities with diversification or development projects ongoing. More accountability for the environment is surely commendable. However, the public sector needs to be prepared and resourced for the additional scrutiny and attention their environmentally sensitive assets (which are in some cases becoming more sensitive where environmental projects abound) will bring.

This comes at a time when "farming is changing", to quote DEFRA. Public good for public money is replacing the Basic Payment Scheme, with the level

of BPS payments reducing already. The Environmental Land Management Scheme (ELMS) is billed as the successor. However out of the 3 new ELMS schemes proposing to reward environmental land management, the government is yet to pilot the Local Nature Recovery Scheme, while the Landscape Recovery Scheme pilot is very much in its infancy. What we do know is that as the name of the Landscape Recovery Scheme suggests, it is targeted towards landowners who want to make radical changes on a larger scale. The scheme will focus primarily on targeting improvements in biodiversity, water quality and net zero. Applications for the scheme are yet to open but, we are told the process will open "shortly".

Forest, or folly?

Notwithstanding the lack of detail regarding ELMS, rural estates are evolving. In May 2021 George Eustice announced plans to treble tree planting rates by the end of this parliament. Under that target, approximately 7,000 hectares of new woodland should be planted, per year. The England Trees Action Plan 2021 – 2024, sets out the government's long term vision for the "treescape". A part of the plan promotes the importance of working in partnership with landowners and government bodies. Other parts cover topics such as "Connecting people with trees and woodland" through community



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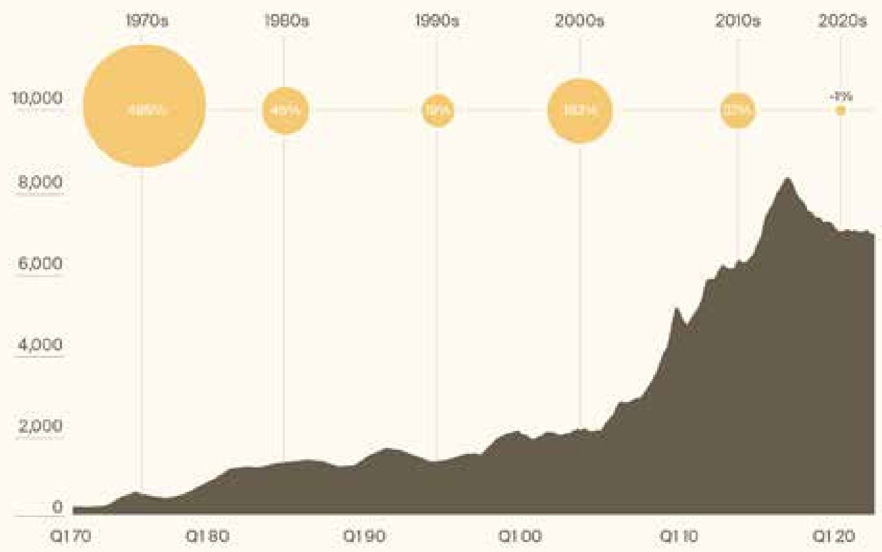
FARMLAND CAPITAL VALUE CHANGES VERSUS OTHER ASSET CLASSES

	ENGLISH FARMLAND	PRIME CENTRAL LONDON RESIDENTIAL	UK HOUSE PRICES (NATIONWIDE PRICE INDEX)	FTSE 100	GOLD
3-MONTH	0%	0%	1%	4%	-12%
12-MONTH	0%	-3%	6%	18%	-5%
5-YEAR	-12%	-17%	16%	10%	43%
10-YEAR	16%	12%	41%	14%	36%
20-YEAR	258%	125%	175%	19%	577%

Source: Knight Frank Research

LONG-TERM FARMLAND PRICE PERFORMANCE (£/ACRE) - TO Q1 2021



Source: Knight Frank Farmland Index (England & Wales)

forests, and supporting access to trees and woodland. This policy direction and the Trees Action Plan is especially pertinent to England's public sector rural estates.

The message – public good for public money – is widely heard and helped by other grant schemes or targets (such as those aimed at carbon reduction, or flood alleviation). Tree planting is creeping up the agenda for many. The public sector rural estate is starting to change. Some authorities are linking health and wellbeing into the landscape by way of improving public access and promoting the benefits of walking in a natural environment (the concept of prescriptive walks may be known to some readers).

And yet, while tree planting might seem straightforward and unobjectionable to many, it is not without its critics – some of whom may have a point. As more tree planting projects come on stream, the debate around agricultural production vs environmentally driven "natural capital" creation is going to intensify. And there is more than existing land use to consider: opportunity cost and environmental "sterilisation" may be a concern to those whose estates are also supposed to deliver in other ways in the years to come – whether that be to provide room for residential or employment use development, or provide other infrastructure (e.g. for energy or waste). Income streams for carbon off-setting and biodiversity net gain are indeed opportunities but still in their relative infancy. Early adopters are setting an example, but not without a level of risk.

Land market update

It seems likely all this policy and legislation will have an impact on rural estate capital values and income. There will be plenty who see the opportunity as bigger than the "cost" in pure monetary terms today – after all, agricultural tenancies (especially Agricultural Holdings Act governed tenancies) are not, for the most part, generating significant commercial returns to public sector landowners.

Knight Frank's specialist rural valuation, agency and consultancy teams are grappling with this in real time. While change is afoot, it is worth noting that 20-year price performance of English farmland (in comparison to a selection of other asset classes) is remarkably strong - more than double that of prime central London residential property in percentage increase terms [Ed – see also article on the Model Farm Estate].

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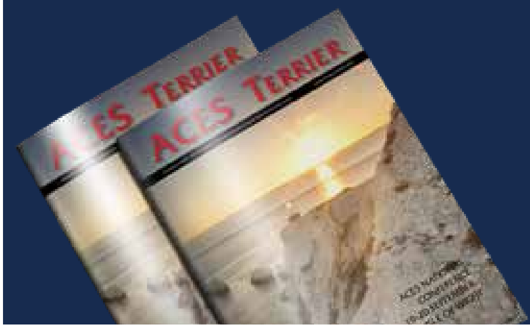

ACES

The Terrier
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Tom is Chief Executive of the Community Land Trust Network and leads on its strategy, policy and market development work. He has worked in housing and planning for 16 years, formerly in the Greater London Authority and Bioregional.

COMMUNITY LAND TRUSTS
A viable option for local sustainability

Tom Chance tom@communitylandtrusts.org.uk

Tom poses some questions about the potential diverse roles of Community Land Trusts and puts forward compelling arguments for involving CLTs in local schemes to provide affordable housing and working spaces, and sustainable land uses. But, Tom explains: "Sometimes you need to put work into organising the community for them to be able to seize the opportunity."

The ones left behind

You wouldn't look at the prosperous village of Queen Camel in Somerset and peg it as 'left behind'. But the young people who grow up in the village are left behind by house prices and rents they can't afford. Or rather, they're moved on. So too are the people who want to start a business, or find somewhere other than their kitchen table to work. There's nothing in the village, the parish, the surrounding area for them. All roads lead to Yeovil.

If this sounds parochial, it should, because much of what matters in rural life is still based around parishes. But it is not that far removed from the levelling up agenda. Because Queen Camel shares something in common with, say, South Bank in the borough of Redcar and Cleveland.

Young people in South Bank are left behind by the lack of job opportunities in this former township. The streets look left behind by time - neglect has been allowed to take root in too many properties by absentee buy-to-let landlords who live too far away to much care about rubbish in the front yard or anti-social behaviour.

What Queen Camel (below) and South Bank share in common is that they both have a Community Land Trust (CLT).

Artist studio in old school

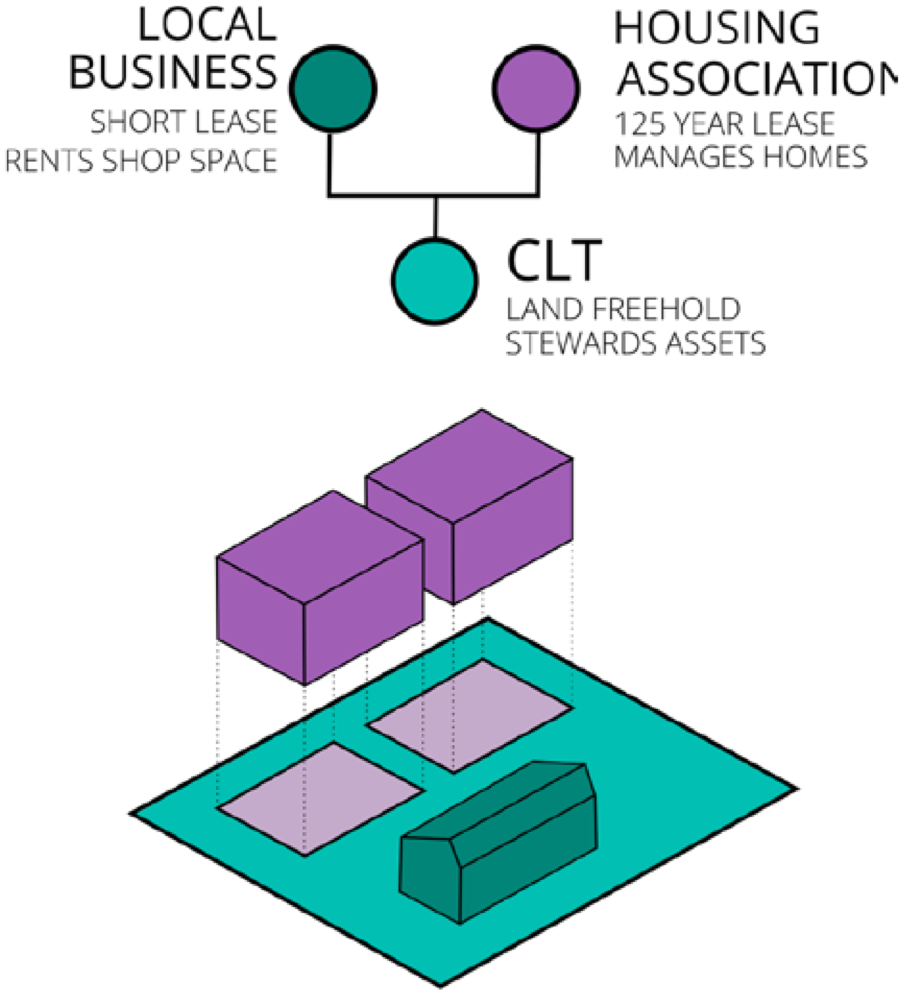
CLT homes

A viable CLT solution

In Queen Camel the community has been able to get 20 affordable homes built in partnership with Hastoe Housing Association, and then to buy a disused village school site in the centre of the village and turn it into a cafe, day centre, work and meeting spaces and units for a dozen local businesses, most new start-ups.

In South Bank the community has purchased and begun to renovate their first 5 homes. They're working with Thirteen Housing Association, which is obtaining the Homes England grant, and Redcar College to identify local training and employment opportunities as part of the works.

These CLTs give these local communities a muscle to apply to their problems. Rather than bemoan those problems, they now have the capability to do something about them. Rather than wait to be consulted by or saved by a housing association, council or developer, they can initiate change and partner with them to deliver it.



The CLT model

In contrast to a more traditional charity or social enterprise that does good 'for' the community, the CLT model is the community doing the good work itself. Anyone living or working in Queen Camel or South Bank can join their CLT and have an equal say in a participatory democracy.

CLTs also have a legal duty to further the social, economic and environmental sustainability of their community through their work. This aligns them with the planning system and local government duties, carrying forward the intentions of the planning system for the many years in between changes of use that trigger planning applications.

You may be familiar with the growth of the CLT sector, from a dozen or so in 2010 to over 330 today. If so, you might think this is a small niche, a way for interesting small projects to add a little to the housing supply.

As of today you'd be right, but our aim is to confound that expectation over the next 10 years.

Because if Queen Camel CLT and 92 other CLTs can partner with around 40 housing associations to build 482 homes and have 886 in the works, why can't this become the norm for housing association development? Danny Kruger MP suggested as much in a report for the Prime Minister on lessons from the pandemic for communities. What if his proposed 'Community Right To Serve' gave communities the right to partner with housing associations on affordable housing development through a CLT?

What if housing associations initiated CLTs for land-led schemes where none yet existed in order to - in the words of Bjon Howard, CEO of Aster Housing Association - think in terms of empowering people and communities, not simply providing homes and infrastructure?

Think not only of how this would change the nature of community engagement in development. Think also of the social capital this would create, the capability in parishes and urban neighbourhoods across the country to use a housing project as a launchpad for other asset based development.

<u>Kennett CLT</u>

Kennett CLT is another example of how a fairly simple tweak could make community ownership commonplace. This CLT in an East Cambridgeshire village formed around the same time that the district council started to promote a 500-home garden village. The council is particularly supportive of CLTs, so agreed to treat the community - through the CLT - as a corporate partner rather than individual consultees.

So the CLT, council and landowner co-created the masterplan with architects JTP. The latter commented to CLT Network that the involvement of the CLT lent a positive emphasis to the long-term stewardship and management of the site, in addition to the more usual local community input into the physical layout and related matters. The CLT is now part of the Development Delivery Board overseeing the development, with the inclusion of the developer, Bellway Homes (see structure diagram). It has been negotiating over design and planning details with Bellway, giving the community real influence over these finer details.

The CLT put the project to the vote of its members twice as it progressed, and both times secured a mandate to proceed, though there is still an active anti group in the parish.

As build-out phases are completed, the CLT will buy 60 affordable homes, turnkey, and all of the open space. It is registering

Images courtesy of Shropshire Star


Middle Marches CLT landowner event


Middle Marches CLT water meadow


South Bank CLT


South Bank CLT

as a Registered Provider and will take out a long-term loan to be serviced by rental income on its homes. It will also collect an estate charge to fund the ongoing management and maintenance of the open space.

Where other new developments create unaccountable management companies, here the community will democratically steward the development and these affordable homes.

Can this model not be applied more widely to most or all major schemes, rural or urban extensions, and new settlements?

Middle Marches CLT

We are also seeing the CLT model applied in new fields. Middle Marches CLT has recently bought a 90-acre hill farm 50/50 with a local supporter, after securing a small water meadow a few months previously. The CLT emerged from a research project funded by Natural England and the National Trust to consider how to join up conservation efforts between their two large landholdings in the Shropshire Hills AONB. Between them lies a patchwork of privately owned land, much of which is intensively farmed. The CLT was set up to act nimbly and with greater community involvement and accountability to buy up land and better coordinate practice among landowners.

This is very relevant to the emerging markets in natural capital, which were covered in 2021/22 Winter Terrier. Concern about 'Green Lairds' in Scotland is growing, and land elsewhere in the UK is being eyed up by investors with a narrow interest in carbon credits. The concern is that opportunities for local jobs, and a more holistic approach to nature recovery, will be missed in an absentee landowner's drive to plant trees.

If more land were owned by CLTs it would give communities - including local farmers and other land-based businesses - a democratic means of resolving competing interests for the social, economic and environmental sustainability of their community. Investment wouldn't be spurned, but could be directed to a more holistic vision.

