

**Planning Committee – 11 February 2016
Transcript of Item 8 – Publicly Owned Land
Achieving Mayoral Strategic Objectives**

Nicky Gavron AM (Chair): This Planning Committee meeting is about public land in London. As we all know, we are in the midst of an intense housing crisis. There is a lot of interest in how, and whether, public land is going to be able to meet some of our need for much, much greater levels of housing supply, particularly for affordable housing. Therefore we are going to be looking at public land today.

We have had apologies - and it was not easy to get a replacement because it was very short notice - from the Department for Communities and Local Government which means that we are not able to have that third party Government view as we look at this. Apart from that we have a cracking panel of experts to help us with this rather complex issue. Thank you. If you could introduce yourselves, just very briefly, and then we will get on with the questioning.

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): I am Andrew Wright. I am Director of Strategic Development from Barnet, Enfield and Haringey Mental Health Trust which is in North London.

David Lunts (Executive Director, Housing and Land, GLA): David Lunts, I am the Executive Director for Housing and Land at the Greater London Authority (GLA).

Graeme Craig (Commercial Development Director, TfL): I am Graeme Craig, Director of Commercial Development at Transport for London (TfL).

Nicky Gavron AM (Chair): Welcome all of you. In this case I am going to ask Tom [Copley AM] if he would kick off, please.

Tom Copley AM: Thank you. Our question is to David [Lunts]. Could you give us an update on the progress of disposing of GLA land?

David Lunts (Executive Director, Housing and Land, GLA): As you may know - I am sure you do - the Mayor set my team the challenge to organise all of the land that was inherited by the Mayor in 2012 and to get it all into development, or into procurement, or into marketing before the end of his term in May 2016. I am pleased to be able to report we are now at that stage where all of our sites that are appropriate for development are indeed in a position where they are either being built-out as we sit here, or are in various stages of procurement. As things stand we have released - of the 635 hectares of land available - everything that is available for development. That does not include various landholdings that remain operational. For instance, we are the freeholder of the ExCeL centre and we own an awful lot of land that sits under the water of the Royal Docks. Of those sites that are capable of development all are either in procurement or in development.

Tom Copley AM: First of all, what percentage of GLA land is currently being marketed, and what are the prospects these sites will be contractually committed or in the course of development by the end of the Mayor's term?

David Lunts (Executive Director, Housing and Land, GLA): I am trying to think. In terms of what is currently being marketed, most of the sites now are actually in procurement or, indeed, through procurement. The last two big sites that we put through the process were a big site at Beam Park in Dagenham - where we have now announced our preferred development partner which is Countryside and L&Q [London Housing Association] - and then at the back end of last year the West Ham Stephenson Street site in Newham where we are moving forward with Berkeley Homes. Virtually everything now is actually in procurement.

Tom Copley AM: Could we get hold of the percentage perhaps outside of the meeting?

David Lunts (Executive Director, Housing and Land, GLA): Yes, I can give you a schedule. I have got the schedule here. There are about 50 individual development sites. I can happily let the Committee have that.

Tom Copley AM: Do you think the Mayor has found the right balance between maximising value and meeting London's wider strategic objectives, particularly in regards to housing, carbon and infrastructure provision?

David Lunts (Executive Director, Housing and Land, GLA): We hope so, yes. As you will be aware there is a balance to be struck. Part of the purpose of the land portfolio is to obviously primarily make sure that they were built-out with a mixture of affordable housing, other forms of tenure and other regeneration outcomes, particularly employment infrastructure and facilities. In addition that, of course, there was a need to generate receipts because the Mayor in 2012, as well as inheriting the London Development Agency's (LDA) land, also inherited the debts that came with the assembly of the land for the Olympic Games and various other obligations to repay outstanding debts. We had a twin objective, if you like. One was to get these sites built-out for regeneration and housing purposes and, secondly, to generate capital receipts. We feel we have struck that balance pretty well. We have done well on the housing front. We have also made sure that everything that has been procured has been procured strictly in accordance with London Plan policy obligations around carbon and sustainability.

We have also taken a quite important view really about the need to link with key infrastructure. Recently we have had some success in negotiating arrangements to fund £300 million worth of rail infrastructure to open up the Barking Riverside site. We have got a package of infrastructure works we are going to be taking to the London Enterprise Panel (LEP) to support both hard and soft infrastructure at the Royal Docks. We have got two new stations funded, one at Beam Park and another one at Stephenson Street West Ham. Therefore we have often not taken just a view about the land but also the supporting infrastructure, both hard and soft.

Tom Copley AM: The Budget Committee here has been critical of selling off freeholds rather than entering into joint ventures or leasing land and things like that. It is the approach that TfL has broadly taken rather than disposing of freehold. Do you think that would have been a better approach, or did the need to pay off debt mean that that would not have been a possibility?

David Lunts (Executive Director, Housing and Land, GLA): It is an interesting question. We have largely taken the view that it made sense to eventually release freeholds in return for cleaner deals that the development community could see benefit from. We do not usually release freeholds upfront. Freeholds are usually released at the end of a development. Typically a lot of our schemes are quite long-term so we will usually procure development partners and release land through leasehold disposals, and the freehold only passes across once things are complete.

More recently we have certainly been looking at the option of keeping long-term revenue receipts, in addition to capital receipts. With the Stephenson Street procurement that I mentioned at West Ham - where a third of the units are going to be long-term built to rent with a minimum ten-year covenant so that they remain in that use - we will be actually taking a fairly significant proportion of the gross rental role from that scheme, rather than just simply taking a capital receipt.

We have also had some success with joint ventures. One of the big procurements we did last year was to think about assembling the GLA's industrial land sites and rather than release them one-off - which is quite complicated, cumbersome and expensive - releasing them as a package. We have done that through a new joint venture company that has been created between the GLA and SEGRO where there is a sharing of risk and reward.

Therefore we have done some joint venturing and we have done some long-term capturing of revenue value but in the main we have, indeed, released freeholds.

Tom Copley AM: Presumably you could do a similar joint venture for housing if you chose to. If the Mayor - as is being suggested - were to get another big chunk of public land coming out of the London Land Commission (LLC), do you think you would explore leasing and joint ventures on housing land in the future?

David Lunts (Executive Director, Housing and Land, GLA): It is certainly perfectly possible. There are definitely some advantages, as you suggest. To some extent it is perhaps dependent on the type of tenure. It lends itself perhaps a little more easily to market rent type products which is why we have managed to secure that position with the Berkeley Homes deal at Stephenson Street. We have done a couple of other land releases that have required long-term private rented sector (PRS) as well. To those bidding for those sites we offered the option of us retaining an equity position or a long-term revenue role or equity share. They were not particularly keen to follow that route.

Tom Copley AM: It sounds like a good way of achieving an objective that a lot of us have, which is to create a more professional PRS. That is also what the Government would like to see. It would seem like a good model for that.

Leading on from that, what other lessons would you take away from the programme and what will you do differently in future?

David Lunts (Executive Director, Housing and Land, GLA): The last three and a half years have been pretty successful. We certainly managed to get sites not just into the market but through procurement; some of which, to be frank with you, three or four years I was pretty doubtful about. For some of the more marginal sites in the lower value parts of East London - Beam Park is a good example - there were real question marks about the suitability of that for what will be largely a residential development. Viability was a major concern. It is one of the reasons why we left it until pretty much the last major land release. What we have learned is that you have got to get the timing right. If we had gone to the market two or three years earlier we would have probably struggled. By leaving it to quite a buoyant point in the market cycle we have actually managed to get a scheme which is going to be maybe 3,000 new homes.

Tom Copley AM: Three thousand new homes on that site?

David Lunts (Executive Director, Housing and Land, GLA): It is all subject to planning. It is going to be a pretty substantial development with two new stations.

We have learnt a lot about timing. We have learnt a lot about procurement and the need to be very clear about not just getting the timing right - in terms of going to the market at the right point in the cycle - but also going to the market with the correct level of preparatory work and due diligence while still remaining a level of flexibility that individual bidders can respond to.

We have also learnt a lot through the creation of the London Development Panel about how to operate through what can be very lengthy and cumbersome Official Journal of the European Union (OJEU) processes and how to streamline them. Again, creating conditions where it works from our point of view because we can get things moving quickly. Bidding developers are incentivised to come forward with schemes because it is taking them less time and less money to do the bidding than it might otherwise do going through a full competitive dialogue OJEU process.

