



National Audit Office

Report

by the Comptroller
and Auditor General

Department for Communities and Local Government

Disposal of public land for new homes: a progress report

Our vision is to help the nation spend wisely.

Our public audit perspective helps Parliament hold government to account and improve public services.

The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO, which employs some 785 people. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £1.21 billion in 2015.



National Audit Office

Department for Communities and Local Government

Disposal of public land for new homes: a progress report

Report by the Comptroller and Auditor General

Ordered by the House of Commons
to be printed on 11 July 2016

This report has been prepared under Section 6 of the
National Audit Act 1983 for presentation to the House of
Commons in accordance with Section 9 of the Act

Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office

8 July 2016

We reviewed the government's progress to "sell land for more than 160,000 homes" by 2020. This work follows on from our June 2015 investigation into the first programme.

© National Audit Office 2016

The material featured in this document is subject to National Audit Office (NAO) copyright. The material may be copied or reproduced for non-commercial purposes only, namely reproduction for research, private study or for limited internal circulation within an organisation for the purpose of review.

Copying for non-commercial purposes is subject to the material being accompanied by a sufficient acknowledgement, reproduced accurately, and not being used in a misleading context. To reproduce NAO copyright material for any other use, you must contact copyright@nao.gsi.gov.uk. Please tell us who you are, the organisation you represent (if any) and how and why you wish to use our material. Please include your full contact details: name, address, telephone number and email.

Please note that the material featured in this document may not be reproduced for commercial gain without the NAO's express and direct permission and that the NAO reserves its right to pursue copyright infringement proceedings against individuals or companies who reproduce material for commercial gain without our permission.

Links to external websites were valid at the time of publication of this report. The National Audit Office is not responsible for the future validity of the links.

Contents

Summary 4

Part One

The land disposals programme 8

Part Two

Progress against the Committee of
Public Accounts' recommendations 12

Part Three

Progress against the
programme commitment 22

Appendix One

Our investigative approach 30

Appendix Two

The Committee of Public Accounts'
September 2015 recommendations
and the government's response 31

Appendix Three

Evidence on progress of
the first programme 34

The National Audit Office study team
consisted of:
Eleanor Fairbairn, Andrew Maloney,
Anne Jennings, Mark Edward and
Laura Fawcus, under the direction
of Simon Reason.

This report can be found on the
National Audit Office website at
www.nao.org.uk

For further information about the
National Audit Office please contact:

National Audit Office
Press Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7400

Enquiries: www.nao.org.uk/contact-us

Website: www.nao.org.uk

Twitter: @NAOorguk

Summary

1 The government aims to “release surplus public sector land in England with capacity for at least 160,000 new homes” by April 2020.¹ The Department for Communities and Local Government (DCLG) has overall responsibility for achieving this. Individual departments are responsible for identifying and disposing of land to meet their contributions as set out in the *Spending Review and Autumn Statement 2015*. The new programme began in May 2015.

2 In June 2015, we reported on the first land disposals programme.² This had a target to “release enough public land to build as many as 100,000 new, much-needed, homes and support as many as 25,000 jobs by 2015”.³

3 The Committee of Public Accounts (the Committee) took evidence on our June 2015 report. It concluded that DCLG could not demonstrate how the programme had helped to address the housing shortage or achieved value for money.⁴ The Committee made a number of recommendations on the new programme. In particular, it recommended that DCLG:

- produce guidance for departments disposing of land;
- collect sufficient information to oversee the new programme effectively; and,
- set out how it will assure itself that value for money is achieved for all future disposals.

Scope of this work

4 This report updates the Committee on DCLG’s progress setting up the new programme. Part One sets out the programme’s objectives. Part Two highlights DCLG’s actions in response to the Committee’s recommendations. Part Three outlines departments’ progress during the first year of the programme. The Committee’s full conclusions and recommendations and the government’s response are set out in Appendix Two.

¹ HM Treasury, *Spending Review and Autumn Statement 2015*, Cm 9162, November 2015.

² Comptroller and Auditor General, *Disposal of public land for new homes*, Session 2015-16, HC 87, National Audit Office, June 2015.

³ Department for Communities and Local Government, *Government plans release of public land to build 100,000 homes*, June 2011. Available at: www.gov.uk/government/news/government-plans-release-of-public-land-to-build-100-000-homes

⁴ HC Committee of Public Accounts, *Disposal of public land for new homes*, Second Report of Session 2015-16, HC 289, September 2015.

5 Between June 2015 and March 2016, several departments including DCLG gave evidence to the Committee on the number of homes built on land sold during the first programme. We have reviewed and summarised this evidence in Appendix Three.

6 This follow-up report does not look at the government's separate ambition to release local authority land with capacity for at least 160,000 homes, or the government's wider ambition to "deliver 1 million new homes" by 2020. We are planning to publish further work on the wider housing landscape later this year.

Key findings

Progress against the Committee's recommendations

7 The 2015 Spending Review set out departments' contributions to the land disposals programme. In December 2014 the Housing Minister committed to release enough land for 150,000 new homes by 2020. DCLG, supported by HM Treasury and the Cabinet Office, discussed land disposals with senior officials and ministers from all major land-owning departments through the Spending Review 2015 settlement process, and sought to agree contributions that were both achievable and stretching. In November 2015, the Spending Review announced department's individual contributions towards the revised 160,000 commitment. Departments have expressed varying degrees of confidence in their ability to meet their contributions to the programme commitment (paragraphs 1.6 and 2.7, and Figure 2).

8 As with the first programme, the DCLG accounting officer is responsible for the delivery of the programme, and the accounting officers of individual departments are responsible for ensuring each land sale represents value for money for the taxpayer. Each department must be able to demonstrate that they have taken robust decisions on value for money for each site disposed of, and that their delivery plans outline how they will assure their accounting officers of this. Individual accounting officers confirm to DCLG that a sale represents value for money (paragraphs 2.26 to 2.33).

9 DCLG has given departments a programme handbook that sets out the overall objectives and other details of the programme, but has not yet published these details.⁵ The handbook was issued to departments in December 2015 and updated in April 2016. The main objective of the programme is "to release surplus public sector land in England with capacity for at least 160,000 new homes" by April 2020. DCLG promised the Committee that it would publish details of the key aims, objectives, scope, data and monitoring arrangements for the programme in spring 2016. DCLG has not yet published these details; it intends to outline its approach in summer 2016, and provide further details on monitoring in autumn 2016 (paragraphs 2.5 and 2.6).

⁵ Department for Communities and Local Government, *Programme handbook for departments and arm's-length bodies*, unpublished.

10 DCLG has set out individual departments' responsibilities to collect data, retain evidence and report information. DCLG has set out, through its handbook, how disposals will count against the commitment and how housing capacity will be estimated and counted. Departments are responsible for collecting and retaining data on their contributions. They must capture specific information in relation to their land sales and submit it quarterly to the Homes and Communities Agency (HCA) and the Cabinet Office. DCLG does not require departments to monitor the actual number of homes built, as this is not an objective of the programme. The HCA records the quarterly information from departments on land disposals, and Cabinet Office records information on the amount of money raised from land sales by each department. The Cabinet Office monitors this financial information as a part of its oversight of the government's wider commitment to deliver at least £5 billion of receipts by 2020 through the release of surplus public land and property (paragraphs 2.15 to 2.19, 2.20 to 2.24, and Figure 3).

11 DCLG has committed to monitoring the broad progress of land development, including the number of homes built. The Committee stated in its last report that it will hold DCLG to account for the value for money of the programme as a whole. Accounting officers of departments that are disposing of land confirm to DCLG that sales of individual sites are value for money. DCLG considers that if each individual sale is value for money, then the programme overall is value for money. It therefore uses the confirmations provided by departments to assure itself that the programme is value for money.⁶ Alongside this, DCLG plans to monitor the broad progress of land development (including the number of homes built) and publish an annual report for the new programme. DCLG had committed to publishing wider details of the programme, including how it will assure itself that programme outcomes are achieved, in spring 2016. DCLG has not yet published this information. It told us it plans to provide further details on how it will monitor the progress of land development in autumn 2016 (paragraphs 2.26 to 2.38).

Progress delivering against the commitment to date

12 By the end of March 2016, government had disposed of land with capacity for an estimated 8,580 homes, across 77 sites, which represents 5% of the programme. DCLG told us the amount of money raised from these sales is £72 million, with future estimated receipts expected to be a further £197 million, subject to sale conditions being met. The government has also disposed of land for a further 4,853 homes over the same period, but the HCA has not yet obtained sufficient evidence that the sites will be developed for housing. The HCA is working to obtain this evidence. If these sites are validated, progress to date would represent 8% of the programme. The programme, and progress against it, relates to the disposal of land with capacity for housing, not actual homes built. The development of these sites could take many years to complete (paragraphs 3.2 and 3.3).

6 The land disposing departments are those with a housing capacity contribution outlined in the Spending Review and Autumn Statement 2015, plus NHS organisations.

