

SURPLUS TO REQUIREMENTS? THE NATIONAL AUDIT OFFICE HITS BACK

Abstract: *The National Audit Office's report on the government's sales of public land for new homes makes for uncomfortable reading. But it's not just land that's surplus to requirements: it's the use of evidence itself.*

Governments of every hue seem obsessed with strategies designed to kill not just two birds with one stone, but entire flocks. The [Plan for Growth](#), stemming from the March 2011 [Budget](#), pledged to build "as many as 100,000 new, much-needed homes and support as many as 25,000 jobs by 2015" through sales of surplus government land. On paper, this seemed a masterstroke: bringing synergy to the highest levels of a leaner, cleaner, greener government; releasing huge swathes of vacant and derelict land at a profit to the taxpayer; reversing the decades-long decline in construction that precipitated the housing crisis; boosting local employment and skills; and raising the tax incomes of hard-pressed councils. What wasn't there to like?

2015 is now. The National Audit Office (NAO) which 'scrutinises public spending for Parliament', and whose vision 'is to help the nation spend wisely', recently [reported](#) on how the Plan had worked out. Its investigation focused on four main issues:

- What was the target for land sales and housebuilding, and how was it set?
- How was the programme managed?
- What was the performance against the target?
- What happened to the land after it was sold, and what were the proceeds?

These are all straightforward questions to which an efficient, focused administration should be able to give clear, well-documented answers. But things didn't turn out that way.

Firstly, there was no logical basis for the 100,000 homes target.

The Department for Communities and Local Government (DCLG) leads on housing policy, but couldn't produce any documentation showing economic evidence for the overall target. Neither could it offer any rationale for determining how much land each of the five participating departments should put up for sale. Much seemed to have been the product of 'informal discussions', involving some, but not all, the relevant parties. This raised concerns that the targets were over-ambitious and paid scant regard to the practicalities of implementing them. Matters were further strained when, halfway through the programme, the original target was arbitrarily raised by 20,000 as a contingency against delays in releasing 'high capacity' sites.

There was also much confusion over what exactly the targets were measuring. The figure of 100,000 represented only the sites' *potential* housing capacity: it was left to the departments selling the land, not the DCLG, to estimate how many homes an individual site could support.

Secondly, responsibilities were neither clear, properly linked nor monitored.

The Treasury and the Department for Business, Innovation and Skills (BIS) had jointly drawn up the Plan for Growth, while DCLG led on housing, planning and land policy. In 2011, the departments with surplus land - the Ministry of Defence (MoD), the Department for Environment, Food and Rural Affairs (DEFRA), the Department of Health (DoH) and the Department for Transport (DfT) were

tasked with formulating their separate disposal strategies and reviewing these every six months. (These reviews, however, did not take place.) The overall programme and individual departments' performance were subject to scrutiny by a different body: the Cabinet Public Expenditure Committee. In addition, the Growth and Enterprise Committee (chaired by the Prime Minister) and the Growth and Investment Committee (chaired by the Chancellor) received progress reports. For a government that sets great store on reducing government, this is surely a textbook case of multi-dimensional circuitousness, complexity, and confusion.

The Homes and Communities Agency (HCA), some of whose sites formed part of the programme, was specifically charged with collating and monitoring data, and providing 'limited written guidance' to the participating departments. But despite its expertise, it had no management or decision-making powers. Only in April 2015 did the government assign the HCA an 'enhanced land disposal role' to speed up sales and increase the number of homes that could be built on the sites.

The Agency also faced problems in standardising the data. Whitehall has long been notorious for its departments' silo mentalities and their shared mistrust of the Treasury. Because these bodies lacked a sense of collective responsibility, it was all but impossible to manage the disposals through a 'programme approach'. For example, the interpretation of the term 'land released with the capacity to deliver', varied from one department to another. This made it difficult for the HCA to identify whether or when construction began - and was completed - on sites sold through the programme. It also left unresolved the question of whether the number of on-site completions matched the original projections.

Thirdly, data collection was fatally flawed

The body of information submitted to the NAO suggests that the programme *did* secure its expected level of land sales- enough for almost 110,000 new dwellings - by 2015. But that figure is based on heavily massaged, inconsistent and incomplete data:

- When the NAO tried to verify the information set out in the HCA's spreadsheets they found that the various departments could only supply supporting documents for 21% of their sites. Data obtained for over a third of that small proportion showed major discrepancies between the numbers of dwellings listed by the HCA and corresponding figures given by the departments.
- No information was submitted for the physical size of 434 of the 942 sites sold by March 2015. This is worrying, as 'official' estimates for construction on individual sites range from 7,600 to a single dwelling.
- These, in turn, are estimates of housing *capacity*, not homes actually built. Some sites, due to their size, legal and remediation issues will take many years to be developed, if ever.
- The total of 110,000 is dependent on the sale of a few large sites, late in the programme period.
- It includes parcels of land sold during the pre-2010 Labour administration: the explanation given was that houses were *expected* to be built there during the lifetime of the programme.
- Land with a total capacity of over 10,000 homes, sold by Royal Mail (privatised in 2013) and British Waterways (which became a charitable trust in 2012) was also included in the total, even though they had ceased to be public bodies.
- The data did not include comprehensive information on the buyers. In a sample of 61 sites sold by government bodies, the NAO found that 10 of their purchasers were 'unknown'.

