Making the invisible visible: the real value of park assets



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Foreword

Delivering the best possible service to the local community is the goal shared by all local authorities. In our cities, residents especially value our parks and green spaces for their amenity and facilities, as well as for the presence of nature in the urban realm.

It can be difficult to place a value on what parks mean to people. It is much easier to identify costs. Oscar Wilde quipped that a cynic is someone who knows the price of everything but the value of nothing. I am no cynic but it is essential that we have an informed basis for deciding what we spend on our parks to maintain them.

While local authorities must account for the asset value of their property holdings, our historical parks are usually valued on an authority's asset register and balance sheet at the nominal value of $\pounds 1$. This often leaves them 'invisible' or downgraded in relation to other infrastructure; no matter what their size, condition, level of use, or contribution to a city's success, vibrancy or sustainability. In my review of community management and ownership of public assets for Communities and Local Government, we reported that more needs to done to improve asset management practice within local authorities. An improved evidence base on the value of public spaces can help to ensure that if these assets are transferred to community ownership, their value and the revenue needed to sustain this, including the need to provide better value for money, is identified.

In Making the invisible visible: the real value of park assets CABE challenges the 'invisibility' of parks and green spaces within current asset management planning. An improved understanding of the current value of park and green space assets is an important first step in better strategic management and in assisting local authorities in using their assets to make a positive difference to communities.

Barry Quirk CBE Chief executive London Borough of Lewisham

Executive summary

Introduction

Anyone who has visited a garden centre knows how much trees, shrubs, paving and other landscape features cost. Stocking even a modest garden can set you back hundreds of pounds. So it may come as a shock to learn that most councils value public parks at just $\pounds 1$ each. Even the largest, most spectacular park, with beautiful mature trees, well-established shrubs, paths, benches and a bandstand, is usually valued on a council's list of assets at just $\pounds 1$.

Does this matter? After all, few people read local authority accounts. CABE believes it does matter. Because parks are downgraded on council lists of assets they become financially 'invisible'. This way of valuing parks means there is no reason to assess methodically the quantity and condition of the assets each park has – assets such as paths, shrubs, trees, benches and so on, all of which are valuable.

Without this information it is harder for park managers to manage their assets strategically, anticipate future expenditure and plan over different periods. It makes it difficult for them to put forward well-evidenced arguments for adequate funding of parks and green spaces and negotiate confidently in a climate of tightening budgets. This report suggests an alternative way of valuing parks. It suggests a framework that will help local authorities understand the implications of meeting the requirements of the 'whole of government accounts' system that is being introduced during the next few years.

It provides a starting point in quantifying the considerable financial value of the physical assets contained within our parks. It suggests ways that green space managers can use this information to improve the delivery and management of these spaces and implement the sort of good housekeeping that is routine elsewhere within local authorities.

The study identifies a possible indicator of the wider value provided by green space. Its purpose is not to place a financial value on all the economic and environmental benefits that parks and green spaces provide to society.

Mint Street Park, Southwark, London: a popular lunchtime destination for workers

Glossary

Historic cost accounting

A method of calculating the value of an asset that is based on the value of the asset at the time it was acquired.

Current value accounting

A method of calculating the value of an asset that is based on the cost of replacing the asset with a similar asset in a similar condition.

Depreciation

The accounting principle of depreciation is used to show the extent to which an asset has been used up against its predicted life expectancy.

Asset management planning

This method of accounting values assets on their current replacement cost, which is adjusted to take into account depreciation, or reduction in value of the asset, over time. The replacement cost is determined from asset inventory data and current unit construction costs. The asset value is then depreciated to reflect the age and condition of the asset. This approach requires consistent information about the state of the asset base, changes over time, and the expenditure required to maintain it at, or restore it to, a specified condition.

'This study calculated the value of a major public park as £108 million. It may come as a shock to learn that most councils value public parks at just £1 each'

Key points

The study found the following key points:

- 1 Concepts of historic cost accounting and depreciation are unhelpful ways of accounting for parks and green spaces.
- **2** Knowing the type, number and condition of the physical assets contained in parks can help green space practitioners make stronger and better-informed cases for future funding.
- **3** The value of the physical assets that constitute a park is just one element of the wide-ranging benefits that parks and green spaces bring to society (see figure 1, page 26).
- **4** Land value is not included in the calculations because of undue distortion.
- **5** The relationship between the asset value, quality and use of a park is complex and asset value should not be the only consideration when making investment decisions.
- 6 The way that brands are valued helps us think about how to capture some of the less tangible, wider values that parks bring to communities. The number of visits a park receives could be a simple way of reflecting this.
- **7** The suggested framework for valuing the physical assets of a park is one way of approaching valuation of a space for the first time.
- **8** The information necessary to compile green space asset inventories is available.
- **9** The suggested framework can help local authorities better understand the implications of the whole of government accounts system, provide better evidence to support the transfer of assets to communities and negotiate section 106 planning agreements. It could also boost the ability of green space departments to compete with other public services that have a longer tradition of recording the financial value of their services.

Our research approach

The full study, *Making the invisible visible*¹, examined the way parks are valued for local authority accounts, which is based on the value of the asset at the time it was acquired. It looked at the benefits of alternative accounting methodologies such as asset management planning.

It examined the complex relationship between the financial value of a park, its quality, and the benefits it brings to people. It examined why local authorities need to consider more than just the financial value of a park when making investment decisions and why other, wider values should be included in the equation too.

The study investigated a simple mechanism to capture the wider value of a park to local people: park use, defined by visitor numbers.

Highbury Fields in Islington and Sefton Park in Liverpool were used as case studies to (a) provide lessons to others who might try an asset management planning approach and (b) help develop a framework for park asset valuation.

Finally, the framework for valuation and the application of park use as a way of capturing some of the wider values of the park were tested with several local authorities, including those in Sheffield and Nottingham.

For copies of the full report visit www.cabe.org.uk/publications

Parks are invisible assets

There is ample evidence that for several decades England's public parks suffered budget cuts which, year after year, led to a dramatic decline in their quality². That problem is gradually being addressed: during the last few years many parks have been restored and the value of parks to their communities is now far better recognised³.

Even so, many parks remain in need of further improvement and those local authority parks departments that have begun to restore their parks still have to fight to gain even modest increases in resources.

We believe that this fight is hindered because parks are so often listed on local authority registers of assets as having little or no financial value – unless they have been recently refurbished or have received significant capital investment. We question why parks are accounted for in a manner that does not recognise the considerable financial value of their contents.

It costs money to maintain parks – just as it costs money to maintain buildings, roads and the other infrastructure for which local authorities are responsible.

If in a typical local authority the park is listed as being worth a notional figure such as $\pounds 1$ whereas the registry office is listed as being worth $\pounds 4$ million, then spending money to maintain the registry office could seem a far better investment than spending money to maintain the park.

Despite their integral role in creating and sustaining successful, vibrant and pleasant places, parks and green spaces remain invisible assets.

'Despite their integral role in creating and sustaining successful places, our parks and green spaces remain our invisible assets'

Inappropriate accounting for parks and green spaces

Parks, and the features they contain, are valued according to the historic cost accounting method. This starts by considering the value of the asset in question at some time in the past. This can be problematic for parks and green spaces because many of them were never 'bought' in the traditional sense, so there is no relevant historic cost. For instance, many parks that are now managed by local authorities have been publicly owned common land for centuries. Many others began as the gardens of large houses and were then bequeathed to the local authority or sold for a nominal sum so that they could benefit the local community in perpetuity.

Even when there is an identifiable historic value for the park or green space, the historic cost methodology is problematic where landscapes actually mature and increase in value. Depreciation is used to show the extent to which an asset has been used up against its predicted life expectancy – or what needs to be spent to maintain the asset value. For instance, if you buy a brand new computer for £500 today it will be worth far less in a year's time, and in 10 years' time it might be worth nothing. It makes sense that each year you assume that it is worth less than the year before.

Depreciation makes no sense for living things, such as parks and landscapes, which mature and become far more valuable over time. Consider the example of trees: a small sapling can be bought for just a few pounds, but if you leave it to grow for several decades, it will become a mature tree that would cost thousands of pounds to buy.

In England we are lucky enough to have, in almost every town and city, public parks and gardens that are many hundreds of years old. These are public assets that have appreciated, not depreciated, over time. However, because of a combination of historic cost accounting and depreciation most of them will be assumed to have an asset value of just $\pounds 1$.

As Frederick Law Olmsted, the famous American park designer, put it in 1880:

'When the principal outlay has been made, the result may, and under good management must, for many years afterwards, be increasing in value at a constantly advancing rate of increase, and never cease to increase as long as the city endures.'⁴







New Herrington, Sunderland: parks carry different values for different people

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Using asset management planning

There has not been enough attention paid to changing the way that parks are accounted for because of a perceived difficulty in valuing them. When it comes to buildings, this is not a problem: if a local authority wants to know the market value of a specific building it can ask a surveyor, who will value it based on the building itself or the state of the local market.

However, most parks will never be sold and there is no market for them. Even if a park is sold, its market value would be overwhelmingly dependent on the planning status of the land. Because of these two factors it has sometimes been assumed that there is no point in trying to put a realistic value on parks. As such, they are classed as 'community assets' on local authority balance sheets.

However, an accounting methodology called asset management planning offers one way forward. Instead of trying to value the park as a whole, it suggests valuing the assets contained within the park. These might include soft landscape features such as trees, flowerbeds, meadows, lawns and so on, and hard landscape features such as benches, bins, railings and paths.

As well as providing a way of valuing parks, knowing the type, number and condition of each asset would be of enormous benefit to planning the maintenance and renewal of green spaces and anticipating major costs. Knowing the quantity and condition of park assets would help with long-term budgeting by providing a more robust evidence base for calls for adequate revenue funding and a greater confidence in arguing for the protection and justification of existing resource commitments.

Having this sort of information could help to inform local authorities when they negotiate section 106 planning agreements and assess the long-term maintenance costs of new green spaces they might be asked to manage. Furthermore, a more accurate calculation of the financial value of specific green spaces will help ensure that, if these assets are transferred to community ownership, this transferral takes into account the value of the asset. This better identification of the physical assets within a space can help to ensure that assets under public ownership do not become liabilities as their worth, and the revenue needed to sustain this worth, is better identified. Estimating how much it would cost to re-create a park from scratch, in terms of buying all of the assets it contains, would help to implement the sort of good housekeeping practices that are routine elsewhere within local authorities.

Whole of government accounts method

All local authorities will, eventually, need to prepare to move from historic cost accounting to recording and valuing their park assets. The government is introducing an accounting methodology called whole of government accounts across the public sector. It aims to value all public sector assets in the same way. HM Treasury would like to move all local authority assets to current value assessment but parks are considered a lower priority than public infrastructure such as roads⁵.

The framework suggested in this report is intended as a starting point to stimulate further discussion.

Why land value is irrelevant

We do not recommend including land value in the calculations. This is for three reasons. Firstly, the value of land is overwhelmingly influenced by its planning status - land that is available for development has a far higher sale price than land that is not. Secondly, the main argument of this report - that the asset value of parks and green spaces should be better reflected on local authority asset registers - is nothing to do with land sales. Indeed most parkland cannot or will not be sold. The value of a park should be included in the asset register to support the case for funding maintenance. Thirdly, if all the assets contained on the land (including topsoil) are included in the asset valuation then, arguably, there is no need to include land valuation as the land itself does not need maintaining.



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Capturing the wider value of a park alongside asset value

The links between the value of a park – however this is understood – and its quality are complex⁶. Because the asset value of a park does not necessarily reflect the wider values that the park has for local people, asset value should not be the only consideration for local authorities when making investment decisions.

For instance, a park could contain a large number of valuable plants and structures, but if it was inaccessible, its value to local people would be limited. On the other hand, a small green space in the middle of a densely populated city could be highly valued by local people even if it was just a patch of grass. Even people who do not actually visit parks like the fact that they are there – they may enjoy views over the park, or walking alongside it. Parks and green spaces carry different values for different people. What is needed is a relatively simple mechanism for reflecting some of these important yet difficult-topin-down benefits that parks give their communities. It needs to complement and provide additional information to the financial values recorded on a balance sheet. This mechanism needs to reflect the different services provided by different green spaces and identify and record changes over time.

Figure 1 (page 26) indicates how to describe the benefits good-quality parks and green spaces provide to society in terms of their economic, social and environmental value. It can be difficult to prove these benefits because public space consists of some elements that are not easily isolated.

For this project, park use – the number of visits a park receives – was identified as one indicator of the wider value provided by a green space. It demonstrates people's appreciation of the asset revealed by their willingness to spend their free time using the green space⁷.



'We are using two dimensions of value: assets – the type, number and condition of the assets contained in parks – and park use – people valuing the park through their use'

Where have green space asset inventories been tried?

Some local authorities are already starting to create asset registers for their parks and green spaces. Two case studies, Highbury Fields in Islington, London, and Sefton Park in Liverpool, showed how these were being compiled and where the information about asset value was being sourced. The study calculated the value of these two parks as indicative examples.

Highbury Fields was valued at £49 million, excluding the on-site public swimming pool, or £53 million including the pool. Sefton Park was valued at £105 million excluding the Palm House, or £108 million including it.

It is worth noting that these are considerable underestimates of the total value of these green spaces to society. For instance, the valuation methodology does not include: the cost of designing a landscape; its biodiversity value; its value as a way of mitigating the effects of climate change, such as flooding, and various other aspects of value that parks can bring to communities.

Supplementing the asset approach with park user figures

There are four basic methods of calculating the number of people using parks. In descending order of accuracy these are:

- automatic counters positioned in parks
- manual counting of park users
- interview surveys that ask about use of parks
- household questionnaires that ask about use of parks.

The report examines each methodology and outlines their strengths and weaknesses.

A suggested framework for valuation

The case studies made it clear that it is practical to list and value the assets within a green space. The suggested framework (see pages 51-52) for valuing the physical assets of a park could be used by other local authorities intending to do this. It outlines examples of different assets, indicates where valuation information can be found for each type and ways to quantify and value these.

This framework is one way to approach the valuation of the assets within a space for the first time⁸. This

framework is not exhaustive. Inevitably, individual sites will contain unique elements that are not considered below. For instance, wildlife is not included in the table. If this framework is used, it is important to record the extent and nature of the assets consistently and the date that this information was measured.

A useful, practical and timely framework?

Using a combination of asset valuation and park use numbers to gain an idea of the value of a park was put to green space and finance managers in two local authorities: Sheffield City Council and Nottingham City Council and senior finance and corporate strategic managers from four other authorities.

Generally, all the respondents could see the value of the proposals and felt that this report and its recommendations are timely in helping to understand the implications of the move to whole of government accounts and current value assessments of all local authority assets.

The green space managers could see many practical applications of asset management planning in terms of being more proactive, and less reactive, in the way that they maintain their parks. They noted:

'This methodology enables us to spend differently across different areas. It is important not just to spend money according to the size of the space – spending where there are more visitors may be the best use of money. Park use is a really good tool to argue for different extra resources and justify strategic investment or where to put money.'

- 1 See www.cabe.org.uk/space for more information about CABE Space and to download publications.
- 2 Green spaces, better places: final report of the urban green spaces task force, Department of Transport, Local Government and the Regions, 2002.
- 3 Enhancing urban green space, National Audit Office, 2006.
- 4 Civilising American cities: a selection of Frederick Law Olmsted's writings on city landscapes, S.B.Sutton (eds.) 1971.
- 5 Advice from HM Treasury development manager.
- 6 For more details about this see *Assessing needs and opportunities: a companion guide to PPG17*, Office of the Deputy Prime Minister, 2002.
- 7 Other CABE Space publications have also considered the value of good-quality public spaces. See *The value of public space*, CABE Space, 2004 and *Does money grow on trees*? CABE Space, 2005.
- 8 For example, it is possible for a landscape architect to produce rough, indicative figures per square metre for different types of park landscapes which would provide a general, but rough idea of the financial value of different areas.

Chapter 1 Introduction

Parks are invisible assets

There is ample evidence that for several decades England's public parks suffered budget cuts which, year after year, led to a dramatic decline in the quality of many of our public green spaces. That problem is gradually being addressed: during the last few years many parks have been restored and the value of our parks to our communities is now far better recognised.

Even so, many parks are still in need of further improvement and those local authority parks departments that have begun to restore their parks still have to fight to gain even modest increases in resources.

We believe that because parks are so often listed on local authority registers of assets as having little or no financial value – unless they have been recently refurbished or received significant capital investment – this battle for resources is even harder. We question why parks are accounted for in a manner that does not recognise the considerable financial value of their contents.

It costs money to maintain parks – just as it costs money to maintain buildings, roads and the other

infrastructure for which local authorities are responsible.

For example, if in a typical local authority the park is listed as being worth a notional figure such as $\pounds 1$ whereas the registry office is listed as being worth $\pounds 4$ million, then spending money to maintain the registry office could seem a far better investment than spending money to maintain the park. Yet the cost of replacing the park could easily be 10 times the cost of replacing the registry office.

Despite their integral role in creating and sustaining successful, vibrant and pleasant places, our parks and green spaces remain our invisible assets.

Anyone who has visited a garden centre knows how much trees, shrubs, paving and other landscape features cost. Stocking even a modest garden can set you back hundreds of pounds. So it may come as a shock to learn that most councils value public parks at just $\pounds 1$ each. Even the largest, most spectacular park, with beautiful mature trees, well-established shrubs, paths, benches and a bandstand, is usually valued on a council's list of assets at just $\pounds 1$.

