

In the public interest?

Community benefits from Ministry of Defence land disposals

A report by Julian Dobson for the Bill Sargent Trust



Rowner estate, Gosport - see page 40

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Community benefits from Ministry of Defence land disposals: research report

Executive summary

The planned disposal of large swathes of Ministry of Defence land offers a unique opportunity to address housing shortages in the UK and provide long-term economic benefits to local communities.

The Ministry of Defence is under increasing pressure to rationalise its landholdings and save public money. This process was already well advanced before the financial crisis and subsequent recession of 2008–9. It is likely to accelerate as the 2010 Strategic Defence Review proceeds and the MOD seeks to release additional funds for frontline services.

Widespread public benefits can be achieved through many of these land disposals. But little research has been done to examine how this can be realised and for the last decade there has been minimal interest in the issue from central government. This report raises significant issues of public policy that have been largely ignored for many years.

Much MOD land is in areas that have been highly dependent economically on military activity (such as Aldershot and Whitehill Bordon in Hampshire) and the release of land is an opportunity not only to meet housing need but also to reconfigure defence-dependent local economies. Other sites are of significant historic interest and are valued by local communities; the opportunity to reuse them to meet contemporary needs should not be passed over. Others may not be developable but have environmental value and may be re-used as public open space.

Many of these benefits are unlikely to be realised under current conditions. At the heart of the problem is the way HM Treasury deals with surplus public land: government departments must obtain market value and are set targets for asset sales which help to balance their departmental budgets. So if the MOD fails to achieve the expected value for a piece of land, savings must be found elsewhere. This forces the MOD to equate public benefit with departmental benefit: the future use of the site takes second place to achieving the maximum receipt.

There is a clear conflict between the pressure on the MOD to achieve maximum value in terms of price, and the requirements for other agencies to achieve maximum value in terms of quality and benefit to the local community. Furthermore, although military land has been sold for many years, there has been no systematic attempt to bring together and share learning about how to do this well.

This omission causes difficulties for central and local government departments and agencies. The Homes and Communities Agency (HCA) is tasked with ensuring housing supply meets anticipated needs and is responsible for the national affordable housing programme; local authorities have a duty to ensure the economic, social and environmental wellbeing of their communities and are now also responsible for assessing local economic needs. Education authorities must plan school services for new settlements, while local councils must consider the necessary transport and utility infrastructure.

Attempts to resolve this conflict within individual disposals have been tentative, muddled, or dependent on cross-subsidy from a buoyant private property market. While the MOD is required to work with the Homes and Communities Agency to achieve quality standards set out in the Code for Sustainable Homes, there are doubts about whether this is contractually enforceable. Where the MOD has worked with other bodies such as local authorities or regional development agencies to achieve agreed outcomes for major sites, there has been a history of unsatisfactory partnership working and poor communication. In the past rising land values have helped to paper over the policy cracks, because developers were prepared to subsidise community facilities from the profits available from residential or commercial sales. Since the collapse of the property market in 2008–9 this has ceased to be a viable option and is unlikely to be in the near future.

Examples of partnership work cited as good practice during the course of this research project show that community benefits can be achieved through disposals of military land. But this is often through complex workarounds and local agreements, and is fundamentally dependent on the strength of the local property market combined with strong local leadership. None of the models suggested offers a tried and tested long-term solution to the dilemma of achieving the best outcomes for the public rather than for the MOD and/or the Treasury. There are, however, untested options that may prove successful: joint venture companies and asset-backed vehicles may provide a model for long term planning and development of major sites.

This research suggests, however, that without a resolution of central government's approach to disposals of publicly owned land, we are likely to see continued conflict between the short-term demands of the MOD and the long-term needs of communities. This conflict may result in long-term blight caused by neglect or inappropriate development; failure to build community infrastructure into housing developments, leading to the need for remedial action by local authorities and housing providers at a later stage; and the disposal of sites for housing development without regard to the wider needs of the local economy and quality of life.

Through our research with key stakeholders working in housing, local authorities, Defence Estates, government agencies, community organisations and academia, we have identified a range of options that should be explored

to learn from accumulated experience and avoid repeating previous mistakes, such as the piecemeal disposal of the Rowner Estate in Gosport.

First, we need a **new approach to valuing public assets** that removes the process from the short-term budgeting requirements of individual government departments or Treasury demands. While a central property unit to deal with government-owned land has been created following the April 2009 Operational Efficiency Review, this is not a solution in itself. The new unit (the Shareholder Executive Property Unit) is tasked mainly with reducing running costs and disposing of property. Central management of assets on its own will not help unless individual departments are freed from the need to maximise the return on land disposals. There needs to be a separation between the value credited to a government department when assets become surplus to requirements, and the wider view of best value associated with the asset's future use.

Second, we need **better mechanisms for ensuring cooperation** between government departments, and between central and local government, when a site becomes available for development. Our research has found high levels of distrust and frustration owing to poor communication and the lack of a shared vision in many instances. Partnership arrangements need to secure the buy-in of all stakeholders throughout the development process.

Third, there must be **effective ways of sharing good practice**, learning from mistakes and building on successes. There is no central hub of information on the redevelopment of military land and sites are dealt with on an ad-hoc basis. There is a strong case for passing this responsibility to the Homes and Communities Agency, and indeed for giving the HCA a central role in brokering new developments as it currently does with the redevelopment of NHS land. Alternatively, an independent body could be set up to provide a research and information hub, working in partnership with the HCA.

Finally, there is a strong case for **following up this research** with a major inquiry or research project to identify new ways of achieving community benefits from the disposal of MOD and other public land. This should draw on international experience – which has been beyond the scope of this project.

The requirement to achieve maximum value for public money in future demands a shift from short-term gain to long-term benefits. A better and more collaborative approach to the disposal of MOD land must be central to such a shift.

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Introduction and acknowledgements

This report outlines the findings of a research project commissioned by the Bill Sargent Trust to examine how best to achieve community benefits from defence land disposals.

It stems from a concern that the negative consequences and missed opportunities of previous MOD land disposals could be repeated as a new wave of sites is released for development; and from a recognition that the rationalisation of MOD land provides a unique opportunity to achieve longer-term value for local communities. The Trust was conscious that little research had been done on the issue and that there was minimal sharing of good practice between the different agencies responsible for developing former military sites. The project's findings have implications for numerous other government departments which are likely to be asked to consider disposing of land and property in the near future.

New Start Plus (NS+ Ltd), a consultancy established by the directors of *New Start*, the regeneration magazine, was commissioned to investigate the issue.

The first stage of the project was a literature review, completed in September 2009. The review (published alongside this report) considered academic research, news reports, Parliamentary debates, and documents produced by local authorities, regional development agencies, voluntary organisations and other interest groups. This review brings together for the first time the various approaches that have been tried within the UK over the last 10–15 years and their effects in terms of public benefit.

The review found a lack of overarching academic research and little to suggest the issue has been high on the national policy agenda, despite some progress in recent years. It also found that despite some innovative and imaginative approaches, most approaches to community benefit within the UK have depended on rising land and property values to generate sufficient surplus to underwrite activities such as the preservation of heritage or the provision of community facilities. Often this has had to be supplemented by a generous contribution from the public purse. It concluded that these models look increasingly fragile as economic recession threatens private investment and public investment comes under growing pressure.

Following this review, we conducted a series of interviews with key stakeholders and held a focus group to discuss some of the key questions arising from the literature review.

Those who took part were:

Dr Samer Bagaeen, research student division leader (environment and technology) and course leader for the MSc in Town Planning, University of Brighton

Dr Celia Clark, academic and researcher

Dave Clark, assistant director, Centre for Local and Regional Economic Analysis, University of Portsmouth

Cllr Peter Edgar, Gosport Borough Council

Tim Goodhead, dean, Faculty of Technology, University of Portsmouth

Peter Goodship, chief executive, Portsmouth Naval Base Property Trust

Vicky Havard, senior professional, surplus public sector land team, Homes and Communities Agency

Ian Hay, head of national disposals, Defence Estates

Tim Houghton, director, Groundwork Solent

Andrew Lloyd, chief executive, Rushmoor Borough Council

Andrew Mason, head of resident involvement and community regeneration, First Wessex

Neil Pearce, area manager, Hampshire and Isle of Wight, South East England Development Agency

Glenn Parkinson, school organisation officer, Hampshire County Council

Wendy Shillam, project manager for the Whitehill Bordon Eco-Town

Kathy Wadsworth, strategic director, Portsmouth City Council

Hazel Warwick, director of development, First Wessex

We are grateful for the support of the Bill Sargent Trust, now part of First Wessex, in hosting the focus group and providing feedback and comment on both this report and the literature review. The extensive input and assistance from Celia Clark, especially in relation to international comparisons, was also particularly helpful. The conclusions we have reached, however, are our own and do not necessarily reflect the position of the Bill Sargent Trust or individual participants in this project.

About the Bill Sargent Trust

The Bill Sargent Trust carries out research on housing and related issues. It seeks to influence policy with the outcomes of the research. The trust was established to commemorate one of the founders of Portsmouth Housing Association, the late Reverend Bill Sargent.

Previous research projects have covered:

- The role of housing associations in supporting their residents to find employment and training
- The impact of credit on the financially excluded
- Living in temporary accommodation in Portsmouth
- Hidden deprivation in Southsea
- The extent of youth homelessness in SE Hants
- Community development on Rowner Estate, Gosport
- The SE Hants housing market
- The needs of asylum seekers in Portsmouth
- Financial exclusion among housing association tenants

The trust operates with close support from Portsmouth Housing Association, now a member of First Wessex. The trustees are Mark Mitchell, Ben Stoneham and Nigel Baldwin.

The trust welcomes proposals for local research projects on housing, homelessness, poverty and related issues.

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1 The defence estate: scale and issues

The MOD is one of the UK's largest landowners. Its estate, spread over 4,000 sites, is critical to the effectiveness of the armed forces. It is used for training, accommodation and to provide a base for operations. The total area of the defence estate is some 373,000 hectares (about 1,440 square miles), and includes rights over 133,000 hectares. Defence Estates manages property assets ranging from barracks and airfields to rural training areas. The total value of this land in 2008 was around £20bn (UK Defence Statistics 2009, chapter 6.)

Large areas of the defence estate landholding are earmarked for disposal in the near future. The key word in current Defence Estates policy is 'rationalisation', with the 2006 report *In Trust and On Trust* setting out the strategic goal of rationalising the estate to give fewer, larger sites. In the meantime, smaller sites will be sold off.

The *Defence Estates Development Plan* (Defence Estates, 2009) set out more detailed information about the future of MOD land. It further stressed the need to relocate away from southern England, stating that the department has a 'disproportionately large presence there' (p 20). A list of sites earmarked for disposal appears in Annex B of the plan (Defence Estates 2009, Appendix 21 to Annex B, p 22).

The 2008 development plan had acknowledged that planning authorities 'frequently express frustration with the MOD's seeming inability to offer a degree of certainty of its requirements for the medium and long term, and the relative short notice it gives in planning applications' (p 21). It urged the department to improve its notification of sites for disposal and to engage with regions in such a way as to ensure that 'planning permissions are granted with the minimum of encumbrance or delay, and disposal receipts optimised'.

The 2009 plan further underlines the importance of structured regional engagement to address the needs of regional development agencies and local planning authorities, and of setting out the department's regional aspirations in the medium to long term to give future plans a better chance of successful delivery.

This reinforces the message of *In Trust and On Trust* (MOD, 2006), which includes a commitment to liaise with regional planning authorities and contribute to the wider economic development of the regions (p10). It pledges to incorporate the Government's sustainable communities agenda into estate planning, and to recognise the sustainable development needs of the wider community (p8). How these pledges are to be balanced with the goal of optimising receipts is not clarified.

The Defence Green Paper of February 2010 shifts the balance in favour of maximising receipts. It stresses the need to deliver efficiency savings, with a

target of £3.15bn of savings during the current Comprehensive Spending Review period. Part of the quest for extra efficiencies in the Strategic Defence Review will be 'further rationalisation of the defence estate' in addition to the plans set out in 2009.

Disposing of military land for high value uses is not easy. Airfields, for example, tend to be in remote areas and not easily accessible. Land used for munitions manufacture or testing may be contaminated and need remediation before it is sold. Other sites may have historical importance which will limit the options for subsequent use. In some cases surplus sites – such as the former RAF base at Machrihanish on the Kintyre peninsula – may prove a liability for the MOD in the absence of commercial interest. Training grounds are also likely to be remote – and contaminated.

Every site is different and poses its own problems. Our interviewees accepted that there was no single solution that would provide a blanket approach to the re-use of MOD sites. However, they expressed frustration that decision-making was often left to local Defence Estates officials who could appear more concerned with getting the site off the MOD's books than with the viability of any future use. In particular, they noted a bias towards residential use of sites because this was seen as a quick moneyspinner:

'Residential development does wonderful things for cashflow because you sell the property virtually before you've built it. Where things have revolved around mixes of different uses which haven't involved residential development, things have perhaps been less successful... if you're not careful, you replace one gated community with another.' (Tim Goodhead, University of Portsmouth).

There is some awareness of the opportunity surplus MOD land presents. The national Register of Surplus Public Sector Land provides an overview of the land that may become available, while the *Defence Estates Development Plan* gives a much clearer indication of the MOD's intentions than in the past. Surplus MOD land is of particular significance because it offers the opportunity not only to create infill or standalone developments but because there is the chance to build complete new communities, thus addressing housing shortages, especially in southeast England. There is the potential for MOD land releases to dovetail with the requirements for new homes set out in the 2007 housing Green Paper, *Homes for the Future*.

'There are some big sites - Whitehill Bordon is one of the main ones. ...MOD have large tracts of land so the opportunities I think are there to create new communities, rather than just find an alternative use for a site.' (Vicky Havard, Homes and Communities Agency)

2 The impact of Treasury rules

Given the scale of the defence estate and the difficulties in disposing of some sites, the impact of Treasury rules on what can be done is critical. Our research found a stark and continuing tension between the pull of government policies towards sustainable development, community involvement and economic regeneration and the push of Treasury and departmental requirements for the maximum achievable receipt.

This tension was identified in the 1999 review of MOD land disposals, *Development of the Redundant Defence Estate*, by the former Department of the Environment, Transport and the Regions. It criticised the delays, uncertainty and apparent lack of strategy that characterised much of the disposal process and highlighted the fact that disposals were rarely co-ordinated with the local authority development plan process.

The report urged the Government to prioritise the abolition of Crown immunity, which exempted government departments from planning legislation – something it had first announced it would do in 1992 (DETR 1999, p32). This came into force in 2004.

Our interviewees were sharply divided about the significance of this move. For the Homes and Communities Agency, it was a positive step:

'I think it just enables a far more open discussion with the local authority about the sites. In any case [the MOD] are going to need to talk to the local authority when it comes to planning so I think it just brings that forward a little bit earlier.' (Vicky Havard, HCA)

The view of Defence Estates, however, was that the lifting of Crown immunity made little difference.

'We'd never had Crown immunity for future uses. We had Crown immunity for our own defence uses but not when we were considering potential future uses so that has made no difference to our disposal procedures.' (Ian Hay, Defence Estates).

Ian Hay spelled out clearly the link between the operational funding of the armed forces and the need to achieve maximum price from the disposal of surplus sites. The relevant guidance is in Annex 4.8 of the Treasury document *Managing Public Money*, and states that assets for disposal should be valued at market prices using the Royal Institution of Chartered Surveyors' *Red Book*.

'Managing Public Money essentially requires that we should dispose of surplus property as swiftly as the market will allow, achieving reasonable

value for money, and there's an interpretation that that means best value or market value..

'When our sites are surplus to requirements, our role is to sell them quite simply as quickly as we can, for as much money as we can to be reinvested back into key defence priorities.

'Disposal receipts are an important part of the overall Defence budget. We're set a target to deliver in terms of money, without which we may have to reprioritise defence expenditure.'

Given the choice between meeting internal targets for sales which could directly affect the budgets available for frontline troops, and the possible benefits to local communities from a more considered but less lucrative approach to the disposal of a site, it is hardly surprising that Defence Estates consciously and consistently opts for the former. Furthermore, during a period of depressed property prices the scope for flexibility is reduced. This is because targets for receipts from disposals are set in four year cycles, and predictions of rising values can prove – and have proved – optimistic. Ian Hay also suggested that even if Defence Estates wanted to account for disposals in a different manner, international accounting rules would prevent this. It has not been possible within the scope of this research project to verify this point.

However, from the perspective of partner agencies seeking viable long-term uses for former MOD sites, this search for the maximum receipt is seen as damaging because it undermines the trust and mutual understanding required for effective partnership working. As Hazel Warwick, development director of First Wessex, put it:

'My take is - and it might be absolutely wrong - that it is about the cash, that their disposal has little interest to them unless it's going to add something to their budget and therefore, there isn't really a significant regard for what happens if you leave that site empty or if you choose to just wait.'

There has, however, been an effort to bridge the divide between the military objectives of Defence Estates and the public benefits aspired to by the Homes and Communities Agency and local authorities. This is set out in a Treasury 'Dear Accounting Officer' letter dated 8 October 2008 (DAO 04/08) on the disposal of surplus land for housing. This requires public sector organisations to record surplus land on the national Register of Surplus Public Sector Land; and when the land is sold, any new homes built must adhere to four quality standards on design and sustainability. These are Level 3 of the Code for Sustainable Homes; Lifetime Homes standards; Building for Life silver or gold standard; and integrated tenure.

There is to date no evidence to show the practical impact of these requirements. Indeed, our interviews highlighted significant doubts about how the requirements could be implemented and whether it was possible to enforce them.

'The problem that we have is actually one of a contractual nature. We're talking to lawyers at the moment, but defence needs to consider carefully how we can expect developers to build to these standards; by what mechanisms can we police those standards, and does that have some legal or other implications for MOD in terms of how it does its business?' (Ian Hay)

The MOD, Ian Hay pointed out, does not have sufficient staff resources to ensure developments on surplus land meet such expectations, and current market conditions make it hard to sell sites, even without placing these additional obligations on developers.

