

Summary

Making the invisible
visible: the real value
of park assets



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 £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 £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.

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.



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).
- 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.

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

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The study

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.

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

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 £1 whereas the registry office is listed as being worth £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.

1 See www.cabe.org.uk/space for more information about CABA 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.

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 £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

4 *Civilising American cities: a selection of Frederick Law Olmsted's writings on city landscapes*, S.B.Sutton (eds.) 1971.

© Natural England/Doorstep Greens



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.

5 Advice from HM Treasury development manager.

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-to-pin-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 (overleaf) 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.

6 For more details about this see *Assessing needs and opportunities: a companion guide to PPG17*, Office of the Deputy Prime Minister, 2002.

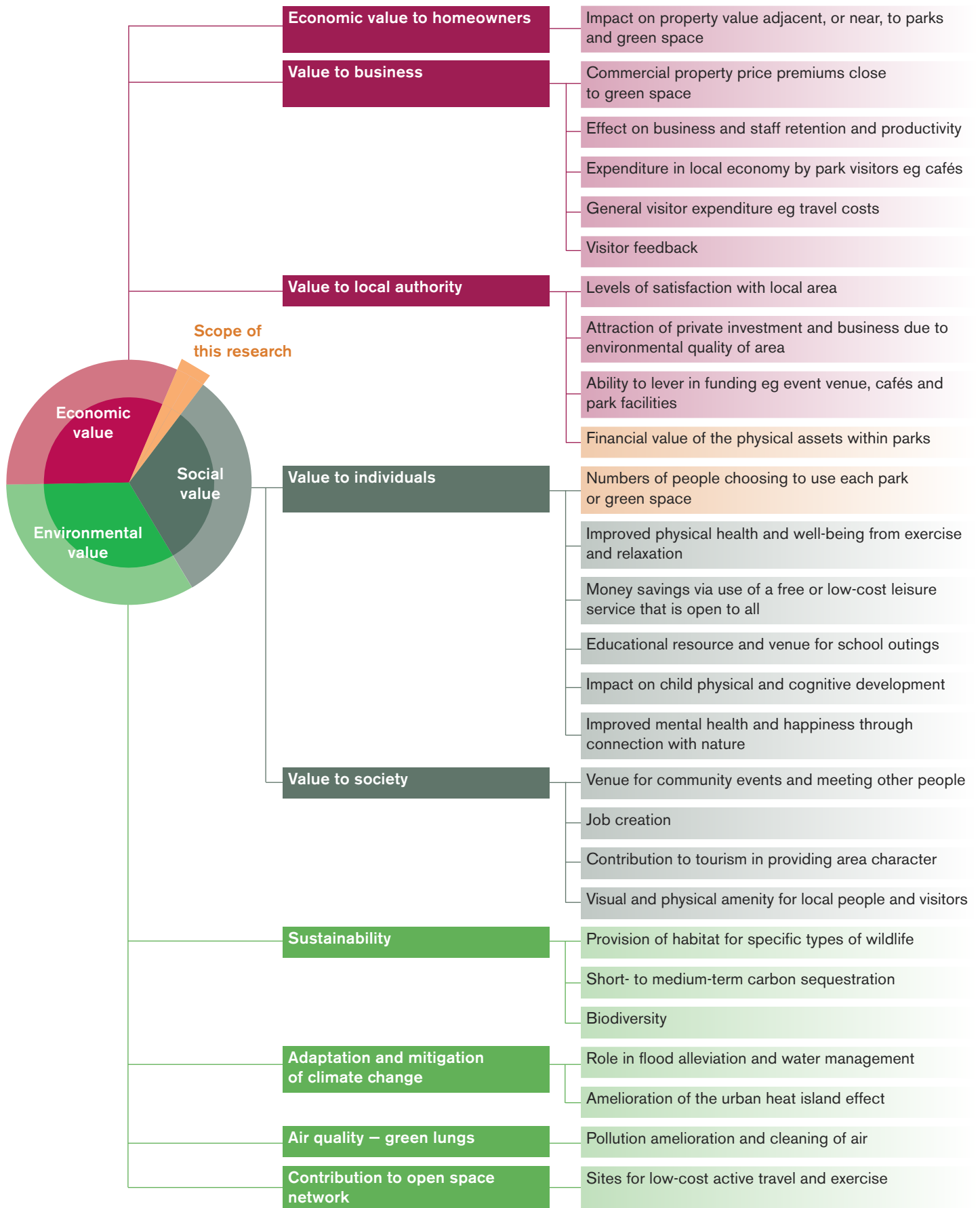
7 Other CABI Space publications have also considered the value of good-quality public spaces. See *The value of public space*, CABI Space, 2004 and *Does money grow on trees?* CABI Space, 2005.



