

The need to release value from public sector assets

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Public sector challenge & opportunity

- Local Government, NHS, Higher Education & Government agencies all have similar challenges resulting in surplus land:
 - Revenue cuts require service property rationalisation
 - Obsolescence and changing service requirements generate the need for capital funding
 - Addressing backlog maintenance requires capital & revenue funding
- The opportunity is massive – NHS alone is considered to have potential for 300,000 homes from surplus estate, MoD 100,000 homes by 2020.

Success so far?

- Local Government – many examples of corporate & service led schemes, Westminster, Brent, Lambeth, Camden, Wakefield & Rochdale
- Government Agencies – MoD partnerships
- NHS – some local schemes eg Chase Farm in Enfield and several SEP's but generally slow progress
- Further Education – merger and release of land is beginning to gather pace

Internal resourcing, need for continuity of service, governance and town planning resources are applying the hand brake

The sector requires long term interests & receipts

- Local Government promote mixed use schemes – rental income & commercial rates income
- JV structures create a pipeline of development & receipts
- NHS Trusts are increasingly looking at the provision of key worker housing & commercial revenues
- LocatED are developing residential alongside schools

Regeneration models

- Is large private sector led regeneration falling out of favour – Haringey JV, Earls Court, Meridian Water
- Community led regeneration & public sector led projects could start to gather pace & volume
- Private sector resources and risk acceptance is still required so where are the opportunities
- Intervention & policy could be shifting to enable the release of land

Changing landscape

- Local Government has access to funding directly or indirectly through HC's but they don't have sufficient technical resources
- NHS Trusts & Foundations will have strategic direction with the new NHS Board but need funding & project delivery services
- LocatED will partner with the private sector
- HA's expected to have access to more funding
- Some relaxation in town planning & funding of additional resources

What does this mean

- The low fruit has gone, future release of land constrained by continuity of service
- Delivery structures and mix influenced by the need for revenue
- More partnership working and a team working ethos
- Aligning business plans to capital requirements
- Recognition of the importance of social infrastructure in creating communities
- But the good news is OJEU light procedures