Regional enabler hubs

One barrier that we are addressing is a lack of professional expertise to facilitate these projects. We have been developing a network of regional enabler hubs: organisations large enough to be viable but close enough to communities to understand the land and housing markets and connect with key stakeholders.

Hubs and their advisers - trained and accredited through a Chartered Institute of Housing recognised scheme - can sit between communities and the developers, housing associations and landowners. They facilitate, connect, translate, and ensure the process is a smooth one. They also ensure the community is developed properly to engage with the process. There would be little point in creating CLTs as empty vessels, a figleaf to community empowerment, and in some communities, there may simply not be the appetite or capacity to get a viable CLT off the ground. Sometimes you need to put work into organising the community for them to be able to seize the opportunity.

But the other barrier is cultural. Since the enclosures of the commons, we have only a folk memory of large-scale community rights over land. Community ownership and partnership is not well understood.

This is starting to change, as pioneers like Queen Camel, South Bank, Kennett and Middle Marches change minds through doing. Surveyors and property managers involved with these projects are learning how community ownership can be integrated into their profession.

You too can be part of this change.

Community Land Trust statistics

For England and Wales, there are:

- 332 incorporated CLTs
- 1,744 homes have been built or renovated
- 7,224 homes are in the pipeline
- 26 homes on average per project

Note: the home numbers do not include those in schemes which CLTs are involved in but where they won't own them, e.g. Kennett CLT is counted as the 60 it will own, rather than 500 in the garden village as a whole.

Ed - Community Housing Fund

The Department for Levelling Up, Communities and Local Government announced on 25 March 2022 that 1,200 new affordable homes will be delivered in England through a £4 million Community Housing Fund.

The Community Housing Fund programme seeks to help community groups build homes in their local area by covering a range of costs incurred in the process – including renting the town hall for a public meeting, paying for searches, administration costs or legal advice, design work and planning applications. Once planning permission is granted, community groups can fund the build through the government's Affordable Homes Programme, a housing association or developer, or via a bank loan.

The aim of the fund is to help regenerate derelict areas and deliver homes that are affordable for local people, so "more residents can live in the places they love."

The new houses will be part of locally based organisations such as land trusts or housing co-operatives, meaning they stay under the control of the community.

Housing minister Stuart Andrew said: "Part of our levelling up mission is to build the quality homes that communities want and need. Community-led housing is a great way to ensure local housing needs are met by putting local people in the driving seat.

"It is about residents playing a leading and lasting role creating genuinely affordable homes which regenerate and restore pride in communities."

Community led housing also helps improve the design and construction quality of homes using modern methods of construction and gives more opportunity for smaller house builders to work on projects, growing local economies.

The fund will help to deliver 52 housing projects in England, from Cornwall to Berwick-upon-Tweed. The regional breakdown of organisations benefitting from these funds can be found on https://www.gov.uk/government/news/new-fund-gives-communities-power-to-deliver-affordable-homes

The announcement of the fund comes after the publication of the Bacon Review [Ed – see series of articles in 2021 Autumn Terrier]. This recommended that reigniting the Community Housing Fund would create more opportunities for communities to build.

Editor note: see also the award-winning Marmalade Lane community-led housing project in 2020/21 Winter Terrier.

Mike is a chartered town planner and MBA qualified manager with over 40 years' experience in local government, most of that in London. He is a member of the Royal Town Planning Institute, formerly president of the Planning Officers Society and now chair of its Board. Mike works closely with government and across the sector to shape planning in England. In 2015 he set up his consultancy, Mike Kiely planning + regeneration, to specialise in assisting local authorities to perform better and be more effective.

CPO FOR HOUSING DELIVERY
Enabling proactive housing delivery: 3 essential CPO improvements

Mike Kiely chair@planningofficers.org

The Planning Officers Society recommends improvements to the compulsory purchase regime, to help local planning authorities provide more sustainable housing in a timely way. Mike here explains the proposals and why they are needed to unlock sites. Such proposals would involve surveyors in their implementation.

An unfair system

Local planning authorities (LPAs) are under intense pressure to deliver housing numbers and if they fail to meet government targets, they are subject to sanctions that can mean the policies in their local plans are set aside and planning applications must be determined based on national policies alone. These targets are based on the number of homes built, even though local councils do not generally build these homes: developers do. The Planning Officers Society (POS) has pointed out to government that this is not fair, but if they do want to measure planners in this way, they need to give us the tools to be more proactive to enable us to deal with housing sites that are not coming forward.

In this article the POS is pushing for changes to the Compulsory Purchase Order (CPO) regime, to improve it as a tool to enable LPAs to be both more proactive in unlocking sites with housing potential, and to optimise their ability to leverage more of the value created from a planning permission into supporting the delivery of sustainable development, particularly funding necessary supporting infrastructure. This article contains 3 changes that will enable us to address these important areas.

A new enabling CPO power

Local authorities need to be able to use CPOs where land is a designated housing site and development has not come forward after a specified period. Such circumstances should be sufficient to justify making a CPO under the Acquisition of Land Act 1981.

Sites where this power could be exercised would include:

- a site with a valid planning permission
- a site with an appropriate permission in principle
- a specific site allocation in a development plan document, including a neighbourhood plan or brownfield land register.

The specified period could be 3 years, to match the life of a planning permission.

The risk with this approach is that developers would not put sites forward for local plan allocations or would not apply for planning permission, or permission in principle, on land that they wished to hold and not develop. There could also be problems with stalled local plan allocations that need to move forward. We need an effective tool to deal with these.

A POS paper about Permission in Principle argued that LPAs should be able to issue such a permission unilaterally. This would establish the principle of developing a site for housing despite an obstinate landowner. Landowners would still have a right of appeal to protect their interests.

This specific power is necessary because a local authority is unlikely to succeed with the current CPO tests in these circumstances. Essentially it must be necessary in the public interest compulsorily to acquire land. The unilateral permission in principle and reset CPO test would be powerful tools for authorities who want to be proactive about encouraging additional housing in their area.

A simpler alternative to CPO?

In most cases councils do not have the funds to purchase land themselves as part of a CPO process. They enter either a Development Agreement or a Land Transfer Agreement with a developer in what's commonly referred to as a "back-to-back" arrangement. This is where the council uses its powers to acquire the land and the developer effectively funds the process through an Indemnity Agreement. These arrangements generally needed to be procured through an OJEU process and there is no doubt that a similarly complex process will emerge to replace that in the post Brexit world.

While this can work, it is a long-winded process. The time taken to procure the right partner and to negotiate the various agreements can be as long as, or even longer than, the CPO process itself. It is not surprising that councils can be disinclined to go down this road.

POS believes there should be an alternative route open to councils, particularly where their aim is to unlock sites with development potential and the problem is the current owner's recalcitrance, rather than addressing site assembly issues.

A Compulsory Selling Order (CSO) could be a solution? The LPA would be able to do this on its own without a development partner, so it should be much quicker and cheaper. The process would be like a current CPO, but the outcome would be an Order to sell the land with a specified minimum sales price. That would be the existing use value and it would be set as part of the CSO process.

How the sale of the land is handled needs to be considered very carefully. POS has suggested 2 alternative approaches: a public body model and a market model. These are set out in its Manifesto paper (1). They are designed to ensure that the landowner receives the existing use value as a minimum and any hope value that may exist would be delivered via the market sale.

It is often the case with CPOs that they are effective as much as a threat than as an actual process. The same would apply with CSOs. Landowners would know that they cannot simply sit on land that is needed for housing development. LPAs would have a much simpler and more accessible process to tackle any landowners that do. It would speed up the delivery of housing and give the public sector an effective tool to tackle land banking, particularly when combined with the previous suggestion of a new CPO enabling power.

To further incentivise landowners to get developing, the date for the CSO valuation could be the date that planning permission was granted or a permission in principle was issued. This would remove any potential uplift from rising land values for land speculators over the period where the development site is not being developed, and act as a further disincentive not to play the land banking game.

Modernising the compensation regime

Land value capture is a challenge and not paying some (realistic) hope value would not be human rights compliant (2). However, the regime that has built up to deal with hope value is cumbersome and has had unintended consequences. Alternative uses, which the landowner has never previously pursued, suddenly in a CPO scenario are both viable and incredibly valuable, much more valuable than the current use. You are left wondering that if the alternative use was so valuable, why the owner hadn't pursued it hitherto? These theoretical scenarios of Appropriate Alternative Developments in the No Scheme World can be esoteric and obscure in the extreme. There must be a better way and one that has the public interest at its heart, ie the delivery of the development that is the subject of the CPO and therefore, by definition because of the CPO tests, of clear and demonstrable public benefit to the area.

POS believes that in scenarios where the CPO scheme is one with a clear market value, there should only be 2 compensation options available to CPO land/property owners: the existing use value or (if the owner considers that there is a higher hope value) a residual land value appraisal based on the CPO scheme. This would be the total value of the CPO scheme, minus the cost of providing the CPO scheme (including supportive infrastructure and a suitable contingency). The second approach, based on the CPO scheme-world land value, would ensure that all (realistic) hope value is properly accounted for. This approach to residual land value appraisal is a recognised one and could be carried out by an independent and appropriately qualified third party, to arrive at a "reasonable" value. The understanding of POS is that such an approach would be human rights compliant.

It would only be in scenarios where the CPO scheme is a public works development with no real market value (eg a power station or highway scheme) that a Certificate of Appropriate Alternative Development type approach may still have a role, but the POS would still advocate that alternative uses, which the landowner has never hitherto pursued, need to be carefully justified. The public interest may be best served by an existing use value approach.

POS believes a reconsideration of the compensation regime along these lines would strike the right balance to give the landowner the right level of compensation within the context of a development scheme that is in the wider public interest to bring forward. It also leverages as much of the land value uplift (created by the grant of planning permission) as possible into the scheme to ensure delivery, particularly of its necessary supporting infrastructure.

Conclusions

POS believes that if the changes set out in this article were implemented, the CPO regime would represent a much more accessible and useful tool for LPAs. It would enable us to act in a more proactive way to deliver sustainable development that meets the needs of our communities.

About the Planning Officers Society

The Planning Officers Society represents planners working in local authorities and public sector organisations in England: if you work in planning with gov.uk on the end of your email address, you can join us. Our aim is to ensure that planning makes a major contribution to achieving sustainable development in ways that are fair and equitable and achieve the community's social, economic and environmental aspirations.

We operate in 3 main ways:

- As a support network for planners in the public sector
- As promoters of best practice in planning
- As a think tank and lobbying organisation for excellence in planning practice.

Where we can, we will work across the sector to craft proposals that have widespread support from the people who operate the planning system at the coalface: landowners, developers, consultants, legal, local authorities and politicians. We will be both radical and practical as we look for solutions to tangible problems that will make a real difference to crucial areas.

This article flows from our seventh POS Manifesto (3). These are think-pieces that tackle a topical area within planning practice and they set out our recommendations for improvement.

www.planningofficers.org.uk

References

1. https://www.planningofficers.org.uk/uploads/POS%20MBP7%20CPO.pdf
2. Article 1, Protection of Property under the First Protocol of the Human Rights Act 1998
3. https://www.planningofficers.org.uk/pos-manifesto

Note: A version of this article first appeared in the online RICS Land Journal on 13 January 2022. The Editor thanks RICS for allowing it to appear in ACES' Terrier.

INTERNATIONAL BUILDING OPERATION STANDARD

Paul Bagust and Brian Thompson PBagust@rics.org brian@realestateworks.co.uk

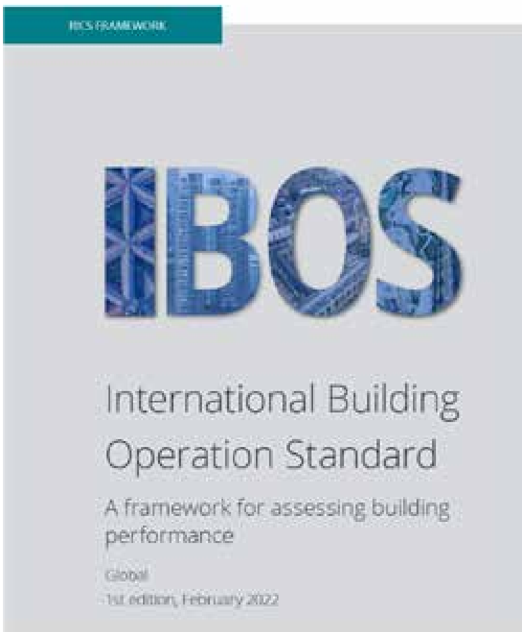
Here Paul and Brian explain the reasoning behind and broad outline of the new IBOS. For more details on IBOS and how to support and adopt it please visit www.rics.org/ibos

No pseudo-intellectual quote or contrived analogy to kick off this article, just a few words from The Boss who clearly appreciates the practical benefits of what the RICS is doing:

"Talk about a dream, try to make it real" (extract from Badlands).

In February 2022, RICS arguably stepped outside its comfort zone and published an international standard that reminds us about the centrality of the occupier or user of built assets. The profession has pronounced on the importance of property to an organisation because its costs are 'second only to the cost of human resources'. To be fair, it has also advocated in the past on the link between the workplace and the performance of its occupiers.

Now is the time to truly join the dots.



New International Building Operation Standard

The new International Building Operation Standard (IBOS) was launched in February 2020 and takes a genuinely different perspective on the performance of built assets – whether that be a government office, hospital, school, contact centre or…name your building type.

The core purpose of IBOS is to support organisations that wish to measure the operational performance of their property assets in a consistent and holistic manner – irrespective of the type of property or its location. It cuts across asset types and geographical boundaries.

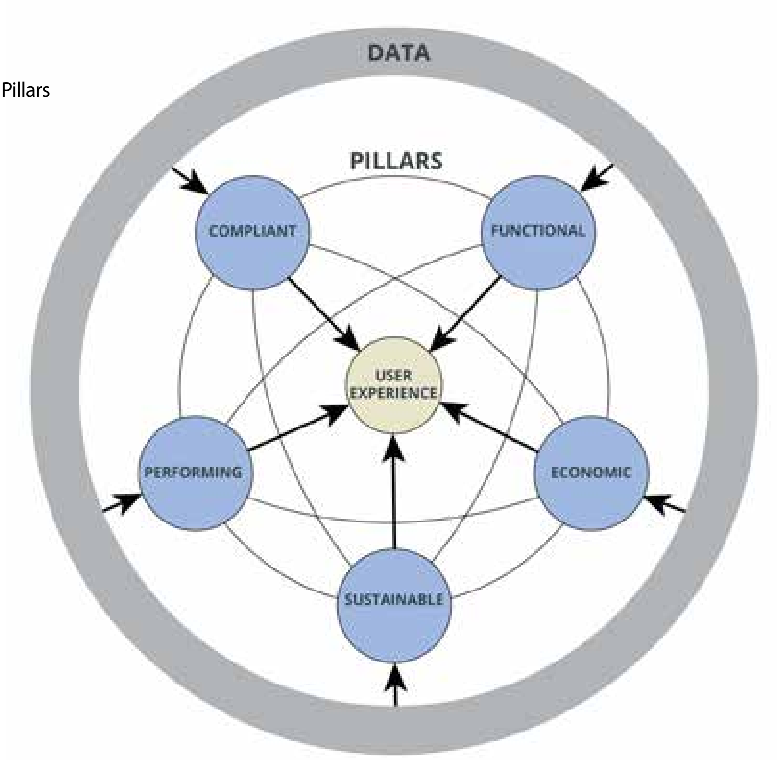
Efficient and effective asset performance is contingent on accurate and timely data being available. That data must look at multiple facets of performance simultaneously, such as utilisation, cost in use and environmental performance.

