



# HM TREASURY

ANNEX TO DAO(GEN) 05/05

## Protocol for obtaining Treasury approval to undertake new or renew property commitments in London, the South East and East of England regions

### Coverage of protocol

1. The protocol applies to all United Kingdom government departments, their executive agencies, non-departmental public bodies and sponsored organisations. Certain public sector activities are exempt from obtaining Treasury oversight as set out in paragraph 6 below.

### Purpose of protocol

2. The purpose of the protocol is to ensure that:
  - a. the presumption against locating public sector activities in the Greater South East<sup>1</sup> is properly implemented;
  - b. the scope for relocation outside the Greater South East is explored when departments and their sponsored bodies are considering accommodation needs in London and the South East;
  - c. Government's relocation agenda continues to become embedded in departmental thinking and business planning; and
  - d. there is tighter civil estate coordination particularly in London and the South East.
3. It strengthens the existing requirement (Chief Secretary's letter of 10 September 2003 to ministerial colleagues) to obtain Treasury approval to occupy or hold property in London and the South East when new leases, lease renewals, non-operation of lease breaks or property acquisitions in London and the South East are being proposed.
4. In line with recommendations contained in Sir Michael Lyons' report, [\*Well Placed to Deliver? - Shaping the Pattern of Government Service\*](#), published on 15 March 2004, the existing arrangements need to be tightened and formalised, to ensure that proposals relating accommodation in the Greater South East take account of the implementation of the Government's Efficiency Programme and, in particular, the scope for relocating public sector activities out of London and the South East. This approach was further endorsed in Sir Michael's report to the Chancellor, [\*Towards Better Management of Public Sector Assets\*](#), published on 2 December 2004.
5. To ensure that relocation does not add to overheating in the East of England region, the Chief Secretary has also asked that proposals to locate activities into that region should no longer be brought forward. This new requirement does not, however, mean that activities already based in the East of England

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<sup>1</sup> The Greater South East is defined as the whole of London, the South East and the East of England Government Office regions.



are expected to relocate outside the region when new accommodation needs are being considered.

### **Proposals exempt from external Treasury oversight and Chief Secretary approval**

6. The following property and accommodation proposals do not require the Chief Secretary's approval:
  - a. proposals for accommodation in the Greater South East in respect of public sector activities clearly providing delivery of direct, face-to-face or local services such as those of local authorities, local education, health and policing services, local criminal justice organisations and job centres;
  - b. proposals for accommodation in the East of England region in respect of public sector activities already located in the region; and
  - c. proposals to relocate activities to the East of England that were the subject of detailed discussions with Treasury spending teams and/or OGC Lyons Implementation Stream prior to 23 December 2004.
7. If there is any doubt about whether a proposal is exempt from Treasury oversight, the relevant Treasury spending team should be consulted.
8. In relation to proposals that are exempt from Treasury oversight, there remains a presumption that, wherever it is best value to do so, existing, suitable civil estate property will be used to meet these proposals, and such property transactions will be cleared with OGC under existing property coordination arrangements.

### **Proposals requiring external Treasury oversight and the Chief Secretary's approval**

9. Apart from public sector activities already located in the East of England, the following proposals to acquire or renew accommodation in the Greater South East should be referred to the relevant Treasury spending teams for the Chief Secretary's approval:
  - a. all proposals for office accommodation, including serviced offices<sup>2</sup>, in respect of public sector activities not providing direct, face to face, local services (described in paragraph 6a. above) or are already providing mainly national services. These include those of United Kingdom government departments, their executive agencies, and sponsored public bodies<sup>3</sup> where:
    - i. floor space equal to or greater than 1,000 square metres is required; or
    - ii. the accommodation is for the use of 'stand-alone' public sector activities (including those activities within departments) or

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<sup>2</sup> 'Serviced offices' are usually occupied on a short term basis where the occupier often pays an all-inclusive charge covering fit out, furniture, telecommunications and IT, secretarial and administrative support services as well as rent, rates and maintenance.

<sup>3</sup> Visit the [Civil Service Agencies and Public Bodies](#) website for further information on the definition of 'public bodies'.

smaller organisations occupying space below the 1,000 square metres threshold; or

- iii. the proposals could be viewed as potentially contentious or controversial regardless of the size of accommodation required.

10. Again, if there is any doubt about whether a proposal requires Treasury oversight, the relevant Treasury spending team should be consulted.
11. The proposed transactions above may be for any one of the following:
  - a. freehold acquisitions;
  - b. new property leases including lease extensions;
  - c. property lease renewals;
  - d. non-operation of existing break clauses in property leases; or
  - e. new property commitments or non-operation of breaks in underlying leases on the PFI estate.

