


Planning for Sustainability:
A Local Authority Toolkit

This toolkit provides local authorities with a series of steps to consider when managing heritage assets and when looking into the options for disposal. With exemplar case studies to illustrate how others across the UK have successfully delivered sustainable outcomes by pursuing a pro-active and imaginative approach to asset management, it dispels the myth that heritage assets are nothing more than financial liabilities.

THE PRINCE'S
REGENERATION TRUST

About the Author: The Prince's Regeneration Trust

Established in 1995 by His Royal Highness The Prince of Wales, The Prince's Regeneration Trust works with communities across the UK to rescue and regenerate important historic buildings at risk of dereliction and decay. We achieve our mission, by undertaking projects to save specific buildings, or groups of buildings and currently have 40 active projects. Our role varies from enabler, facilitator, consultant, partner or principal, and our contribution can range from providing technical advice on conservation, architecture and business planning to assembling highly-specialised teams, producing feasibility studies and establishing trusts and special purpose vehicles. We champion the value of partnerships and work closely with community groups, developers, building owners and local authorities.

We seek to find viable and sustainable new uses for important historic buildings at risk whilst conserving their historic and architectural significance. We work in socially and economically deprived areas; places that will benefit most from the regeneration of the wider area and community.

The Trust's team have an unrivalled range and depth of experience in delivering heritage-led regeneration and a real track record of success. Our projects have attracted more than £67million in inward investment to regeneration areas, transformed more than 1.12million square feet of redundant floor space, safe-guarded hundreds of new jobs and created new homes, offices and publicly accessible community spaces.

We disseminate our experience through our research and education programme, which enables us to share our knowledge with a wider audience. We deliver a series of conferences and seminars for key stakeholders, and publish guidance papers, including our ongoing series of 'How To' guides, the 'Green Guide for Historic Buildings', a pioneering and practical guide on improving environmental sustainability of historic buildings for a non-expert audience and, most recently, our online e-toolkit on sustainable heritage from which this report was derived.

For the full, interactive e-toolkit please see our website at www.princes-regeneration.org

The Prince's Regeneration Trust operates as a social enterprise, able to provide knowledge and expertise on a cost-recovery basis. If you think that the Trust could be of assistance on one of your heritage regeneration projects please get in contact by calling 020 7462 6440, emailing info@princes-regeneration.org or looking at our website at www.princes-regeneration.org

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For years many local authorities have felt pressure to dispose of heritage assets that are not supporting core service objectives or making an adequate return on investment. In today's financial climate the need to make the make the most of assets and to 'cash in' on property, that is surplus to requirement, is even more acute. When resources are in short supply (taken with the facts that maintenance and refurbishment costs are generally higher and disposal costs lower) the management and disposal of heritage assets present particular challenges. Reusing heritage assets can minimise construction waste, reduce our carbon footprint, encourage a vibrant local economy and reinforce a sense of place and civic pride. However, if a narrow asset management perspective is taken then heritage buildings can come to be regarded as liabilities and obstacles to development rather than the vital community assets they are.

As stewards of the historic environment, local authorities are judged by the way they deal with heritage assets they own and should set good examples in finding solutions to protect and conserve these assets for the benefit of the local community both now and in the future. However, for a number of years concern has been expressed by many heritage interest groups that local authorities and other public bodies throughout the United Kingdom are not safeguarding their heritage assets well enough. Too often decisions on asset transfer to new owners/leaseholders are undertaken without due consideration of the building's worth and utility and little is done to minimise the risk of inappropriate development or even destruction. There have been many examples of a heritage asset being passed from a local authority to a buyer with impractical expectations of its development potential despite realistic planning advice or the buyer's capacity to manage the project. This has then led to the rapid deterioration of the asset and in some cases further financial implications for the local authority through the issuing of urgent works notices and, in some cases, compulsory purchasing the building.

A comprehensive report by the National Trust in 2006 found that there was much variation across the United Kingdom in the level of success local authorities had in safeguarding their heritage asset stock. Where heritage assets had been disposed of the overwhelming reason was that local authorities lacked the resources to maintain them, particularly when the property had deteriorated and needed capital investment. If the heritage asset had a positive economic value, councils faced pressure to recoup the highest market price from any sale and also tended to over-rely on the planning system to ensure that the building was converted to an acceptable use. They only made limited use of their discretionary power to make disposals at less than the open market value where it could improve the economic, social or environmental wellbeing of its area. This power could be used to secure the best protection for some heritage assets and significantly benefit local regeneration.

About this Toolkit

This toolkit provides local authorities with a series of steps to consider when managing heritage assets and when looking into the options for disposal. The toolkit provides local authorities with exemplar case studies to illustrate how others across the UK have successfully delivered sustainable outcomes by pursuing a pro-active and imaginative approach to asset management, dispelling the myth that heritage assets are nothing more than financial liabilities. By embedding sustainability into local authority decision making processes local authorities can achieve greater financial cost savings in the long-term and strengthen links with the community.

The toolkit also contains guidance about Social Return on Investment (SROI) analysis which can be useful to demonstrate the value of the wider social benefits that disposing of a heritage asset can bring about. With pressures placed on local authorities to dispose of assets at the highest open market value possible, many local authorities need to be able to clearly justify how disposing of an asset at 'less than best consideration' for example, can bring about a greater financial return to the local authority in the long-term.

It is hoped that this toolkit will help to engrain sustainable, pro-active management practices into the day to day operations of local authorities and place asset management high on the local political agenda. It also aims to illustrate the point that by implementing such practices local authorities can incur greater financial cost savings in the long-term, better preserve the built environment for the benefit of the community, strengthen its links with the community when disposing of assets for community use and increase its reputation as a responsible and sustainable local authority.

Why Produce a Local Authority Toolkit?

Local authorities in the UK are major owners of historic sites and buildings and own approximately 8.7% of buildings designated 'at risk' through neglect and decay. As such there is a clear need for local authorities to take action to rescue these 'at risk' buildings but also an opportunity for them to demonstrate exemplary asset management and disposal practices to bring about a transformation in the state of the nation's heritage assets. The table over the page sets out the extent of the problem across the UK, detailing the number of buildings at risk in each of the Home Nations and the percentage which are owned by local authorities.

Table 1: A breakdown of listed buildings in the UK by home nation and percentage of those buildings designated 'at risk'.

	Total number of listed buildings	*Listed Buildings At Risk (BAR)*	*Percentage of listed buildings at risk*	*Percentage of listed buildings at risk owned by local authorities*
ENGLAND	**373,892**	**Estimated to be 8,600** *(Actual number on register is 1,365)*	**Estimated to be 2.3%**	**14.6%** *(refers to those BARs actually recorded on the register)*
WALES	**29,903**	**2,849**	**9.5%**	**7.5%**
SCOTLAND	**47,400**	**Estimated to be 4,124** *(Actual number on register is 1,581)**	**Estimated to be 8.7%**	**7.1%** *(refers to those BARs actually recorded on the register)*
NORTHERN IRELAND	**8,500**	**2,849**	**9.5%**	**7.5%**
TOTAL	**459,695**	**Estimated to be 15,990** *(Actual number of BARs on UK registers is 6,234)**	**3.5%** *(Based on estimated BAR figures for England)*	**8.7%** *(Based on actual number of BARs on the registers)*

Sources: English Heritage, The Scottish Civic Trust, The Handley Partnership, The Ulster Architectural Heritage Society
*This was estimated by applying the known % of A-list entries at risk to the number of all categories of list entries in Scotland.

Research undertaken by English Heritage suggests that local authorities will continue to dispose of heritage buildings in significant numbers over the next few years. Consequently practical guidance is needed in order to ensure that local authorities have the capacity to dispose of these buildings sustainably. Such guidance would benefit local government practice across the board. Limited access to heritage expertise when taking decisions on the future management and uses of heritage assets has likely contributed to some unsuccessful outcomes as local government shortages have been identified in skilled historic environment staff and existing workforces are already stretched. To help address this problem English Heritage has recently published guidance titled 'Pillars of the Community: The Transfer of Local Authority Heritage Assets'. For more information and to download the guidance please go to www.english-heritage.org.uk

Caveat
The figures given above are correct as of November 2009 and they are used as an indication of the level of the problem of Buildings at Risk across the United Kingdom. However, for the most up to date figures for Buildings at Risk, you should refer to the relevant national body. For Scotland, the statistics provided for buildings at risk were across all categories of listing in Scotland (A, B, C(s)) and excluded unlisted buildings in conservation areas and significant unlisted buildings, regardless of classification of origin (residential use for example). Please note that the BAR Register in Scotland does not include any building that is designated a Scheduled Monument. It should also be noted that listed building entries can be for multiple buildings, for example, a terrace, and can include all structures within the curtilage. The BAR Register for Scotland records buildings rather than entries and as such the results are reported as buildings at risk.