Tom Copley AM: Thank you.

Steve O'Connell AM (Deputy Chairman): We did touch upon - this is a later question - retaining equity which is the opportunity for the Mayor and the GLA to keep more control over that land. You talked about that because this is linked into a Mayoral objective. You have got a very large parcel of land. You want partly the revenue receipt or capital receipt but you are going to let that go. It is a question for public bodies generally. I may as well bring this question in now because it has been touched upon by Tom. It is this point about do you let the land go in its entirety very early on, do you retain the freehold for an initial part - which is the point you made - or possibly keep an equity share all the way through. You touched upon it but could you elaborate? Also, Andrew [Wright], you might elaborate on your view around those options when you think about disposing of land.

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): In terms of the National Health Service's (NHS) position, as you will appreciate the NHS does not have an illustrious history of use of its estate. In recent years it is fair to say we have looked at all of those options. By and large most NHS organisations generally go for the first of this, sale upfront of the freehold. That is driven primarily by the need to raise capital, as we are doing our scheme in Haringey. We are selling off a piece of land that is surplus to NHS's requirements to raise capital for reinvestment. That is the driver. We have looked at options around retaining some equity in it but the reality is the capital costs of re-provision make that unrealistic.

Steve O'Connell AM (Deputy Chairman): It is more likely that it and the Mayor would have different sets of objectives and you would have Mayoral objectives. One, I would perhaps venture as I have written a report on it, is about supporting small builders and small developers and bringing them into play. For example, making sure that on a parcel of land you designate 10% towards a small developer or small developers so you have got that option. David, where are your thoughts around it? Do you address each site as it comes along or do you have a philosophy that to pursue Mayoral objectives we would want to keep some control over that land, particularly around the affordable housing element etc? How does it work when the land comes on your desk and what are your thoughts around it?

David Lunts (Executive Director, Housing and Land, GLA): It boils down to being absolutely clear about what the objectives are for any particular site. Objective one is - make no bones about it - the capital receipts. We obviously need to do that. Objective two is to make sure that the land is actually developed in accordance with some milestones and obligations in terms of scheme quality, tenure mix and all the things you would expect. We never simply just dispose of land. One of our discussion points with various government agencies and departments is that we think simply selling land is not a particularly good way to ensure that you get things delivered.

In terms of holding a longer term stake or - as you suggest, Steve - possibly reserving some elements of sites for smaller builders --

Steve O'Connell AM (Deputy Chairman): Self-builds, small developers and that sort of thing.

David Lunts (Executive Director, Housing and Land, GLA): -- that is an interesting point. We very rarely, if ever, release land without obligations for overage profit share, as you would expect. In that sense we retain a long-term position as things are built-out. For reasons that I have already mentioned, we have not tended in the main to look for a long-term or a permanent equity position.

Steve O'Connell AM (Deputy Chairman): You tend not to look at that?

David Lunts (Executive Director, Housing and Land, GLA): We have tended not to until more recently, as I suggested. The reasoning for that has been partly to do with market sentiment. If we had insisted on those things it would have been a deterrent to some to bid. That would have been priced into whatever they offered. Our judgement was it did not have a really significant upside in most of the schemes we were looking at.

Turning to the challenge or opportunity around small or medium-sized builders - which is really important and really interesting - in the main most of the sites we have been procuring have been large, complicated and expensive long-term schemes. Inevitably that has lent those sites more to those with strong balance sheets and the ability to bring forward schemes of that scale, which is why we have used our London Development Panel's 25 large contractors, housing associations and developers. However, the point you make is a good one. We certainly worked quite hard to try to, where we can, sponsor and promote smaller builders and newcomers. That is often not done directly through our land. It may be more often done through other resources such as funding organisations like Pocket Homes which is a small intermediate builder, as you probably know. Also some initiatives around - we are not quite there yet but we hope to be in contract very soon - the idea of floating homes in the Royal Docks with Igloo Regeneration, which is an interesting innovative process.

Steve O'Connell AM (Deputy Chairman): You own the land underneath the water, yes?

David Lunts (Executive Director, Housing and Land, GLA): Yes. We have looked at a number of innovative things. There are genuine constraints about the extent to which smaller builders are going to find themselves in a position where they can really apply themselves to those bigger, more cash hungry and long-term regeneration sites.

Steve O'Connell AM (Deputy Chairman): There are two options. You have got a very large piece of land. Your temptation, quite properly, is to have one developer partner or housing association partner. The other option, potentially, could be to subdivide the land for smaller developers. The plus side of the macroeconomics of a big developer is they are very quick and they have got the balance sheet. The downside is you are dealing with one developer, they might have problems and that could slow the whole thing up, such as at places like East Croydon. If you subdivide it to smaller developers you have got a different dynamic, have you not?

David Lunts (Executive Director, Housing and Land, GLA): That is right. Although, again, with a lot of the sites that we are talking about the requirement to commission and deliver upfront infrastructure to get those sites serviced, to remediate land or whatever it may be --

Steve O'Connell AM (Deputy Chairman): Lends itself to one partner.

David Lunts (Executive Director, Housing and Land, GLA): Yes. An alternative model, of course, is that we could do that. The public sector does sometimes play that role, obviously the Olympic Delivery Authority did it and various others. However, that comes at a price. To be honest, I do not think the Housing and Land team at the GLA is particularly well equipped to play that kind of direct development role. The view that we have taken is that you should probably organise procurement so that, quickly, you can get those with those technical skills and that financial firepower to play that role. We make no apology for taking that route in the main.

Steve O'Connell AM (Deputy Chairman): I understand that. Thank you..

Nicky Gavron AM (Chair): Can I just follow up a couple of things on this question of Tom's [Copley AM] which Steve has followed up on? You talked about bringing the industrial sites together. You intimated in another part of what you were saying that you have got to get the timing right. That has happened pretty recently, has it, bringing together the industrial land with SEGRO?

David Lunts (Executive Director, Housing and Land, GLA): We spent some time thinking about this --

Nicky Gavron AM (Chair): Sorry to interrupt you. This is former industrial land; this is not existing industrial land?

David Lunts (Executive Director, Housing and Land, GLA): These are sites that are currently designated for industrial land which are vacant - they are zoned for non-residential purposes - or, in some cases, they have actually got existing industrial uses on them.

Nicky Gavron AM (Chair): Can you rattle off some examples?

David Lunts (Executive Director, Housing and Land, GLA): There is nearly 1.5 million square feet in the portfolio. Typically it will be sites - at one extreme - with industrial distribution sheds in Dagenham at Beam Reach, for instance, which we inherited from the LDA through to some much smaller sites which are either already occupied by, or suitable for, small scale managed workspace. There is a fair bit of that in Newham actually. We have corralled those different sites together. We have looked at them and all of them, in our view, are likely to remain in long-term employment use. Our view was that it was better to find someone for whom that is their core business. They can invest in the sort of improvements and regeneration necessary to get those sites properly marketed and occupied and we will share in some of the proceeds going forward. I cannot remember exactly when we finalised the deal but it was the back end of the last calendar year, October or November time. I am happy to look for more details.

Nicky Gavron AM (Chair): This is development, in fact, to improve them as industrial and employment sites?

David Lunts (Executive Director, Housing and Land, GLA): Yes.

Nicky Gavron AM (Chair): That is not what is happening at Beam Reach, is it?

David Lunts (Executive Director, Housing and Land, GLA): Sorry, it is a mixture of things. It is improving the management and upgrading some of the facilities that already exist. In other cases it will be either finding partners to redevelop some of those sites or indeed SEGRO may do them itself. It is their area of expertise rather than ours.

Nicky Gavron AM (Chair): They could be redeveloped for housing?

David Lunts (Executive Director, Housing and Land, GLA): Unlikely. In the main these are long-term B1, B2 and B8 uses.

Nicky Gavron AM (Chair): That is useful, thank you. You talked about how successful you have been in terms of getting affordable housing on GLA land. Have you got a rough breakdown of how it is going? What would you say, over the four years, has been the percentage?