13 Departments have identified further surplus, and potentially surplus, sites with capacity to support an estimated 104,461 homes, representing a further 65% of the programme. However, over 50% of the estimated housing capacity identified is on sites considered 'high risk'. DCLG defines high-risk sites as sites with “one or more issues preventing exchange of contracts before 31 March 2020 which are very unlikely to be resolved, meaning the site could slip out of the programme”.⁷ For example, departments’ delivery plans include land that could have residential potential but is currently in use and not yet declared surplus. The sale of this land will depend on other policy decisions, including the outcome of the Footprint Strategy at the Ministry of Defence and the Prison Estate Transformation Programme at the Ministry of Justice (paragraphs 3.4 to 3.7 and 3.13, and Figure 5, Figure 6 and Figure 7).

14 DCLG’s forecasts show that in order to meet the commitment, the departments must collectively dispose of more sites in each of the next four years than they did in the highest-performing year of the first programme. Nearly a third more surplus land capacity will need to be released in the next four years than in the previous programme. Departments estimate that sites with capacity for 29,001 homes will be released in 2016-17. Over the next four years disposals will need to be over 36,000 potential homes per year if the 160,000 commitment is to be reached by 2020 (paragraph 3.14, and Figure 9).

Conclusion

15 DCLG has made progress in setting up the new public sector land disposals programme: departments’ contributions, responsibilities and data collection arrangements are all in place. It has, however, been a relatively slow start. We are now over one year into the five year programme and DCLG has not yet finalised how it will monitor the number of homes built, or made much of the details of the scheme public. Departments we spoke to are focused on releasing surplus land, and have set delivery plans for the duration of the programme. However, much of the land identified for sale is still in operational use and decisions on whether it is surplus will be taken later in this Parliament. The fact that the first full ten months of the programme has delivered somewhere between 5 and 8% of the total commitment means significant delivery risks remain.

⁷ See footnote 5.

Part One

The land disposals programme

1.1 This part of the report explains the land disposals programmes' objectives and outlines the key events (**Figure 1**).

First programme (2011 to March 2015)

1.2 On 8 June 2011, the Housing Minister announced that the government planned to "release enough public land to build as many as 100,000 new, much-needed homes and support as many as 25,000 jobs by 2015".⁸

1.3 The Department for Communities and Local Government (DCLG) was responsible for meeting this target, and individual departments (including DCLG) were responsible for identifying surplus land from their estate, estimating the potential housing capacity of the sites, and disposing of them. This first programme ended on 31 March 2015.

Previous National Audit Office findings and Committee of Public Accounts recommendations

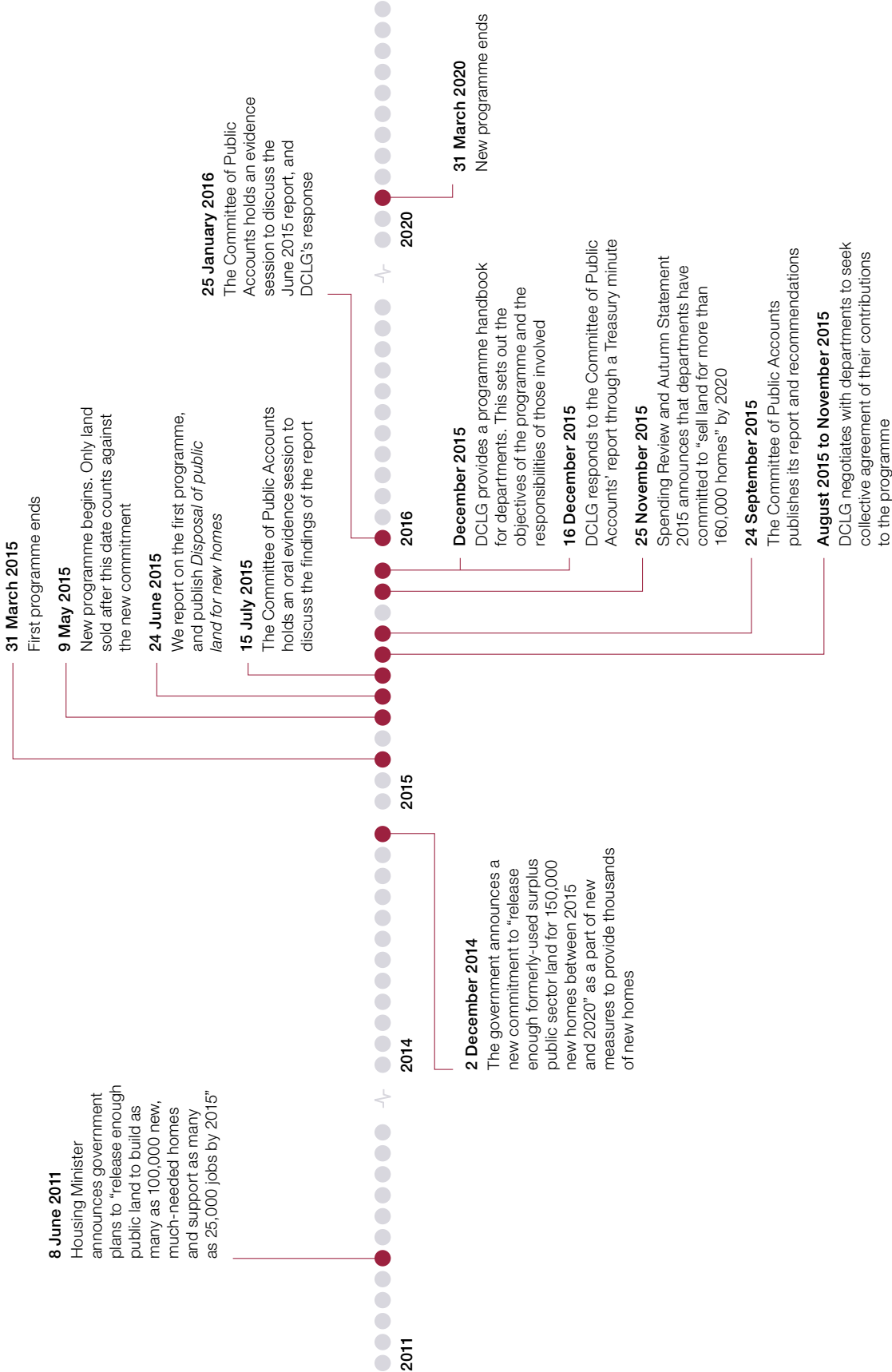
1.4 In June 2015, we published a report following an investigation into the government's progress against the 100,000 homes target and found that:

- The government had disposed of land with enough capacity to build 109,590 new homes over 942 sites. However, the target measured the notional number of expected homes, not actual homes built.
- There was no supporting documentation or economic evidence showing how the target was set or how it was allocated between the departments involved.
- Departments did not routinely monitor what happened to a site after disposal so there was no information on how many homes were built on the land.
- DCLG did not collect information on sales proceeds across the programme.⁹

⁸ Department for Communities and Local Government, *Government plans release of public land to build 100,000 homes*, June 2011. Available at: www.gov.uk/government/news/government-plans-release-of-public-land-to-build-100-000-homes

⁹ Comptroller and Auditor General, *Disposal of public land for new homes*, Session 2015-16, HC 87, National Audit Office, June 2015.

Figure 1
Key events relating to the land disposal programme



Source: National Audit Office summary of press releases, policy announcements and programme documents

1.5 The Committee of Public Accounts (the Committee) took evidence on our June 2015 report. It concluded that DCLG could not demonstrate the success of the land disposal programme in addressing the housing shortage or achieving value for money.¹⁰ The Committee made recommendations for DCLG to address when setting up the new programme. The Committee's recommendations, and the government's response, are summarised in Appendix Two.

Current programme (May 2015 to 2020)

1.6 In December 2014, the government announced a new commitment to "release enough formerly-used surplus public sector land for 150,000 new homes between 2015 and 2020".¹¹ After this, the *Spending Review and Autumn Statement 2015* announced the commitment "to sell land for more than 160,000 homes" by 2020.¹²

Accountability

1.7 DCLG has overall responsibility for the programme. Spending Review 2015 set out individual contributions for the estimated housing capacity of land to be released by each department (**Figure 2**).

Figure 2

The housing capacity of land to be released by 2020

Department	Housing capacity ¹
Ministry of Defence	55,000
Department for Transport	38,000
Department for Communities and Local Government	36,000
Department of Health	26,000
Ministry of Justice	5,000
Department for Business, Innovation & Skills	1,000
Total	161,000

Note

¹ This represents the potential housing capacity of a site. When a site is disposed of, the selling department estimates the number of homes that the site could support. This estimate is used to measure performance against the target.

Source: Spending Review and Autumn Statement 2015

¹⁰ HC Committee of Public Accounts, *Disposal of public land for new homes*, Second Report of Session 2015-16, HC 289, September 2015.

¹¹ Department for Communities and Local Government, *New measures will provide thousands of new homes*, December 2014. Available at: www.gov.uk

¹² HM Treasury, *Spending Review and Autumn Statement 2015*, Cm 9162, November 2015.

1.8 Individual departments are responsible for identifying land to meet their contributions and for disposing of this land within the timescales of the programme. As with the first programme, the accounting officers of individual departments are responsible for ensuring each land sale represents value for money for the taxpayer.