The Toolkit

This toolkit provides local authorities and public bodies with invaluable guidance for each step that needs to be undertaken when disposing of a heritage asset. In total 14 key steps have been identified in order to dispose of a heritage asset sustainably. This user friendly toolkit discusses each step in detail and explores relevant case studies and exemplary practices along the way.

The steps have been grouped into four themed categories in order to make it easier for building owners to identify what stage that they are at in the disposal process. These categories are:

- Safeguarding Heritage Assets
- Taking Stock of What You Own: Unlocking the Potential of Your Heritage Assets
- Best Value for Money: Identifying Your Disposal Strategy
- Post Disposal: Ensuring Sustainable Outcomes

Safeguarding Heritage Assets

'The builders and craftsmen of the past were often far from naïve; even humble traditional buildings were usually constructed on sustainable principles and architects today, who are professionally obliged to encourage their clients to use environmentally benign materials and energy efficient specifications, need to develop more respect for historic design and construction approaches. Heritage assets offer many opportunities, and may even have advantages over new buildings, for improvements and sustainable approaches that also preserve their heritage value'.

Robin Kent Architecture and Conservation

Active management of a local authority's property portfolio is important to ensure that properties are being maintained cost effectively and to maximize the economic and social benefits such assets can bring to local communities and local authority districts. This section discusses what 'active management' approaches local authorities can undertake to ensure heritage assets are maintained to an acceptable standard and to prevent them falling into disrepair due to under-investment. Such under-investment can cause decreased interest in assets from potential buyers due to concerns over the cost of repairs, severely hampering the prospects for the sustainable disposal of the assets and the likelihood of bringing them back into re-use.

This section will provide local authorities with practical guidance on how to implement best practice approaches to asset management, outlining who should be involved and at what stage in order to ensure that assets are maintained in the best condition possible.

Step 1: Managing Your Assets

Local authorities need a functional estate of the appropriate size and quality to fulfil their responsibilities and support their delivery of services. Taking rational decisions on the future use of heritage assets presupposes that the local authority has a sound understanding of the nature, significance, condition and potential of its heritage asset base relative to its wider property base. Local authorities can manage their heritage assets more effectively by:

- Having multidisciplinary asset management teams which proactively seek specialist input from local conservation and heritage officers on regeneration opportunities and consult with statutory heritage agencies;
- Having a dedicated estate manager who knows what the local authority owns and is responsible for maintaining records which detail any restrictions on re-use options in terms of restrictive covenants etc for each asset owned;
- Commissioning additional research, analysis, surveys or investigations to ensure value for money. This work should be proportionate to the nature of the asset and its significance; and
- Investing in effective property management systems.

Case Study: East Riding of Yorkshire Council's approach to asset management

This case study explores how a multi-functional asset management database can provide a local authority with the ability to maintain and manage its property portfolio effectively and enable them to quickly bring those buildings surplus to local authority requirements back into alternative use through disposal.

Background

East Riding of Yorkshire Council 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.

Placing asset management at the heart of the Council

All strategic property and land related services are now aligned into one central strategic service. The Leader of the Council is the portfolio holder for asset management, and the deputy leader has a significant role within Asset Strategy. Asset management is therefore seen as a priority and championed by the Council's hierarchy, ensuring member support for property decisions.

The Council has developed an integrated Corporate Property Information System (CPIS), which provides data to a number of other systems including ownership, asset register, and energy and disposals databases ensuring consistent information is held on property assets. The CPIS holds both core and non-core data on every property asset the Council owns or has an interest in. Core data include size, location, ownership information, any statutory designations (for example listed, scheduled or within a conservation area) while non-core data includes more transient data such as which service is occupying a certain building. Financial information enables the Council to benchmark costs against others and take action to improve poorer performing assets. The CPIS system costs less than 0.5 per cent of the overall property revenue expenditure to maintain and has helped delivered capital efficiency savings of over £4 million.

Key Learning Points

- With the Leader of the Council holding the portfolio for Asset Strategy, the Council has placed asset management high on the political agenda and recognised its responsibility to be a good steward of assets in their ownership.
- By involving the right people from a cross section of professional backgrounds, the Council has ensured that any decisions made about the future of their assets are informed, ensuring efficient management of the property portfolio.
- By investing in intelligent management systems, local authorities can make significant savings in the long term and have the ability to recognise strategic opportunities for their assets as and when they present themselves.

Source: Audit Commission, Room for Improvement Case Study: Good Practice in Strategic Asset Management, August 2009

Step 2: Maintenance and Periodic Surveys

The best way to avoid many of the difficulties associated with the disposal of heritage assets, and to prevent local authorities from having to dispose of heritage assets they own in the first place, is better ongoing maintenance. Inadequate maintenance will make ultimate disposal more difficult and costly. In other words, prevention is far better than cure. However the Audit Commission, amongst others, has noted that property maintenance is frequently the first casualty of the short-term revenue budget pressures that local authorities face, even where this runs counter to prudent asset management.

Postponing maintenance is false economy and poor asset management. Better maintenance of heritage assets would save local authorities money in the long run and make funding from grant-aiding bodies such as English Heritage and the Heritage Lottery Fund really add value. Where buildings are vacant pending disposal, it is essential that they are regularly inspected, and that maintenance regimes are strictly observed to ensure that buildings are kept weatherproof and well ventilated.

A shift from cure to prevention in heritage asset conservation can be encouraged by:

- Undertaking periodic condition surveys to inform a prioritised and costed programme of maintenance and repair (e.g. visual inspections annually, with full detailed inspections at least every five years);
- Compiling and updating a buildings logbook or conservation manual;
- Selecting the right people to carry out the work; and
- Encouraging short-term lets to temporary tenants to occupy heritage assets and use them for workshop space, community uses or even residential accommodation. These tenants act as security guards and should have additional clauses in their agreements to report maintenance and security issues to the local authority.

Case Study: Westbury Farm

This case study highlights the cost savings that can be made by letting out an asset for temporary purposes until such time as when the asset can be disposed of and a new use identified. Such practices can lower security costs and maintain the condition of the asset, preventing it from falling into disrepair because tenants can report any maintenance issues to the owners as soon as they arise. It ensures that the asset is kept in good condition while keeping holding costs to a minimum, delivering value for money in the interests of the taxpayer.

Background

Westbury Farm is a 17th century timber framed farmhouse with brick infill and is Grade II listed. Milton Keynes Development Corporation (MKDC) compulsory purchased the farm and farmhouse for development purposes with the intention to develop the site as part of the masterplan for the new town of Milton Keynes. MKDC was approached by the Silbury Group, an artist led not for profit organisation, to lease the farmhouse for use as artist studios and agreed.

As the farmhouse has been well maintained it is unlikely that there will be any conservation deficit, making the asset more attractive to potential purchasers if and when HCA choose to sell.

Lasting Outcomes

The Homes and Communities Agency (HCA), MKDC's successor, has continued to lease to the Silbury Group, which sees the farmhouse occupied rather than left vacant and vulnerable, resulting in reduced security and general holding costs while ensuring that the farmhouse remains in good condition and preventing repair and maintenance issues escalating in cost and scale due to not being identified quickly enough.

All of these benefits deliver value for money in the interests of the tax payer, as well as resulting in a sustainable temporary use for the farmhouse that benefits the local community.

Key Learning Points

- By identifying an appropriate temporary use for a heritage asset public bodies and local authorities can make significant cost savings as a consequence of reduced security and general holding costs for what otherwise would be a vacant building.
- Many heritage assets lend themselves to community uses, and as such the temporary use of heritage assets for community purposes helps to address the needs of the local community.
- Identifying a temporary use for a heritage asset ensures that any urgent repairs and general maintenance requirements are reported to the landlord quickly, preventing repair and maintenance issues escalating in terms of cost and scale.

