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Surplus Public Sector Land: Accelerated Disposal Strategy to Deliver Land for Housing

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Department for Environment Food and Rural Affairs

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Introduction

The Department for Environment Food and Rural Affairs (Defra) has a diverse landed estate ranging from waterways and flood defence infrastructure, forestry and farm land, to administrative offices and laboratories. Defra recognises the need to fully utilise our property resources including those which are no longer required for the ongoing delivery of government business.

As part of the Plan for Growth[1], the Government is committed to stimulating economic activity and in particular growth within housing and construction sectors is seen as a key area where Government can actively contribute by increasing the supply of land for development. The accelerated release of surplus public sector land capable of beneficial development is regarded as an important enabler to stimulate construction activity, facilitate growth, meet the current housing need and provide sustainable homes for the future.

Traditionally, surplus Defra land capable of beneficial development has been offered to the market at the earliest opportunity thus allowing the Department to realise property holding cost reductions and capital receipts. These monetary benefits are then redeployed across the Defra portfolio to support the delivery of business priorities, including the efficiency savings to be delivered during the SR10 period. Defra will continue to actively pursue this approach and remains committed to releasing land to the market for development as quickly as it is practical to do so.

This strategy document sets out our immediate and forthcoming surplus land disposals including those planned by British Waterways from its commercial property activities within the endowment portfolio up until the Corporation moves to charitable status in April 2012. Our intention is to provide the market with transparent information on future opportunities. The land identified has been designated as surplus as at the given date and has the potential to deliver housing.

The housing unit numbers outlined are intended as a guide to the potential development density. Where planning consent has been granted our housing unit estimates reflect the approved unit numbers.

The identification and realisation of surplus Defra land is dynamic and driven by operational business needs, therefore Defra will keep this strategy under review and update the content at least annually to reflect changes in the future supply of land suitable for beneficial development.

Defra Network

The Defra Network comprises of a diverse group of devolved delivery bodies which operate in conjunction with Defra to deliver strategic outcomes across farming, food and the natural environment.

[1] HM Treasury The Plan for Growth published March 2011 http://cdn.hm-treasury.gov.uk/2011budget_growth.pdf

There are four principal property holding bodies, Defra, the Forestry Commission, British Waterways and the Environment Agency. These property holding bodies account for approximately 90% of the land and property assets held by the Defra Network. The types of property owned, leased or occupied range from administrative offices, operational depot premises, infrastructure and land for infrastructure development to laboratory facilities, and the British Waterways endowment portfolio (owned and managed to provide financial support to the waterways estate). The remaining property portfolio is held predominantly by small arms length bodies comprising mainly of administrative offices used to accommodate the business activities of these bodies.

The Defra Network property portfolio also includes significant land holdings of environmental and landscape importance. These holding are administered by bodies such as the National Parks Authorities and Natural England and include the designated national nature reserves. Given the particular nature of these holdings and their national importance this land is considered unsuitable for development and has been excluded from this Strategy.

Defra Network Property Portfolio

The composition of the property portfolio is constantly changing in response to business need. The property assets are held to support the delivery of Government business and in support of Defra's strategic objectives.

As the shape of Defra has evolved, the allocation of property resources has been under review. Defra has pursued a strategy of reducing reliance on property as a means of supporting delivery. We have achieved year on year estate footprint reductions as Defra has sought to be more efficient. This is most apparent in the steady reduction in the size of the operational administrative office estate. Defra remains committed to improving efficiency and will continue to identify and release surplus property assets for reuse across Government or disposal.

The portfolio is mixed tenure with freehold land and buildings as well as leasehold premises. The principal land holders within the Network are the Forestry Commission and the Environment Agency.

The Forestry Commission holds land for landscape value, recreational activity and commercial forestry. Due to the nature of the forestry estate it is not expected to yield large scale development opportunities for any purpose other than forestry, but where commercial development potential is identified and can be exploited in a manner consistent with wider objectives there is a commitment to investigate this opportunity.

