

Forces for Good

**Making the most of military land
for public benefit**

Julian Dobson, January 2012



A discussion paper for the Bill Sargent Trust updating and taking forward the 2010 Trust report "In the Public Interest" looking at issues around the disposal of MOD land – an important issue for Hampshire and nationally.

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Forces for good: making the most of military land for public benefit

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Introduction

On 18 November 2011 the Localism Act became law. Hailing the passing of nearly 500 pages of legislation and accompanying schedules, secretary of state for communities and local government Eric Pickles declared: 'Today marks the beginning of an historic shift of power from Whitehall to every community to take back control of their lives.'

The mantra of the Coalition government that took power in 2010 has been to devolve power to the people. New laws have established community rights to buy assets of public value and created the opportunity for local residents to become involved in neighbourhood planning. Public land and empty housing is to be handed over for development or repair.

A key test of these reforms will be the fate of much of the military land in the UK. The Ministry of Defence owns nearly 1% of the UK's landmass, and much of it is already or will soon become surplus to defence requirements.

In the past the MOD has been able to raise significant sums by making surplus land available for development - a total of £3.4bn between 1998/99 and 2008/09.¹ With a rising tide of land values and property prices until 2007/08, there has even been money left over to fund community infrastructure, from affordable housing at Caterham Barracks to the preservation of heritage buildings at Royal William Yard, Plymouth, and Gunwharf Quays, Portsmouth.

Since the onset of recession in 2008 it has become much harder to realise such gains, both for the MOD and for local communities. The government's deficit reduction strategy has spurred most public bodies into reassessing their requirements for land and buildings, creating a glut of unwanted property.

In 2010, shortly after the change of government, the Bill Sargent Trust, a Hampshire-based research charity, published *In the Public Interest?* This report examined how community benefits could be achieved from the sale of military land in a post-recession environment, examining the models used in previous years and recommending changes to the valuation and disposal of public land.

The term 'community benefits' was deliberately defined widely. Such benefits may include affordable housing, opportunities to develop new businesses and economic activities, public open space, the preservation of heritage assets and retaining facilities for community use (or providing new ones). The underlying premise of the report was that land owned by the state should be disposed of so as to maximise its social, economic and environmental value, rather than simply on the basis of the capital receipt obtainable.

The report found that aspirations for community benefits were unlikely to be achieved without changes in the MOD's approach to land disposals:

¹ National Audit Office (2010). Ministry of Defence: *A defence estate of the right size to meet operational needs*. London: The Stationery Office

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.

It added:

'...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...'

The report recommended a new approach to valuing publicly owned land, with an emphasis on the likely long term value to be gained from the future use of assets rather than on the immediate cash receipt achievable. It called for better methods of ensuring cooperation between different government departments and local stakeholders; and more effective ways of sharing good practice so that communities affected or likely to be affected by defence land sales could learn from each other.

Over the last 18 months there have been some significant developments that could help to provide new opportunities to achieve social and economic benefits from the disposal of defence land:

- The advent of neighbourhood planning will enable local residents to promote their own development proposals;
- The Localism Act provides a new legal approach to asset transfer;
- The reorganisation of the armed forces will make new land and facilities available;
- The formal recognition of the 'military covenant' provides the basis for new partnerships between local communities and the armed forces

This white paper builds on the findings of the Bill Sargent Trust's previous work and recommends a new approach to military land disposals that fits the current legislative and policy framework and could provide real opportunities for locally generated solutions to housing and economic challenges.

Its aim is to provide a starting point for further discussion and development of the ideas outlined, and suggestions for taking this discussion forward are outlined in the final section.

The opportunity: the changing needs of the armed forces

Britain's armed forces are going through their most fundamental period of change since the end of the Cold War. At the same time, defence spending has come under extraordinary pressure as the government seeks to match its military commitments with radical cuts in public expenditure.

The result is that the MOD is being forced to examine all its landholdings in order to maximise the use of its assets and realise whatever gains it can from the sale of surplus land. However, this exercise is being undertaken at a time when property values outside central London remain depressed and developers already have large land banks of sites where planning permission has already been granted but work has not begun.

These pressures will accelerate the process described in the 2010 report, *In the Public Interest?*. That report made the point that much MOD land is in areas that have been highly dependent economically on military activity (such as Aldershot and Whitehill Bordon in Hampshire). The release of land creates an opportunity not only to meet housing need but also to reconfigure defence-dependent local economies.