The ‘quinquennial’ (five-yearly) inspection and report is the basis of maintenance planning for most important heritage assets, as recommended in the British Standard guide, BS 7913:1998, The Principles of the Conservation of Heritage Assets. Government heritage assets are inspected more regularly on a four year (quadrennial) cycle. Quinquennial reports can guard against maintenance being dealt with on a purely reactive basis and insufficiently costed and enable local authorities to set aside funds for maintenance, with contingencies for unexpected emergencies. Periodic professional inspections are also often required by grant-giving bodies such as Heritage Lottery Fund, English Heritage and Historic Scotland.

Quinquennial inspection is a systematic risk management tool which can result in savings for the local authority (e.g. in insurance premiums). The main aim is to inform the building’s owner about its current and future maintenance needs in a way that enables them to be prioritised and planned for in advance. In addition to describing the general condition, it should identify ongoing and potential defects in different parts of the buildings and provide prioritised recommendations for addressing them, taking into account such aspects as accessibility. Illustrated with photographs or video, and suggesting ‘good housekeeping’ and precautionary works, like improvements in ventilation to promote drying out, it may include recommendations for monitoring defects such as cracking, as well as specialised investigations into possible or suspected defects.

Case Study: Portrush Town Hall

Cost of Restoration and Re-use Compared with Re-build

This case study discusses the importance of investing in regular maintenance of heritage assets and outlines the cost advantages of bringing such assets back into use rather than demolition, dispelling the myth that the reuse of heritage assets is more costly than demolition and subsequent new build.

Previous Owner:	Coleraine Borough Council
Previous Use:	Town Hall
New Owner:	Hearth Revolving Fund
New Use:	Leased to Coleraine Borough Council for civic events, exhibitions etc
Current Value:	£2.5 million
Total Investment:	£1.6 million

Portrush Town Hall in Northern Ireland was built in 1877 and is a fine example of Victorian municipal architecture. Due to exposure to prevailing Atlantic winds the building visibly decayed and was eventually closed in 1997 due to its poor condition.

A plan to demolish it and rebuild in a similar style was proposed by the owners, Coleraine Borough Council, in 1999 at an estimated cost of £1.75 million. Demolition consent was refused on the grounds that the building was capable of restoration and was successfully upheld on appeal. Hearth Revolving Fund, a charitable building preservation trust, gave expert evidence at the appeal in support of restoration and the Council approached them after and agreed to donate the building to them for restoration.

The project was completed in 2006 at a cost of £1.6m, £1m of which was covered by grants paid out because of the building’s architectural and historical importance. The total cost of the project compared very favourably to the estimated cost of demolition and replacement of £1.75m and would have been even less if the building had been properly maintained. Hearth have now let the building back to the Council who use it for civic events and exhibitions and hire it out to interested groups.

From an image reflecting the decline of the town, the restored Town Hall has become a symbol of regeneration, which has helped to increase confidence and civic pride. Nearby shops reported an increase in trade, which had also lengthened due to evening activities in the hall. The refurbishment has also substantially improved the energy efficiency of the buildings by providing effective insulation

Key Learning Points

- The re-use and renovation of heritage assets is often less costly than actual demolition and rebuild options
- The renovation of a heritage asset often bolsters civic pride and improves the quality of the built environment in the surrounding area. Consequently the financial impacts are not only directly reflected by an increase in the building’s value but also in the increased revenue and value of nearby commercial buildings and properties.
- Renovation projects are perfect opportunities to increase the environmental sustainability of heritage buildings in the long term, significantly reducing annual running costs.

- The renovation of a heritage asset can act as a catalyst for wider regeneration projects which help improve the social and economic vitality of an area.

Source: Lose or Re-use: Managing Heritage Sustainability (Lydia Wilson, 2007)

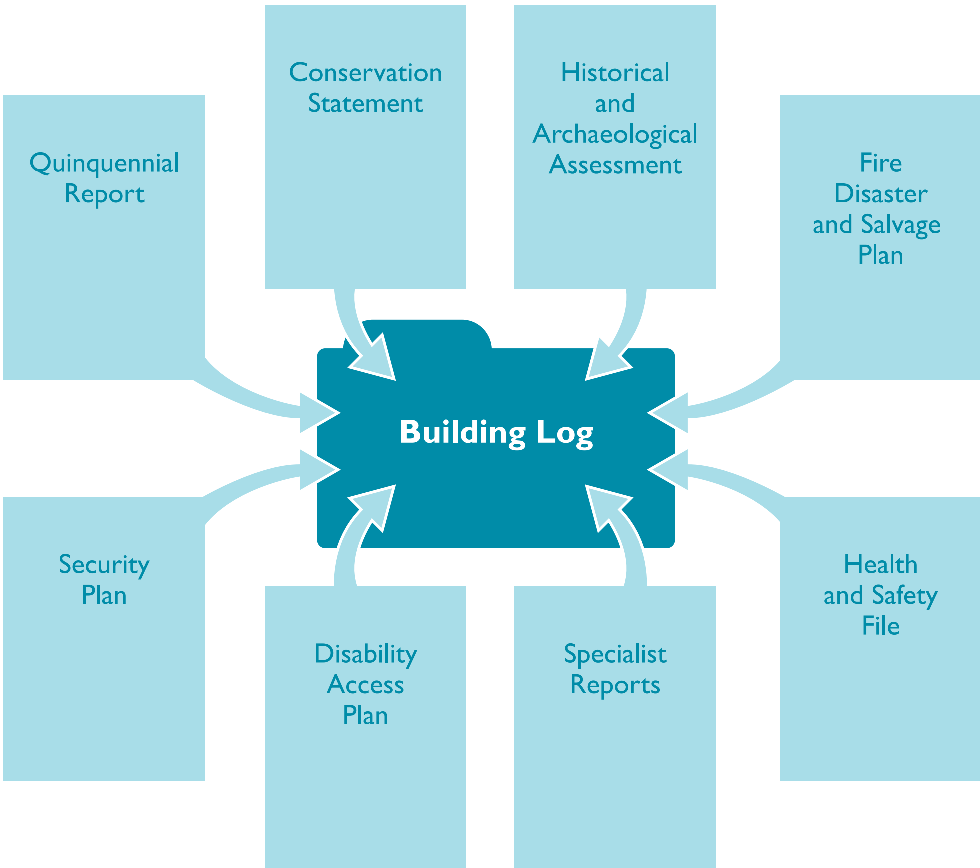
Step 3: Building Log Book

The Quinquennial report should form the core of a building log book or conservation manual. This may also include, for larger buildings:

- Conservation Management Plan, or Statement;
- Historical and archaeological assessments;
- Fire, disaster and salvage plans;
- Health and safety file;
- Security plan;
- Disability access plan; and
- Reports by specialists and conservators.

Periodic reports on service installations, operating instructions and routine maintenance records should also be included. By putting all this information together, and keeping an up-to-date record of repairs and alterations, it should be possible to minimise disruption and make economies by coordinating future repairs, for example to avoid peak visitor periods or take advantage of scaffolding.

Documents to be included in a Building Log:



Step 4: Involving the Right People

Building maintenance surveys should be carried out by experienced professionals with specialist knowledge of traditional building construction and materials. An ability to judge when to repair rather than replace is essential. Although maintenance works do not necessarily require listed building consent, specialist staff can advise whether approvals are required, for example if repairs involve changing materials or colours or otherwise altering the character of the building, such as repointing.

Maintenance contractors also need to be highly skilled individuals, selected on the basis of previous high quality work, familiar with traditional constriction and sensitive to the value of historic fabric. They should carry out work according to the principle of 'minimal intervention', which is usually also more economic. Maintenance works may also involve Health and Safety duties under the Construction Design & Management Regulations 2007 including, under some circumstances, the appointment of a Construction Design Management (CDM) Coordinator.

Taking Stock of What You Own: Unlocking the Potential of Your Heritage Assets

It is important for local authorities to regularly review what is in their property portfolio and include surplus assets, where possible, in any regeneration or housing strategies they are drawing up. The HCA which is responsible for the 'Register of Surplus Public Sector Assets' actively encourages local authorities to use the register to develop strategic housing land availability assessments to make the most of assets which are coming forward for disposal. Such practice allows assets to be brought back into use as soon as possible and in many cases can provide opportunities for sustainable disposal practices, identifying beneficial uses for such buildings.

This section provides guidance for local authorities on how to formulate sustainable disposal mechanisms for assets which, during a periodic review of a local authorities' property portfolio, may be suitable for disposal.

