



Homes &
Communities
Agency



Department for
Communities and
Local Government



Department
of Health

RELEASING SURPLUS NHS TRUST LAND FOR HOUSING

Landowners' Information Pack



Contents

Introduction.....	2
A package of support.....	3
The £290m fund:, including the £190m Investment Fund and £100m for Acquisitions by the HCA	4
ATLAS	7
Delivery Partner Panel 2	9
Sitematch.....	10

Introduction

The Surplus Public Sector Land programme

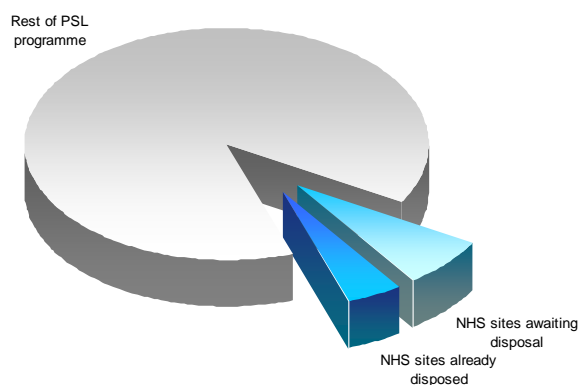
Maximising the release of surplus public sector land is critical to supporting the Government's ambitions to increase the number of houses being built, and helping to drive economic growth.

Government has identified land with capacity for over 100,000 homes, and has made a commitment to release this land before the next election in 2015. We are currently half way through the programme and although we are making good progress there is lots still to achieve.

This Government-wide programme is being led by the Department for Communities and Local Government (DCLG) in partnership with the Homes & Communities Agency (HCA).

How do the NHS Trusts fit in?

The NHS Trusts in England have identified land with a total capacity for almost 13,500 homes. This represents over 13% of the total Government programme, and the NHS is therefore a crucial component in delivering it.



To date, NHS Trusts have released land for almost 4,000 homes. There is still a long way to go to reach the current target of 13,500 homes by March 2015.

We need to dispose of sites *at pace* and have the tools to do this, so that much needed homes can be built.

This information pack will support NHS Trust landowners in releasing their surplus land quickly while ensuring they obtain a fair price.