IBOS was formulated and amended on the foundation of

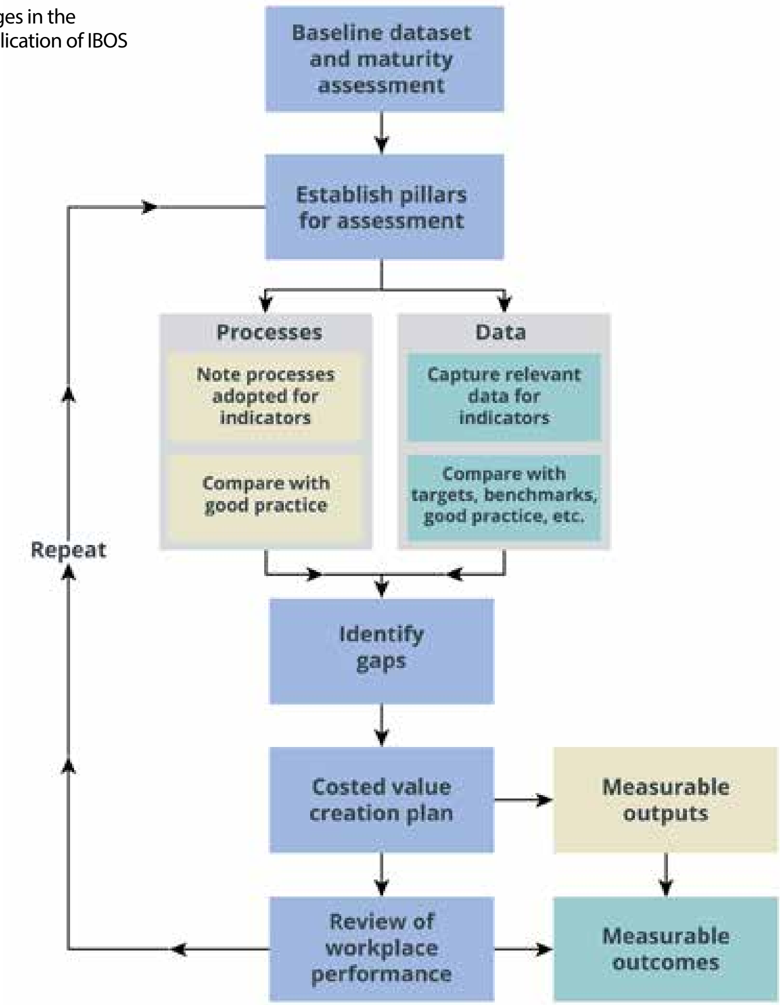
Paul is Head of Property Standards at RICS responsible for creating new standards, best practice and thought leadership on all property related matters, with a specific focus on facility management and corporate real estate. Over the years, Paul has contributed to the discourse around workplace productivity,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

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

The Pillars



Stages in the application of IBOS



widespread consultation globally and across the public and private sectors - which gave the author a real headache! And just to confuse, it is termed a standard but is in reality a framework, and compliance with it will not constitute a KPI.

Thanks to all ACES members who contributed to the process and provided their valuable perspectives [Ed – Paul has 'virtually' presented at a number of ACES' branch events].

One driver behind its development was the unstoppable machine that is the technological revolution providing data on tap. C-19 has brought into sharp focus another key driver, namely the need to understand the level of satisfaction felt by users of space. We have the ability as property owners, investors, and managers to turn the dial up or down (sometimes quite literally) on a range of variables, and understand the interaction of those variables.

Does a variation in air quality, noise or temperature impact on the utilisation of space? Intuitively, it does, but how many of us know the 'tipping points' and the nuances linking cause and effect? Layer on the satisfaction of the user, and the assessment of other variables, and you then have a really valuable toolkit to drive property and business performance.

IBOS has identified 5 pillars of property performance within which are indicative performance indicators. The pillars are:

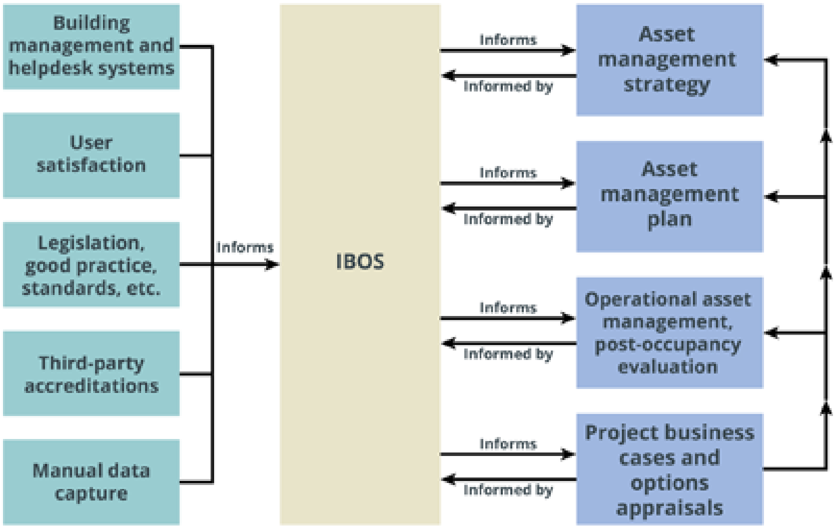
- Compliance
- Function
- Cost
- Sustainability
- Performing.

The first graphic shows the centrality of the user experience and the wrapper created by data.

Beyond recommending the capture and analysis of situation-specific data, IBOS also addresses the degree of sophistication or maturity of the current methods to capture, analyse and report on performance data. The ultimate target is better organisational outcomes through a finely tuned workplace and a committed, engaged, and healthy workforce, by following the processes outlined in IBOS and shown in the second diagram.

To encourage the wider adoption and use of the IBOS framework to measuring building performance, RICS will shortly

IBOS as integrator



launch a free new self-assessment tool available to any organisation. You can start by assessing performance against one or two pillars before rolling out your pace of adoption. Clearly, greater benefit can be gained by taking a truly holistic perspective of asset performance through the lens of all pillars simultaneously.

By drawing on multiple data sources, IBOS can also inform tactical and strategic asset management, through to individual project appraisals and business cases. Business intelligence applications can make life easier by simply linking directly to source data – whether that is held by finance, HR or property function, or even external service providers – and converting the source data into meaningful performance measures and in a graphical, user friendly way accessible to many stakeholders.

In one sense, there is nothing radically novel about IBOS, to the extent that it doesn't pretend to calculate the airspeed velocity of an unladen swallow (for those of 1970s vintage!). Instead, it simply recommends that you place the needs and perceptions of the user at the heart of operational asset management in both words AND deeds, and provides a clear framework for so doing.

And to finish off, some more words of wisdom:

"I am thrilled that the RICS has developed IBOS. A standard that can be adopted anywhere in the world to inform a wide cross section of stakeholders especially property owners and potential investors.

IBOS is an excellent tool that can be used to assess any property category! Its simple yet strategic approach to evaluating building operations will certainly aid Property and Facilities Managers worldwide and allow us to further demonstrate our value in the built environment.

IBOS is not just another standard. It uses a multi-faceted approach to evaluating building operations which incorporates global benchmarks and has a unique focus on user experience."

Janelle Chandler, MRICS

DEFINING SOCIAL VALUE

Defining social value in property projects

James Bailey BSc (Hons) FRICS James.Bailey@brutonknowles.co.uk

James argues that a clearer definition of social value is needed if we are to embed the need for community impact and sustainability into our practice, across the public and private sectors in the UK. This is likely to be adopted more easily across the public sector. "For some, the social value requirement of any tender process tips the scales in favour of the big corporate suppliers"

James is Managing Partner and is based in the Nottingham office of Bruton Knowles. His focus is supporting commercial small to medium-sized enterprises with operational management or expansion. James and his team provide a wide range of property advice from agency and development through to mitigating business rates and strategic reviews. He also works with leisure operators, financiers, local authorities and utility companies throughout the East Midlands.

James specialises in residential development land consultancy, including option agreements, overage negotiation and housing land disposal.

The Public Services (Social Value) Act 2012 brought into focus a practice that had in fact been part of the tender and procurement process for some time, albeit one that was deployed haphazardly.

It was a reasonable move: to formalise a process that could add value to the environment and communities in which we live and work – and demonstrated corporate social responsibility and commitment to the public service ethos and standards set by such organisations as RICS.

But has formalising the process taken a little shine off value? Clear guidance has its benefits, but prescriptive boundaries could place some businesses at a disadvantage. Has social value come to mean so much more than was first intended?

Image courtesy of RICS

No one has all the answers. But most property professionals would have plenty to say on the subject. Social value remains a nebulous term.

Demonstrating value across different sectors

Bruton Knowles works on a vast array of projects for both public and private sector clients. These range from helping large firms identify suitable sites for specific investments, to conducting land negotiations and compulsory purchase order work for local authorities seeking plots for strategic developments.

The company also manages commercial property on behalf of clients, providing advice on issues such as acquisitions and disposals, estate management, rental incomes, and asset valuations. Considerations around what is described as social value are at the heart of all such projects. Being funded by the taxpayer, public-sector clients in particular need to show that their procurement processes and wider initiatives reflect the communities they serve.

From our perspective, this means demonstrating that we operate in a fair, inclusive and ethical way, that we are concerned about reducing carbon, and that we are committed to helping clients operate in the most cost-effective and sustainable way. This is simply good and responsible practice (RICS).

RICS Rules of Conduct also state in behaviour 3.10: *"Members and firms,* *when advising clients about projects, encourage solutions that are sustainable in that they minimise harm and deliver balanced economic, social and environmental benefits."*

The sustainability factor

For some stakeholders, social value is about whether construction materials are ethically sourced. Others see it as a means by which employment opportunities can be created for local labour markets. Many view it as the drive to minimise the environmental impact of buildings over their life cycles.

The latter is certainly at the forefront of people's minds, with the ongoing debates sparked by COP26 last year. So 2022 needs to be the year that sustainability decisively becomes part of all mainstream business considerations.

As part of this, social value must be better defined. With supply chains becoming ever-more intricate, greater transparency is also key. It is no longer acceptable to pass the buck further down the line. From a procurement perspective, bidders are increasingly being asked to demonstrate their carbon credentials when providing a service, particularly for public-sector clients. And we welcome the wider debate on value leading to better awareness of policy and practice; the Construction Innovation Hub's Value Toolkit is a good example.

There is a growing expectation for firms such as ours to be measured against key performance indicators in social value and sustainability, so we must find new ways as a business to highlight our commitment to reducing carbon. We always endeavour to demonstrate our approach clearly to our customers. For example, when we provide asset valuations, we assess the extent to which our staff can use cleaner modes of transport for all necessary travel.

Planning carbon efficiencies in at the outset of a project means we can also help our public-sector partners play their role in achieving the UK government's 2050 net zero target. Social value is slowly but surely becoming a core strategic objective for public bodies, and we see ourselves supporting this process.

However, there is a lag across the private sector, where cost is still king for many developers. They continue to view social value as an optional extra, because economic goals continue to be the main considerations. It is going to take an immense shift in mindsets to encourage more creative thinking about how a building is not just bricks and mortar, and can contribute something far greater.

An uneven playing field for SMEs?

We recently reviewed social value criteria across our 2020 and 2021 tenders, from large frameworks through to requests for quotes (RFQs), to understand the number of times it was required and any changes over that period.

Unsurprisingly, we found there was an increase. In 2020, 46% of tenders included social value, and the figure rose to 61% in 2021. But we also saw instances where net zero statements were required on RFQs. The overall picture remains inconsistent.

For some, the social value requirement of any tender process tips the scales in favour of the big corporate suppliers. This is simply because they can be seen to offer generally more, backed by a dedicated resource.

Small to medium-sized enterprises may have as much to offer in terms of mentoring a local apprentice or providing a specialist skill set, but they cannot compete in terms of monetary investment. This simply becomes an erosion of fee for those that can least afford it.

Value is not just about cost, but of course the evaluation process at tender stage is then more complex. In future, it will need to be measured on scale and legacy in a more nuanced way.

If we are bidding for a valuation contract, which will be completed in 3 months or even just 6 weeks, can we really bring any level of social value to the table? Surely it is far better to make a further commitment to a community project that's already under way where we can do more, and do better?

Social value is about leaving a mark long after the construction process is completed, so that properties become assets for the communities they serve. It is about adding value to the entire process – from design, procurement, construction, operation and disposal – without rendering the cost of building something unaffordable. That is a fine line to tread.

Complex matrix or lasting legacy?

We have certainly seen – and over the past 18 months particularly – that more complex matrices have been added to many tenders to measure and score social value commitments: from extended equality and diversity training for all project staff, to initiatives to address the homeless problem in an area. Specific actions and commitments that have to be aligned with themes, such as growth or people, and set against measures or units that count up pounds spent and numbers of people to benefit. Previously, a straightforward statement of intent sufficed.

While we welcome this level of detail, a flexible approach is needed. Surely it is acceptable for smaller, shorter contracts to offer a social value statement covering the business as well as evidence of its practical and charitable credentials?

Social value statements will, of course, depend on the type, nature and location of the business supplying them. For example, if a firm operates in a deprived area, education and mentoring for young adults may be the focus of that statement, because that resonates most with the firm.

Reasonable, proportionate and common-sense approaches to social value have to be recognised. Equally, there must also be a more open approach in showing how best you can help. This may result in a better outcome all round. The legacy of a commercial commitment and its lasting impacts must be monitored long after the operational timescale for the contract has expired.

Shifting the focus

To summarise, change can be good and value in all forms can be positive. But it is a complex area.

The focus must shift to more lasting outcomes and measurable impacts alongside reasonable, proportionate input and investment. So perhaps that's what the scoring matrix needs to focus on next.

Editor note: this article first appeared in RICS Property Journal, 11 March, and can be found at : https://ww3.rics.org/uk/en/journals/property-journal/identifying-social-value-in-property-projects.html Thanks to the RICS for allowing me to publish it.

Iain is Business Development Director at Carter Jonas. He has 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, GVA (now Avison Young). Alexandra is Head of Public Sector and a Partner at Carter Jonas, and a member of the Commercial Board. She has a long history of public sector property consultancy and leads the Consultancy & Strategy team, where she provides strategic advice to both public and private sector clients, focusing on the delivery of solutions to business needs through estate change.

