National Audit Office

Report
by the Comptroller
and Auditor General

Cabinet Office, Ministry of Housing, Communities & Local Government, HM Treasury

Investigation into the government's land disposal strategy and programmes

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Investigation into the government's land disposal strategy and programmes

Report by the Comptroller and Auditor General

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Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office

1 May 2019

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This investigation outlines the government's strategy and objectives for managing land disposals as well as highlighting the progress made by departments on several key disposal programmes. This investigation also explains what happens to any sales proceeds from land disposals.

Investigations

We conduct investigations to establish the underlying facts in circumstances where concerns have been raised with us, or in response to intelligence that we have gathered through our wider work.

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What this investigation is about

1 In 2016-17 the government estimated the total value of central government-owned land and property at £179 billion. The government has a policy to sell assets where it considers they no longer serve a public purpose, or that purpose can be more efficiently realised through its transfer to private or non-government hands. There are benefits from sales of surplus public land: proceeds can be reinvested in public services; and land sold may be developed for other purposes, particularly for the building of new homes. But there are also risks, for example government departments might sell land without first establishing a clear view of whether it might be needed to deliver future public services.

2 For land, the government has two main disposal targets:

- **Proceeds target:** The government plans to "deliver £5 billion of receipts between 2015 and 2020 through the release of surplus public sector land and property across the UK".[1] The Cabinet Office is responsible for leading on progress toward this target.
- **Land for new homes target:** Under its Public Land for Housing Programme, the government aims to "increase housing supply by releasing surplus public sector land for at least 160,000 homes" in England between 2015 and 2020.[2] The requirement relates to the housing capacity of land released by 2020; the new homes may be built after this date. The Ministry of Housing, Communities & Local Government (MHCLG) is responsible for this programme. The target follows an earlier commitment to release enough land for 100,000 new homes between 2011 and 2015.

3 This investigation looks at the government's strategy for land disposals and the performance against both targets. In July 2016 we reported that the land for new homes programme had made a slow start, with only 8% of the total target achieved in the first 10 months.[3] The Committee of Public Accounts expressed concerns about slow progress in its November 2016 report.[4] MHCLG has not published a progress update since February 2017, despite committing to doing so annually. MHCLG told us in early April that it intends to publish a progress report on the land for new homes target in the week commencing 29 April 2019. Owing to our publication date we were unable to review that progress report. We have not previously looked at progress against the government's proceeds target.

1 HM Treasury, Spending Review and Autumn Statement 2015, November 2015.
2 See footnote 1.
3 Comptroller and Auditor General, *Disposal of public land for new homes: a progress report*, Session 2016-17, HC 510, National Audit Office, July 2016.
4 HC Committee of Public Accounts, *Progress with the disposal of public land for new homes*, Twenty-second Report of Session 2016-17, HC 634, November 2016.

4 We conducted our fieldwork between February and March 2019, analysing government data on sales and interviewing officials within government departments. We do not evaluate the effectiveness or value for money of the government's land disposal strategy or the programmes. Our investigation does not include local authority land disposals, which do not contribute to either target. Our investigation focuses on:

- the rationale, objectives and strategy for selling public land (Part One);
- progress on the land disposals for new homes programme (Part Two); and
- progress on the £5 billion proceeds programme, and the use of proceeds (Part Three).

Summary

Key findings

Background and strategy

1 **The government's approach to land disposals is contained within a wider strategy for managing the government estate.** The Office of Government Property, part of the Cabinet Office, leads on the Government Estate Strategy (the Strategy), which sets out government's aspirations for its estate. Four of the 11 programmes outlined in the Strategy have a land disposals element, for example the One Public Estate programme seeks to create more land for housing and help improve asset management. Each government department develops its own plans to deliver against the strategy, and there are a range of boards tasked with ensuring good governance. We have produced a simplified overview of the landscape in Figure 4 (paragraphs 1.3, 1.6, 1.7, 2.10, Figures 3 and 4).

2 **Alongside the strategy, government has two specific land disposals targets, one to release sufficient land to build at least 160,000 homes and another to raise £5 billion in proceeds.** The Ministry of Housing, Communities & Local Government (MHCLG) oversees progress towards delivery of the land for new homes target, and Cabinet Office manages the proceeds target. The government set targets for land-owning government departments at the 2015 Spending Review. In pursuing targets for land disposals, departments are responsible for the value for money of each transaction – ensuring individual sales are consistent with *Managing Public Money* and other government guidance. Some departments manage their land disposal activities through one or more other public bodies (paragraphs 1.2, 1.7, 1.8 and 1.11).

3 **In setting the targets for new homes, the government had a limited evidence base.** Our 2015 report on the first land disposals programme (2011–2015) found that the government had no supporting documentation or economic evidence behind its target of 100,000 homes. For the second programme, the government set its target of releasing enough land for at least 160,000 new homes during the 2015 Spending Review, with stretching targets for departments. Our 2016 progress report on the second programme found that departments would need to deliver more land for new homes in the remaining four years of the programme than they had achieved in any year of the previous programme (paragraphs 1.11 and 2.6).

Progress against the land for new homes target

4 **MHCLG expects departments to have released enough land for around 65,000 homes by 2020 against a target of at least 160,000.** By December 2018, land with a capacity for 38,166 homes had been released. By 2020, MHCLG expects that the programme will release enough land for 65,211 homes; this represents 41% of the target, a shortfall of land for 94,789 homes. In a 2017 review, the Infrastructure and Projects Authority said "an overwhelming number of interviewees" had told them the overall target would not be met by March 2020. The government currently does not expect to reach the 160,000 target until after 2025 (paragraphs 1.12 and 2.5).

5 **MHCLG has identified several challenges to delivering the target.** For many sites identified for disposal, public bodies are still using the land to provide services, and disposal depends on policy decisions. MHCLG told us that the disposal of some large, complex sites have been delayed due to planning issues, as without planning certainty sites disposals will not score against the programme target. In some cases, progress is hampered by departments not legally owning or controlling all the sites that could potentially count towards their targets (for example, sites owned by NHS foundation trusts). Some sites require decontamination before they can be sold. MHCLG has not quantified how many sites fall into each of these categories (paragraph 2.8).

6 **MHCLG estimates that 40,500 homes have been "brought to market" under this, and previous programmes.** MHCLG uses the term "brought to market" which includes homes that already existed on land released, in addition to homes newly built. MHCLG told us that of the 40,500 homes brought to market, 10% relate to pre-existing homes. We have not seen the supporting evidence for these figures. Land for 109,000 homes was released during the previous (2011–2015) programme. MHCLG estimates that by the end of March 2018, 37,800 homes have been brought to market on that land. A further 2,700 estimated homes have been brought to market on land released during the current (2015–2020) programme (paragraphs 2.2 and 2.9).

7 **MHCLG has made limited improvement to the data it collects and publishes since the first programme.** MHCLG commissioned the collection of data on the number of homes brought to market following a Committee of Public Accounts (the Committee) recommendation on the 2011–2015 programme. However, it does not (as the Committee requested) collect data on the number of affordable homes built and the number of homes made available to key workers. MHCLG told us that it has started to collect data on planned affordable homes but we have not seen these data. MHCLG considers it is for departments to collect data on homes for key workers. MHCLG has published its Programme Handbook of guidance to departments on releasing land for housing, and departments have published information on their estate strategies. Despite committing to do so, MHCLG had not published an annual report on the land for new homes programme between February 2017 and the start of our investigation, and has not published any information on new homes built under the entire programme, which the Committee asked for (paragraphs 1.6, 2.11, 2.13 and 2.15).

Progress against the government's proceeds target

8 **The government currently expects to achieve its £5 billion proceeds target by March 2020, with two transactions responsible for more than £1.8 billion of the total.** Between April 2015 and March 2018, the programme had generated £2.48 billion from proceeds. The largest single sale by value during that period was the Old War Office, which the Ministry of Defence sold in 2016 for £357 million. Network Rail completed its sale the railways arches in February 2019, generating proceeds of £1.46 billion. Including the Network Rail sale means the government needs to generate a further £1.06 billion worth of proceeds in the final two years of the programme (paragraphs 3.2, 3.4 and Figure 9).

9 **Our analysis shows that of the 1,500 or so sites released between April 2015 and March 2018, 176 (12%) were released for £1 or less.** MHCLG released 160 of the 176 sites and told us that the main reasons were sites requiring buyers to incur costs of remediation (such as decontamination), narrow strips of land which had no other use and land with contractual conditions attached. Homes England told us that remediation costs were responsible for 51% of sites being disposed of for £1. Narrow strips of land and contractual conditions make up the remaining 29% and 20% respectively. We have not seen the supporting evidence for these figures. Most of the 176 sales involved small properties – 140 (82%) were smaller than two hectares – but five transactions involved sales of sites larger than 10 hectares. Homes England, which manages land disposals for MHCLG, has provided us with some information to explain these five sales (paragraphs 1.8, 3.5 and 3.6, Figure 13).

10 **Cabinet Office has limited programme-level data.** Departments collect information on individual sales, and it is their respective accounting officers' responsibility to assure a transaction is value for money. The Cabinet Office publishes the data it receives from departments on individual disposals. It does not analyse data at the programme level to assess, for example, the types of buyers attracted to certain government properties, whether departments are selling land to the same buyer, and the use to which the land is subsequently put (paragraphs 1.7 and 3.9).

Use of proceeds

11 **Departmental budgets were set on the assumption that departments could achieve their sale proceeds targets.** Individual departments have targets for both proceeds and land for new homes that count towards the overall targets. At the 2015 Spending Review, HM Treasury and departments agreed targets for proceeds and then HM Treasury set budgets for the five years to 2020-21 net of these amounts. If their disposal proceeds are less than expected, departments face a shortfall in their budgets and they may need to amend or defer their spending plans. Departments we spoke to told us that any shortfalls have so far been manageable. HM Treasury told us that it has discretion to provide additional funding in these cases, although it would take into account how well a department had managed its resources, and any factors outside the department's control (paragraphs 3.10 and 3.11).

12 **There are insufficient data to say with certainty where the sale proceeds have been spent.** As stated above, sales proceeds are expected to make up departmental income during the spending review period. It would be a concern if departments are selling land and property to support day-to-day running costs, rather than to invest in refurbishing existing assets or purchasing new ones. There is an expectation that receipts from land and property sales are reinvested unless HM Treasury agrees otherwise. The government has not collected aggregate data on how government as a whole has used proceeds from disposals, so we cannot say whether this is the case. We have these data for some individual transactions, for example, Network Rail kept the £1.46 billion proceeds from the sale of the railway arches, of which £500 million reduced its funding shortfall to March 2019, with the remaining proceeds used to reduce Network Rail's expected borrowing from the Department for Transport (paragraphs 3.11 and 3.14).

Part One

Background and government's strategy

Government's land and property

1.1 Central government owns around £179 billion of land and property across the United Kingdom, about 43% of the total public sector estate (**Figure 1**). This is more than 16,800 land plots, representing 526 million square metres. The amount of land varies significantly by department, with the Department for Work & Pensions being the largest land-holder at 1.6 million square metres, see Appendix Two.[5] Land and property is a significant public asset, which requires careful management to ensure it is used efficiently.

1.2 Government sees benefits in selling land that it no longer needs. Sales of sites can release land for new homes, and sale proceeds can be reinvested in public services. Government has a policy to retain only those publicly owned assets it considers are needed to meet public service obligations; *Managing Public Money* states that surplus land should be disposed of within three years,[6] and surplus residential property within six months. Departments are accountable for the value for money of any asset sale, including land, in accordance with the *Green Book*.[7]

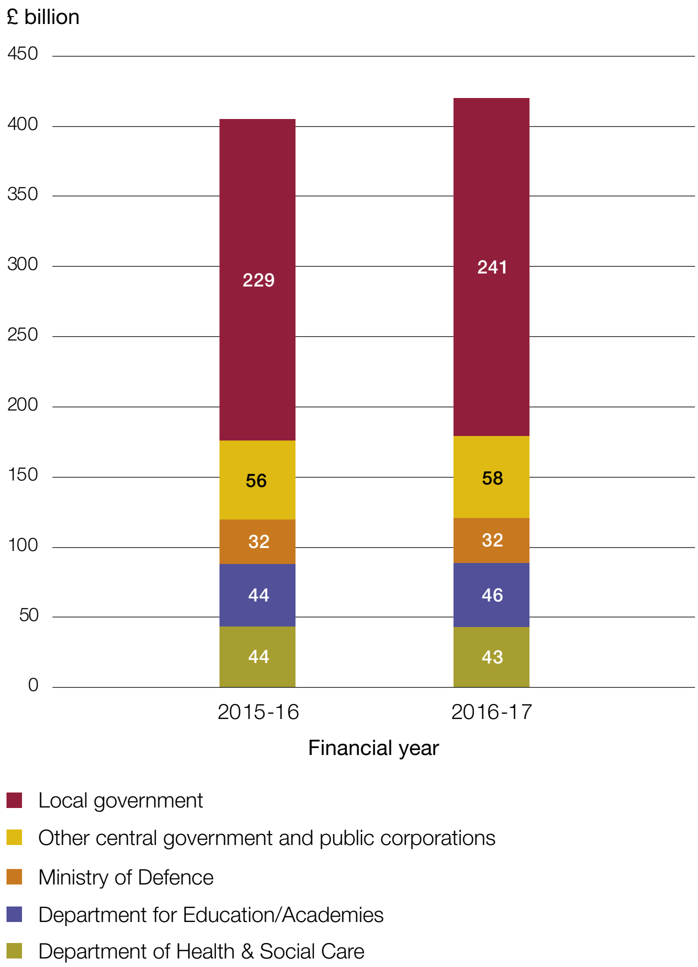
Strategy

1.3 The government does not have a stand-alone land disposals strategy. Instead it has a strategy for managing the entire government estate – the *Government Estate Strategy* (the Strategy), with land disposals forming a subset of this.[8] The Office of Government Property (OGP), part of the Cabinet Office, is responsible for setting the Strategy, with government departments responsible for setting their own strategies aligned to it. The Cabinet Office publishes an annual 'State of the Estate' report describing how government is performing on key metrics including size of the estate, cost and utilisation of space. The government views land disposals as an integrated element of departments' asset management rather than a distinct focus. **Figure 2** on page 12 summarises how the land disposal element of the Strategy interacts with departmental strategic objectives as well as the governance and reporting framework.