A package of support

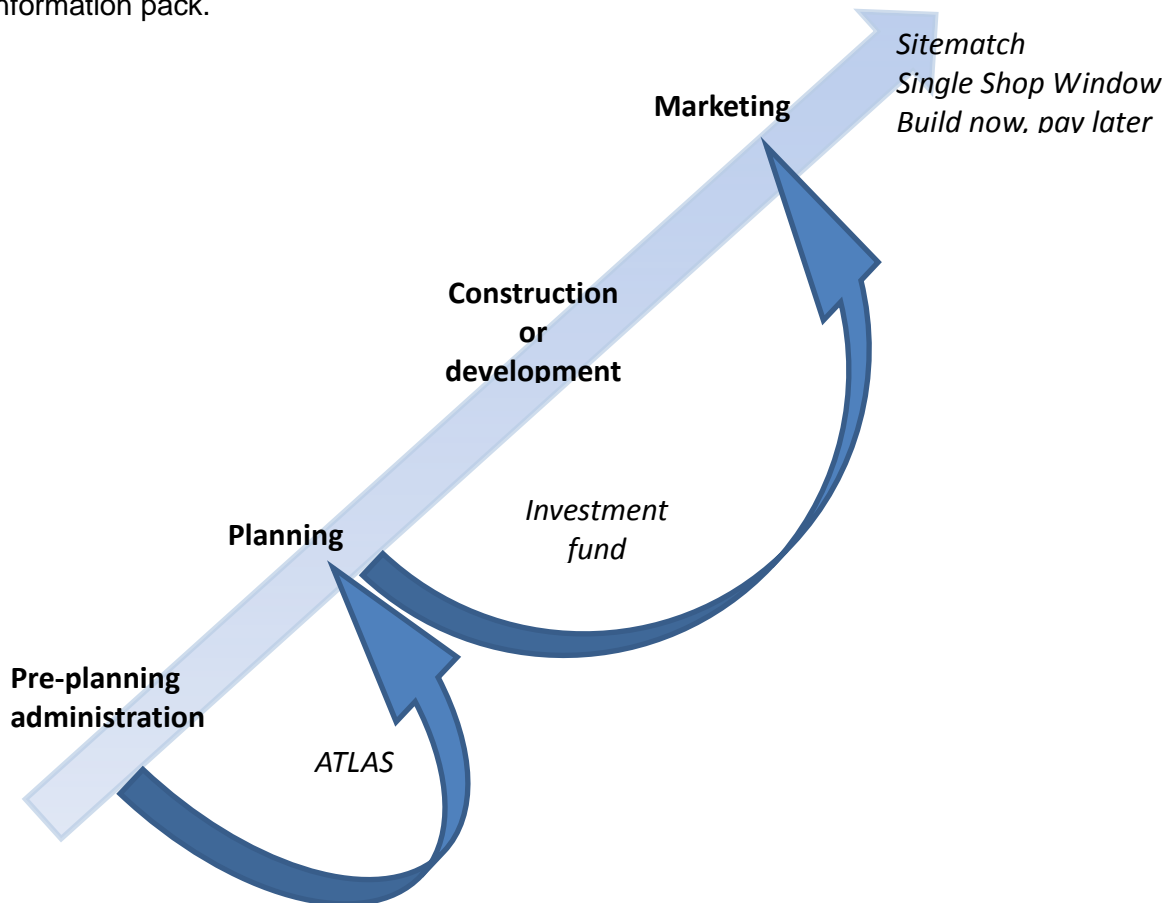
Overview

DCLG and the HCA are putting in place a range of supportive measures to accelerate the release of surplus (or potentially surplus) land and buildings. This aims to ensure sites are sold quickly, enabling homes to be built quickly and in turn, creating jobs.

This includes up to £290m of funding to support acquisition or investment to de-risk sites; support and skills through the HCA and the Advisory Team for Large Scale Applications (ATLAS); support based on Buy Now Pay Later principles (a schedule of deferred payments); and help to facilitate marketing of sites through Sitematch, a Single Shop Window.

What support is available?

The following graphic sets out in overview what support is available at each stage of the process. You can learn more about each of these support packages further on in this information pack.



The HCA also brings a network of teams across England with local knowledge and relationships to help unlock development sites.

For further information on the support tools available, in the first instance, you can contact the Public Sector Land Team at DCLG at: publicsectorland@communities.gsi.gov.uk

The £290m fund: Including the £190m Investment Fund and £100m for Acquisitions

The 2012 Autumn Statement saw the Government confirm funding of up to £290m to support NHS Trusts and other public landowners to accelerate bringing their sites *suitable for housing* to the market.

NHS Trusts are eligible to apply for funding and are strongly encouraged to do so!

What is the Investment Fund?

A £190m Investment Fund is available to reduce the risk associated with bringing the sites to market. The fund will be managed and delivered by the HCA.

The objective is to increase planning certainty, reduce market risks and accelerate the disposal of surplus land by March 2015 where it leads to residential development or residential-led development. The fund aims to support areas such as planning; site investigations; infrastructure; remediation; and demolition to increase the attractiveness of sites to the market.

Am I eligible?

The fund will be made available on an interest free loans basis and can be invested in NHS Trust sites in England that are:

- already in the Surplus Public Sector Land Programme for disposal by March 2015¹
- additional to the existing Programme where the landowner can demonstrate that the investment will allow disposal prior to 31 March 2015.

There are a number of criteria that sites will be assessed against. Priority will be given to those sites which offer (in relation to number of units):

1. **Highest certainty of disposal** by 2015 (what investment creates value and certainty)
2. **Greatest site risk reduction or acceleration** of disposal
3. Greatest certainty over **ability to achieve spend**
4. Greatest certainty around recoverability
5. **Value for money** – to allow maximisation of the number of units supported.

DCLG and the Department for Health will work closely with the HCA on this fund. The fund will be allocated across England (ie not pre-allocated by geography) and sites should be put forward to the HCA. Where sites are in London, the HCA will consult with the Greater London Authority (GLA) and involve them in the decision-making process. HCA will enter into funding agreements with sites in London subject to delegation by GLA.

¹ Disposal is defined as *The earliest of freehold disposal, grant of long lease exceeding 99 years, other transfers of land & risk, grant of building lease, conditional disposals or where a developer is selected and obligated to build out or sell on the land and the land owner is contractually obligated to release the land.*

How do I apply?