Alexandra undertakes option appraisals, financial modelling, estate strategies, property asset management plans and the preparation and delivery of HM Treasury Green Book compliance business cases for a range of clients, the majority of which are within the public sector. Over the past few years, she has also worked on various joint venture development procurement projects for local authority clients.

Lee and Jeremy are both Past Presidents of ACES. They are members of ACES' Council and share the role of liaison officer for strategic asset management.

STRATEGIC ASSET MANAGEMENT

The future of local authority strategic asset management

Iain Mulvey and Alexandra Houghton Iain.Mulvey@carterjonas.co.uk
Alexandra.Houghton@carterjonas.co.uk, Lee Dawson and Jeremy Pilgrim

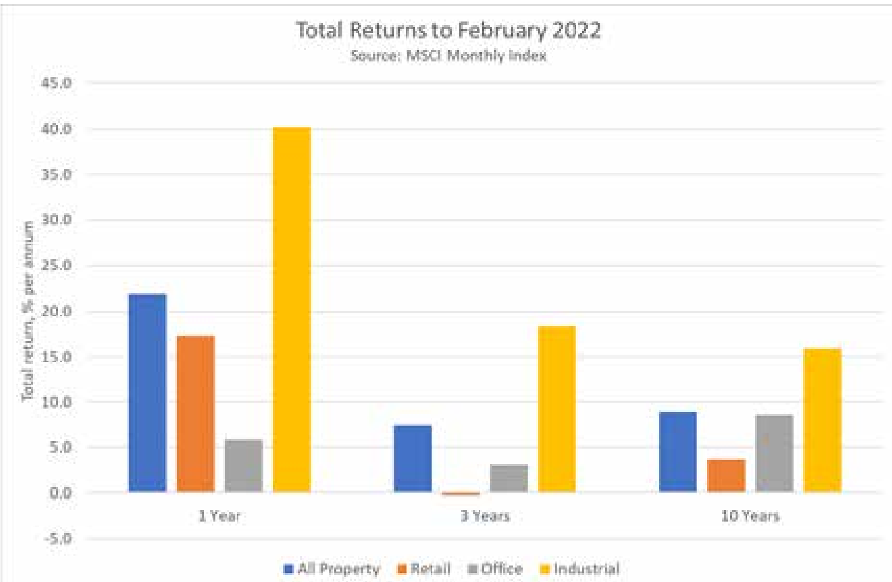
A conversation between Lee and Jeremy with Iain and Alexandra. This article takes the form of a question and answer discussion of key elements of strategic asset management.

How has Covid impacted the sector?

In many respects the trends that we have been seeing were already set pre-Covid. The landscape has been changing in many areas, not only in terms of the relative performance of the different sectors and even sub-sectors of the property market, but also in respect of the importance of environmental and sustainability issues.

Post-Covid, as the property market begins to return to some normality the changing landscape is accelerating. The public sector, with its substantial land and property holdings, needs to react to these changing circumstances and seek to utilise its property assets, not only to maintain a revenue source, but act as a catalyst for regeneration.

A crucial component of this specifically within a local authority context has been the overall reduction in grant funding. This of course was already an issue that local authorities were responding to



pre-Covid, but the accelerating effect of market trends caused by Covid has created a number of issues, which in turn reflect how local authorities had tackled the issue in the first place.

That is not to say that government is tightening the fiscal flow of money to public sector organisations, but changing the way it its seeking to ensure that funding is applied for through detailed competitive submissions such as the Levelling Up Fund. However, especially with inflation rising, less real money will be available and the position in the short term will only worsen.

Another concern is that many local authorities do not have the requisite skill sets to prepare such detailed bids within unusually short time frames, and will potentially miss out on otherwise worthwhile proposals.

The relationship between the relative importance of capital vs revenue has been a critical component of this. In some cases, we have witnessed what amounts effectively to a fire sale of assets to raise capital. This often means selling those assets where there is a ready market and which constitute the more institutional grade properties in the portfolio. This can mean the assets which remain are less attractive, generate less income, and are harder and more expensive to manage and therefore compound the issue. An active asset management strategy is therefore critical to drive income and performance, accepting this is often a difficult challenge when balanced against broader community, political and regeneration aims.

One way some local authorities tried to address the revenue shortfall was to invest in commercial properties. How do you think those local authorities have been or will be affected?

Pre-pandemic many local authorities adopted a strategy of investment in commercial real estate assets to generate income to offset funding reductions. In all the cases that we were involved with, this was subject to thorough analysis, an effective gateway review process, and a strategic asset management plan to drive performance post-purchase.

The media has chosen to highlight a small number of investments that local authorities have made in the sector and question the overall approach. Reviewing this pre-Covid activity through the lens of an emerging post-pandemic microscope will of course lead to some of those decisions being questioned. In the very broadest of terms, those authorities over-exposed to retail and secondary offices are likely to have seen an acceleration in the reduction in value of their portfolio. The chart on page 55 maps the performance of the main sectors over time and this clearly demonstrates how these trends have played out. These are often the fundamental building blocks of town and city centre regeneration and therefore the needs of urban renewal must not be confused with those of property investment. Conversely, those with industrial and logistics portfolios are likely to have captured stronger rental and capital growth.

The need, therefore, for a balanced portfolio remains as crucial as ever to offset risk. In those areas where the market continues to outperform such as life sciences, well let city centre offices with excellent environmental social governance (ESG) credentials, and industrial property, we have seen a growing number of unsolicited bids for assets owned by local authorities. The challenge is whether those authorities can capitalise on the uplift in value through disposal, and the process required to take the assets to market which is compliant with procurement practice.

In most cases, local authorities bought the assets to drive income, and therefore unless that income can be readily (and quickly) replaced, then it becomes difficult for a disposal to make sense. This is further complicated by the fact that the capital received can now only be re-invested in assets within the borough – a challenge for smaller authorities with little built stock. On that basis, local authorities do not enjoy the same luxury as property investors who can reweight their portfolios without the same constraints.

Importantly, it should also be recognised that amid the criticism of the 'professionalism' of local authorities' investment strategies, there are plenty of examples of institutional investors, property companies and REITs that have been caught off guard by the long-term impact of Covid on the commercial property market.

In response, what innovations have you seen coming from the public sector?

Many local authorities have delivered successes against traditional revenue generation and revenue reduction activities, such as consolidation and rationalisation of the estate, as well as activities to capture revenue from the newer and emerging markets, such as electric vehicle (EV) charging stations, telecoms, solar and wind power generation. The drive for even greater revenue generation has led to additional ideas, that some local authorities are currently looking into.

"Out of home" advertising is another way of looking at generating revenue, rather than letting advertising sites to large media company for a rent or licence fee (and receive only a small proportion of the revenue generated by the media company), local authorities can take control of digital advertising billboards themselves. The more direct responsibility, the greater percentage of revenue received - this could change income from 10-15% of total receipts in the traditional format to 75-85% in digital format. An initial setup fee is required, but the return on investment is between 2 and 3 years.

While carrying commendable environmental credentials, natural capital also has emerging revenue generating markets. Biodiversity net gain is linked to development and the requirement to provide 110% of the biodiversity previously on the undeveloped land. If sites could be allocated to biodiversity offset, it could generate more income, mainly in the form of capital receipts. eg ESG credits is an emerging market whereby large companies can pay landowners to allocate some of their land to a use that would reduce carbon and increase biodiversity, such as planting trees.

It is still relatively early days but these ideas are bound to develop, given the growing concern about the environment and the fact that over 80% of councils have declared a climate emergency, and 57% are working towards carbon neutrality in 2030 [Ed – see net zero articles in this issue of ACES' Terrier].

Aside from revenue generation, we have all seen and read about the challenge town centres are facing in the wake of Covid. Addressing market failure through innovative solutions is key: local authorities should be part of this change, alongside

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Political re-organisation could also be seen as an innovation – the march towards unitary is increasingly being seen, with 58 unitary authorities currently in England and more to come. These are mainly in the cities, urban areas and larger towns, although there are now 6 shire county councils that are unitary, and there have been recent announcements for less urban authorities following suit, such as Cumbria. Savings through efficiency in property are vast and may appear obvious, but wholly dependent on a clear asset strategy and implementation plan considering the pros and cons of a corporate landlord approach.

CIPFA released its new public sector asset management guide in December 2020, providing practical support on asset management in local government. This time, it also includes guidance on strategic leadership and governance, as well as the day-to-day practical matters.

What can we learn from the private sector?

Sharing industry best practice is clearly critical to understanding how asset management approaches can benefit from the latest thinking. The approach taken by the private sector to strategic asset management has an understandable and obvious focus on maximising commercial returns. However, there are a number of areas which are common to all owners and occupiers of property which we would highlight as having been the cornerstone of effectives asset management:

- Data: It is impossible to define a strategy around asset management planning without accurate data. The private sector, in terms of both owners and occupiers of large portfolios, has developed sophisticated tools for the collection, analysis and review of estate data. This allows them to base decision making around empirical strong evidence. Good decisions cannot be made with poor data
- Covenant strength: Private sector occupiers with a strong covenant have used that tactical advantage well to negotiate excellent deals. Local authorities have the ability to do the same thing, and some have already exploited it on long-term income-strip deals to fund significant regeneration projects
- Benchmarking: The private sector often uses established benchmarking data such as Morgan Stanley Capital International to allow it to compare the relative performance of different assets classes and make informed decisions about the weighting of their portfolios. This also allows them to compare their respective performance against one another. While the 'State of the Estate' report has captured some similar information across the civil estate for central government, there is not currently an established local authority benchmark, but one could be created. This would allow local authorities to compare performance, acknowledging that portfolios are very different in terms of composition and geography, but could highlight best practice.

What can we learn from public authorities overseas?

We may also look at how other local government organisations overseas have organised their portfolios from an asset management point of view. Certainly, in other European economies, they face similar challenges around funding and structure, and learning how they go about strategic asset management could be a useful exercise. This is clearly often a political issue, and in countries such as Germany and the Netherlands, there is a strong focus on land value capture where planning gain is secured – a topic which has won little support over the years when debated here.

So what does the future hold? Is there a place for strategic asset management in among a lot of short term expediency?

Strategic asset management is only going to get more important for local authorities going forward as funding reductions are likely to continue, and with that, force more innovation and the need to generate stronger returns from the existing asset base. Balancing the requirements of frontline service delivery, community benefit and regeneration needs with the application of a commercial approach to negotiations requires a subtlety of approach, particularly within a political environment.

For those authorities who in recent years have disposed of many of their core assets to generate capital to balance the books, the importance of applying a strategic approach to those assets which remain will be critical. Local authorities must be alive to new opportunities to generate revenue from assets which were previously seen as tertiary. This could include new income sources such as EV charging points, roadside advertising, and where applicable, biodiversity net gain/natural capital. On that basis, it is vitally important that local authority staff and their advisors keep up to date with the last innovations in the sector [Ed – that must be a plug for reading ACES' Terriers?].

Many thanks Iain and Alexandra on sharing your thoughts and insights with us and it is good to hear that you share ACES view that strategic asset management has been, and will continue to be, important.

Moreover, ACES in conjunction with CIPFA, is taking the lead in training asset managers with specific courses in Public Sector Asset Management, recognising that the public sector does have a wider brief when considering its property asset performance which is not solely a profit/income motive. Also in addition, as you referred to earlier, it is good to note that the RICS has recognised the need to support the public sector and has published asset management and valuation guidance, with specific reference to the public sector.

Anyone interested in learning more about the ACES/CIPFA Diploma course can contact Malcolm Williams the Aces Course Coordinator at Malcolm.669williams@btinternet.com

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.

ASSET VALUATIONS

Asset Valuations – what's the point?

Chris Brain FRICS chris@chrisbrainassociates.com

Well that's a question! Chris here forcefully argues the case for the broader strategic uses of asset values, but points out: "There is little cross referencing to things like financial planning, capital strategy and strategic asset management. The benefits and opportunities of the use of current value are rarely appreciated or used by many public sector bodies."

Introduction

This is a question I hear quite a bit in the local authority asset valuation community – from both accountants and property valuers. Given that we have been measuring our property assets on current value, rather than historical cost, for over 28 years, it seems to me quite amazing that this question still comes up. What is the point of asset valuations?

Given the recently concluded emergency Code consultation by the CIPFA LASAAC Board, it is timely to perhaps remind ourselves why capital accountants and property asset valuers all across the UK, do what they do.

As the deadline approached for my article for this edition of ACES' Terrier, I was pondering what topic I would tackle. As has often been the case in the past with my articles, the topic picks itself. In other words, something happens, or I overhear a conversation, or I receive a question that immediately sparks an idea. And as it was with this article.

Through my work on the RICS working group currently wrestling with the production of new guidance on Existing Use Value as a basis for measurement, I learned that HM Treasury has recently commenced a thematic review which will examine the valuation methodology of non-investment properties for financial reporting purposes, including revisiting the long standing decision to hold such assets at valuation rather than historic cost.

Needless to say, this came as a bolt out of the blue. We were aware on the working group that there was an intention for a thematic review to look at whether the EUV basis of measurement should be retained in preference to Fair Value for operational Property, Plant & Equipment. But to learn that this review was being drawn so much wider was a real surprise.

The outcome of the review should be known late summer 2022, so at least we do not have too long to wait to learn whether measurement to current value will be dispensed with, after nearly 3 decades. At this stage, we do not know the reasoning behind the review, and whether or not it will simply confirm the current measurement basis.

One thing we do know is that recent years have seen significant delays in signing off the audits on English local authority accounts. At the September 2021 deadline, only 9% had been signed off, according to the National Audit Office. It was this damning statistic that led the Department for Levelling Up, Communities and Housing to ask CIPFA LASAAC Board to consider postponing property valuations and implementation of IFRS 16 for a couple of years, to allow audit to 'catch-up'. If you missed the outcome of the CIPFA LASAAC Board consultation, they decided against the former, and in favour of the latter, although the latter is subject to ratification by the Financial Reporting Advisory Board (FRAB). At the time of writing this article we do not know the FRAB decision.

I know that is a bit of a long introduction to this article, but it is all important context to the wider question I pose, about why we undertake asset valuations in local government.

One problem we have, is that the valuation programme is often seen as a chore to be carried out at the least cost. Wider benefits and opportunities represented by the valuation programme, which can be substantial, are often ignored. There is little cross referencing to things like financial planning, capital strategy and strategic asset management. The benefits and opportunities of the use of current value are rarely appreciated or used by many public sector bodies.

The case for current value

I set out below 4 cases for the asset valuation programme. The first 2 of these are touched on in a CIPFA publication from 1997 – produced 3 years into the current value approach being adopted. For those that might remember the document, or indeed still have a copy (like me) it was called "Valuations for Accounting Purposes: A Guide for Public Services" [Ed – I do too!].

Case 1: A system of accounting for assets, often acquired over several decades, on the basis of the cost prevailing at the time of their acquisition precludes comparability, both between different assets owned by the same organisation and between different organisations at any given time.

