



# **Good practice**

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# **in strategic**

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# **asset**

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# **management**

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August 2009

**The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.**

**Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.**

**As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.**

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## Introduction

*Good Practice in Strategic Asset Management* is a supporting document to *Room for Improvement: Strategic Asset Management in Local Government*, the Audit Commission's national report on property asset management. It provides more detail on some of the case studies from the report and other examples of good practice in asset management.

In *Room for Improvement* we found that councils have made only modest progress in developing a strategic approach to asset management since we published *Hot Property: Getting the Best from Local Authority Assets*, in 2000. Use of Resources scores for asset management have improved at a slower rate than scores against other key lines of enquiry (KLOE) between 2005 and 2008. In 2008, only 7 per cent of councils (29 in total), achieved a Level 4 (excellent) rating for asset management.

While overall improvement has been modest, our research identified many examples of good practice and innovative use of assets by councils. Most councils recognise what processes and structures they need to have a strategic approach to asset management. The best have not only begun to put these in place but are starting to achieve positive outcomes including: efficiency savings through rationalisation; leaner, more fit-for-purpose estates; reduced maintenance backlogs and revenue expenditure on assets; sharing assets with partners; successful transfer of assets to communities; and coordinated planning of local public bodies' assets on an area-wide basis.

This paper builds on Chapter 5 of *Room for Improvement*, which sought to outline how poorer performing councils could improve their asset management by learning from the best performing councils. The research for these good practice case studies was carried out between September 2008 and May 2009.

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## Case study 1 – Wandsworth Borough Council

### Overview

**Wandsworth has managed to generate substantial savings from its estate, while at the same time reducing maintenance backlog and improving services for customers. This results from robust asset management planning procedures and a corporate approach to asset management. The central role of the Corporate Property Review Team has been the key to its success. The Council has used its estate to maximise capital receipts and generate revenue savings which contribute to a low council tax for residents.**

### Structures and processes

#### Corporate approach

A corporate property function sets the Council's overall property strategy. The Corporate Property Review Team is chaired by the Corporate Property Officer and attended by representatives of all departments at assistant director level. The team scrutinises opportunities for shared use of buildings, monitors surplus properties and deals with departments' wish lists for property.

Asset management planning is integrated with business planning at corporate and service levels, with the annually published Corporate Business Plan highlighting specific property and asset improvements. The role and contribution of property, for example to flexible working policies, ICT plans and customer access strategies, is explicit in business plans.

#### Asset rentals

Opportunities to rationalise the occupancy of properties to release surplus space are created through imaginative service redesign. The Council encourages its service directors and property managers to think about how they could operate with less property by using a system of asset rentals. Budget managers are charged for consumption of assets, thereby providing them with the information to review the cost of current use. The opportunity cost of retaining the Council's existing assets is both considered and, where appropriate, challenged.

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## Case study 1 – Wandsworth Borough Council

Charging asset rentals to budget managers for occupying assets also focuses their attention on the potential for savings from alternative use. Knowing the estate and its hidden potential has been central to the Council identifying savings. The Council knows how much its buildings would be worth on the open market and how to maximise their value by obtaining appropriate planning permission and by spending to bring assets to market in suitable condition.

### **Member scrutiny**

The Corporate Property Review Team provides information to members regularly, enabling them to scrutinise progress on individual capital schemes, asset disposals, and performance indicators. There are regular strategic reviews of the capital programme including controls at both officer and member level to ensure that proposed additions to the capital programme are justified by a full business case.

### **Maintenance backlog**

The capital programme, revenue-funded repairs and maintenance programmes and externally generated funds are all used to address the maintenance backlog. An action plan to maintain continuous improvement is monitored regularly by both officer groups and members via the Council's robust performance management systems.

The Council seeks innovative methods of attracting external finance to address backlog maintenance as well as re-investing capital receipts for this purpose. A good example is the arrangement the Council put in place for Battersea Arts Centre, located in the old Battersea Town Hall. This listed building required over £2 million of repairs over the next ten years. By leasing it on a full repairing lease to the Battersea Arts Centre Trust, the Council was able to unlock over £0.5 million of Big Lottery funding and further private sector funds to carry out the initial work required, with further funding promised in the future. The Council is contributing a similar sum by way of an extended rent-free period under the lease.