David Lunts (Executive Director, Housing and Land, GLA): We have released land that has not just been notionally identified but has been procured with the objective of securing about 50,000 homes all together. Of that - I have not got the exact figure - it is between 30 and 35% affordable housing across the piece. To give you two or three examples of sites that I have mentioned already; Beam Park - which should be around 3,000 homes - will be 35% affordable. Stephenson Street will be 35% affordable, 35% long-term built to rent and the rest built for sale. Barking Riverside - the big joint venture where we own a 49% share - is 41% affordable. That gives a sense of the levels of affordable housing that we usually secure, between 30 and 40%.

Nicky Gavron AM (Chair): You are saying over the four years it is about 35%?

David Lunts (Executive Director, Housing and Land, GLA): About that, yes. On some smaller sites, in particular, we have looked for 100% affordable. There is a site we are working on with Peabody in Tower Hamlets, in Rotherhithe, which is about 65 units. It is a fairly small site, much smaller than most of the sites we have got, and that will be 100% affordable.

Nicky Gavron AM (Chair): When Tom [Copley AM] was talking you were saying that there is a lot of land now that is going through procurement. You are counting that in your 35%?

David Lunts (Executive Director, Housing and Land, GLA): Yes.

Nicky Gavron AM (Chair): We can get a breakdown of what is on all those sites?

David Lunts (Executive Director, Housing and Land, GLA): Yes, I am very happy to give you a breakdown. As I say, I have got a schedule with 50-odd different plots. I am very happy to share that with the Committee.

Nicky Gavron AM (Chair): They are going through procurement so they have still got to go through planning?

David Lunts (Executive Director, Housing and Land, GLA): No, this is a mixture. This is a schedule of all of our land disposals.

Nicky Gavron AM (Chair): You have got the breakdown on affordable housing?

David Lunts (Executive Director, Housing and Land, GLA): Yes.

Nicky Gavron AM (Chair): OK. We would like that, would we not?

David Lunts (Executive Director, Housing and Land, GLA): OK.

Nicky Gavron AM (Chair): Thank you for that, David. I want to ask you, Graeme [Craig], some questions about TfL's priorities. If you could tell us how you arrive at your priorities? What we are hearing is the overarching priority is capital receipts and then it is other Mayoral objectives, but how do you arrive at yours?

Graeme Craig (Commercial Development Director, TfL): It is probably helpful if I provide a bit of history. Commercial Development was set up four years ago with the explicit aim of generating additional income for TfL. I am the first Director of Commercial Development within TfL and the first person who is looking across all of TfL's assets - whether that is property, advertising or anything else - in order to generate income. When we embarked upon the process to identify 75 sites which is what we have talked about - 10 million square feet and 300 acres - we did so on the basis of what we thought at that stage was the largest realistic number that we could expect to develop over the course of the next ten years. Those sites were prioritised on the basis of value and deliverability. At that stage there was no explicit, or implicit, view on providing affordable housing as part of that prioritisation exercise. The thinking at that stage was that we should bring forward the sites we could in order to generate a return that would be reinvested in the transport system. TfL absolutely saw itself as a transport organisation. Whilst we were looking for receipts - ideally ongoing revenues to reinvest in the transport system - we saw ourselves as a transport organisation rather than, for example, a property company. Clearly on a site-by-site basis we would be working with the boroughs, the GLA and others in order to determine the appropriate levels of affordable housing.

I talk in the past tense in terms of that because increasingly - particularly over the course of the last 12 to 18 months - we have been looking afresh across all of our assets. We can bring forward more than 75 sites. We are undertaking an exercise at the moment - which I suspect will take, in totality, the remainder of this year - to get an understanding, square foot by square foot, of what is the maximum number of sites we can bring forward across all of our estate. If you are talking about that sort of level it poses a whole series of fundamentally different questions. TfL has realised that if you own 5,500 acres of London and you are seeking to bring forward hundreds of acres of development in London, like it or not, you are a property company. You have to be resourced. You have to be structured. You have to organise yourself and have governance arrangements, reporting and support arrangements that are in accordance with the fact we are a major property company in London. With that number of sites - of which 75 is merely the first phase - you do not get to the right answer for TfL, or indeed the right answer for the Mayor or for London, by looking at these sites on a site-by-site basis. At some point you then need to step back to say what is it in the round that we are seeking to achieve from TfL's land? Inevitably that comes down to more than just how to maximise the receipts on a site-by-site basis.

We were talking earlier about light industrial land. A classic example is the development we have underway at Parsons Green. It would be very easy on individual developments, or indeed on our arches more broadly across London, to say best value at this site means converting this light industrial into another use whether that is food and beverage or housing. London still needs light industrial activity. The exercise we are going through is to see what the objectives are for the organisation - both within TfL and, indeed, more broadly as a member of the GLA group - and how can we utilise our broader landholdings in order to achieve those. That would have an end result that says we do need to retain light industrial. It forces ourselves to stand back to say where are the best locations? Looking across all of our sites, where do we generate the net receipts we need to reinvest in the transport system, which clearly is still critical? Where do we need to make local investment in order to improve the transport infrastructure including, in particular, providing step-free access? Where do we provide the houses that Londoners can genuinely afford? Where do we provide commercial space, in particular for small and medium-sized enterprises (SMEs)? It is not saying that each of our sites is zoned exclusively to any of those things. It is important these are all mixed-use developments. However, there is the opportunity to stand back and look across all of our landholdings, to seek to bring forward a more balanced perspective that meets our critical financial targets and also helps London to continue to grow.

Nicky Gavron AM (Chair): That is very comprehensive and very clear. Thank you for that. I totally understand that you are talking about how you have got to balance mixed-use, retaining light industry, retail or whatever. It is important that is kept there.

If we just take the housing element, I want to drill down a bit on the affordable housing part. There was a press release that came out in autumn announcing a number of schemes that were coming to planning. There was Northwood, Parsons Green and Nine Elms. It said the Mayor, as Chair of TfL, was absolutely committed to maximising affordable housing on those sites. When I look at what we have got across those sites there is 20% on one and 25% on another. If you average them it is 26%. That is taking three sites. We are looking so much to public land - and in particular the Mayor's own land - for affordable housing because we are so short of housing and affordable housing in particular. This is across a number of tenures, of course, shared ownership, affordable rent and social rent. Do you think that is good enough? I like the objective of maximising affordable housing, but it is 26% across those three sites and 20% on one.

Graeme Craig (Commercial Development Director, TfL): It varies from 20 to 40% which is the range we had within those three.

Nicky Gavron AM (Chair): It comes out at 26% across the three.

Graeme Craig (Commercial Development Director, TfL): I trust your arithmetic. One should not take those three sites as exemplars of either the first 75 sites or what potentially could end up to be hundreds of sites that we bring forward. It is probably worth 30 seconds on each of those.

For Parsons Green we submitted planning on 40% affordable housing. There have been challenges through the planning process, particularly over the existing tenants and how the existing tenants are managed through that process. I alluded to it earlier when talking about light industrial. It is important that we continue to support employment, including light industrial, across our estate. It is an example of where we have to learn lessons in terms of our approach, specifically at Parsons Green. We are determined that we support tenants. We are looking at opportunities for enabling tenants to be retained during development and once development has happened, supporting tenants in terms of finding space elsewhere across the estate and, indeed, locally adjacent to the existing Parsons Green depot. It is an example of where, in a high value location in Hammersmith and Fulham, TfL is one of a small number of organisations who with a site like that have proposed 40% affordable housing. That is a good example of what we can do more broadly than just one site.

Nicky Gavron AM (Chair): Out of a total of about 100 or so?

Graeme Craig (Commercial Development Director, TfL): Yes. Nine Elms is a site where we have said 25% affordable. We have also agreed a review process so we will have two checks. We have indicated a desire to get up to 40% if we can. There are two means - both before the scheme is implemented and before all the units have been sold - to sit down with Lambeth, with whom we have had very constructive and positive discussions, about the extent to which we can increase from that 25%. This is not something where we are arguing that we cannot move from where we are. We would be keen to find means of getting higher than 25%.

Nicky Gavron AM (Chair): That is for the first phase, 25% out of how many?

Graeme Craig (Commercial Development Director, TfL): It is 80 affordable homes which is a quarter, so it will be about 300, yes.