1.9 As part of the Spending Review 2015, the government also committed to a wider goal to deliver at least £5 billion of receipts by 2020 through the release of surplus public land and property across the UK. The Cabinet Office is responsible for monitoring the money raised from the sales.

Governance of the programme

1.10 DCLG has put in place a new governance structure for the programme. DCLG, HM Treasury, Cabinet Office, and representatives from No.10 and the departments form a Programme Board.¹³ This is chaired by DCLG's Housing Supply Director. The Programme Board meets monthly to: monitor programme delivery; resolve issues; and act as a decision-making forum.

1.11 The Programme Board reports to the Housing Implementation Taskforce. This is a Cabinet-level group whose remit is to "increase the supply of new housing by helping first-time buyers onto the property ladder, implementing Right to Buy and driving public sector land sales".¹⁴ Ministers attend this group, which holds individual departments to account for their progress towards their contributions. The group meets monthly and regularly reports to the Prime Minister and the Cabinet.

1.12 Finally, a Steering Group attended by departmental accounting officers, meets when required to provide further oversight of the programme.

Assessing progress since June 2015

1.13 In its report on the first programme the Committee made recommendations in relation to seven key areas of the programme.¹⁵ We have looked at the new programme with these in mind. Part Two provides more detail on:

- the set up of the new programme (paragraphs 2.2 to 2.7);
- what counts towards achieving the commitment (paragraphs 2.8 to 2.14);
- setting clear guidance for departments (paragraphs 2.15 to 2.19);
- implementing a data validation process and encouraging transparency (paragraphs 2.20 to 2.25);
- recording sale proceeds and actual construction of new homes to assess value for money (paragraphs 2.26 to 2.33);
- gaining assurance of value for money from all disposals (paragraphs 2.34 to 2.38); and
- setting out parameters for job creation (paragraphs 2.39 to 2.42).

¹³ References throughout the report to 'departments' refers to the six departments identified in Figure 2.

¹⁴ Department for Communities and Local Government, *Programme handbook for departments and arm's-length bodies*, unpublished.

¹⁵ See footnote 10.

Part Two

Progress against the Committee of Public Accounts' recommendations

2.1 This part explains how the Department for Communities and Local Government (DCLG) has responded to the Committee of Public Accounts' (the Committee's) recommendations and what action it has taken to incorporate them into the new programme.

The set up of the new programme

2.2 The Committee concluded in its report on the first programme that "it is essential that [DCLG] learn lessons for its new programme and deliver value for money from future land disposals".¹⁶

Committee of Public Accounts' recommendation

2.3 The Committee asked DCLG to report on "its progress with setting up the new programme, including objectives, how it will measure success and monitor progress, and how it has addressed the recommendations in the NAO report".¹⁷ In our June 2015 report, we recommended that in "setting further targets, the quantum should be based on a robust assessment of what departments can achieve".¹⁸

Government's response

2.4 DCLG noted the recommendation and said it would write to the Committee to update it on progress when it published the key aims, objectives, scope, data and monitoring arrangements for the programme in spring 2016.¹⁹

¹⁶ HC Committee of Public Accounts, *Disposal of public land for new homes*, Second Report of Session 2015-16, HC 289, September 2015.

¹⁷ See footnote 16.

¹⁸ Comptroller and Auditor General, *Disposal of public land for new homes*, Session 2015-16, HC 87, National Audit Office, June 2015.

¹⁹ HM Treasury, *Government responses on the First to the Third reports from the Committee of Public Accounts: Session 2015-16, and progress on Government Cash Management*, Cm 9170, December 2015.

Key actions taken and commentary

2.5 In December 2015, DCLG provided departments with a programme handbook ('the handbook'), which sets out the objectives of the programme, and the relevant responsibilities of those involved, and provides guidance on key aspects (for example, eligibility criteria for scoring housing estimates).²⁰ The handbook states that the aim of the new programme is to "drive housing supply by releasing surplus public sector land for new homes", and that its main objective is "to release surplus public sector land in England with capacity for at least 160,000 new homes" by April 2020.

2.6 DCLG promised the Committee that it would publish details of the key aims, objectives, scope, data and monitoring arrangements for the programme in spring 2016. DCLG has not yet published details of the new programme; it intends to outline its approach in summer 2016, and provide further details on monitoring in autumn 2016 (paragraph 2.38).

2.7 DCLG, supported by HM Treasury and the Cabinet Office, discussed land disposals with senior officials and ministers from all major land-owning departments through the Spending Review 2015 settlement process, and sought to agree contributions that were both achievable and stretching. However, departments have expressed varying degrees of confidence in their ability to meet their contributions to the programme. Part Three of this report outlines each department's progress in selling land, and identifying land for future sale.

What counts towards achieving the commitment

2.8 We previously reported that the government had disposed of land with enough capacity to build 109,590 new homes over 942 sites.²¹ This figure included housing capacity from land sold before the programme had started, and land that had moved outside the public sector, for example when a public body converted to a charity. The Committee concluded that DCLG had "adopted a very wide interpretation of what it could count towards achieving its target."²²

Committee of Public Accounts' recommendation

2.9 The Committee recommended that "[in] taking forward its new target to release land for up to 150,000 homes between 2015 and 2020, [DCLG] must only count the number of homes built, or commenced, on land disposed of during the programme. This should also include the number of affordable homes".²³

²⁰ Department for Communities and Local Government, *Programme handbook for departments and arm's-length bodies*, unpublished.

²¹ See footnote 18.

²² See footnote 16.

²³ See footnote 16.

Government's response

2.10 The Government did not accept this recommendation, as the “key objective of the new programme is to dispose of surplus land with capacity for at least 160,000 homes by 2020.”²⁴ The government noted that the types of disposal that will be counted against the new commitment will be set out in the new programme guidance.

Key actions taken and commentary

2.11 Despite not accepting this recommendation, DCLG has issued guidance, through the handbook, on how disposals will count against the commitment and how housing capacity will be estimated and counted. A site cannot score against the programme commitment unless there is at least a conditional sale contract in place, and there is sufficient evidence of planning certainty that the site will be developed for housing. Evidence of planning certainty may include “positive commitment or support from the local planning authority, inclusion in a local plan, outline planning permission or full planning permission”.²⁵

2.12 For the purpose of this programme, DCLG has defined ‘housing’ as any of the following:

- a new market home;
- affordable or starter home;
- new rental accommodation;
- new student accommodation;
- new key worker accommodation, including housing for health service and military service personnel and family accommodation, provided this adds to net housing supply;
- an Annington’s home previously leased to the Ministry of Defence and sold to the market;²⁶ and
- a care home.

2.13 The handbook provides guidance on how to estimate the housing capacity of land and count it against the programme commitment. Departments should estimate the housing capacity of a site based on planning permission approval, an allocation given in a local plan, or information provided through a valuation or other formal site assessment. Before planning approval is given, departments should use their judgement to estimate capacity, or alternatively use a standard assumption of 40 dwellings per net developable hectare. DCLG guidance notes that “capacity reported must represent a net increase in the available housing stock”.²⁷

²⁴ See footnote 19.

²⁵ See footnote 20.

²⁶ See the Annington website at: www.annington.co.uk

²⁷ See footnote 20.

2.14 DCLG told us that, as with the previous programme, it does not require departments to monitor the number of homes built, as this is not the programme's objective. However, DCLG has committed to monitoring the broad progress of land development for the new programme as a part of its assurance process (see paragraph 2.37).

Setting clear guidance for departments

2.15 The Committee concluded that "[DCLG] and the Homes and Communities Agency have not provided effective oversight of the programme" as they "did not collect basic information we would have expected for it to oversee the programme effectively".²⁸

Committee of Public Accounts' recommendation

2.16 The Committee recommended that DCLG "be clear with individual departments as to the guidance they are expected to follow" and "set clear documentary and data requirements".²⁹

Government's response

2.17 The government accepted this recommendation, and committed to publish guidance on the new programme in spring 2016. It noted that the guidance will set out arrangements for monitoring and assuring the programme, and requirements for collecting data and evidence.³⁰

Key actions taken and commentary

2.18 In its handbook, DCLG has set out individual departments' responsibilities for collecting data, retaining evidence and reporting information. These responsibilities are summarised in **Figure 3** overleaf.

2.19 Departments are responsible for collecting and retaining data on their contributions to the programme commitment. They must capture the following information for their land sales:

- site details including address, reference number, site size, heritage value, forecast date of planned disposal, and a risk rating denoting the likelihood of sale;
- a forecast number of housing units that will fall within the programme, and the status of any planning allocation or permission;
- the date that a development agreement or contract was signed, the housing capacity to be claimed and the name of the purchaser; and
- receipt information including forecast and actual sale proceeds, running costs, type of sale and the date the receipt is to be recognised.

²⁸ See footnote 16.

²⁹ See footnote 16.

³⁰ See footnote 19.