The Environment Agency is another significant land holder; most of the land held is linked to past, current or future infrastructure development. The Agency will acquire and hold land pending use for flood defence and other flood alleviation and water course related works. It will develop the land for the designed purpose and may continue to hold land for ongoing flood defence maintenance. Land is also held and managed by the Agency to restore and enhance habitat impacted by essential infrastructure works. The majority of this estate is considered inappropriate for commercial development due to its direct links to flood risk mitigation. Where land capable of commercial development is identified, and it is surplus to infrastructure needs, the land will be brought to the market as soon as practical.

British Waterways, as a public corporation, holds the navigable waterways alongside an endowment estate used to provide financial support to the waterways operations. British Waterways holds very little land that is not linked to the waterways estate either by physical proximity or financial contribution. In this regard, the endowment portfolio is not technically “surplus public sector land” in the same way as other non-operational land held by the Defra Network, as the commercial activity undertaken through the endowment portfolio generates income in support of operational waterways estate. British Waterways has sought to fully exploit the commercial opportunities from its property assets and has been a significant contributor to public sector housing supply.

Defra has in recent years realised and released much of its surplus land, exploiting development opportunities wherever possible. This has seen the sale or transfer of horticultural research facilities and the majority of the experimental husbandry farms[2] which has generated substantial capital receipts since 2006/07. These assets have only been realised as the properties have ceased to be required for the delivery of policy outcomes.

The Identification of Future Housing Land Supply

Defra remains committed to reducing its operational property portfolio through increased utilisation and greater property collaboration. Over time this will release office, laboratory and research accommodation for disposal and Defra will continue to identify in this strategy those sites capable of use for housing. It should however be noted that future development related opportunities are more likely to be identified from the surplus administrative office estate than the agricultural estate, which is mainly situated in locations where the demand for productive farm land remains strong.

Property asset realisation has been a contributor of capital income and revenue savings in the recent past and is central to increasing financial efficiencies from the estate over the ‘SR10’ period.

The use of existing property land and buildings as a corporate resource to support the business is kept under constant review via the Estates Strategy Programme. This is an ongoing process of review responding to changes in the business landscape driven by business priorities and strategic objectives.

Where alternative use is consistent with planning policy Defra will seek to identify alternative use potential and wherever appropriate seek to secure planning permission to mitigate development risk and offer a certain development opportunity to the open market.

Defra has a good track record of bringing housing sites forward for development and continues to maximise commercial opportunities from our surplus estate.

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[2] During the post war years Government recognised the need to increase farm productivity and established experimental husbandry farms as a means of education and promotion of new farming methods.

Our Approach

Defra's estate functions are equipped to undertake our own development viability analysis. This initial analysis is further tested through advice taken from external property advisors.

Where surplus property and land is identified as having an alternative use and development potential Defra will seek to evaluate the cost benefit analysis of bringing the disposal forward to realisation. In order to maximise the potential returns from pursuing a development opportunity essential risk mitigation will be considered. Development is by its nature a risky activity and so the greater development certainty a landholder can provide the greater the probability that the development can be delivered. Delivery in this case is normally through the open market.

Developers will look for certainty in choosing their prospective schemes. The ability to provide certainty as to tenure, product, re-sale and planning are the essential elements to securing early disposal and full economic value. It is not however possible or indeed affordable to mitigate every risk, and often the aim must be to reduce risk in the key areas rather than provide absolute certainty. It is also important to recognise that risk mitigation carries costs and time implications, which can be significant.

Defra will seek to establish the cost benefit implications of risk mitigation as these will be used to determine the preferred means of disposal and the nature of the interest sold. Removing tenure and planning risk are central to providing developer certainty. Planning risk can be reduced by seeking planning consent for development, but in following this route careful consideration must be given to whether a market product is achievable, whether the cost of the process is affordable against future net receipt and whether the time commitment to secure approval undermines the viability of the development.

Where it is considered that enhanced value can be secured by removing planning risk and the cost benefit is favourable Defra will seek to dispose with planning permission.