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## Benefits and outcomes

### **Rationalisation and savings**

The Council has controlled its asset base for many years with the objective of minimising the amount of capital it employs. It has sold over £1 billion of surplus assets since 1980. Capital receipts from sales of surplus assets are an important source of finance and have allowed the capital programme to be funded entirely without borrowing. The absence of debt, and consequently of interest payments, maximises revenue available for front-line services and minimises council tax.

Revenue spend has been further reduced through the disposal of outdated properties and investment in the estate which have led to a reduction in backlog maintenance from £215 million in 2002/03 to £82 million in 2005/06, £58 million in 2007/08 and £53 million currently (2008/09).

The Council was one of only a fifth of Councils that achieved a surplus from its office and administrative estate between 2000/01 and 2007/08, totalling £25 million, and one of only two councils that made a surplus consistently in each of those years.

### **Asset sharing**

Currently, over 100 of the Council's properties are either used by, or shared with partners from outside the Council. For instance Phase 2 of a borough-wide programme of integrated children's centres for pre-school children and their families was completed in 2008/09. Most of the centres are based at schools, but properties managed by other departments have also been used following property reviews. The centres offer space to organisations including the Council, local health visitors and voluntary groups alongside childcare and nursery education.

One of the Council's children's centres also houses South Thames College and Wandsworth Citizens Advice Bureau. The Economic Development Office has an office base there which is also used by Jobcentre Plus to deliver its lone parent outreach service once a week. It will be used by other voluntary organisations on a part-time basis to deliver various business support, training and job search services. Staff at the children's centre itself now work with over 1,000 children and carers a year. Outcomes at age five for the lowest achieving children in the locality improved by 5.5 per cent against national indicators from 2006 to 2008.

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## Case study 1 – Wandsworth Borough Council

The Ernest Bevin College Sports Centre, opened in 2007, is used by local sports clubs and organisations as well as the Council's Community Swimming Programme and Mind, Exercise, Nutrition and Do it! (MEND) programme.

### **Innovative partnership working**

A recent example of an innovative partnership is a joint project with Richmond Churches Housing Trust. The Council transferred an inadequate sheltered housing property to the Trust, which used charitable funds to build and operate a new 40-bed residential care home. On completion, the Trust surrendered its lease of a life expired elderly persons home back to the Council who then sold the site back to the Trust at market value. The Trust has now built 41 residential units of extra care accommodation on the site (using Housing Corporation funds), which were completed in July 2008 with the first tenants moving in during August 2008.

For more information about this case study please contact:

**Nigel Powlson** – Assistant Director of Administration (Professional Services) at Wandsworth Borough Council  
npowlson@wandsworth.gov.uk  
Telephone: 02088 716073

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## Case study 2 – Sevenoaks District Council

### Overview

**Sevenoaks District Council has been able to secure capital and revenue savings from its estate over the past decade which other district councils of comparable size have not achieved. This is attributable to effective management and scrutiny processes and a challenge culture which has driven the need for a leaner estate.**

### Structures and processes

#### Corporate structure

The relatively small size of the Council means that asset management is less formally structured than in larger councils; it also means that the asset management team have very close access to senior officers and members which brings asset decisions close to the centre. The officer responsible for asset management reports to the Corporate Resources Director (who is the Section 151 officer and also the director responsible for finance) and the senior management team. The portfolio holder for asset management is also the portfolio holder for finance. He and other members have regular contact with the asset manager to discuss property issues.

#### Scrutiny processes

The Performance and Governance Committee oversees the performance of the Council's assets. The scrutiny procedure has changed in recent years with decisions scrutinised before rather than after they go to Cabinet. Property reviews are undertaken by individual services and fed through to the Asset Manager by the seven heads of service twice a year, in September to discuss budgetary requirements and in March to discuss property requirements for each service including acquisitions or disposals decisions and maintenance requirements.

#### Property reviews

Since the late 1980s the Council has been systematically mapping every property it owns. This enables the asset manager to assess what is needed, what is surplus and what requires refurbishment. A formalised asset maintenance regime began in 2000; this includes a five-year rolling conditions survey of all Council property. The current maintenance plan runs for ten years until 2014. Alongside individual service reviews, other ad

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## Case study 2 – Sevenoaks District Council

hoc reviews are undertaken throughout the year which feed into the review process. For example, in 2008 these included reviews of public toilets and of playgrounds in the district. Valuations are undertaken on a five-year rolling programme by external valuers at a cost of around £5,000 a year; this is not dependent on the number of properties valued.