Figure 3
Programme responsibilities

Stakeholder	Key responsibilities
Cabinet Office	Provide oversight of all government land and property. Oversee commitment to land and property disposal receipt commitments. Collate management information on all government landholdings. Implement the One Public Estate programme and the government's Estate Strategy.
Department for Communities and Local Government	Oversee the public land programme. Monitor programme progress jointly with the Cabinet Office. Support departments and other bodies with their delivery plans. Manage the wider housing commitment.
Homes and Communities Agency	Deliver DCLG land release commitments. Receive, and dispose of, surplus land from other departments. Act as the government's housing and development expert. Collate, verify and challenge information provided by departments. Monitor, report and advise on programme performance and risks.
Other government departments with a Spending Review 2015 contribution ¹	Deliver land release commitments. Ensure disposals represent value for money and are compliant. Provide information to assess progress and performance.

Note

1 A list of departments with a Spending Review 2015 housing contribution is included in Figure 2.

Source: National Audit Office summary of documents provided by the Department for Communities and Local Government

Implementing a data validation process and encouraging transparency

2.20 The Committee was concerned that “programme-level information was incomplete or inconsistent with the individual departments’ records” and that DCLG had “failed to record other key information required to run the programme, including the means by which sites were sold”.³¹

Committee of Public Accounts’ recommendation

2.21 The Committee recommended that DCLG must “design and implement a data validation process” for the data it collects. It suggested that DCLG “should also review how it can increase transparency of agreed commercial terms for land disposals to provide greater assurance to the taxpayer that value for money has been achieved”.³²

31 See footnote 16.
32 See footnote 16.

Government's response

2.22 The government accepted this recommendation. DCLG committed to providing departments with guidance on the process for challenging and validating data. The response also highlighted Cabinet Office's work to increase transparency in commercial terms for land disposals; the Cabinet Office expects to publish this work in spring 2016.³³

Key actions taken and commentary

2.23 In its handbook, DCLG has set out data validation and quarterly monitoring processes for the new programme. Departments must submit quarterly monitoring information to both the Homes and Communities Agency (HCA) and the Cabinet Office. The HCA records and reviews the information relating to housing capacity, and checks that it is complete and that the scoring criteria have been applied correctly when a site has been logged as sold. The Cabinet Office records and reviews the information relating to the amount of money raised from land and property sales. The HCA and the Cabinet Office have assigned individuals to a particular department, and they review the quarterly returns against their understanding of a department's estate. The teams ensure that there is sufficient evidence for each site sold to score it against the programme commitment, including the HCA checking for evidence of a sale and of 'planning certainty'.

2.24 The HCA is not required to validate the information departments provide on the sites identified for future disposal. The HCA is not responsible for challenging whether sales have achieved value for money, although it does ask departments to confirm that they have followed guidance on value for money. The HCA told us that the quality of the data it receives is improving, but some information that departments provide is incomplete. For example, departments may not include sites in their information returns that the HCA is aware should be included. The HCA is working with departments to resolve these issues.

2.25 We have confirmed that the Cabinet Office is leading a cross-government review to consider ways in which government can increase transparency of commercial terms in relation to land disposals. This review is expected to publish in the summer.

Recording sale proceeds and actual construction of new homes to assess value for money

2.26 The Committee concluded that DCLG "cannot assess whether the programme delivered value for money for the taxpayer" as it has chosen not to monitor the number of houses built or under construction on land disposed of under the programme, nor the amount of money received from these sales.³⁴

³³ See footnote 19.

³⁴ See footnote 16.

Committee of Public Accounts' recommendation

2.27 The Committee recommended that “[in] taking forward the new target, [DCLG] and the Homes and Communities Agency must apply a broader test of value for money, which must include sale proceeds and progress in the actual construction of new homes”.³⁵

Government's response

2.28 The government did not accept this recommendation, as the “key policy objective of the [programme] is to dispose of surplus land with capacity for 160,000 homes by 2020”.³⁶ DCLG agreed that disposals should represent value for money; however, it disagreed that a new framework was needed to achieve this, as individual departments' accounting officers are responsible for ensuring that departments achieve value for money in their disposals of land. DCLG also noted that it monitors housing starts and completions as a part of the government's wider housebuilding strategy, and that it has implemented, with Cabinet Office, “quarterly monitoring arrangements to record receipts from land and property asset sales across the whole government estate”.

Key actions taken and commentary

2.29 Each department must be able to demonstrate that it has taken robust decisions on value for money for each disposed site, and that its delivery plans outline how assurance is given to accounting officers.³⁷

2.30 In the handbook, DCLG refers departments to *Managing public money* and the *Protocol for disposal of surplus public land and buildings* to guide departments' decisions on the disposal of land. *Managing public money* states that departments should value assets at market prices and that they have up to three years to dispose of land, once it is declared surplus.³⁸ *Protocol for disposal of surplus public land and buildings* outlines the process for identifying developable and viable land and property. It gives 40 working days for other public sector agencies and departments to identify new uses for this land.³⁹

2.31 In our June 2015 report, *Disposal of public land for new homes*, we identified a potential tension between the disposal time frame required by *Managing public money* guidance and the programme's objectives to speed up land disposals.⁴⁰ We commented that DCLG had not issued guidance to departments on how to manage these tensions. This remains the case, as DCLG considers that the guidance available addresses any potential risk to the programme of this nature, and it was not made aware of any instances of the tension arising during the previous programme. DCLG would not expect any department to dispose of sites unless each disposal represented value for money.

³⁵ See footnote 16.

³⁶ See footnote 19.

³⁷ In some instances, accountability may not rest with the departmental accounting officer. For example accounting officers of individual NHS Trusts are responsible for ensuring value for money requirements are met in respect of NHS land sales.

³⁸ HM Treasury, *Managing public money*, May 2012 (with revisions to August 2015), available at: www.gov.uk

³⁹ Homes and Communities Agency, *Protocol for disposal of surplus public land and buildings*, June 2015, available at: www.gov.uk

⁴⁰ See footnote 18.

2.32 DCLG confirmed that it does not require departments to monitor the number of homes built as this is not the programme's objective. As a part of the joint data collection exercise (see paragraph 2.23) the Cabinet Office collects information from departments and arms-length bodies on sales proceeds for all property disposals. DCLG does not monitor sales proceeds as a part of the land programme. The Cabinet Office is responsible for monitoring the money raised from all land and property sales (i.e. not only land sold for housing) across government and meeting the commitment to deliver at least £5 billion of receipts by 2020 from land and property.

2.33 Between June 2015 and March 2016, several departments including DCLG gave evidence to the Committee on the number of homes built on land sold in the first programme. Departments do not routinely collect this data, and had produced the information only in response to the Committee's request. As a part of this follow-up, we asked departments how they had collected this information, and asked for supporting documentation. We have summarised the evidence provided to the Committee, and our findings from this exercise, in Appendix Three.

Gaining assurance of value for money from all disposals

2.34 The Committee said that it was "sceptical as to whether departments achieved value for money from the sale of all individual sites" as "departments could not readily produce basic information about the sales that would be essential to supporting any value for money case".⁴¹

Committee of Public Accounts' recommendation

2.35 The Committee recommended that as it will "hold [DCLG] to account for the value for money of the new programme", DCLG should "set out how it will gain assurance that all landowning departments and public bodies have achieved value for money from all disposals".⁴²

Government's response

2.36 The government accepted this recommendation. DCLG responded that the details of its approach would be set out in the guidance it intends to publish on the new programme in spring 2016. DCLG noted that it obtained its assurance that all disposals of land achieve value for money through the evidence requirements given to departments, and through the validation process which asks departments to confirm that they have complied with the relevant guidance.⁴³

⁴¹ See footnote 16.

⁴² See footnote 16.

⁴³ See footnote 19.

Key actions taken and commentary

2.37 DCLG had committed to publishing wider details of the programme, including how it will assure itself the programme outcomes are achieved, in spring 2016. DCLG has not yet published this information but told us it gets assurance from:

- its review of departments' delivery plans;
- data validation and monitoring of programme outcomes;
- oversight provided by the Programme Board and the Housing Implementation Taskforce; and
- the confirmations received from departments on the value for money for individual site sales.

2.38 Accounting officers of land disposing departments confirm to DCLG that sales of individual sites are value for money. DCLG told us it considers that if each individual sale is value for money, then the programme overall must be value for money. It therefore uses the confirmations provided by departments to assure itself that the programme itself is value for money. DCLG also plans to monitor the broad progress that developers are making on land released in this Parliament, including the number of homes built. It will publish an annual report setting out its progress towards the 160,000 homes commitment. DCLG told us it plans to provide further details on how it will monitor the progress of land development in autumn 2016.

Setting out parameters for job creation

2.39 In addition to a housing capacity target, the first programme included an explicit objective to "support as many as 25,000 jobs".⁴⁴ DCLG was able to provide an estimate of the jobs created using a standard assumption, but "was unable to confirm how many jobs the programme created".⁴⁵

Committee of Public Accounts' recommendation

2.40 The Committee recommended that for future programmes, DCLG should "set out clearer parameters for job creation and collect and audit data to ensure that claimed new jobs are in fact created".⁴⁶

Government's response

2.41 The government accepted this recommendation. DCLG responded that "[where] programmes have explicit requirements to record job creation clear parameters will be set at the outset and data will be collected and reviewed". It noted that "[job] creation is not however an explicit objective of the new programme".⁴⁷

⁴⁴ Department for Communities and Local Government, *Government plans release of public land to build 100,000 homes*, June 2011, available at: www.gov.uk

⁴⁵ See footnote 16.

