

ONE PUBLIC ESTATE AND LAND RELEASE FUND

INVITATION TO APPLY SEPTEMBER 2020



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The One Public Estate (OPE) programme is a partnership between the Office of Government Property in Cabinet Office, the Local Government Association (LGA) and the Ministry of Housing, Communities and Local Government (MHCLG). Our joint aim is to bring public sector bodies together, to **create better places** by using public assets more efficiently, creating service and financial benefits for partners and releasing land for housing and development.

Our partnership also delivers the Land Release Fund (LRF), a programme which enables councils to bring forward surplus council-owned land for housing development.

OPE already supports several wider public sector priorities including housing, health and social care integration, joined-up public services, town centre revival, regeneration and local growth deals. Our programme's national coverage and flexibility means it can support newer priorities such as net-zero carbon, levelling-up and Government's ambition to 'build, build, build'.

As the public sector responds to the impact of COVID-19, partners are considering their role in **economic recovery**. The pandemic has also led partners to consider future models of service delivery, to make use of digital technology and flexible working across sectors. Working in partnership will lead to greater **opportunities for collaboration** through shared spaces, joined up services and released surplus assets – which in turn will promote lower carbon solutions and new economic activity.

In light of these opportunities, **£30 million of new funding is available to support local delivery**. This comprises:

- **£10 million OPE revenue grant for public sector land and property projects, including £2 million of sustainable grant funding**
- **£20 million Land Release Fund capital grant for council projects.**

OPE partnerships are invited to coordinate bids for their area. Both new and existing OPE partnerships are welcome to apply. Any new partnership should contact their regional team at the earliest opportunity to discuss what support is available.

OPE success to date

OPE is an established national programme involving 95 per cent of councils in England and over 650 projects. Since its establishment in 2013 it has gone from strength to strength, supporting public sector partners to generate £370 million in capital receipts, saved taxpayers £64 million in running costs, helped create over 23,000 new jobs and released land for over 14,000 new homes.

Our 75 existing partnerships are designed to suit local opportunities. They are united by a common goal to create greater value from their combined public estate.

To find out more about OPE and LRF projects, including case studies of successful projects visit www.local.gov.uk/onepublicestate

OUR OFFER



This will be OPE's eighth application round. Our core OPE ethos remains – a locally led programme, bringing national and local public sector partners together to address shared priorities through collaboration.

As well as funding, we provide dedicated **support from OPE regional teams** to:

- broker central and local government collaboration
- advise on delivery and best practice
- help to develop your partnership and projects
- unblock barriers and act as honest brokers
- help champion partnerships, projects and initiatives
- access to government land and property leads to inform transformation
- access to regional and national networks of best practice
- access to a Pool of Experts framework providing specialist expertise
- access to national public estate mapping software.

More broadly, OPE provides a formal forum for collaboration across a range of policy agendas, with government recognition, participation and support. Our network of public sector professionals works together at local, regional and national levels. We target funding to develop projects which support national and local priorities, where that investment and partnership working is essential for delivery.

Pool of Experts

Our Pool of Experts has been established to provide capacity and professional capability to support and deliver projects where expertise does not reside in-house.

Specific specialised skills include:

- master planning
- feasibility studies
- options appraisals
- surveyors
- design
- procurement.

Individuals have undergone basic vetting and are able to be called on at short notice. This offers a streamlined approach to procuring expertise. Partnerships can use OPE grant which has been awarded, or their own funds. If considering, partnerships should discuss their requirements with their OPE Regional Team who can advise further.

Programme management support

OPE recognises the critical importance of strong and dedicated programme management. We encourage local contributions towards this which many partnerships have already put in place. Where this is not possible, partnerships can make the case for funding support in their bids and should discuss with their regional team in the first instance.

One Public Estate grant

The impact of COVID-19 on our society has been fundamental. As we rebuild our economy, public sector organisations will want to consider their changing property and estate needs. This offers new opportunities for service collaboration across public partners and potential for release of land for housing and economic development.

