

PUBLIC SECTOR SOLUTIONS

With huge tranches of public sector land from both central and local government offering development opportunities, *Property Week* brought together some of the sector's leading experts to discover how industry can work with officials to make the most of development and regeneration opportunities

Stephen McDonald, director of place at Re (a joint venture company between London Borough of Barnet and Capita)

Paul Marsh, head of projects and finance at Regeneration and Investment Organisation (RIO), UK Trade & Investment

Gareth Blacker, head of transactions, Homes and Communities Agency

Paul Sargent, chief executive and co-founder, Queensberry Real Estate

Shane Dineen, director of property, health developments, Capita

Paul Clark, director, development consultancy and agency, real estate, Capita

David Parsley, contributing editor at *Property Week*, chair

David Parsley, *Property Week*: We've just had the news from Greg Clark, the new secretary of state for communities and local government, that all government departments have been instructed to release land for the construction of 150,000 new homes by 2020. Is this a step in the right direction and will it apply to local councils?

Stephen McDonald, Re: There is a bit of a myth of councils having a backlog of surplus land, and - where that may be true - no one wants to build in those locations. The land is largely where people don't want to live. Typically the land isn't held centrally, it's held for service purposes. This isn't the magic bullet to solve the housing shortage.

Paul Sargent, Queensberry Real Estate: The problem is deciding where to build them. There's no point building them in areas where there is little

infrastructure, jobs and facilities. It's not just about numbers. It's about *where* they go.

Paul Clark, Capita: How do you describe and define what is surplus land for an operational portfolio? It involves difficult questions, lots of resources, creative thinking - but also an agenda to push it. I saw the Taxpayer's Alliance piece that listed everything owned by the public sector, but a lot of that is income-generating - not necessarily surplus.

Gareth Blacker, Homes and Communities Agency (HCA): What you need is hard infrastructure for residential schemes to work. You need social, health and education infrastructure. It's not about just building homes on surplus land. HCA funding can put facilities into place for longer periods. Take Cranbrook in East Devon. It's had £20m investment from the HCA and the next phase is going forward.

DP: What are the hurdles & obstacles to overcome?

Shane Dineen, Capita: I think what is probably missing is a cohesive strategy for every public sector, or cross-public sector, set locally but in a national context. And it is about sustainable communities, it's not just about housing, so I think people need to look across locality and across the public sector and think 'what do we need?' and 'what is the best strategy?'. Every organisation has individual strategies and masterplans. All you need to do is join up together and see where there is some commonality, some benefit to be yielded from looking at all opportunities across public sector land.

Paul Marsh, UK Trade & Investment: For me, regeneration is about something that creates



Stephen McDonald



Paul Marsh



Gareth Blacker



Paul Sargent



Shane Dineen

economic benefits to the area. The Chinese call it urbanisation, and the RIO's job is to make foreign investors understand that our role is to project what the UK has to offer in terms of regeneration projects. Part of our role is upselling to embassy staff around the world. But it would be good to have a common international understanding of what we call regeneration, and what many other countries call something else. It's about creating opportunities for investors, both international and domestic.

PS: I've worked across Europe for the last few years and they talk about urbanisation, not regeneration, and a development manager, not a developer. So yes, we need a uniform definition to attract investors into these projects.

DP: Is it appropriate to have overseas investors involved in major UK infrastructure projects, or should we try and keep it at home?

PM: From a government perspective, then yes, international investors are a key part of this. There are numerous ways of investing, and it's an open-market solution. There's interest from countries such as Malaysia, Canada, the US and China. But, the UK institutional investor is competing on a level playing field, and in some ways has an advantage as they know the market here.

GB: Partnering with domestic developers or funds is a good move for international investors. One area of particular interest is the private rented sector (PRS). You now have the likes of M&G and L&G getting involved. Institutional investors are now saying they'll fund the development.

PC: International investors are happy to buy land, but struggle with the empathy aspect of regeneration and committing to the delivery of projects in partnership with the public sector. So linking up with domestic investors and or developers can work well. The Brent Cross project is a good example of how it can be done.

DP: So, if we get the investors on side and the land to develop from the public sector, how do we speed the procurement and planning processes up?

PM: We need to support the idea of public sector partners engaging directly with investors. We are working with colleagues in other government departments to gain clarity over this process and how it demonstrates value for money to public sector partners. That's part of the Holy Trinity of reasons public sector bodies sometime feel unable to engage directly with investors - demonstrating value for money, Official Journal of the European Union compliance and European state aid compliance.

SM: That's absolutely right. There are 430 different local authorities forming different opinions. But if there could be guidance from central government the local authorities would be able to act according to those guidelines and that could speed the process and create a more consistent approach.

PC: The other problem is human resourcing and upskilling. The council planning departments are understaffed. We can't just blame them for the slow process of getting a development through the system. They are understaffed and overworked. It's a daunting process.

DP: We've heard about many of the barriers, but what are the feasible solutions unlocking public land for development?

PM: The idea of having a strategic overview of what surplus land is available across the public sector is widely supported, as well as developing a strategic understanding of how you can deliver development using these components. On a similar theme of enabling the public sector, by providing clarity on the Holy Trinity, these key questions could become a Holy Quartet by allowing local authorities to build PRS. ■



Paul Clark



David Parsley

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