The comprehensive asset register is managed by the Professional Services Manager. He employs whole life costing and considers strategic goals, priorities and information about the running costs and performance of Council assets when making decisions about use, maintenance, investment, rationalisation, management and disposal.

### Benefits and outcomes

#### **Rationalisation and savings**

The Council has acquired no property since 2000, but has disposed of a number of property assets during that time, as a result of property reviews. Disposal has been aided by high property prices in Kent. The Council has raised £3 million in capital receipts from disposing of surplus property since 1999. It has identified annual revenue savings of £304,000 a year on these disposed properties and has reduced maintenance backlog by £221,000. Figure 1 breaks down the net surplus of £1.8 million that the Council made from property disposals (taking into account capital spend on renovation and new builds) in its general admin estate between 2001 and 2008. Very few councils have made similar savings from their office estate over a consistent period.

Figure 1: **Sevenoaks District Council - General admin estate 2001-08**



NB: There were no acquisitions in any year between 2001 and 2008

Source: *Capital Outturn Returns (CLG)*

The Council has also made revenue savings from innovative strategic decisions. In 2004, it set up a Leisure Trust to run all of the Council's leisure centres. This generated gross annual savings of some £380,000, offset by grant aid from the Council to provide community leisure activities. This has resulted in a net annual saving in excess of £100,000, and has given the Trust the opportunity to provide advice, services and operations for other leisure providers, both in the public and private sectors, earning income to offset the operating costs.

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## Case study 2 – Sevenoaks District Council

### **Partnerships**

The contribution of the asset base to service and community objectives is monitored and reported to members regularly. A review of staffing levels and property costs per desk space has enabled the Council to establish partnership initiatives including:

- a joint licensing partnership for three authorities, based in Council offices (due autumn 2009); and
- accommodating Kent Police Community Safety Unit as an integrated part of the Council's Community Development Team (joint funding of this project has been agreed and the necessary physical changes to the accommodation are already in hand with a view to providing the accommodation by August 2009). A longer term proposal to accommodate the Sevenoaks Police Office within the Council offices is also being investigated.

For more information about this case study please contact:

**Jim Latheron** – Professional Services Manager at Sevenoaks District Council

[jim.latheron@sevenoaks.gov.uk](mailto:jim.latheron@sevenoaks.gov.uk)

Telephone: 01732 227209

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## Case study 3 – Lancashire County Council

### Overview

**Lancashire County Council stands out for its use of up-to-date information on property costs, suitability and sufficiency to identify the scope for improvement and to target detailed property reviews. This is brought together into an annual property performance report which has helped the Council rationalise its estate.**

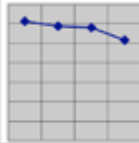



### Structures and processes

#### Annual performance report

In addition to its annual corporate and directorate Asset Management Plans, the Council produces an annual property performance report linking performance measures directly to the Council's various objectives. It includes all performance indicators (PIs) from the National Property Performance Initiative together with a wide range of local PIs covering condition, suitability, maintenance, utilisation of office space and the extent of property sharing with partner agencies. It also includes a section on customer satisfaction and additional local indicators. For each PI, data is presented for the last four years, together with targets for the next three years ahead (see Figure 2).

## Case study 3 – Lancashire County Council

Figure 2: Screenshot from Excel spreadsheet<sup>i</sup>

Property Performance Indicator		Our Performance					Direction of Travel	
Indicator	Title of Indicator	2003/04 Result	2004/05 Result	2005/06 Result	2006/07 Result	2007/08 Result	Positive	G
							No Change (+/- 3%)	A
							Negative	R
<b>Suitability Surveys</b>								
1A	Suitability of accommodation to deliver corporate and service objectives, expressed as the percentage of floor space with a suitability below 0% (fair basic minimum standard)	New Indicator	12.24%	11.75%	11.60%	10.31%		G
1B	Suitability of accommodation to deliver corporate and service objectives, expressed as the percentage of floor space with a suitability of 0% to 25%	New Indicator	22.35%	22.82%	21.56%	17.63%		G
1C	Suitability of accommodation to deliver corporate and service objectives, expressed as the percentage of floor space with a suitability of 25% to 50%	New Indicator	39.80%	39.25%	44.15%	46.11%		G
1D	Suitability of accommodation to deliver corporate and service objectives, expressed as the percentage of floor space with a suitability of +50%	New Indicator	25.61%	26.18%	22.69%	25.95%		G

Source: Lancashire County Council

The property performance report has existed for four years and is presented to senior officers and Cabinet for discussion. The same detailed information about individual properties that goes into the annual performance report is used in the Council's property review process. This information provides a baseline for each property against which annual performance is measured.