So can the HCA ensure the standards set out in DAO 04/08 are met? The HCA is clear that the letter has 'put a marker down' – it is a statement of intent that shows the government has a wider interest than commercial considerations alone. Where the HCA itself is the developer, clearly such standards are achievable.

'We've been sharing with Defence Estates how we achieve our broad suite of standards on our own sites...-There are times when we want to go one step further than a normal developer would go on particular sites and I think that's where we feel there's added value in us acquiring and developing.' (Vicky Havard, Homes and Communities Agency)

But asking others – whether it be Defence Estates or a private developer building on former MOD land – to achieve such standards appears to be a more open question.

'We haven't any special powers or anything to say: "Don't do that". It's a joint working really, there's nothing more than that. We're not policing them in terms of quality, affordability and place making, they are HCA goals and targets, we can't enforce them on anybody else.' (Vicky Havard)

3 Relationships between Defence Estates and other stakeholders

Even in the boom years when property deals could be relied on to generate sufficient surpluses to offset the costs of developing community facilities, relationships between Defence Estates and its partners in developing redundant land have been fraught. There have been complaints of apparently arbitrary actions by Defence Estates, a failure to acknowledge the interests of other stakeholders, and an inability to see the broader picture.

Defence Estates has acknowledged difficulties in the past. In part this has been because the MOD and other stakeholders have been working to different objectives, as explained in section 2. But some have criticised what appears to be an unwillingness to engage with local authority or community interests on the part of Defence Estates.

From Defence Estates' point of view, it is not always possible to satisfy community aspirations.

'I don't think any of our sites are ever easily developable. Depending on location we quite often get a lot of resistance from the local planning authorities and if not the local planning authorities, a lot of resistance from the local community – but equally those same communities and planning authorities are looking for opportunities to plug the gap of the income generation which quite often large defence establishments can bring to an area.'

'I would like to think that defence has never totally disregarded the local community and said we're going to build this regardless, because ultimately the future use of surplus MOD property is a matter for the local planning authority to decide.' (Ian Hay).

The Homes and Communities Agency describes its relationship with Defence Estates as 'generally good', but points out that sudden changes of plan on the part of the MOD can have a knock-on effect on plans the HCA has developed. And while the HCA can demonstrate and showcase best practice, it is not in a position to force Defence Estates to follow it if this is not in the MOD's commercial interests.

The experience of those wishing to redevelop sites for community benefit, however, is often quite different. The Royal Hospital Haslar, in Gosport, was earmarked for sale in the late 1990s and a local campaign, led by Gosport councillor Peter Edgar, fought to see it retained as a centre of healthcare.

Cllr Edgar described the attitude of the MOD for many years as 'totally inflexible'.

'In the early days, total inflexibility by first of all the Ministry of Defence and then their disposal people, Defence Estates, was the order of the day, total inflexibility. ...A complete lack of interest in the wishes of thousands of local people, in fact hundreds of thousands of people in the country at large who loved the site. We estimate we had over 200,000 representations about retaining hospital facilities on the Haslar site.'

He describes the campaign to create new healthcare facilities at Haslar as a battle rather than a partnership, involving constant pressure on politicians and even on members of the Royal Family to persuade Defence Estates to change its mind. Eventually Gosport Borough Council turned down the MOD's plan to sell the site for housing and Haslar was bought as a centre for a 'veterans' village' – but the deal appears to have generated as many problems as it has solved, with questions raised about the sale price, the credibility of the buyer, and the absence of covenants to ensure the site is developed as planned.

Recent developments at Haslar have underlined the difficulties of achieving community benefits from the sale of MOD sites. Following parliamentary questions by former Gosport MP Sir Peter Viggers, it emerged that the site, once valued at £55m, was sold for just £3m in November 2009. Before the 2010 election, two MPs called for a public inquiry into the deal, arguing that due diligence was not carried out.

The land went to Our Enterprise, an entrepreneurial consultancy that initiates social enterprise partnerships with the public sector and is working with developers Harcourt. Our Enterprise promised the 'veterans' village' for ex-servicemen and women would be a centrepiece of the plans. However, it has emerged that the MOD did not put any kind of covenant on the land, so there is no legal guarantee that the village, which would be a residential home coupled with community health services, will actually be built.

In the wake of the sale, Cllr Edgar wrote to the defence secretary, Bob Ainsworth, suggesting that he contact Our Enterprise about the possibility of using part of the site for the rehabilitation of troops returning from war zones.

A second example of the difficulties of the relationship between Defence Estates and its partners is the Aldershot Urban Extension (AUE). Here some 150 hectares of former army land to the north of Aldershot town centre are to be redeveloped as a new community, helping to meet the demand for additional housing in Hampshire. Because the plans to release the land were drawn up in 2001, there was ample opportunity for the local authority, Rushmoor Borough Council, Defence Estates and the HCA's predecessor, English Partnerships, to work together to plan the release of the land and the kind of facilities to be developed.

According to Hazel Warwick, development director for First Wessex, this working relationship was undermined by Defence Estates' refusal to stage the release of land at a time that would suit its partners.

'The MOD have been planning disposal for some considerable period of time. They've produced a masterplan [which] covered a whole host of issues, including resolving the levels of affordable housing, the way that the community infrastructure was going to be delivered, which would have been for the benefit of the new community and the existing community.'

'It would appear to us, certainly from discussions that we've had with the local authorities, with the MOD and (as it was then) English Partnerships, that although English Partnerships had been brokering the deliverability of the site, they have no control over when the MOD actually choose to release it ...it seemed that the delay, or the release, or the control that anybody other than the MOD had in terms of bringing forward all or some of the land, was not in anybody's gift other than the MOD – even although you've had a whole raft of parties that have been working towards bringing the land forward.'

'What was envisaged was that one of English Partnerships' routes was to bring forward and effectively to be the broker for disposal of public sector land. The AUE is one of those sites that they've worked on and invested in heavily in terms of all the masterplanning work, and they've not managed to bring it forward. So the broker that's been set up for purpose and, given their new wider role, is most likely to be able to deliver a sustainable community, appears to be unable to unlock the MOD in terms of their decision to move it forward or not.'

'You would think that if we look at the current market scenario that there is an intention that the government clearly want to stimulate housing construction. One of the very easy ways they could have done it was release some of the AUE with a pay per plot on completion. There's a number of ways that they could have facilitated that, and that doesn't appear to fit into anyone's thinking.'

Since we completed the interviews for this research, the Homes and Communities Agency and Defence Estates have invited bids for development of the Aldershot site. The brief is to regenerate the surplus military land at Aldershot Garrison to create a mixed use residential scheme of around 4,500 homes together with community facilities, schools, local centres and leisure facilities.

The impacts of a failure to coordinate such extensive developments can be considerable. The success of new settlements relies on a carefully sequenced chain of events: the termination of the prior use, the provision of utility and transport infrastructure, community infrastructure such as schools and medical facilities, the building of new homes and the arrival of the first residents.

We interviewed Glenn Parkinson, schools organisation officer for Hampshire County Council, who explained how this has played out in the case of Aldershot Urban Extension.

'From our point of view in some ways, we would expect the developer or landowner to provide the site mitigated to our requirements. So if the best location for a school site happens to have half a dozen buildings on it, then we would expect the developer to demolish those, clear the site and provide it in a position for us to start the development.'

'Because there has been a delay in when the land's coming forward, Defence Estates don't want to see land just left there or buildings just left there. So I think they have considered short-term leases for some of the buildings and one of those buildings is actually where we want to build the school. So we're slightly constrained by the fact that they've leased a building, which of course they're entitled to do because it still is theirs, but in terms of our planning if that's tied in for another two or three years, then if the rest of the land comes forward we can't actually get hold of that land to start thinking about building a school.'

Glenn Parkinson suggested some kind of memorandum of understanding or agreement between different parties about when sites would be released would help to smooth this process. A further issue, he suggested, was that community infrastructure such as school buildings is increasingly dependent on contributions from developers because of the shortages of public funds. This reduces the amount a developer may be prepared to pay for a site. In current market conditions, with different stakeholders looking to each other to bear the risk of investing in community infrastructure, negotiations can become protracted and the benefits to the public squeezed out.

Despite these continuing problems, some interviewees felt relationships between Defence Estates and its partners were improving. Andrew Lloyd, chief executive of Rushmoor Borough Council, contrasts the very closed and security-conscious approach of the time of the Northern Ireland troubles to a more open attitude now:

'Historically, particularly when they became more security aware, they became very inward looking and very separated and very segregated and that would apply to day to day military life, both for soldiers and their families, but it also had an influence on the sort of attitude when it came to Defence Estates releasing land – because you know, this is military land which you want to get the best possible value [for] and it's really of no consequence to the local authority, we should just get on and do it and that's money back into the MOD's budgets, and I've seen that change as well.'

4 Impact of the recession and public spending cuts

If the relationship between Defence Estates and other public and third sector stakeholders was sometimes tense in the past, the recession of 2008–9 and the major public spending cuts expected from 2010 onwards have aggravated that tension.

The opportunities to deliver community benefits from the sale of MOD land have, in the recent past, relied heavily on escalating property values that could generate enough surplus income to pay for community infrastructure without denting either the value achievable by Defence Estates or the developers' margin. Since 2008, however, the pendulum has swung in the other direction, with all the major players looking for savings and ways of passing costs on to other stakeholders.

The government's fiscal stimulus in 2009 involved bringing forward significant spending on housing, with the KickStart programme underwriting development where building work had stalled. However, this appears to have had little significant impact on the sale of MOD land. Defence Estates is under pressure because its targets for land sales assumed an increase in land values when they actually fell; developers have retrenched in the face of recession, with many making large swathes of their workforce redundant; and local authorities and regional development agencies are facing budget cuts. Anyone seeking sponsorship for community assets or infrastructure from one of these sources in the current market is likely to be triply disappointed.

From Defence Estates' perspective, the immediate issue is that targets for receipts from land disposals are likely to be more difficult to reach: first, because of depressed property values, and second, because of developers' reluctance to commit to a site. Defence Estates is caught between trying to push sales through at less than anticipated prices in order to keep receipts coming in, and biding its time or doing preparatory work in the hope of getting a better price for land in a more bullish market.

'We are looking at ways to try and plug that gap because defence was relying on the disposal receipts for those key priorities, frontline services, etc. House building and residential development traditionally used to bring the best rewards so that was always where we used to come from and in the longer term, I think that will still be the case. In the short term residential land values are certainly challenged so we can achieve similar values for other commercial uses, whether it be mixed use or pure office or storage etc., but in the longer term I think we'll see that residential land values are holding ground and start to gain once again.' (Ian Hay)

Andrew Lloyd, chief executive of Rushmoor Borough Council, has a similar perception of Defence Estates' position:

'We see the MOD as under constant pressure in terms of their overall financial position... Maintaining the land that's increasingly being alienated now from the military estate carries a cost, it has within it a range of buildings that need to be maintained or kept wind and weather tight, including some very prestigious listed buildings which are not cheap to keep. So there's the cost of maintaining it, which is quite important, and I think they're certainly very aware of the need to keep capital receipts flowing in, which puts them under pressure to continue looking at ways of releasing the land, and we're very conscious that their financial position is difficult, including the cash they've got available to continue funding the [AUE] project in the interim, which is where I think this collaboration with other government departments, particularly Homes and Communities, is very important.'

The view of the Homes and Communities Agency is that developers will start to become active again in anticipation of a recovery in the property market. But they will start with smaller sites and large swathes of land may take much longer to develop. While there will be pressure to drive down costs, there will still be a requirement to meet quality standards where developers are working in concert with the HCA.

'Developers are still trying to build, but they won't take the risks they did previously. Perhaps there will be an impact on quality, but there are still building regulations.'

'In some respects it's given more opportunities because people aren't willing to take a risk in the same way on a site with no planning permission, especially a very large site. If the risk is too great, they will need more certainty and the way to do that is obviously through the planning system, to try and secure an allocation and then a planning consent.'

'[Developers will] be looking at all the much smaller, oven-ready sites that are available, keeping the risk low so they won't go necessarily for these big sites. So I think Defence Estates and other people will have the time or need to start to de-risk the sites themselves, either with our help or individually.' (Vicky Havard, HCA)

Not everyone is this optimistic. There are concerns that community benefits will be squeezed out of future disposals and neither Defence Estates nor other public agencies will be prepared to underwrite them. Hazel Warwick, for example, cites the HMS Sultan and Daedalus sites, both of which have been significant employers of local people. If the jobs that existed there are not replaced, the opportunities within the local economy will be diminished while the sites remain empty or under-developed.

At the same time agencies that in the past have helped to broker and fund new developments are withdrawing from the market. South East England Development Agency, for example, has passed many of its responsibilities for site development to the Homes and Communities Agency and is facing budget cuts of £50m in the period 2009–11.

Several interviewees were clear that a new approach would be needed to achieve any kind of community benefit from future MOD disposals. Some options will be discussed further in sections 8 and 9.

For example, Andrew Lloyd suggested the need to find a way to pump-prime the funding of infrastructure through a model that achieved an eventual return on the initial public investment.

‘Historically regeneration and infrastructure has all been funded through the enormous growth in residential land values, and indeed residential values, whether it be MOD land or other land, has often been one of the major sort of stimuluses in regeneration and that’s very difficult now because values are so much lower. You almost get to the stage where you need more intervention by government to provide infrastructure up front, even if that’s then got back from land values further downstream, and certainly that’s one of the models that will be looked at now with Aldershot: to what extent does money need to be fed in to enable infrastructure to happen which can then be drawn back out in value later on when a private sector partner is on board?’

Kathy Wadsworth, strategic director at Portsmouth City Council, also stresses the need for innovative thinking to resolve the dilemma posed by the recession.

‘You’ve got to have dialogue and you’ve got to be willing to look for innovative ways forward. No longer are you just going to say “land for sale”. A developer comes along, buys your land, does the infrastructure, does the flood defence, does the decontamination, builds it and then makes a profit – you know, it’s not going to happen. And therefore, I think we – or the MOD – as landowners have got to get into a partnership with maybe a developer and then put that land in, let the developer put the money in and look at jointly taking the risk, jointly developing it and then jointly taking the profits at the end of it.

‘It’s a whole different mindset, and I think at the moment, MOD must be thinking, “we’re MOD, we do defence and things like that and our assets are just there to enable us to do defence”. I think it’s probably a cultural shift to start thinking about getting into the game of regeneration. But I think the more the public sector is strapped for cash – which we are, and it’s not going to go away in the next two, five, 10 or 15 years – we’ve got to start to really think about how our assets have got to work for us.’

5 The search for good practice

A significant element of this research project has been a search for relevant good practice that might offer pointers towards better ways of achieving community benefits from future MOD land disposals. Our literature review highlighted a range of initiatives over the last decade, and many of these were touched on during the course of the interviews. However, a recurring theme was the limited applicability of these models to current conditions and future scenarios.

What was striking about the cases cited by our interviewees was that while they offered individual examples of approaches that had been seen to be successful, none offered a comprehensive approach to the entire process of disposal from beginning to end that had been used on multiple occasions. And few of them offered a wide variety of uses – housing tended to take precedence, despite the recognition of the need to create employment uses to replace lost jobs in the military supply chain.

However, this is not to underplay the importance of the elements of good practice identified during this research. Taken together, they offer a suite of approaches that could be adopted when military land comes up for disposal.

• Planning for Real

Planning for Real is a well established community engagement tool that has been used extensively alongside masterplanning and estate redevelopment projects. Along with Enquiry by Design, another participative planning method, it has a track record of helping stakeholders and the public to identify their hopes and concerns and arrive at design solutions that aim to meet those needs.

These methods were central to the planning of the Aldershot Urban Extension. Andrew Lloyd describes their impact:

'It was an amazing interactive process that involved the MOD who in the early stages were a little bit apprehensive about it and needed to be encouraged – both by us but also by English Partnerships – but also all the other players: the county councils, the district, English Partnerships themselves, the voluntary sector, businesses, education.

'That process led to an enormous amount of joint work which led to the creation of this initial vision for how the AUE could be masterplanned to provide a real community benefit, to create a really sustainable community as an addition to the existing Aldershot one, and that was really quite exciting stuff. And to the credit of the MOD, all the way through they were conscious that they needed to be aware of the burdens that too many obligations would place on them and the impact that would have on value, but that never really

got in the way of the overall process. And for me that was a real sea change in how these things were handled.

'I think the process was incredibly powerful. I mean if you take our own elected members, if you'd have said to our controlling political group at the start of it that they would ever be supportive of some planning guidelines for Aldershot Urban Extension that would involve 4,500 homes, they would have said, no, no, no, no, no – but the process was so powerful, these things sort of emerged and developed by consensus and discussions so I think that was very good. But equally I do think there was some real courage and vision on the part of Defence Estates themselves, to be willing to go into it and be willing to go along with the flow.'

Similar processes have been used elsewhere. However, in the case of Haslar Hospital there were suggestions that Enquiry by Design was being used to manipulate the outcome of the disposal process and the enquiry report was opposed by council officers, who did not want the site sold for housing. The consultation process itself, this suggests, cannot be regarded as a solution on its own.

• **Local trusts**

Kathy Wadsworth, strategic director at Portsmouth City Council, cited the case of the closure and sale of the Chatham Dockyard.

Following the MOD's decision to vacate the site between 1981 and 1984, it was divided into three parts – the historic dockyard, a commercial port, and Chatham Maritime and St Mary's Island. The Chatham Historic Dockyard Trust was established to look after the historic core and homes there are leased rather than sold as freehold.

'I think the way they did it in Chatham is a good example. Because they had that huge, huge site and it was very sad that they closed it but once they did, I think it was very good the way they actually put it into trust. Everything was put into a trust for university use or for the historic dockyard or for property. And that's good because the trust will benefit forever. And people going in and buying houses, buy them on a lease ...so it stays in public ownership.'