5 The Office of Government Property told us that the Department for Work & Pensions has the largest estate through commercial leases rather than freehold ownership.
6 *Managing Public Money* is HM Treasury's guidance to departments on "how to handle public funds".
7 The *Green Book* is HM Treasury's guidance for public bodies on how to appraise proposals before committing funds to a policy, programme or project.
8 The *Government Estate Strategy* was first published in 2013. The most recent version was published in July 2018.

Figure 1
Breakdown of the value of the public sector estate

Central government makes up around 43% of the public sector estate



Notes

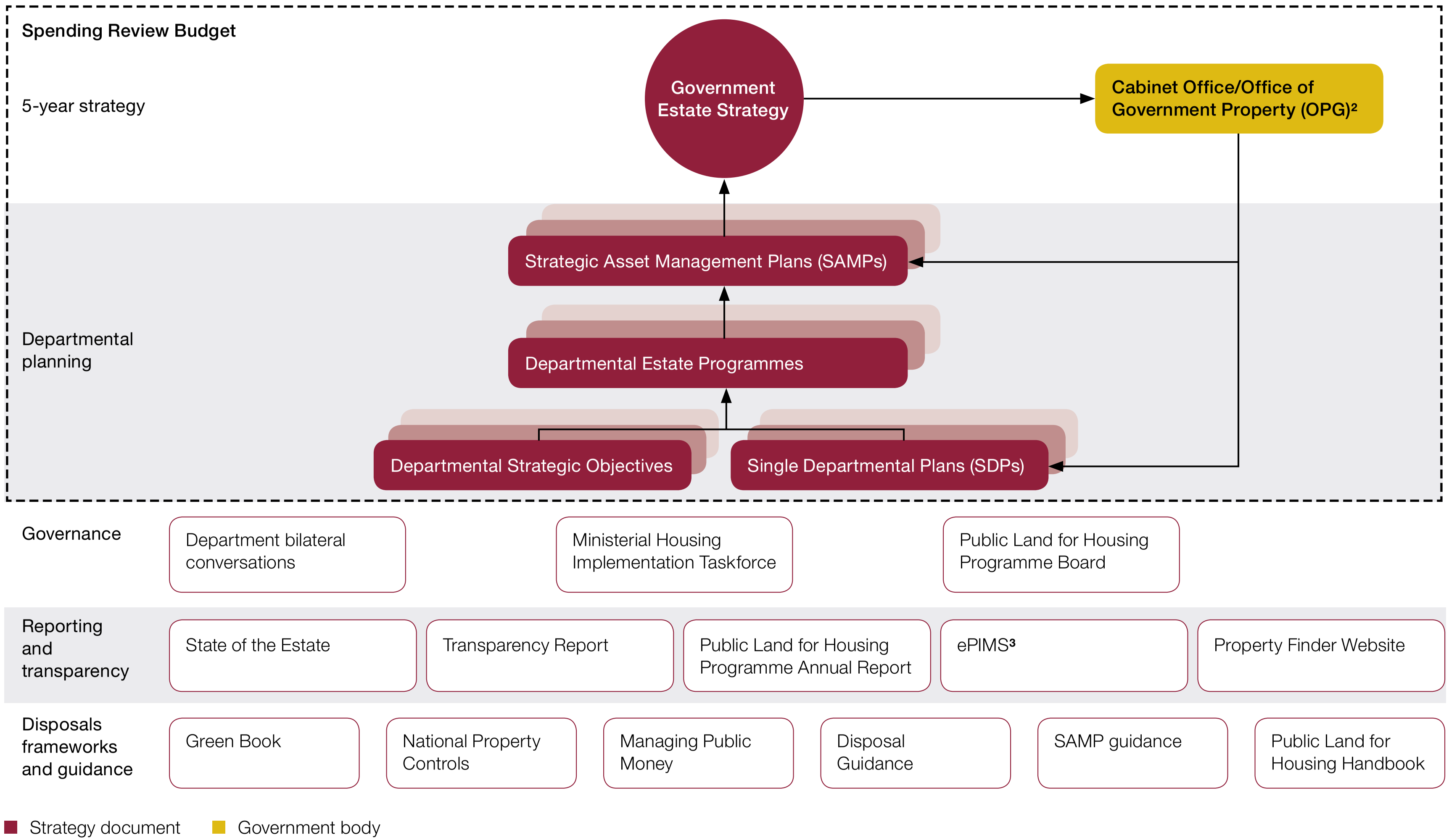
1 Central government includes the devolved nations; Northern Ireland, Scotland and Wales.

2 Other central government and public corporations include the remaining central government departments, non-ministerial departments such as the Office of Gas and Electricity Markets (OFGEM), and agencies and other public bodies such as the Bank of England and the Crown Estate.

Source: *HM Government, Whole* of *Government Accounts*: *Year ended 31 March 2017*, June 2018, paragraph 1.33, p.17

Figure 2

The government's land disposal strategy[1]



Notes

1 Cabinet Office provided this diagram to us. We have adapted it to expand the 'departmental planning' section.

2 The Office of Government Property is a business unit within the Cabinet Office and was formerly known as the Government Property Unit.

3 Electronic Property Information Mapping Service (ePIMS) is the central database of government properties and land.

Source: National Audit Office analysis of Cabinet Office's Government Estate Strategy and the Cabinet Office's Land Disposal Guidance

1.4 The Strategy describes how the government plans to make the most efficient and cost-effective use of the public sector estate and outlines eight high-level missions including, for example, 'Excellent public services'.[9] Of these eight missions, one relates directly to land disposal: government "will use the power of our estate to energise the housing market, create supportive infrastructure and release surplus land for house building and support development, including on brownfield land".[10]

1.5 Eleven programmes support these missions. **Figure 3** outlines the four programmes that directly support the land disposal mission. The 'asset efficiency and unlocking land for housing' programme is the only one supported by specific disposal targets.

Figure 3

A description of the Government Estate Strategy programmes that relate to land disposals

Programme name	Programme description
One Public Estate (OPE)[1]	This programme provides practical and technical support and funding to councils to deliver property-focused programmes in collaboration with central government and other public sector partners.
Asset efficiency and unlocking land for housing[2]	Under this programme the OGP works with departments to manage and release government property and land, in order to raise capital receipts, cut running costs and deliver local economic growth, including new homes and jobs.
Government Property Agency (GPA)[3]	The GPA delivers property and workplace solutions across government by managing central government property as a strategic asset.
The Government Hubs Programme[4]	This programme aims to reduce the government estate by housing multiple departments under one roof at specific locations across the country, with expected savings of £2.5 billion.

Notes

1 The OPE was launched in 2013 and is being delivered in partnership by the Office of Government Property and the Local Government Association.

2 The government's commitment to release enough land for at least 160,000 potential homes by 2020 started in April 2015. This followed an earlier programme which started in April 2011 and covered the period to March 2015.

3 The GPA was established in April 2018 and is an executive agency of the Cabinet Office. The GPA is a government department but is defined as a programme by the Cabinet Office in the *Government Estate Strategy*.

4 The Government Hubs Programme launched in 2014 and is being led by the GPA.

Source: National Audit Office analysis of the Cabinet Office's *Government Estate Strategy*

9 The eight missions are: excellent public services; more land for housing; rebalancing the economy; strengthened expertise; great places to work; enhancing the heart of London; better asset management; and improved data and sustainability.

10 Cabinet Office, *Government Estate Strategy*, July 2018.

1.6 Each department prepares a Single Departmental Plan annually, showing how they will deliver public services and other core objectives, and an annual Strategic Asset Management Plan showing how they will implement the Strategy. In 2016 the Committee of Public Accounts (the Committee) said departments should make public their estate strategies to demonstrate how they decide that land is surplus.[11] Each department publishes its Single Departmental Plan and a summary of its Strategic Asset Management Plan.

Who is involved

1.7 The departments and agencies with key responsibilities in relation to land disposals are:

- **Cabinet Office and the OGP:** The Cabinet Office has overall responsibility for the government estate. The OGP, a unit within the Cabinet Office, leads on government estate work and develops the Strategy to ensure that individual departmental estate strategies align with the government's overarching strategy.
- **Ministry of Housing, Communities & Local Government (MHCLG) and Homes England:** MHCLG leads on overseeing the Public Land for Housing Programme. It monitors progress and supports individual departments and arm's-length bodies with their delivery plans. As the government's land agency, Homes England (a non-departmental public body of MHCLG) has a distinct focus on land disposals. As well as being a major land owner, Homes England monitors and validates data on behalf of MHCLG. In addition to selling its own land for homes, Homes England uses its knowledge and works jointly with departments to help dispose of public land.
- **HM Treasury:** In addition to setting the overall fiscal policy framework and leading on periodic government spending reviews, HM Treasury monitors and challenges the pace and performance of the two programmes. In some cases HM Treasury engages with departments around how proceeds from disposals are used.
- **Land-owning departments:** Departments are responsible for their land and property disposals, and those of their agencies, in meeting their targets under the Public Land for Housing Programme. It is the responsibility of departments to ensure that their disposals represent value for money and comply with all relevant government rules and guidance.

Both MHCLG and Cabinet Office have roles in accelerating land disposals, identifying opportunities and overcoming barriers.

11 HC Committee of Public Accounts, *Progress with the disposal of public land for new homes*, Twenty-second Report of Session 2016-17, HC 634, November 2016.

1.8 Responsibilities for delivery are spread across a wide range of bodies (**Figure 4** overleaf). Some departments have separate bodies responsible for managing the disposal of land and property, but the parent department retains overall accountability for delivery. For example, Homes England manages land sales for MHCLG; the Defence Infrastructure Organisation and NHS Property Services Limited perform similar roles for the Ministry of Defence and the Department of Health & Social Care respectively.[12]

1.9 Government said in 2016 that it expects local authorities to sell assets with a value of £11.7 billion by the end of this Parliament, with the disposal of land for housing a key part.[13] In most cases it is not legal for local authorities to sell capital assets to fund their day-to-day spending, however there is now some flexibility to use capital receipts to meet the revenue costs of transformation programmes.[14] This investigation covers central government programmes and does not cover local government ambitions and activities.

Two land programmes

1.10 The government has two main land disposals targets, which we cover in more detail in Parts Two and Three:

- MHCLG is responsible for the government's Public Land for Housing Programme "to increase housing supply by releasing surplus public sector land for at least 160,000 homes" between 2015 and 2020; and
- Cabinet Office is responsible for the government's target "to deliver £5 billion of receipts between 2015 and 2020 through the release of surplus public sector land and property across the UK".

1.11 In both cases government has set targets for individual departments. The government decided centrally on the high-level proceeds and land for new homes targets and then sought to agree departmental contributions during the 2015 Spending Review process that were both achievable and stretching, through discussions between the lead departments (Cabinet Office and MHCLG), HM Treasury and individual departments. Our 2015 report said the government had no supporting documentation or economic evidence behind the quantum of the target of enough land for 100,000 new homes under the 2011–2015 programme.[15]

12 NHS Property Services Limited (NHSPS) is not wholly responsible for selling land within the NHS estate. NHSPS is responsible for the disposal of land within its portfolio, which accounts for about 10% of the NHS estate. Land can be sold by NHS Trusts, Foundations Trusts and Community Health Partnerships.