Step 5: Take the Long-Term View

Heritage assets are built to last so it is important to take a long-term view. In their asset management plans local authorities should take a long-term strategic view of the value and importance of the heritage assets they own or have responsibility for. This includes the cultural, social and environmental value that these assets hold for the local community. They should avoid taking a 'buildings based' approach to the historic environment as this has often resulted in 'old buildings' being restored in isolation from their contexts and without a functional perspective. Many heritage assets are well-constructed and inherently sustainable, capable of significant adaptation to meet a local authority's changing property needs. Retention, investment and re-use of a heritage asset can therefore offer better value for money and a more sustainable outcome for the local taxpayer.

Case Study: North Wales Hospital - Lessons to be Learned

This case study explores the consequences of not taking the long-term view when disposing of a heritage asset. Not only are such practices unsustainable, they can also result in high cost implications for all parties involved. North Wales Hospital, Denbigh, is an example of a disposal without building in the necessary safeguards to ensure that the new owner will manage the heritage asset appropriately and convert it to suitable new uses.

Previous Owner: NHS
Previous Use: Mental Health Hospital
New Owner: Private Developer
New Use: Unconfirmed
Previous Value: £155 000 (with overage provision)

Background

The disposal and re-development of this Victorian hospital and associated buildings, once described by the Welsh historic environment agency Cadw as the finest purpose-built hospital in Wales, has been beset with problems for more than 15 years. The history to date of the disposal process highlights a number of useful lessons of wider applicability.

The first phase of the North Wales hospital was built in the 1840s and provided care for the mentally ill in North Wales. It had 1500 beds and psychiatric healthcare, domestic, administration and residential accommodation.
The Victorian asylum is located in a rural area on the edge of the market town of Denbigh and still dominates the skyline, covering some 55 acres. It was declared surplus to NHS requirements in the mid 1980s and after a period of winding down, the hospital closed in October 1995. The main hospital building is listed Grade II* and within the grounds there are four other buildings which are listed Grade II.

Timeline

1986 - 1994

A working group was set up comprising local authorities, the Welsh Development Agency (WDA) and NHS to find a new use for the site. Options included an army barracks, a hotel and a college but there was no formal interest.

1994 - 1999

The site was marketed for disposal in June 1994 but no suitable offers were received. The guiding principle for the disposal of the site was to realise the full market price.

The site was sold as a single development to a Lancashire businessman in spring 1999 for £155,000; the purchaser had had previous success in developing a similar site. The final sale price was partly depressed due to the deterioration of the property over the five years it was on the market. Following expressions of concern about the consideration received for the site, the Health Authority commissioned a report by the District Auditor in June 1999. One of the Auditor's key findings was that there should have been a piecemeal disposal of the site rather than deciding to sell it as a single site. However, the Health Authority felt that to have done so would have been unsustainable as it would have left the site with an 'unsaleable core', which would have been a long-term drain on scarce financial resources.

1999 - 2004

The purchaser of the site subsequently lodged several planning applications with Denbighshire County Council (DCC).

Over time the Council lost confidence in the owner and his plans for the hospital as the buildings became increasingly dilapidated and suffered from theft and vandalism.

In September 2002, the Council threatened enforcement action against the owner and the site and buildings were placed on the market and sold to new owners in December 2002 for £310,000, a 100 per cent increase in the original purchase price.

The new owners co-operated with an informal partnership comprising DCC, the Phoenix Trust (the forerunner of The Prince's Regeneration Trust), the WDA and Cadw to commission a feasibility study for the buildings. The study found that it was possible to save a substantial part of the main hospital building together with other listed buildings and proposed granting planning permission for an 'enabling development', which would release capital for repair works.

"Enabling development" is the mechanism for moving a project forward, where development is allowed to go ahead that would not normally be permissible under planning policy but is granted for the specific purpose of creating capital value that can be used to fund the restoration of listed buildings.

2005 - present

In May 2005, the Council granted outline planning permission for the enabling development of 17 acres of land for new build housing located discreetly behind the main hospital building, subject to the applicant signing a Section 106 Agreement which obliged the owner to pay a significant sum into a restoration fund, controlled by the Council.

In September 2006 the Agreement was signed and underwritten by a bond with a British bank. A deposit was to be paid initially and the balance was to be paid before the end of September 2009. At the end of September 2009, the balance of the restoration fund was not paid and the planning permission lapsed.

In April 2008 listed building consent was granted for demolition of approximately 60% of the main building in accordance with the outline planning approval. Demolition was started at the end of October but was stopped shortly after because the owner had failed to get a licence to disturb the habitat of a protected species of bats.

In November 2008 the main hall was destroyed by fire. It was believed to be arson.

During 2007 and 2008 the housing market declined putting pressure on the viability of the scheme, despite a significant element of enabling development granted as part of the planning permission. As a result the scheme was never implemented and the Council now finds itself back at square one with a deteriorating building, no developer and the need to find a solution for the building, whilst mitigating the risks involved in taking on such a significant project.

Key Learning Points

- The adoption of a multi-agency approach to the disposal gives a project the best chance of success. Close and productive co-operation between planning and health authorities at the working level is not enough to make this happen. Political commitment at a local and regional level is a necessity.
- Prior to any disposal, consult early with local partners including the local planning authority and local community to address any concerns upfront so a clear development brief can be developed and a coherent approach to planning consent agreed. The plans should be made public as early as possible.
- Ensure that sufficient due diligence checks are carried out on prospective owners to assess their capacity and financial viability. In this case, the Health Authority felt they had undertaken all reasonable financial checks on the initial purchaser, within the context of the very limited interest in the site and the fact he had a successful track record in large site re-developments.
- Secure sufficient financial guarantees from the initial purchaser, as a percentage of the purchase price, if the development does not proceed as agreed after a reasonable period of time (e.g. one year).
- Although there might be a stronger market preference for a single use scheme, the site should have been packaged to support mixed use development and tenure. Mixed-uses usually work best for the redevelopment of historic buildings and are generally, inherently more sustainable but must be managed carefully to ensure that repair of the listed building is achieved successfully.
- Ensure that effective controls are put in place to safeguard the condition of the listed building during the planning process.

Step 6: Regularly Review Your Assets - Opportunities for Disposal

A regular review of property requirements would allow local authorities to appraise the opportunities for, and constraints on, the future management and use of their heritage asset portfolio. If the decision is made that a particular heritage asset is surplus to requirements, the preparatory work will provide invaluable to informing decisions on the most appropriate form of disposal. The review should consider:

- The feasibility of sustainable alternative uses in light of the local authority's wider strategic priorities;
- The costs and benefits of adapting the building to a new use, compared with alternative means of accommodating that use; and
- The prospects for disposal.

Useful Tool: The Six Ls of Sustainability

This useful tool provides options to consider when deciding whether to convert a heritage asset that is surplus to requirements to accommodate a new use, or to accommodate that new use in alternative accommodation. These six points provide guidance for local authorities on when it is and isn't prohibitive to convert a heritage asset for reuse. The points are:

1. **Longevity**
2. **Loose-fit**
3. **Low Carbon**
4. **Locationally appropriate**
5. **Like by occupiers**
6. **Lovability**

The generally-held assumption is that, by and large, it is quicker, cheaper and easier to build a new build than to convert an old building. However, the optimum viable use for a local authority owned building should be the one that results in the most sustainable outcome for the local taxpayer. The 'Six Ls of Sustainability' framework can help local authorities take asset management decisions on whether it would be better to adapt a heritage asset to a new use or accommodate that use in a new build.

1. Longevity
A building that achieves a long life spreads out the embodied energy and use of resources over the maximum time possible. A heritage asset is typically built to last with many sustainable features that respond to climate and site.

2. Loose-fit
Given that patterns of occupational requirements can change rapidly, a heritage asset that is readily adaptable for both other users within the same use class category or to an alternative use class, better meets the definition of a sustainable building.

3. Low Carbon
It is self evident given the targets for CO2 reductions and the drive for a low carbon society that a sustainable building is one with a low carbon footprint. It is now well-documented that heritage assets are naturally relatively efficient in energy consumption, or can be improved fairly easy. For example, locally sourced and re-usable building materials used in restoring many heritage assets, such as lime mortar and lime wash, are less energy-hungry than many new construction materials. Similarly, although an original single-glazed window may have an efficiency rating considerably poorer than modern standards, thick masonry external walls are likely to give the building much better thermal performance overall than the Building Regulations require. At times however actions to reduce carbon emissions may present conflicts such as the insensitive alteration of heritage assets.