However, to make this happen an investment must be made either from the public purse or from surpluses generated through the sale of homes, or both. Without any obligation on the part of the vendor or developer to finance a local trust, this is likely to be seen as a cost to be avoided in a harder financial climate.

Celia Clark argued that action by local residents had proven much more successful as a way of ensuring benefits from the sales of MOD land. She cited the case of Mount Wise in Plymouth, where local people ran a community planning event to discuss the future of the neighbouring South

Yard. The MOD is now returning the commercial centre of Mount Wise to civilian use.

In Waltham Abbey, Essex, listed buildings were restored and reused through a partnership between the town council, English Heritage and the MOD's land agent. This involved 18 months of engagement with the local community. Similarly, she points to the Base Reuse scheme in the US, where local people decide the future of military sites. In each case an important factor is having time to work up plans that meet local priorities, rather than seeking a quick sale.

- **Multi-stakeholder partnerships**

The redevelopment of the Daedalus site on the Gosport peninsula was cited by Neil Pearce of SEEDA as an 'exemplary' case of community engagement. As well as working with the public, SEEDA forged links with PUSH – the Partnership for Urban South Hampshire – and Fareham and Gosport councils, within whose boundaries the site falls.

However, Daedalus is unusual because the site was acquired by SEEDA from the MOD with the aim of regenerating the area and encouraging new uses that would create jobs and support high-tech marine and aviation industries. So the development depends largely not on the cooperation of Defence Estates but on SEEDA's ability to broker deals with the local authorities and prospective end users.

'Obviously we've had a whole series of events, public events, briefings, meetings with businesses, a whole package of good work there. We've obviously worked up a masterplan – or a vision document I think it's known as – and that's been signed up to by the three authorities [including Hampshire County Council] and we're now moving into the special supplementary planning document phase with the two authorities [Fareham and Gosport] and obviously then you get into quite interesting realms of where are they with their core strategies and things like that.' (Neil Pearce)

Neil Pearce made it clear this was unlikely to be a model for future site disposals as SEEDA was withdrawing from this kind of strategic intervention and site development. The deal is also far from done, and is dependent on the financial commitment of the local partnership:

'If PUSH seriously want to make the site work then it will need some infrastructure support, and whereas SEEDA may have wanted to have funded that in the past, we just won't have the money to do that now.' (Neil Pearce)

So far, then, there are no physical developments or new employers to demonstrate the success of the process of engaging with local authorities and the public. Tim Houghton of Groundwork Solent argued that without SEEDA's intervention the Daedalus project would have been a non-starter:

'The site was not viable on the open market. There weren't private developers queuing up to take on a site which had an airfield which they wouldn't take responsibility for, had huge issues around contamination, had historic listed buildings which will cost millions to repair. Really there only was one solution for that sort of holistic plan, to have an agency like the RDA. Now obviously going forward, the RDAs may not be in existence in 12 months' time.'

- **'Next stage PFI' – Project MODEL**

Project MODEL is Defence Estates' flagship development. As part of its efforts to rationalise operations, the MOD is moving several operations currently based in Greater London to an 'anchor' site at RAF Northolt (see section 17 of the literature review for more details). This frees up approximately 100 hectares of predominantly brownfield land within the M25 for development at a time when the capital is desperately in need of new homes. The sites in question are: RAF Uxbridge, RAF Bentley Priory, Inglis Barracks in Mill Hill, Victoria House in Woolwich, RAF Eastcote and RAF West Ruislip.

In 2006, the largest Project MODEL contract was awarded to VSM Estates Ltd, a joint venture between international construction company VINCI PLC and developer St Modwen Properties PLC.

The contract was awarded under a strategy known as Prime Plus Contracting. This uses the value of the sites that are to be disposed of to fund construction costs. VSM Estates are now responsible for securing cash flows for the project, project managing the construction requirements at RAF Northolt, the relocation of units to Northolt and the actual disposal of the surplus sites. The aim of this approach is to reach an optimum balance of risk between the development at RAF Northolt and the disposal of the vacated sites.

During our interview with Ian Hay, he cited project MODEL as an example of a successful partnership approach. However, he had a caveat:

'MODEL has worked well, particularly because of its London location, although it did have its critics at the time. But for what it set out to do, to enable rationalisation and trade relatively high disposal value for redevelopment on a site that we want to keep by releasing others in a comprehensive fashion it has, by and large, been very successful.'

'But it would be much more difficult to achieve the same level of success if you're dealing with less valuable land elsewhere.'

- **The Eco-Town: Whitehill Bordon**

Whitehill Bordon, one of the government's pilot eco-towns, is a former army base which is now being scaled down, releasing 230 hectares of land. A long-term partnership between the MOD and other public agencies will see a comprehensive redevelopment of the base into a new low-carbon community.

Wendy Shillam, the project leader, cites Whitehill Bordon as an example of close cooperation between the MOD and other stakeholders over the future use of a site and has praised the ministry's contribution to the planning process. Initial demonstration projects are already on site on MOD land. However, the project is still at an early stage and full development is not likely to begin for some time. It is also unique in terms of both its scale and the government investment in the eco-town project.

'What we've had is very long-term consultation and one advantage we've had is that the MOD did give us about seven years' notice this might be happening, which means there's plenty of time to discuss with the community what they want.'

'But I think as important is to recognise that it is a negotiation, and negotiations are only successful if both parties, the community and the MOD, come off well and what we've worked very hard to do is to show the MOD that actually they'll make more money if there's an eco-town here, that it's actually going to be the best value and highest income in the long-term.'

'It will be a vibrant, modern, new development with everything, not just housing, you would have a centre, more jobs, better public transport, support from both Labour and Conservative parties ... and my view is that that's a really important aspect. If you're always on the outside of those walls saying "hey, we want this, we want that", I think it's very difficult for the MOD to open up. But if you say, hang on folks, we can find a way that you can make more money out of this site, that is the key.' (Wendy Shillam)

While relationships have already been forged, nothing is set in stone and Defence Estates is less bullish about Whitehill Bordon's prospects.

'Whitehill Bordon has been identified as an eco-town location but that in itself will bring with it huge challenges in terms of the expectations of the local community. The local authority particularly seem to have fairly firm expectations that may go above and beyond what the Department for Communities and Local Government would expect of an eco-town, and yet in order to vacate Whitehill Bordon, we need sufficient disposal receipts to be reinvesting in our defence training review over at places like St Athan.' (Ian Hay)

• **The community campaign: Royal Hospital Haslar**

Haslar is an example of a disposal that may ultimately be achieved in line with local wishes but against the preferences of Defence Estates. If it proceeds as hoped it will be unique in that local residents will have succeeded in overturning the MOD's preferred option for the site.

There are some factors that could be relevant to other MOD disposals: the strong local campaign, the tough negotiating stance of the local authority, and the leverage of friends in high places. However, it is by no means certain that

the local vision for a 'veterans' village' will be fully realised and the scheme's success is far from guaranteed.

6 Historic sites: issues and opportunities

Much MOD land contains buildings or facilities of historic interest. This can present both additional problems for prospective developers, and additional opportunities in terms of mobilising local interest and reusing existing infrastructure. There is often a fine balance between maximising the heritage value of a site and facilitating new uses.

DCMS guidance allows public bodies to adopt a more flexible approach to the maximisation of receipts where the disposal of historic buildings is an issue. But Defence Estates and local communities may often have different views about a site's heritage value. For Defence Estates, buildings have to be listed by English Heritage or similar bodies as being of historic interest – they have worked closely with English Heritage to agree several thematic studies on subjects such as pre-1914 army and naval barracks, and monuments of the Cold War. Ian Hay's view was that *'just because it's got a few old Nissen huts and a control tower on it, does not make it a heritage site'*.

Where a site is recognised as having historic value, it can be easier to attract developers – Gunwharf Quays in Portsmouth, Chatham Maritime in Kent and Royal William Yard in Plymouth are examples. Ian Hay cites the case of a former barracks in Shoeburyness, Essex:

'I personally dealt with the sale of Horseshoe Barracks and Old Rangers at Shoeburyness and that was a site which was crammed full with listed and historic buildings. It was an old Victorian town in the making, it had that feel about it.'

'I worked very closely with the local planning authority right from day one, we involved the community in public consultation, we sought their views and worked up a planning brief for the site and ultimately we got a good offer for the site from a developer who was known in the marketplace for sensitive regeneration of historic buildings.'

'I think at the end of the day, they've got a very good scheme out of it. They've reused most of the historic buildings that were there, there's community uses going back onto the site and they've got a bit of new development as well. So in terms of getting the win-wins it's probably easier to do so on the historic sites because we're less constrained by value.'

Carefully managed, the redevelopment of historic sites can add a new sense of character to a town or city, can open up educational opportunities as local residents are able to interact with historic buildings, and can attract new residents, shoppers and tourists.

Celia Clark highlighted Gunwharf Quays in Portsmouth as an example of what can be achieved:

'When these sites are opened up, instead of the closed enclave you get public access so in Gunwharf, for example, we now have that marvellous view out of the harbour entrance and also basically a new quarter of the city was created. In that case it's right because it's embedded in the fabric of Portsmouth.'

Peter Goodship, chief executive of Portsmouth Naval Base Property Trust, shared this view:

'Often these places have been encircled by high walls and fences and community has been denied access, in some cases for hundreds of years, and I think they have often also acted as a psychological barrier as well as a physical barrier to the community in which they're located.'

When the sites are sold, *'new quarters of communities are all of a sudden created and so I think that for me is one of the most powerful community benefits.'*

But as well as offering opportunities, historic sites can come with high costs that have to be met. When Chatham Dockyard closed a trust was established to look after the historic core, but with a dowry of only £11.35m from the MOD it struggled to cope with the extensive repairs needed. Peter Goodship described that sum as 'woefully inadequate'. Portsmouth Naval Base Property Trust made a stronger case for initial funding when it was established in the late 1980s, and was able to persuade the MOD of its statutory responsibility for the fair upkeep of the buildings it was handing over.

'We came along about 18 months [after Chatham] and we were offered an arrangement by the Ministry of Defence on exactly the same basis and we refused to establish ourselves and so we said to the Ministry of Defence, look, if we're going to have a fighting chance of doing anything with these buildings, we need an endowment which is going to at least put the buildings into a good state of repair for the purpose for which they would have been put had they not been declared surplus to operational requirements.'

'So in other words, we were saying, we don't want an allowance to convert them to something new but we would like you to honour your statutory obligations as an owner of a historic building and do the right thing. Now at that time, I think there was probably a more enlightened approach because the minister accepted that as a basis and so we started pro-rata four times better off than Chatham.'

Peter Goodship argued that such an arrangement should apply to the disposal of future historic sites, as there is a precedent for such an acknowledgement of obligation by the MOD and rising land values can no longer be relied on to offset the cost of repairs.

'I think that one of the things that we should be thinking about ... must be an acknowledgment by MOD that it puts those buildings into good order. They always face a dilemma because the majority of these buildings will not have

been used for some time and if they're not used they won't be maintained, and they are at the lower end of the priority and therefore, there is a legacy of neglect often with these buildings.

'As an owner one is under a statutory obligation. I think that needs to be recognised, it was in the 1980s and perhaps it should be now. I think probably why it hasn't been recognised now is because we've gone on through the boom years and high residential values have enabled that to be forgotten, but we are now facing a period of austerity and I suspect that those principles that were in place in the 80's could well be put in place to look at future disposals of this type.'

The *Guide for the Disposal of Surplus Property* (Office of Government Commerce, 2005) accepts that historic buildings should be given special treatment during land disposals. It recommends that they should be disposed of 'expeditiously' and makes the important point that normal sale rules need not apply: *'Methods of disposal other than open market sale by auction or competitive tender may need to be considered, where these will increase the chances of securing appropriate ownership and use of historic buildings'* (page 19).

7 Economic development: opportunities and difficulties

When a military site closes the impact on the local community is not just the appearance of a vacant site in their midst. Military operations have a significant effect on the local economy, and when facilities close economic opportunities are lost too. To replace those opportunities and to provide new options for local residents, it is important to bring commercial, industrial and social activity into vacated areas.

One difficulty is that the nature of military sites often makes them less than ideal business locations. Isolated airfields or naval bases on the end of a peninsula suffer the immediate disadvantage of poor connections, even before the cost of remediating the land or building new infrastructure is taken into account.

Occasionally a site may have an obvious business use. RAF Alconbury, next to the A1 and A14 in Cambridgeshire, makes a perfect site for warehousing and logistics operations and has recently been sold. Military sites near town centres can be converted to residential and retail use – Gunwharf Quays is a good example, though its redevelopment was far from straightforward. But often a site that is ideally situated for business use may not be available. Kathy Wadsworth pointed out that local MOD officials were often very reluctant to consider transferring activity to alternative underused military sites in order to facilitate local civilian development.

Often the answer to the reprovision of economic opportunity lies outside the specific sites earmarked for redevelopment. When a site is disposed of by Defence Estates, even with a well-developed plan for its future use, there is a period when it lies fallow; in the meantime local residents need to find alternative employment and suppliers need to find alternative customers. Where there are already thriving alternatives to the military economy the blight caused by site disposals is minimised. (This underlines the value of close relationships between local authorities and local Defence Estates offices in planning for likely disposals.)

Portsmouth's naval base, for example, is still hugely important and the lynchpin of the sub-regional economy: a report in 2007 showed that it supported nearly 35,000 jobs in south Hampshire, of which 13,300 were service and 21,600 civilian jobs. These jobs accounted for 8 per cent of all jobs located in the sub-region and for the employment of 6.2 per cent of people living within the area. Fifteen per cent of people living in Gosport, 10 per cent of those in Portsmouth and 8 per cent of those in Fareham were in 'defence dependent' jobs. In addition, this employment and spending by defence firms was generating an income of £680m for the local economy. (Grainger, 2007, p5)

But Portsmouth University – which occupies former defence land, such as the site of the former ramparts around Portsmouth and Portsmouth Common –

has proved a major contributor to the city's economy as military employment has scaled down. Dave Clark, senior lecturer in economics at the university, told us around 25,000 people were now economically reliant on the university.

'Portsmouth was in a way lucky that the new universities were created and it gave it the opportunity to expand and it did expand quite rapidly... You've replaced one bunch of young people with another bunch, both of whom are prepared to go out and spend the money, which is interesting. Portsmouth had previously started to diversify as well – people like IBM coming into the north of the town – and it had been quite good at developing the land that it had.'

While the city has its difficulties and is still dependent on the armed forces, this diversification – which has been in progress since the end of World War II - has meant that decisions by the MOD need not have the seismic local consequences that, say, the vacation of Whitehill Bordon would have without the eco-town proposal to compensate. Gosport, which has more redundant defence sites as a proportion of its land, has greater difficulties as there is less diversity within the local economy.

Where there is a strong economic base there is also the opportunity to take greater risks and be more imaginative with former military sites. Gunwharf Quays, the harbourside residential, shopping and leisure development on the former HMS Vernon site, is a commercially successful development that could have been regarded as a high risk because of its distance from the traditional city centre and close proximity to a rail terminal and naval facilities.

Dave Clark suggests Gunwharf Quays' success is a combination of strong civic leadership in terms of planning for the site's future use, and a willingness to think outside the box and 'reimagine' the site:

'I think City Council had a plan. They sold that plan and they sold it to both the commercial sector and government... [The masterplanner was a] very innovative sort of guy, he looked for the unusual. You would have expected there to be a huge hue and cry about waterfront space and it being needed for the marine industry etc, but he ignored it.'

However, the development was heavily subsidised by SEEDA. The public purse has seen returns on its investment from the developers' profits, but without the initial investment it is doubtful that the scheme would have happened. And, as Celia Clark pointed out, the return on the public investment is not a local one:

'During good times sometimes developers made so much profit that they had to pay a clawback to the Treasury. That's happened twice on Gunwharf and I think probably, when they sell the penthouse on the top of the tower, they'll have to do it again. So there is a public benefit but it's always to [central government] and not local and that's what we want to challenge.'

Dr Clark also questions whether Portsmouth City Council got the best deal for local people, suggesting the planning brief was too loosely drafted, many of the centre's users live outside the area and money spent at Gunwharf may not be retained within the local economy.

Where the re-use of a site is not plugged into existing economic opportunities and markets, the reconfiguration becomes much more difficult. The Daedalus site is a case in point. The aspiration there is for a mix of high-end uses, making the most of links with the previous military activity and facilities on the site and offering local people career opportunities in skilled work such as engineering.

This in turn, if it succeeds, will create a rationale for housing development and a reason for existing residents, many of whom commute to work outside the local area on congested roads, to stay in the locality.

But this can only be achieved through public investment combined with buy-in from local government, the local community and – crucially – business investors. Tim Houghton at Groundwork Solent explained this was why SEEDA had to become involved in Daedalus (see page 24).

In Dave Clark's view, insufficient attention is paid to developing comprehensive plans that both meet local aspirations and are marketable. Because Defence Estates is under pressure to bring in receipts as early as possible, there is then a temptation to sell whatever developers will buy, usually for residential uses.

'It will always be the case that if they're trying to capitalise from receipts then the obvious option is to go for residential property for higher mark-up and so that's their agenda. Local authorities on the other hand will usually say, we don't want this, they'll try to zone the land, to use planning controls to safeguard at least some employment aspects.'

'The problem is that when these don't develop they then end up being pressurised to release part of it and then another part, so it gets kind of salami sliced until it's gone...'

'What's happened with Daedalus is there's been a kind of a hotchpotch of ideas and despite the fact that there are development briefs, I'm not sure they necessarily hang together in a market format. What I'd like to see is them go to the market with the development brief, try and sell it, see if they can get bites – but if they don't then that ought to send a very clear message.'

The solution, he suggests, is a strategic approach in which the MOD are partners in the development plan and have a stake in its success. But to achieve that the ministry must be willing to defer its capital receipt – a policy that is unlikely to win many friends within the department in the current financial climate.