⁴⁶ See footnote 16.

⁴⁷ See footnote 19.

Key actions taken and commentary

2.42 DCLG told us that creating jobs is not an objective of the new programme. It will, therefore, not collect data to ensure that jobs are created as a result of the programme. DCLG has given a commitment to agree standard definitions and a common approach to measuring and evaluating the outcomes of programmes where creating jobs is an objective.⁴⁸

⁴⁸ HM Treasury, *Government responses on the Fourth to the Eighth reports from the Committee of Public Accounts: Session 2015-16*, Cm 9190, January 2016.

Part Three

Progress against the programme commitment

3.1 This part examines the Department for Communities and Local Government's (DCLG's) progress towards delivering the new programme commitment up to March 2016.

Current status

3.2 From 9 May 2015 to 31 March 2016, the government has disposed of land with capacity to support 8,580 homes, across 77 sites, which represents 5% of the programme commitment.⁴⁹ DCLG told us the amount of money raised from these sales is £72 million, with future estimated receipts expected to be a further £197 million, subject to sale conditions being met. We have not audited this figure as a part of our work for this report.

3.3 The government has also disposed of land for a further 4,853 homes over the same period, but the Homes and Communities Agency (HCA) has not yet obtained sufficient evidence that the sites will be developed for housing (see paragraph 2.11). The HCA is working to obtain this evidence. If these sites are validated, progress to date would represent 8% of the programme. The progress relates to housing capacity, not actual homes built as the development of projects on these sites could take many years to complete.

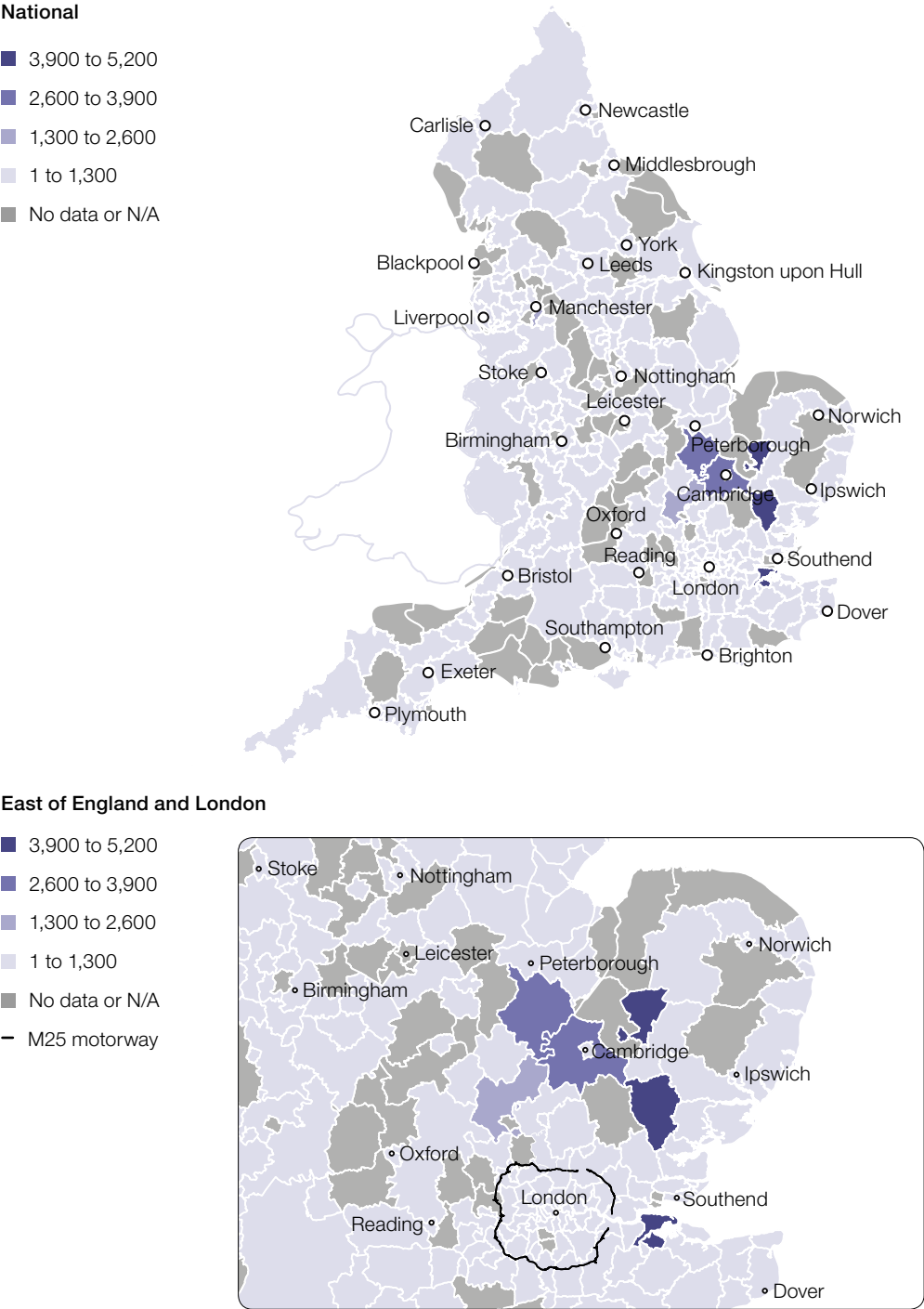
Sites identified for future disposal

3.4 In addition to the sites sold so far, as at March 2016 departments have identified surplus, and potentially surplus, sites with capacity to support 104,461 homes. This represents 65% of the programme. **Figure 4** shows where these sites are located, based on the estimated housing capacity of each site.

3.5 Departments' provide a risk rating for each site identified for future disposal. The rating is based on the likelihood of the site being sold within this Parliament (before the end of the programme). A little over half of the potential homes identified are on land considered 'high-risk' (**Figure 5** on page 24). DCLG defines this as a site for which "there is at least one issue preventing exchange of contracts which is very unlikely to be resolved before the end of the programme".

⁴⁹ The official start date of the new programme is 9 May 2015, following the 2015 General Election, as the programme aims to release land during this Parliament.

Figure 4
Housing capacity of sites identified for disposal under the programme



Notes

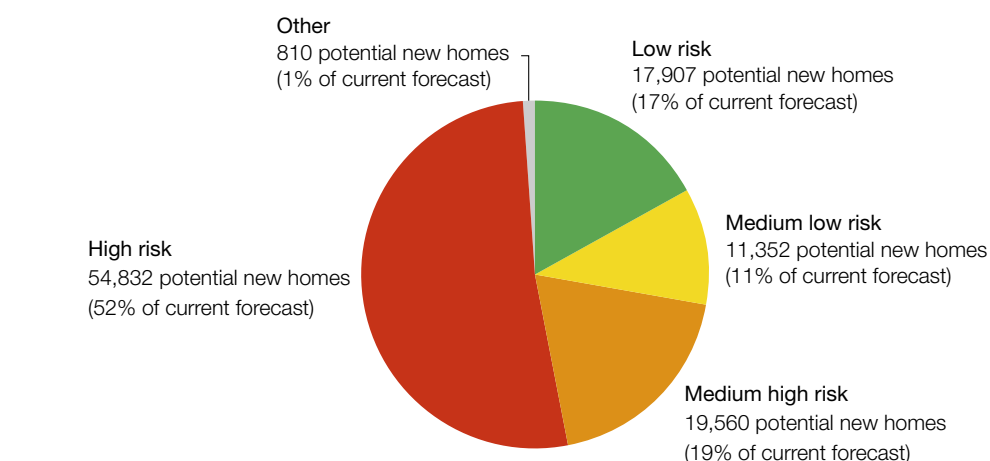
1 This shows the estimated housing capacity of sites sold, and of sites identified for sale, under the programme.

2 Location information was unavailable for a number of sites, with housing capacity for 5,414 homes. These sites are not reflected in the figure above.

Figure 5

Risk analysis of sites identified for future disposal

Over half of the potential homes identified for future disposal are on land considered 'high risk'



- Low risk: There are no issues preventing exchange of contracts before the end of the programme
- Medium low risk: There are only minor issue(s) preventing exchange of contracts before the end of the programme
- Medium high risk: There are several issues preventing exchange of contracts before the end of the programme
- High risk: There is at least one issue preventing exchange of contracts which is very unlikely to be resolved before the end of the programme
- Other: Sites have not been risk classified

Note

- 1 Sites with capacity to support 810 homes had not been risk classified in the data set provided. These sites have been included in the category 'Other'.

