

Land Banking Policy

Originator:	Policy and Strategy Team
Board Approval Date:	November 2021
Review date:	November 2022

1 Introduction

1.1	One Vision Housing (OVH) aims to deliver a development programme that meets housing need across a range of tenures whilst maintaining liquidity, viability and maximising return on investments at all times.
1.2	To achieve these aims, OVH needs to maintain a healthy supply of potential development sites to build new properties to extend its own housing portfolio or work with partner organisations in the delivery of new homes.
1.3	This Policy sets out the provisions OVH will have in place for the strategic purchase of land to sustain a projected development programme and meet its growth ambitions.
1.4	This includes new sites with the potential to achieve planning consents, sites where existing planning permissions may have already been granted, package deals in conjunction with external developers, 'Golden Brick Arrangements' and 'Transfers of a Going Concern'.
1.5	<p>In operating this policy OVH will ensure that it complies with relevant legislation and will assist those who it works with to meet their legal obligations, namely:</p> <ul style="list-style-type: none"> • The Acquisition of Land Act 1981 • Law of Property (Miscellaneous Provisions) Act 1989 • The Town and County Planning Act 1990 • The Housing and Planning Act 2016 • The provisions contained within the National Planning Policy Framework
1.6	<p>Application of the Policy also ensures OVH complies with the requirements of the Regulatory Framework for social housing as adopted by the Regulator of Social Housing (RSH), as follows:</p> <p>Governance and Financial Viability Standard</p> <p>Registered providers shall ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner. Governance arrangements shall ensure Registered Providers:</p> <ol style="list-style-type: none"> (a) Adhere to all relevant law (b) Comply with their governing documents and all regulatory requirements (c) Are accountable to tenants, the regulator and relevant stakeholders

- (d) Safeguard taxpayers’ interests and the reputation of the sector
- (e) Have an effective risk management and internal controls assurance framework
- (f) Protect social housing assets

Value for Money Standard

Registered Providers must:

- a) Clearly articulate their strategic objectives
- b) Have an approach agreed by their board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders
- c) Through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs
- d) Ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives

1.7 Access and Communication

1.7.1 OVH is committed to ensuring that its services are accessible to everyone. OVH will seek alternative methods of access and service delivery where barriers, perceived or real may exist, that may make it difficult for people to work for OVH or use its services.

1.8 Equality, Diversity and Human Rights

1.8.1 OVH is committed to ensuring that no person or group of persons will be treated less favourably than another person or group of persons and will carry out our duty with positive regard for the following core strands of equality; Age, Disability, Gender, Race, Gender Identity / Gender Expression, Sexual Orientation, Religion and/or Belief, Civil Partnership and Marriage, Pregnancy and Maternity.

1.8.2 OVH also recognises that some people experience disadvantage due to their socio economic circumstances, employment status, class, appearance, responsibility for dependants, unrelated criminal activities, being HIV positive or with AIDS, or any other matter which causes a person to be treated with injustice.

1.8.3 OVH will also ensure that all services and actions are delivered within the context of current Human Rights legislation. OVH will endeavour to ensure staff and others with whom it works with, will adhere to the central principles of the Human Rights Act (1998).

1.9 This Policy should be read in conjunction with the:

- Community Benefit Society (CBS) Financial Management Policy and Financial Regulations

2 Statement of Intent

2.1 In operating this Policy OVH will aim to secure sufficient land supply to maintain its development pipeline and build properties across a range of tenures (including social rented, affordable rent, shared ownership, rent-to-buy, and market rent) in line with its growth ambitions and targets, as set out in the five year Development Strategy.