OPE is offering £10 million to support collaborative property-based projects. This funding includes £2 million which will be allocated as **sustainable grants**.

Our OPE revenue grant funding is available to support early stage project costs. We will fund land and property projects which:

- demonstrate collaboration across local government, central government and wider public sector bodies
- contribute to our core programme outputs (homes, jobs, capital receipts and reduced running costs), prioritising projects which **include housing benefits**.

Sustainable grants

Our OPE **sustainable grants** fund pre-development costs for public sector property projects. Sustainable grants need to be repaid in full within a three-year period. Since 2017, OPE has distributed £4.8 million in sustainable grants. Returned funds will be reinvested into new OPE priorities, helping to sustain the programme.

Sustainable grants should support OPE outcomes. We will consider sustainable grants for a wide range of activity – including targeted support to asset owners or post-feasibility delivery costs.

In particular, partners may want to consider sustainable grant for projects that unlock substantial receipts, savings, produce an income producing asset, or accelerate development projects by providing up-front cash-flow funding.

All partnerships are expected to include sustainable grants in their bids.

It is for partnerships to decide what is appropriate to bid for. Repayments may be:

- directly linked to a specific OPE project or projects where all or part funding is awarded as a sustainable grant
- an agreed shared proportion across OPE-funded projects, in recognition of their future benefits
- linked to wider partnership delivery, covering repayment from other means/projects.

Following our assessment of bids, including project speed and outcomes, **we may offer sustainable grants in response to OPE grant bids**. This is to ensure sustainable grants are allocated fairly across the country and targeted to activity which we believe best supports repayment. In such cases, your regional team will discuss this with you at the earliest opportunity.

Typical types of OPE funded activity, including sustainable grant are:

- master planning
- feasibility studies
- business case development
- options appraisals
- surveys, valuations and design works
- specialist expertise
- project management
- local OPE programme management costs, where there is a strong supporting case.

Land Release Fund (LRF)

The delivery of new homes across England remains a national priority for central government. Local government is equally committed to supporting housing development. Councils have established more than 150 housing development companies, demonstrating that local government is taking an increasingly hands-on role in developing their local area whilst seeking a return on investment.

In 2017, OPE partnered with MHCLG to deliver the first £45 million round of the LRF. The LRF accelerates the release of council-owned land for housing to help increase the public sector contribution to land supply and innovation in housebuilding. The LRF currently supports 73 council projects which are on track to release land for more than 6,000 homes.

The LRF is a unique programme. It targets small sites facing viability issues which have prevented the release of council-owned land for housing delivery. The previous round has shown LRF-funded projects can deliver at pace by bridging viability gaps to accelerate the release of land for housing. **The LRF is offering £20 million** of capital grant funding to unlock and accelerate the release of these sites.

The aims of the Land Release Fund are to:

- release council-owned land by **end of March 2023** for housing development that otherwise would not come forward during that period
- demonstrate a high value return for Government investment into these small sites
- encourage the use of public assets to drive innovative delivery, through SME support, bespoke delivery models, high-quality design and modern methods of construction
- be confident these schemes will deliver within the funding timescale.

We expect LRF funding to target smaller sites (sub-100 units) which require upfront funding to address viability issues relating to abnormal costs of the proposed development. The types of abnormal costs requiring funding may include:

- site levelling, groundworks,
- provision of small-scale infrastructure,
- highways works or other access challenges
- addressing environmental constraints.

Please note that this is not an exhaustive list.

HOW TO APPLY



All bids should be co-ordinated and agreed by the OPE partnership and submitted by the accountable body for the local OPE programme. We welcome clearly structured and well-referenced proposals. Please complete the excel project application forms fully alongside any other supporting bid document.

For further advice and guidance on how to structure your application, please contact your regional team.