Navin Shah AM: Chair, the concern is that what happens with most prime sites is that under the viability argument your whole philosophy of extracting 40% will be lost. Unless there is a firm commitment, which is reflected right from the beginning when you negotiate or look at the feasibility studies, the developers will not deliver what you set out to do in the first instance. This is the problem. Nine Elms will be a classic example. You are saying your target is 40% but unless it is very firmly controlled you will not get that because the viability argument always dominates all projects and you end up with 20% if you are lucky.

Graeme Craig (Commercial Development Director, TfL): I understand the scepticism.

Navin Shah AM: It is realism as well.

Graeme Craig (Commercial Development Director, TfL): I would welcome the opportunity to come back at some point in the future and we could talk about what has happened in practice at Nine Elms and, indeed, across a broader range of sites. To the extent to which it provides the Committee with comfort, TfL is committed to providing affordable housing to the greatest extent that it can. Recognising the fact it has to balance net proceeds which are reinvested and are critical in terms of the transport system along with providing local improvements to the transport network - I will talk about Northwood in a second - and along with seeking to understand how we can retain onsite and work with existing tenants - an example is Parsons Green depot - in a way that goes beyond the obligations of a normal commercial organisation would.

Nicky Gavron AM (Chair): Before you get on to Northwood, I got rather confused. I like that commitment. We all like that commitment which is why we are probing around it on how it is working out. Then you have got the Property Partnership Scheme. There is an internal paper which was circulated - it has been made public - saying the primary purpose is going to be to maximise - again the word "maximise" - economic value. You have got one set of schemes within the Property Partnership Scheme which are going to maximise economic value. They are very different, are they, from these other ones you are talking about? Which is it going to be, maximising affordable housing or maximising economic value? What is the primary purpose?

Graeme Craig (Commercial Development Director, TfL): Both are important. It comes back to what I was saying earlier, you cannot reconcile all of these things at every site and achieve every objective at every site. We have very ambitious commercial targets. We have ambitious targets in terms of bringing forward housing that Londoners can afford. We are keen to do as much as we can in terms of supporting growth, including SMEs and light industrial. On a site-by-site basis it will often be difficult, if not impossible, to reconcile all of those aims. Therefore to some extent at least one has to stand back and say which are the types of sites upon which TfL - whilst acting appropriately for a public body - will seek to ensure we generate net receipts. Elsewhere we will take an approach - including working with SMEs in terms of developers which I am sure we will come to - that it is possible to bring forward higher levels of affordable housing. Overall it is important that we achieve the Mayor's aspirations in terms of affordability and, indeed, TfL's aspirations in terms of income. That is perfectly achievable but it can only be done on a portfolio wide basis.

Navin Shah AM: The Chair's comment about financial gain versus the scale of affordable units is an important one. The problem you are going to face - it is not just related to TfL but right across the board, whether it is the NHS, the Mayor's Office for Policing and Crime or whoever else - is that if the bottom line is going to be financial return from a land asset then obviously that could, and generally does, impact upon the affordable housing we want to extract from those land packages.

Graeme Craig (Commercial Development Director, TfL): Can I make one thing clear because I alluded to it earlier but maybe was not as clear as I should have been? The process for these first 75 sites, including the three that I have talked about, began probably over two and a half years ago. Those sites were selected on the

basis of value and deliverability. They are not representative of what we will be taking forward more broadly. The next wave of sites will be more in outer London and will be more affordable to Londoners.

Navin Shah AM: In that case are you able to tell us when you did that what level of affordable units you considered right across the board, as an average?

Graeme Craig (Commercial Development Director, TfL): I do not know off the top of my head and I am not sure whether we modelled that. In practice it is going to come down to discussions on a site-by-site basis. At the point when we commenced this work - indeed, across the majority of the sites - we had done no work beyond an initial view on whether it is feasible from a planning point of view and whether it is feasible from an operational view. We have ten years' worth of work in order to get these sites ready before they are in a position to go into procurement. I can find out the extent to which there were baseline assumptions within our financial plan. However, in practice we are years away from being able to do any modelling.

Navin Shah AM: That will be helpful. The point is if we are not going to get the maximum level of affordable units from our own public land then where are we going to get it from? Certainly we will not get it from private developers and so on. That is where getting the best value or economic gains has to be balanced against the benefits or best value you get in terms of the homes that will be developed.

Graeme Craig (Commercial Development Director, TfL): OK. Can I talk briefly about Northwood because, again, that is an interesting challenge? Northwood is a scheme which we took back in-house. Indeed, to a large extent it was the genesis of much of the thinking we have subsequently adopted across the department. We previously had an approach regarding disposal of the site. The proposals put forward by the then developer were clearly unpopular and locally there was a significant petition. We took the scheme back in-house and sought to consult on it. It was a very good example of community-led development. We began by asking, explicitly, local residents, "Tell us if you want development in Northwood town centre. If you do not want your station to be touched we will walk away as we have enough other sites around London. If you do think that Northwood town centre can be improved tell us what you want to see changed and tell us also what you want to remain?" We have gone through that process. It was extraordinarily time-consuming but extraordinarily valuable in terms of giving us a better solution for Northwood with substantial local support. Residents associations and others who came together to argue against TfL developing the town centre now support it. Very clearly coming through from that consultation process was the need for a new station, a new station interchange and step-free access in Northwood. There were implications in terms of wanting local retail, small shops. The result of that overall in terms of the scheme is we only have the ability to deliver *circa* 20% affordable housing. That is an example of where one listens to what locally people want, and what they wanted is major investment in the transport infrastructure and a community at the heart of their town. The end result is it simply was not possible for us to deliver the levels of affordable housing that ideally we would have wanted.

A real problem - and one with which we wrestle - is how do you reconcile what is considered to be the right answer by those who have to live there on a scheme-by-scheme basis with the overwhelming critical need for housing that is affordable for Londoners across the capital. In my mind the only way in which we can seek to address this is to push affordable housing, to recognise that we do want to deliver community-led developments and that there are requirements to deliver net revenues to reinvest in the transport system. In some cases the focus will be more commercial. In some cases the focus will be more about place-making. In some cases the focus will be more employment. In some cases the focus will be more on affordable housing. It is critical that all schemes are mixed-use. It is critical that we are not building ghettos and enclaves. Ultimately it is about the wider picture and how one achieves the broader series of objectives.

Nicky Gavron AM (Chair): Thank you. The only thing I would say is that the Mayor's evidence base says we need 52% of homes to be affordable. I totally hear what you say about Northwood. I have been there, talked to people and I understand. The only thing I would say is that on those three schemes -and the Battersea Nine Elms one, and you could really do better there - what you have achieved overall is 26%. I take your point that you have got to look at it across sites but it is half, basically, of what the evidence base says. We have got to interrogate what David Lunts sends to us but the Mayor is claiming to get 35% on his own land. The Mayor's expectations are that it should be 40%. As Navin Shah [AM] was saying, if we fall short on public land where are we going to get the housing from.

Graeme Craig (Commercial Development Director, TfL): I absolutely understand. Again, just let me be explicit, I do not see these three sites as representative of our estate as a whole.

Nicky Gavron AM (Chair): Interesting. OK, thank you. I want to see if Andrew [Wright] would like to come in and talk a little bit about the way priorities are worked out in the NHS.

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): The big difference between land release and capital development in the NHS versus some of the other agencies today is that although the NHS is a system the land is owned by independent organisations. I am from a NHS trust. Each organisation owns the freehold of the land in its own right. We will go on later to talk about some of the challenges. However, that is probably the biggest challenge for the NHS, that there is no co-ordinated and planned process in the way there is in the GLA and in TfL. There is no equivalent of that process within the NHS in London. There are attempts to do that through the sub-regional estate boards but as of today there is not that equivalent structure.

Nicky Gavron AM (Chair): How long have these sub-regional estate boards existed, Andrew?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): They are in their genesis at the moment. They barely exist at the moment, they are coming into being. They certainly do not have any real teeth at the moment. It is a big issue for the NHS - certainly in London - around that. Essentially priorities are decided by individual organisations. You may know that NHS providers are essentially divided into two groups. There are what are called NHS foundation trusts which are completely standalone legal entities. They own their own assets. The only people who determine what is used by those are their boards. There are other organisations that are not yet foundation trusts, of which we are one, where there is a hierarchy which does have a view on the use of land. That does have a significant implication in that there is not an overarching strategic plan. That is a big issue which is starting to be addressed.