Where the cost and time commitment is not expected to yield a material enhanced benefit Defra will seek early realisation through market disposal and use 'claw back' as a means of recognising a share of the future development potential.

Our Capability

Across the Defra Network there is in-house professional capability within all of the principal property holding bodies who employ formally qualified Chartered Surveyors capable of identifying development potential from surplus property assets.

The Defra Network also has access to professional advice from a range of property advisors. This provides each of the principal property holders with access to capability and delivery capacity to quickly evaluate opportunities, assess the development risks and opportunities and bring forward suitable sites for disposal. This access to professional services allows Defra to identify opportunities and bring forward disposals quickly, drawing on the necessary planning, development and marketing advice required to make informed decisions around asset identification and disposal.

Defra is increasingly drawing our Network Organisations closer together to maximise the operational benefits from greater collaboration and co-operation on property and property related matters. This closer working allows Defra to have an oversight of the property activity undertaken by the Network Organisations and affords greater opportunity to challenge and review the individual rationale underlying property use and disposal. This function increasingly aims to ensure operational assets are fully exploited and surplus assets are brought forward as quickly as it is practical to do so.

Past Success & Experience

The Defra Network has a good track record in identifying development opportunities and has been successful in exploiting them in recent years. Defra has sought to identify and deliver alternative use and reduce development risk by securing planning consents for residential development. Defra has actively secured planning consent for residential development at Long Benton (2006) and Guildford (2008). These sites yielded mixed residential development creating approx 250 units of mixed tenure aligned to local housing need.

Where the planning landscape has been less certain Defra has sold land with development hope value and secured participation via development 'claw back'. This allows the private sector to use it's expertise to take forward the planning process whilst allowing Defra to benefit in any enhanced value resulting from a successful change of use. A recent example is Wickford in Essex which will yield 152 housing units after a lengthy planning application process and Defra will enjoy a share of the enhanced land value.

Land Delivery Plan

Table 1: Land Delivery Plan

Holder	Location	Description	Site Area (ha)	Planning Status	Estimated Residential Units	Est. Release Date (Financial Year)	Current Status
Defra	Wareham	Former office		Change of use required.	1	2011/12	Released
Defra	Cheltenham	Former office	0.19	Change of use required	10	2011/12	Released
British Waterways	Nationwide	Regeneration land and buildings		With consent	1381	2011/12	
Environment Agency	Gainsborough	Surplus Office/Depot	0.76	Residential potential. No current consent.	33	2012/13	
British Waterways	Nationwide	Regeneration land and buildings		With and without consent	6019	2012/13	Transferred to New Waterways Charity

Environment Agency	Rothley, Leicester	Offices & Depot	0.43	Change of use required	5	2012/13	Flood risk to be addressed.
Environment Agency	Sonning, Berkshire	Sewage Treatment Works	3.02	Change of use required	40	2012/13	
Defra	Thirsk	Brownfield former buffer depot	1.01	White land without consent. Considered suitable infill residential development with high affordable housing content.	40	2013/14	Conditional sale agreed subject to planning consent.
Defra	Reading	Former office building	1.90	Without consent, but suitable for infill development	60	2013/14	Reviewing title and planning policy framework
Environment Agency	Sunbury	Brownfield former depot	1.6	Planning for residential declined on appeal, part of mixed use development.	64	2013/14	Planning currently being reassessed.
Covent Garden Market Authority	London, Nine Elms	Brownfield; Redevelopment to support wholesale market redevelopment.	23.1	Comprehensive redevelopment proposed, including residential.	2300	2015/16	Outline planning application expected autumn 2011.
Environment Agency	Tonbridge, Kent	Surplus infrastructure land	0.65	Recognised housing potential subject to consent	50	2015/16	Land locked site without access, delivery dependent upon adjoining land holders.
				Total	**10,003**		

Direct Delivery Options

It is important to recognise that no two development opportunities are identical, and therefore to exploit the full potential individual appraisal is central to establishing a clear strategy for each disposal. This is and will remain a key approach to bringing forward individual sites capable of viable housing development.