The MOD remains one of the UK's largest landowners. Its estate is spread over 4,000 sites and covers some 230,000 hectares, plus another 205,000 hectares where there are military rights of access and use.² This does not include land and buildings used by the Reserve Forces. The landholdings include more than 49,000 properties used as family accommodation, of which 6,000 are currently empty. The estate was valued at nearly £20bn in 2010, and costs £2.9bn a year to maintain.³

The 2006 report *In Trust and On Trust* set out a strategic goal of rationalising the estate to give fewer, larger sites, while smaller sites were to be sold.⁴ This was followed by the Defence Estates Development Plan 2009, which stressed the need to relocate away from southern England, stating that the department has a 'disproportionately large presence there'.⁵

The Strategic Defence and Security Review⁶ published in October 2010 outlined two priorities: to protect the armed forces' mission in Afghanistan, and to 'make sure we emerge with a coherent defence capability in 2020'.⁷ But there was a third priority, which was to balance the books: in the 12 years since the previous defence review the MOD had accumulated a deficit of £38bn. In the next five years, the review revealed, the armed forces would lose 17,000 Army, Navy and RAF jobs, and 25,000 civilian posts.

These cuts, however, turned out very quickly to be insufficient. The size of the 'black hole' in the MOD's finances had been underestimated: the funding gap for 2010-2020 was

² Ministry of Defence (2011). *United Kingdom Defence Statistics 2011*. London: DASA

³ National Audit Office (2010). *Ministry of Defence: A defence estate of the right size to meet operational needs*. London: The Stationery Office

⁴ Ministry of Defence (2006). *In Trust and On Trust: The Defence Estate Strategy 2006*. London: Ministry of Defence

⁵ Defence Estates (2009). *The Defence Estates Development Plan 2009*. London: Ministry of Defence.

⁶ HM Government (2010). *Securing Britain in an Age of Uncertainty: the Strategic Defence and Security Review*. London: The Stationery Office

⁷ MoD press release, 19 October 2010:

<http://www.mod.uk/DefenceInternet/DefenceNews/DefencePolicyAndBusiness/StrategicDefenceAndSecurityReviewPublished.htm>

closer to £74bn.⁸ A further wave of cuts was announced in July 2011, along with plans to rationalise the armed forces' bases. The 20,000 Service personnel based in Germany will return to the UK, and the regular Army will be centred on five 'multi-role brigades', based in Salisbury Plain, Catterick, Kirknewton near Edinburgh and Cottesmore in Rutland.

These contractions will have a drastic impact on the MOD's landholdings. A much smaller military sector will require far less property for accommodation, training and upkeep of equipment.

Following the SDSR, in April 2011 Defence Estates was merged into a new Defence Infrastructure Organisation. As part of this process 2,500 jobs are being lost. The aim is to improve efficiency and reduce costs, in the light of the recognition that the savings envisaged within the SDSR are only the beginning.

This process of reorganisation appears to have slowed down the disposal of sites. In particular, the DIO must work out which UK sites are still needed following the reshuffle initiated by the withdrawal from Germany. However, this is likely to be a temporary lull.

In evidence to the Commons defence select committee in July 2011, former defence secretary Liam Fox undertook to assess the whole of the defence estate across the UK.⁹ This process, announced shortly before the summer recess, is likely to mean that only sites already earmarked for disposal will be sold in the immediate future, but that many more are likely to be declared surplus once the review is complete.

On 5 October 2011 the DIO published its interim strategy for land disposal.¹⁰ This document spelled out three key objectives:

- being transparent about landholdings and disposal principles and selling land in accordance with Treasury guidelines;
- not holding land longer than necessary;
- carrying out disposals on terms that both achieve value for money in disposal receipts and generally promote development, economic activity and growth.

While the overriding principle behind the MOD's approach to its land assets remains unchanged since our report of 2010 - 'to get the best price reasonably obtainable' - the land disposal strategy suggests a more flexible approach may be considered than in the past. Alongside value for money and the need to hold land required for military purposes, there is explicit reference to the value of using land to promote economic development and regeneration.

The document states that disposal of land will be done 'as swiftly as the market will allow' and normally through open competition, unless the land is required by other publicly funded bodies such as the Homes and Communities Agency, local authorities or registered social landlords. This offers the prospect of local councils or social landlords acting on behalf of smaller voluntary and community organisations to identify and acquire land for community benefit.

⁸ Chalmers, M. (2011). *Looking Into the Black Hole: Is the UK defence budget crisis really over?* London: Royal United Services Institute.

⁹ House of Commons Defence Committee (2011). *The Strategic Defence and Security Review and the National Security Strategy*. Sixth report of session 2010-12. London: The Stationery Office.

¹⁰ Defence Infrastructure Organisation (2011). *Defence Infrastructure Interim Land and Property Disposal Strategy*. London: Ministry of Defence

The DIO will 'seek market value according to the planning situation'; suggesting local planning considerations may take precedence. However, local authorities (or neighbourhood planning forums) will almost certainly need to be proactive in setting out their aspirations for defence sites in advance of the disposal process.

The strategy adds:

'The DIO's approach to future land use will be determined by local planning policies and the draft National Planning Policy Framework ... with its strong presumption in favour of sustainable development. DIO will work with local planning authorities to help identify MOD sites capable of supporting future housing growth, making best use of previously developed land.'

The result, if the strategy is followed, should be a closer relationship between defence and the Department for Communities and Local Government and the Homes and Communities Agency than in the past.

