Realising Potential from Communities, Services and Assets

How rethinking community infrastructure can support better outcomes
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Undoubtedly the United Kingdom and the North is currently experiencing one of the most profound periods of change in a generation. We in the Public Sector have a great responsibility and opportunity to respond positively to the challenge of transforming and tailoring services to meet the future needs of our citizens and our communities.

Carillion is committed to working in true partnership with our public sector partners. We are immensely proud of our Alliance with Stockport Metropolitan Borough Council, and of the shared thinking that is supporting public sector reform.

This paper captures the thinking and approach emerging from the work undertaken by the Stockport Property Alliance on development of a localities strategy for our Borough, and I believe is an example of how different ways of thinking can bring about significant change. If our diverse public and private sector organisations can work together to maintain momentum towards the ambitions set out here, we can then be seen to have narrowed the gap between what Greater Manchester spends and what it earns. We are challenging ourselves in Stockport through embracing the principles summarised, and the approach is being adopted and endorsed by both the Land and Property Board and the Health and Social Care Strategic Estates Board of the Greater Manchester Combined Authority.

The approach places the needs of our communities at the fore. It is not a property driven solution. By doing what is right for our communities, we can show how much more effectively and efficiently we can be in reforming service delivery across all sectors - to support our citizens to lead independent lives.

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The localities programme we are developing in close collaboration with the Council has helped us to also consider how we in the private sector need to challenge our own thinking, assumptions, and methods to reflect the innovation that Local Government is delivering for communities it serves.

This paper provides brief insight to the work of the Alliance in helping to reflect the needs of communities in Stockport, and which provides an approach and methodology for wider adoption across Greater Manchester, which is now underway. When combined with real collaboration and the harnessing of private sector’s complementary skills and capacity, we believe such an approach has great potential for adoption more widely across our Regions, as our work to date converts to a delivery programme.
Acknowledgements

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Finally, but not least to colleagues in Carillion across the Regions and Communities business for their creative contributions needed to take the model from the art of the possible to a viable and deliverable programme.
Preface

Austerity measures have forced the Public Sector to look at the way services are provided and how they should be transformed to generate better outcomes for our communities. We face a great range of challenges and must respond to imperatives across many fronts. These include:

- The most significant housing shortage felt in generations
- Growth in the health equality gap and the vast difference in life expectancy between the most vulnerable and the most independent people
- An increasing population of older people, presenting with complex, multiple health needs
- The population of children and young people growing at a rapid rate too, but a lack of places for them in schools - many of which are also unfit for purpose
- Struggling families, facing extra challenges through circumstances beyond their control.

The quantum of public estate used to deliver fragmented services to a growing and demanding population is large, diverse, underused, often poorly located, energy hungry and ageing. Many schools are unfit for purpose and require constant reactive maintenance. Health and community centres are reaching the end of their natural lives and are a revenue liability; and the days of major centralised capital programmes being available have now long-since gone.

We have too many “doors” for citizens to go through to access services. These must be redesigned to ensure they are more effective, integrated, co-located, wrapped around individuals’ needs, and set in places that are convenient for them to access.

Taking these challenges on, our approach creates opportunity for growth within the midst of austerity. It enables us to fully refresh assets - new schools, health and community centres and sports facilities, libraries, children’s and adult’s day centres, offices, places for communities to meet and places to work that are fit for purpose and tailored to specific localised needs. It releases land to provide additional homes and help to hit regional targets. It aims to respond to the ambitions of Local Economic Partnerships to achieve growth. Communities materially gain from the programme and everyone feels the benefit from the better way in which services are delivered and things are done.

Our strategy challenges the way we look at assets, and in doing so, sets free significant new funding streams – an estate refresh with little demand on additional capital. The approach sets out to enhance the financial performance of partners, creating investment and development-led solutions, and supporting financial returns on investment to underpin public sector service enhancement.

The structure for delivering all this in a way that doesn’t generate more debts, is a central feature of the strategy. It enables reinvestment in resources to improve the way that services are delivered. The goal of the strategy is to do the right thing for people; offering them the services and support needed to improve their quality of life, allow them to get on, and play an enhanced role in the growth and economic prosperity of the region.
Executive Summary

Can public sector buildings and land assets which are underused, or are simply no longer in the best places to meet the needs of a community, play a major part in fuelling the Northern Powerhouse?