Bowling green, Alexandra Park, Hastings: parks offer amenity for young and old alike This report looks at the reasons why parks are so often regarded - in accounting terms, at least - as assets with almost no financial value. It suggests that giving them such a low nominal value has been one of the factors that has undermined the case for properly funding the maintenance of our parks. It considers the implications of the new 'whole of government accounts' system that is being introduced over the next few years and points out that the way that local authorities put a financial value on their parks is going to have to change in order to meet these new standards. Finally, it proposes an alternative practical framework for valuing parks. The proposed framework will also help document the condition of the assets that form our parks and help track their condition over time, facilitating improvements to the long-term planning of their maintenance.

The purpose of this study is not to try to put a financial value on the totality of the wide-ranging benefits that parks bring to society. Rather, it aims to help those who are trying to make a case for better funding for our parks and green spaces to build a stronger evidence base to justify and sustain adequate funding, drawing on a more accurate reflection of the financial asset value of parks and their contents and their contribution to their local communities. It suggests ways in which green space managers can use this information to improve their 'good housekeeping' of parks and green spaces.

In order to understand why parks are so often undervalued in local authority accounts it will be necessary to look, in some detail, at different methods of accounting. For many readers – for instance park managers, or green space policymakers – this may be rather off-putting. However, this report aims to make it as accessible as possible in the belief that without having a basic understanding of the issues it will be difficult to argue the case for putting parks and green spaces on a more equal footing with other areas of local authority expenditure with which they compete for revenue funding.

As the report will explain, countries such as New Zealand and Australia changed the way that they value their parks for accountancy purposes some time ago. Practitioners in those countries say that this change has helped them make a stronger case for funding their parks and green spaces. Local authorities in England are used to measuring the financial value of their property assets and have members of staff to carry out this work. However, under current accounting rules most parks and green spaces are classed as 'community assets' and do not have to be included in local authorities' asset management plans. Because of this, unless a space has been recently refurbished or has received significant capital investment, parks are often an area's invisible assets. However, a few local authorities in England are already starting to try to put a financial value on the physical assets that make up their parks. This report examines three case study examples of local authorities that are doing this (Bristol, Liverpool and Islington). From these case studies, the report develops a simple methodology that all local authorities could use as a starting point to value the physical assets of their parks, based on the cost of replacing the elements that they contain.

However, measuring the value of the physical assets that constitute a park by no means captures all of its value to society. In the last few years there has been increasing recognition of quite how wide ranging are the benefits that parks and green spaces can bring to local communities. These include benefits to individuals, such as access to opportunities for exercise, play and relaxation, and benefits to the whole of society, such as the value of green spaces in mitigating the effects of climate change. This will be explored further in chapter three.



The valuation methodology proposed in this report does not encompass all of these possible benefits of good-quality parks and green spaces. The report does however discuss the complex relationship between the financial value of a park – as expressed by the sum of the value of its physical assets – its quality, and its value to the community. The relationship is not at all straightforward. For instance, a park could contain very valuable trees and structures, yet if its location is inaccessible it might be of little use to local people. Conversely, a park in a densely populated area with little other green space might be highly valued by local people even if it were not much more than a patch of grass.

In view of this, the value of the physical assets contained in a park should not be the only consideration that a local authority uses when trying to assess the value of a particular park to local people, or when comparing the value of two or more parks. Somehow, this sort of non-physical value also has to be brought into the equation.

In order to reflect some of this sort of value, the report looks at other areas in which accounting practice has developed methodologies for capturing other, less tangible values on the balance sheet. In particular, it considers the way that commercial brands are valued. It suggests that the reputation of a park and people's willingness to visit it can be compared to the reputation of a brand and people's willingness to purchase it.

The report proposes that a combination of measuring the financial value of the physical assets contained in a park, along with a measurement of the number of visitors it receives, could, together, produce a useful new way of valuing our parks and tracking their value over time. The strengths and weaknesses of this valuation framework are then discussed by local authority green space practitioners and strategic managers. The valuation framework proposed in this report is intended as a starting point in helping local authorities become better at measuring aspects of the value of their parks and green spaces, focusing resources more effectively in order to deliver benefits to their communities, and ensuring adequate and timely funding for long-term maintenance. It should also help local authorities when they are transfering assets to communities or negotiating section 106 planning deals to provide new green spaces, or renovate old ones, by giving them hard evidence on which to base their predictions of future costs.

Not only could the proposed framework help green space practitioners make stronger and better informed cases for the future funding of their parks, it should also be more widely valuable to local authorities in understanding the implications of the move to current value assessments of assets as part of whole of government accounts, the first of which are due to be reported in the 2009-10 financial year.

The focus of this report

This report builds on previous research by CABE Space and others which has investigated the economic, social and environmental value of parks and green spaces, how they can be better managed, financed and maintained, and what we can learn from green space practice from across the world⁹. It concentrates on a small part of the wide spectrum of value that parks and green spaces contribute to people and areas. The purpose of the study is not to place a financial value on the multiplicity of positive and wide-ranging social, economic and environmental benefits that parks and green spaces provide to society. The framework considers one element of this bigger value picture.

The focus of the study is public green spaces, especially parks owned and operated by local authorities and other public bodies. Obviously local authorities are not the only providers of parks and green space – organisations such as housing associations have land that also serves this purpose. There are also many privately owned park lands and green spaces that are open to the public and to which some of the findings of the report may be applicable. The core of the study, however, is the mainstream public park managed by local authorities as an amenity and public service.

Green space funding and management context

During the second half of the last century, the green space sector in England experienced significant under-investment. This has been well documented. In 2002 the urban green spaces taskforce estimated an under-investment at £1.3 billion¹⁰ although this figure could actually be much higher due to the limited accurate data available on national spend specifically on parks and green spaces.

Following the report of the urban green spaces taskforce a range of initiatives was launched to help improve the funding and management of England's green spaces. These include the establishment of CABE Space in 2003; considerable sums of lottery money that have been made available for investment in green spaces; and government support of the Green Flag Award scheme¹¹.

In addition, the government updated its planning policy guidance for parks and green spaces, publishing revised planning policy guidance 17 (PPG17) in 2002¹² that emphasised the need for local authorities to assess the quantity, distribution and quality of public green space in their areas along with an assessment of what their communities need from green space. This placed an increased emphasis on 'good housekeeping' management practices in the green space sector. As a result, most local authorities have now completed, or begun work on, an open space strategy. In many cases this has identified, and quantified, a major shortfall in both capital and revenue funding.

However, reversing the legacy of under-investment has not been helped by the way green spaces are classed for accounting purposes which has meant there has been little or no requirement to collect detailed financial data about expenditure on maintenance of individual parks and the assets they contain, and the links between expenditure and the quality of parks and green spaces. This in turn makes it difficult for green space managers to put forward compelling and well-evidenced arguments for increased funding, no matter its source.

The valuation framework proposed by this report could provide a starting point in helping green space managers identify and predict the need for maintenance work far more precisely and should support and inform the creation and delivery of open space strategies. It should strengthen the ability of green space managers to implement the sort of 'good housekeeping' practices that are already routine elsewhere within local authoritites.



'Reversing the legacy of under-investment has not been helped by the way green spaces are classed for accounting purposes'

- 9 See www.cabe.org.uk/space for more information about CABE Space and to download publications.
- 10 Green spaces, better places: final report of the urban green spaces taskforce, DTLR, 2002.
- 11 See the Green Flag Award website www.greenflagaward.co.uk
- 12 Planning policy guidance 17: planning for open space, sport and recreation, ODPM, 2002.

Chapter 2 Why local authority accounts say parks are only worth £1 each

Parks and other managed landscapes usually improve as years go by – mature trees, shrubs and ecosystems are far more valuable than newly planted saplings. Yet the way in which parks are valued for local authority accounts assumes that they depreciate over time until they are worthless. This chapter examines why the historic cost accounting system is inappropriate for parks and suggests a more useful way of assessing their value.

Local authority accounting and parks

Local authorities manage many millions of pounds of public money and are required to account for the way that this is spent and safeguarded according to complex sets of rules. The UK code of practice on local authority accounting, the Code of practice on local authority accounting in the United Kingdom: a statement of recommended practice, (SORP)¹³, published by the Chartered Institute of Public Finance and Accountancy (CIPFA) instructs local authorities on how to prepare their accounts. Where assets have a value that is below the local authority's set minimum figure – this will vary from authority to authority – the individual assets are not required to be included on the balance sheet. However, if such types of assets are grouped to the extent where the minimum level is exceeded, then they have to be valued and the aggregated value included on the authority's asset register and balance sheet.

Local authorities own a wide range of different assets, including, for instance, buildings and their contents, and roads and other major infrastructure. These very different types of assets are categorised in different ways and appear on council balance sheets, and asset registers, according to the rules that apply to each type of asset.

For accounting purposes, local authority owned parks and green spaces are generally classed as 'community assets'. SORP defines community assets as:

'assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.' Although parks are cited as an example of a community asset, this does not mean all parks will necessarily be community assets. Strictly speaking, only those parks that are held in perpetuity and do not have a determinable life will be classed as community assets. In practice, however, even in the absence of any express decision to hold a park in perpetuity, most parks are classed as community assets.

'Historic cost' and 'current value' accounting

'Historic cost' accounting and 'current value' accounting are two different methods of calculating the value of an asset so that it can be recorded on a balance sheet or asset register. At the moment, parks are valued according to the historic cost methodology, methodology that is usually used for assets of little importance.

As their names imply, historic cost accounting is based on the value of the asset at the time it was acquired and current value accounting is based on what it would cost to replace the asset with a similar asset in a similar condition. When it comes to valuing parks, both of these methodologies have drawbacks.

Historic cost accounting can be problematic for parks and green spaces because many of them were never 'bought' in the traditional sense and so there is no relevant historic cost. Many parks that are now managed by local authorities have been publicly owned common land for centuries. Many others began as the gardens of large houses and were then bequeathed to the local authority or sold for a nominal sum so that they could benefit the local community in perpetuity. Even when there is an identifiable historic value for the park or green space, the historic cost methodology is problematic where landscapes actually mature and increase in value.

Current value accounting works well for standardised products such as computers or cars because you can easily find out how much it would cost to replace your three-year-old PC, or 10-year-old four-door hatchback with another one that is pretty much the same. Buildings too can be valued in this way, even though each building is unique, because there is a large market for them. For instance, a local authority can ask a surveyor how much the registry office would be worth if it were to be sold. Parks, however, are unique and there is no market for them because they are usually legally protected land that cannot be sold. Because most parks are 'inalienable' – in other words, legally they cannot be sold – many public sector accountants have seen little point in changing the way that they are accounted for by calculating a more accurate figure for the asset register. As an interviewee for this study put it:

'What benefit can we get from this? There's no financial value [we cannot sell parks] so what do you do with the figure once you have it?'¹⁴

However, even though it is not possible to work out a market value for a whole park including its land, the assets contained within it – trees, paths, railings, buildings, shrubs etc – can be valued individually. The figure produced by this sort of calculation will be useful in that it will help to reflect the value of the physical assets that need to be maintained and so will start to give an indication of the amount of revenue funding that is likely to be needed to undertake this maintenance in future years.

It is also important to consider here the value of the different elements across their lifetime. Different assets will have different maintenance requirements and the initial cost of a specific element will not correlate with the level of maintenance required over its whole life. In some cases it will be prudent to invest in quality upfront in order to save money in the long term.

Depreciation: a nonsense for parks

The accounting principle of depreciation is used to show the extent to which an asset has been used up against its predicted life expectancy – or what needs to be spent to maintain the asset value. For instance, if you buy a brand new computer for $\pounds500$ today it will be worth far less in a year's time, and in 10 years' time it might be worth nothing. Therefore, if you were to write a list of your assets and their value it would make sense to decrease the value of the computer each year until it reaches nothing.

SORP states that:

'Infrastructure assets and community assets should be included in the balance sheet at historic cost, net of depreciation where appropriate.'

Parks therefore are listed as assets that had a historic cost which has depreciated. Many public parks have been in local authority ownership for decades. This means that through depreciation over many years, these assets may now be recorded at very low values in the council's asset register and balance sheet, and unless a space has been recently refurbished or has received significant capital investment, many are in fact nominally valued at $\pounds 1$.

There are, however, particular problems in applying depreciation to green space because this accounting practice is not designed for living things, such as landscapes, that mature and become far more valuable over time. Indeed, England's most glorious parks and gardens would have looked nothing like they do today at the time they were created when their trees and shrubs would have been little more than sapling. In England we are lucky enough to have, in almost every town and city, public parks and gardens that are many hundreds of years old. Whilst there are some elements that will need replacement periodically (such as benches or paths) these are public assets that contain features that have appreciated, not depreciated, over time. However, because of a combination of historic cost accounting and depreciation, most of them will be assumed to have an asset value of just £1.

As Frederick Law Olmsted, the famous American park designer put it in 1880:

'When the principal outlay has been made, the results may, and under good management, must, for many years afterwards, be increasing in value at a constantly advancing rate of increase, and never cease to increase as long as the city endures'¹⁵.

In contrast, when accounting on a historic cost basis, the extent to which an asset has been used up against its predicted life expectancy (depreciation) is calculated. Historical cost therefore does not generally reflect the 'true' value of an asset¹⁶.

The annual maintenance budget for a particular asset will be based on a combination of the previous year's expenditure, any negotiated increases and any costsaving requirements, but is not necessarily the full amount needed to prevent the asset depreciating.

CIPFA also highlights the difficulties with historic cost accounting and depreciation as applied to infrastructure¹⁷:

- The historic cost asset value figures provide no measure of the current worth of assets and so understate their value very considerably.
- Depreciated historic cost values are often very low, even though the assets are maintained and operated to serviceable standards. This sends out misleading signals in comparison with other public sector capital assets that are accounted for on a current value basis¹⁸.
- There is no standardised approach in SORP to determining asset lives. This adds to the problem of making meaningful comparisons or consolidating information across the sector.



Asset management planning

Since 2000 local authorities in the UK have been required to produce property asset management plans and capital strategies.

Asset management plans and capital strategies were introduced to encourage:

- better long-term planning of capital investment
- greater local decision-making and accountability
- enhanced cross-service strategic working in partnership with other organisations
- the better use and management of assets¹⁹.

Community assets, however, do not have to be included in local authority property asset management plans and capital strategies. Where such assets have been included this has been a decision taken locally by individual authorities.

Good asset management involves the managers of the specific asset assessing and tracking the condition of the assets for which they are responsible. This sort of methodical asset management is commonplace in many areas of local authority expenditure, but has rarely been applied in a thorough and methodical way to parks and their contents. This lack of strategic asset management in parks is part of a wider picture of problems that continue to impact upon the green space sector, including:

- a lack of comprehensive data on local authority expenditure on parks and green spaces
- difficulty in quantifying the link between capital and revenue expenditure and the ensuing quality of green space
- a lack of long-term financial planning in relation to parks services²⁰.

Without such data it is impossible to know whether a service is run efficiently, to make the case for more resources or allocate existing resources in a strategic way. The urban green spaces taskforce noted:

'Good asset management practice requires periodic stock-taking of condition and usability. This applies as much to public parks and green spaces as it does to the many indoor premises providing cultural and recreation services to local people'²¹.

Parks and green spaces have to compete for their funding with other non-discretionary services such as sport and leisure facilities, libraries and other cultural services. These services, which are based in buildings that can be easily valued and included in lists of council assets, are more likely to be subject to some form of systematic asset management planning. Applying asset management planning techniques to parks and green spaces can help put them on a more informed footing with the other public services with which they compete for funding.

The asset management accounting method

The asset management accounting method values assets on current replacement cost, adjusted to reflect past consumption of the assets – depreciation. The replacement cost is determined from asset inventory data and current unit construction costs. The asset value is then depreciated to reflect the age and condition of the asset. This approach requires consistent information about the state of the asset base, changes over time, and the expenditure required to maintain it at, or restore it to, a specified condition.

As discussed above, attempting to apply this approach to parks and green spaces seems to present two difficulties. Firstly, there is no market value for parks. Secondly, unless a park has become completely derelict, it is likely that its landscape will have appreciated rather than depreciated.

'The accounting principle of depreciation is problematic for living things'



However, an asset management planning approach to green space management would suggest that it would be very useful to value the assets contained within each park or green space. These could include soft landscape features such as trees, flower beds, meadows, lawns and so on, and also hard landscape features such as benches, bins, railings, paths and so on. Knowing the type, number and condition of each asset would be of enormous benefit to planning the maintenance and renewal of green spaces and anticipating when major costs will arrive. This would help with long-term budgeting and would also support the calls for revenue funding with a more robust evidence base. It would help local authorities underpin their open space strategies with robust and relevant data. Knowing the total value of the assets within a park would also give a very useful indication of its financial value.

This report suggests that estimating how much it would cost to re-create a park from scratch, in terms of buying all of the assets it contains, would be a useful approach to valuing the park itself for the purposes of local authority asset registers and asset management plans. This approach was taken because developing a green space asset inventory, which can be valued, is a necessary pre-condition for moving to full asset management planning, with all the benefits this brings to 'good housekeeping'. The suggested framework can help local authorities better understand the implications of current value assessments of assets, as part of whole of government accounts, and the proposals contained in the *Communities in control*²² white paper which means local authorities are likely to be required to make information on park assets publicly available in future.

Collecting better information about the value of assets within parks should also inform the negotiation of section 106 planning deals to provide new green spaces, or the renovation of existing ones, by providing hard evidence on which to base predictions of future costs. Furthermore, a more accurate calculation of the financial value of specific green spaces will help ensure that, if these assets are transferred to community ownership, this transferral takes into account the value of the asset. This better identification of the physical assets within a space can help to ensure that assets under public ownership do not become liabilities, as their worth, and the revenue needed to sustain this worth, is better identified.

Chapters four and five will look at how asset registers for parks might, in practice, be created and valued.