<sup>i</sup> For full spreadsheets click on the following links:

[http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/rfi\\_LancashireCC-PPIs.xls](http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/rfi_LancashireCC-PPIs.xls)  
[http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/rfi\\_LancashireCC-PPIs2.xls](http://www.audit-commission.gov.uk/SiteCollectionDocuments/Downloads/rfi_LancashireCC-PPIs2.xls)

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## Benefits and outcomes

The information and analysis within the property performance report help to target activity. This has resulted in a number of benefits.

### **Rationalisation and savings**

Significant reductions in office space have been achieved through the property review process. For example, a strategic review of office premises in Preston has released nine leased properties and three properties owned by the County Council achieving revenue savings of over £450,000 per annum and capital receipts of £2.4 million. Upon completion of the review, it is expected that these figures will have more than doubled and a total of nearly 8,000 square metres of office accommodation will have been released.

Intrinsic to the rationalisation of the Council's office premises is the introduction of new ways of working: increasing numbers of staff are becoming home-based and mobile workers. This not only helps the Council to achieve efficiencies in the use of office space, but it also contributes to its policies for flexible working and work-life balance. Overall the total floor space per full-time equivalent employee has fallen from 11 square metres to 10 in the last 2 years. As part of the rationalisation process, the Council aims to reduce occupancy rates of relocated staff down to an average of eight square metres per workstation.

### **Maintenance**

The Council has seen a reduction in priority maintenance through targeting maintenance resources more effectively. The proportion of property within condition grades A and B (A is the best condition) has increased from 49 per cent to 86 per cent and the proportion within grades C and D has decreased from 51 per cent to 14 per cent since the introduction of the property performance report.

By continuously reviewing and monitoring the condition of its property portfolio the Council is able to target resources where they are most needed. By prioritising expenditure, urgent repairs are now always dealt with as soon as they are identified. Since the property performance report was first introduced, the value of Priority 1 required maintenance (that which if not completed within 12 months will necessitate closure or potential closure of buildings for health and safety or legislative reasons) has fallen from over £1 million to just over £100,000. During the same period the overall maintenance requirement across the portfolio has reduced significantly from £96 million to £59 million.

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## Case study 3 – Lancashire County Council

### **Suitability and accessibility**

Alongside the property performance report, a five-year rolling programme of suitability surveys has been established in order to ensure that all properties are regularly re-assessed and opportunities for improvement identified. The suitability of the Council's property holdings has shown consistent improvement with the percentage of floor space assessed in suitability band A (below fair minimum standard) falling from 12.2 per cent to 10.3 per cent since data were first collected in 2004/05.

Accessibility is measured separately from suitability. All Council premises with public access have undergone access audits (above the national median of 94 per cent) and have accessibility plans in place (above the national median of 85 per cent). This high performance has been consistent since the property performance report began.

### **Environment**

Energy consumption and carbon dioxide emissions performance data are used to target expenditure on carbon reduction schemes contributing directly to the target of reducing the Council's carbon footprint by 30 per cent by 2020. One of these schemes is a replacement air conditioning system for the Council's main computer suite that will enable free cooling for an estimated 70 per cent of the year. This was part of a major rationalisation and consolidation of ICT facilities which enabled the Council to offset the additional electrical energy demands created within its computer suite by approximately 190,000 kWh per annum, which equates to around 82 tonnes of carbon dioxide, and a cost saving of £190,000 each year.

Finally, because the Council was already collecting good energy performance data through its property performance report, 95 per cent of the Display Energy Certificates were completed for the Council's 500 plus properties by December 2008.

For more information about this case study please contact:

**Stephen Costello** – Director of Property, Lancashire County Council

[stephen.costello@property.lancscc.gov.uk](mailto:stephen.costello@property.lancscc.gov.uk)

Telephone: 01772 533227

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## Case study 4 – East Riding of Yorkshire Council

### Overview

**East Riding of Yorkshire Council's strategic approach to asset management reflects the importance given to asset management by senior officers and members as well as the Council's organisational structure. It has developed a sophisticated and comprehensive data system for monitoring its property portfolio, helping it rationalise its estate and identify opportunities to share with partners where possible.**

### Structures and processes

#### Corporate structure

The most recent corporate structure review aligned all strategic property and land related services into one service, Asset Strategy, which employs around 70 different professionals (including surveyors, accountants, architects, highways engineers and planners). The Asset Strategy service sits within the Policy, Partnerships and Improvement Directorate and is headed by the Corporate Property Officer. Occupying a central strategic position ensures that assets are seen by the authority as a corporate strategic resource, not bound by or aligned with service departments.