The individual options analysis will seek to identify the most appropriate means of delivery to the market. The level of preparatory resource and investment will be determined by the feasibility of each scheme identified, recognising that the pursuit of planning permission is not necessary in every case to see development land brought forward.

Disposal Methodology

It is anticipated that all disposals will be achieved through open market sales, but the level of development certainty will influence the disposal methodology. Disposal by openly competitive means using formal tender or public auction will be preferred. These methods are ideal for sites with a high degree of development certainty and they provide for a truly competitive bidding situation with a certain outcome in terms of time and value for the vendor.   Where there is less certainty less competitive open market disposals will be explored, especially sales by private treaty negotiated between willing parties. Non-competitive disposals will be considered where compelling practical reasons exist or unique purchasers willing to offer heightened values exist. The disposal methods will be considered in the context of the property type, specific characteristics and the nature of the market, in collaboration with professional legal and local property market advisors.

Market Expectation

The residential development market expectations have changed since 2008 in response to difficult trading conditions. The market has moved to a position whereby potential developments are increasingly taken forward using joint venture models and/or deferred payment basis. Increasingly purchasers are looking to secure rights to progress development plans and reducing the initial financial risk and exposure usually required to bring sites forward to construction. The market has started to influence the purchaser offering which is increasingly geared to shared participation between vendor and purchaser and whilst this is an enabler for the purchaser, the vendor is required to accept additional levels of risk and uncertainty linked to timing and receipts and potential business failure.

Deferred Receipts Model

This is considered to offer a solution to aid the accelerated delivery of land for development. Whilst HM Treasury has agreed to consider use of this methodology on a case by case basis, deferred receipts are still regarded as potentially novel and contentious activities liable to expose accounting officers to unacceptable levels of risk. Deferred payments present challenges on several levels; notably added uncertainty of receipt values and timeframes; additional exposure to market fluctuations on receipts over time; and increased risk due to the potentially financial fragility of development partners. All of these areas present challenges for business planning and project budgeting within the constraints of budgetary cycles especially where receipts are needed to fund a wider change programme. Defra will seek to explore this delivery methodology in response to market demand for flexible payment solutions for more challenging development opportunities and seek to mitigate risk through commercial contract terms used to facilitate delivery.

Exploiting Development Potential

Where ‘latent hope value’ exists which could be unlocked by obtaining planning permission for change of use and/or a heighted volume of development Defra will either dispose of sites subject to development clawback clauses or seek to promote alternative use via the planning system.

Disposal with existing use subject to development clawback is an attractive approach if one of the following situations exists:

- the potential costs of pursuing planning is likely to be high relative to the enhanced value achievable;
- where scheme design may be open to a high degree of interpretation with different value outcomes;
- where uncertainty exists around obtaining a favourable outcome; or
- where resources are unavailable to pursue planning;

Promoting alternative use with planning consent will be deployed where circumstances are favourable and options exist to promote certain alternative uses through the planning system. In the majority of cases the emphasis will be placed on preparing viable planning briefs or securing planning permission. This approach will seek to pursue the following:

- securing an approptiate planning allocation via the local development framework;
- preparing a planning brief to guide future developement aligned to planning policy framework. This is appropriate for larger sites, particularly where mixed use is desirable;
- seeking planning permission via a formal planning application. Where redevelopment of larger sites is proposed planning permission can be sought to establish the principles of development, whilst on smaller sites specific applications may be lodged for specific unit numbers.

Specific Projects and Issues

Included in this strategy are contributions from Network members. With a challenging delivery landscape, innovation is increasingly employed to add value, improve delivery and reduce the reliance on central support. Contributions from British Waterways and Covent Garden Market Authority are two such examples and are explained below:

New Covent Garden Market Redevelopment Project

The New Covent Garden Market Redevelopment Project is a public private sector development partnership which will deliver a new wholesale fruit, vegetable and flower market to meet the future needs of London beyond the 21st Century. This is a business driven project focused on providing a vibrant wholesale market capable of fulfilling the statutory commitment to provide access to a wholesome fresh food supply to the capital.