David Cowlard/Urban Exposur



'Knowing the total value of the assets within a park would give a useful indication of its financial value'

Why land value is irrelevant

This report does not recommend including land value in the calculations. This is for three reasons. Firstly, the value of land is overwhelmingly influenced by its planning status - land that is available for development has a far higher sale price than land that is not. Secondly, the main argument of this report that the asset value of parks and green spaces should be better reflected on local authority asset registers is nothing to do with land sales. Indeed, most parkland cannot or will not be sold. The park should be included in the value of asset register to support the case for funding maintenance. Thirdly, if all the assets contained on the land (including topsoil) are included in the asset valuation then, arguably, there is no need to include land valuation as the land itself does not need maintaining.

Why bother with a new approach in public sector accounting?

In 2002 local authorities were given more freedom in how they prepare their asset management plans. This may have inadvertently given the impression that asset management was no longer on the government's agenda, as the publication *Building on strong foundations: a framework for local authority asset management*²³ acknowledges and aims to redress by bringing together the key policies and influences that shape local authority asset management.

Continuing commitment to asset management is also demonstrated in RICS's publication *Public sector asset management guidelines*²⁴ which provides an 'umbrella' guide to strategic asset management for land and buildings for the whole of the public sector.

Since 2005 the Audit Commission has been assessing performance on asset management as part of its annual use of resources assessment of local government, under comprehensive performance assessment (CPA). In 2009 the Audit Commission will introduce a revised use of resources assessment methodology²⁵ as CPA is replaced by comprehensive area assessment.



Asset management will still be assessed as one of its themes, but the auditors will be making more rounded judgements of performance outcomes rather than following a list of criteria. The Audit Commission expects that asset management planning should encompass all significant assets including public open spaces. In November 2007 a consultation document *Use of resources 2009* noted that in the new methodology:

'Asset management has a stronger strategic focus than currently and reflects best practice to manage assets strategically and optimise their use for the community. It will also assess how local government bodies are responding to their local communities when those communities make a case to take over the management or ownership of assets in order to deliver greater community benefit'²⁶.

This made the link between asset management and community asset transfer explicit.

Community asset transfer

Since 2002 there has been increasing policy interest in community ownership and the management of assets across the UK²⁷. The government white paper *Communities in control: real people real power*²⁸ takes forward the Quirk Review vision of increasing the number of people engaged in the running and ownership of local services and assets as a mainstream activity.

It highlights the importance of collecting and updating information on the assets managed by local authorities and using this data to inform corporate planning and decision-making:

'In general, making as much information as possible available to local individuals and groups would allow them to openly challenge authorities if they think assets are underused. No authority should be simply sitting on underused assets. We also want to see local authorities increasingly working with their other partners to ensure the whole public estate in their area is being used to give maximum value to the local community.' The proposals include:

- establishment of an asset transfer unit, led by the Development Trust Association, to provide information, research and good practice on transferring local authority assets to community ownership
- a consultation on making community land trusts more effective in securing the long-term future of community assets, in autumn 2008²⁹.

Although predominantly focused on property assets it does include, in its list of assets suitable for transfer to community management and ownership, playgrounds and tracts of land.

If communities are to be involved in the management and maintenance of green spaces, groups must have the capacity and skills to get involved and participate effectively. Furthermore, a steady and secure source of revenue funding must be identified and provided in order to ensure the long-term viability of spaces transferred to community ownership so they do not become liabilities and fall into decline. A more accurate calculation of the financial value of specific green spaces will help ensure that, if these assets are transferred to community ownership, this transferral takes into account a better calculation of the true value of the asset.



The introduction of whole of government accounts

The government has committed to standardising public sector accounting procedures by introducing whole of government accounts across all public sector bodies that are based on commercial UK generally accepted accounting practice (GAAP) and in line with international financial reporting standards (IFRS)³⁰. UK GAAP allows fixed assets such as parks to be reported on a current value or historic cost basis but the consolidation of accounting procedures means there should be consistent accounting policies across the public sector. Anomalies, such as historic cost accounting, which is applied only to local authority community assets and infrastructure assets, will eventually be abandoned.

HM Treasury would like to move all local authority assets to current value assessment. However, parks are considered a lower priority than public infrastructure³¹. This means that all local authorities will, eventually, need to prepare to move from historic cost accounting to recording and valuing their park assets.

The first whole of government accounts will be reported for the 2009-10 financial year³². They will be based on the figures reported by each local authority so the value of parks and green spaces will only be included where the individual authorities have reported them in their own accounts.

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Applying asset management planning to infrastructure

Concerns about the inconsistent and patchy data held by local authorities about their transport infrastructure, the slow progress in implementing asset management and the need for consistent information to support whole of government accounts led the Department for Transport and the HM Treasury to undertake a review of accounting, management and finance mechanisms for local authority transport infrastructure.

Its report, *Review of the accounting, management and finance mechanisms for local authority transport infrastructure assets*³³, started from a similar perspective to the research that informed this report:

"...the review deals squarely with the need for full inventory, robust condition surveys and sound valuation processes so that through proper asset management local authorities understand the capital and revenue value of the assets under their stewardship... we believe the numbers generated will demonstrate the need for more funding nationally to be made available to this "Cinderella" asset class.'

Many of the issues identified in the report seem just as relevant to green space infrastructure as they do to transport infrastructure.

'Historic cost accounting, which is applied only to local authority community and infrastructure assets, will eventually be abandoned' The report identified the benefits of applying the asset management accounting method to the valuation of highways infrastructure as allowing the asset holder to:

- set levels of service and monitor performance against them
- understand and track over time the condition and performance of assets and the costs of holding them
- assess the consequences of particular funding levels and strategies in terms of the performance outcomes that different levels of funding could buy
- maximise the use of resources, both for maintenance and new investment, on a whole-life cost basis; and measure the longer term impact that spending decisions now will have on the condition and performance of the asset base and longer term spending need
- reduce financial, operational and legal risks, including better safety decision-making (reduced insurance claims and premiums)
- use reliable and consistent information to support benchmarking, better cost control and reduced lifecycle costs
- deliver unit cost savings and efficiency gains
- undertake better informed and more transparent resource allocations, including policy formulation and investment decisions, based on robust and consistent financial information
- demonstrate stewardship of the assets and explain policy and resource allocation decisions to users and local taxpayers.

The report concludes that the asset management accounting method is the best method of accounting for transport infrastructure. It also identified that depreciation is not well suited to assets with very long lives. 'Countries such as New Zealand

Sefton Park, Liverpool: an important and well-

used asset for the city

and Australia have introduced asset management planning to green space'

Applying asset management planning to green space: the antipodean experience

In Australia and New Zealand, asset management planning, based on the asset management accounting method, is recognised as good practice for parks and wider infrastructure and cultural and leisure management.

In New Zealand, asset management planning was introduced in the early 1990s for roads, water, property, parks and recreation, and cultural and heritage assets. CABE Space's report *Is the grass greener*?³⁴ identified that before the introduction of asset management planning, funding for major green space projects had been made on a year-to-year basis in line with emerging political priorities. This prevented managers from being able to commit to long-term works and resulted in a backlog of deferred maintenance. The introduction of asset management planning improved understanding of the need for reinvestment and long-term – 10-year – financial planning and resulted in more consistent investment in new and refurbished urban green space.

New Zealand's National Asset Management Steering Group³⁵ is a non-profit industry organisation that has led the development of asset management best practice and provides manuals and guidance on the subject that are available for purchase. It is linked to the Institute of Asset Managers³⁶ in the UK. In recent years, the Sunshine Coast Regional Council's Bushland and Open Space Department, Queensland, Australia, has focused attention on defining the level of service provided by their open space assets as a way of quantifying and measuring the wider, community values provided by these spaces.

The approach began by defining the level of service provided to the community for all asset-based services and developing measurements that the community can engage with. Thirty-five elements within four element groupings (environment, comfort and amenity, access and function or usability) have been identified as ways to express the level of service provided. Star ratings are applied on the basis of assessment of performance on these elements across all of the council's 40 asset-based services as a common rating representation³⁷.

Assets receiving a common star rating on the wider services they provide include open spaces, roads, car parks and community facilities such as libraries and art galleries. Using this system, decision-makers have been able to track and understand the consequences of financial decisions on each service, over different times. The system is also popular with local communities and councillors due to the ability to compare star ratings across different areas.

- 13 Code of practice on local authority accounting in the United Kingdom: a statement of recommended practice, CIPFA, 2007/8.
- 14 Quote from interview undertaken as part of research for chapter six
- 15 Civilising American cities: a selection of Frederick Law Olmsted's writings on city landscapes, S.B. Sutton (eds), 1971.
- 16 International financial reporting standard IAS 36 Impairment of assets also recognises this. See www.tinyurl.com/55lhcj
- 17 Review of the accounting, management and finance mechanisms for local authority transport infrastructure assets, CIPFA, 2008. Available at www.tinyurl.com/c32cqy
- 18 The current value assessment will be determined by the rules that applied to a particular asset such as market value or value in current use.
- 19 Development and implementation of corporate asset strategies and asset management plans, baseline report, DTLR, 2002. Available at www.tinyurl.com/bsg32s
- 20 Urban parks: do you know what you're getting for your money? CABE Space, 2006.
- 21 Green spaces, better places: final report of the urban green spaces taskforce, DTLR, 2002.
- 22 Communities in control: real power, real people, CLG, 2008.
- 23 Building on strong foundations: a framework for local authority asset management, CLG, 2008. Available at www.tinyurl.com/bzujvb
- 24 *Public sector asset management guidelines*, RICS, 2008. Available at www.tinyurl.com/bcvlgt

- 25 Use of resources 2008-9: overall approach and key lines of enquiry, Audit Commission, 2008. Available at www.tinyurl.com/bj5qp2
- 26 Use of resources 2009: comprehensive area assessment consultation, Audit Commission, 2007. Available at www.tinyurl.com/5o7hec
- 27 Community ownership and management of assets, Joseph Rowntree Foundation, 2008.
- 28 Communities in control: real power, real people, CLG, 2008.
- 29 See www.tinyurl.com/54u5hz
- 30 Delivering the benefits of accruals accounting for the whole public sector, HM Treasury, 2005.
- 31 Advice from HM Treasury whole of government accounts development manager
- 32 See www.tinyurl.com/5a8sco
- 33 Review of the accounting, management and finance mechanisms for local authority transport infrastructure assets, CIPFA, 2008. Available at www.tinyurl.com/c32cqy
- 34 Is the grass greener? learning from international innovations in urban green space management, CABE Space, 2004. Available at www.tinyurl.com/dgzhb2
- 35 See www.nams.org.nz
- 36 See www.iam-uk.org
- 37 For more information on the star ratings system contact Parks and Leisure Australia at www.tinyurl.com/5jn8w8

Chapter 3 Value, quality and use: towards a better way of accounting for parks

Public parks benefit individual people, and society as a whole, in a very wide range of ways. During the last few years studies have provided evidence for the value of parks and green spaces across a range of measures. These include: improving physical and mental health, supporting biodiversity, flood water absorption, improving air quality, mitigating the urban heat island effect, increasing property prices, facilitating business staff retention, supporting local identity and many other things that local and national governments are trying to achieve. However, the links between the quality of a park and its value to its community are complex.

The benefits parks bring to society as a whole

The wide-ranging benefits of good-quality parks and green spaces are closely aligned to a broad range of economic, social and environmental policy objectives. The sections below illustrate a selection of the current literature exploring some elements of the benefits good-quality parks and green spaces bring.

Some of the benefits provided by good-quality spaces are quantifiable, while others are more difficult to quantify and may never be easily measured. Figure 1 overleaf indicates the spectrum of the value of parks and green spaces that encompasses a wide range of economic, social and environmental benefits. It is not intended to be exhaustive, but figure 1 indicates possible elements of value that can be, and have been, measured, and demonstrates the scope of this research project within this wider context.



Figure 1. Ways to measure the value of parks and green spaces

This provides examples of ways to measure the many values of parks and green spaces. It also indicates the scope of the research.

		Economic value to homeowners	5	Impact on property value adjacent, or near, to parks and green space
	Social value	Value to business	55	Commercial property price premiums close to green space
				Effect on business and staff retention and productivity
				Expenditure in local economy by park visitors eg cafés
				General visitor expenditure eg travel costs
				Visitor feedback
		Value to local authority		Levels of satisfaction with local area
Economic value		ch	_	Attraction of private investment and business due to environmental quality of area
				Ability to lever in funding eg event venue, cafés and park facilities
				Financial value of the physical assets within parks
		Value to individuals		Numbers of people choosing to use each park or green space
Environmental value				Improved physical health and well-being from exercise and relaxation
				Money savings via use of a free or low-cost leisure service that is open to all
			_	Educational resource and venue for school outings
			_	Impact on child physical and cognitive development
				Improved mental health and happiness through connection with nature
		Value to society		Venue for community events and meeting other people
			_	Job creation
			_	Contribution to tourism in providing area character
				Visual and physical amenity for local people and visitors
		Sustainability		Provision of habitat for specific types of wildlife
				Short- to medium-term carbon sequestration
				Biodiversity
		Adaptation and mitigation		Role in flood alleviation and water management
		of climate change		Amelioration of the urban heat island effect
		Air quality – green lungs		Pollution amelioration and cleaning of air
		Contribution to open space network		Sites for low-cost active travel and exercise

DEFRA's Introductory guide to valuing ecosystem services in policymaking³⁸ aims to take a systematic approach to assessment of the impacts of the environment, while the National Trust's report Green spaces – measuring the benefits³⁹ assesses the social, economic and environmental benefits of good land management. In July 2008, DEFRA announced the commitment of £500,000 to fund an ecosystem assessment for England⁴⁰.

The wider benefits of parks and green spaces have also been explored in detail by a number of other organisations⁴¹.

In recent years, greater and greater attention has been paid to the financial contribution high-quality parks and green spaces provide for the areas and cities within which they are located.

The CABE Space publication *Does money grow on trees*?⁴² looks at how well-planned and managed parks, gardens and squares can have a positive impact on the value of nearby properties and can attract inward investment and people to an area. The study examined eight UK parks and a clear positive relationship was found between the value of homes and whether they overlook, or are close to, a park. The increase in value ranged from between 0 per cent and 34 per cent, with a typical increase of about 5 per cent. The study also identified other, non-financial benefits arising from being close to a park and found that good-quality parks and green spaces are essential in facilitating strong, longlasting communities. Research commissioned by Natural Economy Northwest, a joint programme of the Northwest Regional Development Agency and Natural England, brings together a wide range of evidence on the multiple benefits of green infrastructure, focusing in particular on its role in creating economic prosperity and stability⁴³. The research calculates that the Northwest's environment generates an estimated £2.6 billion in gross value added and supports 109,000 jobs in environment and related fields.

The financial benefits that high-quality parks and green spaces contribute to cities have been examined in detail in research by the Trust for Public Land in America. Its study enumerates the economic value of the city's park system for clean air, clean water, tourism, health, property value and community cohesion⁴⁴. The research calculates the financial benefits that parks in the city of Philadelphia alone contribute to their users as \$1 billion.

As set out in the CABE Space briefing, *Adapting public space to climate change*⁴⁵, well-designed, flexible public spaces play an important role in the adaptation to, and mitigation of the effects of climate change – a role that will only get more important in future years. Good-quality urban green space can reduce air pollution; absorb carbon dioxide; moderate the urban heat island effect; support biodiversity; play a role in flood alleviation and water management; and provide sites for alternative energy production.

Studies that attempt to calculate the financial benefits of the role of public spaces in adapting areas to climate change include the American *CITYgreen model*⁴⁶, which analyses the ecological and economic benefits of tree canopy and other green space; and the European-funded *Creating the setting for investment*⁴⁷ project investigating the impact of environmental improvements on investment decision-making.





Benefits to the individual

The benefits to individuals of high-quality, wellmanaged, well-maintained parks and green spaces can include:

- physical and mental health benefits from exercise and access to nature
- the educational benefits and contribution to children's development through providing opportunities to explore and take risks
- adult personal development opportunities through volunteering to support park activities and initiatives
- a general improvement in an individual's quality of life, happiness and well-being.

More than 70 per cent of people claim to visit urban green spaces 'frequently'⁴⁸ and the benefits of doing so are recognised and understood. For example a survey by MORI for CABE Space found that 91 per cent of the public believed that public parks and open spaces improve people's quality of life, and 74 per cent believed that parks and open spaces are important to people's health and mental and physical well-being⁴⁹.

DEFRA's report, *Wellbeing and the natural environment*⁵⁰ provides an overview of literature examining the links between well-being and the natural environment. Other organisations to examine this issue include MIND, which has focused on the contribution of parks and green spaces to positive mental health. Its report *Ecotherapy* – *the green agenda for mental health*⁵¹ calls for designing for mental well-being to be recognised as good practice for architecture and town and country planning. MIND has also called for 'ecotherapy' to be recognised as a clinically valid treatment for mental distress.

Building health: creating and enhancing places for healthy, active lives a report by the National Heart Forum in partnership with Living Streets and CABE, also recognises the role of transport and planning policies in promoting health⁵². Furthermore, CABE Space's briefing *Physical activity and the built environment*⁵³ highlights opportunities for using the built environment to reduce the burden on the health service.

Exploring issues of value, quality and use

The report so far has considered two key themes:

- the financial value of a park, and how this might be better expressed, perhaps by valuing parks as the sum of the value of the assets they contain
- the wider value that parks bring to society and individuals, including health benefits, biodiversity, mitigation of climate change etc.

Both of these consider the 'value' of a park or green space, but neither of them considers its quality or its value to the people who live in the local area and so, through their taxes, fund it. In fact, the links between the value – however this is understood – and its quality are complex.