Dr Samer Bagaeen of Brighton University stressed the importance of transport infrastructure for attracting new businesses to ex-MOD sites. 'These sites were not meant to be accessible in a sense,' he said. 'So where you are trying to encourage new jobs and new kinds of industries to come in, you have to look at permeability across the site.'

Gosport is an example of a particularly inaccessible site, being on a peninsula with only one main access road. Plans for a light rail system for South Hampshire that would link Gosport and Portsmouth have been put on hold indefinitely, although a guided bus lane is being built on the former railway track between Fareham and Gosport.

To maximise sites' economic potential, transport infrastructure is crucial. It is difficult to sell former military sites for commercial uses if business people cannot get there; and if they have to share congested roads with thousands of commuters they are likely to look elsewhere.

8 Where will the new ideas come from?

It has been clear through the course of this research project that existing models of developing former military land are highly dependent on volatile property markets, subject to complex partnership arrangements and cross-subsidy from other public sources, vulnerable to changes of priority by the MOD, and shackled by Treasury rules that require individual departments to maximise their capital receipts.

There have also been strong suggestions from many of our interviewees that new ideas are needed. There is no single approach that has been put forward by a majority of stakeholders, but a range of options that merit further exploration and experimentation. As existing sources of funding to underwrite complex redevelopment of MOD sites shrivel, it is imperative that these options are examined and tested as soon as possible.

• Reform of central government rules

Our interviews with Defence Estates and the Homes and Communities Agency stressed the importance of central government policy and direction. While it might not have been appropriate for them to put forward specific recommendations, it is clear that a common approach across government to property sales could benefit both organisations.

At present there is a tension between the HCA's requirement for certain quality standards on new developments and Defence Estates' need to maximise the sale receipts. We asked whether it would be possible to replicate the framework used to develop redundant NHS land, which is handed over to the HCA which then becomes responsible for working up development schemes. The hurdle to overcome here is how to ensure defence budgets are not adversely affected by such a move. But there are clear advantages to the public in placing development in the hands of a specialist housing and regeneration agency, and in making such transfers as soon as a site becomes surplus to the military's requirements rather than after it has been left to deteriorate.

At present government guidance on factoring regeneration issues into land disposals is extremely weak: the *Guide for the Disposal of Surplus Property* (Office of Government Commerce, 2005) simply advises departments to 'consider whether a property would fall into the category of a brownfield or greenfield site in need of development' and notify English Partnerships (now the HCA) accordingly to establish whether it would fit into 'known programmes for urban regeneration' (page 21).

A requirement for the disposal agency to work with local communities would strengthen government guidance on disposals of surplus land. Instead of seeking local involvement on an ad hoc basis, this could ensure local views are sought as a matter of course. The US Department of Defense Office of

Economic Adjustment, Celia Clark told us, has an explicit brief to work with local bodies responsible for redeveloping military bases.

The new Shareholder Executive Property Unit within the Department for Business Innovation and Skills offers an opportunity for a more coordinated approach to property disposals.

This idea was put forward as part of the government's Operational Efficiency Review in April 2009 and confirmed in the March 2010 Budget (pages 102–103). The unit's role is to better manage public sector property, working with individual departments, the Treasury and other public and private sector organisations. To do this it will develop new 'strategic property vehicles' over the coming year, with the aim of saving £5bn a year in running costs and raising £20bn in disposals by 2020.

This emphasis on savings appears to be a shift from the more balanced view expressed in the final report of the Operational Efficiency Programme, which states: 'Where rationalisation or efficiency gives rise to significant opportunities for land developments, choices need to be made between the desire to maximise the receipts from disposal and using the surplus land for social benefit, e.g. affordable housing. The central property function needs to work with the Homes and Communities Agency to ensure that public sector organisations collaborate in the early identification and planning of significant land development to ensure that these different objectives are addressed.'

While this may be a step forward, it raises other issues, as Ian Hay explained:

'The Shareholder Executive are currently trying to see whether they can broker any deals, for example between the Treasury and departments, but ultimately it comes down to value for money and accountability at the end of the day. Departments are accountable for their own decisions both in terms of delivering their budget requirements but also contributing towards the Government's housing targets. Doing it through a third party or intermediary, such as HCA, may make us less accountable.'

Ian Hay drew a distinction between the way central and local government were able to measure value, with central government being much more tightly reined in by the need to maximise the monetary value of disposals:

'We don't appear to have the flexibility that local authorities have in taking into account the sort of beneficial uses out of a scheme. They can take that into account more easily when determining value for money when selling their own sites. Local authorities may be funded and budgeted differently to central government departments.'

This raises the question of whether any reorganisation of responsibilities within central government will bring any significant benefits to local communities, unless it is accompanied by a rethinking of accounting rules. While the transfer of NHS estates to the HCA has been successful in

achieving quality developments on previously neglected land, this has largely been in a buoyant market and is untested as a model suitable for more stringent times.

• **Joint ventures and local asset-backed vehicles**

The world of joint ventures is a complex one and the technical language used often serves to make it more so. The concept, however, is simple: all partners take a stake in the development process and therefore success becomes dependent on everybody's cooperation. In some cases the joint venture is simply a project management company; in others it takes ownership of the assets for the long term, sharing development proceeds and – in theory at least – reinvesting profits in community assets, public services or returns to the Exchequer.

Our interviews revealed numerous instances where joint ventures are in place or being discussed. Existing ones, such as the Daedalus partnership, rely strongly on upfront investment by public agencies (in this case SEEDA, which bought the site from the MOD). Proposed ventures, such as those under discussion at Whitehill Bordon and Aldershot Urban Extension, would involve Defence Estates as a more equal partner and seek to ensure a long-term commitment from the MOD to the development's successful completion.

In Aldershot, such a venture is being seen as an alternative to reliance on receipts from property sales to fund infrastructure. The proposal is that public investment, by being channelled through a joint venture company, can eventually reap returns for the public purse – although there is no escaping the fact that a public financial commitment must be made at the beginning of the process, as Andrew Lloyd pointed out (see page 19).

The early involvement of both the private sector and the MOD is vital to the success of this approach, because all have to be committed to the joint venture structure and the proposed timescales for development and receipt of the proceeds. Andrew Lloyd believes that even in the current market, such an approach is achievable:

'We're optimistic that there'll be an agreement or an understanding between Defence Estates and Homes and Communities within a couple of months, and then that could then lead to some form of OJEU process [tendering via the Official Journal of the European Union] to get a development partner in place ... and then to go on from that hopefully to an outline planning application and then the phased release and redevelopment of the land. But the AUE has always been a relatively long term project and we always used to say, even in the good days, that the 4,500 homes could be in a 10-12 year time horizon, depending on the market and the demand and so forth.'

The project has got off to a good start in terms of the cooperation of the MOD, which has contributed to the formulation of a comprehensive supplementary

planning document for the new settlement. But Defence Estates still has the trump cards:

'We've set out the vision of a sustainable community, both in terms of community infrastructure, in terms of design, in terms of work-life balance, in terms of sustainable buildings, sustainable drainage, grey water recovery, recycling, public transport, cycling, exercise. It is a pretty comprehensive approach that was intended to blend all of those elements to make it truly sustainable.'

'The landowner will be key to all of this because clearly having a supplementary planning document is important, it sets out a framework and a clear intention, but if a landowner chose not to co-operate with that and sought to sell off little bits in small parcels then clearly those in themselves aren't going to activate the various triggers within the supplementary planning document. So I think continued co-operation is important, otherwise I think that could be a real weakness potentially, no question about that.' (Andrew Lloyd)

A more sophisticated version of a joint venture company has been mooted for Whitehill Bordon. Here the suggestion is that land that is currently in public ownership under the control of Defence Estates stays in public ownership by being vested in a new development body. This body would be a partnership of public and private sector agencies and would share the risk of development and raise funds to provide the cutting-edge infrastructure needed for a successful eco-town. As sites are developed they could then be sold, with a return to the public purse from the eventual increase in land values.

Whitehill Bordon has the benefit of a planned withdrawal by the MOD – the scaling down of the Army's presence has been known about for more than seven years – and of being earmarked as an eco-town, which ensures public investment through the Department of Communities and Local Government as well as a secure environment for private investment.

Wendy Shillam explained how the joint venture would work:

'The aim of our project is public land ownership, not private land ownership – the reason being that the MOD would normally sell the thing to a developer at the complete developer's risk, the developer would then package the site, sell them off again. The developer would hopefully make a lot of money but because of things like contamination, they might not, and so the private sector takes the risk and thus they take the gain.'

'Now what we're doing is just because of the happy circumstance that all the land is currently in public ownership, we are not letting go of that ownership and we're saying the public sector should be able to benefit in that uplift of property...'

'Surveying companies have huge difficulty in working out what future land values are going to be because of the way they do their sums ... if you're valuing a house you look at what the house next door sold for, if you're valuing a large site, there may be some sites elsewhere but it's very difficult to do. Put yourself in a recession and it's even more difficult because no professional surveyor will value something on the hope value, but a developer will. A developer will get advice from surveyors but a developer will at the end take their own view and developers go spectacularly bankrupt and they make spectacular amounts of money.'

'So I think what we're trying to do is to create for the public sector that entrepreneurialism which actually always exists in the private sector. It requires vision, it requires a leap of faith, it cannot be put down to pounds, shillings and pence because nobody can say what the value of an extremely large site on disposal is because there are so many variables.'

'We are just entering into a piece of work we think will take 12 months. We ... are just about to spend a lot of money, hundreds of thousands, if not millions of pounds setting up a governance structure, setting up a business plan so that at the end of the day, we don't want a developer partner... we don't want to let go of the value, the asset, which is the land.'

'So it will be some form of public/private partnership with the public owning the land. Not in perpetuity, we will obviously be selling off sites once they're developed and when you're developing an eco-town, there are lots of technological reasons why it's better that you set up the whole technology infrastructure and then make it easy for your local builder to build 50 houses on a site where he just has to plug into the central heating system and the electricity system. So there are lots of technical reasons why that's a good way of doing it and I think that bodes very well for the future. But it does require money upfront and it does require government to have that first.'

The final point is the nub of it. Somehow, investment capital must be found – and the larger and more complex the site and longer the development cycle, the more initial capital is needed. Whitehill Bordon may succeed because of its profile and position as a pilot project, but there must be questions over how replicable this model is.

An alternative option is for a developer or private investor to provide the initial capital to underwrite a joint venture company. This could work in more financially buoyant times, and be a creative alternative to the 'planning gain' method of achieving community benefits, where developers are required to make payments in cash or in kind under section 106 of the Town and Country Planning Act in exchange for planning consent.

Rather than put the community benefit in at the end of the development process, investors or developers could be asked to capitalise a joint venture company and share in the process of masterplanning and public consultation, share the development risk and share the proceeds. Kathy Wadsworth at

Portsmouth City Council suggested a model of this type could be the way forward for future MOD disposals (see comments on page 19).

Another approach would be to use local authority reserves to perform the same role in capitalising joint venture companies. This, however, was not suggested by any of our interviewees.

As well as posing the obvious dilemma of where to find the initial investment, both the Homes and Communities Agency and Defence Estates expressed reservations about joint ventures. The HCA's reservations were mainly technical – would the joint venture body have the right aims and structure to ensure the right balance of quality and price? For Defence Estates, the issue was whether joint ventures were more trouble than they were worth:

'They don't always achieve what they promise to deliver. We've had just one or two successes, other joint ventures have got bogged down in issues such as planning difficulties and fail to deliver the anticipated outcomes and projected receipts. Alconbury is a classic case in point: it's on the corner of the A1 and A14, a huge airfield designated as a strategic employment location, where we were lured into going down a joint venture route because it was suggested it would deliver the best value for money but unfortunately it's failed to live up to its expectations, and we've just sold out effectively to our joint venture partner ... and we have done the same elsewhere, for example at Upper Heyford.' (Ian Hay)

• **Community trusts and community asset transfers**

An alternative to the joint venture model, where government agencies and private developers take the lead, is an approach where assets are transferred to a community trust that holds the land and brings in developers and other uses in line with the wishes of local people, but in partnership with public agencies and the private sector. This fits with recent government policy on local authority assets, which has been to encourage transfers to community and third sector organisations.

However, this approach is relatively new and there are examples of community asset ownership that have struggled because of the cost of maintaining the supposed assets – historic buildings, for example – and the difficulty of raising income streams against them. The Burton Street Project in Sheffield typifies the problems community-based organisations can encounter in seeking to manage and develop buildings for community use (*New Start* magazine, July 2009).

The advantages of asset transfers are that they allow the local community a genuine say in what happens on a redundant site, create the potential for financial sustainability and allow a wider range of uses than are usual on redeveloped land: community organisations typically run a range of social and economic services, from training programmes and playschemes to the development and management of affordable housing.

A community-based trust is seen as the best way of managing the Rowner Estate in Gosport, an example of poor practice at the point of disposal by the MOD which has been blighted by problems of poor maintenance and neglect by absentee landlords (see literature review, section 9).

Andrew Mason, head of resident involvement and community regeneration at First Wessex, explained the vision for the future management of Rowner:

'When the MOD pulled out of the Rowner estate, nearly 20 years ago, housing associations and the local authority took over a proportion of the homes and have steadily regenerated and improved these over the years. However, significant parts of the estate went to private ownership. In some areas private developers have invested in building new homes and brought about a tenure mix and general environment improvement.'

'However, where private owners took over former MOD homes there was insufficient investment and consequently areas of decline which had a drain effect on the wider estate. This is now being addressed through the Rowner Renewal Partnership involving the borough and county councils, the HCA, Taylor Wimpey, and First Wessex. Together, this partnership is now implementing a £100m plus, seven year programme to produce 700 homes as well as commercial and environmental improvements.'

As part of this we are also working up proposals so that we can leave a community trust as the significant freehold owner and legacy beneficiary of the development process. The idea is that redeveloped properties are sold on a long lease or with a community levy, so we would have an income stream going to the trust. There are also various other potential income streams and the trust would work with and for the community on a wide range of projects carrying forward some of the work that's already been done in the area in terms of youth work, environmental improvements and so on.'

'It's taken a long time for us to get to this stage, partly because we are dealing with the consequences of the way the MOD originally disposed of the properties. What would have been great would have been if we'd had the opportunity and the ability at a much earlier stage, at the stage when we were actually dealing with the MOD in terms of the original transfer, to introduce the idea of transferring property to a community trust.'

'Following the Quirk Review, there is growing support already from local authorities for the concept of community asset transfer which means that local authorities should be active in looking at assets that can be effectively transferred for community benefit to the third sector. However, there has so far been very little interest in other parts of the public sector in this concept and I suspect that for the MOD this concept has probably not even registered on its radar yet.'

While relatively untested in the UK, community trusts are extensively used internationally, particularly in the United States, which has a much stronger tradition of transfer to community organisations or legally enforceable community benefit agreements.

Crucially, the requirement to realise the maximum receipt for central government coffers is not paramount in the US. There is a greater acceptance that future value to the local community is as important – if not more important – than immediate financial gain.

Celia Clark, who has researched international approaches to the disposal of defence land, explained: *'Other countries do it better and therefore, there's more likely to be community benefit from disposals, for example in the States, where two things are absolutely crucial. One is that the disposals are controlled – the search for new uses is controlled and regeneration is controlled – by the local community. That is usually the local authority but sometimes it's a specially created body ... and the other key thing is that where there's social need, for example the homeless, [or] educational need, there's free transfer of assets to those interests.'*

'I've just come across ... an example where the site was actually sold and exploited by a developer but the homeless got the money so clearly it's a system which is the diametric opposite of this one, where the benefit is to the taxpayer and not to the locals and it really depends very much on the capacity of local government.'

Dr Clark suggested multiple benefits were achievable through such transfers, not only for the buildings but, more importantly, for the people who lived there. She cited the case of the Mount Wise co-operative in Plymouth, which began with educational provision and ended up with local people taking over the management of their council estate.

'They took seven tower blocks over, completely re-shaped them, used their own architects and in doing so – a lot of these people are single parents by the way and their children had very few prospects before – now they've transformed their children's future as well as theirs and it all goes down to the opportunity that was offered by the co-op to say, you can have a role in shaping what happens here.'

- **A dedicated fund for historic sites**

The idea of a dedicated fund for historic military buildings or sites was mooted by Celia Clark. This would recognise that the defence estate contains buildings of national significance which would require additional expenditure to be maintained in good condition. A similar fund exists for universities, worth around £40m in 2009. However, it was reported last year that this fund may be ended in order to achieve savings in the higher education budget (*The Guardian*, 30 October 2009).

An alternative approach, suggested by Tim Goodhead from the University of Portsmouth, is a much longer-term endowment fund for historic buildings. The argument here is that valuation is normally based on a 25-year lifespan, as that is the normal period of a mortgage. But in the case of historic buildings a decision has been made that they should remain permanently, so the valuation needs to take into account not just the cost of rebuilding but the worth of the building to the public. It should also take into account the 'negative value' created by the need for repairs and conversion to new uses, offering a 'dowry' to the new owner as has been done in the case of transfers of council estates to new landlords. Endowments for such heritage buildings' maintenance could have a lifespan of 250 years rather than 25

9 Recommendations for the future

Our research has established that the greatest barrier to the achievement of long-term benefits to local communities from MOD land disposals is the requirement for Defence Estates to maximise its sale receipts. Central to that problem is a national system of accounting that encourages individual departments to generate asset sales to fund operational activity. This carrot-and-stick approach may help departmental cashflow but ignores the long-term use and potential public benefit to be gained from land and the buildings or facilities on it.

While there are some levers designed to achieve public benefit, such as the requirement for developments to meet HCA quality standards, it is not clear how easily these can be enforced when a deal is done. It is difficult to envisage the Treasury allowing the achievement of a capital receipt to be thwarted on grounds of quality alone. The scales are thus weighted heavily in favour of the quick sale rather than the long-term partnership.