As all property valuers will know, market prices vary considerably around the UK, sometimes with huge variations even within a small geographic area. For that reason, I am not certain that the second part of this case (comparison between organisations) is as significant as the first part (internal comparison).

Both parts do though go to the heart of transparency in public finance, and accountability for the use of resources over time. We all know that very few people actually pore over local authority financial statements.

But that's not the point. The point is that some do look at them, and even we have never looked at them ourselves, we and others have the right and ability to do so. And if we do (or anyone else does) then they should be entitled to see relevant and up to date financial information about that organisation.

Case 2: Current values are intrinsically more relevant than historical costs for measuring the current financial position of an organisation and the current economic cost of using fixed assets in the provision of services.

The public is entitled to know how an organisation that is accountable to them makes use of its financial resources. This for me includes property assets used in and by the organisation. The balance sheet is an important part of that, and having a balance sheet populated with historical cost data for assets doesn't really tell you anything.

A balance sheet that contains historical cost information, rather than current value, simply tells you nothing more than what the organisation spent to acquire the assets in the first place, plus what capital they have spent on it since acquisition, less any accumulated depreciation.

But this is not just about the general public. The organisation itself should know what those assets are now valued at. A balance sheet based on historical cost tells you what capital has been spent, not what capital is currently tied up in those assets. This information can inform strategic decision making through internal comparison of relative values and economic costs of not only different services, but different assets within the same service. Sadly, too few grasp this opportunity.

Case 3: Depreciation of historical cost tells you nothing about how much should be set aside to replace property assets, when they reach the end of their economic life.

Depreciation calculations provide indicators of the value decline in fixed assets, assets that at some point will need to be replaced. Depreciation charges that relate to historical cost are next to useless, and become less and less valuable over time.

While in some sectors, such as local government, depreciation charges are 'below the line' and do not affect the cash available to the organisation, the depreciation charges provide the same value as if the depreciation charges are real, in providing information about the state and life of fixed assets.

Arguably, too few organisations pay enough regard to their depreciation figures, but that does not make them less valuable. Too few capital strategies draw upon depreciation data, which often results in weak capital planning.

The valuation process itself can generate data that is valuable to the organisation, especially in Depreciated Replacement Cost (DRC) valuations which can often form the bulk of the asset valuation programme. The DRC methodology requires the valuer to assess condition and where the asset is in its life. As Gross Replacement Cost and DRC figures diverge over time, it is an early indicator of the asset travelling along its economic life, to the point where it will cease to provide economic value without capital intervention.

Case 4: If we revert to historical cost as the valuation basis, data quality around our property assets will deteriorate, as will investment in data systems, impacting on our ability to manage those assets strategically.

It is undoubtedly the case that the move to accruals accounting in 1994 was a game changer in terms of the amount and depth of information that had to be collected to support the annual valuation process. This information has been invaluable in the strategic management of property portfolios. Much of the data organisations now hold might never have been collected, if not for current values being needed for balance sheet purposes.

The incentive to retain data will reduce if balance sheets move to historical cost, and this will impact on the quality of the property portfolio in many organisations. This can have a detrimental effect on public sector customers and the quality of services delivered.

As someone who joined local government in 1978, my experience is that data collection, quality and availability on local government property estates has improved massively, and mostly down to moving to the revaluation model in 1994.

Summary

I believe there is a strong case for retaining current value, in preference to historical cost, as a basis for measurement of property assets on local authority balance sheets. You may or may not agree with my point of view of course.

I should say that IFRS does allow organisations to choose either the cost model or the revaluation (current value) model, and that remains the case. If HM Treasury was to decide to ditch current value in favour of historical cost it is perfectly entitled to do so without risking non-compliance with accounting standards.

If the HM Treasury review was to conclude on a reversal of the decision that adopted current value in 1994 it would, in my view, be a retrograde step. Yes, local authorities would save a great deal of money and release a great deal of officer time if they adopted the cost model. In my view the sector would potentially lose more than it would gain.

PROCUREMENT

Public procurement post-Brexit: the Covid legacy

Dave Ayre david.ayre@cipfa.org

Dave takes us through a journey of recent bad central government experiences of procurement, the post-Brexit future, and opportunities to innovate before new procurement arrangements are put in place. "The introduction of the new flexible competitive procedure is the opportunity for public sector organisations to design the procurement process which is best able to deliver the outcomes they are seeking in an effective and proportionate way."

Dave is the Property Networks Manager for the Chartered Institute of Public Finance and Accountancy (CIPFA) and advises and presents on asset management, partnering and wider property issues throughout the UK. He has written guidance on collaboration between public sector organisations and public sector asset management.

CIPFA Property: www.cipfa.org/services/property

CIPFA performance in public services

Confidence in the procurement arrangements for public sector organisations is at an all-time low, following media reports on the procurement of Personal Protective Equipment (PPE) and the Test and Trace system during the C-19 pandemic.

These reports were not without substance. Reports by the National Audit Office and the Boardman Report highlighted areas where risks had been increased and the belief (whether real or otherwise) of unfair practices might be perceived:

- The use, in relation to PPE, of a fast-track email address available to members of parliament and others (which was initially referred to as the VIP lane)
- The time taken to publish contracts awarded during the crisis
- Lack of public understanding of the regulation 32 emergency procurement procedure
- The prices paid for emergency purchases, which were higher than market prices in non-pandemic times
- The failure (or perceived failure) of some of the purchased stock to be fit for use
- Incomplete record keeping, including in relation to conflicts of interest; and
- Certain counterparties being associated with the governing party.

While a forensic examination of the evidence has yet to be carried out, Boardman was quick to emphasise that he found no evidence that any specific contract was awarded due to favouritism. However, those organisations who expressed an interest through the fast-track email address available to MPs were 10 times more likely to be awarded a contract than those that did not.

There was a catalogue of failures, but not all could be attributed to the public procurement processes:

- There was a failure to put in place robust contingency plans
- There was a failure effectively to manage the PPE asset resulting in retention of out-of-date stock and a lack of any effective arrangements rapidly to scale up production and supply
- The ideological obsession of successive governments with the need to put in place "market" solutions created convoluted supply chain arrangements and solutions that lacked resilience. For example, the Department of Health and Social Care redeveloped the NHS Supply Chain in 2018, to prioritise financial savings and created a new wholly owned company - Supply Chain

Coordination Limited, which meant that while SCCL was responsible for the management of the NHS Supply Chain, it contracted out both procurement and distribution of PPE to contractors, which in turn contracted with PPE suppliers. Given the soaring levels of demand for PPE, the stockpile and distribution challenges, and disruption in the global market for PPE, the Department created a Parallel Supply Chain, with a team of around 450 staff to find and buy PPE, plus a new distribution system.

- Another example of using the private sector was its decision to run the Test and Trace system. According to the Public Accounts Committee, NHS Test and Trace (NHST&T) cost £37bn over 2 years. Local authority public health departments who had the knowledge, skills and expertise to respond to health emergencies were an afterthought, left with the job of tracking those that NHST&T could not find.

Public procurement – the future

The biggest danger for public procurement going forward is that the combined legacy of the pre-Brexit rules, and the public perception of the unfairness of the public procurement response to the pandemic, will reinforce a risk averse culture that has developed over recent years. If this happens, it will be a missed opportunity not just for public procurement, but more importantly, for communities and wider society who should benefit from the delivery of public services.

Boardman, in his review of the C-19-related procurement, recognises that many of the issues he has identified can be addressed by a combination of the proposals in the government's Green Paper, Transforming Public Procurement, and any future review of the Civil Contingencies Act.

The UK's exit from the EU took effect from the end of January 2020. Interim procurement arrangements were put in place, which are similar to the pre-Brexit arrangements while the government consulted on its Green Paper. The government published its comprehensive response to the consultation in December 2021 and it is clear that it wishes to incorporate into the legislation the fundamental proposals of the Green Paper. For the proposals to become law, they will require primary and secondary legislation and the new regime will not be in place before 2023 at the earliest. The government is committed to give public sector organisations and potential service providers 6 months' notice of the changes ,to allow the necessary training and familiarisation to take place.

The Green Paper proposed overhauling the often complex and inflexible procurement procedures and replacing them with 3 simpler procedures:

- A new 'flexible competitive procedure' that gives buyers freedom to negotiate and innovate to get the best from the private, charity and social enterprise sectors
- An 'open procedure' that buyers can use for simpler, 'off the shelf' competitions
- A 'limited tendering procedure' that buyers can use in certain circumstances, such as extreme urgency.

This is core of the changes to the public procurement regime, and although there will be some exemptions to retain aspects of the previous "Light Touch" regime and for national defence and security purposes, for most public sector organisations these 3 options will be all that they need to consider.

The response to the proposals for this simplified regime is perhaps indicative of a current system that has become institutionalised by strict rules and a fear of challenge. Only 50% of responses supported the proposal and although only 6% opposed them, many responses appeared to prefer following the rules set by others, than by expressing concern at having the freedom to design their own approach under the flexible competitive procedure.

Now is the time to innovate

This institutionalised view of public sector procurement, reinforced by the C-19 failures, risk stifling the much-needed change that needs to take place to our approach to public sector procurement. Much of what is currently written about procurement and the audit reports that refer to procurement issues restrict themselves to breaches in process, failures to follow the rules, and procedural guidance. Very few reports criticise organisations for missed opportunities and poor outcomes - as long as the procedures are followed. The Public Accounts Committee's report on the Test and Trace system is a rare exception. It challenged convention by questioning the performance of Test and Trace in reducing infection and subsequent death rates from C-19.

This leads us to ask the fundamental purpose of public procurement which is – what are the outcomes we are seeking to achieve? Procurement is a way to deliver those outcomes, whether it is a modern transport infrastructure, a positive learning environment, or a modern state of the art clinical facility; it is all about delivering public service outcomes that our communities and wider society deserve and this should be our primary focus. The procurement route and processes should be designed to facilitate these outcomes and are not an end in themselves. The Social Value Act 2012 requires the wider concept of social value to be a consideration in public sector procurement and in June 2018, the government announced a requirement for central government to evaluate the social value outcomes from procurements. Changes to the Treasury Green Book in the context of the levelling up agenda are pushing away from the traditional lowest price selection criteria towards the delivery of public policy outcomes.

While we wait for the legislation to be published and the new arrangements to be put into place, now is the time to innovate. Public services still need to be provided and projects that have successfully drawn down external funding still need to be delivered.

Understand the fundamentals

Individual projects will have emerged from the corporate priorities of public sector organisations - bids to government for infrastructure funding under levelling up and other departmental government initiatives governing schools, highways and other local priories. Many may have local political and community significance for the organisation. Capital and infrastructure projects will go through a series of stages:

Inception of a project will identify the broad outcomes that the project is seeking to achieve, and an examination of the alternative approaches there might be to the delivery of the outcomes. This can be done by assembling a team to carry out an options appraisal and the outline business case, or any bespoke template that the organisation may have designed for bids for capital funding, or the guidance in the Treasury Green Book and its supplements. The outcomes should wherever possible be measurable, including the timescale of the various alternatives.

Project management process: The organisation should have a project management process that should be used to deliver its major capital and infrastructure projects. Some organisations use established approaches such as PRINCE2; others will use alternatives, or will have developed their own approach specific to construction projects. CIPFA provides PRINCE2 Foundation and Practitioner levels of training in the form of interactive video sessions. Whichever project management approach is adopted, the key principles should be:

- The project management process should be proportionate to the scale and complexity of the project. This is particularly important for small projects, where the costs of planning and design can quickly overtake the actual costs of carrying out the work. In these cases, consideration should be given to simple instructions to a constructor partner, in-house workforce, or for simple projects, a request to the "handyman" service to carry out the work. Another expedient approach to delivering minor works projects is to adopt a "walk, talk build" approach with the constructors or maintenance partner
- Clarity of role for the key decision-makers involved in the project. A project sponsor should be identified to represent the client service or department. A project manager should be appointed to assemble and co-ordinate the project team.

To buy or not to buy: The organisation should explore the alternative service delivery options available to it and decide whether some or all of the services and works associated with the project should be delivered in house or outsourced, in part or in full. Most organisations are unlikely to have the capacity to be able to deliver major capital building or infrastructure projects, unless they have in place a pre-procured arrangement with a private sector partner to work alongside their in-house workforce. Organisations may wish to develop the skills and capacity to manage, design and supervise the project in house, or collaborate with other public sector partners who do have these skills.

Procurement route: A procurement route should be selected that is proportionate and appropriate to the project or service to be delivered. For simple and straightforward projects, designers and/or constructors can be invited to submit a proposal to deliver the output being sought. Depending on the value of the work and the organisation's standing orders and contract procedure rules as outlined in their constitution, one or more quotations or tenders can be invited. This is where opportunities to innovate can be identified.

The organisation should establish whether it can access any procurement 'Frameworks' it may have participated in with other public agencies, or may be generally be available to the public sector through agencies such as Crown Commercial Services.

What does history teach us?

It is also worth considering some of the history of construction procurement over the last 30 years to learn the lessons of what works best. In 1994, a report by Sir Michael Latham – "Constructing the Team – the final report of the government/industry review of procurement and contractual arrangements in the UK construction industry" was published. It concluded that the transfer of some successful practices from manufacturing to construction could save 30% against traditional forms of procurement. This was followed by "Rethinking Construction", a report published in 1998 by Sir John Egan. This found that construction projects were widely seen as not delivering on time, to budget, nor delivering quality products. Lowest price tendering was seen as a major obstacle to change: the public sector was identified as the main culprit in perpetuating this practice.

The report identified 5 key drivers that needed to be in place to deliver change:

- Committed leadership
- A focus on the customer
- Integrated processes and teams
- A quality driven agenda
- Commitment to people.

A central recommendation from the report was that job-by-job tendering should be replaced with longer term strategic alliances between client organisations and constructors.

'Rethinking Construction' became a government-led initiative to transform the industry. A demonstration project programme was established to share new and innovative approaches to the delivery of construction projects. Some of the early forms of collaboration were design and build contracts, which had evolved to overcome some of the problems of traditional procurement. These were characterised by collaboration between the team and parts of the supply chain. Typically, the principal contractor manages the design and cost consultancy services, thus integrating design, cost, construction and some sub-contractors.

As projects became more innovative, design and build was extended to project partnering, whereby more members of the project team were seeking to work together and agreements were developed to share risks, benefits and cost savings. A number of improvements over traditional design and build arrangements were identified, arising from the increased collaboration between supply chain partners:

- Improved communication between the team resulted in the earlier identification of difficulties and greater joint problem solving than with traditional procurement and design and build contracts
- Predictability of both cost and time improved as late design changes became less likely, with specialist sub-contractors adding to the expertise of the main contractor at the design stage.