For instance, a park could contain a large number of valuable plants and structures, but if it was inaccessible, its value to local people could be small. Or it could contain nothing but grassland, be rarely visited, but be highly valuable as a floodplain that prevented flooding in a town miles downstream. A small green space in the middle of a densely populated city could be highly valued by local people even if it was little more than a patch of grass.

Another complexity is that many people who do not actually visit parks like the fact that they are there, perhaps because they enjoy views over the park, or walking alongside a park when going elsewhere, or, sometimes, they simply like the fact that there is a park even if they do not go to it.

The companion guide to planning policy guidance 17 (PPG17)⁵⁴ highlights some of the issues.



It states that:

'Value is an entirely different and separate concept from quality. It relates mainly to three things:

- Context: a space or facility which is inaccessible is almost irrelevant to potential users and therefore may be of little value, irrespective of its quality. Similarly, if there is significantly more high quality provision in an area than needed, some of it may well be of relatively little value – and conversely if there is very little provision in an area, even a space or facility of mediocre quality may well be valuable. Green spaces which form an integral part of historic environments, however, will usually be of value, irrespective of their accessibility or condition.
- Level and type of use (in terms of primary purpose): poorly used spaces or facilities may be of little value (although the visual impact of a poorly used greenspace can be significant) while well-used spaces and facilities are always of high value. In this context 'well used' should be interpreted in terms of people and wildlife while species richness can also be taken as a specific form of high-level 'use'.
- The wider benefits it generates for people, biodiversity and the wider environment.

Assessing the value of a space or facility therefore means evaluating each of these things.'

The model of asset valuation discussed in this study explores level and type of use but it does not take into account this wider spectrum of benefits.

The guide goes on to suggest that the amount that a park or green space is used could provide a useful indication to its value to its local community.

"Where the necessary information is available, levels and types of use provide a valuable guide to the adequacy of any particular provision and a useful benchmark."

It then points out that:

- "...it is desirable to relate the level of use to the population within the effective catchment. There are two ways of doing this:
- visits per unit of 'useful area' this gives useful comparative information to identify well and poorly performing facilities;
- visits per person within the distance threshold.

Where possible it is best to obtain information for several years in order to assess trends and identify the extent to which visitors support local provision...If some appear poorly used, it will be important to ask why. A low level of use should never be taken to indicate an absence of need or demand, or a surfeit of local provision, without careful investigation. Instead it can indicate poor location or accessibility, poor maintenance, concerns relating to personal safety in the facility or its vicinity, a need for refurbishment, poor changing or other ancillary accommodation, a poor reputation, poor customer care or high charges. On the other hand a significant number of requests for bookings that cannot be accommodated, or consistent use at or close to capacity, may indicate the need for more provision.'

From the point of view of local authorities that are trying to provide a service to their communities, the level of usage that a park receives is a useful indicator of the value of that park regardless of the value of the assets it contains.



Measuring quality - Green Flag Award

The Green Flag Award scheme is the national standard for parks and green spaces and provides a benchmark against which the quality of freely accessible provision can be measured. It is based on eight broad criteria that were defined after extensive consultation with organisations concerned with nature conservation, public safety, community health, education and children's play. They are that parks and green spaces should:

- be welcoming
- be healthy, safe and secure
- be clean and well maintained
- be managed sustainably
- promote the conservation of wildlife and the built heritage
- reflect community needs and promote community involvement
- be well marketed in accordance with a marketing plan
- be well managed in accordance with a clear management plan.

For more information see www.greenflagaward.co.uk

'The number of visits a park receives indicates some of the wider value parks bring to communities'







Brand valuation and park use

Examining links between good-quality parks and green spaces and their wider social, environmental and economic value is a complex and multifaceted area that suffers from a general paucity of evidence. Analysis is complicated by a dearth of robust national data measuring the quality of public space, apart from cleanliness-related data^{55, 56}. For instance, although there are now more than 700 sites that have Green Flag Awards, this is a tiny fraction of the parks and green spaces throughout England.

Public space value consists of elements that may never be easily measured due to the problems of controlling for interfering variables, for instance in calculating the value of public space to mental health or to economic well-being. Valuation techniques employed in this context, for instance hedonic pricing⁵⁷, can be time consuming and only capture particular dimensions of value.

A better understanding of the wider value contributed by good-quality parks and open spaces is key in order to justify and incentivise greater investment in regenerating and improving our public realm. A better understanding is also needed to maximise and advocate the benefits of public space provision for people and the areas that they live in, especially in light of the fact that many of our poorest areas suffer from the poorest quality of public space.

What is needed is a relatively simple mechanism for reflecting some of these wide-ranging yet difficult-topin-down benefits; a mechanism that could help track changes to the quantity of these wider benefits that different spaces provide over time and which can provide additional information to the financial values recorded on a balance sheet.

Commercial brand valuation techniques that seek to put a financial value on the benefit to a company of owning a brand could provide a potential method of assessing the intangible asset values of parks.

Like brands, green spaces:

- are appreciating assets created through long-term investment; generations of physical care and resources have been invested in order to create the parks and green spaces we have today
- have worth to consumers that may far exceed their asset value

- can inspire loyalty and strong emotional associations
- need to develop continuously to meet users' requirements.

There are various valuation techniques that are used by companies owning brands to assign a financial value to these brands, but for this project three techniques that could be adapted for green spaces were identified: **cost, brand equity** and **economic use**⁵⁸.

These techniques emphasise the benefits of parks and green spaces to individual consumers, rather than the benefits accruing to society and the environment as a whole. The relevance of these valuation techniques to parks and green spaces is examined below.

The cost approach

This method attempts to identify all the costs that were incurred in creating a brand or estimates what it might cost to recreate a brand. Applied to green space this is the equivalent of the tangible asset valuation outlined above. However, the big message from brand valuation is that this technique is likely to seriously undervalue a brand as it gives no consideration of how the organisation has targeted resources to create the 'added value' to customers that a brand represents. At its most basic, the purpose of branding is to understand what the customer wants and to provide this at the right time, in the right place. It is this 'getting it right' that creates value greatly in excess of the resources that are used.

The brand equity approach

This approach consists of a number of non-financial measures of consumer behaviour and attitudes that have an impact on the economic performance of brands such as levels of awareness, image and satisfaction. These types of measures are comparable to the park quality assessment measures that can be derived from survey questionnaires. They are useful for understanding which aspects of a park are valued and highlighting any changes that may be required, but they do not produce a simple, quantifiable measure.

The economic use approach

This is the most widely accepted methodology for brand valuation and has been used as a model for this project. It combines brand equity research-based measures and financial measures that record the economic value of the brand to its current owner. In adapting this approach to green space, it can be said to have two owners: the local authority and the users – the public.

Financial value to the local authority can be established relatively straightforwardly through a valuation of the park's physical assets.

In considering these wider 'intangible' benefits, a distinction has been drawn between the 'brand value' of a park – the 'getting it right' that makes an individual want to use a particular park – and the wider social, economic and environmental benefits to all of having parks.

For this project park usage has been identified as a proxy measure for the 'brand value' of green space. This is because it provides an analogy for commercial 'preparedness to pay' value assessment, although in this case it demonstrates people's appreciation of the asset as revealed by their expenditure of free time using the green space, rather than spending their time and money on an alternative pursuit.

This measure represents the value of time spent in parks and green spaces to the user, rather than what they accrue to society as whole.

Two ways of thinking about value

We have now considered two ways of thinking about the value of parks: firstly, putting a financial value on the individual assets that a park contains and taking the sum of this to indicate the current financial value of the park and secondly, using brand valuation techniques to capture some of the less tangible values that parks bring to people.

The valuation approach proposed in this project is a dual measure of:

- tangible value defined as the financial cost of replacing the park from scratch (including all the facilities and infrastructure)
- intangible value defined as a simple measure of annualised park user numbers (the numbers of people who can be seen as accessing benefits via their use of the specific space).

Both measures can be expressed as specific quantifiable units (\pounds and number of visits) per hectare. This measure can facilitate comparison for the same park or green space over time, providing an authority with some measure of the performance of this space over a specific period.

Using two measures

The advantage of this two-part measure for green space valuation is that it indicates the value of the park to both the local authority, and to its ultimate owner, the general public. It provides a measure of financial asset value (as opposed to the financial liability identified by current historic cost accounting procedure) and a measure of intangible 'brand' value – evidence that the local authority is delivering green space people want to use.

A number of limitations for the usage indicator need to be acknowledged. In particular:

- For any set of parks and green spaces, besides 'asset quality' and perceived attraction, the level of usage will be influenced by independent variables. These include population catchment – numbers of people living within normal walking distance – availability and accessibility of the user catchment to other parks; character and appearance of the specific space and the range and quality of facilities it offers users.
- Overall level of usage does not take account of differences in the value of use to different people. For instance, it can be argued that the benefits of parks to certain users, such as low-income households, may be above average because they have more limited access to, or options for alternative recreation. Furthermore, use of parks and green spaces may provide more value to individuals at different stages of their lives.
- There are some kinds of green space, for instance nature conservation areas, where it is important for the protection of fragile habitats for public access to be limited or excluded altogether. The number of users would be an inappropriate measure for areas of this kind.
- It does not take into account the wider spectrum of value to society such as the value of parks and green spaces for biodiversity and flood protection.





Combining park use and asset valuation

Subject to these caveats, use provides a simple, quantified 'housekeeping' measure that can be compared over time to understand how capital and revenue investment in individual parks may affect user numbers and how use within spaces may change over time.

The dual measure can also be used to understand variations in green space asset provision across a local authority area and such comparisons could, with certain limitations, provide useful insights into where resources should be targeted.

The use of this proxy measure is helpful in that it provides some indication of the quality of a specific space, beyond simple condition. Condition of a specific space is only part of the picture; highquality parks are also welcoming, safe, secure; they reflect community needs and are places of interest and delight.

Assessing needs and opportunities: a companion guide to PPG17 provides advice on combining assessments of quality and value to identify the most appropriate policy approach to each existing open space or facility⁵⁹. PPG17's assessment of value is explored earlier in this chapter.

The dual measure could be expressed as a simple ratio of park asset value to annual user numbers, or as asset value per visit. Comparing the resources employed to the user numbers achieved could become a helpful housekeeping measure that serves a similar function to the commercial measure of 'return on investment'.

This could enable comparison – in principle – with other cultural and leisure services and is likely to show that parks deliver particularly good value for money. Other services, such as libraries or swimming pools, are used to collecting this sort of information. This could facilitate the movement of the green space sector to a more even footing with these services.

- 38 Introductory guide to valuing ecosystem services in policymaking, DEFRA, 2007. Available at www.tinyurl.com/bzuce3
- 39 *Green spaces measuring the benefits*, National Trust, 2008. Available at www.tinyurl.com//dftdhy
- 40 See www.tinyurl.com/6gupfj
- 41 For more information on the range of value contributed by parks and green spaces see *The value of public space: how high-quality parks and public spaces create economic, social and environmental value,* CABE Space, 2004 and the *The value of parks,* Parks Forum, 2008. Available at www.parksforum.org Other research has been carried out by the RSPB on valuing the benefits of biodiversity, the Forestry Commission on the value of woodland and the Trust for Public Land on the economic benefits of land conservation.
- 42 Does money grow on trees? CABE Space, 2005.
- 43 See www.tinyurl.com/5nqzov
- 44 How much value does the city of Philadelphia receive from its parks and recreation system? Trust for Public Land, 2008. Available at www.tinyurl.com/da2ukd
- 45 Public space lessons: adapting public space to climate change, CABE Space, 2008. Available at www.tinyurl.com/ceglh8
- 46 See www.tinyurl.com/bef3tg
- 47 See www.tinyurl.com/ajzbx3
- 48 Enhancing urban green space, National Audit Office, 2006.
- 49 Public attitudes to architecture and public space: transforming neighbourhoods, CABE Space, 2004.
- 50 Wellbeing and the natural environment: a brief overview of the evidence, DEFRA, 2007. Available at www.tinyurl.com/6bck7v
- 51 Ecotherapy the green agenda for mental health, MIND, 2007. Available at www.tinyurl.com/36158h
- 52 Building health: creating and enhancing places for healthy, active lives, National Heart Forum, in partnership with Living Streets and CABE, 2007. Available at www.tinyurl.com/5wtvew
- 53 *Physical activity and the built environment*, CABE Space, 2006. Available at www.tinyurl.com/ynh6b5
- 54 Assessing needs and opportunities: a companion guide to PPG17, ODPM, 2002. Available at www.tinyurl.com/c7x24f
- 55 Understanding the links between the quality of public space and the quality of life: a scoping study, Heriot-Watt University in conjunction with Oxford Brookes University for CABE Space, 2007.
- 56 The CLG is in the process of establishing a database of green space quantity in England. See www.tinyurl.com/6yb6zl
- 57 A model identifying price factors according to the premise that price is determined by both internal and external characteristics of the product in question, eg that a house price is determined by both physical specification (number of rooms etc) and external factors (eg proximity to schools or parks).
- 58 See www.brandchannel.com
- 59 Assessing needs and opportunities: a companion guide to PPG17, ODPM, 2002. Available at www.tinyurl.com/c7x24f



Chapter 4 Case studies: practical attempts at valuing the physical assets of parks

So far, this report has suggested that a combination of two things might be helpful in calculating the value of parks and green spaces to local authorities: firstly, the sum of the assets the park contains; secondly, the number of people who visit the park or green space in question. This section looks at three examples of English local authorities that have begun to compile inventories of their green space assets from which valuations could be calculated.

The research on which this report is based did not find any local authorities in England that have conducted a full asset valuation of their entire green space estate. However, three local authorities were identified that were attempting some form of asset inventory. Both the London borough of Islington and Liverpool City Council had developed robust asset inventories that could be valued for this project and they were invited to participate as case studies. In addition, Bristol was found to have taken a typology-based approach that identified costs per square metre for areas such as sports pitches and playgrounds in order to assess the additional investment needed to raise all green space in the city to a good standard. This methodology was also investigated to see if it could be used to value green space assets.

The calculations shown below were completed by the researchers for this project and are intended as indicative examples of the possible value of parks. The aim is to provide a starting point for considering how local authorities might be able to improve the way they reflect the value of their parks on their asset registers.

Spa Fields, Islington: redesigned as a safer space for women – and revamped by local young people It is likely that the total value of the parks that has been calculated is a considerable under-estimate. For instance, parks are not just a random collection of assets: they are usually designed landscapes. The cost of their design has not been included.

This study based its calculations on the methods of tree valuation in use by the individual case study authorities. There are a number of different methods of valuing trees and these are explored in more detail in chapter five. As demonstrated in the indicative examples below, the different methods produce different valuations and it is up to individual local authorities to choose which method is most appropriate.

In addition, although the amenity value of some trees has been included in the case study examples, the amenity value of other mature soft landscapes – such as meadows, hedgerows, shrubs, sites of special biodiversity – has not. These have been costed at replacement value only. All further details on costings are contained in appendix 2.

> Walthamstow Town Gardens, Waltham Forest: the gardens received significant investment from the town centre revamp

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Highbury Fields Islington, London



Highbury Fields is an 11.7-hectare inner-city public park which is the largest open space in the London borough of Islington. Highbury swimming pool is located within Highbury Fields and the space also contains tennis, hockey and other sports facilities. The park has many notable oak, horse chestnut and lime trees, and mature plane trees line its perimeter and its principal walks. Within Highbury Fields there is a café, a bandstand and a memorial to the Boer war.

Land

Highbury Fields was private land, farmed until the 1850s, until it was acquired for a public park in 1885. It cannot be sold and has been valued at $\pounds 1$. As discussed in chapter two, this report does not include land value in its calculations. Chapter five also explores this issue in more detail.

Hard landscape

In 2006, Islington's public realm environment and regeneration department appointed an asset manager to compile an inventory of green space assets. The aim was to record the number, condition and location of all non-horticultural assets. All the green spaces in the borough were audited in order to create a detailed list of hard landscape elements, from paths to benches and bins. This inventory was recorded on a software package called Staysafe which is a derivative of Playsafe playground asset management and inspection software (see chapter five for more detail).

Items such as benches are listed numerically on the system but not by location. This may be developed in the future and could be linked to GIS co-ordinates if required. It is possible to list horticultural features
such as trees and flower beds in Staysafe. However, this has not been done in Islington because it uses a system called Park Tracker⁶⁰ for monitoring them.

The Staysafe output for Highbury Fields was used to value all the hard landscape elements for this case study.

Play equipment

For the purpose of this case study the replacement cost of the playground has been calculated as a total of $\pounds700,000$ by Islington Greenspace.

Soft landscape

Details of soft landscape features are recorded on the bill of quantities that was developed to specify the work to be undertaken in each park under Islington's horticultural maintenance contract. From this it was possible to derive the areas of grass, flower beds etc in Highbury Fields. These were valued on the basis of replacement cost by an external quantity surveyor.

Trees

All trees in public spaces in Islington are recorded using the capital asset value for amenity trees (CAVAT) system. This system was developed by the London Tree Officers' Association and takes account of the value of trees as public assets (see chapter five). This case study example uses figures supplied by Islington Council which values the 578 trees in Highbury Fields at an average value of £77,787 per tree. Under this system, the mature plane trees that line the perimeter of the park are valued in excess of £350,000.

It is important to note that the tree valuation systems are the only mechanisms considered in this study that include amenity value, rather than just replacement cost. Chapter five considers this in more detail.

Buildings

Highbury swimming pool is situated in Highbury Fields and is listed on the council's asset register as valued at $\pounds3,416,304$. This figure includes land value. Two other structures sited in the park, the café and a bandstand, are listed on the council's insurance register. These have a combined value for insurance purposes of $\pounds91,818$. The researchers were not able to obtain the asset valuation of these structures, so for the purpose of this indicative case study, the insurance value was used instead.

