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PRIME MINISTER

6 March 1986

You asked about unused land and buildings in the public sector.

The PSA has 6.45 million square feet of identified empty space in the civil estate, and the defence estate of 692,000 acres may be on the large side. There is now a target to reduce the amount of void property, but it is a modest one. If we aim to halve the amount of void space at the PSA, we would release over 3.2 million square feet of property, and might net well in excess of £100 million.

The Register of Vacant Land covering local authorities, government departments and nationalised industries already records a total of 110,000 acres. This was the position in 1982, 1983, 1984 and now! DoE estimate that only roughly 18,000 acres have been sold in the last 3 years or so. The Register underestimates the problem, as local authorities and public bodies are reluctant to deem anything unused, even though they have no current use for it. The Secretary of State has powers to enforce sale, but he still has not completed a transaction using them. Isn't it time that he ran a public campaign to see that 50,000-60,000 acres of this land, at the very least, is released? It is not good enough to keep on telling us that all of this land is totally unsuitable for any other use, or that selling it might flood the market - chance would be a fine thing.

Local authorities own an estimated 100,000 empty houses. Shouldn't we also campaign to see that these are used, through homesteading and sales schemes to young couples who would like a cheap home which they themselves could do up? Of course many of them are at the moment uninhabitable, but many people are prepared to take on the challenge of a property that requires some hard work to sort out.

The DHSS are charged with the task of selling large amounts of empty residential property from their estate. Again, progress is slow.

\* Following the E(DL) meeting of 20 November, Treasury are now slowly moving forward to set targets for disposals of departmental land. But the whole exercise is taking time, and there does not seem to be the enthusiasm you would expect about such an obviously attractive policy.

I am discussing these matters with Gordon Manzie (PSA), DoE and Treasury.



JOHN REDWOOD

I think we had better have a progress report on land disposals at one of our LE committees - including all the above matters.  
mb

*file EA*



10 DOWNING STREET

11 March 1985

*From the Private Secretary*

*Dear Rachel,*

Sales of Surplus Land

The Prime Minister has requested that the E(A) meeting being arranged to discuss the privatisation programme should also consider the question of disposing of surplus land in the public sector. Could a note be prepared or a section added to the paper which the Treasury are working on setting out the position reached following the E(DL) meeting on 20 November last year.

I am copying this letter to Private Secretaries to members of E(A) and Helen Goodman (Financial Secretary's office) and to Richard Hatfield (Cabinet Office).

*Yours sincerely*

*Andrew*

(Andrew Turnbull)

Mrs Rachel Lomax  
HM Treasury

*RL*



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP  
 The Secretary of State for Environment  
 Department of the Environment  
 2 Marsham Street  
 LONDON  
 SW1 3EB

13 March 1985

*Dear Patrick,*

**SURPLUS LAND AND EMPTY HOUSING**

E(DL) agreed on 20 November 1984 to the introduction in the Public Expenditure Survey of targets for receipts from disposal of unused land (now referred to as 'surplus land') and empty housing owned by Departments. It was also agreed that targets would also be set for nationalised industries (see paragraph 8 below). The new arrangements will be introduced in the 1985 Survey and the 1985 IFR. I attach at Annex 1 a draft of the relevant part of the guidelines for the 1985 Public Expenditure Survey; they set out the information that the Treasury will require in order to agree targets with Departments for the disposal of their own surplus holdings and the surplus holdings of the NDPBs for which they are responsible. I should be grateful for any comments by 18 March.

Most Departments will already have disposal plans. Most Departments, especially perhaps those who now appropriate in aid the receipts will be familiar with estimating receipts for the Survey years. The first year to which the new target arrangements will apply will be 1986-87. You and I are agreed that it should be possible to dispose of almost all of the present surplus by the end of 1987-88. We would expect the bulk of the present surplus holdings to be disposed of by the end of 1986-87, but the exercise will need to continue on a rolling programme for some years after 1987-88 eg to take account of additions to the number of surplus holdings as the civil service continues to contract in the years ahead. As holdings become surplus the objective should be to dispose of them as

soon as possible. Where in a Department's judgement it may not be possible to dispose of a surplus holding within 3 years, the Department should notify the Treasury.

### Territorial consequences

The new arrangements will apply to the surplus holdings of Departments in Scotland, Wales and Northern Ireland.

### Exceptions

Bodies such as the Urban Development Corporation, the Development Commission and the New Towns whose prime function is to acquire and develop land, normally for disposal, may be excepted from the surplus land target arrangements with the agreement of the Treasury. The NHS is the subject of separate arrangements.

### Agreement of targets

Under the Survey guidelines it will be for Departments to propose realistic financial targets for the disposal of their surplus holdings. Departments will have to use their best judgement about the value of holdings. Treasury officials will consult with your officials on the rate of disposal proposed by Departments. Where Treasury officials cannot reach firm agreement on targets with Departments they will be settled by Ministers in the bilaterals.

### Treatment in the Survey

As with any receipt which can be retained by Departments, the level of receipts from the sale of surplus holdings will fall to be considered by Ministers in agreeing total net provision in the Survey.

### Treatment of receipts in Estimates

The figures for disposals agreed in PES will be appropriated in aid to the relevant vote (where there is one) in Estimates, except where it is decided to classify them as special sales of assets. There is also a presumption that, where firm targets have been agreed, unanticipated in-year receipts in excess of the target should be appropriated in aid. Existing Parliamentary requirements mean that a supplementary Estimate would be needed to increase appropriations in aid in this way. In considering the supplementary, the Treasury will normally require that additional expenditure should be on the same Vote and should note increase departmental running costs. Advice on the arrangements for handling receipts in Estimates will be circulated in due course.