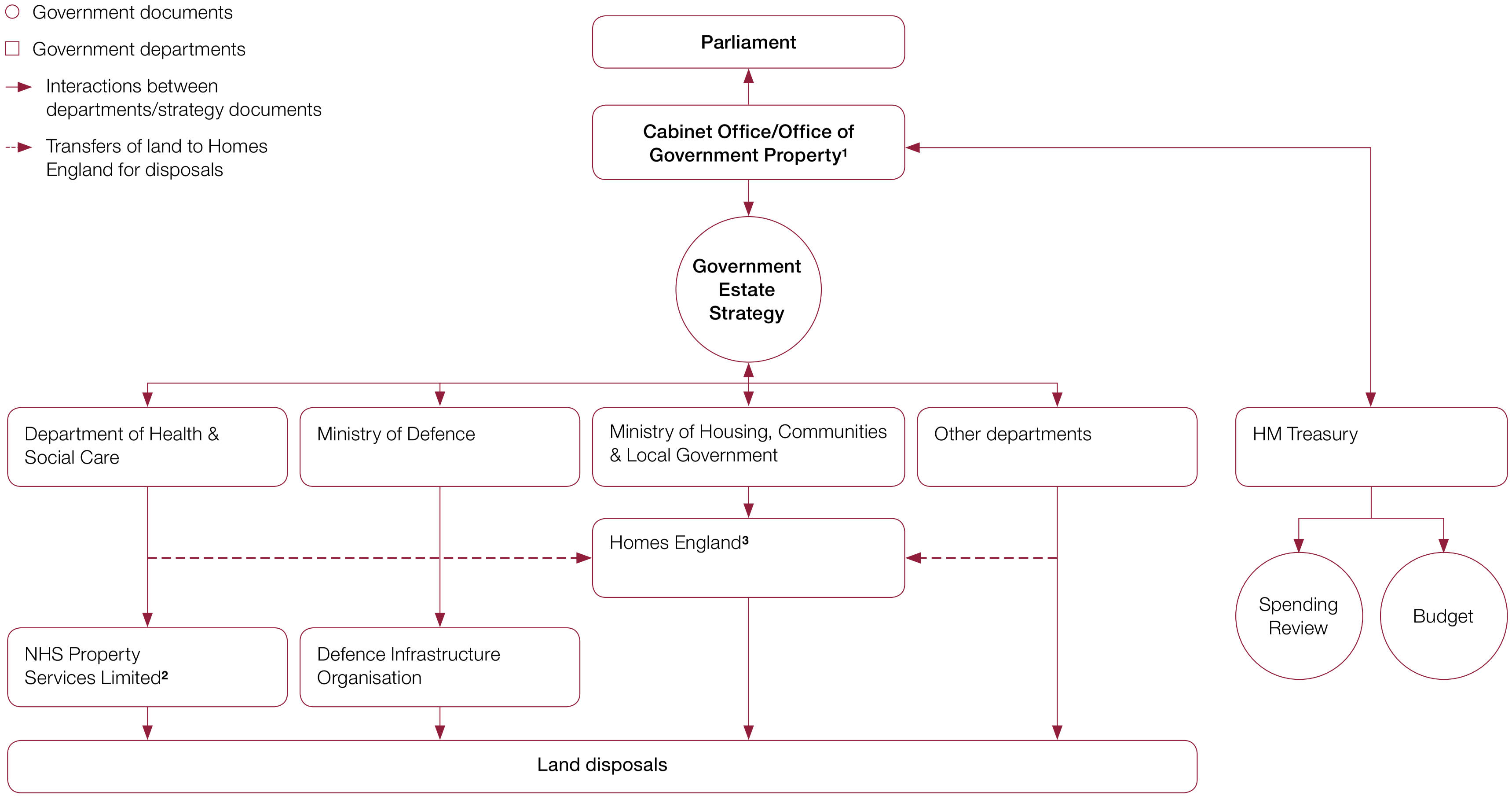
13 Ministry of Housing, Communities & Local Government, Guidance on disposals of local authority assets, March 2016.

14 Ministry of Housing, Communities & Local Government, Statutory Guidance on the Flexible Use of Capital Receipts (updated), March 2016

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

Figure 4

Illustration of the how the Government Estate Strategy interacts with different public bodies across government in relation to land disposals



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3 Departments can choose to transfer "developable and viable" sites to Homes England who then take on the ownership and subsequent responsibility for disposing the site. Departments do not have to transfer sites to Homes England.

Source: National Audit Office analysis of the Cabinet Office's *Government Estate Strategy* and *Guide for the Disposal of Surplus Land*

1.12 The two programmes are complementary in the sense that proceeds raised through disposals of land for the new homes programme count towards the overall £5 billion target. However, as the Infrastructure and Projects Authority identified in a review in 2017, departments face a tension between the targets, because a deal maximising building of homes might not maximise capital receipts.[16] The government's guidance to departments aims to help them manage these tensions, for example once a site is deemed surplus to government, an initial assessment is made to determine whether the site may be suitable for the land for housing programme. Ultimately the department's Accounting Officer is responsible for ensuring each disposal represents value for money. Other disposals will count towards the £5 billion target if they meet the Cabinet Office's criteria for inclusion.[17] Network Rail's sale of the railway arches was not originally included in the proceeds target, although it is now counted as it meets the Cabinet Office's criteria.

16 In August 2017 the Infrastructure and Projects Authority carried out a review of MHCLG's Public Land for Housing Programme 2015–2020, and twenty-four key programme participants were interviewed as part of this review.

17 The Cabinet Office Transparency Report for 2015-16 and 2016-17 (Appendix 1) defines the land disposals that score towards the £5 billion commitment as: the release of an interest in land or property within the UK by central government departments and arm's-length bodies, including NHS Trusts and Foundation Trusts to others outside of government, including local authorities. The release of an interest that delivers a capital receipt may include freehold or leasehold land, entering land into a joint venture in return for equity shares, or the sale of a managing interest in a property function or organisation.

Part Two

Public Land for Housing Programme

Programme

2.1 The government says that its Public Land for Housing Programme forms an important part of its plans to reform the housing market and boost the supply of new homes. It is a key part of its plans to deliver 300,000 homes a year by the mid-2020s and to ensure the government estate is used efficiently.[18]

2.2 The first of these programmes was launched in 2011 when government announced its intention 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". We reported on that programme in June 2015 and found that the government had disposed of enough land with a capacity for an estimated 109,590 homes by March 2015, although this had included an estimated 15,740 homes on land disposed of before the target was set.[19]

2.3 For the subsequent programme, in the 2015 Spending Review, government set a target to release enough land for at least 160,000 homes, an increase of 10,000 on a commitment it had previously made in December 2014, and 60,000 on the target set for the first programme.[20] The target applies to the housing capacity of land disposed, not the number of homes built, by 2020.[21]

2.4 The Ministry of Housing, Communities & Local Government (MHCLG) is responsible for overseeing and monitoring this programme. The disposal targets (in housing units) for each major land-owning department were set at the 2015 Spending Review following discussions with MHCLG, supported by HM Treasury and the Cabinet Office (**Figure 5**). The Ministry of Defence has the largest target at 55,000 units. It is for those departments to sell individual sites, and they are accountable to Parliament for the value for money of any sale. In managing their estates, departments must balance their various objectives, and in doing so ensure that they do not prioritise short-term targets at the expense of other (possibly longer-term) strategic and operational objectives. For example, the Ministry of Defence is constrained in decisions about releasing land

18 Ministry of Housing, Communities & Local Government, *Public Land for Housing Programme 2015–2020: Programme Handbook for Departments and Arm's-Length Bodies: Update*, August 2018, page 5.

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

20 Ministry of Housing, Communities & Local Government, *New measures will provide thousands of new homes*, Press Release December 2014.

21 MHCLG told us that a site is 'released' or 'disposed' and therefore scores against the programme, at the point a conditional sale contract is in place, and there is sufficient evidence of planning certainty that the site will be developed for housing. A site that has been 'released' or 'disposed' does not necessarily mean the site has been sold, which requires an unconditional contract to be exchanged between the buyer and seller.

by wider considerations of where personnel are deployed. In our November 2018 report on the government's planning and spending framework, we said there are occasions when we see value for money being compromised by the needs of short-term spending control, and called for integrated medium- and short-term planning activity, strongly policed and challenged for realism and deliverability by the HM Treasury spending teams, and supported by the Cabinet Office and the civil service functions.[22]

Performance

2.5 The government expects to fall well short of its target on releasing land for at least 160,000 new homes by 2020 and may not achieve it until beyond 2025. Between April 2015 and December 2018, government had released land with capacity for 38,166 potential homes (**Figure 6** overleaf). By programme end (March 2020), MHCLG anticipates departments will dispose of land for 65,211 homes, missing the target by 94,789 homes. On current projections, the government expects to have relesed enough land for 145,727 homes by 2025, still short of the 160,000 target to 2020. The Ministry of Defence and the Department for Transport have the greatest shortfall between their targets and projected sales (**Figure 7** on page 21).

Figure 5

The housing capacity of land to be released by 2020[1]

Department	Housing capacity[2]
Ministry of Defence	55,000
Department for Transport	38,000
Ministry of Housing, Communities & Local Government	36,000
Department of Health & Social Care	26,000
Ministry of Justice	5,000
Department for Business, Energy & Industrial Strategy	1,000
Total[3]	**161,000**

Notes

1 The 2015 Spending Review announced that departments had committed to selling land for more than 160,000 homes.

2 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.

3 Departments can choose to transfer sites to Homes England who then take on responsibility for the disposal of the site. The transferred site does not score against the original department's target or Homes England's target. Ministry of Housing, Communities & Local Government (MHCLG) told us that a separate transfers target is created and held by MHCLG as part of the 160,000 land for homes target. Responsibility for delivering this separate target sits with Homes England and is additional to their 36,000 homes target.

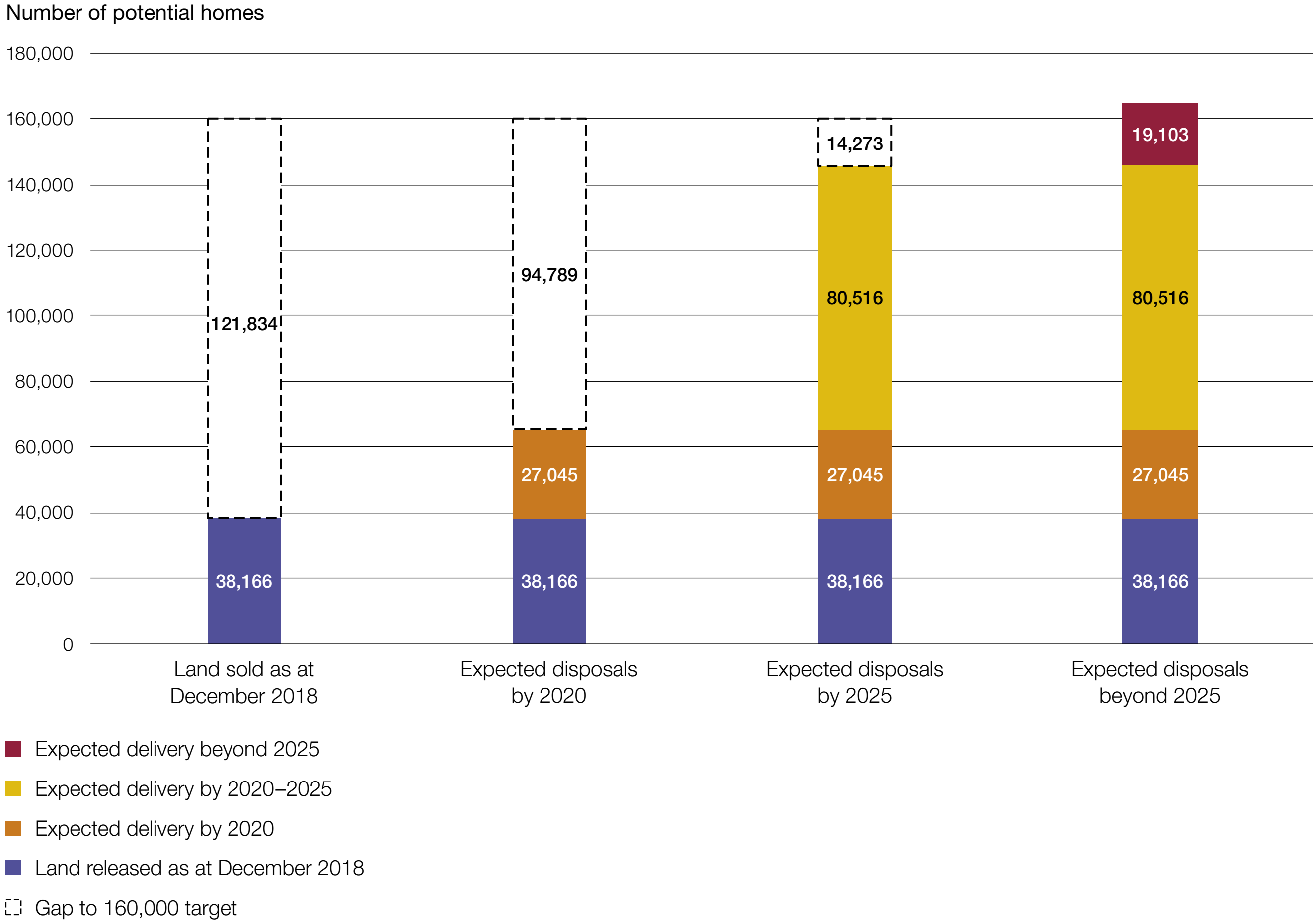
Source: HM Treasury, *Spending Review and Autumn Statement 2015*, November 2015

22 Comptroller and Auditor General, *Improving government's planning and spending framework*, Session 2017–2019, HC 1679, National Audit Office, November 2018.

Figure 6

Current and expected disposals of public land with housing capacity[1]

Government will not deliver its commitment to sell land by 2020 for at least 160,000 potential homes. Land with capacity for 94,789 homes is expected to be outstanding at 2020[2]



Notes

1 Forecast figures are subject to change as risks to delivery are mitigated or new ones identified.

2 The numbers above include sites transferred by departments to Homes England. Upon transfer Homes England take on responsibility for the disposal of the site. A transferred site only scores against the programme once Homes England has disposed of the site. Scoring requires a conditional contract and planning certainty to be in place.

