



Accelerating the release of public sector land

Update, overview and next steps



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Email: product@communities.gsi.gov.uk
Online via the website: www.communities.gov.uk

October 2011

ISBN: 978 1 4098 3182 2

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Introduction

The country needs to build more homes, so that everyone can live in a decent and affordable home that meets their needs. The Government has reviewed and revitalised the whole housing system. Alongside this the Government has had to cut public expenditure to protect the country's triple A credit rating and ensure that interest rates remain stable. This is as important to homeowners struggling to pay mortgages as it is to housebuilders looking to raise money on the finance markets. To create the conditions for sustainable economic growth the Government will continue to scrutinise public expenditure. And instead of using costly and ineffective public subsidy the Government will free-up and enable the housing market, so that it can respond to demand.

As part of the work to incentivise growth the Government has introduced the New Homes Bonus, so that communities that welcome new homes see the benefits. Alongside this, restrictive red tape that holds back the construction and house building industry is being removed and the over burdensome and bureaucratic planning system is being streamlined and simplified. The Government is also making sure that the maximum output from any public investment in housing is achieved by making sure the tax payer gets value for the money that has already spent on its behalf.

The Government wants to ensure that its surplus formerly used land with capacity for housing is made available, and that steps are taken to accelerate the release of vacant and unused sites and office space. That is why on 8 June the Housing Minister set out how Government plans to accelerate the release of its formerly used land capable of delivering up to 100,000 homes within the Spending Review period, and supporting economic growth. It also gave a commitment that the four major landholding departments, the Ministry of Defence, Department of Health, Department for Transport and Department for Environment, Food and Rural Affairs would publish land release strategies by the autumn.

To support this, the new Community Right to Reclaim Land will provide a new online tool¹, giving citizens information about empty land and buildings in their local area. This will be combined with an improved system for members of the public to request that empty public sector land or buildings are sold off, so they can be brought back into use.

This report gives an overview of the work that has already been done, and outlines how the Government is and will continue to support and facilitate the accelerated release of surplus formerly used public land. It also sets out proposals for taking the next phase of work forward to further increase land supply and support the delivery of much needed homes that the country needs.

¹ www.communities.gov.uk/righttoreclaimland

This report will be of interest to all those seeking land for housing development, in particular those working in the property development sector and community groups leading local housing projects.

Government's role in accelerating the release of public land

Why does the release of public land need to be accelerated?

House building has been at its lowest level in peacetime since 1924. There is an acute housing shortage – including the need for more affordable housing, particularly for families and first-time buyers.

Tackling the sustained shortfall in housing development is a Government priority and was a key objective of *The Plan for Growth* published in March 2011², which set out a plan to put the UK on a path to sustainable, long-term economic growth.

It is critical to growth that there is a supply of suitable, viable and developable land. The Government will ensure that this is brought forward, reflecting local demand and making sure the scale of parcels of public land, and the terms on which they are offered, facilitate building in the current economic climate.

It has been estimated that 40 per cent of land suitable for development sits within public sector land banks – that includes both central and local government. As such, central government departments need to play a role in making more land available for development as this will be critical in helping to stimulate growth, and so increasing the supply of housing.

"As one of the country's biggest landlords, the Government has a critical role to play in making sites available for developers so we can get the homes this country needs built."

Housing Minister Grant Shapps (June 2011)

Government plans to release public land

On 8 June 2011 the Housing Minister announced Government plans to release public land capable of delivering of up to 100,000 new homes over the Spending Review period³. He also confirmed that by the autumn, major landholding departments⁴ would publish land release strategies, setting out their plans to release land, so that housebuilders can get on and build the homes the country needs.

² http://cdn.hm-treasury.gov.uk/2011budget_growth.pdf

³ <http://www.communities.gov.uk/news/newsroom/1917730>

⁴ Ministry of Defence, Department of Health, Department for Transport and Department for Environment, Food & Rural Affairs.

The Homes and Communities Agency led the way, and in June published their detailed land disposal strategy, setting out their plans for accelerating the disposal of their land holdings⁵. This will deliver over 11,000 housing starts over the Spending Review period – an increase of nearly 40 per cent over what was previously planned.