4. Locationally appropriate
The location of a heritage asset will impact on its economic value; it will also affect the environmental impact of the building. One that can only be reached by car will not only increase the environmental impact but, if restrictions on fuel are introduced or fuel costs rise, such buildings may depreciate in value disproportionately.

5. Liked by Occupiers
Research has shown that occupiers of well-designed, mixed-use developments benefit from the better performance, loyalty, health and satisfaction of their employees and from the increased prestige that such developments command with visitors and clients. Re-using heritage assets within a mixed-use development can be a highly effective catalyst for regeneration. Their restoration and adaptation to a mix of residential and other uses encourages spatial interaction both within the building and at street level. The existence of a readymade context allows the new uses to bed in more satisfactorily than is usually possible with new build schemes.

6. Lovability
Buildings have stakeholders who are 'internal' (i.e. who have a direct interest such as legal, financial or employee) but they also have 'external' visitors. Many historic council buildings embody the collective memory of communities and enhance the quality of people's lives. Research suggests that buildings which have the ability to inspire a positive response among external stakeholders, as well as those with a direct interest, will be more likely to achieve longevity.

Source: Sayce, Walker and McIntosh, Building Sustainability in the Balance, London Estates Gazette, 2004

Step 7: Cost Comparisons

In financially appraising reuse options, comparative costs between adaptation and alternative provisions should be based on the whole life costs of the alternatives, including the cost of securing the future of the heritage asset concerned.

Running costs need careful assessment. It should not be assumed that heritage assets are more expensive to run than modern buildings.

In assessing the financial prospects for disposal, account should also be taken of the cost of maintaining the building prior to disposal, and the extent to which sale value may be depressed by restrictions on future use, or by costs of repairs or adaptation which a purchaser would have to meet. This will require some exploration of the planning/conservation framework before the disposal decision is taken.

Best Value for Money: Identifying your Disposal Strategy

"Local authorities have the power to make disposals at less than the open market value where such disposals will improve the economic, social or environmental wellbeing of its area. This power could significantly benefit regeneration but is only being applied in a small number of cases, often because of a lack of awareness that this power exists or inexperience in applying it."

British Property Federation, Regeneration Manifesto, May 2009

This section explores how local authorities can obtain best value for money when disposing of a heritage asset. This doesn't necessarily mean selling the asset for the highest possible value on the open market. Local authorities should consider the bigger picture when identifying a disposal strategy that will deliver the best value for money. For example: what social improvements will disposal bring? Will there be any economic knock on effects in the local area? Will disposal enable the local authority to meet certain targets such as housing supply and demand? Whatever decision a local authority makes it should be transparent and the basis for making that decision should be able to be clearly understood by the community and other bodies.

Disposing of heritage assets for the highest market value does not always deliver the most profitable results in the long-term. Lower disposal values can help purchasers deliver a higher quality of conversion, enable the purchaser to deliver a more dynamic range of new uses for the asset and deliver greater social opportunities for the wider community, which may in term provide greater social return on investment (SROI).

This section also looks at SROI analysis. Measuring SROI is an important tool for local authorities to calculate the monetary value of the wider social impacts the disposal of heritage assets at less than best consideration can bring. The use of this model can help local authorities explain and justify their decision to sell the asset below market value and to calculate the long-term financial advantages of doing so.

Step 8: Transparent Decision Making

In financially appraising reuse options, comparative costs between adaptation and alternative provisions should be based on the whole life costs of the alternatives, including the cost of securing the future of the heritage asset concerned.

Running costs need careful assessment. It should not be assumed that heritage assets are more expensive to run than modern buildings.

In assessing the financial prospects for disposal, account should also be taken of the cost of maintaining the building prior to disposal, and the extent to which sale value may be depressed by restrictions on future use, or by costs of repairs or adaptation which a purchaser would have to meet. This will require some exploration of the planning/conservation framework before the disposal decision is taken.

Local authorities should develop a corporate approach to making decisions on how best to dispose of heritage assets to get the optimum return for the taxpayer, ensuring that relevant information is used to support decisions on disposals and to monitor performance against the authority's corporate aims and priorities. The decisions should be transparent and accountable to all relevant stakeholders, taking into account all related factors, promoting fairness and making the best use of available resources. It is especially important to consult early with local people about major decisions to change or sell parts of their civic heritage, and to respond to the community's concerns.

Informed by public consultation as well as advice on planning policies/constraints and possible development opportunities, local authorities should outline their expectations by which they will judge any bids from interested parties eg private developers, other public bodies, the third sector or partnerships, for the purchase or community transfer of the heritage assets. It is important to set out clear criteria for success.

A useful way of promoting these expectations is through the planning brief, which should be prepared when disposal is considered. The brief provides informal guidance to prospective new owners and is intended to stimulate imagination and creativity on how to make best use of the heritage asset. It should not be considered as a statement of absolute intent or limitation.

Local authorities can set up a scoring table to assess bids from interested parties when disposing of heritage assets. This table can assess each bid on an individual basis, set against the overarching objectives a local authority wishes to achieve through their disposal programme. Within this scoring table a local authority can set core objectives which must be met by all disposals; if in a local authority's opinion any submitted bids do not satisfy these core objectives then it has a right to veto that bid. As well as these core objectives a local authority can set desired objectives which, while not as fundamentally important as core objectives, allow a local authority to prioritise those bids which it feels meets all of the objectives of its disposal programme. The table below is an example of what such a scoring table could look like.

Example of a scoring table for local authorities to assess bids for disposal of heritage assets:

	Poor				Good	Veto Exercised
	1	2	3	4	5	
*The proposed scheme will ensure the long term security of the building and its features of special interest.						
*The proposed scheme will improve the economic, social or environmental wellbeing of the wider area as a result of their plans to re-use the building.						
The proposed scheme will benefit community uses.						
The proposed scheme fits the wider regeneration and/or housing priorities for the local authority.						
The proposed scheme will result in value for money for the local authority.						
TOTAL						

*Denotes rights for local authorities to veto.

Useful Tool: Applying a Standard Method to Assess the Benefits of Disposal Options

It is important that local authority decision making is as transparent as possible, ensuring that all decisions made are seen as being logical to the public based on the documented information available. The following tool builds upon the scoring table, looking in greater detail about what local authorities should consider during the decision making process in order for their decisions to be seen as logical by the public.

As part of a transparent process, local authorities are advised to outline their expectations and set out the criteria by which they will judge any application from interested parties for the purchase or transfer of heritage assets.

Suitable assessment criteria might include:

Strategic impact benefits
For example, to what degree the bid will address the local authority's community strategy objectives.

Economic impact benefits
For example, forecasts on jobs created, amount of additional investment levered into an area, local multiplier effect, entrepreneurship etc.

Social impact benefits
For example, forecasts on number of individuals/groups benefiting from the service, degree of local support and usage etc.

Environmental impact benefits
For example, proposals for Code for Sustainable Homes Level, Building Research Establishment Environmental Assessment Method (BREEAM) rating, in relation to the local development framework.

Service impact benefits
For example, financial savings from the ability to reduce services locally, imputed savings from any service preventative or outreach work or service enhancement.

Precise value of any financial discount being sought
This is the difference between a community group bid and the best price obtainable in the marketplace. This may not be the asset's value in its present use but may be higher, reflecting possible change of use or future development value.

Asset considerations
For example, any future revenue savings associated with repair, rates and utility costs or capital savings from planned investment and assessment of arrangements for future good stewardship, such as health and safety, and maintenance.

Viability and management
For example, capacity and skills of bidders and developers, their track record of managing similar projects and their ability to repay funders. The capacity of third sector organisations can be assessed using accepted yardsticks such as the Development Trust Association's 'Health Check' (www.dta.org.uk) or Community Matters' 'Visible' standards (www.communitymatters.org.uk)

Conservation and regeneration of a historic building
Assessment criteria to ensure a new owner properly conserves and regenerates a historic building should be developed by the local authority once it has taken the decision to dispose of a historic asset.

It is useful if each anticipated outcome or benefit from an option is scored to reflect the extent to which it meets the local authority's objective. The total scores can then be used to compare the relative merits of each option. Weighting the different criteria in accordance with the local authority's community priorities can assist this, for example, using a qualitative scoring matrix or other prioritisation technique or method. Local authorities can have the right to veto certain applications if they fail to meet the minimum requirements in certain criteria so as to ensure the most sustainable use for the asset is secured.

Forecasting techniques such as Social Return on Investment analysis (SROI) can also help assess the full impact of a project, providing a clear rationale for decision-making and assisting in monitoring and evaluating a project in the longer term. Please see Step 12: The wider social benefits of disposal for more information about SROI.