The Council adopts a corporate landlord approach, where service departments are seen as tenants and referred to as clients. This enables the department to stay neutral when managing client requirements for assets. The Asset Strategy service controls property related expenditure revenue budgets totalling £16.7 million a year. This includes spending on facilities management and the running costs for each building, such as electricity and heating costs. The Council's capital investment programme, which currently totals over £800 million for the period 2008/09 to 2012/13, is also overseen by the Asset Strategy service. This involves assessment of over 200 bids a year for capital funding from all service departments.

The appraisal process considers a range of criteria against which bids are scored, including outcomes and revenue consequences, which provides a backcloth against which members approve new investment. Capital bids go to the Corporate Management Team first, then to Cabinet, before finally going to all members for approval.

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## Case study 4 – East Riding of Yorkshire Council

### **Member engagement**

The leader of the Council is the portfolio holder for asset management, and the deputy leader has a leading role within Asset Strategy, being the portfolio holder for policy, performance and strategic partnerships. Asset management is therefore seen as a priority by the Council's hierarchy ensuring member support for property decisions.

The Corporate Property Officer reports to the Corporate Management Team and Cabinet regularly on the major property issues maintaining good lines of communication between members and officers. Members engage with Asset Strategy as critical friends, meeting every quarter and providing a sounding board on important decisions. Reports are taken to scrutiny on property issues throughout the year. Scrutiny committees have used their powers to call in cabinet decisions made on property in the past, but as there is a high level of member consultation throughout the decision making process, this is a very rare occurrence.

### **Corporate Property Information System**

The Council has developed an integrated Corporate Property Information System (CPIS), which provides data to a number of other systems including the terrier (which deals with ownership deeds), asset register, energy database and disposals database ensuring consistent information is held on property assets and preventing the double keying of data. The CPIS holds both core and non-core data on every property asset the Council owns or has an interest in. Examples of core data are size, location, ownership information, while non-core data would constitute more transient data such as which service is occupying a certain building, or telephone numbers for a certain building. The CPIS system costs less than 0.5 per cent of the overall property revenue expenditure to maintain.

All buildings are mapped electronically so digital information from property surveys automatically updates the various databases. Financial information is recorded in the Council's ledger at the property level linked to the CPIS, enabling the Council to benchmark costs against others and take action to improve poorer performing assets.

The Council is currently working towards the complete digitisation of ownership records (deeds) and providing electronic access to key stakeholders to reduce the cost of responding to enquiries made. An intranet-based property system (I-Views), supported by the underpinning data held in the CPIS, allows members and officers to access online details of all Council owned land and property (for example, this includes photographs, details of location and value).

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There are strong data quality controls within the Council, with constant checks on data entry, which helps to retain credibility with clients and people outside the authority. The Council has achieved savings of around £100,000 when procuring and managing energy suppliers, because of the level and detail held. Because the Council knows exactly what it owns and how valuable it is at any one time, it has challenged the District Valuer successfully on business rates decisions made on assumptions or inaccuracies. This has delivered savings of around £250,000.

## **Benefits and outcomes**

The benefits and outcomes below are made possible by the structures and processes described above. The Council sees asset management as a high priority, exemplified by the position of Asset Strategy within the corporate structure and the high level officer and member responsibility for asset management. An efficient communication process between officers and members means that decisions about the capital programme and property reviews are well supported by members and are implemented efficiently. These processes are reinforced by the CPIS which provides the relevant data required by decision makers to decide whether to buy, sell, renovate, share or transfer property.

### **Rationalisation**

Property reviews are undertaken every five years, by the review team based within Asset Strategy. Reviews involve the team gauging how much property a particular service has using the CPIS, then discussing the particular needs and requirements to deliver that service. Information within the CPIS plays a critical role in this process including: building condition surveys; suitability and sufficiency information; building running costs; customer satisfaction; local population demographics; and the location of properties. For instance, as the authority is the largest unitary in the country and mainly rural, customer service centres must be located within a 20 minute car, bus or train journey of each customer.