Since the Minister’s announcement in June the Department for Communities and Local Government (DCLG) with the Homes and Communities Agency and the Government Property Unit have been providing support and constructive challenge on departmental disposal strategies to ensure that they achieve the best outcomes:

- a team of government property specialists led by the Homes and Communities Agency have engaged with departments to ensure that their strategies were sufficiently ambitious
- there has been a peer review by property specialists from DCLG, Homes and Communities Agency, Government Property Unit and other government departments to ensure that strategies can deliver in the current economic climate and
- a Cabinet Committee has held departments to account for publishing their strategies and will ensure that outcomes are delivered

As a result of this the major landholding departments have made a commitment to release their surplus land. This has the capability of delivering at least half the land needed for the Government’s ambition of releasing land with the capacity for up to 100,000 homes over the Spending Review period. These departments have published their land release strategies (on 5 October), setting out site details, their approach to land disposal and the potential number of homes their land has the capacity to deliver. The table below sets out the numbers of homes each department’s strategy is expected to be capable of delivering, as a result of the land they are releasing over the Spending Review period.

Department	Pipeline Forecast number of homes¹
Ministry of Defence ¹	29,500
Department of Health ²	11,000
Department for Transport ³	3,500
Department for Environment, Food & Rural Affairs ⁴	10,000

Notes

1. Numbers rounded to the nearest 100.
2. Includes NHS organisations and the Department of Health.
3. Includes Highways Agency, BRB (Residuary) Ltd and London & Continental Railways Ltd.
4. Includes New Covent Garden Market and British Waterways.

⁵ <http://www.homesandcommunities.co.uk/news/hca-launches-development-and-land-disposal-strategy>

In publishing their strategies, government departments for the first time, are being more open about their surplus land, and providing details of their sites, with potential for housing development, and alongside this setting out their approach to land releases. Each department's strategy can be viewed on their website.

This is just the start and over the autumn the next stage of the public land release programme will be taken forward. This includes working with smaller landholding departments, including the Ministry of Justice, Home Office and Department of Energy and Climate Change to identify land they hold with housing potential.

Supporting and enabling measures to accelerate the release of public land

Government has over time introduced a range of initiatives to encourage the disposal of land held by central government departments, but it has not always been successful. This time is different because all major landholding departments are publishing their land release strategies, so developers, as well as individuals and communities can see what land is held in their area. In addition, a minister from each of these departments will be reporting to a Cabinet Committee jointly chaired HM Treasury and Cabinet Office ministers, where they will be held to account for delivering on their departmental ambition.

Historically some departments have been slow to release their land or have faced severe restrictions due to complex planning and land issues. Therefore in recognising the challenge to accelerate the release of land, and to ensure departments are achieving value for money for the tax payer, a range of support measures are being put in place.

The following section sets out the different approaches and options to support departments in accelerating the release of their land for development. How and when these are used will depend on each department's circumstances and type of land holding.

Working through the planning system

Planning processes

Public sector land (like all land) will be subject to the standard local planning process and will need to form part of a wider range of measures for meeting the identified housing need. The planning process has often been cited as a barrier to accelerating the release of public land, particularly in terms of the time it takes to get a planning decision and the complexity of the process.

The Government has embarked on an ambitious set of reforms to the planning system to ensure it better supports sustainable growth. This will also help to facilitate the sustainable development of sites that departments will be releasing. Removing ineffective top-down central housing targets and encouraging local councils to plan for more ambitious delivery of homes through incentives to share in the benefits of growth.

The Government is currently consulting on a draft National Planning Policy Framework which will bring together all the Government's key economic, social and environmental objectives and planning policies in a single, concise, easy to use document. At its heart is a presumption in favour of sustainable development, which means that local authorities should make every effort to identify and meet their housing and other needs, in order for a sound local plan to be put in place. Applications that accord with the plan should be approved without delay. Where a local plan is out of date, or silent, the presumption means that development should in principle be approved, but

only so long as it does not compromise the key sustainable development principles set out in the framework.

The consultation closes on the 17 October, and the aim is to finalise the National Planning Policy Framework by the end of the year, if possible.

The Government is also seeking to provide greater certainty for developers on the timescales they can expect for the planning stages of their development. A new 'planning guarantee' is being introduced, which makes it clear that planning applications, including those which involve an appeal should not spend longer than 12 months with decision-makers.

Planning performance agreements

In some cases planning performance agreements will be a useful tool and something that should be considered, particularly where this might achieve a faster and more effective application process. They bring a collaborative approach and more certainty to the decision making process. The planning performance agreement provides a framework to help key partners agree how development proposals should be managed through the planning process.

Research commissioned in 2010 by DCLG and the Advisory Team for Large Applications on planning performance agreements found a number of clear advantages for using planning performance agreements, including: having a realistic and predictable timetable; identifying key issues early on in the process; greater transparency and accountability; and improved partnership working.

Incentivising land release

Build Now, Pay Later

Government has committed to using *Build Now, Pay Later* (a deferred receipts model), where there is market demand and where it represents value for money. This will enable builders to start work on housing sites without having to bear the up front cost of paying for the land, and will enable them to use scarce funding for preparatory works, such as obtaining a planning permission and providing infrastructure, rather than tying up money in land ownership.