Step 9: Methods for Disposal - Obtaining the Optimum Value

For heritage assets with a positive market value, choosing a method of disposal that generates the highest price should not always be the preferred option. While heritage assets of readily re-usable form, such as houses which can be used as offices, will often be given a new lease of life through an open market sale, the most appropriate long-term use for a heritage asset is not necessarily the use which generates the optimum financial return. The aim on disposal of heritage

assets is to obtain the optimum value ie the best return for the taxpayer consistent with local and national policies for the protection of heritage, rather than the highest price. To help such disposals, Government guidance stipulates that, where the undervalue is less than £2 million, methods of disposal other than open market sale (by auction or competitive tender) should also be considered to secure the most appropriate ownership and sustainable use of the property.

Methods of disposal other than on the open market might occur where:

- The property is kept off the open market to give a community-based organisation time to make suitable plans and raise adequate finance;
- A special purchaser has been identified (this could be a situation where someone who already owns part of the site or an adjacent site can demonstrate that marriage value can be released by combining the interests);
- A committed developer has been identified (with a long standing track record in delivering quality schemes or has the wherewithal to deliver the same);
- Marketing would unduly delay and add to the cost of a disposal; and
- A discounted sale or lease takes account of the social value achieved by the community management and ownership.

Another useful method to dispose of heritage assets is under a development agreement whereby a local authority draws up a comprehensive development brief for a heritage asset they are planning to dispose of which identifies a new use for the building and the requirements of any conversion/restoration scheme. The local authority then competitively tenders the building on the open market for suitable developers/purchases who are willing to convert/restore the building using the local authority's development brief as the basis for the works. The local authority retains the ownership of the building throughout the duration of the works in order to ensure the developer/purchaser is converting/renovating the building as per the specification set out in the development brief and issues a building licence to the developer/purchaser to allow them to begin the works on site. Once the works are completed and the local authority is happy that the developer/purchaser has met all the requirements set out in the original development brief, the freehold or long leasehold of the building is transferred to the developer/purchaser and the disposal process concludes. This useful tool provides local authorities with the ability to ensure the sustainable re-use of such buildings, with their ability to withhold the transferral of the freehold if the works do not meet the required standard.

Step 10: A Single Package

Sites containing groups of heritage assets and/or other heritage assets should be considered as a single entity. They may need to be marketed as a single development package, in order to avoid the isolation of historic elements of the site and consequent damage to their setting and amenity value. This is particularly important if cross-subsidy within a development scheme will be necessary to secure the future of the heritage assets. In this case it is vital to secure such cross-subsidy by legally binding and enforceable means. Disposal methods should prevent the separation of commercially attractive elements from associated (usually historic) liabilities, a situation which tends to generate pressure for further "enabling development". By definition, this is contrary to normal planning policy and is used to fund the repair and re-use of the heritage asset.

Step 11: Partnership Working

Rather than rely on the planning system to ensure that the heritage asset is converted for a use that the planners will find acceptable, local authorities could retain far more control over the buildings by working collaboratively in partnership with private sector developers, the voluntary sector and the local community throughout the disposal process. This is particularly true where there is no obvious purchaser or developer, or new ideas are needed to unlock the potential value of the building.

In such cases local authorities could identify and work with a developer or local community group who has a track record in sensitively restoring heritage assets back into productive use and have a structured sale of the land. The full sale and ownership transfer would be conditional on the scheme being worked up to a design that meets everybody's requirements and has the requisite planning and statutory consents. Since listed and heritage assets often require a change of use, it means that the risk to the developer is reduced and the land value increased, allowing the increased value to be reflected in the scheme. In return, the developer should be prepared to work on a completely open book basis, with profits agreed in advance, and an overage agreement for any additional return.

Case Study: Oxford Castle - a 'development agreement' success

Oxford Castle is an example of how a heritage asset owned by a local authority can form part of a successful redevelopment programme, brought about by successful partnership working. This case study explores how and why the partnership was successful in delivering the regeneration of the castle and the wider area, and highlights the huge unrealised potential many local authority owned heritage assets have in providing major financial and social returns.

Previous Owner:	Home Office
Previous Use:	Gaol
New Owner:	Oxford County Council (leased to Oxford Castle Ltd for 200 years)
New Use:	Mixed use development
Previous Value:	c. £90,000
Current Value:	c. £8.5 million per annum
Awards:	12

The successful regeneration of the historic site of Oxford Castle into a major mixed-use development illustrates what can be achieved through close collaboration of the public, private and voluntary sectors for mutual benefit.

Background

The Oxford Castle Heritage Site is a new social and cultural development in the heart of the West End of Oxford. The 5-acre site is the city's "oldest new quarter" occupying the remains of Oxford Castle and the ancient county gaol and consisted of Grade I, Grade II* and Grade II listed buildings and structures, including the two oldest remaining structures in Oxford - St George's Tower and the Castle Mound. Over the last 10 years, the site has been transformed into a sustainable mixed-use development comprising an art gallery, hotel, education centre, heritage visitor attraction, residential apartments, and restaurants and bars set around public spaces. The development has contributed to many of Oxfordshire County Council's strategic priorities. New jobs, leisure services and homes have been created on what was a redundant and neglected site, and the visitor attraction and education centre underline the importance the Council attaches to the City's rich heritage.

Timeline

1996
Oxford Prison closes for the last time

1997
Oxfordshire County Council purchase the freehold of the castle site from the Home Office for £90,500

1997-2001
Oxfordshire County Council funds the upkeep of the empty prison by renting it out to film and television

1997-2001
Oxfordshire County Council established the partnership with the private sector, SEEDA, Oxford Preservation Trust, the Heritage Lottery Fund and English Heritage – a key part in bringing the regeneration forward

1998
Plans out for public consultation

2001
Planning permission and grant-funding are put in place; demolition and restoration starts

September 2005
Last intensive phase of construction commences

November 2005
First businesses open, including restaurants and the Malmaison Hotel

May 2006
'Unlocked' the heritage visitor attraction opens its doors to customers

September 2006
The Oxford Castle Education Centre opens

The Project's Key Success Factors

1. Strong Council vision

The Council's ambition was to see the site fully regenerated and it was steadfast in its long-term vision for its development. The overall objectives for the project were:

- To restore and conserve the heritage assets;
- To maximise public access to and through the site;
- For the whole site to be developed managed and recognized as a single entity;
- To encompass sustainable commercial use as well as a full interpretation of the site's history and heritage; and
- To be delivered at minimum risk and cost to council tax payers.
  These have all now been achieved.

2. Effective partnership approach

The pre-condition that the project was to be delivered at minimum cost to council tax payers meant that the venture could only be achieved by working in partnership with the private sector and by securing grant funding. The Trevor Osborne Group was chosen as the Council's development partner given their track record of success with similar heritage asset regeneration schemes. The developer then set up Oxford Castle Ltd who was given a 200-year lease by the Council, subject to various works being undertaken through a Development Agreement.

The Oxford Preservation Trust then obtained a grant from the Heritage Lottery Fund with the value of the restoration works being treated as match funding. The result was a partnership between the landowners the Council, the developer Oxford Castle Ltd and the Oxford Preservation Trust. The project also received grant funding from sources including SEEDA, English Heritage and Trust for Oxfordshire's Environment.

Total private sector funding for the project was £34.2m, resulting in a public: private funding ratio of 3.3 to 1.

The table below indicates the sources and amounts of funding for the project:

FUNDING	£
SEEDA	6,115,989
Oxfordshire County Council	255,000
Heritage Lottery Fund	3,800,000
English Heritage	150,000
Total Public Funding	10,320,989
Trust for Oxfordshire's Environment Grant	75,000
Total Private Funding	34,231,011
Total Project Costs	**44.5m**

The partnership had to be worked at to make it a success. There were a range of obstacles that were faced during construction including delays from public utilities, arson and a main contractor going into liquidation but through having a shared vision, open lines of communications and a team approach, the partnership worked together to drive the project forward. Strong governance and management arrangements were put in place from the start, which were legally binding and allowed for a clear definition of roles and responsibilities. The partners also agreed dispute resolution procedures in advance.

3. Involving the local community

Consultation and community involvement were central to the project's success. Residents and stakeholders were consulted via public meetings, user groups and consultation exercises. Communications took the form of a newsletter for residential and commercial properties in the vicinity of the site, a community notice board on the site entrance and a programme of media releases.