The Council has achieved efficiency savings on capital investment via procurement, value management and other techniques totalling around £4 million; this breaks down into around £2.5 million cashable and £1.5 million non- cashable savings. In property management the Council has achieved revenue savings of around £2 million, £1.5 million of which are cashable and £0.5 million are non-cashable. An example of rationalisation: the Council increased the capacity of County Hall from 1,200 to 1,500 people through increased utilisation rates and reducing space per person

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## Case study 4 – East Riding of Yorkshire Council

to 6.5 square metres. This enabled the Council to achieve capital receipts, from the disposal of surplus accommodation, totalling more than £1.2 million, the interest from which contributed towards the £4 million capital efficiencies identified above.

### **Beverley Jigsaw**

The Beverley Jigsaw project, approved by the Council Cabinet in 2002, addressed six properties in the Beverley area (two depots, a former school, a swimming pool, an old people's home and a learning disability resource centre) which were all nearing the end of their useful life and becoming too costly to maintain. Using available Council land, services have relocated to modern purpose-built facilities, while at the same time releasing land for disposals. Sites earmarked for disposal ensured that the £20 million project was cash neutral to the authority.

### **Partnership working**

The Petuaria Centre is a £1.6 million development built in the town of Brough in 2007. It houses a public library, the Council's customer service centre, and the Brough Community Centre. Partners involved in the project include the Council's library service, Social Services, Adult Education, and Arvato UK (which provides the Council's customer services), the local Parish Council, police, primary care trust and the Citizens Advice Bureau. The centre, which offers a community hall, a meeting room, kitchen and an office, has helped provide a wide range of public services to local communities that would not be possible through more traditional approaches. Co-location of services from this one centre has enabled a reduction in the number of individual assets needed to deliver the same services, and because the facility is shared it means running costs are split between partners.

The Council was commended for this approach in the National RICS awards 2007 with judges commenting on the exemplary property management strategy and partnership approach. The multi-agency use of assets has been extended to include underutilised space leased to HM Revenues and Customs at Goole, generating income of £20,000 for the Council from shared use of both the asset and facilities.

For more information about this case study please contact:

**Richard Simpson** – Strategic Asset Manager at East Riding of Yorkshire Council

[richard.simpson@eastriding.gov.uk](mailto:richard.simpson@eastriding.gov.uk)

Telephone: 01482 393920

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## Case study 5 – Wychavon District Council

### Overview

**Wychavon has used its assets as enablers of change to boost the local economy and provide excellent services for local people. It has been commended by the Audit Commission in each of the last three years, maintaining a level 4 for KLOE 2.3 through effective and innovative use of its asset base to deliver value for money. Its innovative use of assets contributed to the Council winning the Local Government Chronicle Council of the Year award in 2007. The Council has also taken the opportunity to share assets with partner organisations where possible.**

### Structures and processes

#### Pershore Hospital

From 2000 onwards, the Council was interested in building a new health centre adjacent to the Civic Centre. Initial plans involved a private finance initiative developer and focused on the use of the main Civic Centre car park as a possible location. After discussions with the developer broke down, the Council entered into direct negotiations with a local GP practice with the objective of building a new health centre and renting it back to them. The Council gradually acquired land behind the Civic Centre and had identified a suitable site by spring 2003.

During the same time, the need to find a replacement for Pershore Cottage Hospital arose. South Worcestershire Primary Care Trust was looking at options to replace the cottage hospital with accommodation in a local residential care home. This met with strong opposition from local residents who had identified health as the number one priority for the area during research undertaken by the Council. As an alternative, the Council's Health Scrutiny Team identified the land assembled behind the Civic Centre as a possible site for a new hospital.

The Primary Care Trust accepted the proposal and the Council invested almost £7 million of its own capital in building the Pershore Hospital project which was completed in autumn 2006. The new facility consists of a 26-bed cottage hospital, therapy services with an emphasis on rehabilitation, and a new health centre for 13 GPs. These premises are leased to the Primary Care Trust by the Council.