It is striking that a fundamental difficulty identified more than a decade ago remains unresolved. In 1999 the then Department for the Environment, Transport and the Regions published *Development of the Redundant Defence Estate*, which noted that 'there exists a general perception that the best price rule means a requirement to pursue the highest price almost irrespective of the planning circumstances'. It stressed the need to take into account 'wider issues' apart from price, but warned that 'to be seen to accept a lower price in favour of a regeneration use would effectively be cross subsidisation across Government.' (p59).

Over the ensuing ten years, there has been a wealth of government policy stressing the importance of re-using brownfield sites for housing and economic purposes; building sustainable communities through long-term partnerships between key stakeholders; creating strong local economies; and transferring assets to community organisations. In virtually every case, though, the receipt to the Treasury is sacrosanct. So we have witnessed a host of workarounds, some exceedingly complex, to satisfy the aspirations of planning authorities and local people. All these workarounds have involved either public spending by other bodies (such as regional development agencies) or subsidy via capital gains by developers, or both. Other public bodies or private entrepreneurs have had to create whatever value has been achieved for local communities.

The recession and the tightening of public finances that followed have put both private and public sources of subsidy at risk. This effectively takes us back to the question posed ten years ago: how are regeneration or economic benefits to be achieved?

Our research, both through the interviews and the previous literature review, suggests that ultimately the dilemma will not be resolved without a different approach to valuation and accounting by central government.

Several options have been put forward by our interviewees which should be explored further.

- i) The Shareholder Executive Property Unit and any new vehicles it establishes could adopt a longer-term view of land and asset sales. Instead of requiring individual departments to make their own sale arrangements and incentivising them to achieve maximum price, the central unit could free departments from the pressure to conclude quick deals and would take a longer-term view of value and public benefit. However, the 2010 Budget announcement suggests the unit will be under strong pressure to meet Treasury targets for capital receipts, irrespective of the long-term consequences.
- ii) The Shareholder Executive Property Unit or Defence Estates could take on a role as a financial stakeholder in joint venture development companies that take a more strategic view of regeneration. The uplift in land values from a major development can often take ten, fifteen or twenty years and it would be important for Defence Estates or the central property unit to remain locked into the joint venture company for the entire lifespan of the project. This would also minimise exposure to temporary downturns in the property market, as central government would be a long-term partner seeking sustainable income streams rather than short-term capital gains.
- iii) A central hub could be created to inform partners involved in MOD disposals. This would collate learning from previous land sales, advise Defence Estates staff and partner organisations on good practice, and provide information and technical assistance to community organisations seeking to take over MOD assets. While such a resource in itself would not resolve the issue of valuation, it could help Defence Estates and its partners weigh up the respective merits of short, medium and long term proceeds from a sale or joint venture arrangement.
- iv) A stronger 'duty to cooperate' between public agencies could help to achieve shared visions and goals, lessening the risk of the landowner walking away from an agreement in order to achieve an immediate sale.
- v) Costs and risks to the public purse could be factored into the determination of the value of MOD land as well as the immediate receipt. There is a strong argument that the measurement of public benefit is distorted when it only counts the receipt to the Exchequer

and not the potential costs in terms of loss of employment, land remediation or development, and future maintenance or replacement of the assets being sold. There is also no current system for factoring in the opportunity costs of selling a site to, for example, a housebuilder rather than as employment land or public open space.

- vi) Investigation of international models of disposing of defence land and funding redevelopment. Celia Clark has researched these and argues that policy in the USA, for example, offers a much longer-term approach to the creation and preservation of value in former military land and is much more effective at putting locally controlled partnerships in place to determine sites' future uses.

10 Next steps

The purpose of this project was to identify whether there was an issue to be addressed and an appetite for addressing it.

It is clear from our research that the dilemma of how to achieve public benefit from MOD land disposals has never been satisfactorily resolved. There have, however, been examples of good processes that those responsible for future disposals can learn from. There have also been cases, as in the example of Mount Wise, Plymouth, where a good outcome from local people's viewpoint has been achieved despite rather than because of the approach of Defence Estates.

It has been evident too from all our interviews that there is a belief that this could be done better and a willingness to explore ways of achieving that. This willingness increases the further the viewpoint is from central government.

This momentum should not be lost. We suggest three ways of taking this work forward in the short term:

- 1 **A further study** to bring together evidence from international approaches to sales of military land, paying particular attention to the public accounting mechanisms used and the costs and benefits to the public purse.

- 2 **A public event or inquiry** to hear evidence from a range of stakeholders on options for community uses of military land. It will be important to include evidence from Defence Estates and those with defence experience as well as central government officials. Members of the House of Commons Treasury, Communities and Local Government and Defence select committees should be encouraged to highlight and investigate this issue further.

- 3 **A compilation of existing best practice and experience** in the form of a guide or toolkit for stakeholders involved in the re-use of MOD land. It was clear from our research that good practice is not effectively communicated and little information is exchanged between projects. If sufficient funding can be found this should be accompanied by a permanent online guide to resources and an information exchange for practitioners and community organisations.

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Community benefits from Ministry of Defence land disposals: A literature review

Executive summary

An unprecedented amount of land is to be made available for development in the coming years as the Ministry of Defence, one of the UK's largest landowners, seeks to rationalise its landholdings and save public money. Much of the land is in the south of England, where housing pressures have led to long-term problems of affordability and where space for commercial development is scarce, despite high demand.

The MOD owns about 240,000 hectares of land in the UK, around 1% of the entire mainland and equivalent in size to the county of Cornwall. The planned disposals (see Figure 1) present an opportunity to achieve public benefits that may never be repeated. These could include affordable homes, community facilities, the preservation of historically important military heritage, and a chance to nurture local enterprises or create new public open spaces.

These prospective benefits are important in countering the economic impact closures of defence facilities can have on local communities (the naval base at Portsmouth, for example, supports 35,000 local jobs). But the record of the MOD and its partners has been mixed. Land disposals have frequently failed to deliver hoped-for community benefits, and in some cases have caused more problems than they have solved. In some, such as the Rowner Estate in Gosport, local authorities, housing providers and their partners are still picking up the pieces.

This literature review is part of a research project commissioned by the Bill Sargent Trust to examine how best to achieve community benefits from defence land disposals. The literature review considers academic research, news reports, Parliamentary debates, and documents produced by local authorities, regional development agencies, voluntary organisations and other interest groups.

The review finds a lack of overarching academic research and little to suggest the issue has been high on the national policy agenda, despite some progress in recent years. This is a cause for concern, as there is a risk that mistakes will be repeated through a lack of awareness of good practice and a desire by central government to maximise the short-term gain to the Exchequer.

The review also finds that despite some innovative and imaginative approaches, virtually every approach to community benefit within the UK is dependent on rising land values to generate sufficient surplus to underwrite activities such as the preservation of heritage or the provision of community facilities. Often this needs to be supplemented by a generous contribution from the public purse. These models look increasingly fragile as economic recession threatens private investment and public investment comes under increasing pressure.

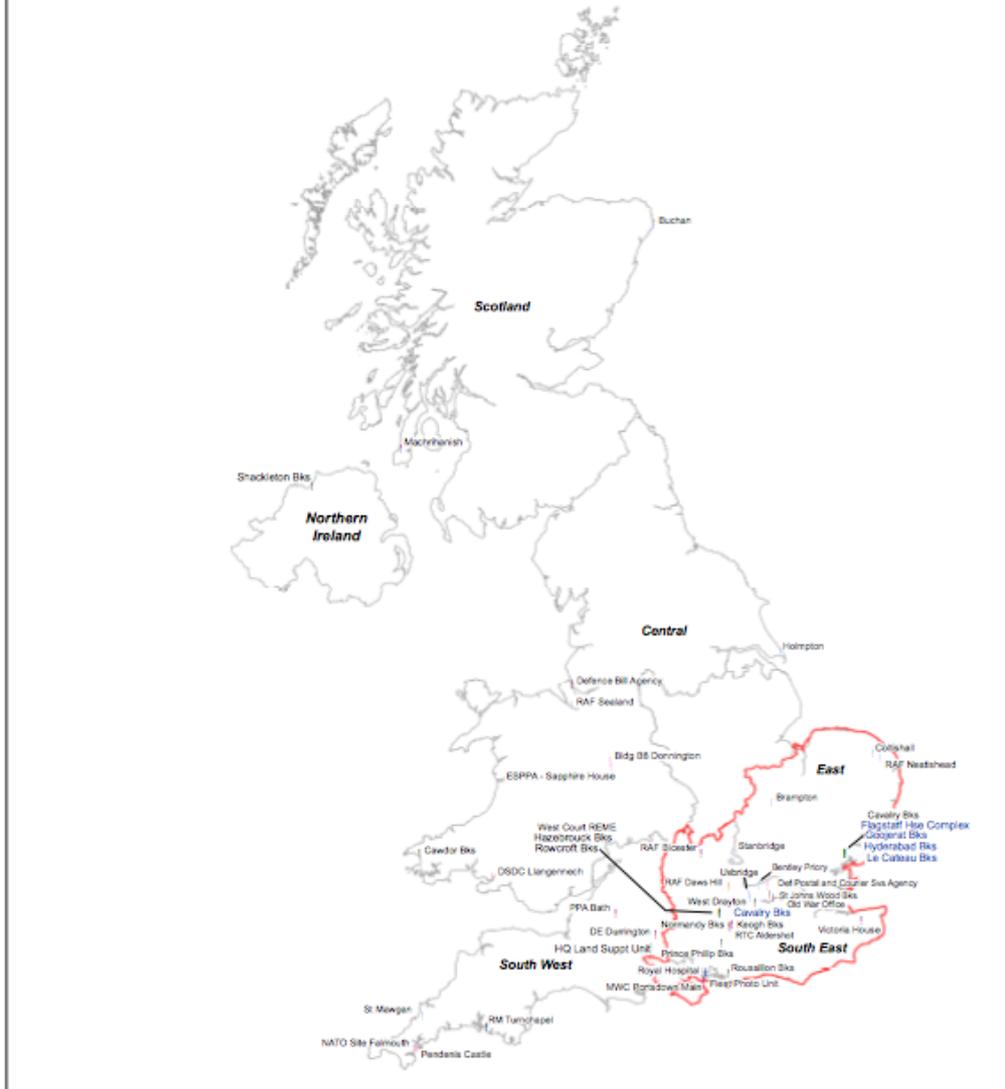
A range of models and approaches are examined, based on the experience of different projects over the last 15 years. Since the removal of Crown Immunity in 2004 there has been a noticeable shift in the degree of community involvement in MOD land disposal plans, and a more imaginative approach by public agencies. The review outlines the most important of these, ranging from community involvement in planning to a large-scale EU approach to the protection and development of military heritage. However, the success of some of these approaches is in the balance as falling land values and the stagnation of the housing market have caused private developers to rethink their commitments.

The vulnerability of such schemes to market fluctuations suggests the time may be right to examine different models of achieving community benefits from the sale of MOD land. In particular, it is worth examining whether approaches adopted in other countries, where land is transferred to another public sector or community organisation at a reduced or nominal price, may achieve more lasting benefits.

The second stage of this research project will investigate in more detail whether a new model is needed. Through a series of interviews with key players in the academic, defence and regeneration fields, we will consider the case for a further investigation and the issues it should examine. This could take the form of a public hearing, a series of stakeholder meetings or focus groups, or academic research designed to fill the gaps found by this review.

**ESTATE BASELINE 2008
UK POTENTIAL DISPOSAL SITES**

APPENDIX 1 TO
ANNEX B TO
DE EST DEV 3-2-0
DATED JUNE 08



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Legend

- CESTO**
- | FLEET
 - | ARMY
 - | RAF
 - | OSAS
 - | CONTR
 - | USDF
- TIMEFRAME**
- | Black Labels: 2008 - 2011
 - | Blue Labels: 2012 - 2017
- Other**
- | Orange Area

B - 1

Figure 1: Map of sites due for disposal. Source: Defence Estates Development Plan 2008, Annex B

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1 Introduction

This literature review was undertaken as part of a wider study aimed at raising awareness of the importance of maximising sustainable community benefit from the disposal of Ministry of Defence (MOD) land.

The aim of the study, commissioned by the Bill Sargent Trust, is to investigate the potential for realising social benefits from the sale and re-use of defence land. There are two parts to this work:

- i) A review of recent literature on defence land sales, paying particular attention to the issue of community benefits;
- ii) A series of interviews to gauge interest in staging a formal hearing or hearings to identify an approach to future land disposals that could result in better outcomes for local residents and businesses.

A key objective is to identify positive and negative community benefit outcomes and lessons learnt from previous disposals. The literature review was the first step to achieving this objective.

Our methodology for the literature review was to take the year 1999 as our starting point. This was when the former Department for Environment, Transport and the Regions published a review of MOD land disposals, entitled *Development of the Redundant Defence Estate*.

Since that time there have been a few academic reports on the disposal of defence land, but no major sponsored research. We therefore widened our search to include conference papers, specialist magazines, academic articles, Hansard, local newspapers and government reports. A range of databases and catalogues relating to planning and property were searched, as well as newspaper archives and local authority websites. A full bibliography is attached.

The lack of major research in this area meant that most of the literature relates to specific sites, rather than to general issues. We have therefore used a series of case studies to illustrate the key issues raised by the literature reviewed.

2 The scale and importance of the defence estate

The MOD owns about 240,000 hectares of land in the UK and is one of the country's largest landowners. The built estate extends over 80,000 hectares and includes barracks, depots, aircraft hangars and naval bases. The rural estate

(about 160,000 hectares) comprises training areas and ranges on relatively undeveloped rural land. (NAO, 2005, p1).

The estate, spread over 4,000 sites, is critical to the effectiveness of the Armed Forces. It is used for training, accommodation and to provide a base for operations. The total area of the defence estate is some 373,000 hectares (about 1,440 square miles), and includes rights over 133,000 hectares. Defence Estates manages property assets ranging from barracks and airfields to rural training areas. The total value of this land in 2008 was around £20bn. (UK Defence Statistics 2008, chapter 6.)

In areas where there is a lot of defence activity, the local economy can become heavily dependent on it and closures can have a significant impact on local employment and enterprise. For example, a report published in 2007 showed that the naval base at Portsmouth supported nearly 35,000 jobs in south Hampshire, of which 13,300 were service and 21,600 civilian jobs. These jobs accounted for 8 per cent of all jobs located in the sub-region and for the employment of 6.2 per cent of people living within the area. Fifteen per cent of people living in Gosport, 10 per cent of those in Portsmouth and 8 per cent of those in Fareham were in 'defence dependent' jobs. In addition, this employment and spending by defence firms was generating an income of £680m for the local economy. (Grainger, 2007, p5)

3 The future of the defence estate

Large areas of the defence estate landholding are earmarked for disposal in the near future. The key word in current Defence Estates policy is 'rationalisation', with the 2006 report *In Trust and On Trust* setting out the strategic goal of rationalising the estate to give fewer, larger sites. The report speaks of the need to create 'anchor locations' where activity can be concentrated, stating:

Such locations will often consist of a concentration of sites that have an indefinite operational future and which may have the potential for future development; examples include: Aldershot, Colchester, Portsmouth, Catterick, Salisbury Plain, Brize Norton and other Royal Air Force Main Operating Bases, along with Abbey Wood in Bristol. (p16.)

In the meantime, smaller sites will be sold off.

This move to 'rationalisation' was influenced by the Lyons and Gershon reviews. The Lyons review, which reported in 2004, was an investigation into the possibility of relocating a substantial number of public sector activities from London and the South East to other parts of the UK. The report recommended that more than 25,000 public sector jobs should be relocated.

The Gershon review, which also reported in 2004, set targets for greater public sector efficiency, including an efficiency gain for the MOD of at least £2.8bn by 2007-08 (p54). As a result of both these reviews, the MOD is committed to moving 3,900 jobs out of London and the South East by 2010 (MOD 2008, p15).

In 2008, Defence Estates published its development plan. This set out more detailed information about the future of MOD land. It further stressed the need to relocate away from southern England, stating that the department has a 'disproportionately large presence there'. A list of sites earmarked for disposal appears in Annex B of the plan (Defence Estates 2008, p8).

4 Estate disposal: the local community

The closure of defence sites can affect local economies very significantly (Clark 2003, p150). Where a community has been economically dependent on the defence sector, there is a pressing need to ensure that re-use of the land helps to rebuild that economy. Historically, however, there has been a tendency for Defence Estates to opt for uses that brought maximum financial return for the Government, whether or not these addressed local expectations (Clark 2003, p151).

However, *In Trust and On Trust* (MOD, 2006) includes a commitment to liaise with regional planning authorities and contribute to the wider economic development of the regions (p10). It pledges to incorporate the Government's sustainable communities agenda into estate planning, and to recognise the sustainable development needs of the wider community (p8).

The *Defence Estates Development Plan* (Defence Estates, 2008) acknowledges that planning authorities 'frequently express frustration with the MOD's seeming inability to offer a degree of certainty of its requirements for the medium and long term, and the relative short notice it gives in planning applications' (p 21). It urges the department to improve its notification of sites for disposal and to engage with regions in such a way as to ensure that 'planning permissions are granted with the minimum of encumbrance or delay, and disposal receipts optimised'.

This frustration has continued for many years. The 1999 DETR review of MOD land disposals, *Development of the Redundant Defence Estate*, criticised the delays, uncertainty and apparent lack of strategy that characterised much of the disposal process and highlighted the fact that disposals were rarely co-ordinated with the local authority development plan process.

The report urged the Government to prioritise the abolition of Crown Immunity – something it had first announced it would do in 1992 (DETR 1999, p32).

Crown Immunity, which exempted government departments from planning legislation, was, said the report, causing unnecessary conflict between the MOD and planning authorities (p34).

5 The lifting of Crown Immunity

Crown Immunity was eventually abolished in June 2004 with the implementation of the relevant part of the Planning and Compulsory Purchase Act 2004. The move had a dramatic effect on subsequent defence land disposals, as it meant the MOD now had to co-operate much more closely with the local planning authority.