Nicky Gavron AM (Chair): Who is starting it? Who is doing it?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): Through these sub-regional estate boards.

Nicky Gavron AM (Chair): You mean they are all going to mosaic together to form a strategic whole?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): There are six across London which are geographical.

Nicky Gavron AM (Chair): How will they co-ordinate and get an overarching strategy then?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): That is a good question. At the moment that is not very apparent. The other issue from the perspective of the

NHS is that all the discussions around keeping the capital receipts and viability are key. That is the absolute crunch question. In the organisation I work for we have got a relatively small scheme which is about disposing of a fair amount of surplus land to raise capital to rebuild the remaining part of the site. Within the NHS there is no source of capital other than from the disposal of assets. The only source of capital available to most NHS organisations is through the sale of an asset. We had lengthy public discussions. For example, on our scheme in Tottenham --

Nicky Gavron AM (Chair): St Ann's?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): That is right.

Nicky Gavron AM (Chair): I trained there. I know it well.

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): It is surprising how many people have worked there. In the planning approval that we got from Haringey Council last year we only secured 14%.

Nicky Gavron AM (Chair): It was going to be much higher, was it not?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): It was.

Nicky Gavron AM (Chair): How did it get down to so little?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): Somebody on viability. In one sense it is simple maths, the amount of money that we need to provide to rebuild the remaining estate was determined by what we could sell. It was a simple viability assessment.

In a sense the issue for the NHS is slightly different. We are selling off a piece of underused public asset.

Nicky Gavron AM (Chair): Can I ask who you sold it to?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): We have not sold it yet. That is one of the issues. We have had planning approval but we have not yet got approval from the NHS structure.

Nicky Gavron AM (Chair): The viability assessment is your own assessment?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): Ours with Haringey Council, that is right. That was part of the planning approval.

Nicky Gavron AM (Chair): With Haringey Council?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): As part of the planning approval that Haringey agreed last March we had to do a financial viability assessment, which essentially showed if the proportion of affordable housing was higher we would not get the amount of sale receipt that we need to build the new hospital. It was accepted after a fairly lengthy process of public engagement. It is a straight forward equation. We are disposing of a public asset which is underused to build a new hospital for the population of Haringey. You cannot have a high proportion of affordable housing for

the people of Haringey and a new hospital for the people of Haringey from the same pot of public money. It is a slightly different argument. Essentially that is what it boils down to, there is no other source of the capital required other than disposing of the asset.

Tom Copley AM: Have you considered using your land to provide, for example, keyworker housing for nurses and things like that to actually try to solve another problem?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): That is part of that equation. It may well be to provide keyworker accommodation.

Nicky Gavron AM (Chair): Out of your 14% you mean?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): Yes.

Nicky Gavron AM (Chair): How will you do it then?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): There will be a housing association as part of it.

Nicky Gavron AM (Chair): In TfL Mayoral priorities are being reflected, although we have been hearing about the competing priorities. What relationship does the GLA have with you?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): At a number of levels. Clearly the NHS corporately has a strong relationship. In this particular scheme we did have a lengthy discussion with the GLA on our priorities around some of the planning issues. We are a mental health provider. Clearly within our scheme we want to make sure that some of the Mayor's other priorities around providing decent accommodation, providing open space and all of those sorts of things are reflected. The crunch issue of affordable housing, as I say, really comes down to this equation of what was required in order to provide the new health facilities.

Nicky Gavron AM (Chair): Thank you.

Navin Shah AM: David [Lunts], I am going to ask you the next question, you have drawn a short straw I am afraid in a sense because initially the question was aimed at the Department for Communities and Local Government representative who is not here unfortunately. I will start with you, and if other panel members want to chip in then that will be very welcome. This is about co-ordination of disposal strategies. We have got large strategic public bodies - the police, the fire authority, the NHS, TfL and so on - and it is quite obvious and understandable that all organisations have different strategies, disposal priorities, outcomes, objectives and so on. Do you think there actually is a case to have all these disposal programmes and strategies co-ordinated London-wide? Obviously there are holistic advantages for the big picture in terms of delivery as well as cost effectiveness and everything else. Do you think that should be done? If you think there is a case for that, who should do it and how should it be done? Any thoughts on that?

David Lunts (Executive Director, Housing and Land, GLA): It is a very good question. Of course, it brings us to the topic of the new London Land Commission (LLC). Its remit, broadly speaking, is to try to wrestle with that question. You are absolutely right, at the moment we have a whole number of public organisations, agencies, government departments and local government departments each of which often has quite different approaches and different business priorities. It is very confusing. That is exactly what the LLC has been set up to investigate.

When we started meeting last summer - and bear in mind it is a joint initiative between the Mayor and Government so the Mayor and Brandon Lewis [The Rt Honourable Brandon Lewis, Minister of State for Housing and Planning] chair it jointly - we started off by assembling the key Government departments and agencies, London Councils are there and TfL is obviously there. I would say a few things by way of cautious optimism. One is we have had a very good level of engagement. We have had a lot of quite enthusiastic engagement from most of the organisations I have mentioned. The second thing we have done is publish a new digital mapping database of all public land across London. For the first time now you can go online, it is on the GLA website. You can use your mouse to scroll across maps and you can find out exactly which public organisation owns which piece of land or which building. It is a tremendous head start really. We have never had that before.

The next thing we have done is to look, in quite a lot of detail, at where the more significant public sector landholdings are that are either definitely coming forward for release, or are likely to be coming forward for release, with a view to seeing how we can organise those better. We now have a first phase of ten projects in different parts of London involving sites, some of which are in the ownership of NHS organisations, some are in the ownership of Network Rail and some TfL. It is a range. The job now is to try to organise those and bring them forward in a co-ordinated fashion.

That brings me to the third point of the LLC which is to try to not only understand who owns what where and not only what might come forward relatively quickly but also, perhaps most importantly, what do we need to do to organise things in the intelligent way that you are describing. We are looking at a number of potential obstacles and constraints that exist at the moment. You have not only got a very fragmented set of arrangements that we have already discussed. Also, as Andrew has alluded to, the financial drivers for a lot of public organisations are to release land very quickly. Traditionally that often means that land is simply sold through an advertisement in the *Estates Gazette* and someone buys it for the best price. There is no obligation to build and no development agreements. That is something that we are exploring through the Commission. You can also get a situation where one public body, who is driven by that business objective, will release a piece of land, almost literally on the other side of the road sometimes from where another public body or private organisation has a piece of land but there is not much of a conversation and there is no joining up. That is the other thing we are looking at, how do we join these things up? How do we get a more strategic organisation of land release? How do we turn more disposals into active procurements? I would not pretend that we are at the end of that journey, but having spent six or seven months at it we have come a long way to understanding where the land is, what the constraints are and also what some of the opportunities may be if we can make a few changes along the way.

Steve O'Connell AM (Deputy Chairman): The LLC has been doing some work around where the land is, a map piece. Has that shown up any surprises in parts of London where you discovered chunks of public land - not just mayoral land - that you perhaps were not aware of? What is the outcome?

David Lunts (Executive Director, Housing and Land, GLA): It has thrown up one surprise which is that the Bridge Lounge on Tooley Street apparently belongs to the London Borough of Southwark which is interesting, is it not? The Leader of Southwark Borough Council did not realise that until I told him.

Steve O'Connell AM (Deputy Chairman): It is going to spring up all sorts of interesting little surprises and anomalies. If you look at places in outer London areas - swathes of Bromley, Sutton and these places - and places perhaps where there is land owned by local councils, is that the sort of piece of work that you are doing, pulling the whole thing together?

David Lunts (Executive Director, Housing and Land, GLA): It very much is, yes. One of the things that has become pretty obvious is that there is not a situation where vast tracts of public land are just lying there idle ready to be redeveloped. In nearly every instance we have looked at - and we spent a long time scouring this - the real opportunities are in some respects quite complicated. For instance - to take Andrew's [Wright] area - there will be opportunities to release NHS sites but they are often subject to decisions about clinical re-provisioning. There are often all sorts of issues with infrastructure, planning, listed buildings, and all the usual things you would expect. There are very, very few examples we have looked at where things are relatively straightforward. I will give you an example from TfL - Graeme [Craig] will know about this - one of the sites we looked at is in Hackney, a big bus garage. It is very well connected. It is a great location. There are potentially some very interesting opportunities about maybe retrofitting that bus garage, decking it and putting housing above. We are quite excited about that and so is TfL. I can promise you that is not the sort of thing that can just happen next year. Developers sometimes claim there are all these hundreds of acres of public land that is just ready for development, but in our experience that is really not right.