Pre-selection criteria

For any application to be considered, the partnership must agree to meet the following OPE pre-selection criteria:

- Put in place an effective board, bringing together partnership members from across the wider public sector to collaborate and deliver joint projects. Council partners only will not suffice. Prior failure by an existing partnership to meet this criterion may result in bids being ineligible.
- Regularly update all land and property assets (except social housing stock) owned by partnership authorities and public sector partners on the ePIMS Lite system (or its successor).

- Provide information and data on potential future pipeline of public sector land release for housing from partner members.
- Agree to adhere to reporting arrangements which provide data on partnership activity, project progress and benefits delivery updates.
- Set out how your partnership has, or will meet, all the pre-selection criteria.
- Confirm a lead council to act as accountable body for the partnership's funding and include the lead authority's S151 officer or chief executive's sign-off in your application.

Partner support for OPE bids

Partnerships should ensure that they have the support of all asset owning partners for any project proposal. Project proposals which involve central government assets will be shared with national departments at assessment stage. Should partnerships require support with engaging central government partners prior to this, they should contact their regional team as soon as possible.

OPE application content, including Sustainable Grant

Your application is your chance to make the case for funding and support. We welcome clearly structured and well-referenced proposals. A summary section and contents list are recommended.

We are not prescriptive in terms of content, but would like to see included as a minimum:

- confirmation that the Pre-Selection Criteria above will be met
- an overview of the partnership governance - including how it links to wider priorities such as economic recovery, devolution proposals, local enterprise partnerships (LEPs)/ Local Industrial Strategies or other relevant strategies
- demonstration of your successful track record of delivering current OPE activity (existing partnerships)
- clearly referenced ownership of assets involved in projects and proposed joint working arrangements
- a clear breakdown of the funding requested by project, the proposed funded activities, how it will be used to deliver projected outputs and benefits, with funding requests that are proportionate to the planned activity
- a description of how the set of proposed projects have been prioritised and endorsed by the partnership
- a completed [Phase 8 OPE Basic Details](#) excel spreadsheet annex.

OPE project details, including Sustainable Grant

To help us make this assessment, please include the following information in your submission for each project:

- describe how the project supports the delivery of major service transformation, release of land for housing and/or economic growth priorities across the partnership area
- describe how the project contributes to both strategic government priorities (eg net zero carbon, economic recovery), government land and property reforms (eg Better Defence Estate, court reform, Places for Growth, etc), and to local priorities (eg local economic recovery plans, Local Industrial Strategies, Integrated Care Systems, etc)
- describe how the project contributes to our OPE core objectives
 - creating economic growth (housing and jobs)
 - delivering more integrated, customer-focused services
 - generating efficiencies, through capital receipts and reduced running costs
- provide a clear project description and delivery plan setting out the key milestones and timeline for the project
- provide a clear forecast of outputs, broken down by year for a five-year period, or 10-year period for large/strategic projects
- provide an evidence base for your forecast outputs and supporting evidence that these outputs are realistic and deliverable
- clearly identify the public sector assets in scope of the project, their owners and location, and confirm the necessary support and engagement of the asset owners
- identify key risks and planned mitigations
- provide evidence that OPE intervention adds value to the project (in terms of project enabling, scale or speed)

- provide details of any other funding streams that are in place or are essential to successful delivery of the project (eg Homes England or LEP funding)
- planned approach and timing for repayment (for sustainable grant).

Assessment of OPE applications

All applications will be jointly assessed by the Office of Government Property in Cabinet Office, the LGA and MHCLG on a competitive basis in light of advice from regional programme managers responsible for the area.

Each OPE project will be assessed as follows:

Criteria	Weight
Strategic case for the project, including the opportunity, links to national / local government priorities, and innovation	20%
Level of cross-public sector involvement	20%
Added value of our funding and support in enabling, enhancing or accelerating the project	20%
Value for money and level of forecast benefits	20%
Confidence in delivery	20%

In addition, bids will be considered in the context of:

- meeting mandatory pre-selection criteria
- confidence in partnership arrangements, opportunity and track record of delivery (existing partnerships)
- the partnership's contribution to sustainability of the programme: ie making use of sustainable grant and contributing to programme management funding.