NHS Trusts who may be interested in the Investment Fund should email a Register of Interest to surplushealthsites@hca.gsi.gov.uk as **soon as possible**.

The deadline to register your interest is noon on Friday 12 July.

The HCA will make contact with the relevant NHS Trust. If it is agreed that the registered interest is in relation to the Investment Fund, NHS Trusts will be guided to the Public Land Investment Portal where the full guidance and breakdown of information required will be provided.

The HCA will also be able to provide information on relevant associated tools, such as Build Now Pay Later, allowing a schedule of deferred payments, or the free Developer Appraisal Tools, designed to appraise the viability of a site.

Acquisition by the HCA

A £100m fund for acquisitions has been made available so that the HCA can acquire sites from other Government landowners in order to remove the administrative burden from landowners and move sites to disposal quickly.

This is a fantastic way for NHS Trusts to dispose of their surplus land more quickly and with less work!

What is the process?

The HCA commission and fund a valuation of the site on the basis of terms agreed with the Trust and with the appointed Valuer. A duty of care would be provided by the Valuer to both the HCA and the Trust. The property is valued on a Market Value basis, according to the current RICS Appraisal and Valuation Standards ("Red Book") 8th Edition (and any subsequent Red Book revisions applicable as at the date of valuation), with compliance with the Red Book valuation standards in so far as these are compatible with HM Treasury Financial Reporting Manual (FReM).

The HCA is not looking to take on operational responsibilities. One option would be to agree to sell and exchange contracts conditionally with contracts to complete on the date at which the site becomes vacant. If a site remains occupied, the HCA and the Trust agrees the marketing process.

Due diligence work is required to inform the valuation and would be agreed with the Trust. Trusts would need to make relevant documents available, including:

- Full disclosure of liabilities
- Information about budgets (holding costs, disposal fees, investment)
- Contracts
- Red line boundary plan of the site to be acquired
- Planning history
- Surveys and other studies undertaken relevant to an acquisition
- Known investment requirements / endowment liabilities

A second window is now open for Trusts to register their interest as soon as possible and no later than the end July. Registering interest does not constitute a commitment on either side but will enable the HCA to engage with a Trust to explore the potential opportunities.

To register interest please complete and submit the form available from:
www.homesandcommunities.co.uk/ourwork/brownfield-and-public-land

The form should be emailed to surplushealthsites@hca.gsi.gov.uk. You can also use this email address to contact the team to discuss the process in more detail.

ATLAS

The Advisory Team for Large Applications (ATLAS) is part of the HCA that provides an independent, nationwide advisory service to Government departments and local planning authorities. The service is provided free of charge, sponsored by DCLG.

ATLAS secures the timely delivery of high-quality sustainable development through effective planning processes, collaborative working and the promotion of good practice.

“I have really appreciated them being involved. It is a really complicated and comprehensive scheme and at the end we are getting a better result than we otherwise might have due to ATLAS' involvement” Local Authority

How does ATLAS operate?

ATLAS can be invited in to assist on a project by the local authority (or public sector body such as NHS Trusts) at any stage in the development planning process. ATLAS will then work to identify and resolve barriers to progress, and to seek planning certainty in support of successful site marketing.

ATLAS has extensive knowledge and experience in planning for high quality development. The needs of individual projects can draw on the teams' expertise and skills in areas such as planning, transportation, urban design, environmental and social sustainability. In addition the team provides enabling skills, such as facilitation, negotiation, mediation and brokerage.



How can ATLAS help me?

ATLAS can offer NHS Trusts advice on the delivery of large developments. ATLAS also works in partnership with developers and local authorities to provide support.

What are the key areas of ATLAS activity?

ATLAS support tasks and milestones are bespoke to the unique needs of each project and defined through an inception and scoping process. Typical activity areas include:

- **Planning and Technical Support:** ATLAS offers NHS Trusts a wealth of expertise in planning for development.
- **Establishing Shared Vision:** Identifying development objectives and priorities and the best planning strategy to deliver them.
- **Securing Collaboration and Engagement** building shared understanding removing organisational barriers. Chairing and facilitating the processes.
- **Improving Project Management:** securing organisational commitment, establishing decision making structures, and work programmes.

- **Planning Performance Agreements (PPA):** Facilitating PPA implementation to formalise project management process and outcomes.
- **Brokering and Negotiating:** Mediating between parties on stalled sites. Resolving viability issues relating to S106, CIL, etc. Identifying potential funding sources and delivery mechanisms.