Rethinking Construction subsequently became "Constructing Excellence" and although some changes have been embedded within the industry, the full potential of the transformation envisaged in the original Rethinking Construction report has yet to be realised. This was the finding of the Project 13 initiative established by the Institution of Civil Engineers in 2017 which concluded that:

- When collaboration and alliancing was at its peak there were some notable successes
- However, the governance of procurement and delivery was continuing to be based on obtaining the lowest price through competitive tender. This is particularly the case with the public sector which, when faced with increasing austerity, has reverted to more lowest price tendering
- Despite this, many projects were delivering construction on time, within budget, and to quality.

Project 13 went on to identify a flaw in the current procurement approach, based on the presumption that "the client knows best" and that lowest price represents best value and completion on time, within budget, and to quality, defines the desired outcome. To illustrate the limitations of this thinking, Project 13 draws upon the experience of HS1, the high-speed rail link between the Channel Tunnel and St Pancras International. The project was delivered on time and to budget, so it had met its specification. However, it failed to achieve the forecasted revenues from international passengers, and fell short of the expected returns from property development along its route. So, it did not meet the outcomes predicted for it.

As a result, Project 13 advocates a different approach, much more aligned with some of the original recommendations from Rethinking Construction:

- Establish a long-term relationship between the project owner, the project delivery team, the constructor and suppliers of services
- Develop relationships based on a shared commitment to deliver continuous improvements in performance over the longer-term
- Engage the right suppliers at the right time and successfully integrate them into the team. This is critical to developing the right solutions and delivering value over the long term.

These factors were seen as much more important than extracting the lowest price from constructors and their supply chains through competition. The key lesson to be learnt from Project 13 is that a few percentage points saved in the price of constructor and supply chain services pale into insignificance if they have the technology and know-how that can transform the solution.

Apply learning from history

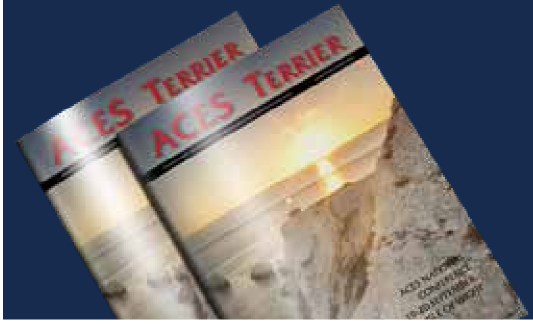
Organisations looking to improve the overall outcomes from their capital programmes need to apply this learning to their ways of working and their choice of procurement route. The introduction of the new flexible competitive procedure is the opportunity for public sector organisations to design the procurement process which is best able to deliver the outcomes they are seeking in an effective and proportionate way. They should:

- Seek to understand their constructors and suppliers' capabilities and know when to integrate them into teams to get the best results
- Invest time visiting suppliers' offices and factories, and in exploring their products and services as part of the procurement process

When the successful constructors and supply chains have been appointed, organisations frequently rely on the chosen contract as a basis to manage relationships and deliver the overall outcome. Yet, when appointing a new member of staff or taking over a new function or team, managers carry out team building and integration exercises to develop a high performing team. A procurement results in not just the appointment of a single member of staff, but a whole network of teams. The same team building approaches should be applied to develop effective teams which openly exchange knowledge and capabilities, and drive improvement and innovation.

The organisation should commit management time to integrating people from different partners, professions and backgrounds into single high-performing teams with shared culture, processes and practices. The skill of being able to design coalitions of suppliers to deliver work programmes will provide much better outcomes than allowing supply chains to be the consequences of a series of traditional procurement decisions.

Knowing and understanding some of these lessons will help organisations to design the most appropriate procurement route and contractual arrangement for the project or programme to maximise the delivery of the desired outcomes for their communities.



ACES

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His main distinction grade MBA dissertation on the public sector handling austerity, gathered information ranging across 450 years' public sector experience and over 50 organisations. Senior councillors, union officers, managers and professionals contributed to a corporate, business, commercial and stakeholder focused thesis covering the sector in depth.

SERVICE REORGANISATIONS
Corporate, divisional and service reorganisations

Anthony Bamford MBA MRICS MIWFM . anthonybamfordmba@gmail.com

Tony sets out the principles and practicalities of carrying out an effective service reorganisation. "The worst reason for a reorganisation is a shuffling of the cards or moving the deckchairs on the Titanic. A pointless and futile exercise where nothing of purpose is achieved."

Background

As a member of ACES national council, I have been fortunate to be asked to attend a number of meetings at different branches across the country. One of the primary issues being raised recently has been about service reviews in particular, but I am going to look briefly at corporate and divisional review work as well, to put this into context. Without such consideration, any simple review of a service is going to be isolated and probably not as robust as it should be, as a consequence. I have had the benefit of training around this area at several authorities, as well as undertaking a number of service and broader reviews and acting as critical friend for a wide range of non-asset-based services. This has given helpful insight from a range of perspectives.

Having undertaken a number of senior management qualifications, I am conscious that the resources around the practical application and implication of this activity is more scarce than might be expected. I will also touch on the aspect of horizontal and vertical interfaces where client frameworks are in place or alternative delivery models under consideration. In addition to organisation/client staff, this demarcation discussion may be of interest and helpful to consultants and advisers. Finally, if you think obtaining a handful of organograms from similar organisations is central to this process please read on. This is an unhelpful but widely held assumption.

Introduction

I am trying to avoid too much theory or academic commentary so will deliberately use some metaphors to try and make some principal points. Briefly though, it is important to mention the key work of Mintzberg (1980) on organisational structures and frameworks, and to be aware of these principles, since it affects the overall reason and purpose of the organisation and the constituent parts of it. Local authorities and the NHS comprise classic bureaucratic frameworks (Handy, 1999) and their strength is stability, but their weakness is lack of nimbleness. These organisations have attempted to become more agile and responsive in different ways including breaking into smaller parts, illustrated for example by Greiner (Greiner, 1988) and shadow change and agile teams (Kotter, 2014).

Core principles

A taxonomy of corporate direction I came across many years ago, early in my management career, comprises the GOSPA principle (Ashford, 1999). This comprises in descending order: Goal (of the organisation), Objectives, Strategy, Planning, and finally Actions. It is helpful to understand these as slices across a pyramid, with goal at the point at the top and actions forming a layer at the bottom. The importance of this is that it helps alignment in particular, which is often difficult, regardless of the nature (Handy, 1999) of an organisation. This mindset also helps with audit issues.

In most organisations, strategies and plans are likely to exist with identifiable titles and action plans are well recognised (Haynes et al. 2017). However, especially corporately, the goal and objectives layers can be more difficult to identify. In the commercial world, acquiring customers or growing profit may be the goal. For councils and the NHS neither approach would apply. Therefore we need to consider the role of objectives. These are more identifiable in corporate plans, community strategies and local strategic partnership (Public Service Boards in Wales) overarching aims.

Supporting the organisation

Across councils, assets will support one of three central objectives: regeneration, economy, or resources/assets. In the first two areas, the property and assets areas will fall under a broader umbrella with overarching titles such as place. In the latter, resources will sit under finance and may have a narrower viewpoint, often depending on the breadth and capability of leadership in the organisation. In smaller councils, especially district councils, property may be aligned with legal services, which tends to make the purpose very transactional. So, there will be three issues: outputs/outcomes, organisational background, and organisational mindset. This demonstrates the goal for any service and consequent service review. Strategic asset management planning will also require service planning understanding and engagement across the organisation and often with partners (Haynes et al. 2017). In various parts of the UK, multi partner projects across housing, blue lights, academies and other providers are continuing. An alternative approach to GOSPA is What, Why, How and Who? Essentially what are we trying to achieve (goal/objective), why (outputs/outcomes), how, eg in-house or mixed (horizontal boundary- see below) and who (resources and staff in house or brought in - see Handy's Shamrock (Handy 1999).

Service reorganisation

Overarching responsibility for strategy, compliance and health and safety cannot be outsourced. It is very important to consider the responsibilities and boundaries with any third parties in these areas - touched on further below. Referring to the above paragraph, place objectives are likely to require more development surveyors or those with client-side skills in this area; finance is likely to require more valuers and surveyors; and legal focus on estate managers. Naturally this is a simplification for effect, but hopefully demonstrates the issues and principles. This emphasises the fallacy and weaknesses of the organisational chart collecting approach. It is akin to gathering car brochures when you don't know whether you want a luxury saloon, chunky four-wheel drive, or small city car. Unfocused and of no practical help and a poor starting point.

A service reorganisation is likely to reflect the wider organisation in terms of depth or shallowness of hierarchy. The skill sets, knowledge and effective oversight of the resources and staff by supervisors and management will be important factors here. In planning this, the span of oversight or control will also be important. Many managers will be familiar with the rule of thumb of span of control not exceeding six. Some of these approaches stretch back to the origination of organisation structures in the late nineteenth century by US railroad companies, which indicates how long-standing some of these "rules" are, perhaps indicating their outdatedness. More important today will be interaction and communication, as touched on in my hybrid working article [Ed – see 2021 Autumn Terrier]. An alternative is to follow the zero-based budgeting approach and begin with a clean sheet and build up resources and posts (a zero-based organisational redesign in effect) starting from first principles - highly effective.

Adjusting the vertical and the horizontal boundaries

Commercialisation and alternative delivery modelling have led to a variety of focuses/approaches in this area. For example, unusually, one major authority I know of split the FM and building surveying functions out from property and put them into their commercialisation pool. This makes organisation responsibility for compliance and associated matters less clear and transparent and is an unusual example of a vertical boundary being introduced between property/assets and FM/maintenance. More usually a commissioning or client/contractor split will occur, creating a horizontal boundary. Again strategy, operational and compliance needs should be identified and oversight resources planned for. If the organisation is in a turnround situation, this will require a different approach and importantly leadership for the service, compared to a realignment scenario and associated insight and leadership skills (Watkins, 2009).

A number of real estate or project companies that consult in this area have relatively standard templates. However, that is why I have set so much emphasis on understanding the context of the organisation. It is important to establish that all-important golden thread to outside the services, rather than have them set into pre-determined boxes (Haynes et al. 2017). An alternative broader approach set out both in an academic article and book form (Heidari-Robinson and Heywood, 2016) identifies a business consultancy approach suitable for any business. This revolves around a 5-step process and is central to this entire review activity.

Partnership working

Having worked in a unique One Public Estate multi shareholder/client partnership, an interesting perspective was provided for serving multiple clients in the property and assets area, which was perhaps more integrated than most. If collecting organograms is a little pointless, the same cannot be said for corporate plans/strategies and other essential documents which can identify and drive effectiveness and efficiency with greater ease and speed. This can then help revenue and capital planning to similar effect. A service connection and business visioning approach are therefore required. This may not be present in the surveying technical mindset and therefore a review/reorganisation team will have to consider how to build and develop this visioning and planning.

The development from the second edition of RICS Public Sector Asset Management Guidance to the recently published third edition can help illustrate the changes and direction of development in this area, and therefore what reverse engineering and staff skillset resourcing is necessary and required, along with development and growth. Allocating a strategic resource and team members alongside an operational resource and team members and initiating and developing their interaction and effectiveness, remains one of the most important challenges for a property/assets service area. I emphasise this, having seen the activity and interaction of these two areas over 30 years. Despite improvements, this remains a core issue to deal with and watch.

Conclusion

I hope this blending of theory, practice, metaphor and resources will be helpful for those undertaking organisation reviews at all scales and levels, no matter how well versed. From my experience in a number of councils, a service reorganisation should not take more than 12 months. Multi-sector experience suggests 6 to 9 months is entirely reasonable (Heidari-Robinson and Heywood, 2016). It is really important to understand that such activity is necessary; otherwise, it will be an unnecessary distraction. The worst reason for a reorganisation is a shuffling of the cards or moving the deckchairs on the Titanic. A pointless and futile exercise where nothing of purpose is achieved. Hopefully the above will help you to spot and avoid such a pitfall. Widescale backfilling of posts is a strong indicator of such an exercise.

In its stead, effective leadership, alignment of assets as a corporate resource article [Ed - see 2017/18 Winter Terrier] and communication is best focused on and developed to create Dynamic Capability (Easterby Smith et al. 2009, Eisenhardt et al. 2000, Teece et al. 1997). This will pay dividends over the short term, and longer term focus the Resource Based View (Barney, 1991). Finally and importantly, if the goal in the commercial sector is to obtain and support customers, the goal in the public sector is to make people's lives better. Understanding this summit of the pyramid of activity will help guide resources, strategy and operational work more clearly and effectively. A carefully selected range of resources in this area is set out below.

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HEATHER HOSKING, LONDON BRANCH

Meeting held on 1 December 2021

11 members attended. Neil Simon welcomed everyone to the meeting. He thanked everyone for his election to the post of chairman, and thanked Chris Rhodes for his work over the previous 2 years. He expressed his disappointment that it had not been possible to hold the meeting face to face, or to hold a Christmas celebration, but hoped that we would soon be able to restart our "in person" meetings.

ACES matters

Chris took up his post as President of ACES at the AGM on 12 November. One of Chris's duties is to organise the national conference, which will be held in Sutton on 15/16 September.

Neil mentioned that the RACES initiative is looking for trainee and recently qualifies staff who would benefit from the mentoring and counselling that RACES volunteers can provide. Additionally, peer connections could be established.

CPD

The following topics were suggested:

- As London local authorities have elections due in May, it was suggested that London Communications could be invited to speak at the March meeting on their predictions for the results, and the implications of those predictions
- Cladding – the ramifications of the Grenfell Tower fire continue to affect property owners
- Feedback from a commercial real estate apprentice – two years on. One of the Ministry of Justice apprentices has been invited to present
- Infrastructure in London
- Solutions to improve energy efficiency ratings.

Exchange of information

- A council's recent acquisition of a shopping centre had given rise to new areas of work in the client role for day to day management, which is being carried out by an external agent. The centre was acquired as a regeneration opportunity. It had been valued at over £70m 5 years ago but was acquired for just over one third of this value
- Falling school rolls had meant that work to provide a new school had been discontinued; demand for school places had fallen at other authorities, causing challenges with the school estates
- A council is reviewing the latest advice from HMT and CIPFA on investment in property as an income producing opportunity to support revenue spending
- One member is increasingly being involved in decarbonisation projects
- A council's voluntary community asset strategy was recently adopted; the terms of 40 leases are now being amended
- A property requirement tracker is being developed to identify all the approaches received from parties interested in taking premises in the council's area
- A council has had a lot of involvement recently in the provision of health care facilities, including leasing 2 new GP practices
- An authority has housing schemes active on 76 sites, one site of 600 units. The council is also considering 2 CPO projects
- A regeneration scheme has a focus on the provision of workspace.

Date of and arrangements for the next meeting

The next meeting will be held on 28 January. It was agreed that we would try to find a venue for a face to face meeting, but it was acknowledged that continuing social distancing requirements being operated by many property owners could make this difficult.

JENNIFER SCOTT, SCOTTISH BRANCH

22 Scottish Branch members and guests Paul Bagust and Chris Brain met virtually on 28 January 2022. The new chair, Moray Angus opened the meeting and welcomed attendees, including 3 new members.

Valuation Working Group – the branch executive is to appoint David Mitchell to chair and arrange meetings going forward until the current chairman returns from illness.