The redevelopment project will provide the essential facilities necessary to meet current and future operator needs. The new market will occupy a reduced footprint to give a fit for purpose facility with a long term sustainable future.

To realise this objective the Covent Garden Market Authority has sought to utilise planning, design and development expertise from a private sector development partner to generate incomes from surplus land within the market site to fund the redevelopment of the retained market. In pursuing this project Covent Garden Market Authority are focused on the redevelopment of the retained wholesale market, as this is their principal strategic operational objective, but to ensure success the Authority has maximised the economic contribution from the development of surplus land identified.

The New Covent Garden Market site falls within the Nine Elms Redevelopment Area sponsored jointly by Greater London Authority , Wandsworth and Lambeth Councils. It is also situated adjacent to the proposed American Embassy. The intention of the private public sector partnership is to deliver a mixed development opportunity which is closely aligned to local strategic planning policy. It is expected that the development will support local growth and regeneration whilst providing optimum capital return for reinvestment in the market redevelopment. It is worth noting that New Covent Garden Market is a significant employer in the borough and supports significant secondary employment.

Although this project is in the early stages of planning consultation and development, it is anticipated that the land release for redevelopment will yield 2,300 residential units as part of a wider mixed development scheme. The eventual residential unit yield will depend on the outcome of the planning process, timing in terms of both planning and the market cycle, and the economic viability of the overall development proposal.

British Waterways: Moving to Charitable Status

British Waterways is currently a public corporation with responsibility for the management and maintenance of two thirds of the navigable waterways across Great Britain. The property holdings are contained within two distinct property portfolios; the operational estate and the endowment estate. The operational estate is mainly waterways, canals, locks and associated transport infrastructure. The endowment estate is a mixed portfolio of commercial investment and development property held for either income earning potential, capital appreciation or development potential. The endowment estate is exploited to contribute to the operational costs of the waterways estate. British Waterways benefit from a portfolio of waterside land holdings which offer considerable scope for residential development over the next few years.

As part of the Public Bodies Bill, it has been decided that British Waterways will leave the public sector and assume charitable status in England and Wales. This is considered to be in the best interests of the waterways and will also increase the operational flexibility available to the New Waterways Charity to exploit wider business development and investment opportunities.

Ministers have recognised that the New Waterways Charity should have a legislative mandate to operate with the independence consistent with charitable status. The new charity will vest with the benefit of all the property assets currently held by the corporation, including the endowment estate. Beyond vesting, the strategic direction of the property portfolio will be determined by the independent Board of Trustees. By the charitable vesting date April 2012, British Waterways expects to have delivered 1381 residential units to the market for delivery and it will leave the public sector with a potential future pipeline of 6019 residential units over the current spending review period and beyond, with a potential further 1598 units dependent upon the outcome of a strategic planning review on one of their larger sites.

Constraints & Mitigation

The central feature of any commercial development is the level of certainty associated with the opportunity. In the case of commercial development the mitigation of development risks especially timing, viability and receipts are upper most in the minds of those undertaking development for profit. Whilst the level of developer risk will vary, it is clear that those sites offering a greater level of certainty will be more financially attractive and capable of delivery.

The developer perspective is valuable when reviewing market constraints, not least because house building is acknowledge as a risky activity in an uncertain market which is manifest in the levels of development activity across the country. Only a limited number of house builders have funds to purchase land outright at present and these acquisitions are mainly focused on smaller sites capable of immediate implementation. The current constraint on commercial development lending is a significant factor in the scale of current development activity. The willingness of purchasers to enter the market and their ability to trade is also significantly influenced by their dependency on development funding. Where finance is available loan to value levels are very low and significant cash injections are required into each scheme, so developers are exercising a degree of caution over land transactions and are seeking means of reducing initial investment, overall development exposure and timing payments for land against development incomes.