An imaginative public/private sector partnership in Stockport has identified ways of unlocking funding which enables the Local Authority to fund much-needed projects such as education, health and community facilities, and to bring forward much-needed land for new homes.

In keeping with the current shift towards integrating and then devolving services closer to the people who use them, this programme identifies how the government’s agenda can benefit from the new thinking it has set-out.

To achieve long-lasting, meaningful and positive changes for a community requires an overview of how that community really functions, how services are delivered to it, and what assets it has to support them. This enables authorities to understand how services need to be transformed to meet these community needs, through maximising use of the assets available.

Stockport Metropolitan Borough Council is already moving some of the ideas forward. The format has also been welcomed by other public sector bodies in the Greater Manchester area and attracted positive support from The Cabinet Office and the Local Government Association.

This paper sets out details of the project, including specific benefits already identified in Stockport. It also explores the potential positive outcomes across Greater Manchester.
What is the Localities Programme?

We have explored the relationship between community performance, public sector services delivered to them and the asset base needed to support those services effectively and efficiently.

It shows how Carillion and Stockport have developed a pilot programme locally, and how, through Greater Manchester endorsement, it can make an impact across the Combined Authority. It affirms the Cabinet Office’s assertion that, with the co-operation and agreement of Local and Central Government Departments, significant contribution can be made to the economic performance of an area. As a hypothesis, it shows the impact the GM pilot could have, if extended across the whole of the Northern Powerhouse, applied to its 13 million citizens.

It is not property-led. The supposition is that, by exploring first the needs of communities and then the way services can be provided to them more effectively, outcomes can be raised and, in taking the “right approach” to communities more “right things” can be made to happen - including estate transformation and revenue savings - and an overall reduction in the cost to the public purse.

What makes our thinking different?

Our analysis of community needs and potential options for re-thought and new and better-located services and facilities, is funded on a holistic view on the interdependencies between issues such as:

- Health and deprivation indices, and historical trends
- Known policy developments in the emerging social/healthcare GM integration model
- Demographic shifts, incorporating the whole spectrum of the population
- Travel patterns, for origin and access for typical journeys to schools, health centres and Council service points

However, the richness of review outputs and findings on a granular level has also been influenced and achieved by close consultation through regular workshops and one to one consultations with those functions and organisations leading policy and service reform within the Borough and across Greater Manchester.

Through ensuring that all critical aspects of service demand, integration needs and budgetary constraints are understood, we have been able to ensure that ‘form follows function’ with property solutions, responding to operational strategy and plans, but also iteratively informing what service integration might look like.

It is this mindset and imperative to look at ‘everything’, to understand the place and its needs in depth, and not to make conventional assumptions that has liberated ideas, raised the level of ambition, and value for all stakeholders.

Key Principles

- Our Localities Programme reviews community performance, service delivery and public sector assets, helping determine how services can be reshaped and become more effective
- A methodology has been developed which demands a strong evidence-based analysis of community need, and also collaboration with a diverse range of public sector partners to make it work
- This produces new land development opportunities, reduces revenue costs, enabling authorities to support optimum routes to future growth
Our approach responds to the challenges of demographic change and current inequalities that may exist; individual issues within localities across all key sectors of service delivery (education, health, housing, public services); integrating and rationalising service delivery across sectors; and the rationalisation of public sector assets.

This inclusive approach avoids conflicting and counter-effective decision making which could emerge across different service delivery streams. For example, solutions to releasing land for housing without the context of the need for more school places in specific locations, or new health facilities being developed in isolation from other critically-needed community facilities. Working with a shared vision in this way avoids duplication of assets, staff, other resources and associated costs whilst providing compatible services.

The target outcomes for the Localities Programme will be aligned to the public sector organisation’s priorities and will require agreement upon the formalisation of the programme. The outcomes will be defined in the context of meeting the hard, tangible needs of the target communities.

### Outcome and Benefits

The value created can be assessed by how proposals meet the following criteria:

**Place Shaping** - Enabling organisations to work together to take a pro-active role in enhancing and improving community performance, re-shaping the public-sector estate to support transformed, integrated service delivery.