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## Case study 5 – Wychavon District Council

### **Droitwich supermarket**

In a similar scheme the Council identified the need for a supermarket development in Droitwich. Previous attempts by developers and superstore operators to acquire land near the centre of Droitwich had been unsuccessful. The local economy was suffering as shoppers chose to spend their money in other nearby town centres. The Council took the opportunity to address this by assisting with the land assembly, as it was already a major landowner, and then acting as developer for a new superstore. Agreement was reached with the superstore partner (Waitrose) whereby the two parties assisted each other to purchase all the land needed for the development. All the land was then transferred into the Council's ownership at a pre-agreed fixed sum. The Council then granted the superstore a lease for the whole site for a period of 26 years and 3 months. Waitrose then built a 35,000 sq ft supermarket and refurbished and reconfigured the existing Council owned public car park to provide over 340 car parking spaces. On completion of the store, the building transferred to the Council's ownership and, in exchange, the Council paid Waitrose a predetermined sum which reflected the cost of the works.

### **Asset sharing**

The Council has also innovatively used its asset base in partnership with other organisations. The Civic Centre campus shares space with the police, primary care trust, and a third sector organisation called Welcome to our Future. Worcestershire Mental Health Partnership NHS Trust also occupies part of the Civic Centre, with 20 of their office-based staff located there generating a rent for the Council. The Council also hosts the South Worcestershire Shared Services for Revenue and Benefits, which accommodates former staff from Worcester and Malvern district councils. These staff occupy an area of the office that became vacant when County Highways and Social Services Departments moved out.

## **Benefits and outcomes**

### **Pershore Hospital**

The benefits of the Pershore hospital development have been threefold:

- The primary care trust has obtained a more affordable deal than they would using private finance initiative with the Council's Corporate Projects team overseeing all aspects of design and build.
- Local residents now have a hospital (with more beds than the previous site), a medical centre, NHS dentists and a physiotherapy unit under one roof. Its location next to the Civic Centre means that services are very easy for people to access.

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- Finally, the Council benefits by generating an income stream from its £7 million investment, which compares favourably with any bank investment and contributes to one of the lowest rates of council tax in the country.

### **Droitwich superstore**

The positive outcomes arising from the Droitwich superstore development are similar to those for the hospital above. The financial benefits for the Council have been considerable, with an annual rental income of £595,000 from Waitrose equating to 7.4 per cent on the Council's investment of around £8 million. As with the Pershore Hospital, the Council receives a return that exceeds what would be achievable through traditional financial investments. In addition, the Council has negotiated five-year upward only rent reviews for the site.

Local residents have benefited from a high quality food retailer in a central location, which has directly led to the regeneration of the Droitwich central shopping district. It has helped to encourage residents to shop locally and create significant townscape improvements. This has led to more shoppers using the local high street, too, attracting new shops and businesses into the area. Finally there has been additional income for the Council from increased use of town centre car parks.

### **Asset sharing**

Coordinated investment in partnership working enables the public to receive a full range of services from one campus location. The Civic Centre not only hosts the partners described above, but also the Pershore Hospital development, giving local residents easy access to a range of public services from one central location.

The Council benefits from leasing office space to partners, such as the South Worcestershire Shared Services for Revenues and Benefits, thus generating more revenue through rental income.

Other than the Civic Centre sharing arrangements, the Council also shares community contact centres at Pershore, Evesham and Droitwich with other community based, public and third sector organisations; for example the County Hub, Jobcentre Plus, police, and Citizens Advice Bureau.

For more information about this case study please contact:

**Vic Allison** – Deputy Managing Director at Wychavon District Council  
vic.allison@wychavon.gov.uk  
Telephone: 01386 565586

### Case study 6 – Hampshire County Council

#### Overview

**Hampshire County Council has begun an ambitious strategic review of its property. It aims to combine flexible working with delivery of shared services with partners, and more efficient use of its asset base. The wide ranging programme incorporates:**

- **flexible and mobile working;**
- **facilities management;**
- **property and infrastructure;**
- **organisational change;**
- **transforming through technology; and**
- **improvements to the customer interface.**

#### Structures and processes

##### **Strategic Property Review – Hampshire Workstyle**

The Council carried out a Strategic Property Review, called Hampshire Workstyle, which aimed to change workspaces into modern, flexible offices, while introducing new ways of working. Office assets were compared against a range of public and private benchmarks to establish current performance including: building and grounds maintenance costs; rents; uniform business rates; utilities; cleaning; and service charges. Further work is underway to look at wider options for benchmarking around staffing, technology and customers to ensure progress and success in the transformation of the asset base.