This provides a positive way forward for developers, departments and the nation by providing a route to help unlock activity on sites, particularly where development has stalled, and start to get house building back on track. The benefits include the potential to unlock activity on stalled sites, deepening the pool of willing bidders, generating competition for land, as well as giving departments a share in any uplift in values during the development process and reducing the risk for the developer. This reduced risk may also tempt in new entrants, particularly those who have traditionally adopted a 'contractor model'.

Examples of where the Homes and Communities Agency are already using Build Now, Pay Later

Cotgrave, Rushcliffe, Nottinghamshire

Plans include the development of a 4.6-hectare former colliery site, with plans for 470 new homes and regeneration of the town centre. The land is owned by organisations including Rushcliffe Borough Council and the local police authority. The land is available using Build Now, Pay Later terms. Developer selection through the Delivery Partner Panel is underway. A developer Open Day was held on 27 June and the sifting brief went out to members of the Delivery Partner Panel in September for them to submit bids.

Park Prewett, Basingstoke

Proposals to develop the final phase of new homes on the former Park Prewett Hospital site near Basingstoke are progressing well, with partners close to finalising an agreement, which will enable the project to progress. Site owner, the Homes and Communities Agency expects to sign an agreement with David Wilson Homes this month, which will see them work to develop a masterplan for the site and begin consulting on a planning application for a proposed 585 homes. The agreement will see David Wilson Homes deliver the first phase of 300 homes. Build Now, Pay Later terms are being used.

Carr Lodge, Doncaster

A National Coalfields site with outline planning consent located close to junction 3 of the M18. The site is an important priority for the local authority and supports growth in the M18 corridor, which is a Sheffield City Region priority. The Homes and Communities Agency will provide a new site spine road, which will facilitate the disposal of the first phase of development, and will be available under Build Now, Pay Later terms.

Connaught Barracks, Dover

The site occupies a prominent location in Dover. The overall wider site comprises a total area of 56 hectares of which 12 are developable. The site is a Local Investment Plan priority project with site specific priority in Dover's Core Strategy. The Homes and Communities Agency will prepare a development brief for the site taking forward the extensive community consultation that has already taken place. This will be used as the basis for marketing. The Homes and Communities Agency will also carry out repair works to Fort Burgoyne located within the site and a Scheduled Ancient Monument to make the site more attractive to the market. The land will be available using Build Now, Pay Later terms.

Facilitating land release for development

Tools and techniques

The Homes and Communities Agency has significant experience of bringing forward disposals on terms designed to promote development, including using Building Leases and deferred receipts, and this will be particularly helpful to departments as they continue to develop their land release strategies. The Homes and Communities Agency will continue to work with departments, sharing their expertise on land and property issues, and helping to bring together land owning departments and local partners.

The Homes and Communities Agency can also provide, where needed and subject to resource, more targeted support to departments in helping make their land ready for sale, by tackling issues that have previously been barriers, and delayed or prevented land release.

Departments can also draw on a variety of the Homes and Communities Agency's on-line tools and specialist services to help speed up land release. This includes the Development Appraisal Tool (designed to appraise in detail the viability of an individual site) and tools and checklists for project managers bringing forward sites for disposal. In terms of dealing with larger scale developments, specialist advice and support is available through the Advisory Team for Large Applications.

Advisory Team for Large Applications

The Advisory Team for Large Applications is part of the Homes and Communities Agency and already provides an independent advisory service to local authorities to support them in dealing with complex and large scale housing led projects. This service can also be of benefit in providing support and advice to departments on preparing their sites for sale with potential for housing development, and consideration will be given to how an Advisory Team for Large Applications service might support government departments.

There are certain aspects of the Advisory Team for Large Applications service which could play an important role in supporting departments through the process to accelerate the release of their land. In particular, the Advisory Team for Large Applications experience of working at the local level will help departments and local authority partners to build strong working relationships. Alongside this the Advisory Team for Large Applications can also bring their expertise in dealing with complex planning and land issues that often arise when departments prepare to release land. These are the types of issues that can sometimes prevent and often delay the release of sites. They can also bring valuable help and advice to departments and bodies that are new to working through the local planning process, helping them to build capacity and develop skills and expertise in this area.

This package of support would primarily be available for the larger, complex sites but could also be made available where smaller organisations have capacity issues. In light of this and cross-government discussions around managing land release DCLG and the Homes and Communities Agency will

consider how the Advisory Team for Large Applications service could be rolled out to support departments.