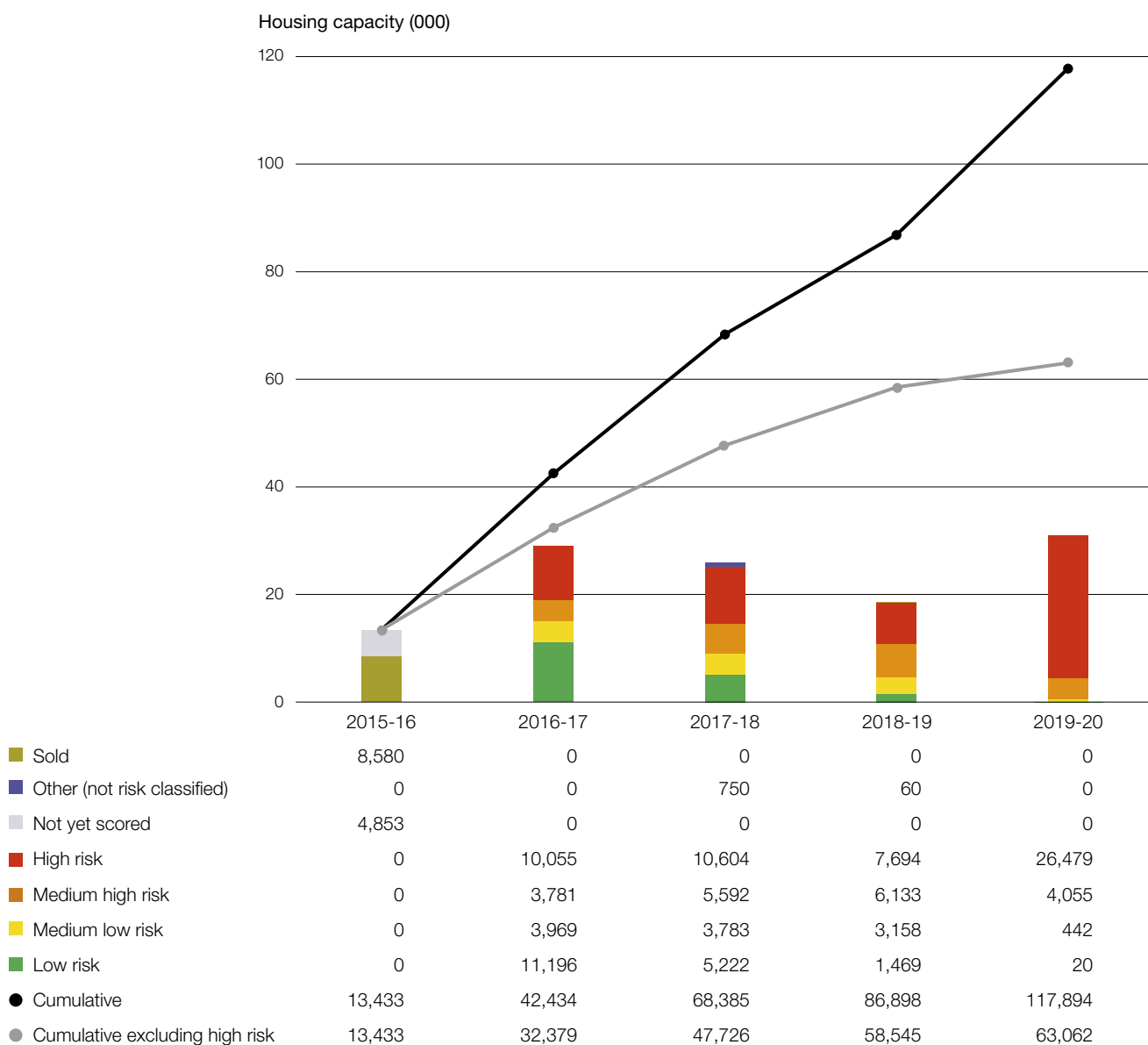
Source: National Audit Office analysis of Department for Communities and Local Government data

3.6 Issues that may prevent the exchange of contracts include, for example, situations where the decision to deem a site 'surplus' depends on other policy decisions (see paragraph 3.8) or where departments anticipate difficulties obtaining planning approval. Half of the identified sites, with an estimated capacity for 58,178 homes, have no planning status.

3.7 DCLG recognises that the issues relating to high-risk sites may mean that they 'slip out of the programme'. The 10 largest high-risk sites (by estimated housing capacity) are forecast to contribute 27,617 potential homes, or 17% of the programme commitment. **Figure 6** shows that, in the unlikely scenario that all of the 'high-risk' sites are not sold before the end of the programme, delivery against the commitment would be 63,062 (39% of the commitment) based on the current forecast. DCLG and the HCA are working with departments to reduce the risk of these sites, and to identify further sites for disposal.

Figure 6

Risk analysis of sites identified for disposal under the new programme

'High-risk' sites have the potential to significantly affect whether the government meets its commitment**Notes**

- 1 The 'cumulative' line is the sum of the current or forecast housing capacity figures for each year, plus the preceding years. It represents the forecast outturn of the programme if each identified site is sold in line with the estimated year of sale and estimated housing capacity.
- 2 The 'cumulative excluding high risk' line is derived on the same basis as the 'cumulative' line, but excluding any sites designated as 'high-risk'. DCLG defines 'high-risk' sites as those for which there is "at least one issue preventing exchange of contracts which is very unlikely to be resolved before the end of the programme." It does not represent forecast outturn, but is indicative of a scenario whereby the high-risk sites are not sold within the programme timescale.
- 3 Columns may not total due to rounding.

Source: National Audit Office analysis of Department for Communities and Local Government data

Departments' plans to achieve their contributions

3.8 Each department involved in the programme must develop a delivery plan setting out how it will achieve its contribution to the programme commitment (the Department for Business, Innovation & Skills did not have to produce a plan due to the relative size of its contribution). The plans include details of the sites identified to contribute to the disposals commitment, the probable timings of the disposals and the possible risks to delivery (**Figure 7**). DCLG provided support to departments in producing their initial delivery plans in early 2016, and are responsible for reviewing each plan every six months when it is updated.

3.9 So far, DCLG is the only department to have identified enough potential sites to reach its contribution (**Figure 8** on page 28). To address the risk that identified sites might not be sold in the required time frame, some departments intend to identify potential sites in excess of their contribution. DCLG is the only department to have identified any contingency (sold and identified housing capacity is currently 102% of the DCLG target). The others are still working towards achieving their contributions.

Analysis and commentary

3.10 In the first 10 months of the new programme, to March 2016, departments disposed of land with capacity to support 8,580 homes. Land with capacity for a further 4,853 potential homes has also been sold but the HCA requires more information from departments before 'planning certainty' (see paragraph 2.11) can be validated and the sale scored against the programme. Taken together, these represent a maximum 13,433 potential homes: departments anticipated selling sites with capacity for 15,000 potential homes in the same period, and DCLG is content that the programme is on profile.

3.11 In the final year of the first programme (2014-15) disposals amounted to 32,293 potential homes (**Figure 9** on page 29). DCLG expected delivery to drop from this level in the first year of the new programme as it needed to spend time agreeing departments' contributions, designing the programme structure and producing programme guidance. DCLG issued guidance to departments in December 2015, which, along with the Spending Review, may have contributed to the relatively slow start. DCLG observe that some of the issues the Handbook covers, including what was within the scope of the programme, could not be resolved until contributions were agreed in the Spending Review in November 2015. Its view, therefore, is that the Spending Review process affected the speed at which the programme could start.

Figure 7

Planned and existing activities to identify and dispose of surplus sites

Department	Activity	Estimated capacity generation ¹
Ministry of Defence	● Releasing sites through planned estates optimisation.	15,000 homes
	● Additional surplus estate identified through Footprint Strategy.	9,620 homes
	● Construction of Service Families and Single Living Accommodation, and reducing the number of houses leased from Annington's Homes.	5,000 homes
	● Vacate sites and transferring developable land to HCA for disposal.	25,500 homes
Department for Transport	● Developing opportunities identified through Network Rail Strategic Land and Property Review, which reported in April 2015.	Upwards of 4,700 – 8,000 homes
	● Working with HCA to release sites through rail estate regeneration.	No estimate ²
	● Disposal of Driver & Vehicle Standards Agency test facilities.	600 homes
	● Establishing a dedicated property function, 'Network Rail Property Limited'.	n/a ³
Department for Communities and Local Government (Homes and Communities Agency)	● Reduce risk to sale completion through appropriate levels of investment.	n/a ³
	● Accelerate sales by balancing housing capacity and receipts objectives.	n/a ³
	● Promoting sites through engagement and review of local plans.	n/a ³
Department of Health	● Provider engagement programme to identify surplus sites and to reduce the risk level of surplus sites already identified.	n/a ³
	● Sir Robert Naylor appointed as national NHS property and estates adviser.	n/a ³
	● Package of support, including acquisition of sites by the HCA, to help NHS sell surplus land more quickly.	n/a ³
Ministry of Justice	● Sites deemed surplus through Prison Estate Transformation Programme.	3,000 homes
	● Sites identified through Court Reform and rationalisation.	1,000 homes
	● Sites identified as a result of Transforming Rehabilitation.	100 homes
	● Sale of sites identified through 'business as usual' activities.	Up to 900 homes

Notes

1 This represents the estimated housing capacity that may be generated from land identified for release through each activity.