Asset Management Working Group – a report was made of the meeting held on 30/09/2021. Andy Moir remains keen to increase attendance and would welcome both new attendees (who need not be branch members) and suggestions for future discussion topics. Topics that were covered were social value measurement, suitability assessment (non-school) hybrid working, prioritisation of maintenance. The next meeting will cover topics topics of repurposing assets for housing, hybrid strategies, PFI handback, measuring social value. Further meetings will be held in late May and September.

A question was raised about enviromental matters/best value affecting values.

Discussion forum – topics discussed included:

- asset valuations and indexation

- discussion with audit between 5 year revaluations; impairement reviews; many councils are now indexing all DRC values annually via BCIS. However, a member advised of a report on property markets as an alternative to annual cycle of indexation/valuations. Concern over the use of indices was expressed

- the valuation of burden on development land for social housing
- Recruitment and staff development - a member raised a year out student proposal by Edinburgh Napier University. There were some members' concerns over support, however, members were overall positive about the programme going forward. There was discussion around APC candidates and shortage of chartered surveyors. Various authorites are looking to develop in-house skills. Two members advised of financial recruitment and retention incentives. It was concluded that graduate recruits are yielding good results and any examples of good practice should be shared. A possible short life working group on this topic was suggested.

Paul Bagust, Head of Property Standards, RICS – Paul advised of a future presentation on IBOS self-assessment tool and the 5 pillars. Members expressed concern over the data collection requirement with limited staff resources. Document to be circulates [Ed – see full article in this issue of ACES' Terrier].

Chris Brain – Chris provided a presentation on 'Strategic Portfolio Reviews' to members and guests. There were 47 attendees.

Next meeting – to be a virtual meeting on 27 May 2022.

ALISON HEXT, HEART OF ENGLAND BRANCH

HoE held its branch meeting on 3 February 2022. The meeting was virtual and had attendance of 21 people for the CPD event, with 18 staying for the branch meeting.

Chris Brain gave a talk on Environmental, Social and Governance (ESG) and valuation implications. The talk was advertised with the topic being on ESG, so the first part of the discussion was around what ESG stood for - Edgar Street Grid was one answer, as this is a recently completed redevelopment area in Hereford and remains lodged in the minds of a few HoE branch members.

By the end of the talk we all knew what ESG stands for, and there was much discussion about the implications on valuations and compliance with the RICS Red Book - or not - as public sector property portfolios are outside the guidance note. Whether public sector properties are included in the Red Book or not, ESG will have an impact on disposals, acquisitions and strategic decision making.

Of the professional matters discussed, the Commercial Rent (Coronavirus) Bill was raised. The Bill has been enacted and the follow up for branch members was a link to a CPD event on the Commercial Rent (Coronavirus) Act 2022 held by CMS Law Now [Ed – although the event has now been held, there is some useful information by the organisers at: https://www.cms-lawnow.com/ealerts/2022/03/update-on-the-commercial-rent-coronavirus-act-2022-the-act].

HoE has interest from one of its graduate surveyors to be involved in FACES. I hope to be able to provide an update on this initiative in my next report.

Next meeting – the next HoE Branch meeting is on 23 June 2022. President Chris Rhodes will be attending, venue tbc

GERRY DEVINE, WELSH BRANCH

2022 – An early start

Following our very busy end to 2021, the Welsh Branch had decided to keep up the momentum; we kicked off our 2022 programme on 16 February with a virtual meeting, a month earlier than usual as virtual meetings do not suffer the threats of travel disruption in the Welsh winter.

Once again, Sam Rees, Senior Public Affairs Officer, RICS Wales, juggled his commitments to give us an update on RICS matters. Sam outlined some of his work with Welsh Government towards improved building safety. This included the introduction of Building Passports and an innovative leaseholder buyout scheme for owners of flats 'trapped' by cladding issues post-Grenfell, as well as RICS Guidance being drafted on Technical Advice Note 15 regarding potential flood risk and mitigation measures in Wales.

On the academic front, Sam and colleagues at RICS have continued positive discussions with universities in Wales regarding the provision of RICS-accredited courses in estate management and other surveying-related disciplines, including engineering, with a target first intake date of September 2023. Sam also advised of dedicated support for APC candidates and that membership subscriptions now included online CPD packages, some of which are Wales oriented, for which only registration on the RICS website is required. Sam asked the group if there are any other Wales-specific topics that they would wish to be covered in future CPD sessions.

The Branch Secretary reported on matters from ACES Council in January, including an update on the RACES initiative and ACES C-19 Liaison Officer, Tony Bamford, reminded us that C-19 has not gone away: the Omicron variant is still a serious threat and has now mutated into the BA2 strain. It has also been reported that rats in New York have contracted C-19, a development which could lead to further serious mutations.

Dr. Claire Bloomfield, Head of Estates Operations, Land Division, then provided updates on Welsh Government (WG) matters. Social distancing in offices was still very much in operation, with around 50% of staff working in the office and the other 50% working from remote hubs or from home. The Hubs 'team' has been reduced to just one person as the national online booking service is fully in place, but WG is still working on developing remote hubs with 'Digital First' as the mantra.

Data Map Wales is due to be launched in March. The map will include, for example, woodland opportunities, electric vehicle charging points, energy recovery, and the Assets Collaboration (through Ystadau Cymru) programme [Ed - formerly known as the National Assets Working Group]. Following last year's Skills Training Programme provided through CIPFA Property by Ystadau Cymru, discussions are ongoing with CIPFA Property regarding future skills training provision.

Nigel Thomas, Head of Estates Expert Services, advised that 'In-Site' (the replacement for e-PIMS), will be more about data gathering than estate management. Consistency of data could be an issue and discussions are needed with users to map out a consistency of approach. The main data set will generate the annual 'State of the Estate' report and this could potentially include data such as travel to work journeys, to assist with meeting our climate change/net zero carbon targets in Wales.

The discussions moved on to asset management and estates and valuation matters, including the prospect of a 'return to the office'. Were some, or all, authorities/organisations making payments (e.g., towards energy costs) or providing other support measures to staff working from home? Were terms and conditions of employment being changed by authorities/organisations to reflect the changed circumstances? In response, some were providing home equipment (workstations, desks, chairs, laptops), and some were making energy allowance payments. Some reported their operating models being revised, generally into permanent (home), hybrid or agile systems, but some workers, mainly manual, were unable to work from home. Some were finding resistance to new ways of working from some corporate managers who were failing to grasp the nettle and were pushing for a return to the old ways of working, despite evidence that home working had proved to increase productivity.

Chris Brain (www.chrisbrainassociates.com) told us our next 2 hours of CPD would include items on public finance, asset management, performance reporting, commercialism, climate change and measurement standards – phew! [Ed – blimey, he's good value!]. On Public Finance Chris advised that most members would be aware that local authority accounts must be signed off by the end of the September following each financial year end. However, earlier in February CIPFA LASAAC had issued an exceptional consultation on time limited changes to the Code to allow further time for the publication of accounts, and also to further delay the introduction of the revised IFRS 16 rules for leases. This was because 90% of English councils had, due to C-19 disruption, failed to comply with the previous September deadline.

On Asset Management, Chris advised that RICS is working on new EUV Guidance (he is a member of the Working Group) and is aiming for publication in June 2022 [Ed – see Chris' full article in this issue of ACES' Terrier]. RICS had also, on 1 February, published the First Edition of IBOS (International Building Operation Standard) - A framework for assessing building performance, which will have global application and can be found at: ibos---international-building-operation-standard_1st-edition.pdf (rics.org) [Ed – see Paul Bagust's full article in this issue of ACES' Terrier].

Chris also noted that Wales has falling birth rates, with fewer than 30,000 births in 2019, the lowest for a hundred years. In 2020 there was a further fall to 28,661, 20% less than in 2010. What has this to do with asset management, you may ask? Well, Chris pointed out it will have an impact on the 21st Century schools building programme. (He didn't mention the shrinking talent pool from which to pick the Wales rugby team!). Moving on to Performance Reporting (nothing to do with the last statement!), Chris advised that Sections 90 and 91 of the Local Government and Elections (Wales) Act 2021 had come into effect on 1 April 2021, meaning that the first reports from councils in Wales are due in March 2022. How is your council performing? S24 of the above Act also provides a 'general power of competence' to qualifying local authorities in Wales. This general power of competence (GPOC) gave principal councils in Wales the power to do "anything that individuals generally may do", effective from 1 November 2021. This could produce opportunities for commercialisation, e.g., the values of several shopping centres have fallen significantly and this could present opportunities for councils to intervene and regenerate these sites. However, lessons may be learned from some English councils which have for some time enjoyed this GPOC – several energy companies part-owned by councils are among those that have become bankrupt recently with the onset of rising wholesale prices in the current energy crisis. Where such companies were financed by borrowing, some councils will now have a shortfall in their Minimum Revenue Provision, as the revenue generating 'asset' no longer exists and so may have difficulty repaying the loans, especially at a time when the government is tightening the rules on repayment.

On climate change, Chris pointed out that over 25% of the local authorities in Wales have no climate change plan and thus lie at the bottom of the Climate Plan Scorecard. Cardiff sits at the top, with a score of 70%. Chris also drew attention to the RICS Responsible Business Framework and the Whole Life Carbon Assessment for the Built Environment, as well as a free course on 'Energy and Carbon in the Built Environment' provided by the University College of Estate Management for built environment professionals (https://www.ucem.ac.uk/energy-and-carbon-in-the-built-environment/).

Chris then moved on to the International Property Measurement Standards (IPMS) and reported that an Exposure Draft for ALL BUILDINGS had just been issued by the IPMS Coalition (which includes RICS) and can be found here: IPMS All Buildings - Exposure Draft 2022.pdf (intstandards.org). In closing, Chris gave us advance notice of his Asset Valuation Roadshow taking place in Autumn 2022.

Chris again provided an informative and well-structured CPD session on a diverse range of topics. You may ask, 'What will he do for an encore?' but, no doubt, Chris will provide an equally educational session for our next meeting, which members requested should include energy and carbon as an increasingly important topic in the day job.

Next meeting: A brief discussion and straw poll took place as to whether our next meeting on 18 May should take place virtually or as a live event. As virtual enables better attendance, avoids the need for travel (so more climate friendly), it was decided to hold the meeting virtually, and we look forward to welcoming ACES President, Christopher Rhodes, to join us then.

ESTATES GAZETTES OF YESTERYEAR

Betty Albon, ACES Editor editor@aces.org.uk

I have been dusting down a few more volumes of the 1960s through to 1980s Estates Gazettes which I inherited from my mentor. Here are a few more pieces worth sharing. It seems that apart from prices, everything that goes around comes back around.

17 January 1970

It is regrettable that too many local authorities would refuse to exercise their powers to further the reclamation of decaying areas because the entrepreneur would make a profit.

7 February 1970

The Prime Minister gave a pledge that homes would be built at a rate of 500,000 a year. The figures for 1969 now reveal that a total of 366,793 were completed…..a drop of nearly 50,000 on 1968……If the government were to concern itself more vigorously with the relief of poverty and leave the housing market to operate under the laws of supply and demand there would be no more a housing shortage than there is a shortage of other commodities.

7 February 1970

The Association of Local Authority Valuers and Estate Surveyors. At a recent ordinary meeting of the association….addresses were given by Mr Lovelock of International Computers Ltd on "Introduction to computers".

14 February 1970

A problem of valuation which has yet to be really satisfactorily solved is how to place a monetary value on amenity trees and woods.

11 April 1970

Residential land prices £ per acre:

Location	1964	1969
0-20 miles to London	22,000	40,310
0-20 miles to Birmingham	10,950	19,380
Cambridge	2,080	4,530
Lancashire	4,640	10,000
Wiltshire	3,900	5,800

2 May 1970

The average rent of council houses in England in March 1969 was 40s 9d (range £8 2/6d in Kensington, 3-bed flats; lowest 1-bed houses in Chester-le-Street at 7/6d) [Ed – hopefully you all remember 'old' money].

9 May 1970

If men skilled in the intricacies of the property market could have been key members of the teams concerned with urban renewal it is possible that some of the more disastrous economic blunders in redevelopment would have been avoided.

30 May 1970

In a few years the 18 to 21 year olds will constitute a significant section of house-buyers.

19 September 1970

"A public enquiry is mainly a battle fought from prepared and entrenched positions and, moreover, an extremely verbose, boring and expensive battle." (Professor Peter Self on the Greater London Development Plan).

17 October 1970

The proportion of old buildings to new which in the days of William Morris [late C19] was about 9 to 1 is now reversed and by the end of the century only 1 building in about 500 will be old. Lord Holford recently quoted these statistics to warn preservationists that the territory they were defending was diminishing rapidly.

31 October 1970

Incoming President to ALAVES: "The Association has assisted in no small measure in establishing the valuer and estates surveyor as an essential part of the local government machine. It has done this by fostering among its members a spirit of enthusiasm and loyalty for a discipline which is inevitably a mixture of professionalism and devotion to public service."

3 ways to promote members
[Ed – summarised]:

I. Government departments seek the advice of the Association
II. Greater cooperation with other professional organisations, eg RICS
III. Promote the work undertaken by local authority surveyors.

28 November 1970

…..a 5-day course arranged under the title "The future of the high street" by York University…."The future of retailing in this country lay, in Mr P's view, to a large extent with the motorist".

5 December 1970

One might almost think that developers are constantly trying to carry out works in the wrong places, to meet no known requirement, and in defiance of the needs of the community.

12 December 1970

'Conservation', 'pollution', 'ecology', and the rest of the vocabulary associated with the preservation of the environment have become so much a part of common usage that there is a real danger that familiarity will breed contempt.

30 January 1971

Beekeepers in Shropshire estimate that about 1 million bees were killed last year as a result of aerial crop-spraying in the county. Now the beekeepers are pressing the Ministry of Agriculture to introduce a code of practice for crop-sprayers. Unless this is done, there will be serious pollination problems.

6 February 1971

Council house building statistics: the cost of building a council house is about £5,000; the Public Works Loan Board interest rate stands at 9.88%, so interest for 60 years is £29,730. Rather, local authorities are encouraged to use their own revenue, which is very limited in stature.

20 February 1971

Developers are now increasingly conscious of the desirability of designing housing layouts around existing trees.

20 March 1971

"I should introduce a word of caution here. The use of Discounted Cash Flow in property 'valuation' is dangerous: one can easily fall into the trap of taking decisions based on information which is more suspect than guessing the value in the first instance would be."