4. Putting sustainability and conservation at the heart of development
For five years, a team of architects, archaeologists, historians, landscape architects and conservation specialists worked together to create the sustainable development plans for the site. These plans demonstrated how sensitive and creative planning could enable the site's historic structures and buildings to maintain as much of their original fabric as possible, whilst brining them into new uses.

Issues of sustainability were also central to construction of the site, for example, through the use of lime mortar and Bath stone (the fabric of the existing structures) to carry out repairs to buildings and to build new structure, the re-use of existing materials in the works and the re-use of redundant granite blocks in the castle site main entrance.

5. Ownership and tenancy arrangements
The Council, as the owner of the freehold, has leased the site on a 200 year ground lease to Oxford Castle Limited, a subsidiary to the Osborne Group, who manages Oxford Castle. All the tenants including the hotel and restaurants must sign up to a payment agreement and commit to at least 20 year leases. Securing Malmaison Hotel, the 'anchor tenant', brought confidence and momentum to the project as there was a noticeable increase in the level of interest from other potential tenants once it was on board.

Key Learning Points

By investing time in setting up strong partnerships with a variety of investors, professionals and public and private bodies, there can be creative and successful results and solutions to what many developers may ordinarily see as problematic site constraints.

- Having a strong vision for a site is an essential part of bringing a heritage asset forward for beneficial use. Oxfordshire County Council demonstrated that by having a clear vision for Oxford Castle and the partnership had a clear direction in terms of what the Council was trying to achieve through the regeneration of the castle.
- Oxfordshire County Council used a development agreement to ensure that the regeneration delivered the quality and sensitivity required for the site.
- It is important that a pro-active approach is taken to secure funding, investigating a variety of funding sources. Oxford Castle secured public funding from four different organisations, as well as investment from the private sector through the partnership.
- Involving the right people is key to ensuring the success of a heritage led regeneration project. If certain stakeholders or professionals are left out of the process then the project may not deliver all of its objectives, or may face delays which could otherwise have been prevented.
- Involving the community is an essential part of any major regeneration project as the community will be, in most cases, the main user of the delivered scheme. Involving the community throughout a project, from conception to delivery, ensures that their needs are met which should be a fundamental part of any regeneration project which is intended for public use. Effective consultation can be a powerful tool to get community groups who object against proposed regeneration plans on side, educating them about the project and working with them to address their concerns.

Source: Oxfordshire County Council

Step 12: The Wider Social Benefits of Sustainable Disposals

In reaching decisions on the options for disposal and the preferred bidders, local authorities should take full account of the potential uses and development of the heritage asset in terms of its 'well-being' benefits for the local community, wider economy, environment and sustainable growth. The public's perception of the fate of important civic buildings is also an important factor to be taken into account.

For a local authority to choose to forgo the financial benefits of market disposal it will be necessary to present to decision-makers how disposal of the heritage asset at below market value will result in demonstrable added value and contribute to the local community strategy. Assessing the non-financial benefits can be difficult, but it is essential that the decision-making exercise takes into account what is important and not just what can easily be measured. An authority should only have regard to the level of realisable benefits. Assessing the viability of the receiving organisation is clearly a key step in this respect as realisation of the benefits will depend upon the capacity of the organisation to deliver them. Such an assessment will also help safeguard the integrity of the local authority (as landowner and separately as a possible planning authority).

Useful Tool: Social Return on Investment analysis

Social Return on Investment (SROI) analysis is an extremely useful tool that local authorities can use to calculate the monetary value of wider social returns brought about by disposing of a heritage asset. In cases where an asset is disposed of at undervalue, or where public subsidy is needed to bring the asset back into viable use, the tool can be used to demonstrate that any public money put into the project is an investment which will be repaid to the tax payer in the long-term through the economic and social outcomes delivered by the project.

Caveat

SROI analysis can be a complex process and the Cabinet Office has recently provided a useful guide on how to carry out an accurate analysis, taking the reader through the process step by step. The Prince's Regeneration Trust recommends that this guide is used when undertaking SROI analysis and advises that the information contained in this section is provided to generate new thinking about ways in which the value of social outcomes can be captured and incorporated into decision making. The guide can be found at www.neweconomics.org

What is Social Return on Investment?

SROI is a method used to calculate the value of long term social outcomes that have been, or are to be achieved, as a result of delivering a project. In many cases these social outcomes are not directly measurable in terms of their financial value and other, more tangible, outputs with clear monetary values often take greater priority during decision making. As a result, many decisions made are done so without due consideration being given to the value of these wider long term social outcomes and a decision can be made which may not deliver best value for money in the long term and may result in further subsidy being needed in the future.

What SROI does is to use money to convey the value of these long term social outcomes as money is commonly accepted as a unit that clearly conveys value. By placing a monetary value on these social outcomes it provides them with greater influence during decision making and can help local authorities make the right decisions about the long term future of heritage assets. There are two types of SROI analysis that local authorities can undertake:

- **Evaluative**
  Evaluative SROI is carried out once a project is completed and is based on the actual outcomes that have occurred as a result of the project.
- **Forecast**
  Forecast SROI is used to predict how much social value can potentially be brought about if the said social outcomes are delivered as a result of a project. Forecast SROI can be particularly useful during the decision making stage of a project and provides a clear criteria of success against which the project can be evaluated against.

Key Elements of Social Return on Investment Analysis

In order to undertake thorough SROI analysis thought needs to be given to the beneficiaries of a project, the long term social outcomes that the project has brought/will bring about and indicators and financial proxies that can be used to enable a financial value to be assigned to these outcomes. Each element of SROI analysis is discussed in detail below:

Stakeholders

Identify the key stakeholders of a project, outlining how they will be involved in the project and what role they will play. In particular try to identify those stakeholders that the project is trying to reach out to and those that will be the main beneficiaries of your project.

Outcomes

By engaging with stakeholders identify what outcomes they would like the project to deliver, identifying the relationships between stakeholders and outcomes. This process will help to create the criteria of success for the project.

Indicators
Begin thinking about how you will measure your outcomes, or how you will be able to identify that your outcomes are being/have been achieved.

Value (Financial Proxy)
How will you measure the monetary value of your outcomes. This process is closely linked with identifying measurable indicators which demonstrate that your outcomes are being/have been achieved.

Deadweight
How much of the value that you have calculated using your financial proxy to measure the value of an outcome would have been generated anyway even if the project did not go ahead? At this stage it is useful to identify some comparable statistics that can be used to see what is occurring in other areas. This helps to assess the extent at which your value reflects a national or local trend or whether it is a trend specifically occurring in the geographical area of your project and therefore is likely to be closely related to your project.

Attribution
To what extent is the project responsible for directly achieving the outcome you are measuring? At this stage consideration should be given to other projects and initiatives that may have contributed to achieving the outcome. It is important that a fair attribution level is calculated for the project's outcomes so to ensure that it is not over claiming the value of these.

Impact
What impact will the project have in the long term, and how long lasting are the outcomes going to be? A project can continue to deliver financial returns long after its completion and can be fundamental in improving the area's economic and social vibrancy. Therefore will the lasting social outcomes achieved continue to be of value in the future? This element of SROI analysis can be useful when disposing of a heritage asset at undervalue or when subsiding an asset that is in conservation deficit so to demonstrate the value of long term social outcomes brought about as a result that can often repay any public subsidy provided in the long term.

Social Return Ratio
Once the total value of the social return delivered by the project has been calculated the figure should be divided by the total investment in the project. This will provide a £:£ ratio which will state that for every £1 invested in the project £x of social return will be generated as a result of the project achieving the outcomes listed.

Step 13: Funding Opportunities for Potential Purchasers or Recipients

In practice, many local authorities dispose of heritage assets as a gift on a long-lease for a nominal £1 because, due to their condition, the assets have a "conservation deficit" meaning that the scale and cost of repairs outweigh the final value of the building or site. Once the income or capital generating potential and the cost of repairs and any necessary alterations or development is known, the size of the conservation deficit can be assessed and other sources of funding can be considered.

Local authorities can aim to spread both the financial burden and the community benefit represented by the asset by disposing of it to the voluntary sector and local organisations. A 'back-to-back' agreement, often (although not necessarily) with a Building Preservation Trust, to take and restore a heritage asset at risk from the local authority if and when they acquire it, commonly forms part of a solution. By making use of volunteer workers and sponsorship through the provision of materials or labour at cost, charitable trust are also very often capable of bringing down the overall cost of a project.