Only one paragraph in the strategy deals with economic development and regeneration. It acknowledges that the closure of MOD bases can have a detrimental impact on host communities, adding:

'...apart from providing land with the capacity for much needed housing, the re-use of former MOD sites can often provide new and exciting opportunities for economic development and regeneration. DIO will work closely with interested parties to seek the best possible future for the site.'

While this statement is brief, it is important. The clear recognition that economic development and regeneration should be balanced against the need to maximise capital receipts should open the door to more constructive negotiations about the future use of land that may be of community value.

The onus, however, will be on local communities to identify land that can be reused and put forward ideas for future uses. Given the reduction of staffing within the DIO, it is unlikely that the organisation will have much capacity to incubate new ideas for the use of its assets. This underlines the need for a partnership approach, with more effective cooperation between defence and local interests than has been seen in the past.

Site spotlight: Aldershot Urban Extension

Aldershot Urban Extension is one of the largest former military sites to be released for development. Just under 150 hectares of the 480-hectare site are to be developed as a residential suburb with two new primary schools and other community facilities.

There has been a long process of planning and consultation, with an Enquiry by Design exercise in 2005 leading to the adoption of supplementary planning guidance by Rushmoor Borough Council in 2008.

Grainger plc has now been appointed to develop the site, which it has branded Wellesley, and conducted a consultation with local residents in autumn 2011. A new masterplan will

be produced in early 2012 and planning applications submitted in late spring or early summer.

Grainger's publicity echoes much of the local authority's thinking about creating a high quality sustainable community with pedestrian access, public open space and a high degree of integration with the town of Aldershot.

However, there are likely to be tensions over the degree of affordable housing to be provided: while Rushmoor is seeking a development of 4,500 new homes, Grainger has questioned whether this number will be achieved and has highlighted its belief that a lower-density development with more upmarket housing will provide a better return on investment.¹¹

Given the time lag between the production of planning guidance and the likely start of development in 2013, there may be considerable variations between the earlier masterplan and the eventual development. The site is large and Grainger will sell blocks on to individual developers, so ensuring it meets the standard of sustainability and high quality facilities originally envisaged will be challenging.

¹¹ Castle, P. (2011). Urban extension to 'come down from' 4,500 homes. *gethampshire.co.uk*, 26 September 2011.

Localism: a new wave of citizen action?

There are three key areas of reform under the banner of 'localism' that could help local communities unlock the potential of surplus military land. These subjects are interlinked and overlap with each other, but for the sake of clarity are discussed separately.

1 Planning reform

A raft of planning reforms is being pursued by the current government. Especially important are the introduction of neighbourhood planning and the National Planning Policy Framework,¹² which aims to simplify the planning process with a presumption in favour of sustainable development. 'Sustainable' is defined according to the Brundtland Commission's dictum of meeting the needs of the present without compromising the ability of future generations to meet their own needs. However, the draft framework places greatest emphasis on growth, stressing that 'significant weight should be placed on the need to support economic growth through the planning system'.

At the same time the previous government's approach to planning, which was based on detailed guidance on a host of matters, from heritage to mineral extraction, and regional house building targets, is being jettisoned. The government argues that incentives such as the 'new homes bonus', which rewards local authorities for approving development, will be more effective in encouraging house building.

The draft National Planning Policy Framework was published in July 2011 and consultation closed in October 2011. It is expected to come into force during 2012. This framework reduces the hundreds of pages of planning advice and guidance from central government into a brief document intended to encourage flexibility and a planning culture of enabling development rather than enforcing standards. While the national framework has been criticised for tipping the balance in favour of the volume house builders and 'big four' supermarkets, its advocates argue that it will kick start a housing and development market that has been bottlenecked by bureaucracy.

The principle behind neighbourhood planning is that decisions are best taken by the people closest to a proposed development. But while neighbourhood planning enables local groups or organisations to influence and encourage development, it deliberately avoids creating tools that enable residents to oppose or frustrate development.

Neighbourhood plans must be developed in accordance with the local authority's local plan for the area. If approved in a local referendum, a neighbourhood plan must be adopted by the authority. Plans can specify certain types of approved development which will then receive automatic planning permission via a Neighbourhood Development Order.

Plans can be drawn up by parish or town councils, or by neighbourhood planning forums set up for the purpose. A forum must consist of at least 21 people and must be broadly representative of the local community, including local businesses where relevant. A forum is required to set a vision for the locality and can draw up guidelines to steer future development. While the guidelines must be in line with district-wide priorities, they cannot be overturned at a higher level. A series of 'frontrunners' for neighbourhood planning were

¹² Department for Communities and Local Government (2011). *Draft National Planning Policy Framework*. London: DCLG.

announced in April and August 2011, with a total of 126 areas piloting the scheme by the time the Localism Act was passed.

There may be an opportunity here for communities affected by the disposal of surplus MOD land, or that have already been impacted by previous sales of land and assets to third parties. Particularly where land is vacant and awaiting development, a neighbourhood forum can set a vision for the area that must then be considered by the local authority when land is sold, and by new owners when managing and developing it.