Who should I contact?

Contact Karl FitzGerald ATLAS coordinator for public sector land on 01908 353768 or at karl.fitzgerald@hca.gsi.gov.uk.

Further information on ATLAS can be found at: www.homesandcommunities.co.uk/atlas-guide-planning-large-scale-developments and on the ATLAS website at www.atlasplanning.com.

HCA's Delivery Partner Panel 2

The HCA's new Delivery Partner Panel 2 was launched in April 2013 and provides a national resource to help speed up the pace of disposal of sites and delivery of housing on public sector land.

The main aim of the Panel is to make the procurement of a developer, as quick and efficient as possible for both private sector Panel Members and public sector Panel Users such as Local Authorities and NHS Trusts. The Panel is free to use by NHS Trusts.

The Panel can be used to procure a developer to build houses and other associated facilities on land which NHS Trusts and other public bodies are looking to dispose of. Ownership of the land, in general, passes to the developer or to the eventual owners of the homes or other facilities. The Panel member can carry responsibility for the full development process from planning and design to marketing and sales.

Help and guidance is available from the DPP2 team for NHS Trusts wishing to use the Panel together with a practical handbook and tool box of information.

DPP2 is particularly valuable for development projects that require compliance with OJEU legislation. As Trusts were named on the OJEU notice as users of the Panel they can rely on the panel to meet their EU procurement obligations. The panel can also be used for sites that can be treated as simple disposals.

Prior to using the Panel, Trusts will need to sign up to a letter of agreement with the HCA; this can be arranged very quickly and does not cause delay.

The guidance information and process used on DPP2 are developed from the HCA's experience of operating DPP1, guidance and documentation is practical, well tested and based on experience.

Progress so far - DPP1

The current Delivery Partner 2 panel follows DPP1 which the HCA operated for three years. During this time DPP1 was used by 111 public sector bodies. 29,000 homes are currently in the DPP1 pipeline, 12,500 of these are complete or under construction. Users of the Panel include Rochdale Development Agency.

"This was the first time that we had used the HCA's Delivery Partner Panel. I was impressed by the quality of developers that were signed up to the panel and it made the choice to use this as our procurement route very easy. Having Keepmoat on board early in the scheme allowed all the partners to play to their respective strengths, enabling us to get houses built for local residents in very challenging market conditions." Richard Duddel. Rochdale Development Agency

Who should I contact?

Please contact DPP2info@hca.gsi.gov.uk to sign up to use the panel, or for general enquiries, please contact deborah.vogwell@hca.gsi.gov.uk. Further information can be found at www.homesandcommunities.co.uk/dpp

HCA's DPP2 does not cover London, but we have worked closely with the GLA to procure the London Development Panel which operates on the same basis. Further information on the London Development Panel is available at www.london.gov.uk/priorities/housing-land/land-assets/london-development-panel

Sitematch

A Single Shop Window for NHS Trust Landowners

Sitematch is organised by 3Fox International Ltd to link together landowners with developers. It aims to be a simple way for developers to see what public sector-owned sites might be available for development, with a website listing the sites and associated details. It also provides a simple way for developers and public sector landowners (such as Trusts or Local Authorities) to meet to discuss opportunities: a day of “speed dating” style meetings.

How does it work?

Developers browse the website, find a development opportunity that interests them and click through to book a meeting with the landowner. The initiative is free to the landowners and 80 e-newsletters are produced each year and distributed to about 40,000 developers, investors, advisors and others.

What are the benefits to landowners?

However strong a landowner’s network and demand for their assets, there are many developers outside that network unaware of the opportunity and any one of them may have a viable solution. Sitematch enables landowners to assess as many as possible.

“I was a bit of a sceptic when this was first mooted. However I am pleased to say that many of the developers who came to see us followed with specific enquiries, leading to detailed discussions on a number of situations. More importantly for us it has put us on the map as an opportunity destination for developers who were not aware of what Southwark has to offer. Where have these people been?” Jeremy Pilgrim, director of property, Southwark Council

Who should I contact?

For more information about Sitematch, please contact:
publicsectorland@communities.gsi.gov.uk

homesandcommunities.co.uk
mail@homesandcommunities.co.uk
0300 1234 500



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