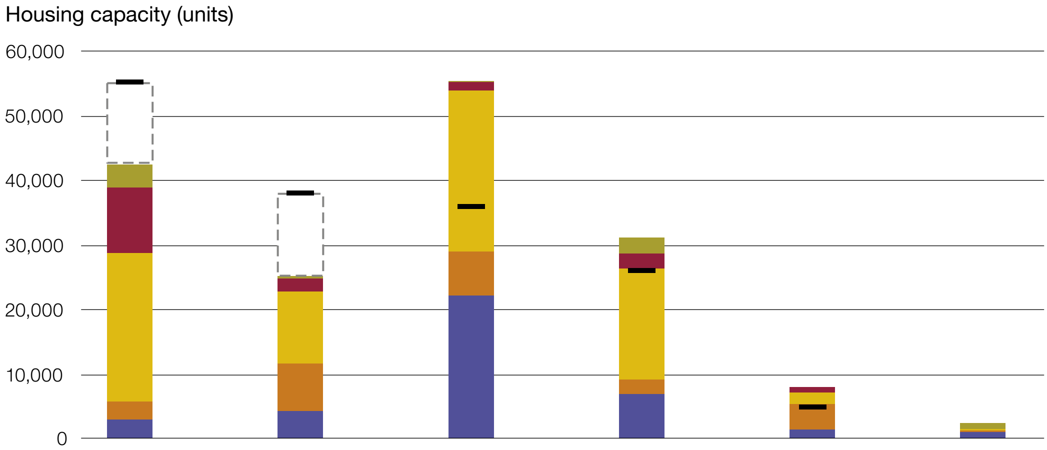
3 These data include sites transferred to Homes England. Homes England estimates disposing of 8,160 housing units from sites transferred to it by other government departments over the course of the 2015–2020 and beyond 2025. This is broken down as follows: 291 units disposed as at December 2018, 3,167 units expected by 2020, 3,377 units expected by 2020–2025 and 1,325 units beyond 2025.

Source: National Audit Office analysis of Ministry of Housing, Communities & Local Government data

Figure 7

Current and expected disposals of public land with housing capacity by department

All major land-owning departments will fail to deliver their land for housing targets by 2020. The Ministry of Defence and the Department for Transport are not expected to deliver their target by 2025[1,2,3,4]



	Ministry of Defence	Department for Transport	Ministry of Housing, Communities & Local Government/ Homes England	Department of Health & Social Care	Ministry of Justice	Other departments
Sites transfered to Homes England	3,500	400	16	2,357	761	864
Expected delivery beyond 2025	10,341	2,051	1,286	2,392	1,708	0
Expected delivery by 2020–2025	22,847	11,215	21,821	17,179	3,912	165
Expected delivery by 2020	2,687	7,420	9,929	2,262	1,300	280
Land disposed as at December 2018	3,033	4,178	22,294	7,013	246	1,111
Targets to be met by 2020	55,000	38,000	36,000	26,000	5,000	
Remaining gap to target	12,592	12,736				

Notes

1 Forecast figures are subject to change as risks to delivery are mitigated or new ones identified.

2 Departments can choose to transfer sites to Homes England, which then takes on responsibility for disposal of the site. The Ministry of Housing, Communities & Local Government (MHCLG) told us that once transferred, the site is marked as a 'transfer' within the department's own pipeline and the department is no longer responsible for the associated housing target. A transferred site only scores against the programme once Homes England has disposed of the site, with a conditional contract and planning certainty in place. MHCLG told us that the transferred site does not score against Homes England's original 36,000 target – instead, a separate target for transferred sites is created and Homes England is responsible for delivering this, as well as its original target.

3 The amounts shown for "land disposed" and "expected delivery" by department in Figure 7 do not sum to the total for each in Figure 6. This is because of a difference in the number of expected housing units on sites transferred to Homes England in Figure 6 (8,160) and Figure 7 (7,898). MHCLG told us that Homes England, when receiving a site from another department, will reassess the number of housing units expected to be built on the land. At March 2018, Homes England estimated that the transferred sites will deliver 262 more housing units than the initial forecasts of the transferring departments. We have not seen supporting evidence to explain the differences between the forecasts.

4 Other government departments include the Department for Environment, Food & Rural Affairs, the Department for Education, the Department for Business, Energy & Industrial Strategy and the Cabinet Office.

Source: National Audit Office analysis of Ministry of Housing, Communities & Local Government data

2.6 We reported in 2016 on the early months of this programme, identifying slow initial progress against the 160,000 target.[23] We noted that MHCLG's forecasts showed that departments collectively would need to dispose of more sites in each of the remaining four years that they had in the highest-performing year of the 2011–2015 programme. We noted that over 50% of the estimated housing capacity identified was on sites considered "high risk".[24] In a 2017 review, the Infrastructure and Projects Authority said "an overwhelming number of interviewees" had told them the overall target would not be met by March 2020.[25]

2.7 In 2016 the Committee of Public Accounts (the Committee) noted that many sites identified by departments for future disposal were speculative, and many were still being used to deliver public services.[26] It said all departments needed to identify capacity over their individual targets to create sufficient contingency in the programme to meet the overall commitment, without feeling pressurised to include sites for disposal if they think it is unlikely that homes will be built on these sites.

2.8 MHCLG has identified several key reasons why the 160,000 target will be missed (although it has not quantified how many sites fall into each of these categories), and told us it has taken all reasonable steps to address these obstacles and accelerate sales.

- As the Committee highlighted in 2016, for many sites identified for disposal the public bodies are still using the land to provide services, and disposal depends on other policy decisions.
- In some cases progress is hampered by departments not legally owning or controlling all of the sites that could potentially count towards their targets (for example, sites that NHS foundation trusts own). 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.[27] MHCLG told us that delays in obtaining planning permission have delayed the disposals of some large, complex sites.
- Some sites require decontamination before they can be sold.

23 Comptroller and Auditor General, *Disposal of public land for new homes: a progress report*, Session 2016-17, HC 510, National Audit Office, July 2016.
24 Comptroller and Auditor General, *Disposal of public land for new homes: a progress report*, Session 2016-17, HC 510, National Audit Office, July 2016, paragraphs 13 and 14.
25 Infrastructure and Projects Authority, *Public Sector Land – Critical Friend Review*, August 2017 (unpublished).
26 HC Committee of Public Accounts, *Progress with the disposal of public land for new homes*, Twenty-second Report of Session 2016-17, HC 634, November 2016.
27 Comptroller and Auditor General, *Disposal of public land for new homes: a progress report*, Session 2016-17, HC 510, National Audit Office, July 2016, paragraph 2.11.

2.9 In its 2015 and 2016 reports, the Committee was also concerned about how these land sales had translated into new homes.[28] It recommended that MHCLG should monitor the numbers of homes built. MHCLG has since commissioned the Ordnance Survey to collect these data on its behalf. By March 2018, MHCLG estimates that 37,876 homes have been "brought to market" on land released during the first programme, and around 2,700 homes on land released in the current programme (**Figure 8** overleaf).[29] MHCLG uses the term "brought to market" which includes homes that already existed on land released, in addition to homes newly built. MHCLG told us that of the 40,500 homes brought to market, 4,279 relate to pre-existing homes. We have not seen the supporting evidence for these figures. This data includes houses brought to market on land released before 2011. Our 2015 report on the first land disposals programme (2011-2015) found that while MHCLG disposed of enough land by 2015 to meet the target of 100,000 homes, land released before 2011 was included in the total.[30] Of the 37,876 homes brought to market under the first programme, 12,584 relate to land released before 2011.

28 HC Committee of Public Accounts, *Disposal of public land for new homes*, Second Report of Session 2015-16, HC 289, September 2015; HC Committee of Public Accounts, *Progress with the disposal of public land for new homes*, Twenty-second Report of Session 2016-17, HC 634, November 2016.

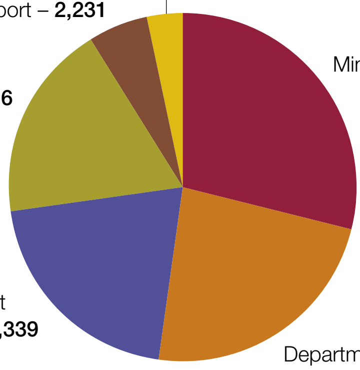
29 The Ministry of Housing, Communities & Local Government told us that the data so far collected on the number of houses brought to market relates to 90% of the sites released through the Public Land for Housing Programme since 2011.

30 Comptroller and Auditor General, *Disposal of public land for new homes*, Session 2015-16, HC 87, National Audit Office, June 2015, paragraph 6.

Figure 8

Estimated number of homes brought to market by March 2018 for both land for new homes programmes on land released by departments[1,3]

Land released by the Ministry of Defence has led to the largest number of homes being brought to market since 2011[2,4]



Notes

1 The data covers the number of homes "brought to market". This includes the number of new houses built but also the number of houses that already existed on sites released under the programme. Ministry of Housing, Communities & Local Government (MHCLG) told us these data cover 90% of sites released under both programmes.

2 These data include houses brought to market on land released before 2011. Our 2015 report, *Disposal of public land for new homes*, found that while MHCLG disposed of enough land by 2015 to meet the target of 100,000 homes, land released before 2011 was included in the target. These data above include 12,584 houses that have been brought to market on land released before 2011.

3 MHCLG has commissioned the Ordnance Survey to collect data on the number of homes brought to market under both the 2011–2015 and 2015–2020 programmes.

4 These data represent the number of homes brought to market on land disposed by each department rather than the number of homes brought to market by each department.

5 Other Government Departments includes the BBC, the Cabinet Office, the Crown Estate, Department for Digital, Culture, Media & Sport, the Greater London Authority, HM Treasury, Home Office, Land Registry, London Legacy Development Corporation, Ministry of Justice and Royal Mail.

Source: National Audit Office analysis of construction data provided by the Ministry of Housing, Communities & Local Government

Governance

2.10 MHCLG has governance structures overseeing the programme. It chairs cross-government groups, which scrutinise programme performance and tackle strategic issues, while at ministerial level the Housing Implementation Taskforce oversees activity on housing supply, including land disposals progress on addressing barriers. Figure 2 outlines governance arrangements for other programmes relevant to land disposals.

2.11 MHCLG's *Programme Handbook* gives guidance to departments on what should count towards the target; roles and responsibilities; monitoring; and evidence and governance requirements. In 2016 the Committee noted that MHCLG had not yet published its *Programme Handbook*, despite previous commitments to do so.[31] MHCLG published the Handbook in December 2016 (updated in August 2018).[32]

2.12 In 2016 the Committee recommended that all departments should outline the factors they will consider to ensure that each sale represents value for money.[33] The government's position on providing such assurance has not changed since its report. The government points to the National Property Controls (paragraph 3.8) and other measures, including:

- **departmental delivery plans:** these must demonstrate how value for money is delivered and how assurance will be given to individual accounting officers, who must be satisfied that disposals represent value for money; and
- **HM Treasury guidance:** *Managing Public Money* gives accounting officers the framework for decisions on land disposals, provided they are satisfied that they are achieving value for money for the Exchequer as a whole. HM Treasury's *Green Book* guidance presents the techniques and issues to consider when undertaking assessments.

2.13 MHCLG has made limited improvements in collecting data on land released for new homes. On behalf of MHCLG, Homes England monitors public sector land disposals and validates performance data from departments, who are responsible for monitoring their own progress.[34] In 2016 the Committee recommended that all departments should set out how they are identifying any wider benefits, including for staff and key workers, which contribute to the departments' objectives. MHCLG still does not collect data on the number of affordable homes built and the number of homes made available to key workers through land disposals. MHCLG considers it is for departments to collect data on homes for key workers. MHCLG told us that data on planned affordable homes are not yet available due to the experimental nature of the monitoring work being carried out by the Ordnance Survey. This work is on going and MHCLG expects to have a clearer picture later in the year. MHCLG told us that it is collecting information, via the Ordnance Survey, on the number of planned affordable homes. This relates to the number of affordable homes expected to be built as specified in the planning documentation for each relevant site which local authorities publish.

31 See footnote 26.
32 Ministry of Housing, Communities & Local Government, *Public Land for Housing Programme 2015–2020: Programme Handbook for Departments and Arm's-Length Bodies: Update*, August 2018.
33 See footnote 26.
34 See footnote 26.

2.14 In 2015 the Committee suggested that MHCLG should "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".[35] Following a cross-government review, in March 2017 the government set out how it would make the commercial terms of all government land and property sales more transparent.[36]

2.15 MHCLG committed to publishing annual reports on the land for new homes programme but did not do so between February 2017 and the start of our investigation, and does not publish any information on new homes. In 2016 the Committee noted that MHCLG had not yet published an annual report, and said that as a minimum, it should cover: the number and estimated capacity of sites released, details of sites identified for future disposal including their risk rating, sales proceeds, details of sites released (including postcodes), and construction of new homes by type and tenure.[37] MHCLG published an annual report for the programme in February 2017, which covered some of those details. MHCLG told us in early April that it intends to publish a progress report on the land for new homes target in the week commencing 29 April 2019. Owing to our publication date we were unable to review that progress report. MHCLG has not published any information on numbers and types of new homes built for the entire programme.[38]

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

36 Cabinet Office, *Making commercial terms of government land disposals more transparent*, March 2017.

37 See footnote 26.

38 Ministry of Housing, Communities & Local Government's Annual Report on the 2015–2020 Public Land for Housing Programme includes some data on the number of houses brought to market on sites released by MHCLG, outside of London, under the 2011–2015 programme.

Part Three

The target to raise £5 billion through disposals

Programme

3.1 The government plans "to deliver £5 billion of receipts between 2015 and 2020 through the release of surplus public sector land and property across the UK". The Cabinet Office is responsible for managing this target, and sets, in conjunction with HM Treasury, delivery targets for individual departments.