Steve O'Connell AM (Deputy Chairman): You mentioned London Councils, a clear stakeholder across London will be councils owning swathes of land. Your work is now pulling that in because it is fair to say that on survey many councils do not have a handle on ownership of land or they are not actually coming to you to say what they have got. There is a great opportunity there, is there not, although they may be quite precious about keeping that land I would suggest. How does that work?

David Lunts (Executive Director, Housing and Land, GLA): That is fair, Steve. In the first few months of the LLC's work we primarily - not exclusively by any means - looked at other Government agencies and organisations within the GLA group.

Steve O'Connell AM (Deputy Chairman): Not councils?

David Lunts (Executive Director, Housing and Land, GLA): We have looked at borough land but we have not really dug into that in detail. That will be the next stage of work. We have primarily looked at it in terms of where we know there are local authority ownerships that sit nearby some of these big potential opportunities through Government agencies.

Steve O'Connell AM (Deputy Chairman): So you can work together?

David Lunts (Executive Director, Housing and Land, GLA): Yes.

Steve O'Connell AM (Deputy Chairman): Thank you.

David Lunts (Executive Director, Housing and Land, GLA): I would also make the point that some of the headline figures about the amount of land that local boroughs own disguise the fact that nearly all of that land is usually occupied, typically by local authority housing estates and other things.

Steve O'Connell AM (Deputy Chairman): Much of it could be agricultural use, the Green Belt and protected land.

David Lunts (Executive Director, Housing and Land, GLA): Green Belt and protected land, exactly right. Yes.

Navin Shah AM: David, your answer is yes, there is scope for co-ordination. Is there something which can be done by the new mayor strategically to put together both the ideas and the structure to make this happen?

Obviously there are big benefits deriving from having a co-ordinated approach which will give you the big picture.

David Lunts (Executive Director, Housing and Land, GLA): The answer to that is yes. One of the things the current Mayor is promoting quite heavily is to find some amendment to the Housing and Planning Bill so there is at least a duty on the part of public bodies with land assets to co-operate with the Mayor and, indeed, the LLC. Who knows what will happen as the bill goes through Parliament. However, it certainly is the current Mayor's view, the view of a number of other members of the LLC, and indeed certainly the view of colleagues in Manchester, Birmingham and the West Midlands - where they are also looking to create public land commissions on a similar basis - that they too would like the same sort of arrangements. Where you have these overarching strategic accountabilities and structures through city-wide or combined authority-wide land commissions there should be some obligation on the public agencies to co-operate with that which does not currently exist.

Navin Shah AM: Thank you, that is very helpful. The London Development Panel (LDP), when it was set up in 2013, was charged by the Mayor to accelerate the delivery of housing in London by making it faster, easier and cheaper for public landowners to bring forward land for development. I know you said you will produce a list of various developments, but if I can ask you a broad question followed by a few supplementary questions. Given that responsibility, what types of development has the LDP been involved in and how will future operations be shaped by lessons learnt today? We would like to know not only what types of development but also how many there are so far. If you can just give us a brief idea of where we are on that. Also, if there are joint venture developments, if you are able to give a breakdown of that when you give us the list.

David Lunts (Executive Director, Housing and Land, GLA): I can give you a comprehensive list of all the projects we have procured through the LDP. I will not reel them all off now. There is a lot of them. I can certainly supply that list.

Navin Shah AM: When you give us that list can you also identify in that what are the GLA and what are the non-GLA sites? A breakdown of those would also be helpful.

David Lunts (Executive Director, Housing and Land, GLA): Yes, I think I can do that. What I can say is that alongside the GLA - because, of course, we procured the Panel - at the last count there were 33 public bodies that either have used or are using the Panel. It has had very extensive use. I mentioned the London Borough of Southwark a few minutes ago. It is interesting that they are currently taking a number of sites through the Panel. They have got 30 individual sites. It is a rather good example of a borough, a public organisation, thinking quite creatively about how to get their land released for housing. They have got 30 individual sites in three lots, which is something like 1,000 new homes across the borough by 2020. They are grouping those sites together into lots. They have got three lots in total; two of those are currently in procurement with the Panel. They are mixing it up. They have got some high value sites alongside some very low value sites so you get the cross-subsidy. As I say, they are using the LDP to fast-track that. We think that using the LDP, which is fully OJEU-compliant, typically saves well over a year on a typical large-scale full competitive dialogue OJEU process. Not surprisingly it not only gets land into production more quickly but it is much more appealing for development partners to bid because the speed and cost of bidding is a great deal lower than it otherwise would be.

We have not exclusively used it. There are times when the Panel is not appropriate. When I mentioned SEGRO taking our joint venture on the industrial land we took that to the open market because clearly as a non-housing joint venture we did not think the LDP was appropriate.

Nicky Gavron AM (Chair): Is that because most of the people on it are housing people?

David Lunts (Executive Director, Housing and Land, GLA): Yes, they are mostly housing associations, residential developers or contractors.

Nicky Gavron AM (Chair): All with a strong interest.

David Lunts (Executive Director, Housing and Land, GLA): All with a strong interest in winning our sites, yes.

Navin Shah AM: Are you placing any particular emphasis on actually prioritising affordable housing as it is something you have embodied within your objectives? Have you any idea - when you give us the list we will know probably - of what three years of work has translated into in terms of affordable units or residential units?

David Lunts (Executive Director, Housing and Land, GLA): Certainly we have been very keen to promote affordable housing through the use of the Panel. I can give you the schedule which will have a breakdown of the sites and the tenures on those sites. As I say, in the main - because they have been quite large schemes and typically many hundreds or thousands of homes - we have usually tended to look for a mix of tenures for the normal reasons around good planning policy and mixed communities.

Navin Shah AM: You believe you are meeting the objective of accelerating the whole process, which was at the heart of it, and providing value for money as well through this?

David Lunts (Executive Director, Housing and Land, GLA): I think so. We have not found any evidence at all that using the Panel has led to any kind of non-competitive process in terms of bidding. We have been very pleased with the level of financial receipts we have been able to generate, and the speed of things which has been really important to us. To give you an example, there was a very big procurement of the Peel Centre, the police training facility, in Hendon by MOPAC which was going to go to the market as a full OJEU competitive dialogue process. The Metropolitan Police Service (MPS) were going to secure their own planning permission and then take that to the market. That would have taken, from start to finish, over two years, we think. By using the Panel it took them seven months from the first expression of interest to exchanging contracts. That is a measure of how much faster using a framework panel can be.

Navin Shah AM: Are you advising the Fire Authority on their former headquarters site? Again, that is taking a long time. Did you have any involvement with that at all?

David Lunts (Executive Director, Housing and Land, GLA): Do you mean the Albert Embankment?

Navin Shah AM: Yes.

David Lunts (Executive Director, Housing and Land, GLA): No, we were not involved in that particular procurement.

Navin Shah AM: All right. Thank you, Chair.

Nicky Gavron AM (Chair): Can I just ask whether there is any tie-up, Andrew [Wright]? I do not know the answer to this but can your trust use this Panel?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): We can technically, can we not?

David Lunts (Executive Director, Housing and Land, GLA): You can. You are welcome to.

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): We have looked at it because there definitely are some economies in scale in terms of speed and efficiency.

Nicky Gavron AM (Chair): You said you had not yet found a --

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): No, we have not. The default position is to go out to the OJEU and that long process. We may well look at ways of speeding that process up.

Navin Shah AM: David, you probably have a large number of trusts you can approach. There is certainly potential for you to coordinate what they are doing and assist them to fast-track.

Nicky Gavron AM (Chair): David, are there any downsides to this very fast process? I am just thinking that, from the point of view of the environmental objectives, the Mayor is very keen on still getting zero carbon homes even though a lot of the mechanism has been taken away. How much are you managing to coordinate with other partners and even within the GLA? Even though you have these very fast agreements, are you managing to get the right things in place?