### **Seeking Treasury oversight and the Chief Secretary's approval in good time**

12. Sufficient time should be allowed to consider the potential for relocation and to implement any moves.
13. Departments, their executive agencies, and sponsored bodies (via their sponsoring departments) should submit a short business case to their Treasury spending team, at least 12 months in advance of the lease expiry or the date a lease break notice is required to be given.
14. For larger accommodation proposals, liaising with Treasury at least 24 months in advance will be more appropriate, to allow time for alternative options to be considered and, if necessary, implemented.
15. It is realised that it may be difficult to submit developed proposals within the above timescales. However, in the absence of fully worked up proposals, departments and public bodies should provide Treasury spending teams and OGC with as much early notice as possible.
16. Treasury should be consulted before the department or executive agency or sponsored body enters the open market for all new acquisitions.
17. OGC will be available to offer advice to departments and organisations as they build up their proposals.

### **Information required for Treasury**

18. The proposals need to conform to the Treasury's [Green Book](#), taking account of the financial impact for the whole of Government. The proposals should also set out:
  - a. why the function needs to be carried out in the Greater South East;
  - b. what other location options outside the Greater South East have been explored taking account of ODPM's guidance '[Choosing Locations for Government Business](#)';

- c. why advances in information and telecommunications technology, including greater use of audio and video links to other stakeholders within the public and private sectors, do not obviate the need for a presence in the Greater South East;
- d. what efficiencies in use of workspace have been considered including alternative property on the civil estate, more flexible working, hot-desking and working from home etc;
- e. whether the scope for re-engineering the activity and service delivery in a more cost-effective and efficient way has been considered;
- f. what is the scope for joining up or sharing accommodation with other organisations in either the public or private sectors;
- g. for new acquisitions, what flexibilities will be built into the contract, for example, shorter leases, multiple lease breaks and PFI options;
- h. what will be the impact on taking forward the department's overall relocation policy; and
- i. what commitment the department or sponsored body can provide to ensure that the accommodation proposals do not set a precedent for future proposals.

#### **Submitting advice to Treasury ministers**

- 19. Treasury spending teams have responsibility for submitting advice to Treasury ministers. In doing so, they will, where necessary, consult the Performance and Efficiency Team in Treasury to ensure that the Government's efficiency policies are properly reflected in the advice, and also consult OGC on value for money and deliverability of the business case as well as alternative property options.
- 20. If the Chief Secretary agrees that an activity can remain in London and the South East, departments and public bodies will not need the Chief Secretary's approval to re-use surplus or vacant property on the civil estate. However, the business case for such moves should still be agreed with OGC and be reported to the Treasury spending team. Departments and sponsored organisations should be aware that the Chief Secretary may attach some conditions to his or her agreement.

#### **Informing departments of the Chief Secretary's view**

- 21. Based upon the Chief Secretary's view on a proposal, the Treasury spending team will, as soon as possible, inform the department of the Treasury's opinion. This will include:
  - a. whether the Treasury supports or rejects the proposals;
  - b. the impact on relocation policy;
  - c. whether the business case for the proposals offers value for money and good use of existing civil estate opportunities; and
  - d. what other alternatives the organisation could consider.

### **Accountability for property decisions**

22. The Secretary of State for the acquiring department or sponsored body remains fully accountable for all property decisions as part of his or her responsibility for delivery of the department's efficiency targets.
23. Government remains committed to enforcing the presumption against locations in the Greater South East for all public sector activities other than direct, face-to-face or local services.

### **Contacts**

24. Proposals to undertake new or renew accommodation commitments in London and the South East should be submitted to departments' usual Treasury spending team contacts in good time (see paragraphs 12 to 16 above).
25. Advice on specific civil estate or property issues should be addressed to:

Martin Booth  
Lyons Implementation Stream  
Office of Government Commerce  
20-30 Great Peter Street  
London  
SW1P 2BY

Email: [martin.booth@ogc.gsi.gov.uk](mailto:martin.booth@ogc.gsi.gov.uk)  
Tel: 020 7271 2794

26. Advice on wider policy aspects should be addressed to:

Gerry Friell  
Performance and Efficiency Team  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Email: [gerry.friell@hm-treasury.x.gsi.gov.uk](mailto:gerry.friell@hm-treasury.x.gsi.gov.uk)  
Tel: 020 7270 4672

Paul Roe  
Performance and Efficiency Team  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Email: [paul.roe@hm-treasury.x.gsi.gov.uk](mailto:paul.roe@hm-treasury.x.gsi.gov.uk)  
Tel: 020 7270 6086