The Council conducted utilisation studies of many of its offices to identify usage, spare capacity and to inform wider strategies. More studies are being planned and organised as Workstyle evolves across the county. These studies help drive disposal strategies; one, currently underway, involves disposal of five major buildings rendered surplus by the investment in Ashburton Court (referred to below).

This wide ranging improvement programme requires good information management systems to support the analysis and development of suitable strategies. For example, data mapping showing staff and customer locations has played a major part in supporting a number of the proposed outcomes to date by enabling a better match of resources into the areas of higher customer concentration. As part of the Council's

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overall IT improvement programme there is a specific initiative to develop a comprehensive corporate asset management system linked to electronic mapping and GIS systems.

A new board, comprising representatives of corporate and departmental management teams, manages and steers the Workstyle programme. The programme covers working arrangements for up to 8,000 staff and reviews of the function and suitability of over 150 buildings.

## **Benefits and outcomes**

### **Office rationalisation**

A significant outcome has been the refurbishment of the Council headquarters, Ashburton Court, some 10,000 square metres of office space in Winchester. The number of staff using the office as a work base will increase from 650 to 1,100 on completion of the project, with vacation of leasehold and freehold offices forming a key element of the strategy and enabling disposal of five major buildings in Winchester which were previously used as offices. Phase one of the project was completed and occupied by some 300 staff in January 2008 and the final phase will be complete this summer with full occupation by the end of August, 2009.

### **Flexible working**

A vital element of Hampshire Workstyle is the new flexible working practices which have been developed in the last two years by the Council's Flexible and Mobile Working Board. The Transforming Through Technology work stream is increasing accessibility to voice and data links from any Hampshire location through a new virtual private network which will enable staff to work from home or other locations.

Other developments include:

- a single point of access to data systems for the Council and local partners including all district councils; and
- a new corporate online facilities booking system that will enable more flexible location planning linked to work commitments to be introduced thus enabling staff to reduce travel, and releasing time to focus on key tasks and service delivery.

### **Improved access to services**

The Strategic Property Review has also led to the creation of new discovery centres which bring together traditional library services with information, and a wider cultural offer to local communities. For example the centres

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provide access to services, adult learning, exhibition space, local history, internet access, and refreshment facilities. This is part of the new customer access strategy which aims to establish a system of single point of contact centres for localities around the county.

### Sharing with partners

A new office shared with the primary care trust in Hampshire opened in July 2008 in Fareham. This enables fully integrated joint working between Health and Adult Services. For example, both services share the same IT systems and can access them from the same location.

Other office spaces are used jointly with the voluntary sector and in some cases, provide valued customer access points across the county. Co-location of Primary Care Trust, Mental Health and County Council Learning Disability services is in place and being further developed through joint management arrangements and shared IT systems. This collaborative relationship has been in place for some time, and the property and technology solutions have been developed to support and enhance the partnership arrangements.

- The Council is also developing a new public service village combining county, district and other functions from both the voluntary sector and the police for the Borough of Havant. A major project of some £10 million is being developed jointly between the County and the Borough Council supported by a £5.1 million grant from the DCSF cross-government working fund to create:
  - a new civic centre, transforming the capacity of statutory and voluntary agencies to interact with children, young people and families, giving a genuinely integrated single view of the child and family;
  - improved access to community facilities as well as public services; and
  - a transformed civic campus (currently a physical barrier between Leigh Park, the college and the town centre) into a high quality, welcoming and inclusive public space, connecting the community and helping regenerate the town.

For more information about this case study please contact:

**Howard Short** – Programme Leader responsible for Hampshire Workstyle

howard.short@hants.gov.uk

Telephone: 01962 847833



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For further information on the work of the Commission please contact:

**Audit Commission**

1st Floor  
Millbank Tower  
Millbank  
London  
SW1P 4HQ

Telephone: 0844 798 1212

Fax: 0844 798 2945

Textphone (minicom): 0844 798 2946

**[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)**

We welcome your feedback. If you have any comments on this report, are intending to implement any of the recommendations, or are planning to follow up any of the case studies, please email: [nationalstudies@audit-commission.gov.uk](mailto:nationalstudies@audit-commission.gov.uk)



**Audit Commission**

1st Floor  
Millbank Tower  
Millbank  
London  
SW1P 4HQ

Telephone: **0844 798 1212**  
Fax: 0844 798 2945  
Textphone (minicom): 0844 798 2946

**[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)**