



**Building a  
new partnership:**  
How local government  
can work with SME  
housebuilders to help  
unlock small sites





The state is estimated to own around 8% of all land in England, with ownership divided between central government, regional government, local government and other public sector bodies such as the NHS, police and regional transport bodies.

Much local government-owned land is already in use – be it for schools and colleges, waste and recycling, housing, industrial, retail and commercial property.

However, a significant minority of local government-owned land consists of disused, brownfield sites. Be it the disused school or the redundant council office block, almost every city and town in England has sites of this nature.

These sites represent a real opportunity to build much needed housing and in doing so stimulate local economic activity.

Councils across England and Wales are in possession of more than 300,000 unused “small sites” that are less than three acres in size and could be used to provide nearly 1.6 million new homes, according to a major new study by LDS Sales Guarantees.

Such small sites are often overlooked as sites for housing by local authorities, which makes them harder to develop. As the Federation of Master Builders’ March 2022 survey explained:

A lack of available land is affecting 63% of respondents; it was their most common grievance.

This is because, unable to afford the huge sites available to volume house-builders, small builders often seek to develop scraps of land that are omitted from local plans – small sites on brownfield land or in-fill.

So, when the builder applies for planning permission it might be for a site not designated for housing, which brings lengthy delays while local authorities work out how to respond.

This policy paper outlines a new model for partnership between councils and SME housebuilders, aiming to reduce barriers to developing public land and increase the number of homes delivered on unused and underused brownfield sites.

It has been informed by research into existing models for planning and public, private cooperation, particularly the Greater London Authority’s (GLA) Small Sites x Small Builders programme.

### A model for better cooperation

Existing policies, especially those at regional level, raise four key challenges for SME housebuilders who wish to develop public land:

- Access to land
- The ability to secure development finance to make the site viable
- Planning certainty
- Public procurement

These four challenges have been contributing factors in why the proportion of homes built by SME housebuilders has fallen from 39% to 10% since the 1980s.

To overcome these challenges, a wholesale change is needed to the way council-owned land is disposed of.

Currently, even in schemes such as the GLA’s Small Sites x Small Builders programme, problems, especially around planning certainty – and because of that, financing – persist.

### The number of small sites belonging to Combined Authorities in England

If the ten combined authorities in England adopted versions of London’s Small Sites x Small Builders scheme – a programme designed to unlock land for SME housebuilders – then the data shows this could unlock enough space to build 457,000 homes.

Combined Authority	Sites	Acres	Units
West Midlands	18,012	3,111	45,360
North East	10,270	4,237	84,737
West Yorkshire	9,985	3,739	84,492
Greater Manchester	9,208	3,057	62,484
Liverpool City Region	8,348	2,189	42,524
Tees Valley	5,792	2,098	39,201
South Yorkshire	5,589	1,541	25,929
West of England	5,219	1,688	29,811
North of Tyne	3,540	1,230	26,095
Cambridgeshire/Peterborough	3,209	1,208	16,847
<b>Total (all combined authorities)</b>	<b>79,172</b>	<b>24,098</b>	<b>457,480</b>

Source: LDS Sales Guarantees and Nimbus Maps analysis of Land Registry data

We propose a model where local and combined authorities can help to overcome those challenges, to unlock significant parcels of small brownfield land in their areas, by adopting two separate but connected policies.

In areas where councils are part of combined authorities, we propose this process would be co-ordinated at combined authority level to ensure a consistent approach. This would avoid duplication of resources and to give SME housebuilders one centralised place to go which can offer them a wider range of choices to find appropriate parcels of land across multiple, connected council areas.

### 1. Streamlined Procurement

Much council-owned land is currently disposed of either through onerous and administratively burdensome procurement exercises, or at auction - where up-front payment is a key decision-making factor.

A revised model, where local and regional authorities identify brownfield sites as being suitable for housing, then hold a simplified procurement process accessible to SME housebuilders with a turnover below an agreed threshold, would be an improvement.

This simplified procurement process would focus its decision-making criteria on a small number of key issues, including:

- **Affordability** – how the SME housebuilder proposes to use the site to meet the area’s need for affordable housing
- **Skills/Training/Procurement** – how the community will benefit from the development of the site in terms of apprenticeships, upskilling and local supply chain use
- **Deliverability** – the timescales for delivery proposed by the SME housebuilder

By developing a streamlined procurement process such as the one outlined above, local authorities can drive economic activity and help to solve the housing crisis by unlocking small sites to be built upon by SME housebuilders.

### 2. Planning Certainty

Alongside reforming the procurement process, a change in approach to planning is needed, to better facilitate development. Currently, even when SME housebuilders navigate an often-burdensome procurement process, they struggle to access finance and bring forward developments because they remain dependent on the decision of a planning committee - often driven by non-planning, party political interests.

We propose overcoming that by having local authorities better use their planning powers at an early stage of development. Local authorities, when they initially identify a brownfield site, should determine roughly the number and type of homes they consider acceptable for that site. Once that decision has been made, the local authority should apply to itself to grant Outline Planning Permission on the site, on the basis of what the local authority considers acceptable.

A decision to apply for planning permission on this basis should be informed by whether Outline Planning will materially improve the prospects of the site being successfully developed.

This will reduce planning uncertainty - as SME housebuilders would then most often only need to submit Reserved Matters applications, speeding up the planning process and avoiding the risk of a full application being rejected. This in turn would improve the deliverability of sites, given the existing planning consent on the site.

<sup>1</sup> <https://legalresearch.blogs.bris.ac.uk/2019/04/privatising-land-in-england/>  
<sup>2</sup> <https://www.theconstructionindex.co.uk/news/view/sweat-the-small-stuff-1>







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