Performance

3.2 The government currently expects to achieve its target of £5 billion in proceeds by 2020. Between April 2015 and March 2018, the government generated £2.48 billion in proceeds from the disposal of 1,488 sites (**Figure 9**). We have included in the table Network Rail's sale of the railway arches as it is significant, although it falls outside the current reporting period. **Figure 10** overleaf shows individual departments' progress has varied considerably over time, in some cases owing to a small number of high-value sales. Once Network Rail's sale of the railway arches has been included, the government needs to generate a further £1.06 billion worth of proceeds in the final two years of the programme to meet the target.

Figure 9

Progress against the government's target of generating £5 billion in proceeds from land and property disposals by 2020[1]

The government is on track to meet the £5 billion disposal target, largely due to Network Rail's sale of the railway arches, which makes up 30% of the total target

Year	Number of sites sold	Total sales proceeds (£bn)	Cumulative sale proceeds (£bn)	Remaining target (£bn)
2015-16	537	1.06	1.06	3.94
2016-17	556	0.66	1.72	3.28
2017-18	395	0.75	2.48	2.52
2018-19[2]	5,261	1.46	3.94	1.06
Total[4]	**6,749[3]**	**3.94**	**3.94**	**1.06**

Notes

1 Figures do not add due to rounding.

2 The latest data published by the Cabinet Office in January 2019 cover the period April 2017 to March 2018. In February 2019 Network Rail sold the railway arches for £1.46 billion, which we have included above in the 2018-19 data because of its size. We do not have data on other sales in 2018-19; the Cabinet Office's January 2020 publication will include those sales and the sale of the railway arches.

3 The total consists of 5,261 Network Rail sites and 1,488 other sites sold.

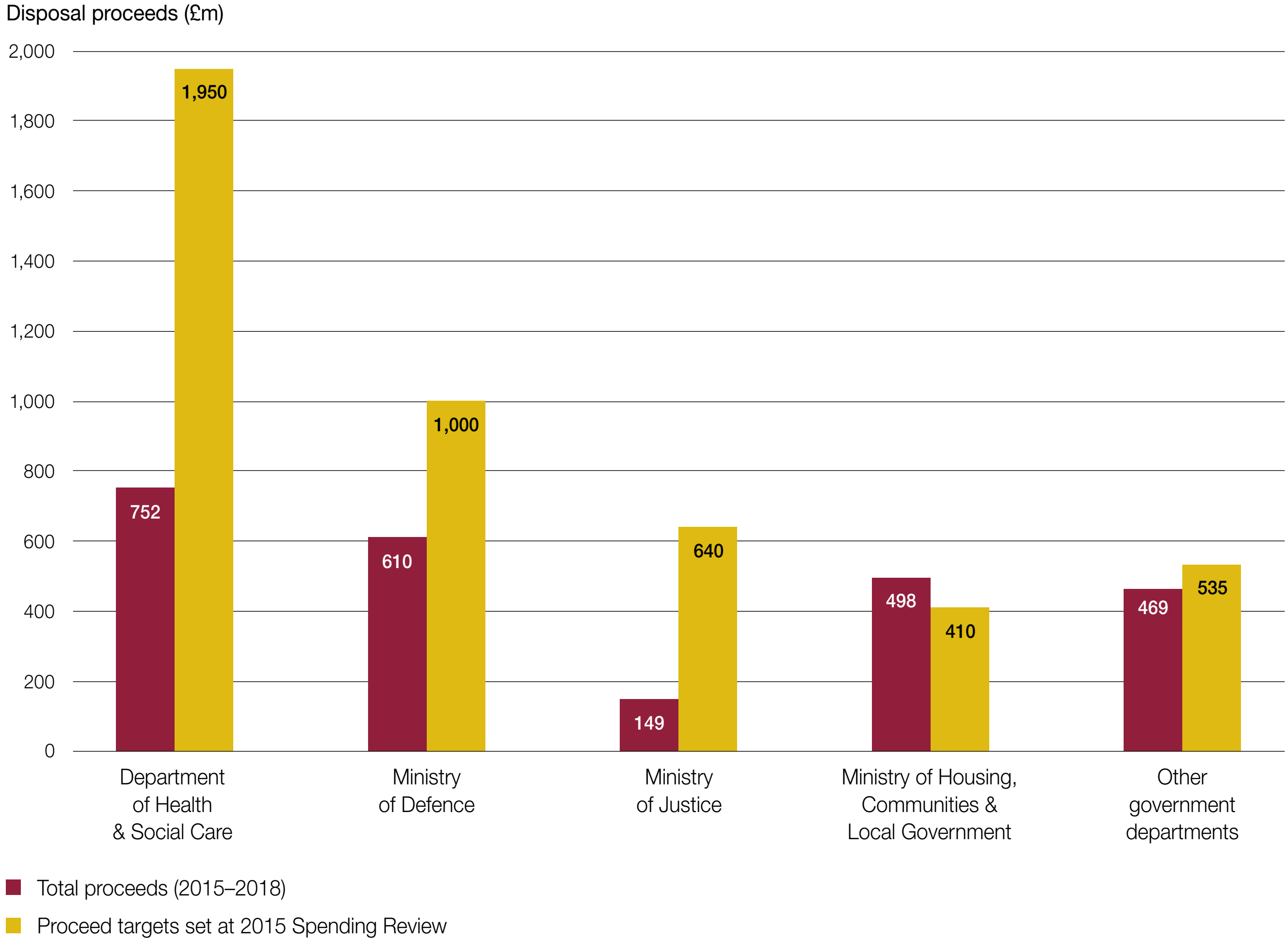
4 We have drawn the annual totals from the Transparency reports raw data, excluding sites which related to contingent contract terms. In its January 2019 Transparency Report the Cabinet Office, using a different methodology, reported 1,537 sites sold to March 2018.

Source: National Audit Office analysis of Cabinet Office's Transparency Report data, January 2019

Figure 10

Disposal proceeds by department between April 2015 and March 2018 compared to targets set at 2015 Spending Review

Some departments have exceeded their proceeds target by March 2018. The Department for Health & Social Care has the largest remaining gap to its target, at £1.2 billion



Notes

1 The disposal data cover the release of land or property within the UK by central government departments and arm's-length bodies, including NHS trusts and foundation trusts to others outside of government, including local authorities.

2 The data is from Cabinet Office's January 2019 Transparency Report which covers the period April 2015 to March 2018. Network Rail sold the railway arches in February 2019 for £1.46 billion which is not included in the above data.

3 Network Rail's sale of the railway arches was not included in the Department for Transport's proceeds targets that were set out in Spending Review 2015.

Source: National Audit Office analysis of Cabinet Office's Transparency Report data, January 2019

3.3 **Figure 11** overleaf shows the geographic spread of the number of sales and associated proceeds.

3.4 Two individual sales make up a substantial proportion of the actual and expected proceeds. Network Rail's sale of the railway arches for £1.46 billion, completed in February 2019, will also count towards the £5 billion target, although this is not included in Cabinet Office's most recent published data. In 2016 the Ministry of Defence sold the Old War Office in London for £357 million. **Figure 12** on page 31 shows the five sales with the largest proceeds.

3.5 Our analysis of Cabinet Office data shows 176 sites were disposed for £1 or less. The Ministry of Housing, Communities & Local Government (MHCLG), through Homes England, disposed of 160 of the 176 sites. Departments can transfer a site that is difficult to sell to Homes England, provided that it is "developable and viable".[39] Therefore Homes England often takes on 'hard to sell' sites. Homes England told us that the main reasons for £1 disposals are:

- sites where costs of remediation (for example, decontamination) are involved;
- narrow strips of land which have no other use or value; and
- the sale of a lease which contains a clause allowing the purchaser to buy the freehold for £1 after a set period or certain conditions have been met.

Homes England told us that remediation costs were responsible for 51% of sites being disposed of for £1. Narrow strips of land with no value and contractual conditions make up the remaining 29% and 20% respectively. We have not seen the supporting evidence for these figures.

3.6 From the data we do have, most of the sites disposed for £1 or less were small — of the 176 sales, 140 (82%) were smaller than two hectares. However, five transactions involved sales of sites larger than 10 hectares (**Figure 13** on pages 32 to 34). MHCLG/Homes England provided us with some evidence explaining that these five sites were valued at £1 because an inherited contractual arrangement allowed for the freehold to be acquired for £1 (examples 1 and 2 in Figure 13), they had no commercial value (examples 3 and 5), or because of remediation costs (example 4).

Governance

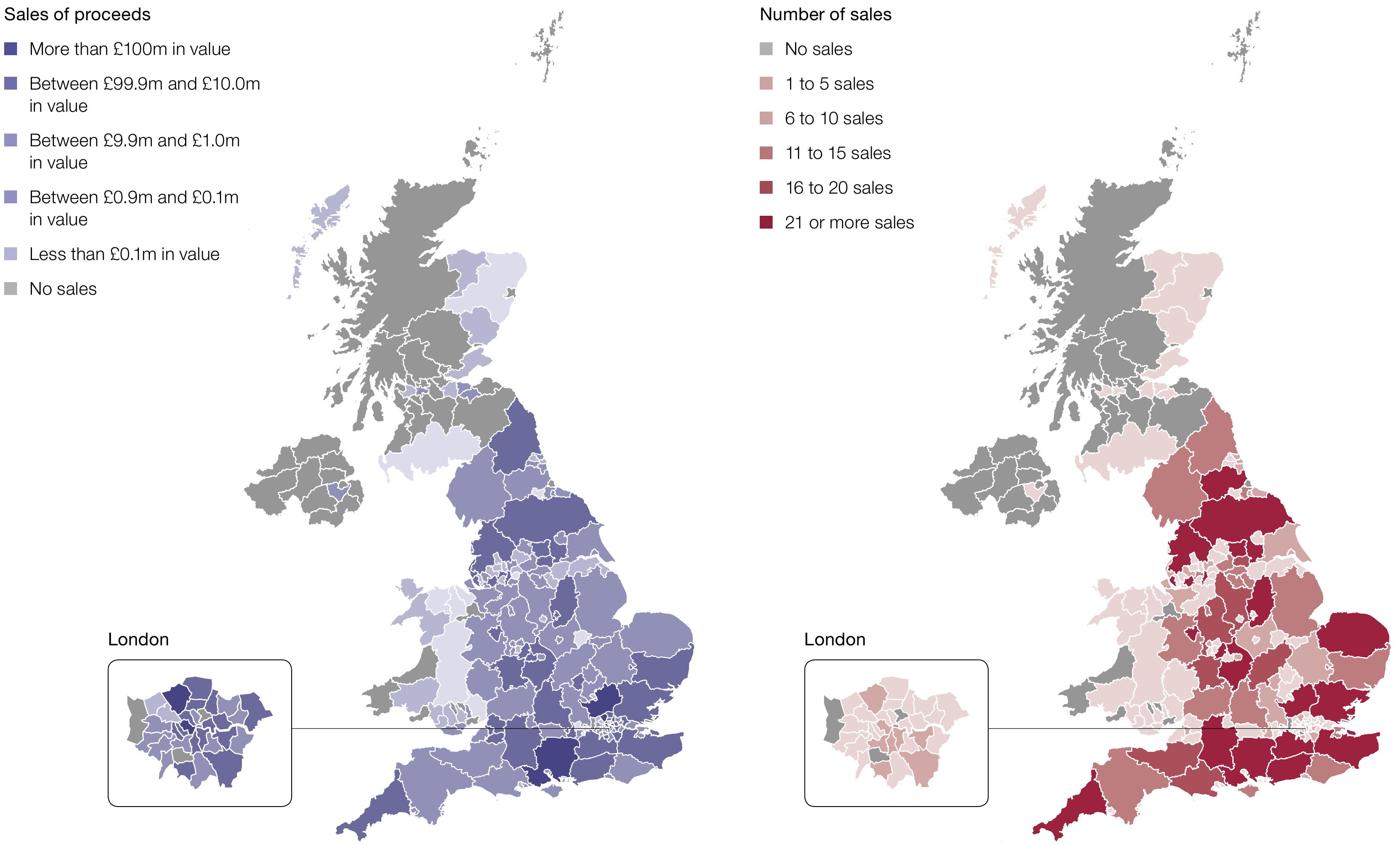
3.7 The government has issued guidance for individual departments to follow when disposing of land. *The Cabinet Office's Guide for the Disposal of Surplus Land* gives departments guidance on identifying surplus land, considerations around disposals, monitoring requirements and best practice in open market sales.[40]

39 Ministry of Housing, Communities & Local Government, *Public Land for Housing Programme 2015–2020, Programme Handbook for Departments and Arm's Length Bodies August 2018: Update*, August 2018.

40 Cabinet Office, *Guide for the Disposal of Surplus Land*, March 2017.

Figure 11

Breakdown of sales proceeds and number of sales by local authority boundaries



Notes

1 Figures relate to the sale of assets by Central Government.

2 The figure covers the period April 2015 to March 2018 (the data excludes the £1.46 billion proceeds from Network Rail's sale of the railway arches which took place in February 2019).

3 These maps were produced using the generalised December 2017 Counties and Unitary Authorities boundaries.

Source: National Audit Office analysis of Cabinet Office's Transparency Report data, January 2019

Figure 12
The five largest disposals by proceeds between 2015 and 2019[1]

Site[2]	Department	Proceeds (£m)
Railway arches	Network Rail[3]	1,460
Old War Office	Ministry of Defence	357
Site at Mill Hill	Department for Business, Energy & Industrial Strategy	67.6
Admiralty Arch	Cabinet Office	65.5
St Ann's Hospital	Department of Health & Social Care	53

Notes
1 The data are from Cabinet Office's January 2019 Transparency Report, which covers the period April 2015 to March 2018. In addition to this, we have included the £1.46 billion sale of Network Rail's railway arches which completed in February 2019.
2 Site descriptions taken from Cabinet Office's Transparency Report.
3 Network Rail is an arm's-length body of the Department for Transport.