### Nationalised industries

The industries' holdings of surplus land are far more substantial in aggregate than Departments. This year's annual Investment and Financing Review will collect additional information about nationalised industries' plans to dispose of surplus land and housing. It is intended that external finance agreed for

industries in future years will assume target levels of receipts in order to provide a continuing incentive for disposals.

### Conveyancing

The Sub-Committee asked the Chief Secretary to consider the scope for contracting out conveyancing work on the sale of Government property. The Treasury Solicitor's Department provides this service free to English and Welsh Departments. Different arrangements apply to Scotland. The possibilities for contracting out are being considered and I will circulate a note to the Sub-Committee as soon as possible.

### DOE guidance

DOE are producing updated general guidance to Departments on the practical aspects of the disposal of holdings. A paper will be circulated by DOE to officials shortly.

### Local authority empty housing

The Sub-Committee also asked us to consider means of inducing local authorities to dispose of empty housing. You have considered modifying the housing subsidy system to this effect but have concluded that any reasonable modification would have only a very limited effect. I accept this.

I am copying this to the Prime Minister, members of E(DL), Ministers in charge of Departments not represented at E(DL) and Sir Robert Armstrong.



JOHN MOORE

## ANNEX 1

## DRAFT SURVEY GUIDELINES

## SURPLUS LAND AND EMPTY HOUSING

Ministers have decided that all Departments must dispose of their UK holdings of surplus land (including buildings) and empty housing as quickly as possible. They have also decided that financial targets for the disposal of these holdings should be agreed between the Treasury and Departments starting in the 1985 Survey. It should be possible to dispose of almost all of the present surplus holdings by the end of 1987-88. The new arrangements also apply to most NDPBs. Surplus land and empty housing owned by nationalised industries will be dealt with in the Investment and Financing Review for which separate guidance is issued.

Surplus land

2. Departments should give for each of the Survey years an estimate of the receipts expected from the disposal of their surplus land (including buildings) and that of their NDPBs (whether recorded on the registers of unused or underused land or not), and the quantities (in acres) expected to be sold in each year. Surplus sites likely to realise over £100,000 each should be listed. Departments should also be given their best estimate of the size of total holdings at March 1985 and the amount which is surplus at that date. Departments to which receipts would accrue should make the return, (consulting PSA where necessary). In the case of NDPBs, it is for the sponsor Department to make the return and the title holder of the surplus land should be identified.

### Empty housing

3. Departments should list the number of dwellings owned by them and NDPBs at March 1985 under the following headings:

- (a) total stock;
- (b) total empty for less than a year and for more than a year;
- (c) number empty being sold;
- (d) number empty being relet;
- (e) number empty undergoing repair or rehabilitation for subsequent letting;
- (f) number empty awaiting demolition;
- (g) number empty awaiting decision;
- (h) other (to be specified);

Departments should give for each of the Survey years an estimate of the receipts expected from the disposal of dwellings and the quantities expected to be sold in each year.

4. This information should be forwarded to the Treasury with the draft Survey report chapters. Only the estimate of receipts expected from sales of surplus land and empty housing should be included in the draft chapter itself.

5. The financial target subsequently agreed with the Treasury for 1986-87 will be taken into account when agreeing the Estimates for that year. Provided a financial target is agreed, the intention would be to allow the receipts to be appropriated in aid except where it has been decided to classify them as special sales of assets.



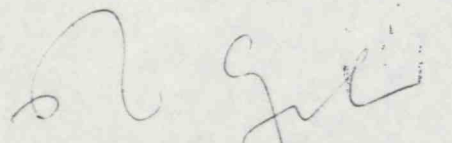
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John Moore Esq MP  
Financial Secretary  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

18 March 1985



## SURPLUS LAND AND EMPTY HOUSING

You wrote to Patrick Jenkin on 13 March about the detailed arrangements for targets for the disposal of surplus land.

While I am content for the PES guidelines to be issued, I must reserve my Department's position on the target of disposing of all the present surplus of land by the end of 1987/88 and the bulk by the end of 1986/87. Flexibility in applying the target dates will be needed if distress sales at unreasonably low prices are to be avoided.

We currently have some 17 vacant or derelict sites amounting to 190 acres which were used by the Government Pipeline and Storage System. Disposal of these sites, using PSA, is proving to be slow. While we are looking at other possible ways of disposal, including outside agents, this will not remove the difficulty that in many cases the cost of restoring the sites to a saleable state will equal or exceed the sale proceeds. This clearly makes the sites virtually impossible to sell unless HMG is prepared to bear the cost of restoration without expecting to get all the expenditure back. Unless you are prepared to agree to this expenditure, there is little chance of completing the disposal of the sites within your proposed time scale. As you request, my officials will be in touch with yours about these sites.

The Atomic Energy Authority is the only other organisation under my sponsorship which comes within the arrangements in your note. However, they have virtually no saleable surplus land and very few saleable houses which are both empty and surplus to recruitment and retention requirements. I would also make the point here that a house is not surplus just because it happens to be empty at a particular point in time (for example at Dounreay the 25 empty houses are required to accommodate staff changes at this very remote location and have not been empty for long). I trust this will be taken into account when disposal targets are set.

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I am copying this letter to the Prime Minister, Patrick Jenkin and other members of E(DL), Michael Heseltine, George Younger, Nicholas Edwards, Norman Fowler and Sir Robert Armstrong.

*ll*

PETER WALKER

CONFIDENTIAL

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