Topsoil and ground modelling

The replacement cost of topsoil was estimated at around $\pounds412,000$ excluding haulage. Highbury Fields has no artificially created earth mounding.

Valuation summary

	£
land value	1
hard landscape	2,145,767
play equipment	700,000
soft landscape, excluding trees	1,131,123
trees	44,960,886
buildings	3,512,122
topsoil	411,934
total	52,861,833
total excluding swimming pool	49,445,529

Reflections on the approach

Islington Greenspace now possesses an accurate record of what assets it has to look after, what they are and what they are worth. This information has helped facilitate considered and focused management over longer time periods.

Investment in expertise to create an asset inventory

Initially the council asset manager set out to record the park assets using both paper and electronic methods (a PDA). This proved very time consuming and it was difficult to ensure that the asset descriptions were consistent. Following this trial run, the work was contracted out to an external consultant. The task of recording assets in the 227 parks in the borough was completed in a month. The information is now used daily by maintenance staff and kept up to date by them as necessary.

Day-to-day management benefits

Prior to the use of Staysafe, Islington Greenspace had relied on a paper-based system. Park rangers would use a fault repair form to report a fault and this form was either faxed or emailed to the park fitters manager who would schedule the repair work. The fault was logged on an Excel spreadsheet which offered only minimal opportunity to interrogate the data and add additional information. Staysafe is now used daily for reporting faults and the management of assets such as benches, lighting, play equipment and ball courts. This has proved a big improvement over the former paper-driven system, enabling instant fault reporting to be available to Greenspace staff and easy access to repairs information for the park fitters team. Furthermore, under the new system, Greenspace managers are able to identify areas in which assets are seen to be failing and focus financial, design, policing or replacement attention accordingly.

Budget

The project was funded from the core council budget. In addition to the asset manager's salary the following costs have been identified:

Auditing and creating the asset database	£55,000
Staysafe annual licence	£4,000
Periodic update of the database (every five years)	£18,000

Investment in training

The system was introduced slowly both to users reporting faults, and the park fitters scheduling and undertaking asset repair. Several one-to-one and group training sessions were held to enable the best use of the system.

Strategic benefits

Although initially, as detailed above, the system has been used for day-to-day management, strategic benefits are emerging:

The value of accurate asset information
 Having access to detailed, accurate information on
 maintenance issues and the costs associated with
 managing assets has helped in setting maintenance
 budgets. Being able to provide accurate information
 to councillors and senior management enquiries has
 helped to raise the profile of maintenance issues.

Improved management information

More effective management is possible because the system can provide precise information on: the frequency of assets breaking down; the type of damage for example the extent of vandalism being experienced; and the condition of particular asset types, for instance, all the paths in the borough's parks.

Evidence-based funding decisions

The system quantifies the condition of assets and provides evidence to justify improvements. This has been used to highlight where a major redesign or wholesale replacement would be justified. It also helps identify locations where a less radical upgrade would be more appropriate, for instance re-painting bins or the replacement of railings or benches. Thus the system can help facilitate the planning and development of improvement projects.

Sefton Park Liverpool



Sefton Park is an important asset for the city of Liverpool. It extends over 93 hectares and contains a Victorian palm house; a boating lake; cricket, tennis and bowling facilities; a café; statues, streams and waterfalls. It is on English Heritage's *Register of historic parks and gardens*⁶¹ and hosts an extensive programme of events.

Land

In common with the Highbury Fields case study above, the land has been valued at £1. Sefton Park was created by the council for the people of Liverpool and cannot be sold. It is interesting to note that the land to create the park was purchased from the Earl of Sefton, at a reputed cost of £250,000 in 1867⁶², which would equate to £22 million in 2007⁶³. This indicates the extremely high values that including land within these calculations could produce.

Hard landscape

Park rangers hold detailed information about park furniture and infrastructure on a separate Excel database. For the purposes of this case study the replacement cost of these items was estimated by a quantity surveyor.

Soft landscape

Liverpool City Council uses Confirm software (see chapter five) to record its green space assets. At the time this research was done, only park boundaries and trees were located geographically on the Confirm database. Information about features such as buildings and the extent of grassed areas, flower beds, playing fields and tennis courts, is listed for each park without geographical co-ordinates.

This information was used by a quantity surveyor to value the soft landscape elements in Sefton Park. An estimated replacement cost per square metre was used to value these to produce a total of $\pounds12,200,000$.

Trees

The tree and woodland management element is the most advanced element in Liverpool's database: of the 150,000 trees in the city, 60,000 are recorded on it. However, the majority of the trees recorded in the system are on highways as these are perceived to present the greatest risk to the authority and need to be inspected the most frequently. The system is used to create asset condition assessments, work programmes and routine inspections for trees.

Confirm can automatically calculate the amenity value of any tree using the Helliwell system (see chapter five). There are 6,756 trees in Sefton Park. Using the Helliwell system these trees are valued by Liverpool City Council as having an average amenity value of $\pounds12,825$ per tree.

This assessment assumes that on average the trees: are 30-50 metres square; have a life expectancy of 40-100 years; have considerable importance in the landscape; are in the presence of many other trees; are very suitable for their setting; have a good form and no special features.

This indicates the widely different values tree valuation methods produce. In contrast, a quantity surveyor estimated a reinstatement cost of £175 based on replacement with a sapling (see appendix 2). Furthermore, this valuation contrasts with the figure of £77,787 per tree calculated by CAVAT in the case study of Highbury Fields. It was not possible to produce a CAVAT valuation for the trees in Sefton Park. However, using the same average value used for the trees in Highbury Fields, this would total £520,212,000.

Buildings and monuments

The assets listed on the corporate asset register were due to be revalued in the next 12 months (in 2009) as they were between four and five years old. The valuations were made on the basis of market value for existing use or, in the absence of a market value, depreciated replacement cost. The figures include land value. A total of $\pounds5,450,000$ is being spent on restoring many of these buildings. Much of this restoration took place after the properties were valued.

Most of the monuments in Sefton Park were originally paid for by public subscription or private donations. Their original cost was around £14,810 and they are being restored at a cost of £750,000. Their replacement cost was estimated using the measuring worth GDP deflator⁶⁴.

Topsoil and earth mounding

The replacement cost of topsoil has been estimated at $\pounds3,457,134$ excluding haulage costs, based on the areas of the grass and flower beds. There is no earth mounding in the park although the rivers have undergone significant remodelling, being broadened to include pools, a grotto and cascades, with corresponding changes to bank profiles. These elements have been included under the replacement cost of water features.

Valuation summary

£
1
12,200,000
86,645,700
1,400,000
3,410,000
965,000
3,457,134
108,077,835
105,077,835

Reflections on the approach

 Parks can piggy back on investment in other asset inventories

Liverpool's investment in software to create an asset inventory was motivated by the need to have detailed information on the condition of highway trees because they represent the greatest risk to the council.

Use external consultants when necessary
 Neither Liverpool City Council nor Glendale,
 its green space maintenance partners, had the
 resources to collect the green space asset
 information so they used external consultants.
 Detailed information on park assets apart from
 boundaries and trees is held on a separate
 database, again due to lack of resources.

A quantity surveyor can help

It was relatively easy for an in-house quantity surveyor to identify the reinstatement costs of the hard and soft landscape elements.

Strategic benefits

Using capital valuation to justify increased revenue investment

A similar valuation approach has also been used successfully in regard to playgrounds in Liverpool. In 2003, the city managed a number of playgrounds that were declining in condition but lacked sufficient revenue to maintain them properly. Many councillors were keen to see more capital investment, particularly in their own wards. A capital assessment of all playgrounds in the city was conducted as part of a wider appraisal of the sites in terms of condition and age. This demonstrated their capital value and was used to justify a ring-fenced revenue budget to ensure that existing facilities were maintained properly and therefore open for use more of the time. This approach showed that consistent revenue investment would actually improve access to existing playgrounds and that capital investment needed to be balanced by sufficient revenue resource to manage the assets.



Bristol



In 2006, as part of its work on its open space strategy, Bristol City Council set out to identify the additional investment needed to raise all green space in the city to a high standard. It considered the investment that would be needed in terms of capital expenditure, cyclical maintenance and annual planned maintenance. Initial cost modelling indicated that the aspiration to obtain an excellent standard on all sites across the city was not financially viable so Bristol City Council considered how to identify and prioritise areas of greatest need. The city council did not have a complete asset inventory of its green spaces. Consequently, to establish the additional expenditure required, current spending on green space was mapped. When looking at cost per square metre the council realised that the size of the green space can make a significant difference for certain types of use. For instance, large children's play areas cost less per square metre than small ones. The same applied for formal green space areas, but did not apply for other uses, such as informal areas or sports grounds, where costs per square metre did not vary significantly.

From this analysis a general typology was developed:

- formal
- informal
- children's play
- active sport fixed tennis and bowls
- active sport seasonal rugby and football
- natural green space.

The city council did consider using the typology of parks and open spaces that is described in planning policy guidance 17. However, the above typologies were created to provide a more accurate assessment of different areas within a site and costs per square metre. All parks in the city were mapped to identify the area allocated to each typology.

A number of sample sites were then investigated to identify the average cost per square metre for each typology. The cost of improving these sites to a 'good' standard was also calculated by designing sketch schemes and costing these designs. It was found that £87 million of capital funding was needed over 20 years. This calculation was used to inform the open space strategy.

Although this approach is useful for green space management it is not suitable for valuing green space because it identifies the additional investment needed to raise all parks to a certain standard rather than the overall value of the green space assets. Bristol City Council is intending to investigate value by item in the future.



Clifton Place Community Garden, Bristol: created as part of the Doorstep Greens initiative, funding 194 new community spaces between 2001 and 2007

- 60 See www.parktracker.com
- 61 See www.tinyurl.com/3r3tna
- 62 See www.tinyurl.com/bxbylh
- 63 Based on the GDP deflator. See www.measuringworth.com
- 64 See www.measuringworth.com

Chapter 5 A suggested framework for valuing parks as financial and community assets

In previous chapters this report argued that parks and green spaces are financially invisible on local authority balance sheets and suggested that the sum of the value of a park's physical assets, crossreferenced with the number of times it is visited, would provide a more useful measure of their value. This chapter gives practical advice on how to assess the value of a park's physical assets and how to count park users. It draws on the case studies outlined in chapter four and suggests a practical framework for park valuation. The aim of this chapter is to provide direction for local authorities that are starting out on the process of establishing an inventory of, and valuing their park assets. All local authorities in England will need to create a register of park assets as a way of moving towards current value assessments, as part of whole of government accounts and the recommendations in the recent white paper, Communities in control⁶⁵. Some will want to measure how much their green spaces are used in order to ensure that the true value of the green spaces to their communities is understood and to track changes in use over time. This could help them prioritise spending on their green spaces or monitor the success of any changes to park management techniques or capital expenditure.

As discussed previously, it is possible that a park or green space has little in the way of physical assets yet might be very highly valued by local people, for instance, if it is the only green space in the area. Measuring park usage, in conjunction with calculating the value of the space's physical assets, will help the local authority gain a more rounded view of how valuable the space is to local people and so provide evidence on which to base investment decisions.

The framework suggested is put forward as a starting point for local authorities that are considering how to improve the way they value their parks.

Green space asset valuation techniques

The Highbury Fields and Sefton Park case studies in chapter four identify a variety of sources of information about green space assets and the most appropriate techniques for valuing these assets. These valuation techniques have been set out under three headings:

- Hard and soft landscape valuation
- Valuing buildings and unique features
- Land valuation.



Hard and soft landscape valuation

Information about green space hard and soft landscape features may be found in inventories that are maintained by park staff, or it might already have been recorded using asset management software. If the information does not exist, an audit of all the assets contained in each green space will have to be undertaken. Audits of this kind can be undertaken by park staff although the case studies suggest that, if money is available, outsourcing the work to specialist consultants can be more efficient.

The introduction of compulsory competitive tendering of maintenance contracts has led to the quantifying of the areas to which particular horticultural regimes apply, like mowing, weeding and so on, in order to be able to specify maintenance contracts. However, there is evidence that the way this information is recorded varies considerably between local authorities.

The horticultural maintenance contract bill of quantities should provide information about the size of the area of each green space that is devoted to grass (the mowing specification), flower beds (the bedding maintenance specification) and so on, and may include other information useful for valuation such as the extent of hedges (hedge maintenance specification). This information can be used by a quantity surveyor to value the hard and soft landscape elements. Sports pitches, mown grass areas and hedges should be valued at replacement cost. This should include, for instance, the cost of levelling a sports pitch and installing turf and any drainage as a price per square metre.

An appropriate computer software package is probably necessary in order to build up a hard and soft landscape asset inventory that is sufficiently detailed to allow efficient asset management and accurate data manipulation. Some asset management systems have an asset valuation function. If the system does not have this feature, or if information is recorded manually, the asset inventory can be valued by a quantity surveyor in consultation with a landscape architect.

Asset management software

This report does not recommend the use of any particular software packages. However, the local authority case studies researched for this project used the following:

Confirm

Confirm is an infrastructure management software system that enables the management of: roads and other highway infrastructure; property; parks; trees; refuse collection and waste management; and streetlights. It has an asset management module that can log – via a handheld device if required – what and where an asset is, and any work that has been completed on it. It can calculate the asset value using any formula required, such as historic cost, replacement value etc.

The system is used by many local authorities in New Zealand and Australia. In the UK it is used by several hundred local authorities, the Royal Parks, and for the trunk road network. No UK customers have purchased the asset valuation module for parks and green spaces, although it has been used extensively for highways asset management planning. As mentioned in the Sefton Park case study, Confirm is used by Liverpool City Council's parks and environment team to record green space and trees.

Staysafe

Staysafe software is a derivative of the Playsafe playground asset management and inspection software. It is an asset management system that holds a detailed inventory of every asset on a database. It is designed to enable people to identify and report any faults and specify how they were caused – frost damage, vandalism etc. This information is relayed via a handheld device, website, or paper reports to a central database. This is used to generate work schedules for the park service providers. Staysafe can calculate the capital value of each item listed on the asset inventory. It contains a database of many play and hard landscape elements available in the UK and Europe, derived from *Spon's external works and landscape price book*⁶⁶ and information obtained directly from manufacturers. For each item on the asset inventory a maximum and minimum replacement cost is shown (list price/negotiated price) indicating the cost of replacing that item, excluding the cost of installation. A description of the condition of each item (new, good, average or poor) is also given.

As mentioned in the Highbury Fields case study in chapter four, Staysafe is used by the London borough of Islington's green space and leisure team to record and value hard landscape features, and report faults and the day-to-day management of their green space assets.

EzyTreev

EzyTreev is a tree management system that records the condition and full history of a tree including any enquiries associated with it and any work undertaken. This information is linked to a digitised map and can be used to generate valuations using a simplified version of the CAVAT system developed by the London Tree Officers' Association (see page 48). This system is used by the London borough of Islington to record all trees on public land.

'The information necessary to compile green space asset inventories is available'



Yardstick: New Zealand's benchmark for green space service delivery

In 2001 local authority parks and recreation managers in New Zealand established an international benchmarking initiative called Yardstick. It was introduced into Australia in 2005 and launched internationally in 2007. This self-funding project involves agencies, usually local authorities, subscribing to the project and participating in an annual survey. The information collected covers: levels of service; finance; best practice; asset management; and policy and planning. Yardstick information can be used to review and compare service levels and financial performance. It can also assist in policy development, to promote the development and use of park standards and identify best practice. It also has a role in the performance measurement of staff and contractors, and in and networking.

For more information see www.yardstickglobal.org

'Tree valuation systems are the only mechanisms considered in this study that include amenity value'

Towards an excellent service: improving green space service performance management

Towards an excellent service (TAES) is a diagnostic tool that allows green space management organisations to accurately define how they are performing against a model of best management practice. At its core is a framework that will enable parks and open spaces services to give themselves a regular, ongoing health check and then develop clear, workable improvement plans.

Benefits of TAES have included improving user satisfaction, staff satisfaction, efficiency and the delivery of parks and open spaces that meet user needs. TAES covers the following themes, many of which overlap with Yardstick: standards of service, use of resources, policy and strategy, leadership, performance management and learning, people management, partnership working and community engagement.

In terms of financial interrogation, TAES asks participants to provide evidence to demonstrate how the organisation ensures efficiency of resources to achieve service improvement. Examples include allocation of financial resources according to strategic priorities and how physical assets are managed efficiently.

Unlike Yardstick, TAES is not a benchmarking tool; the performance of the service is measured by the staff team, usually with external partners, against a model of excellence illustrated by a schedule of good practice. This is then used to plan improvements to the service. The aspiration is that TAES will be adopted by the regional parks and green spaces forums as a way of sharing best practice and support.

For more information about TAES see www.cabe.org.uk/TAES

Valuing trees

There are currently two systems for valuing trees. Both use the purchase price of mature trees and assess amenity value. However, as chapter four discusses, according to the approach used, the different methods produce different valuations and it is up to individual local authorities to choose which method is more appropriate.

It is important to note that the tree valuation systems are the only mechanisms considered in this study that include amenity value, rather than just replacement cost. This will result in a greater value identified for trees in comparison with other features that are just valued at replacement cost.

However, this can be justified by the way that trees appreciate considerably as they grow. For instance, a mature tree will have a very high value compared with the low cost of replacement with a sapling. In the Sefton Park case study the mature trees were valued at around £87 million but replacement with saplings would only cost £1 million.

A similar approach would also be appropriate for hedgerows and other long-established biodiverse habitats, such as meadows, where replacement cost is an inadequate measure of value. Unfortunately there are no comparable valuation systems in the UK for these types of appreciating features.

The Helliwell system

This system for visual amenity valuations of trees and woodlands was developed by Rodney Helliwell, an independent arboriculturalist, in 1967, and adopted by the Tree Council in 1974.