David Lunts (Executive Director, Housing and Land, GLA): It does not prevent you getting what you want out of it, in the sense that as long as you are clear about how you brief these sites out and what you are going to put into the development agreements that come out the other end. You can be very specific. You can be every bit as specific as you would be through a full OJEU competitive dialogue style process. It does have quite a number of advantages. We have found it very helpful.

There are some drawbacks. Of course there are. One is that by definition you are limiting the opportunity to those members of the Panel. That does not mean that others who are not on the Panel cannot partner up. We have schemes we have awarded where non-Panel members have partnered up with a framework Panel member, but that clearly does to some extent limit the overall level of market interest. That is exactly why in one or two instances we have chosen to not use the Panel, because we feel there is a particular need to have a wider market testing.

Nicky Gavron AM (Chair): Steve [O'Connell AM] made an earlier point about small companies and so on. They are not represented on it either.

David Lunts (Executive Director, Housing and Land, GLA): That is another point. No, they are not represented on it. We have looked at that in some detail because clearly the Mayor is keen to try to do what he can to promote SMEs. There are some real difficulties in trying to square this, partly because our sites tend to have been larger sites that are not necessarily suitable for SMEs and partly because the very character of small builders often makes it quite difficult for them to pass the tests that are necessary for OJEU-compliant framework panels. Indeed there are real deterrents to doing that because they often do not have the infrastructure or the overheads necessary to get through what are quite onerous obligations to have OJEU-compliant status.

That does not mean that we will not continue to look at it. Such frameworks do exist in one or two places. One or two local authorities have small builder framework panels and it is something we are looking at very actively in the next stage of the LLC's work. I have talked quite a lot about the large sites. We are now moving on to look at what might be done around the smaller public land holdings in London and alongside

that. As I say, we will be looking at how we can possibly use some of that anticipated supply of smaller sites to support SME builders. Frankly the smaller sites are going to be of little interest to the sort of organisations that sit on our current framework Panel.

Steve O'Connell AM (Deputy Chairman): That is one of the points. It is not just being supportive of SMEs, there will be sites that will probably not interest the Panel and you need to develop on those.

David Lunts (Executive Director, Housing and Land, GLA): That is exactly right.

Graeme Craig (Commercial Development Director, TfL): I was going to echo David's point and say that from a TfL point of view, we have talked a lot - and that makes sense because it is all we have announced - in terms of the first 75 sites. There will be phase two which is looking across London. We are keen also to pursue, in parallel with both of those, smaller sites. We have potentially hundreds of infill development sites and those would be extraordinarily attractive to SMEs, self-build and urban land trusts.

There is huge potential for us to be doing more. Part of what the public sector needs to find creative ways of doing is enabling the opportunity to work with a broader range of the industry than perhaps we have done in the past. There are challenges from a TfL point of view. There are insurances and obligations we will have, particularly working around the transport infrastructure, and it may be - in some cases it will be - impossible for an SME to be able to meet the criteria we would set. However, whether it is procurement, or indeed the work itself, we have to find ways. If we are trying to address the biggest challenge that this city faces we have to find creative ways of engaging a broader set of industry than otherwise we would do. Yes, it will require work. It will require us to be joined-up. I am sure there are means for us to be able to take forward sites that will be uniquely attractive to SMEs, self-build and urban land trusts, and that is what we should do.

Steve O'Connell AM (Deputy Chairman): It is probably worth pursuing the growth and infrastructure at 13, which gives authorities the ability to sell under value, whereas previously you had to go directly to the Secretary of State on an one-by-one basis. The Mayor has made use of this, I believe, David. Do you want to expand a little bit about that and the potential for selling at less than value, pitted against the Mayor's statutory duties for value? How does it work?

David Lunts (Executive Director, Housing and Land, GLA): It is an interesting question, is it not? You are right, the Mayor does have the right in law to dispose of land at less than best consideration under certain circumstances. It is slightly odd at the moment as well because, depending on which bit of the Mayor's family it is, different rules apply.

As things stand, if it is land under the control and ownership of a mayoral development corporation then the Mayor is free to approve less than best consideration disposals. If it is land that is owned by core GLA then it is slightly different. Although he has that power to dispose of land at less than best consideration there is a ceiling. It is currently that he can dispose of land at anything less than 30% below best consideration or £10 million, whichever is the higher.

Nicky Gavron AM (Chair): That is nothing.

David Lunts (Executive Director, Housing and Land, GLA): There is a slight anomaly there. In fact we are currently in a position where that level has been triggered and we are seeking a Secretary of State approval to dispose at something at less than £10 million difference.

One of the things that is interesting about this is that in a sense the best consideration issues are quite binary. They are quite straightforward. It is all about money. Of course, what we have been discussing here is the need to balance a financial transaction with other policy objectives: affordable housing, carbon performance, design quality, all those things that go into a procurement rather than a disposal.

Steve O'Connell AM (Deputy Chairman): You have used this for some fire stations. The Mayor has brought that into play with some fire stations: Bow, Kingsland and Silvertown. Let us explore a bit more why the Mayor would sell at less than best value. You have touched upon it just now, around other mayoral objectives. What would be the mindset about that?

David Lunts (Executive Director, Housing and Land, GLA): I will give you two examples. One is the London Legacy Development Corporation and the agreement to dispose of land to support the Olympicopolis projects.

Steve O'Connell AM (Deputy Chairman): Indeed. Yes, I get that.

David Lunts (Executive Director, Housing and Land, GLA): Yes. There is a Mayor's decision on record, to be frank, that that is a less than best consideration. Clearly the reason for that is major cultural considerations, economies, jobs and all of that.

Steve O'Connell AM (Deputy Chairman): I understand that. That stands out, does it not?

David Lunts (Executive Director, Housing and Land, GLA): That is one very obvious example. Another one I turn to is the Stephenson Street West Ham release which is very current. It is quite recent. Again, because that was a proper procurement and we went through a very detailed process - scored the various bids very precisely against scheme quality, track record, financial offer, the whole thing - you then get a balanced scorecard. You get the result and one bid wins. If that bid has not necessarily produced the best consideration financial offer then, if it is a big scheme like this one, you are into that best consideration.

Steve O'Connell AM (Deputy Chairman): What you are saying is it could be the science around the scorecards, looking at all the objectives.

David Lunts (Executive Director, Housing and Land, GLA): Correct.

Steve O'Connell AM (Deputy Chairman): The bids come in and they go across the whole scorecard. One bid is so strong across all the objectives and the other parameters that actually below best value it will get the deal because of all the other pieces.

David Lunts (Executive Director, Housing and Land, GLA): That is exactly right.

Steve O'Connell AM (Deputy Chairman): I understand that.

Nicky Gavron AM (Chair): What about TfL?

Steve O'Connell AM (Deputy Chairman): Does that play in TfL land as well? How does that work?

Graeme Craig (Commercial Development Director, TfL): The way in which we recognise that last point that you made - and this applies to property partnerships and other contracts that are live at the moment - is that we will generally, even on the commercial deals, award places on frameworks and indeed allocate sites to

those on the framework through competition in a process that recognises quality as being more important than value. 60% quality, 40% value is the mix that we will generally go for, in part in a belief that long-term value will be delivered more by quality than it will by necessarily the organisation that offers the most money upfront.

Nicky Gavron AM (Chair): Is carbon under “quality”?

Graeme Craig (Commercial Development Director, TfL): It is one of the factors that is contained within it. Setting criteria for what a quality development or a quality contract is and being clear that - accepting we have stringent financial targets - quality matters more, is something that is important and needs to be embedded across all the activities we do.

Steve O’Connell AM (Deputy Chairman): Without TfL retaining any equity stake, the land is going away from TfL?

Graeme Craig (Commercial Development Director, TfL): In those cases we are retaining an equity stake during the process.

Steve O’Connell AM (Deputy Chairman): You are? OK, right, in perpetuity or just during the process of the development?

Graeme Craig (Commercial Development Director, TfL): In the case of property partnerships we will retain an interest during the development. We will then take our proceeds either from capital receipts from the sale of individual units or we will retain an ongoing revenue through the PRS, commercial, retail or ground rents, or we have an ability to take our receipt in the form of buildings that we will then put into another vehicle. We have complete flexibility within the joint ventures but again, just to be clear, a joint venture, especially in the case of property partnership, is not the only means. We will, I am sure, be using the LDP. Equally there will be opportunities for wider disposals working with third parties, delivery partner models and possibly even, on small sites, direct development. There has to be a mix here.