Other key issues include:

- **Timing:** Reducing the turnaround times and thus minimising exposure to changing market conditions is important in order to maintain positive financial returns.
- **Value:** Maximising certainty around end product and product re-sale values is a key objective. The certainty of value is equally essential to developers looking to acquire sites and vendors looking to release land. This is largely achieved by maximising the developable area and unit value through the planning process, but this needs to be balanced against local planning constraints, design efficiencies and market demand.
- **Economic viability:** Developers with funds are generally taking a cautious approach at present in order to avoid exposure to high costs and/or a falling market. Cost inflation is particularly sensitive given increased costs of construction materials (triggered by global demand), planning obligations and finance charges.

It follows that building developer confidence around sites is important in any disposal exercise. Similarly sites are more attractive where greater certainty exists around planning; a good fit exists between products envisaged and market demand (both impacting turnaround times); and economic viability. Defra recognises these issues and constraints and will seek to work actively to overcome constraints where it is considered beneficial to do so and it aligns with desired strategy outcomes and priorities.

A range of inter-connected constraints and issues are considered below. These issues will be material to the majority of land brought forward for development and the rate at which delivery can be accelerated will be directly influenced by the degree to which Defra, as a land holder, is able to address the issues and shape the solutions.

Town & Country Planning: Policy, Land Allocation and Consents

Influencing planning policy, promotion of land allocations and pursuit of planning permission can often be a time consuming and expensive process with uncertain timeframes and outcomes.

Before embarking on activity directed towards planning outcomes, Defra will always seek to review sites on a case by case basis, reflecting on design, process and cost considerations at the outset to ensure that resource requirements (in time and cost terms) warrant the potential enhancement in value. Whilst adding certainty via planning permission is a useful enabler, it is recognised that Defra may not always have the expertise or vision to deliver the optimum design or development solution and the private sector should be permitted to employ their expertise on those sites requiring creative or innovative development solutions.

Design – Developers will be attracted to sites where clarity exists around suitability of use, developable areas and densities, mix of units and tenure and market for the finished product. Scheme designs need to address site issues (e.g. site access / highway issues, building features, 3rd party rights and environmental constraints) and balance tensions between different stakeholder aspirations, notably; developers seeking to maximise value; market demand; local expectations; social needs and planning policy. The market regards affordable housing allocations and 'Section 106 obligations' as central considerations given their impact on the overall development cost and thus viability.

The housing mix, especially the proportion of non-owner occupied housing, has the potential to place an artificial cap on site value. Integrating affordable housing presents complexities around scheme layout (segregating users and achieving the optimum mix of unit sizes), scheme appearance (using external design to minimise distinction between tenure) and location (maximising appeal of units – considering immediate visual impacts and orientation).

Planning Process – The planning system is required to function within the context of national and local policy. The precedents set through this process must adhere to fairly rigid procedures. Experience shows that change of use on relatively straightforward sites generally takes 4-6 months whilst complex sites with multiple design and density components can take over 12 months. Application success rates are significantly enhanced and timeframes are reduced where the precedent for development is established, hence sites with planning permission are more attractive to the market. Defra will seek to mitigate planning risk by promoting sites for housing development before taking them to market, and where appropriate seek to secure alternative use consent recognising that planning applications can be a lengthy process.

Planning Cost – For parties seeking to bring forward sites for development, the costs of making planning applications are not insignificant. Whilst the costs of advancing straightforward applications are low, costs can quickly increase for larger more complex sites requiring specialist advice to demonstrate that specific design features are being delivered in line with planning policy (e.g. master planners or architects and/ or specialist engineers, highways or environmental consultants). Defra will seek to assess the net benefit of seeking planning consent against the overall contribution to the development and disposal process. Whilst planning certainty is an important feature of delivery, where the net additional benefit of planning consent is considered low against planning costs Defra will usually seek disposal subject to 'claw back' provisions.