The valuation of trees is based on scoring:

- an individual tree's size, location, suitability, life expectancy, shape and proximity to other trees
- a woodland's size, position, viewing population, proximity to other woodland, structure and compatibility.

The scores are added to produce an overall score, which is equated to a monetary value derived from the cost of purchasing extra large trees. This value is updated in line with the retail price index at the start of each year and published on the Arboricultural Association website⁶⁷.

Details of the Helliwell system are available from the Arboricultural Association⁶⁸.

Capital asset value for amenity trees (CAVAT)

CAVAT is a system for managing publicly owned trees that takes account of the value of trees as public assets. It was developed by the London Tree Officers' Association (LTOA). The system was designed specifically to value trees in relation to insurance claims for tree-root damage. It was derived from the USA's Council of Tree and Landscape Appraisers 'trunk formula' method that measures the private value to owners and has been extended to give a value to trees as public assets.

Trees are assessed on four variables:

- basic value/size (based on trunk area, nursery prices and planting costs)
- functional value/functional status
- adjusted value/individual factors (location, amenity value and appropriateness)
- full value/life expectancy.

Information about the CAVAT system can be found in the LTOA's *Risk limitation strategy for tree root claims*⁶⁹.

Top soil and ground modelling

Top soil is a valuable resource that generally would not exist unless an area had been protected from development. If a park were to be recreated in an urban area then the soil would have to be replaced. Replacement cost is calculated for cut-and-fill and haulage costs. The cost will vary according to the type of soil, but can be calculated using *Spon's external works and landscape price book*.

Parks that have designed landscapes, as opposed to natural common land, for instance, may have extensive mounding and excavation work. This should also be costed using cut-and-fill calculations (cost per cubic metre x haulage cost). Dams for lakes can be calculated using engineering cost methods.

Installation costs

For the purpose of the case studies in chapter four, installation costs of 17 per cent were added for all hard and soft landscape elements where installation had not been included in the original cost estimates. This figure, which is probably rather conservative, was used on the advice of a quantity surveyor.

Valuing buildings and unique features

Buildings should be valued according to SORP guidelines and the RICS *Red book*⁷⁰. The value of all land and buildings above the authority's minimum figure will be included on the council's capital asset register and balance sheet and so can be found there. Additionally, where the council has an obligation to insure any building it will maintain a separate register containing full replacement cost valuations for insurance purposes.

Unique features such as monuments, sculptures and bandstands may well have been valued for insurance, in which case the information will be available from the insurance register. If this information is not available, replacement costs can be calculated by a quantity surveyor. Specialist advice may be needed to value unique things such as sculptures or monuments, where the market value is likely to be different from the replacement cost. If the sculpture is by an established artist it should be valued by a specialist art valuer or auctioneer.

Alternatively, if the original cost of unique features is known then the replacement cost can be estimated. The website Measuring Worth⁷¹ provides a service for calculating relative worth over time. Its GDP deflator is an index of all prices in the economy and is a more appropriate measure for unique features than the retail price index.



Land valuation

As explained earlier in this document, this report does not recommend including land value in the calculations. This is for three reasons. Firstly, the value of land is overwhelmingly influenced by its planning status - land that is available for development has a far higher sale price than land that is not. Secondly, the main argument of this report, that the asset value of parks and green spaces should be better reflected on local authority asset registers, is nothing to do with selling the land. Indeed most parkland cannot or will not be sold. The reason for thinking that a figure should be put on the asset value and included in the asset register is to support the case for funding their maintenance. Thirdly, if all the assets contained on the land (including topsoil) are included in the asset valuation then, arguably, there is no need to include land valuation as the land itself does not need maintaining.

However, if land were to be included in the valuation, it could be valued in one of two ways, depending on how it is held:

- If the land is intended to be held forever (sometimes called 'held in perpetuity') and does not have a determinable life then it will be classed as a community asset and, in accordance with SORP, should be included on the council's asset register and balance sheet at historic cost. As explained in chapter two, for long-established parks the historic cost valuation is likely to be very low and many will only have a nominal valuation of £1.
- If the land does not meet this strict definition it should be valued in the same manner as other operational assets in accordance with SORP and the RICS *Red book*.



A suggested framework for valuing the physical assets of a park

The information about where to find details of park assets and how to value them as outlined above has been summarised below as a framework. This is intended to act as a practical guide for local authorities that are approaching park valuation for the first time.

Thus this framework is intended as a starting point. It can guide local authorities starting out on the process of developing a park asset inventory and valuing these assets in order to provide a consistent approach for park valuations. As discussed earlier, the application of asset management to parks and green spaces improves the data held by the local authority on these areas and it can facilitate long-term planning and strategic decision-making.

The need to accurately record the extent, nature and condition of urban green space should not be under-estimated as a means to the delivery of a cost-effective, quality-focused service. The most sophisticated systems might track depreciation of assets over time⁷². This framework is one way of approaching the valuation of the assets within a space⁷³. It is not exhaustive. It does not consider income generated by specific activities, or the value of volunteer time spent in individual spaces. Inevitably, individual sites will contain unique elements that are not considered below. For instance, wildlife is not included in figure 2.

If this framework is used, it is important to record the extent and nature of the assets consistently and the date that this information was measured. Recording the extent, nature and condition of urban green space does therefore require certain skills. This report does not examine these skills in detail. However, it is worth noting that a joint CABE Space, GreenSpace and Lantra local authority green space skills survey, found that nearly a quarter (24 per cent) of the authorities surveyed identified finance and funding skills as a skills gap. *Skills to grow*⁷⁴ sets out a national framework for improving skills in the green space sector. This identifies weaknesses in financial management as an area requiring improvement.



'Recording the extent, nature and condition of urban green space requires certain skills'

Figure 2 A suggested framework for valuation

Hard and soft landscape

Asset type		Unit	Source of information	Valuation method				
Entrances	approaches	number	manual record or asset	reinstatement cost identified by				
	entrance gates	number	inventory software	 quantity surveyor and a 				
Perimeter	fencing	linear metre	database	landscape architect in				
and barriers	railings	linear metre	-	consultation - Spon's external works and				
	walls	linear metre	-					
	bollards	number	-	landscape price book ⁷⁵ ; or				
	barriers	linear metre	-	 automatically through asset 				
	handrails	linear metre	-	valuation software (see				
Roads and	roads	m²	-	chapter five for more details)				
surfaces	paths	m²/type	-					
	car parks	m²	-					
Drainage	type	individual	-					
Sports facilities	synthetic surfaces	m²/type	-					
	tennis courts	number	-					
	skateboard park	individual						
Play facilities	play equipment	number/type	-					
	play surfaces	m²/type	-					
Miscellaneous	bins	number/type						
	lighting	number/type	-					
	seating	number/type	-					
	litter bin	number/type	-					
	dog bin	number/type	-					
	recycling facilities	number/type	-					
Soil and ground	ground modelling	m ³	area calculated from map	cut-and-fill calculation and				
modelling	topsoil	m ³	or GIS asset inventory	haulage cost; replacement cost of topsoil can be identified from Spon's external works and landscape price book				
Water	dams	m ³	area calculated from map	replacement cost of creating				
features	watercourses	m ³	or GIS asset inventory	a similar feature per m ² /linear metre (excluding land cost)				
	lakes and ponds	m ³						
	fountains	individual	manual record or asset inventory software database	from a quantity surveyor and a landscape architect in consultation or Spon's external works and landscape price boo				
Planting	flower and shrub beds	m ²	horticultural contract bill of	replacement cost of creating				
	hedges	linear metre	quantities or asset	a similar feature per m²/linear				
	mown grass areas	m²	inventory	metre (excluding land cost)				
	sports pitches	m²/type	-	from a quantity surveyor and				
	golf/pitch and putt facilities	m ²	-	a landscape architect in consultation or <i>Spon's external</i> works and landscape price boo				
	bowling greens	m ²		valuation based on Helliwell ⁷⁶				
	trees	number	-	or CAVAT ⁷⁷ systems for each tree individually, or by assessing average age, size and condition and calculating an average valu				
	woodland	m ²	tree management system or database	valuation based on Helliwell system or by assessing average age, size and condition and calculating an average value				

Buildings and unique features

Asset type Buildings	changing rooms toilets cafés unique buildings	Unit individual individual individual individual	Source of information council capital asset register	Valuation method adopt SORP ⁷⁸ and RICS red book ⁷⁹ guidance
	eg art gallery or youth shelter other buildings	individual	_	
Unique features ⁸⁰	monuments and memorials sculptures other special or unique features eg a bridge, bandstand	individual individual	manual record or asset inventory software database; some items may have been valued for insurance purposes and will be listed in the insurance register	 unique items can be valued from: insurance valuations reinstatement costs estimated by a quantity surveyor in consultation with a landscape architect specialist advice may be required to value unique items such as sculpture and monuments; the work of established sculptors can be valued by an art valuer or auctioneer

 if the original cost is known then the replacement cost can be estimated using a relative worth calculator

The statue of Peter Pan in Sefton Park is a popular and wellloved asset. It dates from 1928 and underwent £43,000 of restoration in 2005

© Allison Catera

'This framework is one way to approach the valuation of assets within a space for the first time. It outlines examples of different assets, indicates where valuation information can be found for each type and ways to quantify and value these'

Estimating park user numbers

Chapter three discussed why park user numbers could be taken as a proxy indicator for the intangible value of parks because park use gives an indication of its value to people, regardless of the value of the assets it contains.

Use of a specific space will be influenced by a number of independent factors, including:

- local context the number of parks within a specific area
- population density the size of the population that can easily get to the park
- how accessible it is
- its character, appearance and the typology of the space
- the facilities contained within it.

The use of park visitor numbers raises various questions, including:

- How is use to be defined?
- How is use to be measured?



Post Office Square, Boston, USA: a privately developed, publicly accessible green space, created on the site of a dilapidated parking garage

Defining use

The first of these questions is straightforward to resolve. Clearly, it is important to define use in a way that allows robust comparisons over time. This entails identifying a suitable time period for measuring use – logically, one year – and a standardised measure or metric, such as total persons per hectare per year. This will ensure the need to take seasonal variations into account. More accurate insights into the use of specific sites will be obtained as use is measured over time and spaces with higher response rates will provide a better and more reliable pool of data.

The strengths and weaknesses of different methods of measuring park use are set out below.

Measuring park use

Existing information on park use

In England there is very little good data about how many people use individual parks. There is slightly more data about how often people visit parks in general. Various surveys, including Greenspace's GreenSTAT⁸¹ survey, calculate this. It can be very useful, but it is obviously not the same as finding out how many visits a particular green space receives.

Accumulated GreenSTAT surveys relating to a variety of green spaces (including parks) can provide some insights. From this data⁸² averages found are as follows:

- parks/green spaces average size: 5.29 hectares
- average number of visits per park: 140,000 (respondents, not grossed up for party size)
- average annual visits per hectare: 26,500.

It should be noted that GreenSTAT covers around 90 local authorities in England so the information above is indicative only.

'Use of a specific space will be influenced by a number of independent factors'

Methods of determining park usage

There are four basic methods of obtaining information about the number of people using parks. In descending order of accuracy these are:

- automatic counters positioned in parks
- manual counting of park users
- interview surveys that ask about use of parks
- household questionnaires that ask about use of parks.

Automatic counters

In parks that have defined entrances, automatic counters give the most accurate indication of park user numbers. GreenSpace has published a guide83 that details the benefits, associated technical issues, costs and suppliers of different methods of automatic counting. Visitors are counted both as they enter and as they leave. Provided that counters are located at every entrance pedestrian users can be calculated as half the total user count. In parks where there are vehicle entrances the same need to halve the vehicle count applies. In addition an assumption needs to be made about the number of occupants in a vehicle. This can be done on the basis of sample observation of the number of car occupants in car parks. The GreenSpace guide includes advice on how to use sample observation as a method of estimating what percentage of visitors each gate represents if automatic counters are not installed at all park entrances.

Manual counting

Manual counting is normally conducted on a sample basis and can be cost effectively combined with park user interviews. A suitable basis for manual counts is to count for 15 minutes in each hour, for every day of the week, at each park entrance. If this level of counting is not possible then counting can be undertaken on one weekday and one weekend for two hours in the morning and two hours in the afternoon. However, without a regular sampling framework over the day this risks being considerably less accurate. It is important to ensure this takes account of lunchtime and school home times as this is normally the busiest time. In scaling these counts up to annual estimates, assumptions need to be made about seasonal usage, so ideally counts should take place in summer and winter. Because manual counts are based on samples they are less accurate than permanent automatic counters.

Interview survey findings

Interview surveys carried out in parks can collect more information on people that use these spaces. Off-site survey interviews can explore the wider context of non-use by asking about barriers to this. Interviewing people in locations other than parks and green spaces will give an indication of the number of people who do not use parks, provided the sample of people interviewed is representative of the population as a whole.

GreenSTAT is a system that gives local residents the opportunity to comment on the quality of their open spaces and how well they feel they are being managed and maintained. It allows site managers to compare the results with others up and down the country. GreenSTAT has developed a methodology for calculating annual user numbers from off-site surveys. This is available to GreenSTAT clients.

For more information see www.greenstat.org.uk

Household questionnaire results

Where no other method can be used, park user numbers can be crudely estimated using results obtained from self-completed household survey questionnaires. These surveys will normally ask how frequently the respondent visits a particular park and include information on where the respondent lives or how long they travel to reach the park, which can be used to establish the park's catchment area. The modelling involved in scaling up from questionnaire responses requires assumptions that make this technique considerably less accurate than the methods detailed above. Many parks, for instance, receive considerable numbers of visitors from outside the local authority area, or even from abroad. Parks that are close to the boundaries of local authorities may have a large proportion of their visitors from the adjacent authority area. These are just some of the problems with using this method.





In what ways can park visitor numbers be useful?

Although average user numbers for a green space can be calculated, this will not give an indication of what would constitute an appropriate level of usage for a particular park because user numbers will vary enormously between different types of parks and parks with different locations, catchments and accessibility. In view of this, the main benefits of measuring park user numbers come from making comparisons across an authority and monitoring changes in the use of an individual park over time. They can also be useful when comparing the cost per visit with other cultural and leisure services.

Considering provision across a local authority

If park user numbers are collected across an entire authority, comparisons can be made between parks, but only up to a point. This is because many independent factors affect levels of use, for instance, accessibility, catchment area, whether or not there are other similar green spaces nearby and so on.

However, identifying parks that are particularly heavily used may indicate that it would be appropriate to allocate more resources to these parks, or that nearby green spaces might need improving in order take the pressure off the heavily used area.

Alternatively, where a park is found to be under-used, this may indicate the presence of a problem that needs local authority attention. It may be, for instance, that people do not know about the space and it needs better marketing, or perhaps people feel unsafe in it.

Monitoring changes over time

Tracking the number of people that visit a park over time can help to demonstrate the effects of changes to the park, such as refurbishment or other investment, and so can provide evidence of the benefits of the changes. Conversely, if the number of visitors to a site drops significantly this may highlight a problem that the local authority needs to tackle, for instance, an increase in anti-social behaviour, or changes to the local community that mean the site no longer provides for people's needs.

Comparing parks with other services

Accessible, high-quality parks and green spaces provide multiple and varied positive benefits to their users and the areas within which they are situated. Their cost per visit is likely to be significantly lower than comparable cultural or leisure provisions. Used carefully, comparison with other services can be a powerful advocacy tool for the green space sector.

Comparison with other service areas can also assist in making clear the role of green space in achieving wider policy goals. For instance parks as 'open-air leisure centres' can assist in achieving health objectives. The role of parks and green spaces in meeting a range of policy agendas relating to public health, young people, reduction of crime and sustainable development is explored in the CABE Space publication *Paying for parks*⁸⁴.

- 65 Communities in control: real power, real people, CLG, 2008.
- 66 *Spons' external works and landscape price book*, Spon (updated annually).
- 67 www.trees.org.uk
- 68 *Guidance note 4; visual amenity valuations of trees and woodlands: the Helliwell system*, Arboricultural Association. 2008.
- 69 *Risk management strategy for tree root claims,* LTOA, 2008. Available at www.tinyurl.com8put5n
- 70 Red book RICS valuation standards, RICS (updated frequently).
- 71 See www.measuringworth.com
- 72 Is the grass greener? learning from international innovations in urban green space management, CABE Space, 2004.
- 73 For example, it is possible for a landscape architect to produce rough, indicative figures per square metre for different 'types' of park landscapes which would provide a general, but rough, idea of the financial value of different areas.
- 74 *Skills to grow*, CABE Space, 2008. Available at www.tinyurl.com/Tkd9A
- 75 Spons' external works and landscape price book, Spon (updated annually)
- 76 Guidance note 4; visual amenity valuations of trees and woodlands: the Helliwell system, Arboricultural Association, 2008.
- 77 For more information about the CAVAT system see *Risk limitation strategy for tree root claims*, LTOA, 2008. See www.tinyurl.com/8put5n
- 78 Code of practice on local authority accounting in the United Kingdom: a statement of recommended practice (SORP). CIPFA, 2007/8.
- 79 Red book RICS valuation standards, RICS (updated frequently).
- 80 Accounting standards board financial reporting exposure draft 42, June 2008. This consultation document on heritage assets considers valuation methods see www.tinyurl.com/3hn5no
- 81 www.greenstat.org.uk
- 82 Communication with GreenSpace, May 2008.
- 83 A guide to automated methods for counting visitors to parks and green spaces, Greenspace, 1999. See www.tinyurl.com/d4nud5
- 84 Paying for parks: eight models for funding urban green space, CABE Space, 2006.