2.2	When acquiring land for development OVH will utilise the services of its Sovini Group partner 'Sovini Land Acquisitions' who will purchase land on its behalf and bring forward suitable market opportunities. Where appropriate, OVH will also purchase land direct from owners including local authorities.
2.3	OVH will meet all legal and regulatory requirements expected, in the purchase of land under appropriate delegated authority from the OVH Board.
2.4	The Board will retain direct decision making in line with Financial Regulations for all Development schemes with a total scheme cost in excess of £10m. Land acquisition will be delegated to the Executive Officers on the OVH Development Steering Group up to a value of £2m, where a simultaneous build contract is not being entered into.
2.5	OVH will ensure that the risks associated with land acquisition are monitored and controlled by inclusion on the risk register with ownership of identified risks assigned to individual OVH Officers, with appropriate authority, training and oversight.
2.6	Risks will also be mitigated through the stringent application of due diligence procedures and options appraisal / development approval processes and this will include proportionate controls to check for potential for money-laundering, fraud and the requirements of the Criminal Finances Act 2017.
2.7	OVH will ensure that land acquisitions are informed by local market conditions and demand. This will include cross-reference and contribution to local strategic housing plans, liaison with Local Authority Housing Strategy Officers and the utilisation of real time property intelligence data (Hometrack).
2.8	In operating this Policy, OVH will look to achieve value for money (VFM) by maximising the return on investments and making the best use of resources.
2.9	This approach to VFM will include securing grant funding administered by Homes England through continuous market engagement. Where possible, OVH will utilise grant funding by combining it with its own land / resources to achieve efficiencies and maximise the delivery output of its development programme.
2.10	OVH will always acquire land with the intention of furthering its development programme and will assess all VAT, tax and stamp duty implications as part of the scheme viability process.
2.11	OVH will consider planning constraints and viability ahead of recommending land to be acquired. As far as possible, sites will be identified in areas that accord with local planning policy. Where planning approval is identified as a risk, 'subject to planning' contracts will be entered into to limit the exposure of OVH and the Sovini Group.
3	Policy
3.1	Proactive Land Sourcing
3.1.1	To ensure there is a sufficient land supply to be able to deliver its development programme and growth aspirations, OVH will continually engage with the market to source potential development sites and investment opportunities.

3.1.2 The Development Team (working In conjunction with Sovini Land Acquisitions) will utilise their local knowledge and industry expertise to identify potential land opportunities that may arise in OVH's current areas of operation and new market areas that are strategically significant.

3.1.3 This will include directly approaching land agents, land owners and engaging in competitive tenders for local authority / privately controlled sites.

3.1.4 Sites outside of the approved 60 minute travel time radius from head office facility will be appraised in accordance with the Group's risk appetite and higher management costs will be applied where necessary.

3.2 **Options Appraisals / Development Approval Process**

3.2.1 To ensure OVH makes informed decisions and controls risks as far as is possible, each potential development site / land opportunity will be subject of a detailed options appraisal and subsequent approval process (Please refer to the CBS Financial Regulations for further details).

3.3 **Considerations**

3.3.1 Where land is being acquired, Officers will be expected to provide evidence through the approval process of the following:

- Land Registry details (confirming good title)
- RICS Red Book Valuation for the site at point of purchase
- VAT / Tax Implications
- Leaseholder matters where TOGC (Transfer of going concern) transactions are occurring

3.4 **Delegated Authority and Risk Management**

3.4.1 To enable agile decision making, OVH have established a Development Steering Group with its own terms of reference who will review and recommend schemes to the Chief Executive Officer, Chief Finance Officer and Chief Operating Officer who have a delegated authority from the OVH Board to approve total scheme costs below a value of £10m. The Board retains responsibility for approving development schemes where total scheme costs are likely to exceed £10m.

3.4.2 For land acquisition specifically, where at point of purchase there is no simultaneous build contract being entered into, OVH Board will delegate land acquisitions up to the value of £2m to the Executive Officers on the OVH Development Steering Group, with anything over £2m requiring Board Approval.

3.4.3 The OVH Board accept that all land acquisitions carry an element of risk due to a variety of factors e.g. unforeseen site conditions, delays in achieving planning consents and market volatility. The Board have approved budgetary provision for abortive costs, should any of these risks materialise.

3.4.4 To ensure abortive costs are kept to a minimum or avoided where possible, all land acquisition schemes will be subject of continual monitoring by designated OVH risk owners and through use of the OVH performance monitoring system.

3.5 **Land Acquisition Agreements**

3.5.1 In an increasingly competitive market for land acquisition, OVH will assess each potential site for development opportunity for the most expedient form of contract or purchase agreement.

3.5.2 The aim of this assessment will be to achieve the best outcome for OVH in terms of return on investment whilst also being financially attractive to land owners / developers, sharing risks and ensuring cash flow management.

3.5.3 OVH will seek expert legal advice on the best strategic land purchase option on a case-by-case basis. Options, in broad outline without precise legal definition, may include (but are not limited) to the following:

- **Promotion Agreements**

Allowing OVH exclusivity of potential development sites with land owners whilst it utilises its internal expertise or working with landowners in achieving planning consents, without having to commit to initial outright purchase. Deals can be structured with land owners for OVH to take the risk and costs of achieving satisfactory planning decisions, which are later recoverable if planning permission is granted. The proceeds of subsequent sales of properties being subject to negotiation between the parties

- **Options Agreements**

Similar to promotion agreements OVH would have an 'option' to purchase land over an agreed period, subject to satisfactory planning consents being achieved and with the land normally valued at the starting point of the agreement (prior to planning consents being in place). OVH would not be obliged to take up this option and would only do so if and when it is most economically viable, paying the landowner an overage for the enhanced land value if planning consent is subsequently achieved

- **Conditional Purchase Agreements**

Agreements where OVH would be obliged to purchase the land subject to planning consents being achieved, with a long stop date if no planning consent is achieved

3.5.4 Within the above agreements OVH can fulfill the role of either 'promoter' or 'developer' or both by working closely with external partners or other companies within the Sovini Group.

