



HM TREASURY

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DAO(GEN) 05/05

Dear Accounting Officer

23 March 2005

EFFICIENCY PROGRAMME: TREASURY APPROVAL OF ACCOMMODATION PROPOSALS

Summary and purpose of this letter

This letter sets out, as part of the Efficiency Programme, the requirement for Treasury approval for all substantial accommodation proposals in London and the South East. The attached protocol applies to new property leases, lease renewals or extensions, the non-operation of lease breaks, freehold acquisitions and new builds for all United Kingdom government departments, their executive agencies and sponsored bodies. It does not apply in respect of certain public sector activities set out in the protocol itself. The protocol continues and, in a number of respects, strengthens the existing requirement to obtain Treasury approval for certain accommodation proposals in London and the South East.

action

2. Accounting Officers should draw this letter to the attention of those in their departments with responsibility for the management of all land, property and buildings (the civil and defence estates) and to senior responsible officers for departmental efficiency programmes. They should also copy it to their executive agencies, non-departmental public bodies and sponsored organisations.

contacts



INVESTOR IN PEOPLE

3. Any enquiries about the attached protocol should, in the first instance, be directed to departments' usual spending team contacts. Any enquiries relating to:

- specific civil estate or property issues should be addressed to Martin Booth in the Lyons Implementation Stream, Office of Government Commerce (telephone 020 7271 2794 email: martin.booth@ogc.gsi.gov.uk); and
- wider policy aspects should be addressed to Gerry Friell, HM Treasury (telephone: 020 7270 4672 email: gerry.friell@hm-treasury.gov.uk); or Paul Roe, HM Treasury (telephone: 020 7270 6086 email paul.roe@hm-treasury.gov.uk). Both are in the in the Performance and Efficiency Team.

context

4. On 10 September 2003, the Chief Secretary to the Treasury wrote to ministers setting out the interim arrangements for United Kingdom government departments and their sponsored bodies to consult Treasury spending teams on property proposals for accommodation in London and the South East. The Chief Secretary was anxious that proper consideration should be given to options to relocate public sector activities out of London and the South East before accommodation in those regions was acquired or renewed. This is necessary to ensure that relocation receives sufficient focus as part of the Government's Efficiency Programme.

property proposals in the Greater South East

5. In his report, [*Well Placed to Deliver? - Shaping the Pattern of Government Service*](#), Sir Michael Lyons recommended that 'the government office portfolio must be more tightly managed' and that 'there should be a strongly enforced presumption against London and the South East locations'. To embed the relocation agenda in departmental thinking and planning, the Chief Secretary has agreed that external oversight of departmental property proposals introduced in 2003 should be strengthened further.

6. There will be a presumption against decisions to locate activities within all of the Greater South East (covering the Government Office regions for London, the South East and the East of England). Business activities already located in the East of England will, however, not be required to consider relocation outside the region. Also, the size limits for requiring Treasury oversight have been reduced from 2,000 square metres to 1,000 square metres.

7. If departments or their sponsored bodies wish to propose an exception (for example, to relocate to an area of relative deprivation in the Greater South East) they will need to make a compelling case consulting their Treasury spending teams and OGC so that the Chief Secretary may take a view on the merits of individual cases. The protocol for the new arrangements is annexed to this letter.

value for money

8. Where it is accepted that, for good operational reasons, an activity should remain in London and the South East, departments and their sponsored bodies should opt for suitable accommodation on the existing civil estate that provides the best value for money. Departments should note that there will be a firm presumption against approving a more expensive option.

9. There is also a strong presumption that existing civil estate properties in all Government Office regions outside London and the South East will be used to meet new accommodation demands from departments and their sponsored bodies, providing that they are operationally suitable and offer best value for money. Apart from participation in the normal property coordination arrangements under the Civil Estate Coordination Agreement, no central oversight of these cases is proposed at present. However, this approach will be reviewed if it becomes apparent that the Exchequer's interest is not taken fully into account in departmental property decisions.

Yours sincerely

Paula Diggle
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