A charitable trust will also be able to access sources of funding not available to local authorities including individual donations. Funders would expect to see a convincing strategy for resolving the long-term future of the heritage asset in the same way that local authorities need convincing that a community disposal represents optimum value for money.

The key here is to look as widely as possible at the range of outcomes that can be secured by the repair and re-use of the building or site, to consider whether they can be matched with public sources of funding, and which organisation would be best placed to access them. The Architectural Heritage Fund's website Funding for Heritage assets; A Directory of Sources (www.ffhb.org.uk/index.php England and Wales only) is an excellent starting point.

Post Disposal - Ensuring sustainable outcomes

"When I first had the idea to set up my own Heritage asset Preservation Trust about ten years ago, I was actually inspired by what I heard about Denbigh Hospital. I launched my Phoenix Trust [now The Prince's Regeneration Trust] with the following – alas, prophetic – opening remarks: 'I recently heard from a leading North Wales estate agent charged with disposing of an historic hospital building. He reported that the only enquiries he had received involved "breaking the site up and selling off the attractive elements'. Such asset-stripping, he pointed out, would leave most of the hospital's larger buildings unoccupied and decaying..." And here I am at the front of that very building and I can only feel profoundly saddened that my sense of foreboding was proved right: the shocking example of cynical asset-stripping which has taken place here is truly disheartening."

HRH The Prince of Wales at the launch of the public consultation at the former North Wales Hospital, Denbigh, 11th July 2004

Whichever method of disposal is chosen, there are unfortunately plentiful examples to draw on that show there is always a risk that the alternative use and development of the heritage asset decided upon may ultimately prove unsustainable. This is mainly due to unrealistic expectations regarding the development of the site, lack of capacity and resources or the sale of the asset with inadequate controls to ensure its appropriate restoration. Consequently the building is likely to become derelict and fall into disrepair and pressure may mount for listed building consent for undesirable demolition work and/or associated 'enabling' development to fund the larger-than budgeted costs of securing the asset's future.
The risk of such an outcome can be reduced by:

- Working in close collaboration and partnership with all interested parties, including the local community throughout the disposal process;
- Making the disposal conditional upon statutory consents being obtained and implemented within specified periods;
- Building capacity of local community if the intention is to proceed with community transfer;
- Inserting claw-back or "overage" provisions in the event of development potential exceeding initial expectations to protect the public financial interest; and
- If the site contains groups of heritage assets and/or other heritage assets, packaging them together as a single development package.

Step 14: Building Capacity

When decisions are taken to transfer ownership of heritage assets to community groups, local authorities should try to establish lasting relationships with them, recognising that if these groups are to become valued delivery partners they will often need help and guidance on how to manage these assets. Such transfers will be more sustainable in the long-term if they involve a 'tapering' support package rather than the local authority or partner organisation withdrawing completely as soon as the transfer is complete.

Pre and post-investment monitoring will be a key part of this relationship, perhaps graduated according to the value of the transfer and the existing skill capacity of the group in question in areas such as general management, finance and marketing. Specialists such as Building Preservation Trusts who may have taken interim ownership of heritage assets for the purposes of restoration might be placed to provide this support. Whilst this may be viewed as the 'professionalisation of the sector', if this does not occur then assets that have been transferred risk falling into disrepair to the ultimate detriment of the community.

Case Study: Castlemilk Stables, Glasgow

This award-winning project in the south of Glasgow demonstrates the benefits of partnership working between a well established community based organisation and a building preservation trust to enable the restoration and re-use of a much-valued historic building. As well as securing a sustainable future for a building at risk and unlocking the development potential in the wider area, the project is contributing to Glasgow City Council's wider regeneration strategy of tackling poverty, and promoting social inclusion and life-long learning.

Previous Owner:	Glasgow City Council
Previous Use:	Vacant
New Owner:	Cassiltoun Trust
New Use:	Community Centre
Previous Value:	£1
Total Investment:	£4.2 million
Awards:	Georgian Group Architectural Award and others

Background

Castlemilk Stables consists of a quadrangle grouping of circa 1790 buildings located in Castlemilk, a large housing estate dominated by social housing on the southern periphery of Glasgow. The Category B Listed buildings represent a fine and rare example of a grand late Georgian stable block and are one of the few remnants of the old Castlemilk House and estate.

The whole agricultural estate was originally bought by Glasgow City Council in the 1940s when the Council aspired to turn the area into a neighbourhood of high quality social housing along the lines of the Garden City movement popular at the time. However, by the 1970's Castlemilk was in serious decline due to the fall in employment in traditional industries and the estate's isolated position.

As the fortunes of the estate changed so did The Stables. For many years it was used as a plant nursery by the City Council. When it was finally closed in the late 1980s it was boarded up, then subsumed in vegetation and in 1994 was set on fire. As the last of the old Castlemilk estate buildings, The Stables became the subject of a range of studies which sought to identify funding and appropriate reuse. Some ideas were promising but proved too expensive, for example, they involved capital costs of more than £5 million and annual deficits of some £160,000.

A Bottom-Up Approach to Regeneration

In 1984 a group of residents formed Castlemilk East Housing Co-operative and gradually built up its capacity over the years to convert to charitable status, becoming Cassiltoun Housing Association in 2004. The Association saw the potential to turn the derelict buildings into community-owned assets and mounted a 10 year campaign to bring them back into sustainable use.

In 2004 Cassiltoun entered into a partnership with the Glasgow Building Preservation Trust (GBPT) to purchase the building from the Council, fundraise and restore The Stables and then transfer ownership of the buildings to the community through the formation of a new charity, Cassiltoun Trust -a subsidiary of the Housing Association. Glasgow City Council was fully behind the partnership because they were convinced of the economic case for regenerating the historic building i.e. driving up the land value and leading to a better community mix through making the area attractive to investors. It was also a solution which didn't entail any consequent long-term revenue commitment from the tax payer.

In 2005, GBPT acquired The Stables from the Council for a nominal £1 as they were valued as market-failure buildings in 'exclusion zones' of investment. In total over £4.2 million of funding was secured to enable the construction and restoration project to succeed. This funding came from 23 different public and private sources including Glasgow City Council, Historic Scotland and the Heritage Lottery Fund. After the restoration project was completed in 2007, the buildings were valued at a depressed price of £280,000 due to the burdens of community use (i.e. the building was to be run for community enhancement and benefit) and the funding grant conditions in terms of public access and maintenance burdens. On completion, the buildings were handed over to the Cassiltoun Trust which now owns and manages them on behalf of the community.

Lasting Outcomes

The Stables are now home to Cassiltoun Housing Association, a preschool nursery and a "Fab Pad" project to help local people sustain their tenancies and meet new people. Langside College, Glasgow Library Department and other agencies also use the facilities to provide access to training and learning facilities and programmes.

Key Learning Points

- Due to the specialist nature of the development, the appointment of Glasgow Building Preservation Trust was invaluable. GBPT has a track record in undertaking such specialist projects and brings together the skills of assembling funding packages for restoration projects and conservation in house expertise required for such projects.
- Cassiltoun Housing Association acted as an intelligent client for GBPT. The complex financial package involving multiple funders, the requirements for properly documented and auditable reporting and the need to achieve consensus meant that the strong governance arrangements and professionalism that the Association had built up over the years were vital to the project's success.
- Seed funding of some £110,000 from Glasgow City Council and other regeneration agencies in the run up to the commencement of the restoration and construction work was critical to ensure the initial momentum behind the project was sustained.
- Respect and good working relationships with partner organisations was essential to the success of this project.

Conclusion

By outlining the important decision making processes that need to be considered when managing and disposing of heritage buildings, it is hoped that local authorities and public bodies will engrain sustainable, pro-active management practices into their day to day operations and place asset management high on the local political agenda. This report aims to illustrate the point that by implementing such practices local authorities can incur greater financial cost savings in the long-term, better preserve the built environment for the benefit of the community, strengthen its link with the community when disposing of assets for community purposes and increase its reputation as a responsible and sustainable public body.

For more detailed case studies and links to further information please see the online e-toolkit which can be found at http://www.princes-regeneration.org/sustainableheritage

The Prince's Regeneration Trust operates as a social enterprise, able to provide knowledge and expertise on a cost-recovery basis. If you think that the Trust could be of assistance on one of your heritage regeneration projects please get in contact by calling 020 7462 6440, emailing info@princes-regeneration.org or looking at our website at www.princes-regeneration.org

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