Chapter 6 Is the framework useful? Responses from practitioners

In earlier chapters it was argued that parks and green spaces are under-valued in local authority accounts and an alternative way of assessing their financial and community value was proposed. This was based on two measures: the financial value of the assets contained within the park, and the number of people who use the park. This chapter explores the response of a sample of local authorities to this new approach. Interviewees were asked is it useful? Would it help or hinder their work? Does the two-part measure make sense to them? The idea of using a combination of asset valuation and park use numbers to gain an idea of the value of a park was put to a range of people with different professional perspectives:

- Firstly, finance managers and green space practitioners. Finance managers and people with operational roles in parks departments who are involved in the nitty gritty of making parks successful for their communities were interviewed from two local authorities.
- Secondly, people in the top tier of local authority management. Senior finance and corporate strategic managers, for whom parks are just one of many services, were interviewed from four other authorities.

Although a range of respondents was chosen they still represent a small sample and their views cannot be taken to be representative of all those working in similar roles. Nevertheless, they provide a useful sounding board for this alternative approach to green space valuation.

Finance managers and green space practitioner interviews

Interviews with finance managers and green space practitioners were carried out in Sheffield and Nottingham. These authorities were selected because they had significant numbers of completed park user surveys and were considering developing park asset inventories, although they had not yet started this process.

Sheffield

Sheffield has 740 green spaces, including woodland and countryside, of which about 100 are parks. It has a particularly large number of trees, covering 14 per cent of the city and equating to four trees per head of population. The parks vary considerably with some in good or excellent condition and some in a poor condition. The interviewees estimated that the parks and countryside department budget is around half the amount actually needed to maintain the parks. However, the city is in the core cities'⁸⁵ top quartile for both park visitor numbers and visitor satisfaction with parks. Its PPG17 audit and open space strategy are in progress. The Green Flag Award scheme is used as an improvement tool to ensure that every area of the city has parks of excellent quality.

Nottingham

Nottingham has completed a PPG17 audit of around 700 sites. These have been mapped and audited by external consultants using the Green Flag self-assessment criteria. Twenty per cent of the parks were found to be in good or excellent condition while the remainder were in fair or poor condition. The city has used the Green Flag selfassessment as a transformational tool to identify what investment would be needed to move the worst parks up to Green Flag standard, and now have one Green Flag park in eight of the nine neighbourhood areas in the city. Politically the city has a three-year manifesto commitment to move all parks to Green Flag standard and to put more rangers into parks. This has resulted in a £600,000 increase in the parks revenue budget, the first increase for about 15 years.

'Developing asset inventories could improve strategic decision making and bargaining power'

Views on asset management for parks and green spaces

Generally, the link between local authority performance and knowledge of the financial value of its green space assets was recognised. Both authorities thought performance management techniques, particularly demonstrating value for money, would drive future development of park asset management. It was felt that responsibility for valuing park and green space assets should be corporate in order to establish ownership of the data and ensure the approach was compatible with other departments in the authority.

The creation of park asset inventories and a greater understanding of the park asset base, and its replacement cost, were seen as having a range of 'good housekeeping' advantages, as set out below.

Building an evidence base

Asset inventories would help improve long-term investment planning by identifying where resources are being spent, identifying areas that have not received investment, and improving the ability to make informed arguments for or against investment in a particular area.

The development of a better evidence base could help ensure that major capital investment in specific spaces is supported by adequate revenue funding.

Developing asset histories for individual spaces could improve the understanding of maintenance requirements over different timescales. For instance, it could indicate the time of year, and day of the week, when it would be best to conduct maintenance; how design problems cause maintenance expense; and flag up when items are reaching the end of their expected life in order to be able to take a more proactive approach to maintenance.

The aggregation of asset plans of various sites could provide useful information to input to business planning.

Improving strategic decision-making and bargaining power

An accurate asset inventory could improve a department's strategic decision making and bargaining power in securing further resources or protecting existing sources of funding. It can also be used as the basis for providing a strategic overview of where investment and resources should be allocated across different timescales. The authorities noted the reality of working for a nonstatutory service and the impact of this on budgets. Resource demands from services such as roads, health and education, come ahead of parks:

'We're not going to prison if we don't invest in parks.'

A better understanding of the park asset base could assist in competing with other departments for resources and justifying current funding allocations. It was noted that calculating green space assets per head of population could be a useful measure in demonstrating that parks provide value for money in comparison with other services. Combining the figures as an asset value per visit was suggested as a possible analogy to maintenance costs per visit. One local authority had used this previously and it produced a cost per visit for parks of 21p, while the comparable cost per visit for libraries was far higher. This could be used in addition to the information the interviewee local authorities rely on such as the level of external funding attracted.

Overall, it was felt that having national standards and benchmarks to perform against is more likely to result in the delivery of more resources for parks, particularly if this is linked to comprehensive performance assessment. The discontinuation of best value performance indicators for parks, and the lack of national indicators included in the communities and local government system of local authority national performance targets in England, introduced in April 2008, was highlighted as being of particular concern⁸⁶. Interviewees felt that this indicates that parks and green spaces have gone off the political agenda.

Resources needed to record and manage asset inventories

The authorities consulted noted the need for resources to record and manage asset inventories, particularly at the outset of the process of assembling an asset inventory for the first time. Their main concerns were ensuring the consistent collection, management and updating of the information and the budget to enable staff members to undertake the necessary additional auditing.

Both authorities wanted to introduce asset management planning but did not have the resources to introduce it across their service all at once.

Instead the interviewee authorities were hoping to start collecting asset inventory information as a rolling

programme, starting with areas that had received, or were about to receive, major capital investment. The utility of implementing strategic asset management for all future major park investment projects was highlighted as a way of ensuring that sufficient revenue funding was allocated before the start of the project.

'We could say we can't go ahead unless we get £x for maintenance, we must not invest capital and then watch the park decline again because we can't maintain it properly.'

The 'brand' value of parks

The relevance of thinking about parks as having 'brand' value was accepted. Respondents noted that people have strong emotional attachments to individual parks – not dissimilar to the strong attachments they can have to brands. Often these are based on memories from a long time ago and often they only become apparent if the park is threatened.

Sheffield council felt that the recognition and understanding of brand valuation techniques might help it to re-think elements of its service, particularly in terms of:

- thinking about park user numbers as a percentage of the entire potential market (the population living within walking distance)
- the importance of understanding who are repeat users, who does not use parks, and why (because they are the potential market), and how events can bring non-users into parks
- the need for parks to change, by providing different facilities, to reflect and meet the needs of changes in society.

Use as a measure of wider value

Interviewees recognised the use of visitor numbers as a simple indication of the value of a specific space to people, noting reliance on the calculation of financial value alone carries risks. For instance, a small green space in a low-income area might be very valuable to local people and very well used, regardless of its financial asset value.

Looking at visitor numbers can therefore provide an indication of the quality of a particular space. The interviewees noted that in the context of limited budgets, it is hard to justify the cost of user counts. However this is a far easier measure than attempting a broader evaluation of other elements of value provided by parks and green spaces.

It was observed that using park visitor numbers as an indicator of value measure should be used with common sense with the following issues taken into account.

Use as only part of the story

It is important to recognise that use is only part of the story; many other elements affect park use. For instance: how close the next green space is; the boundaries, visible and invisible, which mean some communities may not consider a nearby park as part of their community; and the area's population.

Different values to different users

A park in a deprived area may provide a higher value to users than a park in a more affluent area. It is also important to consider that the relative value of a park may change over a person's lifetime and it may be difficult to compare some sites where the benefit experienced by specific users is solitude. It was suggested that some form of weighting for user numbers in more deprived areas would acknowledge the 'added value' these parks have for people with fewer choices.

Value to non-users

The measure does not consider the value of parks and green spaces to non-users, for instance the value to a housebound person of having a view over a park.

Low asset value and low use

There were concerns that a park that has a low asset value and low user numbers could be seen by some as worthless and could be sold. It is therefore important to consider potential or latent value as well. The flip side of this argument was also raised:

'An interesting question is where you have a very expensive asset and not many visitors – are we maintaining things that were designed for a different generation of people?'

Maintaining accurate data

It is important to take the time to put in place procedures to collect and maintain accurate user data. Including information about events in specific spaces will represent 'spikes' in use. Information on use over time can demonstrate changes in line with levels of investment in a specific space.

Considering both use and asset value

The interviewees were interested in the question of how the two different measures of asset value and user numbers could help them to understand variation of provision across the city and balance spending decisions. It was noted the cost of service provision varies between different areas. For instance in Sheffield maintenance requirements are approximately double in poorer parts of the city because of higher levels of vandalism in these spaces.

'This methodology enables us to spend differently across different areas. It is important not just to spend money according to the size of the space – spending where there are more visitors may be the best use of money. Use is a really good tool to argue for different extra resources and justify strategic investment or where to put money.'

Disposal of green space assets

Interviewees felt it was unavoidable that the discussion of financial value in relation to parks and green spaces would prompt discussion of sales of some sites. They highlighted the fact that PPG17 makes it clear that decisions about selling public green space should only be made based on a robust mapping of the quality and quantity of green space



Nottingham highlighted the importance of the city's open space strategy in mitigating pressure to sell. This strategy has suggested the need for more green space overall:

'The real argument is can we afford to maintain the space we have? If we could put a value on it we could take a rational view of the stock as a whole and discuss potential value more sensibly, particularly as some space is inaccessible and rationalisation could fund improvements elsewhere. This approach would highlight the spaces that have less potential.'

Finance and property professionals were interviewed from both local authorities. They needed more convincing that an alternative accounting approach for parks and green spaces was applicable to indispensable assets. This demonstrates that understanding of this issue varies between different professionals within the same authorities.

This indicates the importance of green space professionals understanding how best to talk and engage with different departments within their local authorities.



'Information on use over time can demonstrate changes in line with levels of investment'



Senior finance and corporate strategic manager interviews

Four senior local authority officers from four other local authorities were asked to consider the proposed asset valuation framework in order to gain a more strategic view of its potential value. The officers interviewed were: a chief executive; an operations director; an executive director who heads initiatives in partnering expansion and growth; and an officer who had recently retired, but had previous headed major initiatives including compulsory competitive tendering, best value and the implementation of a total financial information system for his authority. He had also worked as a parks and leisure administrator.

Interviewees were asked for their views on:

- the potential financial implications of recording park assets at replacement cost
- the asset valuation framework developed for the project
- the appropriateness of park user numbers as a measure of the wider value of parks.

Valuing park assets at replacement cost

All of the interviewees considered that the move to whole of government accounts will eventually require assessment of the replacement value for parks, so the approach proposed in this report was considered useful and timely as a way of increasing understanding of the issues around the move to current asset value assessment.

The interviewees noted that valuing parks at replacement cost would result in a considerable increase in the total value of local authorities' assets. They debated whether this would have any effect on parks service delivery or funding priorities. Raising asset values was thought unlikely to have an impact on investment decisions between departments because this is driven by revenue budgets, based on identified community needs.

Some of the interviewees expressed concern that a sudden change in the total value of a local authority's assets could affect corporate savings targets, formula funding and equalisation (the mathematical formulae used to allocate funding between local authorities⁸⁷). However, it was noted that corporate savings targets

focus on 'real money' revenue budgets and any asset value increases will be notional and so unlikely to affect formula funding or equalisation to any great extent.

Half of the interviewees questioned that the green space sector had been under-funded in the past. They felt that the introduction of compulsory competitive tendering, and its ensuing replacement with best value, had led to a maintenance of standards at a lower cost. This illustrates the disconnection between the views of the green space interviewees for this project, and the opinions of those at a senior strategic level. This difference in interpretation must be recognised in order to move forward.

However, the interviewees thought that valuing parks using the asset management planning method could overall encourage parks to be viewed more formally as assets and establish a more equitable method of assessing expenditure on parks in the long-term which would probably improve the case for maintenance and investment in parks and make a reduction in funding unlikely.

Generally it was thought that park asset valuation was unlikely to lead to pressure to sell green space because of the high wider value these spaces represent to the community.

Views on the asset valuation framework

The interviewees could not comment on the practical application of the proposed framework although it was generally considered adequate for valuing a park. Concern was expressed by one interviewee that careful guidance was required to define and limit the valuation task before it was handed over to the parks team. Another officer noted that compulsory competitive tendering has formalised, and provided a degree of uniformity, in grounds maintenance contracting which would make the valuation process easier.

Generally it was thought that most corporate financial information systems have significant over-capacity so there should be no difficulty in using existing options to maintain asset inventories. However, they thought that compiling asset inventories for green space is likely to require considerable resources so it is best undertaken as a rolling programme over a few years.



The value of visitor numbers as a measure of the wider value of parks

The idea of treating parks as 'brands' was generally thought to have merit and warrant further investigation. Doubts were expressed that an acceptable formula for estimating annual use could be devised given the difficulty of data gathering and the number of spaces to be measured.

One interviewee thought that politicians would respond more to an assessment of the wider community value of parks, outside that of park use, than they would to an evaluation of park assets, as this was essentially just a different accounting method. Another felt this was unlikely to impact on investment decisions as these were ultimately made by politicians who would respond more readily to arguments of community, or voter value, particularly in a climate of tightening budgets.

- 85 The core cities group is a network of England's major regional cities: Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield. See www.corecities.com
- 86 A new indicator on children's and young people's satisfaction with parks and play areas (N199) will be implemented in spring 2009. See www.tinyurl.com/37rmpb
- 87 See www.tinyurl.com/asrth9

'There was a disconnect between the views of the green space interviewees and the opinions of those at a senior strategic level'



Chapter 7 Findings

The introduction of whole of government accounts means that over the next few years local authorities will have to move from historic cost accounting to recording and valuing their park assets. This report has outlined why historic cost accounting and depreciation are unsuitable when accounting for parks. It has proposed an initial methodology for valuing parks that would help inform local authorities as they move towards whole of government accounts and suggested a methodology for capturing some of the less tangible values that parks bring to local communities. These proposals form the starting point of a new way of accounting for the value of our parks and green spaces. There is considerable evidence that parks and green spaces were significantly under-funded in the second half of the last century. In the first years of this century a wide range of initiatives has been introduced to help improve both the funding and management of public green spaces.

This report argues that the accounting methodology that local authorities use to value their green spaces has disguised how many benefits green spaces bring to communities and has weakened arguments for adequate funding for maintenance. Because the current method of accounting for parks suggests that they are worth a nominal amount – usually $\pounds 1$ each - there has been no incentive to gather detailed information about the value and condition of the assets within each park. This lack of detailed information has undermined the ability of park managers to implement a range of 'good housekeeping' measures and make strongly evidenced arguments for the value of these assets and negotiate confidently for the funding needed to sustain them.

This report proposes a new way of valuing park assets that will help raise awareness of the value of each green space, and provide the sort of detailed information that park managers need in order to put in place long-term maintenance plans and budgets.

The financial value of a park's assets is just one aspect of its value to the community and cannot be the only factor considered by local authorities when making investment decisions. Poor-quality parks can be of high value to local people, especially if there are no other parks nearby. Equally, high-quality parks can be of low value to communities, if, for instance, they are inaccessible or do not meet that community's needs.

In view of this complex relationship between asset value, quality and value to the community, this report suggests that some of these less tangible values should also be measured. It draws on the methodology that is used to capture brand value – another form of intangible value that can be reflected on balance sheets – and suggests that the number of times a park is visited could be a useful indication of this value.

The idea of combining 'asset value' and 'use value' is proposed as a starting point in a new way of valuing our parks and green spaces. This should help local authorities that are beginning to consider the move to whole of government accounts and current value assessments of all their assets. The first whole of government accounts will be reported for the 2009-10 financial year.



Key points

1 Concepts of historic cost accounting and depreciation are unhelpful ways of accounting for parks and green spaces.

Historic cost accounting starts by considering how much the asset in question was worth at some time in the past. This can be problematic for parks and green spaces because many of them were never 'bought' in the traditional sense and so there is no relevant historic cost. Many parks that are now managed by local authorities have been publicly owned common land for centuries. Many others began as the gardens of large houses and were then bequeathed to the local authority or sold for a nominal sum so that they could benefit the local community in perpetuity.

Even when there is an identifiable historic value for the park or green space, the historic cost methodology is problematic where landscapes actually mature and increase in value. Depreciation is used to show the extent to which an asset has been used up against its predicted life expectancy or what needs to be spent to maintain the asset value. For instance, if you buy a brand new computer for £500 today it will be worth far less in a year's time, and in 10 years' time it might be worth nothing. It makes sense that each year you assume that it is worth less than the year before, until after 10 years, you can assume it is worth nothing.

There are particular problems in applying depreciation to green space because this accounting practice is not designed for living things, such as landscapes, that mature and become far more valuable over time.

In England we are lucky enough to have, in almost every town and city, public parks and gardens that are many hundreds of years old. These are public assets that have appreciated, not depreciated, over time. However, because of a combination of historic cost accounting and depreciation, most of them will be assumed to have an asset value of just $\pounds 1$. 2 Knowing the type, number and condition of the physical assets contained in parks can help green space practitioners make stronger and better informed cases for future funding.

An asset management planning approach to green space management suggests that it would be very useful to value the assets contained within each park or green space. These could include soft landscape features such as trees, flower beds, meadows, lawns and so on, and hard landscape features such as benches, bins, railings, paths and so on. Knowing the type, number and condition of each asset would be of enormous benefit to planning the maintenance and renewal of green spaces and anticipating when major costs will arrive. This would help with long-term budgeting and would support the calls for revenue funding with a more robust evidence base. Knowing the total value of the assets within a park would also give a very useful indication of its financial value.

This report suggests that estimating how much it would cost to re-create a park from scratch, in terms of buying all of the assets it contains would be a useful approach to valuing the park itself.

3 The value of the physical assets that constitute a park is just one element of the wide-ranging benefits that parks and green spaces bring to society.