When making final decisions for OPE funding and support we will also consider:

- ensuring a fair distribution of funds across the country
- ensuring that OPE demonstrates value for money at a national/programme level
- ensuring we achieve a fair and ambitious spread of sustainable grant.

We reserve the right to partially fund grant applications and/or provide a combination of sustainable grant and regular OPE grant funding.

LAND RELEASE FUND (LRF)



LRF bids should be co-ordinated and agreed by the OPE Partnership and submitted via the designated accountable body of the local OPE programme. We welcome clearly structured and well-referenced proposals.

For LRF projects to be considered, applications will need to evidence four types of criteria.

1. LRF gateway criteria

Applications will only be considered if the following 'gateway' criteria are satisfied:

- the land to which the bid relates is fully owned by the local authority. For schemes of mixed land ownership funding would only be available to support work that delivers local authority land release
- the project must be undertaking capital works on council-owned land only
- funding must enable the release of the land for housing by end March 2023 or earlier, and must address market failure
- the works for which funding is sought are deliverable and within a timeframe that will enable the land to be released in time
- the project must not exceed an intervention level of £15,000 per housing unit of central government investment into the scheme. The lower the cost per unit the more competitive the project proposal

- the project must provide a Benefit Cost Ratio of 1.5 or higher, based on our **LRF Technical Annex**
- sufficient evidence in support of these assertions must accompany the application (see below).

2. Value for money assessment

The value for money assessment will carry **60 per cent of the overall weighting** by which applications will be ranked. Evidence must be given that applications represent good value for money on the basis of an economic appraisal following the principles set out in the Green Book and the MHCLG Appraisal Guide. Applications will be ranked competitively, and those with sufficient value for money and the best overall scores will be more successful. The economic appraisal will be based on the present value economic benefits of a scheme divided by its present value costs to government. This will generate a benefit cost ratio. These two elements are described below.

a. Economic benefits

The LRF is targeted at releasing council-owned land that is suitable for housing development. The economic benefits of releasing this land will be quantified using land value uplift, which represents the economic benefits of converting land to a more productive use. Land value uplift is calculated by the difference between the value of the land in its new use, minus the value in its previous use. An [LRF Technical Annex](#) has been published alongside the prospectus setting out in detail what information councils should provide.

The total land value uplift on a site will provide the gross economic benefit. It will then be necessary to estimate how much of this economic benefit is genuinely additional; that is, how much development would have occurred in the absence of the intervention. This should include both:

- demonstration of clear site-specific market failure, including, where relevant, evidence that the works would not have been undertaken by the private sector
- evidence that releasing land for residential development on the site won't displace activity elsewhere, for example due to:
 - market displacement – increases in housing supply that will be off-set by reduced supply elsewhere in the same housing market, due to a limit on the level of private supply that the market can support
 - local plan substitution – increases in land allocated for housing that will result in reductions in allocated land elsewhere in the same local authority.

b. Costs

In appraising costs, we will only take into account any costs to central government. This will reflect both spending through the LRF, and any other funding that has been received from central government. This will not reflect any money spent or recovered by the council. All costs and benefits will be discounted at the standard rate of 3.5 per cent per annum.

3. Deliverability assessment

The deliverability assessment carries **25 per cent of the overall weighting**. Proposals that can provide assurance of deliverability no later than end March 2023 will score more highly.

We expect to see a detailed project plan identifying key milestones alongside a clear forecast of outputs. Local authorities that can demonstrate a strong track record of delivery will score more highly.

You may also wish to consider providing supporting evidence including:

- a development appraisal produced by an appropriately qualified professional (external or in-house) demonstrating the viability gap on the site
- evidence of costed works proposed to be covered by LRF grant funding, by an appropriately qualified professional/ external professional body.