6 The Treasury Guidelines

The report *Development of the Redundant Defence Estate* (DETR, 1999) also examined the effect of Treasury Guidelines on the sale of defence land (pp20-24). The key issues relating to these guidelines are that Government departments are required to dispose of properties at the best price reasonably obtainable, and to do so within three years of the site coming onto the market (p20).

In preparing the report, the researchers found that 'there exists a general perception that the best price rule means a requirement to pursue the highest price almost irrespective of the planning circumstances' (p21). This was despite the fact that the guidelines refer specifically to the fact that 'there may be circumstances where the best price rule is not appropriate'. Similarly, the Rural White Paper (announced in 1998 and published in 2000) and Guidelines for Joint Working refer to the need to consider wider issues than price, namely sustainable development, regeneration, contamination and site clearance, and heritage and conservation (p58).

The report called on the Government to make the flexibility of the Treasury Guidelines more widely understood. In particular, it stressed the need for a mechanism for analysing the 'wider issues' other than price. 'It currently appears to be ad hoc and often occurs towards the end of the disposal process, which is unhelpful to all parties concerned.' (p6). To date, no such mechanism exists.

The report pointed out how the best price stipulation could militate against efforts to use redundant defence estates for regeneration and economic development. It identified a dichotomy, which is that although the then Office of the Deputy Prime Minister (now the Department of Communities and Local Government) was pressing for best use of brownfield land to meet development needs, it was not the MOD's role to undertake regeneration. 'To

be seen to accept a lower price in favour of a regeneration use would effectively be cross subsidisation across Government.’ (p59).

The academic Dr Celia Clark is a vocal critic of the Treasury Guidelines, arguing that they do not pay adequate attention to the local public interest (2003, pp151-152). She has called for a ‘local link’ that would oblige Defence Estates to ‘consider the reasonable aspirations of the local authority in the planning of the area within which the disposal of land is situated’ (p152).

Dr Clark has also suggested that a ‘more neutral agency’ than Defence Estates should be charged with site disposal, one ‘working to joined-up government objectives’ (p153). In other countries, government property is sold by agencies that are separate from defence and have, for example, a regeneration remit. In the US, defence land disposals are handled locally, rather than centrally, by a committee charged with ‘economic reconstruction rather than maximum financial return’ (p154). Service homes, hospitals and schools can even be gifted free to benefit the local community. In Sweden, local authorities can ‘acquire sites at current use value, consult widely so that the new uses match local needs and aspirations, and then sell, retaining the profit from increased value’ (p154).

7 Heritage

A significant complication in the disposal of defence estate is that much of the MOD’s property is of great historical significance. As the case studies show, different bodies have struggled in different ways to meet the planning and funding challenges this presents. Where heritage is the first priority, it may be difficult to achieve further community benefits because of the economics of site development.

8 Steps towards better practice

Attempts to factor in community interests can be seen in the case studies on Chatham Historic Dockyard, Woolwich Arsenal and Project MODEL, as well as the Daedalus site. The first has been used by the ASCEND partnership (an EU-funded collaboration) as an example of their ‘process model’, designed to demonstrate the key stages in developing a socio-economic re-use for a site or building leaving military ownership.

At Woolwich Arsenal, the combination of public sector, private sector and specialist heritage interests on the site led to English Heritage developing the Mutual Benefit Model of development, which could be applicable to other historic naval sites (Clark, 2005). Project MODEL is Defence Estates’ flagship

development, exemplifying current thinking about the best way to manage MOD estate disposal.

One of the four eco-towns announced by the Government on 16 July 2009, Whitehill-Bordon in Hampshire, will also involve substantial re-use of MOD land. Until the masterplanning process is complete, however, it is difficult to state with any accuracy what approach will be taken to realising community benefits.

CASE STUDIES

These case studies have been selected because they illustrate different aspects of the complexity of defence land disposals. They are examples of combining historic buildings with modern functions; of consulting with communities that had previously been dependent on the defence industry for their livelihoods; of redeveloping brownfield land; and also of the dire consequences of getting it wrong. They illustrate the many tensions between commercial gain and community benefit. Over the more recent studies looms the problem of the current economic climate and the question of what will happen to community benefits if the property market does not recover.

9 Getting it wrong: the Rowner estate

The Rowner estate in Gosport is an example of how difficult it can be to put right the consequences of poorly thought-out disposals.

Once named the worst estate in the country (BBC, 2004), the Rowner estate, the southern part of a larger MOD estate, went into rapid decline after the MOD sold it in the late 1980s and early 1990s. It had been built during the 1960s for naval personnel and their families. At its centre was Rowner Precinct, which contained 301 maisonettes and flats. (Rowner Renewal Partnership, 2009a).

While there is little literature on the decision to sell the estate, information from development staff working for Portsmouth Housing Association at the time of the disposal suggests this was done in a piecemeal fashion during the 1980s and 1990s. The Precinct was sold first to a property developer, Peter de Savary, and subsequently to another freeholder, who sold the flats on to long leaseholders. Community facilities provided by the Navy, such as the NAAFI and swimming pool, were closed.

Some areas north of the Precinct were sold to private developers, while others were leased to Gosport Borough Council. South of the Precinct, Portsmouth Housing Association took properties on short leases from the MOD and subsequently purchased them. In the early 1990s a partnership between Barratts, Ideal Homes and Warden and Portsmouth Housing Associations redeveloped some parts of the estate.

Over the years, a lack of financial investment, mainly by private landlords, caused the fabric of the buildings to deteriorate. By the 1990s, social problems abounded and the estate became 'close to a no-go area' (Rowner Renewal Partnership, 2009a).

There were additional problems for the many owner-occupiers who had bought flats on the estate. In the 1960s, several blocks had been built using a method known as the Jespersen 12M system. They were constructed with external balconies, unlike blocks elsewhere where the balconies were internal. One day in September 1991 one of the balconies suddenly collapsed. Investigations revealed that the balcony joints had corroded. (*HC Deb* 1991-92, c231.) As a result every similar balcony on the estate had to be supported by scaffolding.

Since the joints were encased in concrete, it had been impossible to see the problem. The flats' purchasers had, it seemed, been advised by their mortgage companies that a simple survey would be adequate to detect any major defects. (Webb, 2000.) They were now unable to sell their properties. Pleas for compensation under the Housing Defects Act 1984 fell on deaf ears. (*HC Deb* 1991-92, c233.)

One couple, a Mr and Mrs Izzard, sued the firm of surveyors and the MOD in 1994 and were initially awarded £67,859.77 inclusive of interest plus costs at Winchester Crown Court. At a subsequent appeal, three judges also found against the surveyor, but the award was reduced to £4,500 and the couple were denied leave to take the case to the House of Lords. (Webb, 2000.)

Some improvement on the estate came around the turn of the century, with £2.4m being invested through the Single Regeneration Budget. A 10-year Sure Start project was launched in 2002, and 2003 saw the first Rowner carnival. This has since become an annual event and is credited with doing much for improving social cohesion (BBC, 2004).

In the light of these developments, the Rowner Renewal Partnership (RRP) is describing its £145m, eight-year regeneration project for Rowner as 'phase two', continuing 'the excellent work previously achieved' (RRP, 2009a).

The RRP is a partnership between the Homes and Communities Agency, Gosport Borough Council, Hampshire County Council, Portsmouth Housing Association and Taylor Wimpey. Under the partnership's proposals, 501 homes on the Rowner estate will be demolished, including all the properties on the central Rowner Precinct, to make way for 'the kind of environment that people want to live in' (RRP, 2009a). The plans, approved in outline in April 2009, will provide 700 new homes consisting of traditional-style terraced housing, modern flats and a centrepiece 10-storey residential building. There will also be a supermarket, shops and a tree-lined road going through the centre of the estate, as well as an area for the annual carnival and Christmas events (Dabrowski, 2009).

News reports from the time suggest that the initial announcement of the demolition met with hostility from some residents, who claimed it had come without warning. Some said they had bought their homes only months before

but had not been advised of the scheme (Kerins, 2007). However, the RRP says those who want to stay on the estate will be able to do so, with the option of shared ownership available (Dabrowski, 2008).

According to the RRP:

'Many residents have now sold their homes to Portsmouth Housing Association following market valuations. Some have chosen to move out of the area permanently whilst others are hoping to return once the new homes are available. Residents will receive HomeLoss and Disturbance payments in line with the criteria set by the Government.' (2009).

Portsmouth Housing Association now owns over half the properties within the regeneration area.

A masterplan for the estate was drawn up in consultation with local residents. The process took approximately 18 months and the RRP says its original plans have been adapted in the light of feedback from local people. For example, there will be fewer high-rise buildings and the site of the supermarket has been altered (*The News*, 2008).

The outline plans were supported by all parties on Gosport Council. (Dabrowski, 2009a). A detailed planning application was being prepared at the time of writing this review.

10 Re-purposing heritage: Chatham Historic Dockyard, RAE Farnborough, Royal Clarence Yard, Gosport

Chatham Historic Dockyard is today a successful, mixed-use community, but the journey to prosperity has not been without problems. It is a good example of the complexities of planning for a sustainable heritage environment.

The dockyard was transferred to the Chatham Historic Dockyards Trust (CHDT) in 1984 with a government grant of £11m and a target of raising more than 75 per cent of its operating expenditure from on-site activities. The core aims of the trust were restoration and education. Given that the site contained 100 buildings and structures, of which 47 were Scheduled Ancient Monuments, the achievement of these aims was always going to be a challenge (Ascend, 2006, p35).

To begin with, the CHDT attempted to create a 'living working museum'. The idea was that real maritime crafts and businesses would take up residence in the dockyard and provide a visitor attraction by their ongoing activities. A wide

range of tenants moved in, ranging from individual craftsmen to marine ship repairing industries. In addition, the trust developed a range of museum galleries located in historically appropriate buildings in an attempt to attract visitors.

However, by the early 1990s the trust was in serious financial difficulty. Visitor numbers had failed to meet projections – feedback suggested they found the site unwelcoming and difficult to navigate. In addition, there was insufficient funding to adapt the larger buildings. Enter, in 1995, the National Lottery. Following protracted negotiations, the new Heritage Lottery Fund, Medway Council, English Heritage and the Department for Culture, Media and Sport formed a partnership to fund a £14m development programme for the dockyard. At last the trust was able to initiate essential infrastructure and embark on major maintenance and restoration work (Ascend, 2006 p37).

At the same time, the trust divided the site longitudinally into three zones – residential towards the rear, commercial in the centre and the museum along the riverside. The smaller galleries were consolidated into a Museum of the Royal Dockyard in the Fitted Rigging House. As a result, the site became easier to navigate and presented a more coherent attraction.

Today, the residential zone is a community of about 400 people living in a mix of converted historic properties and new build. Capital returns from this development have been reinvested in the rest of the site. The commercial zone has about 100 tenants employing 1,000 people and generating an income of more than £1m a year. Meanwhile, the Historic Dockyard is drawing in around 130,000 visitors a year, including 16,000 visits from schools.

The trust's museums and heritage director, Richard Holdsworth, has attributed the dockyard's success to three key factors:

- Strategy – a comprehensive business plan based on clarity of purpose, realistic assessment of potential and close monitoring of performance;
- Conservation management – developing a thorough understanding of the importance and significance of the site and using this to guide development so that re-use does not compromise the historic character and importance of the site; and
- Partnerships – managing complex partnerships with funders, commercial and residential tenant, staff, volunteers and other stakeholders.

(Ascend, 2006, p38)

10.1 The ASCEND process model

Chatham's Historic Dockyard was an important case study for the ASCEND Partnership, an EU-funded project uniting eight countries facing the challenge of re-using redundant military heritage.

Part of the project's work was the production of a 'process model' (see Figure 2) designed to demonstrate the key stages in developing a socio-economic re-use for a site or building leaving military ownership. The model is designed for use by anyone responsible for a piece of former military land or heritage. According to Ascend 'it can be used to test a proposal for re-use, to broaden options for re-use, or to provide considered inspiration if no concrete proposals have been made' (2006, p 21).

The main premise that underpins the model is that whenever possible, military heritage must pay its way. Sites and buildings should be developed in such a way as to ensure that they once more breathe life into their surrounding community.

Stage 1 – assess heritage significance – is seen as the crucial foundation for the exercise. 'Without knowing how, or why (or if) a site achieved significance, it is impossible to plan adequately for its future, and to decide who should be involved in the planning process.' (2006, p22).

In the case of the Historic Dockyard, the CDHT assessed individual buildings on the basis of architectural, archaeological and historical merit compared with other, similar buildings across the world. Buildings and structures were then rated for their significance on a scale of four, ranging from A – exceptionally significant – to D – not significant. In addition, the factors contributing to the building's significance were also identified.

The Ascend report points out that not all historically important buildings will succeed as visitor attractions. A lot depends on the context, as the CDHT discovered with its initial efforts to set up a 'living working museum'.

The model continues, each step embracing issues such as consultation with the local community, investigations into possible sources of funding, and the development of a masterplan. At every stage, suggested options for the site need to be reconsidered and there is the potential for some suggestions to be eliminated in the light of the discoveries made.

The model narrows as it proceeds, reflecting the sharpening of focus as the various stages of preparation are completed. In addition, it shows how the process works to ensure that the options under consideration are only those that are most viable and beneficial.

ASCEND

Achieving
the **Socio-Economic**
Re-use of Former
Military Land
and **Heritage.**

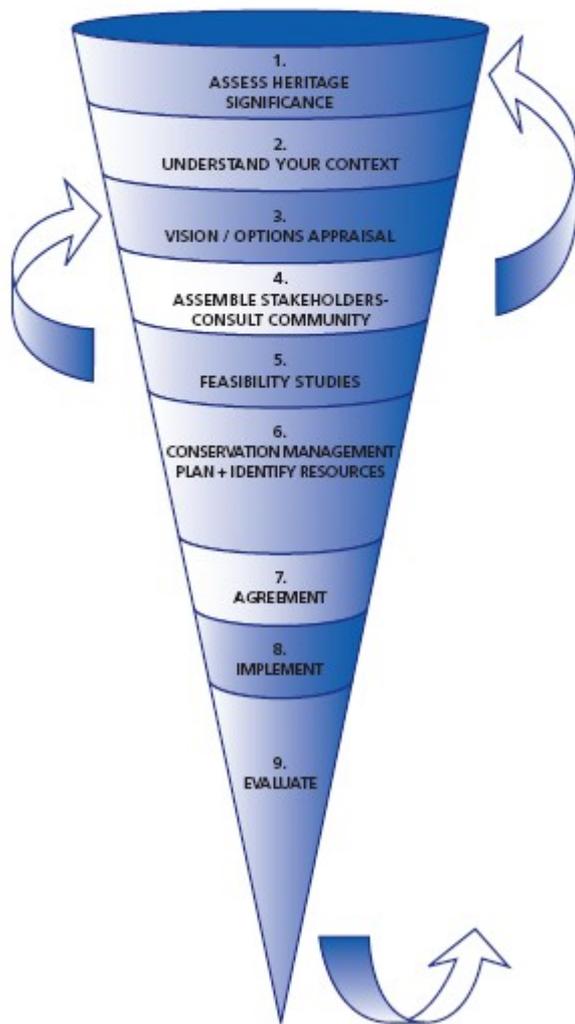


Figure 2. The Ascend approach (2006, p20)

However the Ascend team stress that the arrows leading back into the triangle are also crucial: at several stages, users are prompted to re-enter at a higher stage, to verify that assumptions and findings hold true in practice, and to

accommodate new information or stakeholders. 'Regeneration projects and activity are never truly terminated.' (p30).

A summary of the various European partner projects is below.

10.1.i ASCEND European Partner Projects

ASCEND studied the reuse of redundant military heritage under three themes:

- Converting military heritage sites to civilian usage: management mechanisms, land use planning procedures and community consultation requirements
- Transforming abandoned military built heritage into proven tourism assets
- Establishing former military sites as clusters of knowledge-based economic activity (universities; research and development; small and medium sized enterprises).

The project looked at 28 case studies in eight EU areas. Chatham has been described above; below is an overview of each of the other areas.

10.1.ii Cartagena, Spain

The city of Cartagena is a stronghold on the Mediterranean coast with a magnificent defensive system. Situated in a bay, its military assets include a sea wall, the Military Arsenal, the Artillery Park, a military hospital, a group of air raid shelters from the Spanish Civil War, and the marine cadet school, as well as several imposing castles and numerous coastal batteries. Its history stretches back more than 2,500 years but in more recent times a combination of factors have brought significant decline. These include the slump in the region's mining industry and a global decrease in shipbuilding. Since the 1980s, national policy has led to a drastic reduction in the number of armed forces in the area.

The regeneration of Cartagena is complicated by the large number of stakeholders. Projects are overseen by a consortium – Cartagena: Port of Cultures – whose steering committee includes representatives of the Autonomous Community of Murcia, Cartagena City Municipality, Cartagena Chamber of Commerce, business associations, the Polytechnic University of Cartagena and the Port Authority. Actions are coordinated by the Council for Tourism. A Scientific and Technical Committee acts as an advisory body.

Asset transfer is also complex, with many different bodies owning different parts of the stronghold. Progress has only been possible with the injection of

large amounts of EU funding. The challenge for the future is to implement a masterplan for the whole area, aimed at re-using the military heritage in a way that brings social and cultural regeneration.

The Ascend Partnership publication (2006b, pp67-90) covers the following Cartagena-related topics in detail: the Spanish Civil War air raid shelters; the development of large-scale barracks facilities into a 'city of culture'; the Navidad fortress and the establishment of Cartagena: Port of Cultures; the development of Alcalá de Henares University from the former military facilities; the conversion of the former military hospital to the Polytechnic University of Cartagena.

10.1.iii Brouage Citadel, Department of Charente-Maritime, France

The restoration of the Brouage Citadel was made possible by the creation of a partnership body, the *Syndicat Mixte* or 'multilateral committee'.