Development options

The release of public sector land offers opportunities to consider a variety of development options, such as self build projects and the delivery of private rented development. This of course will be dependent on the type of site. Some will be more suited to certain types of development, and the need to take account of local circumstances and needs.

But by making details about surplus public land freely available to developers, community groups and citizens it ensures that everyone gets to hear about the sites and timescales, creating open competition and opportunity to promote greater innovation and diversity in meeting housing needs.

The Homes and Communities Agency are already testing self build and private rented development projects through their strategy, and will be able to share their learning and experience on this with other departments.

In *The Plan for Growth* the Government also committed to pilot the land disposal elements of the land auctions model on publicly owned land. This will provide valuable information about the way the land disposal elements of the model might work, its potential to make more land available for development, and generally help us to consider its wider use alongside existing mechanisms to support housing supply and economic growth. More details will be announced in due course about this.

Greater transparency – creating a level playing field

In addition to releasing land for housing supply this work will make a significant contribution to the transparency agenda. Major landholding departments are now making publicly accessible, a single document, setting out details of their land, with potential for housing development, that they intend to dispose of over the next four years. This information can be used by the private sector and local communities, creating greater competition and opportunity for innovation and local aspiration.

The Government want to ensure that there are genuine opportunities for local people and community groups to benefit from this release of public sector land on a level playing field. Alongside this greater transparency initiatives such as the new *Community Right to Reclaim Land*⁶ will enable residents to see who owns what land.

And the reforms to the Public Request to Order Disposal process will improve accountability, making it easier to use and wider in its application. Any citizen or organisation will be able to set out why they think land or property covered by the request process is under-used or vacant, and ask the Secretary of State to direct that it should be sold to enable it to be brought back into use.

⁶www.communities.gov.uk/righttoreclaimland

Next steps

Delivery of strategies and performance management

Responsibility for delivery of individual departments' disposal strategies will sit directly with those departments. The strategies will form part of departments' wider corporate objectives, with the receipts generated from disposals often acting as a significant contributor to departmental budgets. The numbers of homes each department's strategy is expected to be capable of delivering might also be usefully incorporated into their Structural Reform Plans.

Disposals will be undertaken on a site-by-site basis and as a result individual disposals will be dependent on local market conditions and the demand for land. Departments are required to obtain best consideration for their disposals within the current market conditions as set out in *Managing Public Money* (HM Treasury)⁷.

Although individual departments will be responsible for delivery of their strategies, there will be central monitoring of progress. The most effective tool for monitoring disposals will be through the Government's central land and property asset system, e-PIMS, which is managed by the Government Property Unit. In order to gain full transparency of landholdings and to allow monitoring of disposals, all sites contained within government department disposals strategies were placed on e-PIMS in September and all other landholdings and their electronic boundaries must be recorded on e-PIMS by 31 March 2013.

In addition to this, delivery of the strategies will be monitored by Cabinet Committee and the major landholding departments will be held to account to release land with potential to deliver the housing numbers set out in the table on page 7. The Committee has ministerial representation from across government departments and will have the opportunity to scrutinise and drive delivery, and help unlock any emerging barriers.

Broadening the spectrum of the work

Following the transfer of regional development agency assets to the Homes and Communities Agency on 19 September, further work will be undertaken to understand the potential of this land. The Homes and Communities Agency intend to include the former regional development agency assets when they undertake the first review of their development and land disposal strategy. This will be carried out in parallel with the Homes and Communities Agency's stewardship business planning, and will include all transferred assets. This review is expected to run over the autumn and winter.

⁷ http://www.hm-treasury.gov.uk/psr_mpm_index.htm

As the four major landholding departments have now published their strategies the next phase of the work will focus on those departments with smaller land holdings. It is intended that the DCLG, Homes and Communities Agency and Government Property Unit now undertake further work with other government departments, including the Ministry of Justice, Home Office and Department of Energy and Climate Change to understand the potential for housing on land they hold. The outcomes of this work will be announced in November. As part of this there will also be some initial scoping work involving departments responsible for public corporations, with significant land holdings, to understand the potential contribution they might make to the public land release programme.

As well as identifying additional sites it will be important to maintain momentum on sites already published in disposal strategies. DCLG with the Homes and Communities Agency will be working closely with those departments to ensure that specific sites continue to progress and that barriers to delivery are identified and unblocked as quickly and efficiently as possible.

Local authorities have strong incentives to release surplus land to the market efficiently as they retain all receipts from such sales. The work being led by DCLG on the Capital Asset Pathfinders will help to highlight any barriers to local authorities, including difficulties they face working with central government partners.

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ISBN: 978 1 4098 3182 2