Source: National Audit Office analysis of Cabinet Office's Transparency Report, January 2019

3.8 The Office of Government Property (OGP), part of the Cabinet Office, monitors departmental progress towards the £5 billion proceeds target. It also operates National Property Controls, on behalf of HM Treasury, requiring relevant departments to seek OGP approval to dispose of freehold property interests. The OGP considers whether a decision to dispose is appropriate within the context of the department's and wider estate strategies, and whether appropriate opportunity is given for disposal to Homes England for the land for new homes programme, or to the Education Funding Agency for the Free Schools programme.[41]

3.9 The Cabinet Office publishes annual Transparency Reports covering individual government land disposals. The Transparency Reports include various details of individual sales including location, sale proceeds and method of sale. The identity of the buyer is not included in the Transparency Reports. Details of land buyers are recorded with the Land Registry. The Cabinet Office does not analyse data at the programme level to assess, for example, the types of buyers attracted to certain government properties, whether departments are selling land to the same buyer, and the use to which the land is subsequently put.

41 See footnote 38.

Figure 13
The five largest sites sold for £1 or less

Site name	Location	Department	Date receipt claimed	Method of disposal	Size (hectares)	Disposal costs
1 New York Industrial Estate	North Tyneside	Ministry of Housing, Communities & Local Government's (MHCLG)	2016	Open market[6]	18.7	Unknown[2]
2 Balliol Business Park	North Tyneside	MHCLG	2016	Open market[6]	17.7	Unknown[2]
3 East Ketley Residual Land	Telford, Shropshire	MHCLG	2017	Negotiated	12.7	£1,904,419[7]
4 Bilston Urban Village	Wolverhampton	MHCLG	2015	Negotiated	10.8	£106,000
5 Wheat Leasowes East – Common Parts	Telford, Shropshire	MHCLG	2017	Negotiated	10.8	£26,593

Buyer	Reason for notional value[4,5]
North East Property Partnership (NEPP)	Homes England told us that they inherited this site following the abolition of the OneNE Regional Development Agency.[1] This site was sold in April 2004 under a 999-year ground lease to the North East Property Partnership (NEPP).[3] The terms of the lease offered the buyer the opportunity to acquire the freehold at a future date for £1, following the expiry of the Enterprise Zone restrictions.[4] This occurred between August 2016 and 2017, and the leaseholder bought the freehold. The receipts under the original leasehold sale are unknown because the OneNE Regional Development Agency did not provide Homes England with any detailed information on th 2004 transaction, so Homes England was unable to provide us further evidence.
North East Property Partnership (NEPP)	As above – OneNE Regional Development Agency sold numerous sites to the North East Property Partnership (NEPP).
Land Trust	Homes England transferred this site to the Land Trust in the form of an endowment.[8] The Land Trust, a charity committed to the long-term ownership and sustainable management of public open space, will manage the land into perpetuity using the money transferred from Homes England under the endowment. The cost of the endowment was £1.9 million and covers annual scrub clearance, grass cutting, woodland maintenance and footpath repairs. This equates to an annual cost of £461 per hectare. Homes England told us that the site was valued at £1 because the land comprises "open space of ecological value" which is not developable.
Wolverhampton City Council	Bilston Urban Village is a 37-hectare site with land ownership split between Wolverhampton City Council, who owned 23.7 hectares and Homes England, who owned the remaining 13.3 hectares. Homes England told us that this site was part of a wider town centre regeneration plan, which was to be developed by a joint venture between Wolverhampton City Council and Advantage West Midlands Regional Development Agency. Homes England inherited the land previously owned by Advantage West Midlands following its abolition. The site was previously used for coal mining, waste disposal and heavy industry meaning there were potential ground instability problems, unrecorded mineshafts that may be discovered during development, and contaminated land from industry waste. The independent valuation report stated that significant remediation costs would be associated with any future development of the site. These costs were estimated to be between £1 million and £1.2 million per hectare. Excluding any remediation work, the valuation report estimated the market value of the land at £535,000 but said that a £1 estimate may be the best value once remediation costs are considered. Homes England transferred the site to Wolverhampton City Council for £1, which they told us was due to the remediation costs.
Telford & Wrekin Council	This site relates to the surrounding areas of the Hortonwood West Business Park, including an unfinished road to the Park and areas of landscaping. Telford & Wrekin Council is developing the site as part of a wider strategy to attract and grow business in the area. The land owned by Homes England represented an irregular shaped parcel of land, with several plots either sold to private businesses, under offer or available for sale. The independent valuation report estimated the market value of the land at £1 because the irregular shape of the land meant it "offers no development potential in isolation". Since the land could facilitate the development of the wider Business Park – it could be used for landscaping and the road could lead into the Business Park – Homes England transferred the site to Telford & Wrekin Council. Homes England told us that because Telford & Wrekin Council are developing the Business Park, they were the natural purchasers. The sale terms include clawback arrangements allowing Homes England to benefit from an uplift in value of the land sold. Homes England agreed to transfer the land to Telford & Wrekin Council for £1 prior to the independent valuation taking place.

Figure 13 *continued*
The five largest sites sold for £1 or less

Notes

1 Regional Development Agencies (RDAs) were established in 1998 to increase economic development, regeneration, employment and business competition in 9 regions across England. The government announced it would abolish the RDAs in 2010 and they were closed in 2012.

2 Homes England was unable to provide information on the disposal costs for these 2 sales. Homes England told us this is because the OneNE Regional Development Agency completed the original sale in 2004, and full records were not transferred to Homes England when it inherited the land following the abolition of OneNE Regional Development Agency.

3 The North East Property Partnership (NEPP) was a joint venture between OneNE Regional Development Agency and UK Land Estates, a private sector property investor and developer. OneNE Regional Development Agency established the NEPP in 2004 to allow the private sector to manage and operate its commercial property in the North East for a ten-year period.

4 Enterprise Zones are designated areas across England that provide tax breaks and government support. Enterprise Zones have restrictions on what activity can be conducted within the zones, for example any activity involving the production of iron, steel or coal.

5 We reviewed the valuation reports for the East Ketley, Bilston Urban Village and Wheat Leasowes East sites. The reports for New York Industrial Estate and Balliol Business Park were not available owing to a lack of records provided when Homes England inherited the land.

6 Homes England has assumed that both the New York Industrial Estate and Balliol Business Park were sold via the open market – there is no evidence to support the method of disposal for these 2 sites as the information was not provided to Homes England when they inherited the land.

7 The £1.9 million disposal cost figure represents the amount transferred to the Land Trust under the endowment.

8 An endowment is a transfer, in the form of cash, to another party for a defined purpose (usually to support future operating costs and periodic maintenance) with the expectation that no other public sector investment should be required in the foreseeable future. A typical endowment will relate to a parcel of land which has no commercial value, though it may have public value as an open space.

Source: National Audit Office analysis of Cabinet Office's Transparency Report Data, independent valuation reports and evidence provided by Homes England

What happens to proceeds

3.10 HM Treasury spending reviews set departmental budgets for a fixed period into the future. At the 2015 Spending Review departmental budgets were agreed for five years to 2020-21, net of any anticipated proceeds from asset disposals such as land sales.

3.11 HM Treasury's budgeting rules state that, for land, there are four possible outcomes for proceeds following a sale. **Figure 14** overleaf demonstrates how the rules apply:[42]

- Option 1 – Departments can keep proceeds up to the amounts agreed at the Spending Review.
- Option 2 – If a profit on disposal is generated the departments can retain a maximum of £20 million, or 5% above the expected value of the disposal, whichever is the lower. If proceeds exceed those limits, the surplus goes to HM Treasury.
- Option 3 – Departments that are unable to generate the proceeds agreed at the Spending Review will have to operate with smaller budgets. HM Treasury may provide additional budget cover, however, this is not guaranteed. HM Treasury told us that it has discretion to provide additional funding in these cases, although it would take into account how well a department had managed its resources, and any factors outside the department's control. Departments we spoke to told us that any shortfalls have so far been manageable.
- Option 4 – For sales which were not anticipated at the Spending Review, departments can keep a maximum of 10% of the proceeds above the level envisaged for that year. The remaining 90% is released back to the Exchequer, subject to further discussions with HM Treasury.

3.12 In all the above cases, whether a department can retain the income depends on discussion with HM Treasury. Valid reasons can result in departments retaining all the unanticipated income without budget adjustments.

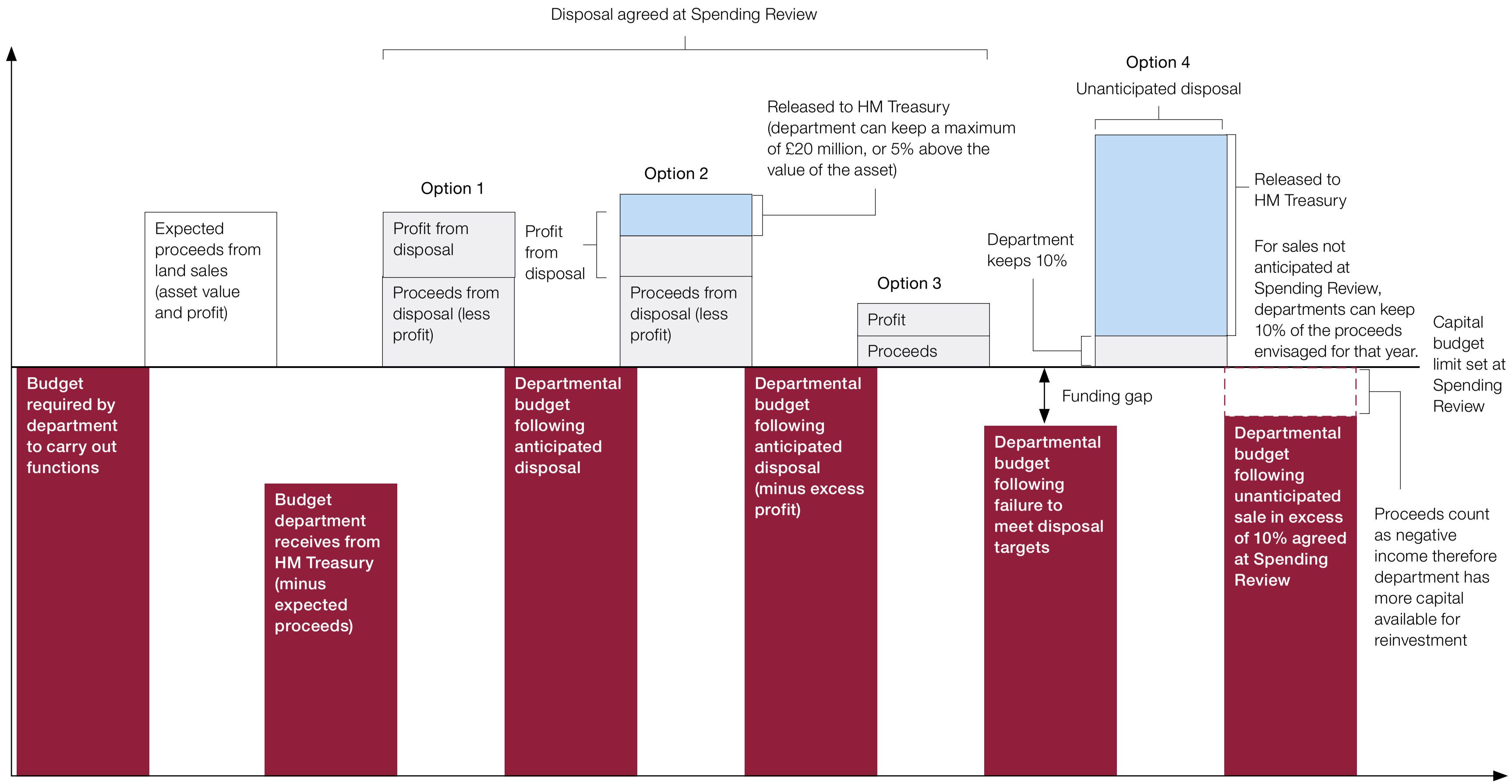
3.13 After it is determined whether the department retains proceeds or releases them to HM Treasury, their use can be grouped into three categories:

- The department re-invests the proceeds (thereby increasing capital budgets).
- The department uses the proceeds to fill funding gaps (supplementing revenue budgets).
- Proceeds which go to HM Treasury can be used in various ways, including: paying-down public debt; funding capital investment elsewhere across government; and/or filling revenue spending gaps across government.

42 There are differing rules depending on the type of land sold (leasehold or freehold) and contractual clauses in the sale, for example if overage or clawback arrangements are included. In some cases, Spending Review agreements between HM Treasury and departments provide for alternative treatment of proceeds that differ from the rules here (see Figure 19).

Figure 14

Illustrative budgetary treatment for the disposal of freehold land[1,2]



Proceeds released to HM Treasury

Proceeds remain at department

Option 1 – department generates agreed proceeds

Option 2 – department generates excess profit

Option 3 – department undersells

Option 4 – department sells assets that were not agreed at Spending Review

Notes

1 This is an illustrative example for the disposal of freehold land only. The budgetary treatment for land sold as leasehold or land sold with clawback arrangements will differ.

