



## **AGENDA ITEM: 5(i)**

**CABINET: 13 MARCH 2012**

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**Report of: Assistant Director Housing and Regeneration**

**Relevant Managing Director: Managing Director (Transformation)**

**Relevant Portfolio Holder: Councillor A Owens & Councillor M Forshaw**

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**SUBJECT: PUBLIC LAND AUCTION PILOT**

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Wards affected: Borough wide

### **1.0 PURPOSE OF THE REPORT**

- 1.1 To seek approval to investigate and develop a Department of Communities and Local Government (DCLG) sponsored public land auction pilot between the Homes and Communities Agency (HCA) and West Lancashire Borough Council (WLBC)

### **2.0 RECOMMENDATIONS TO CABINET**

- 2.1 That the Assistant Director Housing and Regeneration be authorised to investigate and develop a land auction pilot scheme.
- 2.2 That the Assistant Director Housing and Regeneration be authorised to enter into any necessary documentation to facilitate the pilot.
- 2.3 That a report be brought back before Cabinet at the earliest opportunity providing details of the pilot and a detailed costed programme for progressing the pilot forward.

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### **3.0 BACKGROUND**

- 3.1 The Government gave a commitment in the plan for growth to pilot elements of the Land Auctions approach using publically owned land.
- 3.2 The Council were approached in this matter prior to the Government's Housing Strategy being launched in November 2011 and it was agreed after consultation with the Leader that the benefits of this would be further investigated.
- 3.3 This report looks at the overall picture and how a pilot scheme could be developed in West Lancashire.
- 3.4 The Community Land Auction model has been designed by academic Tim Leunig and this system would replace the current planning system for the provision of new houses. The process would work along these lines.
  - The Local Authority would run an initial auction to invite land owners to state the fixed price at which they would be willing to sell their site for development; The Local Authority uses quality, price, planning and other criteria to select sites and sign option agreements with the owners.
  - The Local Authority decides the approach it will take to granting development consent for the land; and
  - Through a second auction, the Local Authority offers the option agreement to the market and the successful bidders buy the site from the land owners at the fixed price. The Local Authority is free to use the profit made from the uplift in value because of planning approval in any way it likes for investment. For example, to invest in local infrastructure.

#### **4.0 PUBLIC LAND AUCTION PILOT**

- 4.1 Clearly the existing planning regulation is in place and its requirement must be observed.
- 4.2 The Government however, wishes to test the land disposal elements of the model and a number of pilots have been selected to learn from.
- 4.3 The DCLG recognise that there are costs associated with conducting a pilot and proposals are currently being considered by Treasury which would form the basis of the offer of participating.
- 4.4 The pilot will be allowed to have the maximum possible flexibility so that any innovation can form part of the learning process.
- 4.5 The responsibilities of the Council need to be looked at as a potential Land Owner on the one side and the Local Planning Authority on the other.
- 4.6 To ensure that there is a clear distinction in roles, the Assistant Director of Housing and Regeneration will, through the estates function, carry out the land owning aspect of the pilot with the HCA.

- 4.7 The Council, as part of the process, will need to agree the terms of the pilot with the HCA and for this to be acceptable to the DCLG to benefit from the pilot status and obtain grant funding for the scheme.
- 4.8 A detailed costed plan will be prepared so that Members can decide whether the grant offered to participate and the risks and rewards associated with the project can be fully assessed. The intention is to seek Cabinet's comments, later, on the costed plan, in 2012.
- 4.9 Dependant upon which site or sites are selected with the HCA, there is a potential for a significant sum of money to be raised which can then be used by the Council to support, through its Capital Programme, the priorities of the Council.
- 4.10 In order to fully develop the pilot, a planning application would need to be made by the Assistant Director of Housing and Regeneration which will then be considered on its merits, independently by the Local Authority, as part of its planning responsibilities as Planning Authority.

## **5.0 THE WAY FORWARD**

- 5.1 I anticipate that once the process starts, work could then start in earnest to develop a project plan which could be fully costed and would be brought back at the earliest opportunity during the summer for Members to consider and determine the way forward.
- 5.2 At the time of drafting the report, the level of grant funding had not been finalised between the DCLG and the Treasury however, I anticipate that I will be able to advise Members verbally of the level of funding that is offered.
- 5.3 The pilot project will last for a period of two years and it is anticipated that the sale of the land would take place by 2014.
- 5.4 There will be detailed negotiations between the Council and the HCA in determining the current valuation of the land as it stands within the existing planning arrangements. This value would be retained by the HCA. Any uplift that could be generated by a positive planning permission would then be available to be shared in a negotiated agreement between the HCA and the Council.
- 5.5 The DCLG will appoint research analysts to review the pilot and to report on the outcome so that the Government can learn from this and decide whether to introduce the community land auction model, or variation of this, as a result of the pilots.

## **6.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY**

- 6.1 There are no significant impacts associated with this report and, in particular, no significant impact on crime and disorder. This report has not significant links with the Sustainable Community Strategy.

## **7.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 7.1 At this stage, the full extent of the financial and resource implications is not known.
- 7.2 In discussions with the DCLG, provided the Council have agreed terms with the HCA and which are acceptable to the DCLG, then the DCLG will offer grant funding for year one of the project.
- 7.3 If, after detailed consideration and costing, the Council no longer wish to pursue the pilot, the DCLG have confirmed that they would not require repayment of the grant.

## **8.0 RISK ASSESSMENT**

- 8.1 On an initial evaluation, Officers feel that at this stage, there are no risks to the Council as the grant will cover the cost of work in the early days to draw up a detailed programme of work which is fully costed. At that stage, and we anticipate this to be in the summer of 2012, a detailed report can be considered by Cabinet on whether they wish to further pursue the option of the pilot knowing in greater detail the cost implications, the risks associated with this and the opportunity for reward in terms of possible uplift in valuation of the land.
- 8.2 Officers can recommend the Council to move forward to the next stage.

## **9.0 CONCLUSION**

- 9.1 This project is an exciting opportunity to test, on behalf of the Government, part of the elemental approach which would need to be put in place if the community land auction model was further pursued.
- 9.2 Clearly, not all aspects of the community land auction model can be pursued because the existing planning regime is in place and needs to form part of the overall project responsibility and accountabilities in that the matter needs to be handled under current planning arrangements.
- 9.3 The opportunity to participate in this scheme and to attract scarce resources which can be used to invest in the Council's priorities for West Lancashire, have been the driving focus in moving matters forward.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

### **Appendices**

None