2 No specific estimate has been given against this activity in the department's delivery plan.

3 These activities will support disposal of land but it is not possible to allocate specific housing units to each action.

Source: National Audit Office analysis of departmental delivery plans

Figure 8

Progress against the programme commitment, by department

Department	Expected contribution ¹	Forecast total contribution as at March 2016 (% of contribution) ²	Estimated capacity of land sold and scored against the contribution ³	Percentage of forecast as at March 2016 that is rated 'high risk' ⁴
Ministry of Defence	55,000	37,879 (69%)	856	68%
Department for Transport	38,000	22,385 (59%)	71	39%
Department for Communities and Local Government	36,000	36,573 (102%)	4,326	32%
Department of Health	26,000	17,946 (69%)	2,971	45%
Ministry of Justice	5,000	1,394 (28%)	135	26%
Department for Business, Innovation & Skills	1,000	919 (92%)	0	0%

Notes

- 1 The contributions measure a notional number of homes, representing the potential housing capacity of a site. When a site is disposed of, the selling department estimates the number of homes that a site could support. This estimate is used to measure performance against the commitment.
- 2 Estimated at time of forecast.
- 3 Estimated at time of sale, with evidence of 'planning certainty' provided to the HCA. This figure includes the estimate capacity of land already sold under the new programme. The total of this column is 8,359, which is 221 less than the total land capacity released to 31 March 2016. This difference relates to land disposals by departments who do not have a specific housing contribution set out in the Spending Review 2015.
- 4 DCLG defines 'high-risk' sites as those for which there is "at least one issue preventing exchange of contracts which is very unlikely to be resolved before the end of the programme".

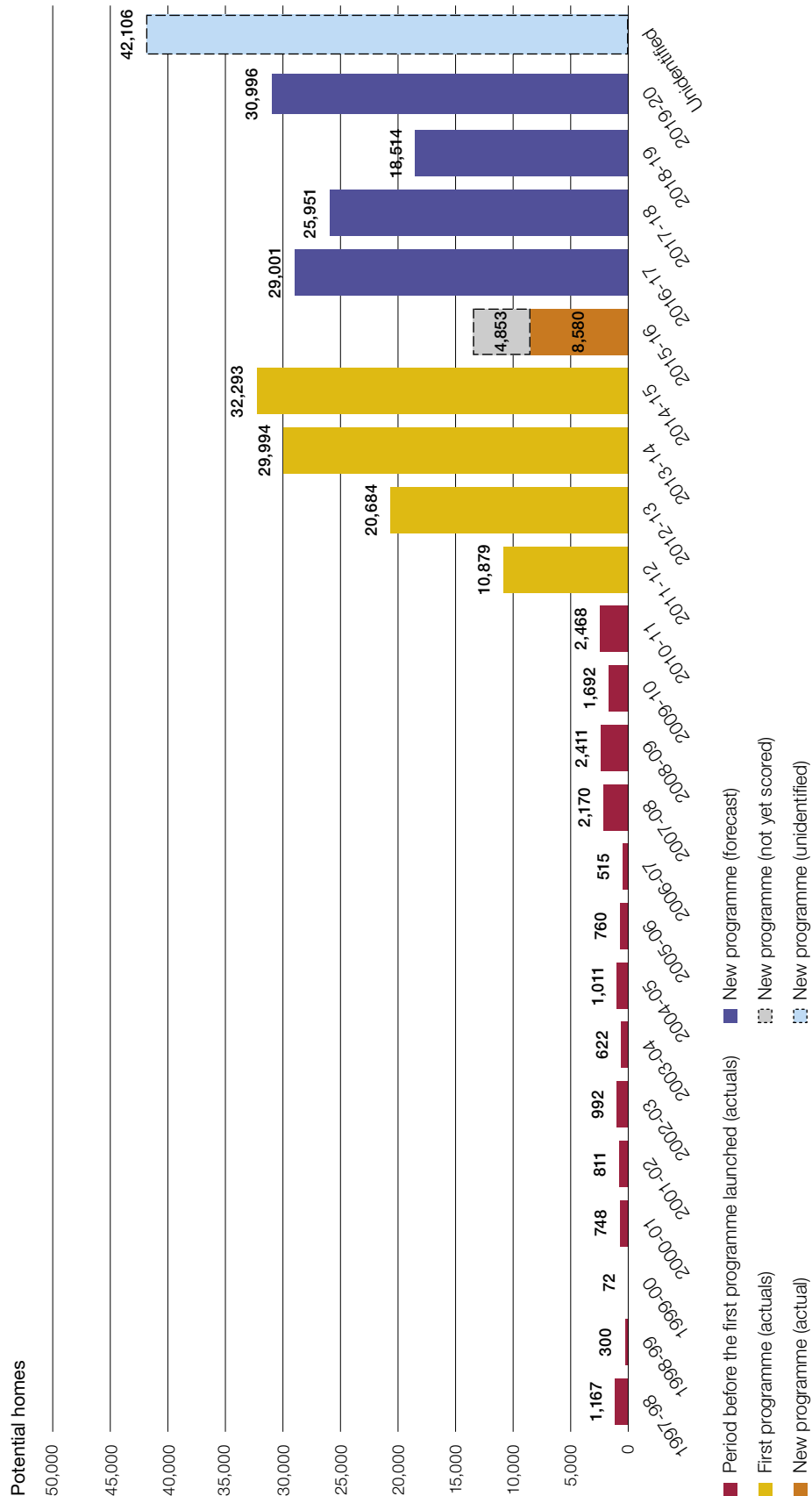
Source: National Audit Office analysis of Department for Communities and Local Government data

3.12 Departments must identify further land with capacity to support at least 42,106 homes (26% of the commitment) to achieve their contributions by 2020. In the last quarter of 2015-16, departments identified surplus land with capacity to support 19,777 homes, taking the total land capacity identified for the programme as a whole to 117,894. DCLG told us it continues to review the situation through its quarterly monitoring and meetings with departments. However, it has not formed an expectation of how many sites it would have hoped to have been identified by this point.

3.13 Departments told us that for many of the sites identified for disposal, the land is still in use and disposal depends on other policy decisions. For example, at the Ministry of Defence many of the identified sites rely on the outcome of the Footprint Strategy, and at the Ministry of Justice further sites for disposal will be identified as a result of the Prison Estate Transformation Programme. Decisions on whether the land is surplus will therefore be taken later in this Parliament.

3.14 Over the next four years overall disposals will need to be over 36,000 potential homes per year if the government is to achieve the 160,000 commitment. Departments are currently forecasting that they will sell land with capacity to support 29,001 homes in 2016-17.

Figure 9
Sales of public land with housing capacity over the two land disposal programmes
In the first year of the new programme there was a large drop in the number of disposals compared to previous years



- Notes**
- 1 New programme forecast, as it stands, will not deliver the 160,000 commitment. Land with capacity for 42,106 homes remains to be identified.
 - 2 Land with capacity for 4,853 homes sold in 2015-16 has not yet been validated.

Appendix One

Our investigative approach

Scope

- 1** We conducted a follow-up investigation into the government's commitment to "sell land for more than 160,000 homes" by 2020. The scope of investigation was as follows:
 - the Department for Communities and Local Government's (DCLG's) progress in setting up the new programme (Part One);
 - the key actions DCLG has taken for each of the Committee's recommendations (Part Two); and
 - the progress departments have made in the first full year of the new programme (Part Three).

Methods

- 2** In examining these issues, we drew on a variety of evidence sources. We reviewed the:
 - a** DCLG's programme handbook;
 - b** first year quarter three (ending 31 December 2015) and quarter four (ending 31 March 2016) monitoring reports;
 - c** land disposal delivery plans of all the departments with a Spending Review 2015 land disposal contribution; and
 - d** meeting minutes.

We interviewed individuals from:

- e** each of the departments with a Spending Review 2015 land disposal contribution;
- f** DCLG with responsibility for implementing the new programme; and
- g** Homes and Communities Agency (HCA) with responsibility for monitoring and validating the programme data.

We also analysed:

- h** the first year quarter four (ending 31 March 2016) data set on all sold sites and sites identified for potential disposal.