This assumes, of course, the existence of a community with an interest in the development of the area. Where there are few existing residents it may be harder to influence disposal decisions, although even in remote areas it may be possible to influence future development via parish councils.

However, there remain risks that a lowest-common-denominator approach will prevail, with a mentality of 'development at all costs' squeezing out considerations of sustainability, economic development and community benefit. The government's proposal to retrospectively remove planning obligations agreed under section 106 of the Town and Country Planning Act 1990 where developments have stalled raises questions about the value of such agreements in future.

One potentially important aspect of the planning reforms is the introduction of a 'duty to cooperate' between neighbouring local authorities and other public bodies. This is particularly significant when large or strategically important sites are released for development. The duty will require the Defence Infrastructure Organisation to work closely with local planners to ensure the acceptability of disposal plans, and could help to avoid some of the complaints of poor communication that have been levelled at the MOD in the past.

Site spotlight: Daedalus

The former Daedalus naval air base at Lee-on-the-Solent, Gosport, is a major site that has been awaiting reuse for well over a decade. The 80-hectare airfield, considered the best-preserved example of a seaplane base in the UK, was closed by the MOD in 1996 and was transferred to the South East England Development Agency ten years later after being declared surplus to requirements.

A series of consultations and master planning activities was then conducted by SEEDA in partnership with Groundwork Solent. Local residents highlighted employment and green space as particular concerns.

Following the Coalition Government's decision to abolish regional development agencies, the new Solent Local Enterprise Partnership nominated Daedalus as a possible enterprise zone. The zone was approved by ministers in August 2011.

Enterprise zone status is intended to accelerate development at Daedalus, and the LEP claims 600 new jobs will be created by 2015. Companies moving to the zone are given a range of incentives, including zero business rates for five years (up to a limit of £275,000) and high-speed broadband. Planning processes will be 'radically simplified'. It is unclear what weight will be given to opinions previously expressed by local residents in consultation exercises.

The new enterprise zone intends to focus on advanced manufacturing, with particular emphasis on marine and aviation industries.

2 Asset transfer

The value of transferring surplus or under-used public assets to community and voluntary organisations has been accepted by all political parties since the publication of the Quirk Review in 2007.¹³ This follows consistent lobbying by the former Development Trusts Association (now Locality) and others, who have argued that community-owned buildings or infrastructure such as renewable energy installations create income streams (from hiring out meeting rooms and business space, for example) and collateral against which organisations can raise loans to develop services.

Community assets have a long and varied history in the UK, from the early cooperative movement to mutually-owned building societies and insurance companies.¹⁴ In recent years they have been promoted as a means of financing community development, local service provision and training for unemployed or disadvantaged people.

The agenda of community ownership has been particularly strong in Scotland, where large estates have historically been held by absentee landlords and the land rights movement stretches back for well over a century. But while Gladstone sent a gunboat to the Isle of Skye in 1883 to curb the protests of the Glendale Land Leaguers, more recently the devolved Scottish Government has led the way in promoting a 'community right to buy'.

Since 2004 there has been a legal right for community organisations to bid for land and assets earmarked for disposal, although only a handful of transfers of ownership to community groups have now taken place under the legislation.¹⁵ These include the island of Gigha, where local housing has been improved, new homes built and the community now generates its own renewable energy; and a former bank in Neilston, East Renfrewshire, which is now being converted for community uses.

A version of the community right to buy has now become law in England. While it has less clout than the Scottish legislation, it establishes the principle that local residents can nominate assets of community value and delay a sale or disposal while they put together proposals for their future use. This gives them a breathing space to raise funds to buy the asset when it comes on the market, although the legislation makes no provision for taking social value into account when the sale price is negotiated. Unlike the Scottish legislation, the Localism Act does not give community organisations in England a right of first refusal.

Assets can be considered as being of community value if their current or recent use has been to 'further the social wellbeing and interests of the local community'.¹⁶ 'Operational land' as defined in Part 11 of the Town and Country Planning Act (such as highways) is excluded from the legislation.

¹³ Department of Communities and Local Government (2007). *Making Assets Work: The Quirk Review*. [online] <http://www.communities.gov.uk/publications/communities/makingassetswork>

¹⁴ See <http://www.jrf.org.uk/events/community-assets-seminar-series> for reports and background papers on community assets.

¹⁵ Holmes, H. (2010). *Providing opportunities for rural communities in Scotland: the community right to buy policy in Scotland*. York: Joseph Rowntree Foundation.

¹⁶ DCLG (2011). *Assets of Community Value: policy statement*. London: DCLG.

In practice, there is likely to be limited scope for applying the community right to buy to military property, and these limits may well be established on a case by case basis.

While legislation has proved something of a blunt instrument in Scotland, it has created a climate in which transfers to community ownership are becoming part of the culture. In England, the rate of asset transfers has accelerated in advance of legislation as public bodies - local authorities in particular - seek to dispose of surplus land and buildings.