In the 16th century, the Brouage Citadel was a leading international salt trading post. In the 17th century Cardinal Richelieu developed it into the most important fortified town in France, and it served as a governing base during the siege of La Rochelle in 1627-28. In the 19th century it fell into disrepair.

In the 1980s the French ministry of the environment launched a campaign to safeguard a number of national monuments, including Brouage. The commune of Hiers-Brouage was not able to restore this exceptional heritage alone, so the General Council of Charente-Maritime joined them in a kind of partnership (a *Syndicat Mixte*) to restore and promote the site. The commune of Saint-Sornin is also represented.

The *Syndicat Mixte* is a public structure with its own budget. It receives important financial support from the European Union, from national and regional government, and other public and private partners. It has a board of management led by a president, who is the President of the Department of Charente-Maritime. It includes two elected members and two representatives of the commune.

The *Syndicat Mixte* is responsible for:

- The 16th century remains of the citadel;
- The entire fortifications dating from 1630;
- Specific buildings within the fortified town, including the food stores, the coopers' shop, and powder stores.
- The city and marshes in the vicinity.

In 1989, thanks to the efforts of the Syndicat, the French government designated Brouage as a conservation area, making it possible to undertake further large-scale restoration.

Today, more than half of the ramparts and most of the major buildings have been restored. The top floor of the food market was completely rebuilt based on plans dating back to 1754 and now features office space, an exhibition hall, an auditorium, meeting rooms, and a documentary area. The Syndicat has also set up a European military architecture centre to pool resources and documentation regarding fortifications.

Brouage now offers a number of cultural attractions, educational initiatives and economic activities such as the leasing of workshops to young artisans.

10.1.iv Karlskrona, Sweden

Karlskrona, a former naval town built on an archipelago of 33 islands, saw its fortunes slump with the withdrawal of military activity and then soar again as it was transformed into Sweden's Telecom City.

At the end of the 1980s, business prospects in Karlskrona were poor. The town was strongly dependent on the Swedish navy, defence and traditional manufacturing industries, where new job opportunities were rare or non-existent. In the light of this, a group of people from the Municipality, the University College of Karlskrona/Ronneby (today the Blekinge Institute of Technology), and industry in Karlskrona decided a joint effort was needed to reverse the trend. There was already a considerable amount of telecommunications activity in the area – Europolitan had its head office there, and Ericsson was a major presence – and in 1993, the Telecom City concept was born.

Since then, the Karlskrona region has created more than 3,000 IT jobs and close to 20 per cent of the workforce is employed in the IT and telecommunications industries. There are more than 50 member companies within Telecom City, employing more than 4,500 individuals. The member companies are big, international actors as well as small developing companies and entrepreneurs, from different areas of the telecommunications industry.

Today, Telecom City is a network with an ever-growing number of members who have created a unique collaboration between regional companies, the local university and the municipal authorities. The common goal is growth. For the companies, this means doing more business, for the local authority more tax income, and for the university more students. (Ascend Partnership 2006b, p149.)

The Ascend Partnership publication (2006b) includes details of how individual buildings and military sites have been converted. (pp153-160).

10.1.v Rostock, Germany

The Heinkel Wall is a free-standing structure erected in 1934 to disguise two aircraft construction workshops in the then east German city of Rostock. Discussions around the future of the wall have been hugely controversial: on the one hand, the aviation engineer Ernst Heinkel oversaw some technologically brilliant work in the city; on the other hand this was done using forced labour and to reinforce the Nazi regime. The Ascend publication (2006b) contains more information on the controversy, as well as a detailed account of the conversion of former barracks to university accommodation (pp94-106).

10.1.vi Thessaloniki, Greece

Eptapyrgion, a fort that has had a number of roles since it was built in the 13th century, is currently being restored and developed to increase public access and interest. (Ascend 2006b, pp161-166).

10.1.vii The New Dutch Waterline

The New Dutch Waterline defended Holland from landward attack from the east. It stretches for 85km and includes many cities and towns - the largest of which is Utrecht - as well as falling under five provincial administrative bodies and 25 municipalities.

The Waterline is a designated national project with all the fortifications and inundation fields being treated as one entity, although different elements are likely to adopt various functions related to tourism, recreation and the environment. Since 2001 a steering committee and supporting project office have been in place, now under the responsibility of the Ministry of Agriculture, Nature and Food Quality. Their primary task is to create and help implement the vision to ensure the conservation of the Waterline as a recognisable spatial entity. (Ascend 2006b, pp6-7).

Details of the way three forts along the waterline have been converted and reused are contained in the Ascend report, pages 55 to 66.

10.1.vii Venice, Italy

The Venice Arsenale is a huge complex of outstanding historical value, constituting approximately 6 per cent of the total area of the city. However, it lies in a state of decay and is not open to the public.

Interest is growing in the possibility of using the Arsenale to relaunch

development in the historic city and as a possible site for sustainable, high-tech economic activity. Such activity is essential if Venice is to reverse its population flight and increase business activity apart from tourism.

The first move in this direction is Thetis, a technological centre specialising in marine and coastal technologies. The Thetis consortium was set up in 1991 by a group of industrial companies and research institutes that went into business developing technologies within the marine and coastal sector, while simultaneously undertaking the building development of the technology centre, which was co-financed by the EU.

The realisation of the Thetis Technological Centre within the site of the Arsenale is a successful example of the functional recovery of an ancient industrial area. Although Thetis occupies only a small part of the complex of the Arsenale, the experience shows how the area could be reused for an activity related to its original task: technological production related to the sea. (Ascend Partnership, 2006b, pp 125-129).

The information above has been sourced from www.ascendpartnership.net and Ascend Partnership (2006b).

10.2 Royal Aircraft Establishment, Farnborough

RAE Farnborough is an example of how fragile a site's legacy may be. It has been called 'the cradle of British aviation', playing host to the country's first sustained powered flight, and also seeing the testing of Concorde (Clark, 2003). But without the intervention of former workers, much of its heritage value could have been lost.

The airfield was sold to Slough Estates in 1999 and is now a business park – IQ Farnborough - and home to the biennial air show. The fact that a considerable number of the original buildings remain is mainly due to a group of local campaigners, the Farnborough Air Sciences Trust (FAST).

FAST was set up by a group of former airfield workers who were worried that the MOD would raze the buildings to the ground (Bennett, 2004). As the site had been high security, few outsiders knew the extent of its significance. FAST worked with English Heritage, who got some of the wind tunnels listed, and with Slough Estates to ensure that the most important buildings could be incorporated into the final development.

At the centre of the park is The Square, which has been designed around a restored aircraft hangar measuring 70ft in height which can host cultural and social events (Slough Estates Group, 2009). The former Weapons Testing

Building has been restored and the five historic wind tunnels have also been preserved. The restoration programme has cost around £20m.

10.3 Royal Clarence Yard, Gosport

Royal Clarence Yard had a smoother path to redevelopment, thanks to Gosport Borough Council and English Heritage, who commissioned a historian to research the history of the structures in the yard and provide an ‘independent analysis of the site and its heritage significance’ (Clark, 2003, p152).

This was fed through to the architects, John Thompson and Partners, and the developers, Berkeley Homes, and the consensus seems to be that the redevelopment has successfully combined respect for the site’s historic significance with commercial viability (Berkeley Homes, 2009b; South East Cultural Observatory, 2009). It appears that careful research of historic sites before sale can, in the long run, save a great deal of time and money.

11 Community planning: Caterham Barracks

The award-winning redevelopment of Caterham Barracks in Surrey has been described as ‘an impressive example of a private developer using consensus-led masterplanning to create a new sustainable community’ (John Thompson and Partners, 2008).

The 16-acre site, which had been the main source of employment for the Caterham area, was closed in 1995. Key to the success of its redevelopment was the early action taken by Tandridge District Council (Clark, 2003, p153). Before the site was sold, councillors declared it a conservation area and set up a forum of local people who were consulted on what kind of development they would like. There was a firm preference for high-quality, low-density housing based on the ‘Urban Village’ model (South East Excellence, 2009).

Consequently, when Linden Homes bought the site from the MOD, they already had a clear vision of what would be acceptable in terms of redevelopment and were able to declare themselves committed to the promotion of a financially viable, high-quality development that was responsive to local needs and sensitive to the site’s history and proximity to the Green Belt.

John Thompson and Partners were appointed as masterplanners and in February 1998 they organised a community planning weekend attended by more than 1,000 people. There were a range of workshops, and participants were able to contribute their own planning ideas. A masterplan was produced just two days later.

As described by John Thompson and Partners (2008), in the following weeks, the local forum was expanded and organised into seven different 'working groups' on topics such as sport, heritage and employment. More than 50 meetings and an exhibition were held before the developer submitted its planning application in July 1998.

During this consensus-led approach, residents came to understand that the community facilities they desired would only be possible with a higher density of housing than they had originally wanted. This led to considerable changes to the original development brief, with the result that the development value of the site was increased by £50m and £2.5m of community benefits were created.

The following April, planning was agreed for 345 houses (subsequently increased to 396), alongside a Section 106 agreement that ensured that a large amount of land and buildings was retained for community benefit. The plans aimed to create a balanced community through a mix of housing tenure and prices. Of the new homes, 28 per cent were affordable units provided by the Guinness Trust and scattered throughout the site. Some of the development was new build and some accommodated in the converted original buildings - for example, the quartermaster's store was converted to a fitness centre.

Sustainability was enhanced by including a wide range of facilities on site, such as a supermarket, a nursing home, sports facilities, offices, a GP surgery and a skate park (John Thompson and Partners, 2008).

A special feature of this development was the establishment of the Caterham Barracks Community Trust (CBCT) to manage and develop the community facilities. The property and land transferred to the trust was worth £1.2m and included buildings such as the Guards' gymnasium, the NAAFI building, the church and the village green. Bank loans of £1.8m enabled the trust to purchase and refurbish the officers' mess, to convert the NAAFI to commercial offices, and to convert the gym into an arts centre. In less than five years the asset base increased to £3.5m.

According to South East Excellence (2009), the trust 'has ensured that there is a voice for the people affected by the development'. The trust does not rely on grant funding; instead it raises revenue from a levy on each household in the area, from commercial rents, and from the users of the many facilities now available. According to South East Excellence (2009):

This does not generate a substantial amount for the Trust – less than £25,000 per annum – but it is an interesting vehicle to ensure that all residents feel that they have a stake in the development of the area and the Trust.

Unfortunately, the arts centre had to close in April when Tandridge District Council said it could no longer pay the mortgage. The council is now involved in a legal dispute with CBCT (Haran, 2009). However, a protest by local residents seems to have borne fruit, with reports that the centre may re-open in September. (Croydon Advertiser, 2009).

12 Educational opportunities: Royal Naval College Greenwich, Chatham Maritime

The Royal Naval College in Greenwich is an example of how, on occasion, public pressure can force governments to backtrack on unpopular decisions. It also highlights the role that educational establishments can play in ensuring a beneficial use for former defence land and property.

The Royal Naval College, established in 1694, began life as a naval hospital. Designed by Sir Christopher Wren and subsequently worked on by such illustrious architects as Sir Nicholas Hawksmoor and Sir John Vanbrugh, it is considered an outstanding example of Baroque planning.

It closed as a hospital in 1869 and the naval college moved in. When the college left the site in 1998, it was almost lost for the nation as Dr Celia Clark has described (2005):

The Conservative government put the complex up for sale, marketed by top estate agent, Knight Frank and Rutley. In response to the public outcry about 'selling the family silver', political and royal pressure led eventually to the setting up of the Greenwich Foundation for the Royal Naval College, a registered charity established to look after the site on behalf of the nation.

With the help of grants from the MOD, two higher education bodies were able to take over the site. Trinity College of Music is now housed in King Charles Court and the Admiral President's House, while the University of Greenwich uses Queen Anne Court, King William Court and Queen Mary Court as teaching areas.

Universities have also been crucial in the development of Chatham Maritime, a large brownfield site that originally formed part of the Royal Dockyard in Chatham. Following the closure of the dockyard in 1981 (see separate case study), the site was handed to English Estates, the government regeneration agency, and then passed to the South East England Development Agency.

It is now home to the Medway campus of Greenwich University, a base for 2,700 students. Student numbers are likely to rise to almost 9,000 by 2010, thanks to a shared campus initiative with four other higher and further

education establishments in the area. It is estimated that this will create 600 new jobs and boost the local economy by £10m (Ascend Partnership, 2006).

This initiative – Universities at Medway - also involves the University of Kent, Canterbury Christ Church University and mid-Kent College. It is thought to be a unique partnership. Each institution will offer its own range of courses and have its own buildings, but students will have access to facilities across the entire campus. It is hoped the initiative will transform education in a region where the proportion of people in higher education is below the national average (SEEDA, 2006).

13 An approach to brownfield development: The Royal Arsenal, Woolwich

The Royal Arsenal, Woolwich, has been held up as an international model of best practice in regeneration.

In 2004, English Heritage launched SHARP, the Sustainable Historic Arsenal Regeneration Partnership, based on Woolwich Arsenal. The site will be used as a template for similar large projects in Spain, Malta and Estonia (London Development Agency, 2004b).

Woolwich Arsenal, once the world's largest and most technologically advanced manufacturer of guns and artillery, occupies a 76-acre site which fell into rapid decline after the Second World War and was closed down by the MOD in 1964. It was saved from ruin in 2000, when public and private sector stakeholders, including English Heritage, the London Development Agency (LDA), Berkeley Homes and the London Borough of Greenwich, joined forces to secure a sustainable future for it. It is now midway through a 20-year regeneration programme (LDA, 2004b).

Eventually, 3,000 new homes will be provided, as well as offices, a cinema, a hotel, bars and restaurants, parks and a riverside promenade. Planned community benefits include a children's theatre, a nursery, health facilities and affordable and key worker housing. It is claimed the development will create more than 1,000 jobs (LDA 2004b).

The combination of public sector, private sector and specialist heritage interests on the site led to English Heritage developing the Mutual Benefit Model of development, which could be applicable to other historic naval sites (Clark, 2005).

Clark (2005) has listed the key elements of this model as:

- A nominal value transfer of government owned brownfield land with heritage components to an appropriate public agency.
- The early design and adoption of a vision and masterplan for multi-use development with the focus on heritage, sustainability, profitability and the public good.
- The involvement of private sector partners who see the point of collaboration with the public sector and the integrated approach to heritage, housing, business and amenity development, in which there is a trade-off between maximum profit and the creation of a balanced environment in which heritage is part of the 'branding' of the whole project.
- The initial recording, archiving, excavation and remediation of the site by specialist historical and archaeological organisations which deliver the double benefit of enabling proper conservation to take place and also to arm the housing and business developers with expert knowledge in terms of site contamination and constraints, so that they can plan, build and renovate accordingly.
- The careful phasing of development and building both in parallel with and consequent upon the archaeological work.
- The contextualisation and marketing of the development within the tourist and educational marketplaces.

Under the HELM (Historic Environment Local Management) programme, English Heritage has been working with conservation architects to convert structures such as the paper cartridge factory and laboratory offices, which date from the Crimean War, and the early 18th century academy building. In other parts of the site, historic workshop complexes are being converted for modern industrial use (English Heritage, 2008). The Royal Artillery Museum, Firepower, opened in 2001 and now attracts over 300,000 visitors a year, while the Greenwich Heritage Centre houses a permanent exhibition and archives (Berkeley Homes, 2009a).

14 Can the market provide? Haslar Hospital

Haslar Hospital in Gosport is an example of the tension between commercial and community interests and of the difficulty of finding solutions that are both financially rewarding to commercial operators and beneficial to local residents. It also highlights the complexity inherent in many defence sites.

Opened in 1754, the hospital stands in 55 acres overlooking Portsmouth Harbour (*HC Deb* 2008-09, c1207). It is hugely important from a heritage point of view, having treated casualties from all the major wars, including the battles of Trafalgar and Waterloo, both world wars and the Falklands conflict (BBC Hampshire, 2008). Many of the buildings on the site are listed, and tens of thousands of people are thought to be buried in the grounds (Cleland, 2006). As

was the custom in previous generations, the hospital was deliberately built at some distance from the town centre (Clark, 2009, p.20); in addition, the fact that it stands on a peninsula makes access difficult.

The hospital's closure was announced in 1998, provoking an outraged response from the local community, who fought hard to save it. Nevertheless, it closed in July 2009, with most services being transferred to the newly rebuilt Queen Alexandra Hospital in Cosham (Cleland, 2006; Dabrowski, 2009b).

From 3-5 November 2008, the MOD funded a workshop to come up with a masterplan for the site (Clark, 2009, p.20). The workshop was run by the Prince's Foundation for the Built Environment, using the Enquiry by Design process. This involves a wide range of stakeholders and the local community working together to shape a place, testing every issue by drawing it. The foundation's publicity states:

'Enquiry by Design is an important tool in developing sustainable communities; delivering masterplans based on enduring design principles, and developing the place-making skills of all participants in the workshop process.' (The Prince's Foundation for the Built Environment, 2009, p.1).

According to Clark (2009):

'The workshop was focused on the reuse of the many historic buildings within the hospital, many of them listed. Potential areas for new buildings were to be identified, the importance of features of the Registered Historic Landscape considered, types of uses identified, provision made for vehicular and pedestrian access in and around the local area – all drawing on the experience and knowledge of the key stakeholders. Participants formed five specialised groups which developed final drawings of overall strategies for movement and connectivity, land use, heights and massing, landscape and ecology, heritage plan, phasing and mix and commercial viability.' (p.20).

The Prince's Regeneration Trust presented its report on the enquiry to an extraordinary meeting of Gosport Borough Council on 9 March 2009. The report was accompanied by a commentary written by the council's development services manager, Mike Jeffery.

In his commentary, Mr Jeffery drew attention to some apparent inconsistencies in the report. He found that the vision statement for the site reflected the council's position, particularly the fact that the retention of health facilities was 'of significant importance' (Jeffery, 2009, paragraph 2.2). The vision statement in the trust's report says:

'A unique opportunity for the site to continue to feature as a prominent local employment generator for generations to come, and through the development of a mixed use scheme (based upon the concepts of health, leisure, heritage, local character and traditional urban and architectural design principles) create a vibrant and sustainable community for people to live, work and visit, whilst preserving the best aspects of this beautiful and historic setting.' (quoted in paragraph 2.4).

