



# Capital and Assets Pathfinder Programme 2010-11

## **Position statement**





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August 2011  
Department for Communities and Local Government

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# Position statement: making better use of public assets

**The purpose of this document is to highlight how local areas can better manage their assets and explain how Government will help. It is intended to stimulate local authority led action.**

1. For the purpose of this document, assets are buildings and land that are owned (or used) by public sector organisations. We know:
  - The economic value of publicly owned assets in England is in the region of £385bn<sup>1</sup>. Approximately two-thirds is held by local authorities, including housing, schools and leisure facilities, and one-third owned by central government and other public bodies, such as police authorities, fire authorities and health organisations.
  - There is a backlog of maintenance across the public sector estimated to be £40bn with running costs of approximately £25bn<sup>2</sup> per annum.
  - By 2009 Government spending on capital investment across the public sector had increased to £30bn<sup>3</sup> per annum.

## **Why do we need to better manage capital investment and assets?**

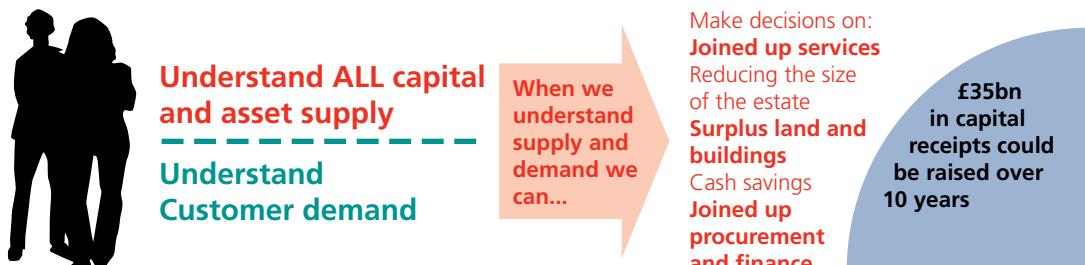
2. Reducing the deficit is a Government priority; the latest estimate of public sector net borrowing for 2010-11 is £141.1bn with almost £120m a day spent on debt interest alone. At the same time we need to stimulate growth and do so with limited resources and while shifting power away from Whitehall to individuals, communities and town halls.
3. In a time of austerity we must actively manage assets and capital investment and make the most of what we have in order to:
  - release capital to reduce the national deficit
  - promote growth
  - release capital to allow for investment in other programmes
  - save on running costs
  - protect and improve front line services
  - help deliver much needed housing and regeneration
  - capitalise on opportunities to strengthen the sustainability of the voluntary and community sector.

<sup>1</sup> Office for National Statistics Blue Book 2009.

<sup>2</sup> Operational Efficiency Programme Report 2008.

<sup>3</sup> HMT Public Expenditure Statistical Analyses, COINS data set 2009.

4. We recognise that better management of assets owned by central Government has an important role to play in deficit reduction and growth. Central Government departments have assets across the country and have ambitious targets to reduce their asset base and achieve savings of between £1bn and £1.5bn by 2013.
5. For the Department for Communities and Local Government (DCLG) the strategy for managing land and property assets of the regional development agencies will result in disposals which create long term value for local areas whilst maximising receipts for government to pay down the deficit. To help achieve this each regional development agency has produced an asset plan in discussion with local areas to ensure that those assets which are integral to local plans or are of strategic importance are retained by localities or by the Homes and Communities Agency and that sales on the open market do not undermine the economic development and regeneration of the area.
6. In parallel to reducing the deficit and protecting local interests' central government will use its assets to promote growth and provide real housing choices for individuals. Budget 2011 and *The Plan for Growth* announced that the release of public sector land would be accelerated to support homes and jobs. Land-owning departments will in the future publish their release programmes and be held to account for delivery of new homes and jobs created as a result. The Homes and Communities Agency is leading the way and on 31 March 2011 announced the first tranche of its available sites under its accelerated land disposal programme and published a comprehensive strategy in May 2011.
7. We are clear that using assets for wider public gain is not a new idea; with many places already considering how to best use their assets. Building on existing good practice DCLG has worked with 11 localities across the country to adopt a pan-public sector approach to assets and capital management whilst simultaneously tackling barriers. This has meant in effect treating the public sector as one organisation, recognising the contribution of the community and voluntary sector and considering the provision of services from the citizen perspective. These Pathfinders have shown that this approach can save money and improve services.
8. The Capital and Asset Pathfinders – Cambridgeshire, Durham, Hackney, Hampshire, Hull, Leeds City Region, Leicestershire/Leicester, Solihull, Swindon, Wigan and Worcestershire – started in July 2010.



9. In December 2010 12 projects, from seven of the Pathfinders, had been identified to test the approach. These initial projects identified a range of benefits and opportunities including small scale immediate changes, such as rationalising training space and training provision, through to the long term and very large scale, such as redevelopment of town centres where the public sector owns a critical mass of the existing property portfolio and innovation in carbon reduction. The projects showed that significant floor space and revenue savings can be made whilst improving service provision with seven of the projects predicting £155m savings over 25 years.
10. The Pathfinders' long-term strategies built on the principles and partnerships established through the initial projects. They have shown that substantial savings and service improvement are possible over time. Where detailed figures have been provided Pathfinders have shown a reduction in operating footprint of between 10 per cent and 29 per cent is possible. In some cases this translates to significant savings; for example upwards of £200m net present value over 10 years is predicted by Cambridgeshire County Council.
11. The Pathfinders identified many innovative and additional benefits through their approaches. For example: working with the private sector to deliver energy savings in Hull; enabling regeneration in Cambridgeshire; growth, including housing and retail development, in Swindon; substantial leverage of private sector investment in Bromsgrove, Worcestershire; and creative options for transferring multiple assets to community ownership and management in ways that can save money and enhance services.
12. Pathfinders have also identified the ability of property rationalisation to facilitate and respond positively to local service transformation. Where services from across the public and voluntary sectors (and in some instances the private sector) can all co-locate, significant sums can be released and on-going revenue costs reduced, which in turn can be reinvested in local communities, for example, Worcestershire's 'Community Model'.