Planning Obligations - Planning obligations are an important feature of our planning system which is designed to secure appropriate contributions to wider social and community needs. Local Authorities often have high expectations around affordable housing provision and the level S106 contributions expected from development land. The market generally views these obligations as development costs and whilst generally accepting of these costs increasingly the level of contributions is beginning to impact on development viability. The level of contributions expected as part of planning agreements could become a barrier to the development of land. When addressing planning obligations Defra will strive to ensure that the contributions sought are relevant and proportionate to the scheme envisaged in the context of the housing benefit delivered. It has to be recognised that having regard to the local market context, heightened costs will place additional pressure on economic viability of certain schemes and thus the likelihood of schemes being developed.

Market Risk

Market risk is an inherent part of any market function and there is very little that Defra can do to mitigate this generic risk other than recognise the prevailing market conditions and respond intelligently in terms of its market dealings.

Pre-recession; significant value could be realised by vendors and purchasers of sites seeking to promote residential development across the UK. However, commercial and residential markets have suffered considerably since the peaks witnessed in 2007/8 and the immediate market outlook remains weak with low levels of development activity.

Residential development activity appears to have been effectively capped by two key influencing factors. Firstly constraints on development finance (reduced levels of funding availability; increased institutional demands for equity to secure loans; lower risk lending criteria) and secondly reduced demand for finished products. The end user demand for housing has been constrained by challenges in the personal mortgage market, including increased deposits and reduced lending ratios. Whilst the demand for housing remains strong, the individual capacity to borrow is impacting on confidence in the value of finished products and future resale value. Whilst this situation has the potential to improve in the medium term the residential housing market remains fragile.

Whilst the accelerated release of land for residential development will increase the supply to meet ongoing housing need, there is an ongoing concern that the lack of end user demand for owner occupied housing will result in the land released going straight into land banks rather than into immediate construction.

Government Priorities & Policy Objectives

In setting out our approach to supporting the drive to bring forward development land, and where possible accelerating that release of land, Defra recognises the need to balance and prioritise a range of policy and strategic objectives. The accelerated release of surplus land is broadly aligned with the strategic desire to reduce unnecessary exposure to property; however the speedy release of sites for development is potentially in conflict with the need to maximise value, reducing holding costs and the time and financial investment needed to add development certainty and promote viable disposals. It is acknowledged that it will be difficult to achieve all of these objectives.

These potential conflicts are best illustrated by examples.

- Reducing market presentation lead times meets the need to accelerate the presentation of land to the market, but incomplete planning and development certainty may impact success levels in securing developer interest. Reduced interest will impact on development delivery and realised value.

- Deferred Receipts will reduce the financial burden upon developers and act as an incentive to bring land forward, however deferred payments will also place pressures on financial planning and budgeting due to uncertainty around the of value and timing of disposals. If receipts were indefinitely delayed this would potentially add to financial pressures.

The need to reduce property holding costs and realise income is a key contributor to the overall Spending Review savings plan. Defra will seek to bring forward land as quickly as it is practical to do so, recognising that securing value for money to the public purse remains a primary objective.

These proposals are also subject to immerging demands for accommodation from within Government as collectively Departments seek to maximise the operational benefits from re-use and reallocation of the civil estate. As it is anticipated that a significant contribution to land release will come from the surplus office estate, it should be recognised that Government may choose to re-use suitable surplus office accommodation in preference to releasing land for development.

Transparency & Commercial Activity

It is recognised that transparency, whilst welcomed as a principle in many areas of government, may potentially impact commercial terms achievable for sites and compromise operational activities. Whilst it is helpful to identify to the market those sites coming forward from the public sector with development potential, the market is commercially driven and geared to profit. There is a risk that the delivery of sites could be frustrated by commercial behaviour aimed at exploiting a preferential position. In these circumstances publication can place delivery of a site at risk if only one body can legitimately deliver by securing a commercial advantage. Development ransoms are the most obvious example of this.

Operationally, Defra is very keen to ensure that by publishing this strategy it reassures stakeholders and staff that adequate property resource will be retained to deliver business as usual. Defra has therefore only sought to publish details of those land assets which are surplus to operational requirements and the business has communicated this to stakeholders and staff.