**Growth** - Driving the potential for new development opportunities and associated economic growth; for example land released for homes to increase Council Tax income.

**Revenue** - Savings generated as efficient platforms are developed within communities to provide intelligent and integrated service delivery. Public sector assets, no longer fit for purpose, that are costly to run are disposed of as new facilities come on line.

**Income Generation** - Solutions provide the opportunity for Councils to take an on-going return on any early investment; either through directly undertaking the role of developer or mitigating unwanted risk through the formation of partnerships with other bodies.
The Stockport Story

Work commenced in Stockport two years ago. During this period we have undertaken a very deep dive into the dynamics of the Borough, reviewing community performance, service delivery, service transformation programmes, and land and property assets.

The challenges included:
- Meeting increasing capacity needs in education
- Addressing the pressure on Special Education Needs places
- Tackling the delivery of 12,000 new homes required
- Delivering devolved, integrated health and social care to communities with different needs

Findings were encouraging. Through adoption of a fully integrated approach we assessed that we could:

- Investigate in great detail the impact the approach would have on the town centre area. It enabled us to respond to local community needs through a drive to co-locate a range of financial support services with health and mental health services, reshape health and social care support systems as well as frontline services, provide fit-for-purpose Further Education facilities in an attractive new building, and bring forward a large number of town centre homes on a number of underutilised sites. All at no net cost to the public purse.
- However, the model we developed also enables the provision of a much wider range of services across the whole of the Borough, where outlying communities need them most. Working alongside service providers we established that we could facilitate the provision of:
  - A range of new and extended schools to replace or upgrade buildings coming towards the end of their life, and those which were too small to meet additional needed capacity, both mainstream and for those children and young people with additional needs
  - New leisure facilities and community buildings to accommodate a range of services
  - New quality parks provided in places where communities could access them
  - New Health clinics delivering non-acute services devolved off the Acute Hospital site- and responding to the service strategy developed by the local integrated health and social care vanguard project, Stockport Together
  - Land unlocked, including a substantial proportion of brownfield sites in public sector ownership to deliver (at a conservative estimate) an additional 2000 homes

And often, these facilities will be provided in the same location. Creating community hubs will provide easy access to services.

The range of funding solutions developed for the programme showed that a full estate refresh, providing appropriate and transformed services, could be delivered from facilities conveniently positioned where communities could benefit from them most, at no additional capital cost to the public sector. The model also substantially reduced revenue costs, providing year-on-year savings to the participating organisations. The diagram top right shows the array of new facilities able to be provided across the Borough at no extra cost- a substantial capital programme requiring no new additional central government-provided capital. The additional benefit such a large scale capital programme offers is manifold: local jobs, training, apprenticeships and skills - and the knock-on benefits these bring to the local economy.

The Stockport Story

The figures quoted in the table above only relate to a portion of the programme developed across Stockport, and are taken from a range of projects emerging from the application of the model under the One Public Estate programme. Funding provided by The Cabinet Office enabled us to invest.
How revenue savings can flow from existing assets to fund a new facility
Extending across Greater Manchester

Our knowledge of the 10 member authorities and their communities, enabled us to generate the potential outcomes highlighted below.

- **Bring forward c. 120 community facilities**
  - Delivering integrated services locally

- **Unlock c. 37,000 housing units**
  - From land release

- **Generate £1.275BN of revenue savings**
  - From rationalisation

- **Offer £625M of savings**
  - Back into the public sector

- **Generate over £53M of council tax receipts**
  - From public sector land release

- **Utilise 51% of this sum**
  - To service debt refresh the asset base

- **Reduce the public sector estate footprint by some 51%**

- **Array of community facilities projected across Greater Manchester**
So, what are we tackling in developing a Localities plan? A range of things. All at once:

- Shortfalls and inequalities identified in the locally published JSNA
- Housing number shortfalls
- Educational pupil place shortfalls and asset inequalities
- Employment and economic growth issues
- Access to open space, leisure and recreation facilities

Placing the needs of the citizen at the heart of the things we do. Addressing the elements that contribute to wellbeing; self-esteem, ambition, security, longevity, independence, place and position in the community, and the future needs of families and children.