**We therefore want local areas to recognise the potential of greater collaboration across the public sector when managing capital investment and assets.**

13. Our ambition is for local authorities in England, where appropriate, to lead a pan-public sector approach to capital investment and asset management, and where possible work with local enterprise partnerships who are well placed to develop strategic approaches. We think local authorities are well placed to lead this approach as they are in the unique position of having democratic legitimacy, and responsibility to manage a range of services in their area.

## Enabling action

14. Substantial Government reforms will enable places to better manage valuable resources. For example:
  - the ring-fencing of central government grants has been greatly reduced
  - community budgets (joining up services in a place) are now active in 16 places
  - the Localism Bill gives greater power and control to councils and local communities including a Community Right to Buy which will greatly assist community organisations wanting to purchase certain assets of community value
  - the Community Right to Reclaim Land will better enable citizens to find out which public bodies own what land and to hold them to account in connection with bringing back into locally beneficial use any under-used land.
15. The Pathfinders have demonstrated the benefits of collaboration and highlighted where further action is required by central government. DCLG is now taking forward a programme to assist local places.

## Enhancing transparency

16. Working with the Pathfinders highlighted the importance of access to good quality information on public sector assets. We recognise that by making information on assets available opportunities can be identified and public scrutiny strengthened. We are therefore encouraging public sector organisations to share data on their assets and we will continue working with both central and local government to increase access to data on public sector assets in England; encouraging that this data is provided under an open government license allowing unrestricted reuse. We recognise that it would be inappropriate to publish the location of certain sensitive assets including those subject to National Security or other necessary restrictions.
17. Similarly, we recognise that as part of the transparency agenda, government departments have been working with the Government Property Unit's ePIMS team to make asset data currently held on the ePIMS property database available on [data.gov.uk](http://data.gov.uk) in the near future. We will continue to work with the GPU to minimise the burden on departments of sharing their asset data in a more sustainable way.

To achieve this we are recommending that all public sector bodies, including Government departments and agencies, ensure that for every asset in their register (excluding those subject to national security or other necessary restrictions) they include its location and that these asset registers are then published on an annual basis in an open and reusable format.

## Building capacity

18. The Pathfinders benefited from expert advice and support from the sector, including: Chartered Institute of Public Finance and Accountancy; Local Government Improvement and Development; Local Partnerships; the National Improvement and Efficiency Partnership; Locality (formerly the Development Trusts Association) and the Homes and Communities Agency. The work of the Pathfinders has shown us the effectiveness of a coordinated support package, offering practical bespoke assistance on, for example, customer insight, finance and procurement options and asset transfer to community groups.
19. Going forward Local Government Improvement and Development will be coordinating and providing a range of support to areas who want to adopt approaches similar to the Pathfinders.

## Tackling central barriers

20. As part of the Pathfinder project we agreed to tackle systemic barriers that could not be resolved at a local level – Pathfinders were invited to identify barriers and provide specific and robust supporting evidence. A predominant concern raised by Pathfinders was the difficulty they had engaging with Whitehall departments. In response we have, for example: worked with the Department of Work and Pensions to progress certain Pathfinder projects and have identified a clear process for local areas who want to work collaboratively with Job Centre Plus and brokered meetings between Department of Health estates and Pathfinder chief executives to help with emerging reforms.
21. Going forward we will continue to listen to local partners and where necessary facilitate dialogue between them and Government. We will show leadership across Whitehall and will act as a broker between places and central departments so mutually beneficial opportunities are not lost.
22. We recognise that assets owned by central Government have an important role to play in deficit reduction and growth. Central Government departments have assets across the country and have ambitious targets to reduce their asset base and achieve savings of between £1bn and £1.5bn by 2013.
23. Many central Government departments have Spending Review targets related to reducing their asset portfolios and generating capital receipts. It is recognised that these targets need to be met. However, should a department be on track to meet its target, it should be open to the retention of capital receipts locally if a robust business case can be put forward setting out the advantages to the wider public sector of adopting such an approach.

24. The Pathfinders have shown us that central engagement in locally led approaches to managing assets can help government departments achieve their targets whilst benefiting local priorities.

It is therefore important that better management of the estate which is directly owned or controlled by central government continues to play a role in deficit reduction, and supporting growth, regeneration and housing supply. This would require greater emphasis from government departments in considering how and when they will engage with locally led approaches including:

- engaging with local authorities who present sound business cases for a more collaborative approach to assets
- engaging with local authorities when considering asset disposals.

## Next steps

25. We will continue to work with the local government sector and support agencies on rolling out approaches that seek to make better use of public assets and capital investment and will continue tackling emerging barriers.
26. The Government will in due course set out its approach to modernising public services in the Open Public Services white paper. This will be underpinned by the Government's principles of increasing freedom by localising power and funding and sharing responsibility by increasing diversity of provision and consumer choice.



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