There has been strong criticism from some quarters that communities are being handed liabilities rather than assets, and having to cover costs that would previously have been spread across a much wider base of local taxpayers. However, there are also striking examples of neglected buildings being brought back into use. Hebden Bridge Town Hall in West Yorkshire, for example, had been surplus to Calderdale Council's requirements for many years before being taken over by Hebden Bridge Community Association, which now plans to use the building for community and civic functions, arts events and start-up business space.

The government-funded Asset Transfer Unit has now helped organisations in more than two-thirds of English local authorities with advice, information and expertise and is heavily involved in work to convert many libraries to community ownership. A recent evaluation of the Unit's work suggested more than 1,000 transfers are now in progress.¹⁷ Parks, community centres, village halls and even castles and piers are being taken over by community organisations.

This suggests there is plenty of scope for transfers outside the provisions of legislation, given a willing seller and local enthusiasm to take over an asset. The Department of Communities and Local Government suggests a 'right of first offer' may apply in such cases, where an owner agrees to sell to a community organisation before placing the property on the open market.

In such circumstances there may even be scope to persuade the Defence Infrastructure Organisation to part with assets at less than book value, if it can be demonstrated that greater value will be created (and MOD liabilities reduced) through an alternative disposal route that can quickly bring an asset into community use.

The transfer of military assets to communities is relatively uncharted territory in the UK. The main current example is the plan to transfer the Machrihanish air base on the Kintyre peninsula in Scotland to a community association [see below]. However, because this is being done under Scottish legislation it is not likely to be replicable outside Scotland. Important lessons may be learned, however, about the practicalities of negotiating asset transfers that may be applicable elsewhere.

Site spotlight: Machrihanish Airbase

Machrihanish Airbase, on the Kintyre peninsula in Scotland, is one of the largest airfields in Europe. A former base for the US Navy, it was returned to the MOD in 1995, and in 2009 the MOD announced it was selling the 415-hectare site.

¹⁷ SQW (2011). *Final Evaluation of the Asset Transfer Unit. Car Parks and Castles: giving communities the keys*. [online] <http://www.atu.org.uk/Document.ashx?ID=321>

As well as being used by the military, one end of the airbase is also used for civilian flights between Kintyre and Glasgow, and for business activities including a wind turbine factory.

Since 2008 local residents have been campaigning to take over the airfield for community use, in the hope that it would bring employment and trade to the isolated Kintyre community and provide revenue to support local services and activities. The airfield is close to the island of Gigha, which was taken over by its residents in 2002.

The Machrihanish buyout is being undertaken under the right-to-buy provisions of the Land Reform (Scotland) Act 2003. While the buyout process is only relevant in Scotland, the story so far illustrates some of the practicalities of transferring former MOD assets to community use.

The airfield was valued at £1 in recognition of the degree of remedial work required. After a first vote in favour of a community buyout, in May 2010, was rejected by the Scottish Government, a second vote was held in December 2010 and approved in January 2011. Both votes were overwhelmingly in favour of the proposals developed by Machrihanish Airbase Community Company (MACC).

The community company says its ideas for sustainable development offer an alternative to the boom-and-bust economics that have adversely affected South Kintyre, and it hopes to maximise the good air, road and sea links of the peninsula to bring in new investment. However, the site needs extensive upgrading, including the renewing of its water supply, drainage and electrical infrastructure.

Since January 2011 there have been a succession of meetings with officials, funding agencies, the MOD and solicitors to try to progress the plans. While the meetings have been constructive, dealing with issues such as improving the infrastructure and utilities has been complicated and time-consuming. These issues will need to be resolved before a sale agreement can be reached.

3 Housing policy

UK government housing policy for the last 30 years has sought to encourage private home ownership. While this broad thrust has remained unchanged despite the stagnation of the property market and the collapse of credit, there are signs of a more flexible approach and a readiness to consider new ways of meeting housing need.

The Department of Communities and Local Government's housing strategy, published in November 2011, makes it clear that housing has a key role in the economy, providing jobs and training as well as homes.¹⁸

It emphasises the need to incentivise housebuilding, with plans to underwrite 95% mortgages for first-time buyers and to make public land available for construction on a 'build now, pay later' basis. There is particular support for bringing empty homes back into use, with a £150m fund to convert empty property, and backing for self-build approaches (now styled 'custom homes'), citing the example of Almere in the Netherlands, where a 100-hectare zone has been made available to self-builders.

¹⁸ HM Government (2011). *Laying the Foundations: a housing strategy for England*. London: DCLG

The approach to public land is particularly interesting for communities likely to be affected by the disposal of MOD sites. The usual Treasury objective of achieving maximum capital receipts has been significantly qualified by the emphasis on making land available at an early stage for development, with payment deferred until after building has taken place. The 'build now, pay later' approach aims to make land available for an additional 100,000 homes that might not otherwise have been built because of difficulties in accessing finance. The government estimates that 40 per cent of all previously used land suitable for development is owned by the public sector, and is keen to speed up its release. The Defence Infrastructure Organisation's disposal strategy is intended to complement this programme, which began with a similar strategy published in June by the Homes and Communities Agency.