Public parks benefit individual people, and society as a whole, in a very wide range of ways, which are closely aligned to a broad range of economic, social and environmental policy objectives. Studies have provided evidence for the value of parks and green spaces in improving physical and mental health, supporting biodiversity, flood water absorption, improving air quality, mitigating the urban heat island effect, boosting property prices, facilitating business staff retention, encouraging local identity and many other things that local and national governments are trying to achieve.

Some of these are quantifiable, while others are more difficult to quantify and may never be easily measured. 4 Land value is not included in the calculations because of undue distortion.

This report does not recommend including land value in the calculations. This is for three reasons. Firstly, the value of land is overwhelmingly influenced by its planning status - land that is available for development has a far higher sale price than land that is not. Secondly, the main argument of this report, that the asset value of parks and green spaces should be better reflected on local authority asset registers and balance sheets, is nothing to do with selling the land. Indeed, most parkland cannot or will not be sold. The reason for thinking that a figure should be put on the asset value is to support the case for funding their maintenance. Thirdly, if all the assets contained on the land (including topsoil) are included in the asset valuation then, arguably, there is no need to include land valuation as the land itself does not need maintaining.

5 The relationship between the asset value, quality and use of a park is complex and asset value should not be the only consideration when making investment decisions.

The links between the value of a park – however this is understood – and its quality are complex.

For instance, a park could contain a large number of valuable plants and structures, but if it was inaccessible, its value to local people could be small. A small green space in the middle of a densely populated city could be highly valued by local people even if it was little more than a patch of grass. Many people who do not actually visit parks like the fact that they are there, perhaps because they enjoy views over the park, or walking alongside a park when going elsewhere, or they simply like the fact that there is a park even if they do not go to it.

Because the asset value of a park does not entirely reflect the less tangible values that the park might have for local people, this report suggests that it should not be the only consideration that local authorities use when making investment decisions.



6 The way that brands are valued helps us think about how to capture some of the less tangible, wider values that parks bring to communities. The number of visits a park receives could be a simple way of reflecting this.

What is needed is a relatively simple mechanism for indicating some of these wide-ranging yet difficultto-pin-down benefits; a mechanism that could help track changes to the quantity of these wider benefits that different spaces provide over time; and which can complement, and provide additional information, to the financial values recorded on a balance sheet.

The research on which this report is based concluded that commercial brand valuation techniques that seek to put a financial value on the benefit to a company of owning a brand could provide a potential method of assessing the intangible asset value of parks.

Like brands, green spaces:

- are appreciating assets created through long-term investment; generations of physical care and resources have been invested in order to create the parks and green spaces we have today
- have worth to consumers that may far exceed their asset value
- can inspire loyalty and strong emotional associations
- need to develop continuously to meet users' requirements.

For this project park usage was identified as a proxy measure for the 'brand value' of green space. This is because it provides an analogy for commercial 'preparedness to pay' value assessment, although in this case it demonstrates people's appreciation of the asset as revealed by their expenditure of free time using the green space. This measure represents the value of time spent in parks and green spaces to the user, rather than what they accrue to society as whole.

In England there is very little good data about how many people use individual parks. There is slightly more data about how often people visit parks in general. The use of a specific space will be influenced by a number of independent factors, including: the local context, the size of the population that can easily get to the park; how accessible it is; its character, appearance and the typology of the space; and the facilities contained within it.

Park use, as a measure of the wider value that parks bring to communities is subject to a number of factors. In particular:

- For any set of parks and green spaces, besides 'asset quality' and perceived attraction, the level of usage will be influenced by independent variables that include population catchment – numbers of people living within normal walking distance – availability and accessibility of the user catchment to other parks; character and appearance of the specific space and the range and quality of facilities it offers users.
- Overall level of usage does not take account of differences in the value of use to different people. For instance, it can be argued that the benefits of parks to certain users, such as low-income households, may be above average because they have more limited access to, or options for alternative recreation. Furthermore, use of parks and green spaces may provide more value to individuals at different stages of their lives.
- There are some kinds of green space, for instance nature conservation areas, where it is important for the protection of fragile habitats for public access to be limited or excluded altogether. The number of users would be an inappropriate measure for areas of this kind.
- It does not take into account the wider spectrum of value to society such as the value of parks and green spaces for biodiversity and flood protection.





7 The suggested framework for valuing the physical assets of a park is one way of approaching valuation within a space for the first time.

The report suggests a framework that can guide local authorities starting out on the process of developing a park asset inventory and valuing these assets. This framework identifies where to find details of park assets and how to value them. It is not intended to be exhaustive and inevitably individual sites will contain unique features that are not included in the framework.

There are a number of different methods of valuing trees within this framework. Depending on which method is used, these will produce very different valuations. It is up to individual local authorities to choose which method they use.

8 The information necessary to compile green space asset inventories is available.

Some local authorities are starting to create asset inventories for their parks and green spaces. Two case studies, Highbury Fields in Islington, London and Sefton Park in Liverpool, showed how these were being compiled and where the information about asset value was being sourced. The valuations in their asset inventories were then used by the researchers for this report to calculate the asset value of the two parks.

Using this methodology, Highbury Fields was valued at \pounds 53 million and Sefton Park was valued at \pounds 108 million (including park buildings).

It should be noted that it is likely that the total value of the parks that has been calculated is a considerable under-estimate. For instance, parks are not just a random collection of assets: they are usually designed landscapes. The cost of their design has not been included. In addition the amenity value of mature soft landscapes – such as meadows, hedgerows, shrubs, sites of special biodiversity – has not been included. These have been costed at replacement value only. 9 The suggested framework can help local authorities better understand the implications of the whole of government accounts system, provide better evidence to support the transfer of assets to communities and negotiate section 106 planning agreements. It could also boost the ability of green space departments to compete with other public services that have a longer tradition of recording the financial value of their services.

The suggested framework for asset valuation could help local authorities meet the requirements, or better understand, a range of government policy agendas. Whole of government accounts will require all local authorities to move to a current value assessment. A better identification of the value of physical assets within a space could help inform section 106 negotiations and help ensure that, if park and green space assets are transferred to community ownership, this transferral takes into account a more accurate reflection of the value of this asset.

Finally, other services, such as sport and leisure facilities, libraries and other cultural services, have a longer tradition of recording the financial value of their services. Asset management planning can help put green spaces on more informed footing with the public services with which they compete for funding.



Appendix 1

This report is based on research by Bone Wells Associates, supported by Ron Mountford of Mountford in Partnership. Additional writing was done by Julia Thrift and CABE Space.

Methodology

The research was conducted in four stages:

Stage 1 – research

Desk research was conducted to investigate the issues surrounding asset valuation of parks and green spaces and review best practice in asset management both internationally and for other forms of public assets. The current application of park user numbers as a measure of park value was also investigated.

Stage 2 - park asset valuation case studies

Enquires carried out for this project suggest that no local authorities in England maintain a comprehensive park asset inventory. Two local authorities, the London borough of Islington and Liverpool City Council, have developed asset inventories which could be valued for this project, and were invited to participate as case studies. In addition Bristol was found to have taken a typology-based approach that identified costs per square metre for areas such as sports pitches and playgrounds in order to assess the additional investment needed to raise all green space in the city to a good standard, and this was also investigated to see if it could be used to value green space assets.

The asset inventory systems and other sources of information on park assets in Islington and Liverpool were reviewed to understand exactly what information was available and how this could be used to value individual parks and the infrastructure and facilities within them.

This information was used by the researchers to value two parks: Highbury Fields in Islington and Sefton Park in Liverpool. These case studies are detailed in chapter four.

Stage 3 – suggested framework for park asset valuation

From the case studies a park asset valuation framework was developed summarising the broad park asset categories, identifying potential sources of asset information and the appropriate valuation approach for each category.

Stage 4 – testing

The park asset valuation framework and the concept of park user numbers as a measure of the intangible value of parks were reviewed by park management teams from two local authorities, Nottingham City Council and Sheffield City Council, to check the proposals were practical.

In addition, to obtain views on how likely it is that the project's proposals might be adopted or found useful by those at a strategic level, they were also reviewed by four senior local authority officers at chief executive or director of operations level.

Interviewees

Bristol City Council Peter Wilkinson, Park service manager

London borough of Islington Andrew Bedford, Principal parks manager Frazer Chapman, Greenspace asset manager Jerry Gutwin, Greenspace business manager Jake Tibbetts, Arboricultural manager

Liverpool City Council

Tom Duckworth, Team leader, Greenspace development team Chris Lines, Information officer, Parks and environment regeneration Paul Scragg, Manager parks and environment regeneration Gary Williams, Greenspace client officer

Leeds City Council Richard Hughes, Spatial information officer

Sheffield City Council

Mary Bagley, Director of parks and countryside Steve Benn, Quantity surveyor, Quantity surveyor's department, Design and project management Jim Breakey, Architects' practice manager, City architects' department, Design and project management David Cooper, Policy and performance manager, Parks and countryside Kim Hobson, Principal finance officer, Parks and countryside

Nottingham City Council

Eddie Curry, Head of parks and open spaces Simon Hunter, Parks development officer Craig Mulder, Park ranger

Dudley Metropolitan Borough Council Andrew Sparke, Chief executive

Epsom and Ewell District Council Steve Davies, Operations director Chris Turner, Smith Turner Associates, chartered quantity surveyors and construction cost consultants David Wells, Co-director of public sector consulting and advisory services

Project advisory group

Bob Baber Audit Commission

Alan Barber CABE commissioner and urban parks expert

Chris Brain CIPFA Property

Keith Chant Bristol City Council

Robert Holden CABE Space enabler

Tricia Kilsby Audit Commission

Jim Meikle *Research reference group member*

Sal Ratnayake Communities and local government

Sid Sullivan CABE Space enabler, SGS Environmental and Management Consultancy

Dave Tibbatts GreenSpace

Appendix 2

Costings used for asset valuation case studies

Figure 3 Highbury Fields 'Staysafe' output on hard landscape elements (July 2008)

This figure identifies assets in good, average and poor condition and their minimum and maximum replacement cost.

*455er 1, 10e	Mun	Sun of asset	Polacement Sun of Cost	Macenent Cost	"umber of asset	Sum of minimum	· Mumi	· Sum of asset	· Sun of r	· Aun Control	· mber of asset	Sun of mentionum Sun of mentionum replacement cost
	Goo	d £	£	Ave	rage £	£	Poor	£	£		£	£
Approach components				3	1,100	2,250				3	1,100	2,250
Approaches				1	604,260	1,208,520				1	604,260	1,208,520
Ball play				4	89,460	178,920				4	89,460	178,920
Ball play surface	Э			1	253,000	961,400				1	253,000	961,400
Bins	3	1,515	2,055	62	29,055	41,315				65	30,570	43,370
Building				4	24,090	29,033	1			5	24,090	29,033
Entrance	1	801	968	13	10,413	12,584				14	11,214	13,552
Fencing				15	527,170	1,054,340	1	25,875	51,750	16	553,045	1,106,090
General surface	;			2	150	570				2	150	570
Hard surface				4	111,200	422,560				4	111,200	422,560
Internal paths				3	27,360	54,720				3	27,360	54,720
Lighting	2	4,000	4,000	32	59,200	60,400				34	63,200	64,400
Seating	3	2,175	3,675	53	38,425	64,925	12	8,700	14,700	68	49,300	83,300
Shelter				1						1		
Wall				3	16,040	32,080				3	16,040	32,080
Total	9	8,491	10,698	201	1,790,923	4,123,617	14	34,575	66,450	224	1,833,989	4,200,765
Including 17% i	nstalla	tion cost										2,145,767

Notes

 Maximum replacement cost equates to trade list price for replacement of items; minimum replacement cost equates to negotiated prices and this figure has been used for valuation.

- Staysafe does not include installation costs so these have been estimated at 17 per cent on the advice of a quantity surveyor.

Figure 4 Highbury Fields play equipment (December 2008)

Equipment	Estimated cost if replaced as new $\ensuremath{\mathfrak{L}}$
Water play	125,000
Spider web	60,000
Ariel slide	50,000
Roundabouts	35,000
Swings	70,000
Slide	150,000
Springers	20,000
Sand pit	50,000
Train	15,000
Junior climber	100,000
See saw and cross sc	ales 25,000
Total	700,000

Figure 5 Highbury Fields bill of quantities - soft landscape elements (July 2008)

Asset type	Description	Maintenance specification	Quantity	Scale	Unit reinstatement cost £	Total £
Grass areas	grass cutting	mowing	79,028	m²	6.50	513,682
Shrub area	shrub bed maintenance	pruning	4,167	m²	20.00	83,340
Hedges	shrub bed maintenance	hedge cutting	478	linear m	15.00	7,170
Flower beds	annual bedding maintenance	plant bedding	4	m²	20.00	80
Sports facilities	maintenance of sports areas	tennis court maintenance	e 11	individual	32,000.00	352,000
Play facilities	sand pit maintenance	fork sand pits	1	individual	3,500.00	3,500
	bark pit maintenance	fork bark pits	2	individual	3,500.00	7,000
Sub-total						966,772
Contractor's pre	liminaries, overheads and profit	17%				164,351
Total						1,131,123

Quantity surveyor's notes and exclusions:

- estimated costs are for the works only

- exclusive of fees

- exclusive of VAT

- provisional estimated costs undertaken without the benefit of a site visit or drawings

- rates for grassed and planting areas assume top soil on site (see separate calculation).

Figure 6 CAVAT valuation of trees in Highbury Fields (December 2008)

Total value of trees £	44,960,886
Number of trees	578
Value per tree \pounds	77,787

Figure 7 Highbury Fields buildings (July 2008)

	Council insurance register \pounds	Council asset register £	Total £
Bandstand	32,953		32,953
Café	62,865		62,865
Swimming pool complex	3,416,304	3,416,304	
Total			3,512,122

Figure 8 Highbury Fields topsoil (2007)

	Area m²	Replacement (as new) topsoil depth m	Cost per m³ for BS 3882:2007 general purpose grade topsoil £	Replacement soil cost (excluding haulage £)
Shrub and flower beds	4,171	0.45	30	56,308
Grassland	79,028	0.15	30	355,626
Total				411,934

Figure 9 Sefton Park asset list (2008)

Feature type	Total	Unit	Approx reinstatement costs per unit £	Total cost £
Soft landscape (excluding trees)				
Grass – playing fields	185,960	m²	6.50	1,208,740
Grass – lawns	7,849	m²	17.00	133,433
Grass – park amenity	340,362	m²	6.50	2,212,353
Grass – semi rough	174,259	m²	5.00	871,295
Grass – unplanted mowing margins	398	m²	1.00	398
Hard surfaces	101,901	m²	32.50	3,311,783
Synthetic surfaces	13,980	m²	32.50	454,350
Bowling greens	6,291	m²	44.00	276,804
Tennis courts	7,976	m²	45.00	358,920
Water features (watercourses and lakes)	42,002	m²	75.00	3,150,150
Shrub beds	19,808	m²	10.00	198,080
Hedges	3,869	Linear metre	9.00	34,821
Total				12,211,127

Hard landscape Litter bin - metal Number 815.00 31,785 39 Dog bins 19 Number 200.00 3,800 Bench - timber 36 Number 500.00 18,000 Bench – plastic 24 Number 400.00 9,600 Fence – metal Linear metre 2,692 100.00 269,200 Bollard – metal Number 103 155.00 15,965 Gate – double metal Number 6 1,500.00 9,000 2 Number Gate - single metal 800.00 1,600 Gate - 'A' frame (metal) Number 1,800 6 300.00 Barrier – metal Number 13 100.00 1,300 Handrail – metal 20 Linear metre 50.00 1,000 Number 5,000.00 Stone pier 11 55,000 Stone plinth Linear metre 500.00 1,900 950,000 Ornamental gates 3 Number 20,000.00 60,000 Number Play equipment 1 200,000.00 200,000 Total 1,628,050

Trees				
Tees reinstated with saplings	6,756	Number	175.00	1,182,300
Trees valued using the Helliwell system	6,756	Number	12,825.00	86,645,700

Figure 10 Sefton Park buildings (valued 2003)

	Corporate asset register £
Palm house (refurbished 2000)	3,000,000
Boiler house	81,000
Bowling club	16,000
Mersey Bowmen tennis club	21,000
Sefton Park cricket club	56,000
Aviary	110,000
The lodge	34,000
Dressing pavilion	24,000
Bandstand	68,000
Total	3,410,000

Figure 11 Sefton Park memorials and sculpture (2007)

	Original cost £	Estimated 2007 cost based on GDP deflator ⁸⁰ £
Rathbone memorial	2,960 in 1868	274,237
Samuel Smith memorial	1,850 in 1908	175,225
Peter Pan statue	Private donation by George Audley in 1928, no cost information available	No cost information available
Eros fountain	10,000 in 1932, private donation by George Audley	515,101
Total	14,810	964,564

Figure 12 Sefton Park topsoil (2007)

	Area m ²	Replacement (as new) topsoil depth m	Cost per m ³ for BS 3882:2007 general purpose grade topsoil £	Replacement soil cost (excluding haulage) £
Shrub and flower beds	19,808	0.45	30	267,408
Grassland	708,828	0.15	30	3,189,726
Total				3,457,134

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Wellbeing and the natural environment; a brief overview of the evidence, DEFRA, 2007. Available at www.tinyurl.com/6bck7v Most councils assume that each park they own is worth just £1. Why do they do this? What are the implications for maintenance and investment? *Making* the invisible visible explains why traditional accounting methods are unhelpful when valuing assets – such as parks – that can appreciate over time. It suggests a new way of valuing our parks which takes better account of the financial value they bring to society. Making the invisible visible is for parks and green space managers, finance professionals, asset managers and anyone who wants to know more about valuing the physical assets within parks.

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