Steve O’Connell AM (Deputy Chairman): Is this 60/40 not in play when you are allowing the development site to go straight away, when you are selling it and you retain no interest, or is the 60/40 formula in play in all your transactions?

Graeme Craig (Commercial Development Director, TfL): It is in place across a range of models. I am struggling to think of any sites we have disposed of.

Steve O’Connell AM (Deputy Chairman): Yes. You are not really in the business of pure disposal.

Graeme Craig (Commercial Development Director, TfL): That is a model we have moved away from.

Steve O’Connell AM (Deputy Chairman): Andrew, your transactions perhaps have less of an altruistic model. I mean that in a very positive manner. How does it play with you, selling for less than best consideration?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): In a sense the benefit is focused all on a health facility. The NHS generally, and certainly in our case as an organisation, has fairly extensive public and political engagement. For example, we have given a commitment around the provision of open space and all those things, not least because as a health provider we recognise that good quality accommodation affects people’s health. It is absolutely in our interests to promote that.

When we dispose of land there are criteria on a not purely commercial basis. Clearly the receipt value is the overriding issue but it is trying to balance those in a responsible way.

Nicky Gavron AM (Chair): That is good to hear. I just want to point out, though, that if you do provide some open space etc it helps. Quality helps value, does it not?

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): Absolutely.

Nicky Gavron AM (Chair): Yes, OK. I will let you finish. Sorry.

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): No, I think that is well recognised.

Steve O'Connell AM (Deputy Chairman): I have pursued my point as well.

Nicky Gavron AM (Chair): I just wanted to say, Steve, following up what you were saying with Graeme, that there still is though this internal document that says the primary purpose of schemes under the property partnership scheme is to maximise economic value. The quality is within the value. What I am trying to say - going back to what we were saying earlier - is that quality does not necessarily include affordable housing. I just want to make that point. Correct, Graeme?

Graeme Craig (Commercial Development Director, TfL): Correct. I am thinking whether I can characterise this more accurately. Places on the framework are awarded on the basis of 60% quality. Individual decisions on sites are awarded on the basis of quality, 60%. Once those joint ventures are set up, those joint ventures - we are being explicit - are set up in a way that mayoral quality has to be complied with. However, those are commercial entities that we are setting up. Where we are - and we will be - setting up vehicles to deliver other types of sites we will have a primary purpose that reflects that fact.

Nicky Gavron AM (Chair): The fact I just mentioned? The primary purpose being economic value?

Graeme Craig (Commercial Development Director, TfL): Yes. For a subset of our sites - working within a framework that is set outside of TfL at a national, city-wide and mayoral level - that joint venture is set up with a primary purpose that is commercial. For other types of sites, looking across all of our portfolio, there will be other primary purposes and/or other means to take forward those sites.

Nicky Gavron AM (Chair): That is clear. Thank you.

Steve O'Connell AM (Deputy Chairman): Network Rail. I was just thinking of an example. Are they in play within the group? They are big landowners as well, are they not? It just occurred to me.

David Lunts (Executive Director, Housing and Land, GLA): Yes, they are big landowners. They have very recently announced their intended release of a fair amount of property across London. Yes, they are very engaged in the work on the Commission.

Steve O'Connell AM (Deputy Chairman): Notwithstanding them, I think local councils are the ones who are going to be the ones now. They all have great swathes of land and can be the proprietorial over that land, quite properly, because they see that as capital revenue.

Tom Copley AM: Thank you. The final question. It is to everyone but I will start with David. Should the Mayor ask for further powers to identify and bring forward more surplus publicly owned land?

David Lunts (Executive Director, Housing and Land, GLA): He already has. He has made it clear that he, or perhaps his successor, stands ready to play a more prominent role. I have already talked about the work we are doing to try to encourage Government through the passage of the Housing and Planning Bill to perhaps bring in a new provision so that there is a duty to co-operate with a mayor where there is a local or regional land commission.

Outside of London, the Homes and Communities Agency (HCA) has been earmarked by Government to both take the formal transfer of surplus public land from certain Government agencies and departments and moreover to be the technical clearing house as well. As the HCA does not operate in London we are quite keen to explore the possibility of the GLA playing a similar sort of role across Whitehall for suitable sites in London. Those discussions are ongoing. The Mayor is on record as saying that he thinks those would be sensible steps to take.

Tom Copley AM: How about you, Andrew? Would you welcome that or would there be things that might unnerve you about the Mayor having more of a remit over your land?

David Lunts (Executive Director, Housing and Land, GLA): Just sign here.

Andrew Wright (Director of Strategic Development, Barnet, Enfield and Haringey MH NHS Trust): As with everything there are pros and cons, are there not? There is certainly a significant potential benefit in terms of a source of expertise. I mentioned earlier the fragmentation, and the fact that a large number of NHS organisations own relatively small parts and do not have that expertise. There is a lack of expertise on some of that technical work so there is definitely a benefit in that.

The issue though for the NHS is balancing that with local priorities. In particular, as David mentioned, the big challenge for all NHS organisations is managing their clinical re-provision and some of the political ramifications of that. That is our biggest challenge in the NHS, getting a clinical case for change agreed. We all know there are some major examples in London. In many ways for the NHS this technical stuff is second-order. The challenge is lining up the political stuff. To be honest, we probably spend the bulk of our time managing that sort of stuff. Helping and co-ordinating some of the detail around disposal could be a bit beneficial.

Tom Copley AM: A co-ordination role. Graeme, would you welcome more powers for the Mayor over publicly owned land?

Graeme Craig (Commercial Development Director, TfL): Yes, I would. We buy into and we support the priorities that the Mayor is seeking. The LLC has been a fascinating experience to be part of. It has shown the fact that there are opportunities. However, those opportunities are complex and there is no avoiding that fact.

The challenge here is how you co-ordinate, bring together and force discussion among organisations that may have conflicting commercial objectives and certainly have their own operational challenges, but where the opportunity can only be delivered by joined-up thinking. That is not simply a binary, "Is it operational? Can it be disposed of?" It is to get to the point where you can take a view on the provision of infrastructure across public bodies in a joined-up way in order to free up land for development. That is not where are. That is absolutely where one would hope to get to. I do not think that is a question of powers. I do not think this is something that can be imposed. Some powers would be beneficial. However, ultimately it is about

organisations coming together and seeing the wider benefit of developing their land and recognising the broader aims that they have as an organisation.

Again, even once you get to that point - as I think Andrew [Wright] has mentioned - this is not a straightforward activity. It requires more resource than many organisations will have access to. It requires funding. It requires long-term planning. These things are not straightforward but it absolutely needs to be done.

Tom Copley AM: David, just finally, are you expecting that there will be perhaps a transfer of land to the Mayor over the next few years? Will there be more publicly owned land brought under the Mayor's control?

David Lunts (Executive Director, Housing and Land, GLA): I am not sure how confident I am. What I am more confident about - because I will avoid answering that question directly - is that the work we have started will lead to better co-operation between agencies. There is a leadership role for the Mayor - I think everyone acknowledges that in London - even if it does not, frankly, mean a formal transfer of responsibilities.

I am optimistic in the sense that I have been involved in similar sorts of endeavours in central Government around organising Whitehall departments to try to do things corporately around land. I have to say the LLC has been a lot more positive than my experience of the Whitehall equivalent. What has been quite positive too is that quite a number of those who do live and operate close to the Whitehall environment have said the same thing. There is not just willingness but some genuine enthusiasm to collaborate. That bodes well for the future.

I do not want to be drawn on whether there will be a formal transfer of land lock, stock and barrel; some of which, for reasons that Andrew [Wright] has alluded to, is quite complicated. The NHS is a classic example, because a lot of your assets are now locked away in what are effectively independent corporate organisations.

Tom Copley AM: OK. Thank you.

Nicky Gavron AM (Chair): I just want to thank all of you and thank our Panel. Thank you very much for your very full answers. It is a very important topic because we really do feel that there is enormous opportunity to get the best for London and Londoners from using our public land as well as we can. It is, after all, our land. Thank you all very much.

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