



## POLICY INSTRUCTION

### Government Efficiencies: Property Controls – Revised Exception Request Template

Number: PI 01/11

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Contact if different from Strategy & Policy Directorate Sponsor:

Who Should Read this: All DE Offices, Partnering Organisations, PPP/PFI Project Managers, CEstOs, TLBs and MOD Trading Funds.

When it takes effect: Immediately

When it is due to expire:  
11 January 2012

Estate Management

#### Equality And Diversity Impact Assessment

This policy has been Equality and Diversity Impact Assessed in accordance with the Department's Equality and Diversity Impact Assessment Tool against:

**Part 1 Assessment Only (no diversity impact found).**

**Document Aim: The aim of this Policy Instruction is to promulgate the revised Exception Request template to be completed if an exception to a MOD property commitment is required under the Government's current national property control regime.**

#### **Background**

1. [DE Property Directorate Policy Instruction 09/10](#) provides advice on the application and scope of the Government's current controls on property matters and the procedure operating within the MOD for those property commitments requiring clearance by the Government Property Unit (GPU).
2. All exception requests for MOD property commitments required to be cleared by the GPU were to be submitted in the standard form provided at Annex B to the Policy Instruction. The GPU has since issued a revised template which is to be used with immediate effect.

## **Revised Exception Request Template**

4. Copy of the revised standard form that must now be completed when an exception to a MOD property commitment is required is provided below.
5. Guidance on the information required to be included in the form is provided in blue italic print. This should be deleted before presenting a submission.

## **National Property Controls – Lease/Licence Exception Request**

### **Guidance - (to be removed before submission)**

The MOD military estate (generally called the 'operational' estate) is **exempt** from the national property control regime. Therefore, the requirement to complete and submit this form in respect of a MOD property commitment will not apply to:

- the hiring of Substitute Service Accommodation (Service Families Housing and Single Living Accommodation);
- the acquisition or hiring of land and buildings used to support military capability that do not fall within the definition of the 'Civil Elements of the Defence Estate' (e.g. the Defence Training Estate or medical rehabilitation facilities). NB. MOD has included Careers Offices within the definition of the civil office estate;
- overseas leases of accommodation or the leasing/licensing of land and property in direct support of operations either in theatre or in overseas supporting locations; or
- any letting (lease or licence) drawn up with the object of generating income or other tangible benefit to Defence, or to MOD contractors in connection with approved service contracts.

In general, the controls apply to any existing MOD property listed on the active page of the e-PIMS database or to new acquisitions of office property for non-military use.

This form is to be completed where an exception is required to commit to a new property acquisition, a new lease or licence, a renewal or extension of an existing lease, or to not exercising a lease break option. Cases proposing the renewal/extension of a lease or the non-exercise of a lease break should aim to be submitted no later than 3 months before the notice is required to be served.

Cases should be submitted in the first instance to Defence Estates Chief Finance Officer.

The submission should routinely be no more than 2 pages – however additional information may be added for more significant cases.

The business case must include the following information as failure to do so will result in the request being returned:

<b>GPU LM Number</b>	<b><i>To be supplied by GPU after submission</i></b>
<b>Department</b>	<b><i>Department name</i></b>
<b>Property Centre</b>	<b><i>Property Centre name</i></b>
<b>Event</b>	<b><i>Please describe the event prompting the need for an exception i.e. a lease break, lease expiry or a new requirement. In the instance of a break or an expiry please provide the date of the event, the property address and e-PIMS reference number.</i></b>
<b>Address</b>	<b><i>The address for the proposed property solution</i></b>

<b>Size</b>	<i>The Net Internal Area (m2) for the proposed property solution</i>
<b>Lease Details</b>	<i>Outline the proposed key lease details e.g. 10 year term commencing on x date with a break at year x</i>
<b>Rent Review Provision</b>	<i>If a rent review will occur, outline the rent review provision e.g. rent review every 5<sup>th</sup> year and the basis of the review</i>
<b>FTE Numbers</b>	<i>Number of FTEs to be based at the building being proposed. You should be aware that consideration will not be given to cases that do not meet the space standard of 8 M2 or less per FTE/NIA. Any exceptions to this will require a full justification as to why this standard can't be achieved</i>
<b>Workstations</b>	<i>Number of workstations provided per FTE. You should be aware that cases will not be considered unless a ratio of 8 workstations or less per 10 FTEs is proposed. Any exceptions to this will require a full justification as to why this standard can not be achieved</i>
<b>Function</b>	<i>Outline briefly the type of work to be undertaken at the property e.g. head quarters building, office, client facing office, data centre or call centre</i>
<b>Business Justification</b>	<i>This should set out the business drivers for the proposed transaction. This should outline the delivery options that have been considered and subsequently discontinued with an explanation as to why options have been discounted.</i>
<b>Cost of Existing Premises</b>	<i>Provide the total property cost of the existing property per annum i.e. rent payable exclusive of VAT, rates, service charge and facilities management costs</i>
<b>Cost of Exiting the Existing Premises</b>	<i>Where you are reducing size of occupation or proposing moving to an alternative building provide the property costs associated with exiting the existing building e.g. dilapidations, in the case of PFIs unitary charge or equivalent, rent penalty</i>
<b>Cost of Proposed Solution</b>	<i>Total annual occupation cost per annum (if the proposal is for less than 12 months then insert the total cost, followed by the breakdown of rent exclusive of VAT, rates, service charge and estimated facilities management cost.</i>

<b>Rent Reduction</b>	<i>Provide details of any discount/incentives achieved on the proposed property solution e.g. rent free periods, discount from market rent. You should be aware that cases will not be considered unless you can demonstrate a minimum of a 25% reduction in initial rent payable. Any exceptions to this will require a full justification as to why this standard cannot be achieved</i>
<b>Property Options</b>	<p><i>This should outline the different property options considered and subsequently discounted with an explanation as to why options have been discounted. Please be aware that it is expected that property solutions should be examined in the following order of preference:</i></p> <ul style="list-style-type: none"> <li><i>• More efficient use of existing estate within the department. For NDPBs and Agencies consideration should be given to the Parent department estate</i></li> <li><i>• Civil estate – This should be reused whenever possible representing best value for the exchequer</i></li> <li><i>• Wider public sector estate</i></li> <li><i>• Private sector – This should only be considered when none of the above can offer solutions</i></li> </ul>
<b>Exchequer Perspective</b>	<p><i>If vacant civil estate space is available and the proposal is not to utilise this you should outline the exchequer analysis. This should demonstrate the cost of leaving the civil estate option vacant within the occupation cost of the proposed solution against the cost of relocating to the vacant civil estate option.</i></p>
<b>Approval Process</b>	<p><i>For NDPBs and agencies please confirm that the parent department has given approval for the proposed solution (include name and contact details at the parent department). Please confirm that finance is available for the proposed solution</i></p>
<b>Date Decision required by</b>	<p><i>This is the date you require a decision by. This should allow for a minimum of 4 weeks from the date of submission to a decision, longer if high value or contentious. You should leave adequate time to explore alternatives should approval not be forthcoming</i></p>
<b>e-PIMS Data</b>	<p><i>If any property referred to within this case which is leased by your department is currently on the government estate, then the data must reflect that included on e-PIMS. Any unresolved inaccuracies will result in the business case being rejected</i></p>