There are some caveats: there has to be market demand, the proposals have to represent value for money and they have to be affordable, though affordability is not defined. But there are also moves to speed up the release of more complex sites, and ministers have appointed a group of experts led by Tony Pidgley, chairman of the Berkeley Group, to advise on these issues early in 2012.

The Government Property Unit will support the 'build now, pay later' approach by releasing updated information about public sector landholdings across England. 'This will enable communities and developers to identify development opportunities and challenge landholders to bring derelict land and property back into productive use,' the housing strategy comments.

In addition to the 'build now, pay later' policy, the strategy emphasises the community right to reclaim land, first announced in February 2011 by housing minister Grant Shapps. This 'right' is an important development of the existing Public Request to Order Disposal (PROD), which applies when a public body is holding onto land and property assets that could have an alternative public or community use.

Mr Shapps pledged to introduce a 'one-stop shop [which] will provide citizens with information about empty land and buildings they can develop to improve their local area'. The Homes and Communities Agency will now publish regular lists of the land it owns and manages.¹⁹

The reformed PROD mechanism creates a potentially powerful method for citizens to bring under-used property back into use by triggering an order that the owner should dispose of it. The scheme covers a range of public bodies set out in Schedule 16 to Part X of the Local Government, Planning and Land Act 1980. These include all local authorities and a handful of quangos, but not central government departments. Where a public body is not included in Schedule 16, DCLG intends to sign a memorandum of understanding enabling its land to be treated in a similar manner.

If the secretary of state for communities and local government considers that evidence supports a request, he can serve a disposal notice on the owner (or, in the case of bodies not covered by Schedule 16, write a letter recommending disposal).

Extending the community right to reclaim land to MOD property may be problematic legally, particularly given that significant areas of MOD land are affected by the Crichton Down rules, which require that land acquired by compulsion must first be offered back to

¹⁹ See <http://www.homesandcommunities.co.uk/land-and-property-assets>

the former owners or their successors. The DIO disposal strategy notes: 'MOD should also be afforded an exemption in certain circumstances (e.g. on grounds of national security, operational land, training areas, Service Families Accommodation and other residential property etc.).'

However, a qualified right to reclaim or a strong memorandum of understanding between DCLG and MOD could provide a basis for accelerating the transfer of land that no longer has any military use, advancing both the MOD's objective of estate rationalisation and the localism agenda of DCLG.

There are a number of potential pitfalls in the housing strategy. It suggests, for example, that s106 'planning gain' agreements could be retrospectively renegotiated where development has not yet begun. This could make it difficult to secure the kind of local benefits and environmental and heritage protection agreed in the masterplanning of developments such as the Aldershot Urban Extension. It could present developers with a trump card, allowing them to claim they cannot adhere to existing agreements because of market conditions.

Despite the housing strategy's emphasis on the economic role of building, there is little attempt to integrate housing fully with economic development. It is unclear, for example, how 'build now, pay later' or the community right to reclaim land would apply in the case of mixed-use or industrial developments, or where assets are being converted to new uses. These issues will need to be clarified as work to implement the housing strategy proceeds in early 2012.

Site spotlight: Erskine Barracks, Wilton

Erskine Barracks in Wilton, Wiltshire, is the former UK Land Forces headquarters. It became vacant in March 2011 when the HQ moved to Andover.

There are two alternative proposals for the site. The MOD has sought outline planning permission for a housing estate of 450 homes; a local residents' group wants to create an 'eco-park' on the site, showcasing environmental technologies and providing affordable housing.

The Defence Infrastructure Organisation wants the site developed quickly as it sees it as an area where there is demand for housing, and it argues that its plans comply with existing planning guidance.

In contrast, the Wilton Eco-Park Development Community Association claims the plans are a missed opportunity to provide new activities that benefit local people, owned and run by a community land trust. The community association's plans include 300 affordable homes alongside 50 homes for sale; new offices and industrial units; and 25 converted buildings showcasing green technologies.

The success of the community association's proposal is likely to depend on its ability to obtain the backing of Wiltshire Council. As a new voluntary association it is at a disadvantage compared to the Defence Infrastructure Organisation, which has access to professional services such as planning consultants and surveyors.

A new model: how the Armed Forces Covenant could bring communities together

For many years there has been concern that on leaving the forces, ex-service personnel often face difficulties in adjusting to civilian life. Some may suffer mental health problems as a result of their time in the forces, and many experience homelessness.

A survey by the Howard League for Penal Reform found that around 3,000 former members of the armed forces end up in prison.²⁰ While the incidence is slightly lower than among the civilian population, the offences for which they are jailed are often more serious.

