

BPF Response to MHCLG's technical consultation on Development corporation reform

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The British Property Federation

1. The British Property Federation (BPF) represents the real estate sector – an industry which contributed more than £100bn to the economy in 2018 and supported more than 2 million jobs. We promote the interests of those with a stake in the UK built environment, and our membership comprises a broad range of owners, managers and developers of real estate as well as those who support them. Their investments help drive the UK's economic success; provide essential infrastructure and create great places where people can live, work and relax.
2. The BPF has 19 committees covering a variety of real estate industry sectors and associated issues ranging from development, and sustainability, through town planning, to construction. Key focuses of our development committee include promoting the recommendations made in our [Unlocking Growth Through Partnership](#) report on public private collaboration and more recently exploring new innovative models of housing delivery. As such, our members are well placed to respond to this latest MHCLG consultation, both in relation to how development corporations might be reformed for the better and the broader question of how the public and private sector can work together more effectively.

Question 1: Are there measures that you would like to see implemented to further facilitate private sector involvement and investment in development corporations? What changes would you like to see?

3. It was felt by members that there is a perception the return on investment is realised too far into the future. This makes investing in a development corporation a less appealing prospect – particularly for foreign investors.
4. A further key issue cited was the relationship between the development corporation/developer and the relative speed of the decision-making process. Members with direct involvement in development corporations noted that at key points of the development process, government had been too slow to come to a view (particularly in the instances when ministerial approval was sought). One potential remedy for this going forward would be for more authority and decision making powers to be delegated down so that those on the ground can get on with taking the necessary decisions in a timely manner.
5. A further inefficiency cited by members is the procurement process associated with development corporations. As mentioned above, in certain parts of the development process, there is a need for swift and decisive decision-making, however, as public funds are in use, there is also an onus on a competitive procurement process.

Public Private Partnerships

6. There are many examples of public private partnerships delivering high quality results, and this is more often than not because there is an understanding that both partners will benefit from the outcomes and share in the risk. The success of a project will rely to some extent on the interaction and integration with its

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neighbours, local amenities and wider infrastructure. This not only points to the importance of local plan preparation, but also the potential value of partnership working. In broad terms, a private sector partner is willing to take on the risk of planning, constructing and selling/ occupying a development in return for the commercial returns involved. In turn, a public sector partner might take on the risk of relinquishing control/land/an element of ownership in return for the skills, expertise, capacity and resources provided by their partner, leading to the delivery of a development that enhances the economic ,social and environmental value of the area.

7. The BPF have therefore suggested that, in order to promote the greater prevalence of partnership working, government should work with industry to establish a set of principles that can help guide public/private partnerships. This might include:
 - Frameworks that help to clearly define roles, responsibilities, risks and benefits associated with each of the partners at every stage of the process
 - Examples of best practice (which also incorporate lessons to be learnt)
8. Importantly, we would advocate that a framework of this kind would need to be developed in collaboration with the public and private sectors, in order to incorporate the respective challenges faced and benefits likely to be realised.

Further comments on fostering greater partnership working between the private and public sector

9. We were delighted to engage with the Infrastructure and Projects Authority (IPA) directly at the December meetings of our planning and development committees on the contents of the latest consultation and for a broader debate on the different mechanisms to deliver housing at scale through greater partnership working. In terms of the ideas put forward by our members at those meetings, the following points are of note:
10. Many BPF member companies are grateful recipients of funding through the various government 'pots of money' such as the Housing Infrastructure Fund. However, among those who have interacted with the process, there is a perception that the ways in which the different monies are awarded suffers from a lack of a joined-up approach. We would suggest that the IPA should be well placed in this regard to make sure, particularly in relation to the larger schemes, the various funding decisions are taken with a coordinated approach.
11. A further variable that affects the success of specific public/ private sector working is the extent to which there is strong leadership in place from the relevant authority as well as the specific powers delegated through the different devolution settlements. In areas such as the West Midlands, it was noted that there is strong leadership from the relevant combined authority as well as strong relationships in place between the private and public sector, which is having a positive impact in terms of delivering results on the ground.

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Question 2: Are the existing models of development corporations sufficiently broad in scope to allow for the types of development that local areas wish to pursue? Are there any barriers to the uptake of existing models? If so, what sort of change do you think is needed?

12. One barrier cited by our members is that unlike the New Towns' movement, development corporations lack the means to quickly acquire land. It is important for the planning of an area, where infrastructure will be provided, and the way the opportunity is portrayed to investors, that there is some certainty over what the opportunity is and therefore the land it covers. One of the challenges facing some development corporations has been the uncertainty over the status of land and what is within the development opportunity. We are not in favour of unbridled land acquisition powers, but having them enshrined in legislation, as is the case with the New Towns land acquisition powers. An allied point is that land acquisition powers are only as good as the funds that a Development Corporation has access to be able to acquire land. Being clear about funding is therefore also important.

Question 3: Do you agree that all development corporations should have the ability, where appropriate, to exercise the plan-making and development management functions of a local planning authority?

13. Yes. Of those members who responded, it was noted that splitting the planning functions has led to negative outcomes. Going forward, we are of the view that there is a need to keep all the functions together – both development control and plan making. That is not to say that local interests should not be represented, and that can be achieved via how the Boards of Development Corporations are constituted.

Question 4: Do you agree that all development corporations should be able to secure contributions from developers using a range of mechanisms, such as CIL, SIT and Section 106 planning obligations, where they have taken on the corresponding planning powers from the local planning authority?

14. Yes, this flows from our response to question 3. If the Development Corporation is the planning authority, then it should have the powers, responsibility and opportunity to secure the requisite contributions, for example, setting a CIL schedule. It makes no sense to separate out the two, given that planning policy decisions will affect what can be raised. Also, that the Development Corporation will also be best placed to know what infrastructure is needed and therefore what needs to be funded.

Question 5: Are there any other measures relating to planning powers and/or increasing the efficiency and effectiveness of planning in development areas designated to be overseen by development corporations?

15. Development Corporations provide a focused approach to development in an area, and that is generally welcomed by our members. Resource can be better focused on what is needed within the designated area, and consistency with the surrounding local authority plans achieved through formal planning means, and arrangements, such as surrounding local authority planning departments being represented on the Development Corporation Board.

Question 6: Are there any measures relating to developer contributions that should be put in place for development corporations?

16. See above.

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Question 7: Are there any other measures relating to development corporation powers that you would like to see implemented?

17. N/A

Question 8: Is there anything else that you would like to see new legislation or policy address regarding the aims, objectives, remit, powers and restrictions of development corporations?

18. Our only other comment would be that Development Corporations are often deployed where there is a significant development challenge and though it might be contentious they might lend themselves to other challenges, for example major town centre redevelopment, which is increasingly going to be required in many places. Development corporations should also be encouraged to be exemplars, for example, in their use of MMC and driving sustainability. Also, in how they promote social value through their procurement processes.