Appendix Two

The Committee of Public Accounts' September 2015 recommendations and the government's response

Committee recommendations	Government's response	NAO findings of progress against recommendation
<p>1 The Department cannot assess whether the programme delivered value for money for the taxpayer</p> <p>In taking forward the new target, the Department and the Homes and Communities Agency must apply a broader test of value for money, which must include sale proceeds and progress in the actual construction of new homes. Taxpayers deserve to know how many homes have actually been built.</p>	<p>The Government does not accept the Committee's recommendation</p> <p>The key policy objective of the Public Sector Land for Housing Programme is to dispose of surplus land with capacity for 160,000 homes by 2020. The Department will set out further details of the programme in Spring 2016, including details of how progress will be monitored.</p> <p>The Department agrees that land disposal should represent value for money for the tax payer, taking into account a wide range of factors. However, the Department disagrees that a new framework or test is needed to achieve this. It is already the clear responsibility of departmental accounting officers to ensure that value for money is achieved in the disposal of each piece of land, taking account of the expected number of homes to be built, and the receipts achieved. Managing Public Money gives a clear framework in which accounting officers must make these decisions.</p> <p>The Department has overall responsibility for ensuring delivery across government of the Public Sector Land for Housing programme. This includes gathering full evidence to provide assurance that the programme outcomes are achieved, including that land is being used for housing. This Programme is part of the government's wider house-building strategy, for which starts and completions are regularly monitored.</p> <p>Cabinet Office and the Department have implemented, since April 2015, quarterly monitoring arrangements to record receipts from land and property asset sales across the whole government estate.</p>	<p>Part addressed; in progress.</p> <p>Part Two, paragraph 2.26.</p>

Committee recommendations	Government's response	NAO findings of progress against recommendation
<p>2 We are sceptical as to whether departments achieved value for money from the sale of all individual sites</p> <p>We will hold the Department to account for the value for money of the new programme. It should, therefore, set out how it will gain assurance that all land-owning departments and public bodies have achieved value for money from all disposals.</p>	<p>The Government accepts the Committee's recommendation</p> <p>Target implementation date: Spring 2016.</p> <p>The Department sets the objectives for the Programme and will publish the new programme outline in Spring 2016.</p> <p>Accounting officers of land owning departments and public bodies are responsible for the value for money of their decisions on each land disposal. Chapter 3 of Managing Public Money is clear that value for money should be considered for the Exchequer as a whole, rather than the highest sales receipt.</p> <p>The new Public Sector Land Programme will set out guidance on the records that should be kept by departments as evidence to show that value for money has been achieved. As part of the validation process departments will be required to confirm that they have complied with the relevant guidance, in particular that the site has been subject to independent valuation in accordance with the RICS Red Book. This gives the Department assurance that all disposals of land will achieve value for money.</p> <p>The Cabinet Office (Government Property Unit) is currently reviewing and updating the Guide for the Disposal of Surplus Property for publication by Spring 2016.</p>	<p>Part Two, paragraph 2.34.</p>
<p>3 The Department adopted a very wide interpretation of what it could count towards achieving its target</p> <p>In taking forward its new target to release land for up to 150,000 homes between 2015 and 2020, the Department must only count the number of homes built, or commenced, on land disposed of during the programme. This should also include the number of affordable homes.</p>	<p>The Government does not accept the Committee's recommendation</p> <p>Target implementation date: Spring 2016</p> <p>The key objective of the new programme is to dispose of surplus land with capacity for at least 160,000 homes by 2020. The types of land disposal that will be within the scope of the new programme will be set out when the Department publishes the new programme.</p>	<p>Part addressed.</p> <p>Part Two, paragraph 2.8.</p>
<p>4 The Department was unable to confirm how many jobs the programme created</p> <p>The Department must set out clearer parameters for job creation and collect and audit data to ensure that claimed new jobs are in fact created.</p>	<p>The Government accepts the Committee's recommendation</p> <p>Target implementation date: Spring 2016</p> <p>Where programmes have explicit requirements to record job creation clear parameters will be set at the outset and data will be collected and reviewed. Job creation is not however an explicit objective of the new programme.</p>	<p>Part addressed.</p> <p>Part Two, paragraph 2.39.</p>

Committee recommendations	Government's response	NAO findings of progress against recommendation
<p>5 The Department and the Homes and Communities Agency have not provided effective oversight of the programme</p> <p>The Department must be clear with individual departments as to the guidance they are expected to follow, and must set clear documentary and data requirements.</p>	<p>The Government accepts the Committee's recommendation</p> <p>Target implementation date: Spring 2016</p> <p>The Department will publish the new Public Sector Land Programme in Spring 2016. This will set out the monitoring and assurance requirements on all bodies in scope of the programme. It will specify what records should be kept by departments, and will include a new requirement to confirm at the point of disposal, through the quarterly monitoring process, that there is a full record of key facts associated with the sale, retained by each government department. The Department will adapt the key facts template used in the NAO report case studies for this purpose.</p>	<p>Addressed.</p> <p>Part Two, paragraph 2.15.</p>
<p>6 There were significant omissions in the Department's data collection</p> <p>In addition to setting minimum documentary and data requirements for all land-owning departments, the Department must design and implement a data validation process.</p> <p>The Department should also review how it can increase transparency of agreed commercial terms for land disposals to provide greater assurance to the taxpayer that value for money has been achieved.</p>	<p>The Government accepts the Committee's recommendation</p> <p>Target implementation date: Spring 2016</p> <p>The Department plans to increase the amount of data that is collected from government departments. The Department will also provide full guidance to departments and ALBs on the validation and challenge process, which will include providing additional evidence.</p> <p>The Cabinet Office (Government Property Unit) will lead work across government to review how it can increase transparency of agreed commercial terms for land disposals, with a view to maximising transparency, except where there are strong reasons for commercial confidentiality. The report will be published in Spring 2016.</p>	<p>Addressed.</p> <p>Part Two, paragraph 2.20.</p>
<p>7 It is essential that the Department learn lessons for its new programme and deliver value for money from future land disposals</p> <p>Alongside its usual Treasury Minute response, the Department should provide us with a fuller report on its progress with setting up the new programme, including objectives, how it will measure success and monitor progress, and how it has addressed the recommendations in the NAO report.</p>	<p>The Government notes the Committee's recommendation</p> <p>The Department will write to the Committee separately on further progress when we publish the key aims, objectives, scope, data and monitoring arrangements for the programme in Spring 2016.</p>	<p>In progress.</p> <p>Part Two, paragraph 2.2.</p>

Source: HM Treasury, *Government responses on the First to the Third reports from the Committee of Public Accounts: Session 2015-16*, and progress on Government Cash Management, Cm 9170, December 2015

Appendix Three

Evidence on progress of the first programme

Department (number of homes claimed)	Evidence	Data collection methodology	Checked to supporting documentation
Department for Communities and Local Government (Homes and Communities Agency) (20,930)	On 15 July 2015, oral evidence to the Committee stated that construction of 6,200 homes had been started, and 2,000 homes had been completed.	Review of developer reports held on file, and checking to planning services information.	✓ ¹ No audit trail available. See footnote.
	The evidence given also stated that on land sold using the Build Now Pay Later payment method, 2,547 homes had been started, of which 658 have been completed (on land with an estimated capacity of 6,026 homes). The value of expected receipts at that date was £131 million.	Monitoring of Build Now Pay Later sale receipts and charge release. ²	✓ ¹ No audit trail available. See footnote.
	On 25 January 2016, written evidence to the Committee stated that of a sample of 100 sites, with estimated capacity of 8,600 homes, 200 homes had been completed and the construction of a further 2,200 homes had started.	Sampling exercise using planning services information. ³	✓
Ministry of Defence (38,778)	On 14 October 2015, oral evidence to the Committee stated that sites under the first programme were sold for £427 million.	Collation of existing disposal records.	✓
Department for Environment, Food & Rural Affairs (11,675)	On 4 November 2015, oral evidence to the Committee stated that proceeds over two sites sold under the programme amounted to £43.4 million, with 199 homes completed on one of these sites.	Review of financial records. Internet searches for completion information.	✓
Department for Transport (4,655)	On 16 November 2015, written evidence to the Committee stated capital receipts under the first programme amount to £111 million. It also stated 1,015 housing units were started or completed at the King's Cross site.	Review of financial records, planning reports and project documents.	✓ ⁴

Notes

- 1 No audit trail was available for the July 2015 figures. We have obtained the latest version of the figures (March 2016) produced using the same methodology. The latest figures show that at 31 March 2016 there had been 8,214 starts (of which 6,804 are through the Build Now Pay Later mechanism) and 3,774 completions (of which 3,059 are through the Build Now Pay Later mechanism). These figures relate to sites with a claimed capacity of 10,559.
- 2 Under the Build Now Pay Later mechanism, the HCA retains a charge on the land made available for development. These charges are released as homes are sold and the HCA is paid for the land.
- 3 The sampling exercise selected 100 sites from a potential population of 942. However, the population selected from was limited due to the scope of the data available. The results are not representative of all 942 sites.
- 4 The quoted receipts information relates to 29 sites. This information was not available for a further 39 sites sold by the Department for Transport under the first programme. The receipts information is therefore incomplete.

Source: National Audit Office analysis of oral and written evidence to the Committee of Public Accounts, interviews and supporting documentation received from departments

This report has been printed on Evolution Digital Satin and contains material sourced from responsibly managed and sustainable forests certified in accordance with the FSC (Forest Stewardship Council).

The wood pulp is totally recyclable and acid-free. Our printers also have full ISO 14001 environmental accreditation, which ensures that they have effective procedures in place to manage waste and practices that may affect the environment.



National Audit Office

Design and Production by NAO External Relations
DP Ref: 11200-001

£10.00

ISBN 978-1-78604-066-4



9 781786 040664