2 Freehold land is a type of ownership whereby the building and the land it stands on is the outright property of the holder in perpetuity.

Source: National Audit Office analysis of HM Treasury's *Consolidated Budgeting Guidance: 2018 to 2019*, February 2019

3.14 It is not clear to what extent land disposal proceeds fall into the three categories above. It would be a concern if departments are selling land and property to support day to day running costs, rather than to invest in refurbishing existing assets or purchasing new ones. There is an expectation that receipts from land and property sales are reinvested unless HM Treasury agrees otherwise. The government has not collected aggregate data on how proceeds from either programme have been used. When the proceeds are not released to HM Treasury, departments will hold information on how the individual disposal proceeds were used. For example, Network Rail kept the £1.46 billion proceeds from the sale of the railway arches, of which £500 million reduced its funding shortfall to March 2019, with the remaining proceeds used to reduce Network Rail's expected borrowing from the Department for Transport (see Figure 18 in Appendix Three). However, where proceeds are not retained by departments and released to the Exchequer, it is not possible to trace how the proceeds are reallocated across government.

Appendix One

Our investigative approach

Scope

1 We investigated the government's commitments "to increase housing supply by releasing surplus public sector land for at least 160,000 homes between 2015 and 2020", and "to deliver £5 billion of receipts between 2015 and 2020 through the release of surplus public sector land and property across the UK". The scope was:

- the government's strategy for land disposals (Part One);
- progress towards the land for new homes target (Part Two); and
- progress towards the £5 billion proceeds target (Part Three).

Methods

2 In examining these issues, we drew on a variety of evidence sources. We reviewed:

- the *Government Estate Strategy* and other programme documents related to land disposals;
- government guidance to departments on sales of land, and the land for new homes *Programme Handbook*; and
- reports on progress for both programmes.

We interviewed key individuals from:

- Ministry of Housing, Communities & Local Government's (MHCLG) and Homes England, with responsibilities for the land for new homes programme;
- the Office of Government Property, part of Cabinet Office, with responsibilities for the £5 billion proceeds target;
- HM Treasury, with responsibilities around budgeting, spending teams and use of proceeds; and
- the Ministry of Defence, the Department for Health & Social Care, and the Ministry of Justice.

We also analysed data from the government's Transparency Reports on land disposals, including geographic mapping of disposals.

3 In our report we refer to some limitations in the supporting evidence provided during our investigation. These limitations affect the following aspects of our work:

- **Homes brought to market (paragraphs 6 and 2.9):** MHCLG undertook its own analysis to identify homes that already existed on land released. However, it has not provided us with further information to support the number of sites (4,279) identified. We were unable to seek further clarification in the time available.
- **Number of sites sold for £1 (paragraphs 9 and 3.5):** MHCLG undertook its own analysis of the main reasons why it sold the 160 sites for £1 and provided us with the percentages that we report. However, it has not provided further information to support those percentages. We were unable to seek further clarification in the time available.
- **Data on planned affordable homes (paragraph 7):** MHCLG told us that it has started to collect data, but it has not shared any of this data with us. In paragraph 2.13, we note that the department told us the data are not yet available due to the experimental nature of the Ordnance Survey's monitoring work.
- **Current and expected disposals of public land with housing capacity (Figure 6) and by department (Figure 7):** MHCLG told us that the number of expected housing units differs between the two Figures because where site transfers take place, Homes England can arrive at different forecasts compared to the transferring department. Figure 6 is based on Homes England's estimates, and Figure 7 is based on transferring department's estimates. We were unable to seek further clarification in the time available.
- **Progress against the government's target of generating £5 billion in proceeds from land and property disposals by 2020 (Figure 9):** The Cabinet Office's raw data underlying its Transparency Reports includes items, such as contingent contract terms, which can make it unclear whether a site sale has taken place. In our analysis we have sought to exclude such items, arriving at a total of 1,488 sites. Cabinet Office used different methodologies to arrive at the total number of site sales that it reported in its Transparency Report for 2017-2018 (1,537). We were unable to obtain further clarification on the reasons for differences between the methodologies and totals in the time available.

Appendix Two

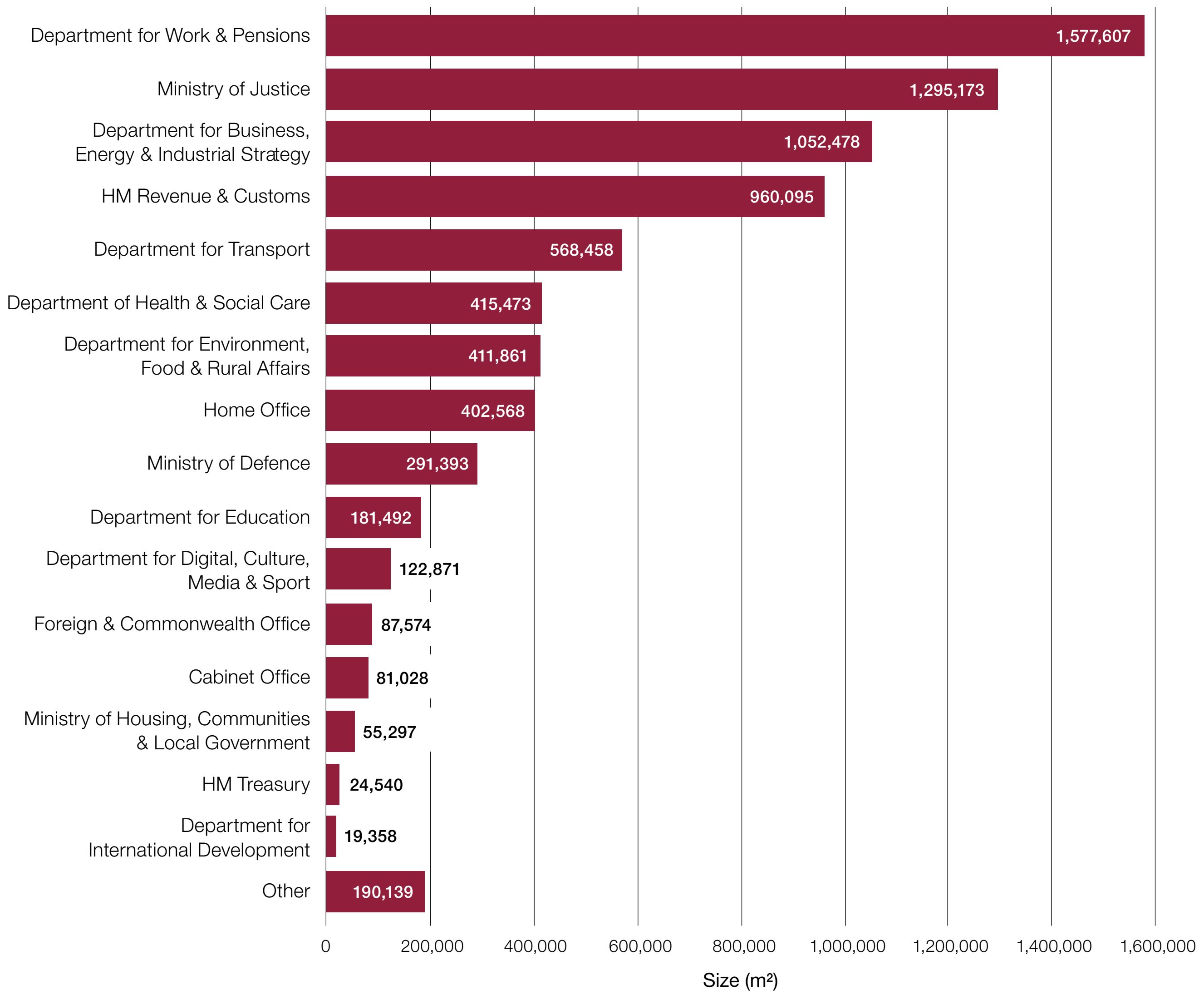
The size of the central government estate

1 **Figure 15** shows that the Department for Work & Pensions had the largest estate out of all central government in March 2018. The total size of the estate in March 2018 was 7.7 million square metres, compared to 8.3 million in March 2015 and 10.7 million square metres in January 2010.[43]

43 Cabinet Office, *State of the Estate in 2017-18,* December 2018.

Figure 15
The size of the central government estate by department, March 2018

The Department for Work & Pensions has the largest estate out of all central government



Notes

1 Figures represent the total size of the central government estate.

2 The central government estate includes all central government departments, executive agencies, non-departmental public bodies and government companies. It excludes the defence military estate, NHS estate, Department for Environment, Food & Rural Affairs rural estate (for example farms), Foreign & Commonwealth Office and Home Office overseas estate and Historic Royal Palaces. Cabinet Office defines these excluded bodies as the 'wider government estate'.

3 Size is represented by Net Internal Area (NIA) which is the "usable area within a building measured to the internal face of the perimeter walls at each floor level" as defined by the Royal Institution of Chartered Surveyors. It includes meeting rooms, kitchens, built-in cupboards, ramps and non-shared entrance halls, but does not include land.

4 Data are from the Cabinet Office's *State of the Estate in 2017–2018* report. The underlying data are collected through the Electronic Property Information Mapping Service (ePIMS), the central database of Government Central Civil Estate properties and land, reinforced by data from departmental strategic asset management plans (SAMPs).

5 The 'Other' category includes the UK Statistics Authority, Royal Mint and the Attorney General's Office.

Source: Cabinet Office, *State of the Estate in 2017-18*, December 2018

Appendix Three

Case studies

Figure 16
Case Study: Old War Office

The Old War Office is a Grade II Listed Building located in Whitehall, London. It contains around 1,100 rooms across seven floors. The Old War Office is the largest individual site contributing to the government's commitment to generate £5 billion from the disposal of land and property by 2020.[1]

Key facts

Government department	Ministry of Defence
Location	London
Number of sites sold	1 site
Volume of land	1.02 hectares
Previous use	Government office space
Method of disposal	Informal tender
Expected value pre-sale	£100 million
Proceeds	£357 million
Date of disposal	March 2016
Expected use	Hotel and residential apartments
Purchaser	Hinduja Group in partnership with OHL Developments

Observations

The Ministry of Defence (MoD) is aiming to reduce the size of its estate by 30% by 2040.[2] In 2014 the MoD, together with the Office of Government Property (OGP), reviewed the available options for retaining the Old War Office for use within government. The MoD decided that the investment required to make the site suitable for government use did not represent value for money for the taxpayer. The site was declared surplus to requirements and made available for sale.

The site was sold in March 2016 for £357 million. The MoD retained the proceeds. In addition to the sales proceeds, MoD estimates the sale will generate running cost savings of around £8 million–£10 million per year.

The site was sold as a 250-year lease, with the freehold remaining under MoD's ownership for security reasons. By retaining the freehold, MoD was able to include oversight provisions and security measures into the lease terms.

The MoD told us that it monitors whether a disposal is value for money by producing a site-specific disposal strategy, and following the MoD's own disposal guidance.

Notes

1 Network Rail's sale of the railway arches generated higher proceeds (£1.46 billion) but consisted of a portfolio of 5,261 individual sites.

2 Ministry of Defence, *A Better Defence Estate*, November 2016.

Source: Cabinet Office, *Guide for the Disposal of Surplus Land*, March 2017 and interviews with officials at the Defence Infrastructure Organisation

Figure 17
Case Study: Frenchay Hospital

In November 2016, North Bristol NHS Trust completed the sale of the Frenchay Hospital in Bristol. The site contributed 490 homes towards the government's target to release enough surplus land by 2020 for at least 160,000 new homes. The sale will contribute towards the Department of Health & Social Care's (DHSC) land for housing target of 26,000 housing units. Frenchay Hospital is one of the largest sales to contribute to both the land for new homes target and the government's commitment to generate £5 billion from land and property disposals by 2020.

Key facts

Government department	Department of Health & Social Care (North Bristol NHS Trust)
Location	Bristol
Number of sites sold	1 site
Volume of land	17.6 hectares
Previous use	Hospital
Method of disposal	Private treaty[1]
Expected value pre-sale	£28 million
Proceeds	£31 million
Date of disposal	November 2016
Expected use	Residential
Purchaser	Redrow Homes Limited

Observations

Unlike most other central government departments, the NHS estate is not fully owned centrally – ownership of the estate is split between a number of health bodies including DHSC, NHS trusts, foundation trusts and NHS Property Services Limited.[2] Surplus land is identified at a local level, with DHSC and national partners supporting the disposal process. North Bristol NHS Trust made the decision to sell Frenchay Hospital.

North Bristol NHS Trust has operated for several years out of two sites; one at Southmead and the other at Frenchay, which are separated by about four miles. North Bristol NHS Trust developed an estates rationalisation plan to move the people and services from Frenchay Hospital to a new building on the Southmead site. This was completed in 2014 and Frenchay was made available for sale. In September 2015, the site was conditionally sold for £31 million. The sale became unconditional in November 2016.

North Bristol NHS Trust, and other NHS providers disposing of surplus land, can use the proceeds generated as they see fit, subject to the relevant business case approvals set out in guidance for all NHS providers published by NHS Improvement.

Notes

1 A private treaty is a disposal method which involves publicly advertising that a site is available for sale. Once a potential purchaser has expressed an interest, terms of sale are then negotiated.

2 NHS Property Services is a company wholly owned by the Secretary of State for Health. It was created to manage, maintain and improve NHS properties and facilities previously owned by strategic health authorities and primary care trusts.