Fourthly, we cannot be sure how many homes were built and how much money was generated

Government departments do not routinely track what happens after sites are disposed of, so no records were kept of what development took place; when or whether house-building began or was completed; the number of dwellings involved; and so on. Inexplicably, the programme did not compel departments to provide information about the proceeds of sales. Indeed, since 2011, there has been no central recording of funds raised from such disposals. Hence it is impossible to tell whether the departments obtained market value on the sites sold. Of particular interest is the fact that neither the government nor the NAO investigated whether or not the projection of 25,000 new jobs came to fruition.

Crucially, for a programme whose success depended on a close understanding of the development industry, there were major flaws. Some departments undertook what are termed 'de-risking' activities, with the aim of enhancing the sites' marketability. This included obtaining planning consent, and carrying out environmental surveys, site clearance and decontamination – all of which require a considerable outlay of public funds.

However, the general consensus among developers is that such activities are best handled by experienced professionals. Government departments, even if they previously employed the relevant specialists, no longer have sufficient in-house knowledge or expertise in those fields. In many of the sites, the developers had to repeat the 'de-risking' work after purchasing them.

With characteristic understatement, the NAO concluded that "the DCLG and the Homes and Communities Agency should review and share the lessons from this programme, including the need for the department to clarify how it intends to measure progress through sales proceeds or number of potential homes; and for someone to take responsibility for monitoring what happens to land after disposal within the target period."

What's been the reaction?

In the main, hostile and widespread. Labour's shadow Communities Secretary, Emma Reynolds, told [The Guardian](#) "It is unbelievable that the government should make such claims . . . [about land] which may not even be developed. I will be writing to ministers seeking answers about whether they authorised the release of these figures."

[Meg Hillier](#), the new Public Accounts Committee chair, said that the reports' findings would be closely examined: "It is hard to believe that it is not clear if all of this public land has been sold off at market rates. The government cannot assess the true worth, which is baffling. Housing is a key issue and this does not give me any confidence that the [Communities] Department has a grip on its own figures."

[Jeremy Blackburn](#), head of policy at the Royal Institution of Chartered Surveyors, said: "The NAO report has shown what was suspected by many. That releasing public land across so many departments and agencies would not be easy and wouldn't result in the homes we needed, in the places people wanted to live."

The Federation of Master Builders, however, [was much more conciliatory](#), saying that the report “raises some minor queries around how we measure government performance on releasing public land for housing.” “But this,” it believes, “should not detract from the very significant achievement of the last government in releasing land sufficient for around 100,000 new homes.” This is not entirely surprising, given the construction industry’s role in [funding the Conservative Party](#).

And what of the department singled out for the greatest criticism in this sorry scenario? A DCLG spokesman [said](#): “This was an ambitious programme . . . to build 100,000 homes to help families achieve their dream of home ownership and we broke our target more than a month early with enough land released to build more than 109,000 new homes. We now want to go further and faster still with land sales for a further 150,000 homes by 2020. . . . We will consider and learn any lessons from the NAO’s findings.”

Aficionados of Whitehall-speak won’t take long to pick out the distinctive phraseology of our old friend, Housing Minister Brandon Lewis, in the department’s response. His personal ethos, if it amounts to anything at all, seems to centre around the notion that “the more there is to be sorry about, the less need there is to say you’re sorry.”

As always, there’s far more to this than meets the eye

It would, of course, be unfair to lay all the blame for these deeply dysfunctional disposals at Brandon’s doorstep. The inherent failings of the government’s land sales initiative are to a large extent a reflection of wider, long-term failings in Whitehall, many of which have already been alluded to in this piece.

But set in a broader context, it does tend to confirm the hypothesis that many of us across the political spectrum have been advancing: that our rulers have no real interest in whether or not the aims and outcomes of their policies can be systematically proven to address the real needs of real people and real places. David Cameron is first and foremost [a PR man](#), whose selective use of statistics is geared more towards filling a roomful of pre-invited acolytes than an Excel spreadsheet. And, as Robin Hambleton cogently argues, the [Osbornification](#) of public policy involves introducing extraordinary measures to boost the power of the central state whilst at the same time pretending that power is being decentralised.

Welcome, then, to the world of [evidence-free government](#).

Published 14.07.2015