Our assessment will also consider risk. We expect to see a detailed assessment of risks associated with the project with appropriate mitigations alongside risk management processes.

4. Innovation assessment

The innovation assessment carries **15 per cent of the overall weighting**. Projects will be assessed based on innovative models of delivery. Within this, **all projects should explain how they will maximise the use of SMEs** in order to help demonstrate positive local economic impact. Other areas of innovation could include:

- proposals to take forward development at pace
- proposals to work with private developers who are taking forward modern methods of construction/innovative design
- joint ventures
- land swaps
- joining-up across local authority boundaries.

LRF project details

Our assessment will be based on the material provided. To help us make this assessment, each project should:

- provide a clear project description, clearly identifying the council asset(s) in scope for the project, the owner and location, and confirm necessary support of the asset owner
- provide evidence that the LRF-funded works are deliverable within the proposed costs. This should be in the form of a clear forecast of outputs, broken down by year, alongside supporting evidence that these outputs are realistic and deliverable
- provide evidence (a detailed delivery plan setting out the key milestones and timeline for each project) that gives us confidence that council-owned land will be released for housing within the required timescales (ie by the end of March 2023)
- provide evidence of how the project demonstrates added value and innovation to the local area. This may be, for example, in terms of supporting local economic recovery, or meeting local housing needs
- describe how the project is policy compliant with your Local Plan criteria for affordable housing in the area
- describe the overall planning position of the project
- provide evidence that LRF intervention adds value to the project (in terms of need, scale or speed of delivery)
- clearly identify key risks, planned mitigations and risk management processes
- provide details of any other funding streams that are in place or are expected in order to successfully deliver the project (eg Homes England or LEP funding)
- a completed LRF Technical Annex which calculates the scheme's Benefit Cost Ratio as part of our assessment
- completion of the [LRF Basic Details](#) excel spreadsheet annex.

Assessment of LRF applications

All applications will be jointly assessed by the Office of Government Property in Cabinet Office, the LGA and MHCLG on a competitive basis. Bids will be evaluated by applying the following criteria:

1. Gateway criteria

We will only consider projects which pass our gateway criteria above.

2. Full assessment against LRF criteria

Bids will then be assessed against the full LRF criteria.

Criteria	Weight
Value for money (see Technical Annex)	60%
Deliverability and risk (eg detailed project plan, key milestones identified, clear forecast of outputs, evidence that costs and timing assumptions are achievable, confidence in partnership agreements, track record of delivery, risks identified, risks mitigation plans, governance and management process in place)	25%
Innovation (eg use of SMEs, responding to local need, use of Modern Methods of Construction, high quality design, use of new delivery models, synergy with government policy)	15%

3. Ranking

Once the bids have been assessed and scored against the assessment criteria, they will be ranked competitively.

LRF reserve list

Because the LRF is a finite pot of funding, only the top-scoring bids up to a maximum allocation of £20 million will be offered funding and invited to proceed to contract. However, a 'reserve list' of any remaining bids which successfully met the allocation criteria but were unable to be funded in the initial allocation, will be maintained.

If a successful bid is later unable to proceed, the funding notionally allocated to that project will be released and offered to the first highest-scoring bid(s) on the reserve list. The actual amount offered will be subject to the amount of funding released at that time.

