

<b>Committee:</b>	<b>Date:</b>
Corporate Asset Sub (Finance) Property Investment Board	29 January 2016 10 February 2016
<b>Subject:</b> Housing and Planning Bill	<b>Public</b>
<b>Report of:</b> Remembrancer	<b>For Information</b>

### Summary

This Report advises Members of provisions included in the Housing and Planning Bill currently before Parliament, which are intended principally to encourage land held in the public sector to be made available for housing development. They include a duty to consult other public authorities when developing proposals to dispose of land, a duty to prepare annual reports about surplus land-holdings, a broader power for the Secretary of State to direct the disposal of land, and a duty to prepare annual assessments on the sustainability and efficiency of the property estate.

### Recommendation

It is recommended that Members receive this Report.

### Main Report

1. The Housing and Planning Bill contains important measures intended to set the direction of the Government's housing policy and enable it to meet its house-building targets. This Report deals with new clauses recently added to the Bill, which form the latest stage of the Government's efforts to encourage land held in the public sector to be made available for housing development. A more general account of the Bill may be found in the background papers listed below.

#### Provisions about public sector land

2. The first of the new measures will require public authorities to engage "on an ongoing basis" with other public authorities when developing proposals for the disposal of land. The underlying intention is that opportunities to use the land for house-building can be identified or maximised. The Government will lay down guidance about how the duty of engagement is to be fulfilled, and will also be able to exempt certain sorts of land.
3. The second measure will require public authorities to prepare and publish annual reports of their surplus land-holdings. They are buildings or other land which the authority has identified as being surplus to its requirements but in

which it continues to own an interest. The report will only cover land identified as surplus within the previous two years (or six months in the case of land already used for housing), although the Government will be able to disapply this time limit in relation to certain sorts of land. The report will have to include an explanation of why the authority has not disposed of its surplus holdings. Further details about the contents of the report will be set out in regulations, which may also exclude certain sorts of land from the reporting requirement.

4. The third measure amends the existing power of the Secretary of State to direct public authorities to take steps to dispose of land held by them. Presently the power may only be used where the land is considered by the Secretary of State to be unused or insufficiently used for the purposes of the authority. The Bill will enable alternative criteria to be set out in regulations. It is understood that the Government's intention is to allow a more active approach to directing the disposal of land determined to be surplus, and thus featuring on the reports described above. It is however possible that the power could be used more widely.
5. The fourth measure will require public authorities to prepare annual reports (starting in 2017) containing a "buildings efficiency and sustainability assessment." This is an assessment of the progress made by the authority towards improving the "efficiency and contribution to sustainability" of buildings owned by the authority. In particular, it must include an assessment of progress made in reducing the size of the authority's estate, and in ensuring that buildings newly acquired by the authority fall within the top quartile of energy performance. The assessment is based on those which already have to be carried out by central government under climate change legislation. Although the clause appears to assume that public authorities will seek to reduce the size of their estate in each year, it imposes no obligation to do so. Regulations will be able to exclude certain sorts of land from the assessment.

### **Application to the City Corporation**

6. The Bill does not specify the "public authorities" which will be subject to the first three measures described above. Instead, they will be set out in regulations. If (as expected) the measures are applied to local government, they should apply to the Common Council only in its capacity as a local authority (*i.e.* to land held in the City Fund). Steps will be taken during the passage of the Bill through Parliament to secure this limitation. It is made clear on the face of the Bill that the buildings efficiency and sustainability assessment will only cover City Fund buildings situated within the City. (In this context it should be noted that Standing Order 55 already requires committees to "consider the effective and efficient use of all operational property assets," under the oversight of the Corporate Asset Sub Committee.)
7. The public authorities with which the City Corporation will have to consult when developing proposals to dispose of land (as mentioned in paragraph 2 above) will also be specified in regulations. They are likely to include Government departments, the Greater London Authority, or London borough councils.

8. Special consideration is required as to how the new measures will apply to property held for investment purposes as opposed to operational purposes. So far as the surplus reporting requirement (as mentioned in paragraph 3 above) is concerned, it seems that such land should not be treated as “surplus,” as it is being used to satisfy the Corporation’s requirement to manage its capital in a proper way. Land certified by the Corporate Asset Sub Committee as being no longer required for operational use should therefore only be reported as “surplus” once the Property Investment Board has further decided that it should not be retained for investment purposes.
9. Officers are assessing the implications of applying the other measures to investment property held in the City Fund. If it is concluded that there is a risk of prejudice to the City Corporation's interests, a case will be made to the Government that investment property should be treated differently.
10. It should be noted more broadly that the main policy intention behind the new measures is to encourage the release of land for house-building. This is not likely to be a feasible objective in respect of City Fund land, most of which is situated within the City and would not be suitable for housing. The measures will not override planning policies protecting the loss of office space to housing development in the City.

## **Conclusion**

11. It is likely that the measures described above will result in new obligations for the City Corporation with respect to land held in the City Fund. A number of details are, however, as yet unclear. The remaining passage of the Bill through Parliament will be closely monitored in liaison with the City Surveyor (who has assisted in the preparation of this Report), and will give rise to opportunities to engage with parliamentarians and officials. Such engagement will be informed by any views expressed by Members in response to this Report. Particular consideration will be given to the political and practical merits of arguing for investment property to be treated differently under the new requirements. Further developments will be reported as appropriate to Members.

## **Background papers**

- Report of the Remembrancer to the Community & Children’s Services Committee, 11<sup>th</sup> December 2015, Item 7.
- Report of the Remembrancer to the Planning & Transportation Committee, 15<sup>th</sup> December, Item 10.
- Report of the Remembrancer to the Policy and Resources Committee, 21<sup>st</sup> January 2016, Item 14.

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