The main objective was achieving this with no negative impact on the public purse, with a full refresh of the estate, indeed all service support assets, at no additional cost.

How do we do this?

**Governance Arrangements**

To underpin this work and to provide legitimacy to the programmes, we have sought a governance framework from all contributing bodies and a commitment to support work streams required for delivery.

**Methodology**

- Analyse a community’s needs
- Translate service transformation programmes
- Forecast solutions for;
  - Meeting housing demand
  - Matching health, social care, education and employment needs
  - Fuelling economic growth and regeneration
- Assemble asset solutions which support delivery of services.

### GOVERNANCE & RESOURCE

- **Local Authority Transformation & Savings programme**
- **District & Authority Local Plans**
- **Strategic Estates Group**
- **Localities Model**
- **LEP Strategic Economic Plan**
- **Health & CCG Sustainability & Transformation Plans**
- **Client Resource**
  - Property Asset Management
  - Place Shaping
  - Partner Services Integrator
  - Technology
  - HR Lead
  - Commercial & Finance Lead
  - Legal
- **Carillion Resource**
- **Programme Management**
PROCESS

Analyse
Big Data Community
Performance Housing &
Economy Asset Portfolio
Service Plans

Translate
Transformation
Programmes

Forecast
Future Shape Property
Strategy Service Integration
Local Profile

Assemble
Better Outcomes
Communities Fit for
purpose public estate
Economic Growth

PROGRAMME SPONSORSHIP

ASSEMBLE

BETTER OUTCOMES

Co-location
Community
Hub
Fit for
Purpose
Estate
Lower
cost
Estate

Economic
Zones
Office
Rationalisation
Shared
Back Office
Collaboration

We engage at Directorate level with Local Authorities (housing, regeneration, economic development, social care, education, public health, etc.), operational and estates teams in health & Blue Light organisations, local LEPS, Central Government departmental property advisers and at Strategic Estate Group level to understand and interpret specific local public sector programmes and requirements, drivers and ambitions. This approach is aligned to work of the Greater Manchester One Public Estate programme.

Once an understanding of the need and convergent service strategies are developed, we work with estate teams of all public sector partners to design robust estates strategies shaped to support the best outcomes for services and the communities to whom those services are delivered.

Funding

We assembled capital and revenue funding models to enable the programme to be delivered locally without any form of Central Government capital funding. From the outset the ambition was to deliver a significant work programme which in itself could regenerate an area and provide substantial additional employment opportunities before, during and after construction phases- and do this in a self-funded and investment-led way; harnessing capital receipts, income generation and revenue savings.

This involved looking at capital receipts from land in the ownership of the public sector, so that maximum value could be unlocked from the asset base; a further funding stream generated by using revenue savings to fund debt repayment using PWLB borrowing- or alternatively looking at private investment/development solutions should the authorities involved not have the appetite for raising additional borrowing. Additional revenue funding streams emerged through commercial investment models, ringfenced Council tax receipts, even ground rent on some developments, form part of our model.

Funding solutions will vary from region to region and even within local areas based upon a wide range of variables including the appetite for cross-locality subsidisation, land values and the asset base able to be utilised. There is no one single formulaic solution, but instead a range of options in our funding menu capable of being applied in varying proportions subject to the needs of the locality.
Resource Structure

In addition to the resource commitment from public sector organisations, a technical delivery team is required to assemble the overall model. This involves a range of disciplines over time including:

- Data analysts
- Economists
- Sector service leads covering education, health, social care, housing, employment, welfare support services, community engagement, training, jobs and apprenticeships
- Commercial advisers
- Financial modellers
- Business analysts
- Estates surveyors
- Cost consultants
- Facilities Management advisers
- Place shaping and solutions
- Master planning
- Programme management
- Legal advisers

By bringing all these disciplines together in a coordinated way, we can learn how to analyse communities, translate service transformation models, forecast future states, and begin to assemble solutions that will bring about significant change within our communities, to the services that they receive and the assets that support them.
We have factored in known service transformation models planned as part of national initiatives, or regional issues. We looked at demographic trends; the elderly populations, school age population, housing challenges; we then compared and contrasted performance and demand in each area to model future needs. Finally, we looked at the asset base to consider its quantum, quality and capability to support integration. Working collectively across the Northern Powerhouse region, the Cabinet Offices One Public Estate programme targets can be, at worst, met, if not exceeded.