The study points out that while for many, life in the armed forces significantly improves a person's life chances, there are some who struggle to manage the transition to civilian life:

'Leaving the Services is unlike simply changing jobs; it is a wholesale life change in which the Service leaver discards more than just employment. He also relinquishes his accommodation and the camaraderie of Services life. He undergoes a radical change in lifestyle. He enters civilian life having to discard the familiar trappings of the Services including the relationship between different ranks and the discipline of an organised and relatively institutionalised existence.'

Failure to manage this transition can lead to drug or alcohol problems, poor health, petty crime or homelessness. Prison may be the last stage of this journey. While it is important to note that prisoners who have not served in the forces are as likely to have experienced such problems, there is strong political and public concern that this should not be the fate of people who have served their country in the armed forces.

The Armed Forces Covenant

In recent years the idea of the 'military covenant' between the citizens of the UK and its armed forces has gained momentum, with a strong campaign by the Royal British Legion. In July 2010 the prime minister established an Armed Forces Covenant Task Force, led by Professor Hew Strachan, to examine how the bonds between the armed forces and society could be strengthened.

The task force recommended an 'Armed Forces Community Covenant', based on a US scheme in which local municipalities, businesses and voluntary organisations pledge their support to the military community in their area. In particular, this would strengthen the links between public services such as health and education and the local military.²¹

Among the recommendations were better use of the MOD estate to provide 'mixed economy housing which would include priority for Service personnel', improved access to home ownership and financial services, and a 'veterans' privilege card' providing discounted goods and services.

²⁰ The Howard League for Penal Reform (2011). *Report of the Inquiry into Former Armed Service Personnel in Prison*. London: The Howard League for Penal Reform.

²¹ Ministry of Defence (2011). *The Government's Response to the Report of the Task Force on the Military Covenant*. London: MOD

The Armed Forces Covenant has now been enshrined in law for the first time, with the passing of the Armed Forces Act in November 2011.²² The legislation requires an annual report to Parliament setting out how the government is supporting the armed forces, their families and veterans through public services such as housing, health and education.

The Covenant states:

'...the whole nation has a moral obligation to the members of the Naval Service, the Army and the Royal Air Force, together with their families. They deserve our respect and support, and fair treatment. Those who serve in the Armed Forces, whether Regular or Reserve, those who have served in the past, and their families, should face no disadvantage compared to other citizens in the provision of public and commercial services. Special consideration is appropriate in some cases, especially for those who have given most such as the injured and the bereaved.'

When leaving the services, armed forces personnel should have the same access to housing and employment and the same opportunities to take part in civilian society as other members of the public, and where appropriate receive special treatment.

Some of the measures already agreed include plans to improve mental healthcare for service and ex-service personnel, university scholarships for the children of bereaved armed forces families, and help for former members of the forces in accessing further and higher education. Ex-forces personnel will also get additional help in accessing social housing.

The armed forces covenant seeks to strengthen the ties between the forces and the wider community, especially in areas that host defence activities. To turn the idea into practice, the government has created a £30m 'community covenant grant scheme' over four years to encourage local activities that build bridges between the military and civilian population.

The first projects funded by the grant were announced on 1 November 2011, and included a new Scout and Guide headquarters in Bedale, North Yorkshire; an office for a community link project in Aldershot; activity days at armed forces bases in Oxfordshire; and a £7,000 scheme to prevent social exclusion among ex-service families in Wiltshire.

While the thinking behind the armed forces covenant has not yet been applied to land disposals, it could provide an important framework for considering the future use of surplus assets. Former military buildings could be reused to provide housing or business premises for ex-service personnel and their families; some of the proceeds of land sales could be channelled into initiatives such as community land trusts, which could provide affordable homes for ex-service personnel as well as for the local population; and community initiatives involving ex-service personnel could be given help and support in bidding for surplus property.

Site spotlight: Royal Hospital Haslar

The Royal Hospital Haslar, in Gosport, was earmarked for sale in the late 1990s. Local councillors led a campaign to keep the hospital as a centre of healthcare.

²² Ministry of Defence (2011). *The Armed Forces Covenant*. London: MOD.

The site was sold for £3m in November 2009 to Our Enterprise, an entrepreneurial consultancy that initiates social enterprise partnerships with the public sector and is working with developers Harcourt.

Our Enterprise has promised to create a 'veterans' village' for ex-servicemen and women, working with employment agency Tomorrow's People in a model . A new company, Our Enterprise Haslar Ltd, has been formed to oversee the development. Director Matthew Bell has promised that Haslar will be an 'exemplar' project, with 'a continuing care community for our veterans and ex-forces personnel, a strong community healthcare hub, a student quarter for postgraduates and a host of cultural, heritage and arts facilities'.

Since the sale various meetings have been held with the local authority, English Heritage and others to discuss the plans and the interim upkeep of the site, but no planning application has yet been submitted.

Long term value

Taken together, the new emphasis on the armed forces covenant, combined with the greater flexibility implied by changes to the housing and planning regime, the recognition of the importance of economic development and regeneration within the DIO's disposal strategy, and the government's backing for the development of community assets, could provide the basis for a new partnership approach where the MOD works with local communities to achieve mutually beneficial outcomes.