However, Mr Jeffery found that the 'Next Steps' section of the report appeared to ignore the vision statement, and drew particular attention to the following statement:

'The key to developing a successful offer at Haslar Hospital is to allow the market to determine the mix of development, whilst ensuring the right development comes forward.' (quoted in paragraph 2.6).

Mr Jeffery described this as 'particularly naïve' and said it seemed to:

'disregard the Borough Council's duty to prepare planning policies for the site within the context of the LDF (Local Development Framework), against which future proposals and planning applications would be assessed. Leaving the site to market forces will undoubtedly lead to a residential based development which will not be consistent with the well established interests of the community reflected in the Local Plan Review and the emerging LDF. In support of their market forces conclusion, the Trust appears to be urging DE (Defence Estates) to challenge the Borough Council's position by submitting appropriate representations through the LDF process to secure a "mixed use/and any enabling development which is considered necessary", presumably to assist disposal of the site.' (paragraph 2.6).

Mr Jeffery felt the trust had also failed to recognise the importance of thorough research when making decisions on historic buildings (paragraph 3.2). Additionally, he questioned the report's assumption about traffic movements, stressing that the site's problematic access meant that calculations about traffic were of great importance (section 4.0).

Mr Jeffery recommended that the council should advise Defence Estates that further study, research and analysis were required to enable an appropriate masterplan for the site to be developed. He also recommended that DE should be advised to prepare a conservation management plan for the site. These recommendations were accepted by council members.

Managing the site in the period before a buyer is found has been of particular concern to local campaigners, with the Save Haslar Task Force predicting that it

could cost the taxpayer £5m a year (Dabrowski, 2009b).

Kevan Jones, the Parliamentary Under-Secretary of State for Defence, recently announced that after seeking expressions of interest, the MOD had selected its preferred bidder, the community interest company OurEnterprise. (*HC Deb* 2008-09, c94WS). OurEnterprise is an entrepreneurial consultancy that 'brokers and delivers bespoke commercial partnerships between charities, social investors, commercial operators and the public sector to deliver large-scale integrated regeneration projects', Mr Jones said. The MOD expects to exchange contracts and complete the transfer by the autumn.

OurEnterprise will work with employment charity Tomorrow's People and the Veterans' Village Consortium to develop the site. Plans include a hotel, a 160-bed elderly medicine infirmary, a heritage centre and 100 two-bedroomed apartments for veterans. Developers also hope to build a post office, hairdressers' and shops in a dedicated 'veterans' village' (Semke, 2009).

15 Can the planning system provide? Aldershot Urban Extension

The release of 150 hectares (370 acres) of defence land in the southern part of Aldershot Military Town gave Aldershot its first chance to expand in almost 100 years. The land disposal is at an early stage and discussions have centred on the local authority's planning guidance for the area; critics have suggested opportunities to improve the town have not been seized.

The possibility of expansion was especially significant for a town whose status as the 'Home of the British Army' may have resulted in cramped conditions for civilians. (Aldershot Civic Society, 2008). Up to 4,500 homes are planned for the Aldershot Urban extension (AUE), one of the largest brownfield regeneration sites in the South East of England.

The land for development lies between Aldershot Military Town and Aldershot town centre, and from the start there was a concern that the extension should contribute to the regeneration of the centre, rather than developing as a separate community.

In March 2009, Rushmoor Borough Council adopted a Supplementary Planning Document for the area. The move came after extensive consultation, including a week-long 'Enquiry by Design' consultation workshop run by English Partnerships and the Prince's Foundation. 'The event explored several issues, involving urban design, energy efficiency, transport links and sustainability, which helped form a draft masterplan.' (Rushmoor Borough Council, 2009b, p7.)

Aldershot Civic Society has been vocal in its comments on the masterplan objectives (2008). In particular, it has highlighted the need to ensure that any development alleviates rather than compounds the problems associated with the town's role as a garrison. It sees the chief of these problems as shortage of space:

Figures from 2001 show that the population density is, in Rushmoor as a whole BUT especially in Aldershot, with 2320 persons per square kilometre, more than 5 times higher than the figure for the Southeast (421), more than 6 times higher than that for England and Wales (380) and hundreds of times higher than that for Hampshire as a whole (3.41 per ha.)

The society wanted a mix of housing on the site that would allow the town to move more upmarket:

The accommodation of a sizable community of well educated, high earning residents is essential to attract the choice of good quality retailers that the town centre desperately needs if it is to survive as something better than a local "Convenience Store".

It felt the AUE offered the chance to make Aldershot into a more balanced community:

For many decades, Aldershot has suffered the consequences of a very significant imbalance between the civilian (family) sector and an unusually high number of young, unattached and highly mobile young people who had no lasting interest in the various aspects of civic life. Moreover, their presence also has a big influence on the make up of shopping and entertainment facilities in the town.

The masterplan also talks about the need to integrate military and civilian communities. (Rushmoor Borough Council, 2009b, p19).

Aldershot Civic Society was particularly critical about what it saw as a lack of provision for open space and play pitches. It felt there was 'confusion' around this, because a significant part of the provision has historically been made up from land that is owned by Defence Estates anyway. It was particularly concerned about the effect on the Special Protection Area (SPA) on the edge of the town. The society thought the developer should be required to consider the whole of Aldershot when making provision for open space, rather than just the AUE.

This arrangement is exclusively in favour of the developer's interest and at the expense of the SPA and the local residents, because the inevitable result is an overall net loss of Open Space for the town ... the

reality is that existing space will become so overcrowded it will lose all its capacity to provide the atmosphere that people seek to relax. The result will be entirely counter productive as more and more people will choose to walk farther and farther into the SPA.

16 Economic potential: HMS Daedalus

HMS Daedalus at Lee-on-Solent, south Hampshire, was originally developed as a seaside health resort in the 1880s. In 1917 it was requisitioned by the Admiralty and subsequently became the headquarters of the Fleet Air Arm. After World War II it was mainly used for training, closing in 1996.

The South East England Development Agency (SEEDA) acquired 82.4 hectares (204 acres) of the site in March 2006. The remaining 106 hectares (256 acres) went to the Maritime and Coastguard Agency (MCA). Earlier plans to turn the site into a centre for asylum seekers were scrapped after a local campaign. (Tempest, 2004).

SEEDA's vision for the site is: 'a sustainable, high quality mixed-use development, which respects the site's exciting heritage whilst releasing its potential to contribute to the economic growth of the region'. (SEEDA, 2007a.) Development will focus on new aviation and marine-related businesses, taking advantage of access to existing runways and the Solent. There will also be some mixed housing on the site. The hope is to create a 'quality business location that will attract inward investment and provide accommodation for start-up, growing and established businesses'. (SEEDA, 2007b.).

SEEDA has appointed Groundwork Solent, an environmental charity, working in partnership with public, private and voluntary organisations, as community consultants to the project, alongside Civic Regeneration. An extensive programme of consultation is currently underway. (Groundwork Solent/Civic Regeneration, 2007). Methods have included freepost questionnaires, a freephone inquiry line, talks to community groups and schools, street surveys, workshops and open days. Results from the consultation will be fed into the development of a masterplan.

The team has also used GIS and 3D modelling to demonstrate how Daedalus could look in the future, and to help record feedback from consultation events. On the Virtual Daedalus website, it is possible to access Google Earth to view a flythrough of the existing site, and also to view a 3D computer model showing what the waterfront site could look like in the future. (SEEDA, 2009.)

Most recently, Groundwork Solent reported back from a two-day consultation on the Visionary Framework for the site. (Groundwork Solent, 2009.) According to this report, there is general community support for an employment-led

scheme with an aviation and marine focus. Local people also seem to support the continuation of general aviation and the provision of leisure facilities at the site. However:

'there continues to be general concern about the potential impact of development – especially housing – on existing infrastructure within the local area, particularly on the transport routes to the M27, as well as on schools and medical facilities.'

Opinion is split over proposals for a marina. While some see it as a good opportunity, otherwise are concerned about the possible negative effects on traffic congestion and the marine environment.

SEEDA and its partners are continuing to work up proposals for the site and no plan has yet been approved.

17 A comprehensive approach (1): Project MODEL

This case study will give an overview of Project MODEL and then focus on two sites: RAF Uxbridge and RAF Bentley Priory.

17.1 Introduction

Project MODEL is Defence Estates' flagship development. As part of its efforts to rationalise operations, the MOD is moving several operations currently based in Greater London to an 'anchor' site at RAF Northolt. This frees up approximately 100 hectares of predominantly brownfield land within the M25 for development at a time when the capital is desperately in need of new homes. The sites in question are: RAF Uxbridge, RAF Bentley Priory, Inglis Barracks in Mill Hill, Victoria House in Woolwich, RAF Eastcote and RAF West Ruislip.

In 2006, the larger Project MODEL contract (there is a smaller one for a new BFPO postal sorting facility) was awarded to VSM Estates Ltd, a joint venture between international construction company VINCI PLC and developer and regeneration specialist St Modwen Properties PLC (Defence Estates, n.d.).

The contract was awarded under a new strategy known as Prime Plus Contracting. This uses the value of the sites that are to be disposed of to fund construction costs. VSM Estates are now responsible for securing cash flows for the project, project managing the construction requirements at RAF Northolt, the relocation of units to Northolt and the actual disposal of the surplus sites. The aim of this approach is to reach an optimum balance of risk between the development at RAF Northolt and the disposal of the vacated sites.

The strategy has been described as ‘next stage PFI’ (Morrison, 2007), reducing the risk to the public sector and rewarding the private sector for adding value.

Government satisfaction with Project MODEL appears to be high. The MOD Stewardship Report, which sets out the MOD’s progress against the department’s aims and objectives published in the Defence Estates Strategy, states:

Project MODEL has proved to be an exemplar in joined up Government practices and stakeholder management. The Office of Government Commerce (OGC) has rated MODEL’s communication with the project’s stakeholders as “consistently excellent”. The project has continued to optimise benefits to wider Government, on issues such as best practice procurement techniques and advancing the sustainable communities agenda. The Project team have engaged widely with a range of stakeholders including the DCLG, Greater London Authority, local planning authorities and other strategic bodies with the objective of pioneering an integrated cross-governmental planning strategy to maximize the potential of surplus public sector land.

(MOD, 2008, p16).

17.2 RAF Uxbridge

RAF Uxbridge, situated close to Uxbridge town centre, extends over 110 acres and is the largest development site in west London. A Supplementary Planning Document for the site was prepared by Hillingdon Council, following a large public consultation exercise in 2007. This included leaflets, online questionnaires, a public exhibition, workshops and presentations.

The council reported a very high level of response to the consultation with most people expressing enthusiasm for the potential offered by the site. Respondents regularly expressed a desire to see a theatre or music venue, a museum, services for children and young adults, leisure facilities and affordable housing. Many people wanted to see the site linked with the town centre as a way of improving the quality and range of facilities on offer in Uxbridge (London Borough of Hillingdon, 2008, p2).

There was a lot of public interest in retaining the open character of the site and providing parks and green spaces for public use, as well as a strong desire to ensure that the military heritage of the site was reflected in the new development.

Any concerns related to the potentially high level and density of development and the likely impact that this could have on the character of the area,

highways and other infrastructure.

The Supplementary Planning Document (SPD) produced by the council proposes that the site should include:

- An arts centre
- Shops that complement what is already on offer in the town centre
- 1,620 new homes, of which 567 units are likely to be affordable housing.
Of the affordable units, 267 would be for low cost ownership and 300 for social renting
- Up to 69,675 square metres of commercial floor space
- An enhanced River Pinn walk and associated high quality public open spaces
- Improved footpath links, particularly with the town centre
- Retention and reuse of the listed Hillingdon House
- The retention of the listed Underground Bunker, including a visitor centre
- A two-form entry primary school
- New health facilities
- A local community facility

There is also a strong emphasis on sustainability in the areas of transport, drainage, construction and energy (London Borough of Hillingdon, 2008, p3).

Following the adoption of the SPD, VSM Estates held a two-day exhibition on its proposals for the site. Members of the public had the opportunity to see the proposals in detail and discuss them with members of the company's project team. The company is expected to submit its planning application in the autumn of 2009, with phased disposal taking place between 2010 and 2013.

17.3 RAF Bentley Priory

Bentley Priory may turn out to be an example of the difficulty of realising community benefit on former defence land in times of economic downturn.

This 57-acre site is famous for its pivotal role as Fighter Command headquarters during the Battle of Britain in the second world war (VSM Estates, 2009). Detailed planning permission was granted to VSM Estates by Harrow Council in summer 2008. The plans allowed for the building of luxury homes on the site, but one of the conditions was that the eventual developer must provide the funds to convert part of the 17th century Grade II* mansion house into a Battle of Britain museum to be run by a trust set up by the Battle of Britain Fighters Association (Proctor, 2009).

Other community contributions requested from the developer were:

- £200,000 to fund museum start-up costs and business case
- Up to £6.2m to convert the house to a museum

- £3m to set up a trust to help fund the museum perpetually
- A 10-year woodland management plan
- £100,000 towards a borough ecology centre
- £100,000 to improve Common Road
- A travel plan
- £100,000 towards education and health
- Plans for a locally-recruited construction workforce
- Provision of 20 affordable homes off-site
- Money to maintain Bentley Priory Site of Special Scientific Interest (Proctor, 2009)

A number of housebuilders expressed an interest in the site during the marketing stage and VSM Estates had named Barratts as their preferred bidder. However, Barratts then withdrew their offer, citing the economic climate as the reason for pulling out.

VSM Estates has decided to retain ownership of the site and market it again in 2010. In the meantime, local councillors have written to the Ministry of Defence and to the Treasury pleading for financial help to safeguard the plans for the museum. So far they have been unsuccessful (Baker, 2009).

18 A comprehensive approach (2): Whitehill Bordon eco-town

The MOD's plans to move training activities from Whitehill Bordon in Hampshire to Wales threatened the town with the loss of 2,000 jobs and a 40 per cent decline in school rolls. (East Hampshire District Council 2008, p.1.6). However, the government's decision to designate it an eco-town will instead open up a host of regeneration opportunities.

Whitehill Bordon grew up largely around Bordon Garrison. Despite a population of 14,000, it has 'no recognisable town centre and relatively few community facilities'. Many people commute out of the town for work, and there are few opportunities for further education and training. (East Hampshire District Council 2008, p. 1.10.)

With the news of the proposed defence move, and in response to residents' calls for better facilities and better protection of the environment, East Hampshire District Council (EHDC) drew up a Green Town Vision in partnership with the MOD and Hampshire County Council.

The Green Town Vision was adopted in April 2006 with unanimous cross-party support. In July 2007, the Government brought out the Eco-town prospectus. This was seen as a way to deliver the Green Town Vision and so EHDC made its bid for Eco-town status in October 2007. (EHDC, n.d.c.)

The departure of the MOD will free up about 250 hectares or 600 acres of land in the years following 2011. Studies suggest that there is scope for 5,500 homes and up to 7,000 new jobs. (East Hampshire District Council, n.d.a). The awarding of Eco-town status will also lead to benefits that include:

- Whitehill Bordon will share £60m over two years with three other eco-towns for facilities, eco-homes and new green technology
 - Access to £200m for innovative projects including low-emission transport
 - Access to £70m to support community organisations
 - A new zero-carbon school by 2013
 - Funding to look into a rail line to London
 - Training for new jobs involving 'green' skills
 - Electric car plug-in points for the town
 - A chance to share ideas and activities with other carbon-busting communities
- (East Hampshire District Council, n.d.b)

A draft masterplan for the town is currently being developed and there will be further consultation.

The Government recently published a consultation document on the distribution of eco-town funding.¹ This stresses that development plans should include projects that enable existing communities to prepare for the growth in their area. It also says that new projects should enhance community facilities already in place and allow benefits to be shared by new and existing communities. (Niven, 2009).

19 Issues for the future

This literature review has shown that the sale of MOD land has repercussions far and wide. It affects the local economy and the national heritage. Handled well, it can result in immense social benefit; done badly it can increase deprivation and even cause a community to disintegrate. As Dr Celia Clark has pointed out:

The disposal of historic defence land is a complex planning challenge, qualitatively different from ordinary changes of use because of the unusually wide range of interested stake-holders and their expectations (Clark, 2001, chapter 1).

¹ *Eco-towns - allocations from the eco-towns fund: Consultation*. Available only as download from: <http://www.communities.gov.uk/publications/planningandbuilding/allocationfundecotowns>

Factor in a global economic recession and the future of defence land disposal looks fraught. Although community involvement is now much more common than it was formerly, thanks largely to the removal of Crown Immunity, it remains the case that most of the studies here were dependent on property developers for the investment necessary to transform substantial, historic landmarks into modern, socially cohesive projects.

This presents particular problems as the availability of public funds for large capital projects is likely to reduce significantly over the next decade as future governments attempt to rebalance the public finances. The scope for squeezing 'planning gain' agreements or substantial financial contributions from developers may be limited in circumstances where the value uplift achievable from development is uncertain. Developers will tend to protect their margins on new build or refurbishment schemes and may shy away from what they regard as difficult sites.

Taken together, these factors underline the need to explore new approaches that extend previous good practice. The opportunities raised by the removal of Crown Immunity are yet to be fully explored, and there may be models that do not depend on planning gain or residential house sales to achieve community benefits. The evidence base remains relatively small, and could be expanded through more detailed analysis of international experience. Consideration could be given to models that place a value on the public benefit to be gained from future land use, freeing the MOD and its partners from the need to fund community assets through property sales.

Such ideas should be explored because the likely decline in public sector investment in MOD disposal sites over the coming years increases the risk of the kind of piecemeal approach that caused so many problems at the Rowner estate.

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