Source: National Audit Office interview with Department of Health & Social Care officials and analysis of North Bristol NHS Trust's Disposal of the Frenchay Site – Full Business Case (December 2015)

Figure 18

Case Study: Railway Arches

In February 2019 Network Rail sold a portfolio of rental spaces. These 5,261 sites are predominantly converted railway arches (70% by number of rental spaces). This sale contributed the largest proceeds towards the government's commitment to generate £5 billion from the disposal of land and property by 2020.[1]

Key facts

Government department	Department for Transport (Network Rail)
Location	England and Wales (60% of sites sold are in London)
Number of sites sold	5,261 rental spaces
Volume of land	Unknown[2]
Previous use	Commercial or vacant spaces[3]
Method of disposal	Competitive auction
Expected value pre-sale	£1.17 billion
Proceeds	£1.46 billion
Date of disposal	February 2019
Expected use	Commercial
Purchaser	Blackstone Property Partners and Telereal Trillium

Use of proceeds

The sale generated proceeds of £1.46 billion with the full amount remaining with Network Rail.[4] Following an agreement with HM Treasury, Network Rail can use up to £500 million of the proceeds to contribute to its funding shortfall.[5]

The remaining proceeds were used to offset against expected borrowing from the Department for Transport, by reducing the loan facility available to Network Rail.

Notes

1 The sale of Network Rail's railway arches was completed in February 2019. The proceeds data is therefore not included in the Cabinet Office's most recent Transparency Report which was published in January 2019 and covers the period April 2017 to March 2018.

2 Network Rail does not hold data on the volume of land for these sites.

3 Network Rail has a target to dispose of land with capacity to build homes, which is part of the Department for Transport's target. Network Rail excluded land with known residential development potential from the sale.

4 Of the sites sold, 70% relate to the arches, which involved Network Rail selling the air space and not the land.

5 For more information on the transaction see the Comptroller and Auditor General's report: *Network Rail's sale of railway arches*, Session 2017–2019, HC 2137, National Audit Office, May 2019.

Source: Comptroller and Auditor General, *Network Rail's sale of rail arches*, Session 2017–2019, HC 2137, National Audit Office, May 2019

Figure 19

Case Study: Dover Magistrates' Court

In August 2017, the HM Courts & Tribunals Service (HMCTS), an executive agency of the Ministry of Justice, transferred the Dover Magistrates' Court to Homes England who then sold the site. HMCTS transferred the site to Homes England at a value of £350,000. Homes England spent £50,000 to prepare the site for sale.

Key facts

Government department	Ministry of Justice (HM Courts & Tribunals Service)
Location	Dover
Number of sites sold	1 site
Volume of land	0.3 hectares
Previous use	Magistrates' Court
Method of disposal	Auction
Expected value pre-sale	£350,000
Proceeds	£910,000
Date of disposal	December 2017
Expected future use	Residential
Purchaser	Goodwill SIP Ltd

Use of proceeds

The sale generated proceeds of £910,000. Homes England paid £350,000 to HMCTS, at the point of transfer, to cover the initial value of the site (this payment was made before the sale was completed). Homes England kept £50,000 to cover the costs of bringing the site to sale. The remaining £510,000 will be split between HMCTS and Homes England at a ratio of 70:30.[1] The money owed to HMCTS has not yet been paid because the Dover Magistrates' Court sale was part of a larger portfolio of sales. Homes England told us that any payments due to HMCTS will be made once all the sales of that portfolio have been completed. The Ministry of Justice is looking for Homes England to provide it with payment as soon as individual properties are sold.

Homes England's intention is to use its share of proceeds to support the delivery of its objectives with any surplus being released to HM Treasury.

Dover Magistrates' Court was sold as part of the Ministry of Justice's Courts Reform Programme, launched in 2016 with the aim to modernise and upgrade the justice system. The expected proceeds from disposals under this reform programme were set out in the 2015 Spending Review. It was agreed that £318 million of proceeds would be generated between 2016-17 and 2020-21, and HMCTS can keep all the proceeds within these pre-agreed limits. If proceeds exceed these limits, HMCTS can retain an additional 100% beyond the pre-agreed forecasts, but beyond that, proceeds are released to HM Treasury. If the proceeds are less than agreed, HMCTS will need to find the difference in funding from within its wider budget. Following an agreement between HM Treasury and the Ministry of Justice, all receipts from the sale of the court estate, subject to the limits mentioned above, are reinvested in the HMCTS court reform programme.

Note

1 More details of Homes England's Transfer Model, whereby other government departments can transfer land to Homes England which is then responsible for disposing of the land, can be found in the Ministry of Housing, Communities & Local Government's Programme Handbook for the Public Land for Housing Programme 2015–2020.

Source: Evidence provided by Ministry of Housing, Communities & Local Government and the Ministry of Justice's Spending Review 2015 Settlement Letter

Appendix Four

The Committee of Public Accounts' December 2016 recommendations and the government's response[44]

Committee recommendations	Government's response	National Audit Office findings of progress against recommendation
1 Departments have made a slow start in releasing land. The new programme is back-loaded, which increases the risk that Government will not meet its commitment. Individual Departments should focus on increasing the rate of disposal to meet the target by 2020. At a programme level, the Department for Communities and Local Government (DCLG) should work with other Departments to identify the barriers that are preventing the sale of land and the main risks, together with actions to address them and ensure any sites sold achieve an acceptable return for taxpayers while balancing the need for housing.	**The Government agrees with the Committee's recommendation.** The Department for Communities and Local Government (DCLG) has put in place strong governance and support arrangements to secure cross Whitehall engagement from Ministers and officials to drive delivery. Progress against the programme's aims is overseen by the Housing Implementation Taskforce (the Taskforce) chaired by the Secretary of State for Communities and Local Government. The Permanent Secretary for DCLG jointly chairs a Programme Steering Group with the Chief Executive of the Civil Service, which reports directly to the Taskforce. The Steering Group includes other Permanent Secretaries from the key landowning Departments. A Programme Board meets quarterly and holds all Departments to account for progress against commitments. A Delivery Board meets monthly to provide additional delivery support to address barriers and issues arising. Identifying and resolving barriers to delivery is a priority for the programme. All Departments review their forward pipeline of sites on an on-going basis and update their programme delivery plans twice a year. When revising their delivery plans, Departments identify the key risks that could impact on the release of land and action needed to address them. The Homes and Communities Agency (the Agency) provides all Departments with a range of tools and resources to reduce site risks. These include providing place-based intelligence, such as support with addressing local planning issues, and technical expertise including detailed advice on the best disposal method and access to a panel of housing developers. Departments are encouraged to transfer land to the Agency for disposal where they are best placed to move sites quickly to market. As well as working to speed up land disposals in this programme, the Government is also committed to speeding up the building of new homes on surplus public sector land by taking direct action on some sites. In October 2016 the Government announced a new Accelerated Construction programme which aims to encourage small and medium-sized builders, new developers and those using innovative methods of construction to build at up to double the rate of traditional house builders. The £1.7 billion of investment announced for Accelerated Construction will see up to 15,000 homes started in this Parliament. Accounting Officers operate within the principles of *Green Book* and *Managing Public Money*. In addition, Cabinet Office plan to publish in February the *Guide for the Disposal of Surplus Property*, which supplements this advice. The Guide is aimed at departments' estates professionals and policy teams, and sets out the principles and technical processes involved in the disposal of surplus Government-owned land. In some cases it may be justifiable to choose the option which does not generate the highest Exchequer receipt.	Part addressed. Paragraphs 4, 2.6 to 2.8, and Figure 6.

44 The information in the above table are extracts from the Committee of Public Accounts' December 2016 report, *Progress with the disposal of public land for new homes and the government's response*. Throughout Appendix Four, the departments are referred to as their previous titles.

Committee recommendations	Government's response	National Audit Office findings of progress against recommendation
2 The majority of sites identified by departments for future disposal are speculative, and many are still being used to deliver public services. All Departments need to identify capacity over their individual targets to create sufficient contingency in the programme to meet the overall commitment, without feeling pressurised to include sites for disposal if they think it is unlikely that homes will be built on these sites.	**The Government agrees with the Committee's recommendation.** Departments are continuing to look strategically at their entire estate to see which additional sites can be identified for disposal. Any sites identified are regularly reviewed to ensure that they are suitable for housing. By the end of September 2016, the Department of Health had identified land with capacity for an additional 1,500 homes above its target. The Homes and Communities Agency had identified land with capacity for an additional 550 homes above its target. The programme has strict monitoring criteria that must be met before a site can be scored towards the programme. This happens once a conditional contract, development agreement or building licence with a private sector partner is signed or freehold transfer takes place (whichever is sooner); and there is planning certainty that the site will be developed for housing. This planning certainty could be positive commitment or support from the local planning authority, inclusion in a local plan, outline planning permission or full planning permission.	Part addressed. Paragraph 2.7.
3 The Department for Communities and Local Government has not made public the roles and responsibilities for the programme or decided how it will monitor the construction of homes on the sites sold. After lengthy delays, the Department for Communities and Local Government must now publish the programme handbook, including details of how it will monitor construction, as soon as possible and inform the Committee how it will do this. The Department for Communities and Local Government needs to ensure that its approach to the monitoring of construction demonstrates how the programme is addressing the housing shortage.	**The Government agrees with the Committee's recommendation.** The Public Land for Housing programme 2015–2020 Handbook was published on 16 December 2016. On monitoring, the Department is committed to providing greater transparency on the number of homes built on land released during the 2011–2015, and 2015–2020 Public Land for Housing Programmes. The *Programme Handbook* confirms that the programme will collect data to monitor the development of sites up to completion. This will be done by tracking sites through the planning system and gathering evidence of the number of homes granted to each site. This will provide assurance that the programme is contributing to the delivery of new homes. The Department will shortly issue a tender for a research contract to gather the necessary data which will be published in an Annual Report in July 2017.	Part addressed. Paragraphs 6, 7, 2.9 and 2.11.

Committee recommendations	Government's response	National Audit Office findings of progress against recommendation
4 The Department for Communities and Local Government has not yet decided what will be included in its annual report on the programme, or when it will be published. As a minimum, the annual report should cover: the number and estimated capacity of sites released, details of sites identified for future disposal including their risk rating, sales proceeds, details of sites released (including postcodes), and construction of new homes by type and tenure.	**The Government agrees with the Committee's recommendation.** The Department plans to publish the first Public Land for Housing programme 2015–2020 Annual Report in February. This will include information on the number of homes built on land released by the Homes and Communities Agency under the 2011–2015 Public Land for Housing programme, and also include the local authority, planning reference and the housing capacity in the planning permission. The report will list all sites released in the first 18 months of the new programme, providing information on the postcode, local authority area, estimated housing capacity, and planning status at the point of sale. Future reports will include data at a site level including the planning status, post code, local authority and the number of homes started and completed each year. Details of Government-owned property and land in the UK, including that which may be surplus or redundant are available on the Government Property Finder website. In addition, the Agency also publishes a Land Disposal and Development Plan twice a year setting out the sites it intends to bring to market over the subsequent 12–18 months. The Ministry of Defence has recently identified sites for disposal as a result of its Better Defence Estate Strategy, and the Ministry of Justice intends to identify further sites for disposal as a result of the Prison Estate Transformation Programme. Future Annual Reports will publish details of the proportion of sites for each Department in each risk category. However, to do so for individual sites prior to being declared surplus would be commercially sensitive. Departments regularly review the risks associated with site disposals, and these are considered by the Programme Board. It is anticipated that the number of high risk sites will reduce over time as mitigation strategies are put in place. Cabinet Office's Government Property Unit (GPU) has conducted a review into making commercial terms of Government land disposals more transparent which is scheduled to be published in February. The Department is committed to transparency and monitoring the construction of new homes under the programme and an Annual Report will be published in July each year will include this data. The tender issued to secure an external data contractor includes a requirement to identify the type and tenure of homes built.	Part addressed. Paragraphs 7 and 2.15.
5 There are many factors for departments to consider in maximising value for money in the sale of land. Departments should make public their estate strategies to demonstrate how they decide that land is surplus. All departments should outline the factors they will consider to ensure that each sale represents value for money, and set out how they are identifying any wider benefits, including for staff and key workers, which contribute to the Departments' objectives.	**The Government agrees with the Committee's recommendation.** Each department prepares a Strategic Asset Management Plan (SAMP), which is set within the context of the Department's business and transformation plans, the Government Estate Strategy and cross-cutting Government policies and initiatives. The SAMP is a detailed and internal document enabling Departments to manage their business, and includes policy and commercially sensitive information. Within each SAMP there will be an executive summary setting out objectives and commitments for managing the estate, including contributions to wider Government objectives, such as public sector land disposals. The latest *Government Estate Strategy* will be published Spring 2017, and Departments' SAMPs will then be finalised in July. Following this, Departments will publish the executive summary of their SAMP on GOV.UK *Managing Public Money* and the *Red Book (Appraisal Guide)* provide the necessary framework for decision making and ensuring each disposal provides value for money. Alongside this guidance the Government's updated *Guide for the Disposal of Surplus Property* will set out the factors that should be considered by Departments when selling their surplus land. The Accounting Officer of each department disposing of land is responsible for ensuring value for money in accordance with this guidance, and the Public Land for Housing programme 2015–2020 handbook published in December 2016 sets out these responsibilities in more detail.	Part addressed. Paragraphs 7, 1.6, 2.12 and 2.13.

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