Application process and timeline – OPE and LRF

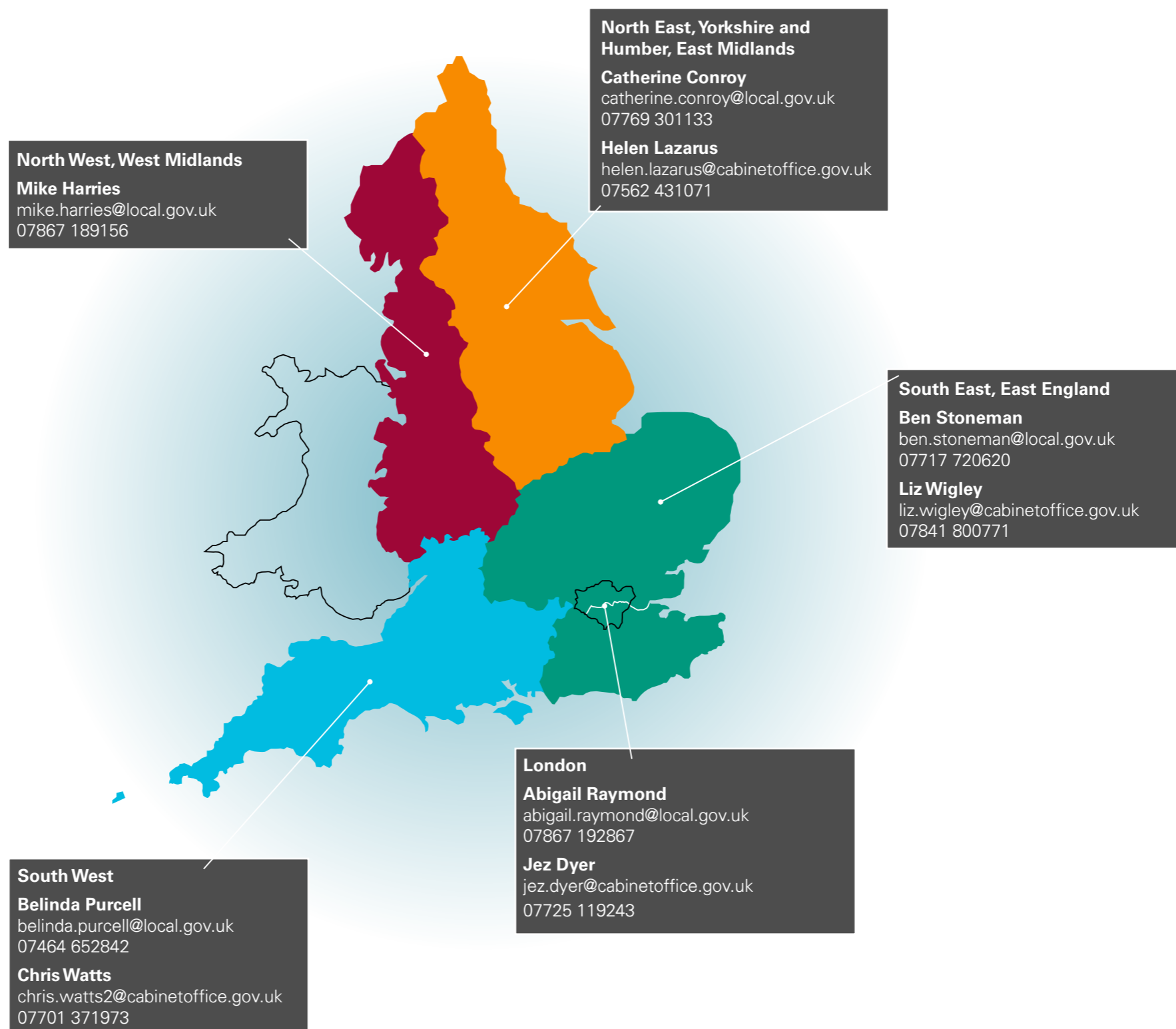
The application timetable is as follows:

Application stage	Date
Application window opens	9 September 2020
Final deadline for bids	12 November 2020
Decision on final application and announcement of funding awards	February 2021

If successful, OPE partnerships will receive funding offers and will be invited to complete a Memorandum of Understanding detailing the funding award and delivery arrangements for funded projects, including an agreement to repay any sustainable grant within a three-year period.

Further guidance and support on applications is available from your OPE regional team.

OPE regional contacts





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