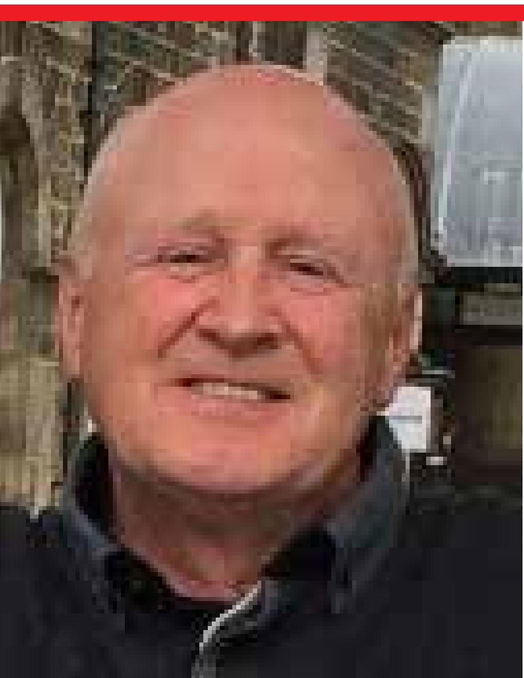
26 June 1971

The "awful example" of decay in American cities should serve as a warning of what might happen in Britain…..City blight in America had been due to a complete lack of planning.

26 June 1971

LAVA's Summer meeting:

In comments to the Secretary of State for the Environment on the proposals for local government reorganisation, LAVA recommends the creation of separate valuation and estates departments, under their own chief officers, in all new counties and metropolitan districts as well as in the larger of the new districts. The Association believes that the scope and complexity of land transactions undertaken by the new authorities will call for the employment of qualified valuers and estate surveyors alongside experts in related disciplines. It is recommended that the smaller district councils… should be able to call upon the services of county councils' professional staff when required.



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

HERDWICK TALES

Synergy and pimples

Dave Pogson

Selwyn is Property Services Manager for the fictional Herdwick District Council. From January to June 2001 his daughter Lisa is temporarily working in mainland China. Communication is difficult so he stays in touch by sending her an e-mail once each month. He tells her about his work and the people he encounters during it.

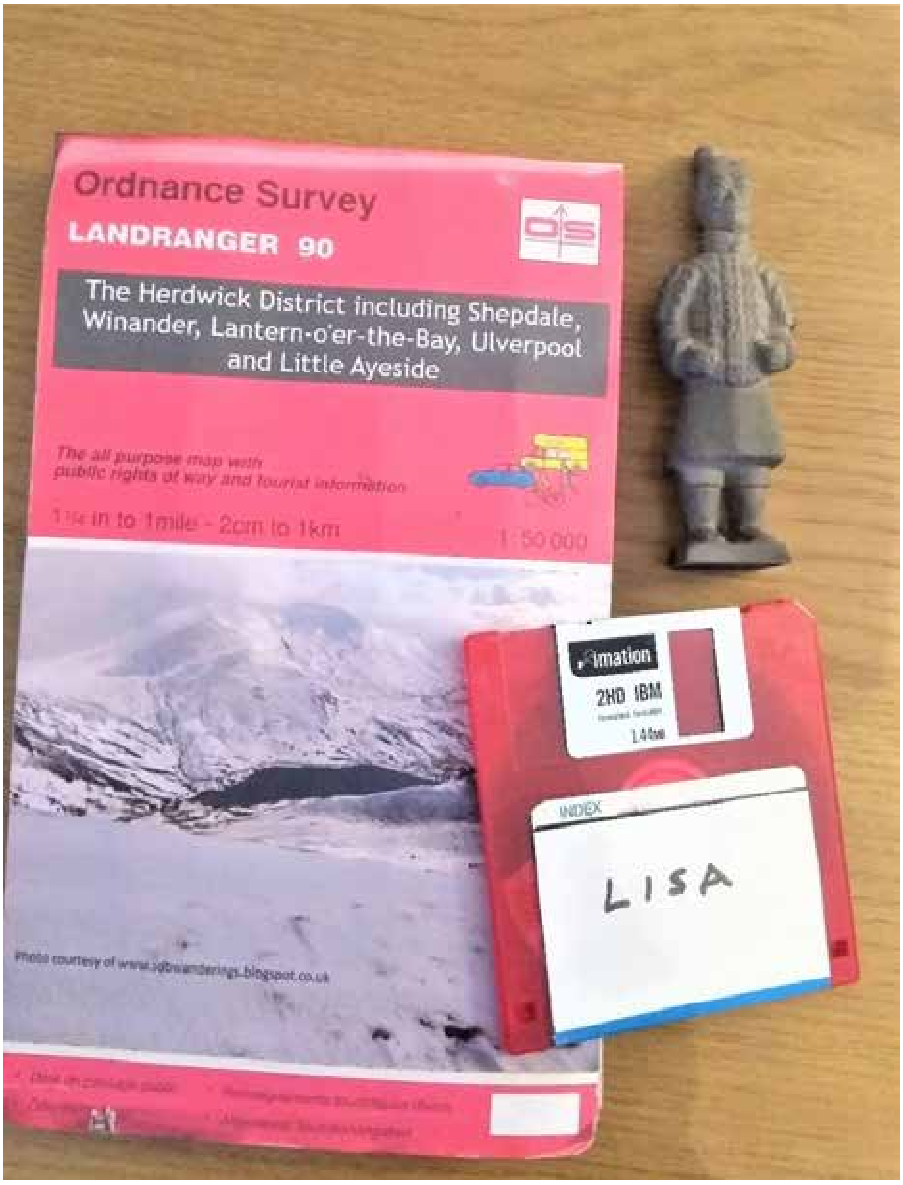
From: dad@user.freeserve.co.uk
To: Lisa345@hotmail.com
Date: 12 June 2001 20:57
Subject: Herdwick Tales

Hello Lisa

Not long left to go now until your Chinese adventure ends. Your mother says that you might extend your trip by travelling across China to view the Terracotta Army before spending a bit of time in Hong Kong on the way back to England. Well, why not if you can afford it? It's on the doorstep and you may never be this close to it again. Don't worry about your Mam. The doctors, while they never give any guarantees, say that they are optimistic about the outcome. I'll book some leave from work to look after her for when she comes out. I may as well use up my holidays as she won't be fit enough to go away this summer, and you might as well take advantage of that before you go back to uni. She doesn't want you rushing home as there's nothing that you can do to change things.

I'm pleased that the box of scenic Herdwick postcards arrived ready for you give out to each of your students as a farewell gift. Presumably you are building a complete English lesson around explaining the concept of postcards. I was a bit worried that the box might have been impounded by Chinese customs as a suspicious package. I mean, who else other than British wool smugglers attempting to drum up new clients would send pictures of Herdwick sheep halfway around the world?

How are you getting on with putting personal notes on all 40 of them?



Hopefully you are writing them in English not Mandarin. It must make it much easier for you with each student having adopted an English name. I'm amused and impressed by their choices. Young mothers aren't naming their babies Gladys, Ethel and Winifred over here anymore. Now we have little Beyonces, Pinks and Madonnas. Madonna ... what's all that about? At least the names Gladys, Ethel and Winifred fit with the Chinese craze for ballroom dancing. Maybe they'll switch names to Madonna, Beyonce etc when they catch up with our songs. You never said, did your feet survive your night at the last ball?

Steve and Kurt from IT came round today to install the new computers previously stored under my desk. You may remember me mentioning them in my first e-mail last January when they were delivered. Only 5 months waiting this time. Things are improving. Why do boffins always travel in pairs? Is it for protection against the abuse that they deserve for never coming when you want them to? Anyway, they did the job and everyone in my group is now connected to the Internet and the Intranet. Don't ask me what the difference is because I couldn't understand Kurt when he tried to explain it. Something about one being connected outside the council and one only being inside the council but both doing similar things. A bit like the good old days with VHS and Betamax digital recorders then, eh? Nobody knew that difference either. Oh sorry, I forgot you still have no idea what Betamax is…or was). Just put it down to your youth.

This morning the Chief Exec called in all group managers for a presentation in the council chamber in Shepdale Town Hall. I thought that he had forgotten about reviewing my group after the maintenance budget was restored in March. Instead, he wants to review the whole council structure (again). He said something about 'synergy' (I had to look it up – see note) and the ability of professional groups to cross boundaries. For example, planners might be able to do some elements of estates work; architects might be able to do some elements of public health inspections when the pressure is on or when staff shortages arise. It's something to do with moving staff around to even out the peaks and troughs in workloads and keep the salary bill down. Apparently it needs consultants to do a job evaluation exercise first to find out what people do (he's the Chief Exec, doesn't he already know what council staff do?). It will enable him to weed out the surpluses in staffing and even-out disparities in pay, then staff may be moved around as necessary. There could be 'winners and losers' but he expects that most staff will remain as they are at the end of it (in which case why do it at all?).

The man is as daft as a brush. Unfortunately he is not alone. What do planners know about estates work? They can't even do their own job properly. They just make it up as they go along. It's a fictitious profession, justified by lots of fancy words with principles that change like the seasons, applied by people who bend to the wind whenever anyone challenges them. They exist only to prevent constructive things happening or to justify things that should never be allowed. If I was running the country I'd do away with the planning system. Take that convoluted fiasco about that affordable-housing-and-Doctors'-surgery application in Little Ayeside that ended with Councillors Blackledge and Simpkin scrapping in Shepdale Town Hall corridor. What a lengthy waste of time and money that was. People could still submit planning applications but under my new system, the Chief Exec would just turn up in the council chamber each Wednesday clutching that week's bundle and decide them on the toss of a coin. Heads approved, tails rejected. No appeals. We'd only need one committee clerk to record the result and one neutral witness to ensure no cheating. Get rid of all planning officers and the entire planning committee as well. Quick, cheap and no worse an outcome than the present system. That's synergy for you … and there would be plenty of winners and losers.

And fancy employing consultants who will no doubt charge a pretty penny to do the job evaluation part, probably at the expense of existing group budgets like my maintenance funds, while using us to tell them everything they didn't know but should have done before they arrived. So, heed my words. When you finish your MA, and should you decide on local government as a career choice, be warned. Old Arthur (who trained me) and I are a dying breed: well, Arthur's already dead but you know what I mean – experienced specialists who knew their jobs and stayed with one authority for life out of loyalty because they felt valued. That era is over. Youngsters like you and Farah will be endlessly reviewed and restructured in and out of work for the whole of your careers because "change for change's sake" is the new mantra. Good luck to you.

There, I feel a little better for that rant. Please don't quote what I've just said outside of China.

We all met the Chief Exec's presentation with a stunned silence and filed out shaking our heads. How come the Chief Exec and the directors are always exempted from these reviews?

On the way out the Chief Exec collared me. He's been talking to the CE of Lanchester City Council at a recent SOLACE (Society of Local Authority Chief Executives) meeting. LCC is buying something called PIMPLES (Property Information, Maintenance Programme, Leases and Estates System). He says it is a software database designed to hold and sort all our property records, deeds, sales, leases, rent reviews, maintenance and servicing budgets, works orders and building running costs including energy costs (he'd had to pause for breath at the end of that sentence. I wasn't aware that he knew that we did all those things). He said that it will revolutionise property management in Herdwick DC and get rid of all our paper records. Apparently if we buy it in partnership with LCC we will get a big discount from the supplier and it will make the Property Services Group super-efficient. He wants me to go down to Lanchester to see a joint demo and write a report on it. I'll need some solace after that trip and no doubt my pimples will need squeezing too.

Jim, the Senior Committee Clerk, and I decided that we deserved a pint at lunchtime as we had a lot to talk about, so we went to the Tup for a change. A pint of Rampant Ram had never tasted better. And guess who we met there – yes, Eric from finance. It's good to know that some things remain constant in this turbulent world.

We talked about 'synergy'. Eric isn't a group manager like Jim and I, so hadn't been at the presentation. We gave him a summary. Then he amused us with a joke: 'What's the opposite of synergy? Answer – s'outergy.' I didn't know that accountants had a sense of humour. I still don't. And yes, it does require some explanation. According to Eric those who embrace synergy will remain in the council and those that don't will be out on their ear. It fitted the mood – not funny at all.

In the afternoon I called my group together and gave them a briefing on the Chief Exec's 2 proposed initiatives. Synergy/job evaluation was met with absolutely no enthusiasm from the staff. PIMPLES generated more interest, especially from the younger staff, like Farah, one of my estates surveyors. I predicted that computers would never get any bigger and that they would never be able to replace our jobs. Someone reminded me that's exactly what I said before the typists disappeared. I said, "Don't be rash ... I can't see the Chief Exec getting PIMPLES…" (maybe I could have phrased that better). How could an electronic box and a little screen hold all our enormous linen maps and 3-inch-thick paper files from the past and the future? I feared that it would mean no more trips to the town hall basement for information. That would make old Arthur turn in his grave. I continued "…and Steve and Kurt from IT can't cope now with the Internet and the Intranet so how can they cope with PIMPLES too?" (my comments were getting increasingly surreal). Is Intranet the opposite of Internet like s'outergy is the opposite of synergy? They all sound like joke words to me.

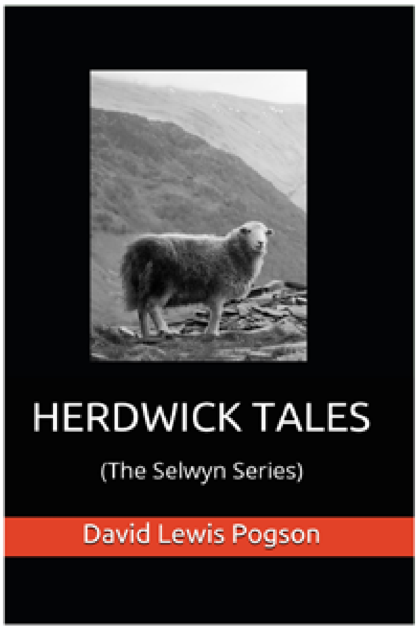
Farah disagreed as she is a big advocate of the 'paperless office' and explained that we were on the cusp of a digital revolution. There may be more work initially to set PIMPLES up and transfer all our records into it, but subsequently we might all obtain great benefits from it. The discussion broke up after that when one of the building surveyors asked how come the Chief Exec could afford to pay consultants for his job evaluation exercise, and could afford to consider buying this new database that we didn't need, when we couldn't even get a full budget to maintain the buildings? I gave them my best answer. 'I have no idea.' They all went back to work muttering. It wasn't my finest hour as a leader, but my philosophy remains firmly rooted in the Alex Ferguson school of management – we are united because everybody else is against us. In case you haven't heard about it in China, United have just won the FA Premier League title for the third season in succession, and the seventh time in nine seasons. If only our Chief Exec was as good a manager as Fergie.

After a day like that I have decided that it is definitely time for me to seek early retirement. I just need a plan. I feel certain that an opportunity will present itself in the next 12 months or so if I keep my wits about me.

Please let me know your flight details from Hong Kong so that I can arrange to drive down and collect you from the airport. I could do with a day off.

Note: Synergy – the interaction or cooperation of two or more organisations, substances, or other agents to produce a combined effect greater than the sum of their separate effects.

Ed – Dave has assembled his collection of short stories in 'Herdwick Tales'. Please contact Dave direct.



If you're impatient to read more episodes in ACES Terrier then enjoy all 26 together now in paperback, Kindle or free on Kindle Unlimited. Just google 'Amazon Books' and type 'Herdwick Tales' into the search bar.

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