3.6 **Reporting**

3.6.1 The Managing Director of OVH will provide a Quarterly update to Board which will include a summary of land acquisition/s within the standard reporting items associated with Development delivery activity.

3.6.2 OVH will fulfill any reporting obligations that are required (in relation to land acquisition) through the Statutory Accounts reporting process and Regulatory protocols.

4	Implementation
4.1	<p>In operating this Policy the OVH Board, Officers and Teams have specific responsibility for the following:</p> <ul style="list-style-type: none"> • Development Team (working in conjunction with Sovini Land Acquisitions, as required) <ul style="list-style-type: none"> ○ Site identification and potential land acquisition opportunities ○ Preparation of Development Approval Reports for key stages 1 (Initial Assessment), 2 (Feasibility) and 3 (Full Approval) ○ Management of all external consultants and parties associated with land acquisitions including but not limited to architects, surveyors, legal advisors, local authority planning departments, developers etc. • Finance / Financial Management / Specialist Services Team <ul style="list-style-type: none"> ○ Preparation of detailed financial and tax implication information required for stage 2 and 3 Development Approval Reports • Managing Director-OVH and Chief Finance Officer <ul style="list-style-type: none"> ○ Initial approval of site acquisition recommendations at Stage 1 of the Development Approval process • Development Steering Group <ul style="list-style-type: none"> ○ Approval and monitoring of advanced acquisition opportunities at Stage 2 (below a total valuation of £10m) • OVH Board <ul style="list-style-type: none"> ○ Approval of advanced acquisition opportunities at Stage 3 (where total valuation exceeds or is likely to exceed £10m) ○ Approval of a budget for abortive work • OVH Neighbourhood Management, Marketing and Leasehold Teams <ul style="list-style-type: none"> ○ Allocation, marketing and management of properties built on acquired land
5	Performance
5.1	Regular updates will be provided to the OVH Board and the Development Steering Group on land acquisitions via the quarterly Development Update Report.
5.2	Development Assumptions will continue to be reviewed on an annual basis and updated to reflect any significant fiscal adjustments (including rent settlement / CPI and RPI indexing etc.)
6	Consultation
6.1	All OVH staff have been consulted in the development of this Policy.
6.2	Specific consultation has taken place with the members of the Development Steering Group and officers with expertise and direct operational responsibility for land acquisition activities.
7	Review
7.1	The Policy will be reviewed by the OVH Board as near as possible to the anniversary of approval, on an annual basis, or more regularly if required by changes in OVH business practices, as a result of system audits or the commencement of new legislation or regulations concerning land acquisitions.

8		Equality Impact Assessment	
8.1	Was a full Equality Impact Assessment (EIA) required?	No	
8.2	When was EIA conducted and by who?	An Equality Impact Assessment Relevance Test was conducted by the Development Director and the Policy and Strategy Manager on 10-04-18.	
8.3	Results of EIA	The Relevance Test did not indicate any differential or adverse impacts for any group with protected characteristics as a result of operation of this Policy and is still relevant for this version of the Policy	
9		Scheme of Delegation	
9.1	Responsible committee for approving and monitoring implementation of the policy and any amendments to it	OVH Board	
9.2	Responsible officer for formulating policy and reporting to committee on its effective implementation	Managing Director	
9.3	Responsible officer for formulating, reviewing and monitoring implementation of procedures	Managing Director	
10		Amendment Log	
Date of revision:	Reason for revision:	Consultation record:	Record of amendments:
13 May 2019	In line with review schedule	See Section 6	<ul style="list-style-type: none"> In accordance with revised Financial Management Regulations for The Sovini Group Community Benefit Societies – the levels for delegated decision by the Development Steering Group have increased to £10m throughout
2 nd November 2020	In line with review schedule	See Section 6	<ul style="list-style-type: none"> Reference included at 2.2, 3.1.2 and 4.1 of Sovini Land Acquisitions
8 th November 2021	In line with review schedule	See Section 6	<ul style="list-style-type: none"> There are no significant changes to the Policy in this review