Headline potential on a 10 year basis from this analysis is as follows:

- 156,000 housing units deliverable on public sector land (mostly brownfield)
- £2.65BN revenue savings across the Central and Local Government asset base
- £2.756BN capital refresh of the public sector estate
- Potential for a c.£4.24BN revenue savings across the Government estate
- Development of c.500 new multi-purpose community facilities
- Potential capital receipts unlocked of c.£4.24BN

By comparison, the Cabinet Office’s ambitions for its One Public Estate programme identifies:

- 16,500 new housing units
- £138m of capital receipts
- £56m reduction in running costs
- 36,000 new jobs

Looking at all assets, and with the buy-in of public sector organisations, these figures are achievable. The sheer scale of the public sector asset base cannot be overestimated, nor the significant range of separate doors through which the citizen has to go to access services. Wrapping services around the individual and easing their journey through better use of IT and integration of services makes a real and major difference; doing “the right thing” for the individual leads to other “right things” happening; including a transformation of the public estate. The following figures expose the scale of the asset base and an indication of its operating costs.

There are 15,237 Central Government assets listed on the Governments Property Finder in the North of England. Add to these the additional 35,000 non-school based Local Government assets spread out across the Northern Powerhouse geography lifts this to more than 50,000 assets to repurpose, redevelop, terminate leases on, demolish and bring forward for housing and employment - and other commercial uses.

To generate the overall revenue saving we are forecasting across the Northern Powerhouse area, an average of £55,000 annual revenue savings per property must be achieved. In Stockport, using hard data assembled over 22 months, we know that this can be achieved.
Conclusion

The work Carillion has undertaken in partnership with Stockport is ambitious in its goals. It is not a perfect science, and relies on true collaboration, commitment and goodwill between its multiple stakeholders to effect delivery.

Our work to date has re-enforced the imperative for inter-organisational collaboration, and critically - the impact of private and public sector working closely together to generate ideas and create pace and momentum.

The approach now being developed as we move into programme delivery, continues to challenge our Alliance on how we best meet the complex and diverse needs of our communities. We believe it has strong potential for further application more widely, and is already being applied regionally in support of the transformation agenda we work in partnership to achieve.
Data sources:

Public Health England
Local Health data
NHS Digital
Office of National Statistics
SHAPE Health Property data
E-Pims data
Government Property Finder
Greater Manchester Police crime data sets
Stockport Together Integrated Health and Social Care data
Stockport Metropolitan Borough Council held data on pupil place needs, capacity needs, Property data sets, Housing and Council tax benefit data,
DWP StatXplore data
Public Health Joint Strategic Needs Assessments (JSNA) documentation across a range of Authorities
CACI
Experian
Greater Manchester Spatial Framework data sets
SHMAA and SHLAA data held across a range of Authorities
E- Mandate data provided by FE Sector
NHS Property Services
Gov.uk Northern Powerhouse Growth deal data.
Formal employment land reviews and Open Space reviews across a range of Authorities
LEP Growth Strategy data across NP area
Carillion is a leading integrated support services company with a substantial portfolio of Public Private Partnership projects, extensive construction capabilities and a sector leading ability to deliver sustainable solutions. The Group had annual revenue in 2015 of some £4.6 billion, employs around 46,000 people and operates across the UK, in the Middle East and Canada.

The Group has four business segments:

Support services – this includes facilities management, facilities services, energy services, utilities services, road maintenance, rail services, remote site accommodation services and consultancy services in the UK, Canada and the Middle East.

Public Private Partnership (PPP) projects – this includes investing activities in PPP projects for Government buildings and infrastructure mainly in the Defence, Health, Education, Transport and Secure accommodation sectors in the UK and Canada.

Middle East construction services – this includes building and civil engineering activities in the Middle East.

Construction services (excluding the Middle East) - this includes building, civil engineering and developments activities in the UK and construction activities in Canada.