



# ASSET



## GETTING “BEST VALUE” – HOW LOCAL AUTHORITY ASSETS CAN DELIVER LOCALISM

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### CONTENTS:

ASSET MANAGEMENT AND LOCALISM

THE CHALLENGES

THE PATHFINDERS

MEANWHILE USES

COMMUNITY USES

CONCLUSION

ACES Spring Conference  
London, May 2011

ACES Paper No 11.05/9 by

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## Asset Management and Localism

Asset Management is becoming of increasing importance in this age of rationalisation and reduced resources. In particular I refer to the management of public sector land and property, and I know that ACES members are already spearheading this. Asset Management falls neatly into the Government's localism agenda in which Local Authorities play a key role. Good Asset Management it is not just about Local Authority assets in isolation; it is also about bringing together all public sector land and property and providing new and exciting opportunities in local areas. It is in the hands of local public sector Authorities, not Government, to bring projects about and these projects should be set against the background of each area's own requirements. In this paper I will identify some of the challenges and steps the Government is taking to ensure that the public estate is used more effectively to match the expectations of local people. Also I will outline some of the lessons being learned from the Capital and Asset Pathfinder programme, as well as discussing "meanwhile uses" and the transfer of assets to communities.

In writing this paper there is some cause for hesitation, because I am aware that ACES members are all professionals within this field and so I will endeavour not to teach my Grandmother to suck eggs.

## The Challenges

The public estate is worth about £385 billion, with around two thirds of this owned by Local Authorities. Estimated running costs of all this are £25 billion per year. These figures suggest there should be scope for significant savings, but most importantly improvements, especially when the estate and the services it supports have often grown up piecemeal over the years. The more effective use of land and buildings can bring a number of benefits, such as raising capital funds for reinvestment, increasing energy efficiency, reducing running costs, and sharpening the focus of service delivery. That perhaps is one of the most important aspects of this. There are also exciting and interesting opportunities to improve coherence between organisations; for example, some areas have already brought together public bodies such as JobCentrePlus, parts of the NHS, Police, Inland Revenue, Housing Benefit and so on, and they have all been brought together under a single roof which not only has enormous benefits from the property management point of view, but means that people who need services do not have to traipse from one building to another; it's all there and they can just move seamlessly from one service to another.

## The Pathfinders

The Pathfinders have identified some good practice. Some have found good ways to use and collect customer data, share asset data and are beginning to look at addressing the barriers and problems associated with bringing the assets together. We see in Government that managing the public estate collectively increases flexibility and coherence.

To develop these opportunities we need to encourage all local public organisations, communities and individuals to

work together to bring out the benefits that can accrue from cooperation. To help with this the DCLG decided to create a Capital and Asset Pathfinders Group, which was formed from eleven Local Authority areas in England. I am chairman of that Group and we assembled a package of advice and support from the sector to offer practical and bespoke assistance to each one of those eleven, including from the Local Government Improvement and Development Agency, Local Partnerships, the National Improvement and Efficiency Partnership and Locality, which is formerly the Development Trusts Association. The Pathfinders have now all produced strategic plans for their areas and at the core are developing a joint understanding of the advantages that can accrue from this work.

The Pathfinders have been mapping all the public assets in their areas. This is something new as this information has not previously been available in one place. I think it is also salutary to note that some of them have found land and property that they did not know about. The business cases submitted include proposals for property rationalisation, service improvement, opportunities for regeneration and also substantial savings. 7 of the Pathfinders, who between them have produced twelve projects, identified a number of benefits and opportunities producing possible savings of £155 million over 25 years. But they have also identified barriers to success. One of these was the difficulty in dealing with Whitehall departments, particularly those that had different capital receipt regimes than those of Local Government, and different priorities. However, with a Ministerial lead we have been able to broker successful discussions and we will continue to do that so that mutually beneficial opportunities are not lost.

It is not only now, with property, that Government departments are having to come together, but across the board the Government Department silo mentality is having to start to break down. Otherwise we cannot, with asset management and community budgets, get it worked out that you bring services together. The Pathfinders are also working out longer-term strategies with other public bodies to achieve the vision that they have for their areas; setting up projects, timescales and business cases for change, and also the expected savings as well as the benefits.

Some examples of projects that are already underway are:

- One Pathfinder is working with Schneider Electric, drawing out significant private sector investment in exchange for a share in the returns in a scheme which sees Schneider install Photovoltaic cells on public sector buildings thus helping them to save money;
- Cambridgeshire is adopting a joined up approach to the management of the public sector asset portfolio across Cambridgeshire and they believe that that can deliver significant cost savings;
- Swindon also has an energy project;
- Substantial leverage of private sector investment in Bromsgrove in Worcester has resulted in extensive work being done leading to major savings and improvement to the high street, making the most of underused properties and exploiting marriage values of nearby sites. That project has already realised £2.5 million in capital receipts and looks likely to bring in a total of £10 million over the next few years.