A private member's bill now going through Parliament could help establish the foundations for such an approach. The Public Services (Social Value) Bill,²³ tabled by Chris White MP, seeks to require public agencies to give greater consideration to economic, social and environmental wellbeing when letting contracts. It is expected to become law in 2012.

This echoes a recent declaration by the European Parliament that 'the criterion of lowest price should no longer be the determining one for the award of contracts, and that it should, in general, be replaced by the criterion of most economically advantageous tender, in terms of economic, social and environmental benefits – taking into account the entire life-cycle costs of the relevant goods, services or works.'²⁴

While Chris White's bill is unlikely to affect land disposals directly, it could help to create a culture where 'social return on investment' is factored into public service commissioning and contracts. This could include contracts to provide developments or services on former MOD land. The government appears willing, at least in principle, to apply a broader understanding of value to public finance than has traditionally been the case.

Alongside the concept of social value, there is growing interest in the idea of wellbeing as a measure of the nation's economic and social health. Following the actions of the French Government in commissioning economists Joseph Stiglitz and Amartya Sen to consider measurements of wellbeing,²⁵ the UK Government has asked the Office for National Statistics to undertake a consultation on measurements of wellbeing.²⁶ Underlying this work is a growing understanding that a well functioning society is one where people feel good about themselves and their localities, not just one where financial value and productivity is maximised.

The continuing economic challenges nationwide, coupled with the climate of uncertainty and low business confidence that has been exacerbated by problems in the eurozone, suggest that there will be no swift return to the boom of the first seven years of this

²³ UK Parliament (2011). *Public Services (Social Value) Bill*. Available at <http://www.publications.parliament.uk/pa/bills/lbill/2010-2012/0113/2012113.pdf> (Accessed 14 December 2011)

²⁴ Quoted by the Social Return on Investment Network: <http://www.thesroinetwork.org/component/content/article/174-all-regions/250-social-return-on-investment-principles-gain-momentum-as-government-policy-continues-to-emphasise-the-importance-of-social-value> (Accessed 14 December 2011)

²⁵ Stiglitz, J., Sen, A. and Fitoussi, J-P. (2009), *Report by the Commission on the Measurement of Economic Performance and Social Progress*, Available from: www.stiglitz-sen-fitoussi.fr (Accessed 7 November 2011).

²⁶ Office for National Statistics (2011). *Measuring National Well-being: Discussion paper on domains and measures*. [online] http://www.ons.gov.uk/ons/dcp171766_240726.pdf (Accessed 25 November 2011).

century. Indeed the International Labour Organisation recently predicted that there would be no return to pre-recession employment levels worldwide until 2016.²⁷

This challenging climate underlines the need to explore new approaches and to seek innovative solutions to the future use of military land. Solutions that factor in long term social, economic and environmental value, seek to maximise wellbeing and offer the opportunity to strengthen the armed forces covenant, may prove to be of far greater long term benefit than traditional open market approaches.

Site spotlight: Whitehill Bordon

Whitehill Bordon is a survivor of the last government's eco-towns programme. The former Bordon army base is to be vacated, 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.

The Coalition Government has withdrawn its backing from the national eco-towns programme and believes local communities should decide whether or not to pursue such ventures. An initial masterplan for the Whitehill Bordon scheme, which envisages 5,500 new homes, has won broad support and a series of consultation events was held in October and November 2011. A revised masterplan is expected in the new year.

The scheme includes an 'eco-station' with community facilities on the site of a former fire station, a new railway station, and energy efficiency measures for existing housing. A network of charging points for electric cars has also been proposed.

Whitehill Bordon, like Aldershot Urban Extension, is a long-term project and current plans are for the military to leave the site in 2014 or 2015. Possible joint venture development models, discussed in our earlier research in 2010, have yet to be finalised and a range of options is still under consideration.

²⁷ International Labour Organisation (2011). *World of Work Report 2011: Making markets work for jobs*. Geneva: International Labour Organisation.

Next steps: taking the discussion forward

This update to *In the Public Interest?* seeks to introduce a possible framework for discussions about the future of military sites. The Bill Sargent Trust is keen to open a dialogue with policymakers, housing providers, community organisations, local authorities and defence interests to examine how such an approach could be developed.

We welcome contributions to this debate and local and national perspectives that can help to inform discussion, share learning and provide helpful case studies. The Trust intends to stage a round table event in spring 2012 to take this debate forward, after which this paper will be refreshed and expanded and disseminated to a wide audience of policymakers and practitioners.



To download this report, copies of “In the Public Interest” full and summary reports and find out more about the Bill Sargent Trust go to:

www.bstrust.org.uk

Or contact: The Secretary, The Bill Sargent Trust, c/o Create First Wessex, Peninsular House, Wharf Road, Portsmouth PO2 8HB Tel: 023 9289 6793

The Bill Sargent Trust is an independent research charity focussed on research around issues of poverty and homelessness in Hampshire.

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