Those are just some examples of projects underway. In addition, I am currently developing options to create a culture of collaboration in Hampshire. Hampshire has been the pioneer and inspiration of Asset Management, but as a Pathfinder it has demonstrated that the significant benefits and opportunities can be achieved from adopting a collaborative public cross-sector approach to asset rationalisation. They started in two specific areas, Basingstoke and Winchester. These projects have shown that it takes some time to begin to realise benefits and this reinforces the need for upfront investment and determination to bring projects about. This issue of timing remains one of the principle local barriers to success and I think we have all got to recognise that this is not a short-term fix but it is a longer-term policy. The aim in Hampshire is to move towards a culture of collaboration that is embedded in all Asset Management across the public sector. If this can be taken to all of the wider Hampshire area and beyond the true potential and scale of benefits can be realised. These are great examples and we want areas across England to learn from the work the Pathfinders have done, so the Local Government Group will soon be taking on the baton from my officials and I, leading and promoting this improvement and this work throughout the public bodies sector.

The Local Government Group has already been helping Pathfinders in developing plans and is well placed, I believe, to join that up with work that other areas have undertaken independently and roll out the lessons to be learnt. We are going to be making a detailed announcement soon about this programme and how it is going to be taken forward. Another important innovation has been the development of a map. This map will bring together information about public service assets across a number of areas of England initially, but it will become, in due course, a comprehensive nationwide map of public assets. The data from local sources as well as national datasets for Central Government, health and schools will for the first time give a view of the extent of the public state in any area.

## Meanwhile Uses

Capital and Asset Pathfinders represent just one important piece of work we have initiated. We are committed to encouraging and helping local communities to help themselves and there are many examples of this taking place. It is essential in the present economic climate to ensure that the best use is made of our collective property resources and one such is the “meanwhile use” of empty or redundant buildings. This can range from using empty shops for temporary art galleries, to turning a major town centre development site into an urban park whilst development is on hold. What I think people are beginning to realise is that everybody wins from meanwhile uses; property owners save on costs, meanwhile users get premises to try out new ideas and neighbours benefit by not being blighted by empty property in their shopping parade or neighbourhood. Major property developers are beginning to recognise the benefits too. Promoting meanwhile use of a development site is good public relations, helping build positive relationships with their local business and community.

## Community Uses

There are other examples of course where communities have taken over public and private assets and put them to good use to serve the local community for the long term, including everything from redundant town halls to the 250 shops across the country that rural communities have bought to keep them as a vital resource for their communities. Local Authorities are at the forefront of making this happen. Government is committed to making it easier for more communities to bid for property assets that are important to them and we have included proposals to achieve this in the Localism Bill that is currently going through Parliament. The Community Right to Buy Assets of Community Value provisions in the Bill will require Local Authorities to maintain a list of assets considered to be of community value. When listed assets come up for sale, a window of opportunity will come into effect before the owner is able to partake in a sale. The purpose of this delay is to allow time for a community group that is interested and able to, to prepare a proposal and business plan and identify funding sources for a use that would be of benefit to the local community. We are proposing, in the consultation document, which is just out at the moment, a “Right of First Offer” for eligible community interest groups. That is to say, allowing sales by any owner to a community interest group at a mutually agreed price without waiting until the end of the window of opportunity.

The Government wants to see an increase in the number of voluntary and community groups engaged in the running of local services and assets and one way of helping them to achieve this is for Local Authorities and other public bodies to transfer the management or ownership of suitable assets, buildings or land to community based organisations. Much is already happening and in a survey of 113 Local Authorities carried out by SQW Consulting last autumn it was found that 87 of those Local Authorities were in the process of transferring assets to local communities, with more than 350 asset transfers also in the pipeline. So far 92 Local Authority areas have received practical help and 75 Local Authorities now have Community Asset Transfer Strategies now in place.

## Conclusion

This is a brief overview of some of the Government’s initiatives to aid and encourage greater use of public sector land and property assets. As I said at the beginning, the responsibility for this lies firmly with Local Authorities, local public bodies and communities, and not Central Government. The whole purpose of Localism is to transfer the responsibility and power from Central Government to Local Government and Local Government then will be judged on what it does by local people. We believe that these initiatives will drive efficiencies, but remember that this is not just about maximising receipts; it is also about communities being able to make full use of the publicly owned assets in their own areas. Localism is already at work but there is still a lot more to do.

However, we believe that it presents new opportunities and challenges for the guardians of the public estate, who are in the forefront of turning this into a reality.