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

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.



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 following suggested framework (figure 2 overleaf) 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.'

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.

Most councils value their parks at just £1 each. Our research valued Highbury Fields at £53 million and Sefton Park at £108 million

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 inventory software database	reinstatement cost identified by: – quantity surveyor and a landscape architect in consultation – <i>Spon's external works and landscape price book</i> ⁹ – automatically through asset valuation software (see chapter 4 in the main report for more details)
	entrance gates	number		
Perimeter and barriers	fencing	linear metre		
	railings	linear metre		
	walls	linear metre		
	bollards	number		
	barriers	linear metre		
Roads and surfaces	handrails	linear metre		
	roads	m ²		
	paths	m ² /type		
Drainage	car parks	m ²		
	type	individual		
Sports facilities	synthetic surfaces	m ² /type		
	tennis courts	number		
	skateboard park	individual		
Play facilities	play equipment	number/type		
	play surfaces	m ² /type		
Miscellaneous	bins	number/type		
	lighting	number/type		
	seating	number/type		
	litter bins	number/type		
	dog bins	number/type		
	recycling facilities	number/type		
Soil and ground modelling	ground modelling	m ³	area calculated from map or GIS asset inventory	cut-and-fill calculation and haulage cost; replacement cost of topsoil can be identified from <i>Spon's external works and landscape price book</i>
	topsoil	m ³		
Water features	dams	m ³	area calculated from map or GIS asset inventory	replacement cost of creating a similar feature per m ² /linear metre (excluding land cost) from a quantity surveyor and a landscape architect in consultation or <i>Spon's external works and landscape price book</i>
	watercourses	m ³		
	lakes and ponds	m ³		
	fountains	individual	manual record or asset inventory software database	
Planting	flower and shrub beds	m ²	horticultural contract bill of quantities or asset inventory	replacement cost of creating a similar feature per m ² /linear metre (excluding land cost) from a quantity surveyor and a landscape architect in consultation or <i>Spon's external works and landscape price book</i>
	hedges	linear metre		
	mown grass areas	m ²		
	sports pitches	m ² /type		
	golf/pitch and putt facilities	m ²		
	bowling greens	m ²	tree management system or database	valuation based on Helliwell ¹⁰ or CAVAT ¹¹ systems for each tree individually, or by assessing average age, size and condition and calculating an average value
	trees	number		
	woodland	m ²		

Buildings and unique features

Asset type		Unit	Source of information	Valuation method
Buildings	changing rooms	individual	council capital asset register	adopt SORP ¹² and RICS red book ¹³ guidance
	toilets	individual		
	cafés	individual		
	unique buildings eg art gallery or youth shelter	individual		
	other buildings	individual		
Unique features¹⁴	monuments and memorials	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: <ul style="list-style-type: none"> – 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
	sculptures	individual		
	other special or unique features eg a bridge, bandstand	individual		

9 *Spons' external works and landscape price book*, Spon (updated annually).

10 *Guidance note 4; visual amenity valuations of trees and woodlands: the Helliwell system*, Arboricultural Association, 2008.

11 For more information about the CAVAT system see *Risk limitation strategy for tree root claims*, The London Tree Officers' Association, 2008 (see www.tinyurl.com/8put5n).

12 *Code of practice on local authority accounting in the United Kingdom: a statement of recommended practice (SORP)* CIPFA, 2007/8.

13 *The red book: RICS valuation standards*, RICS (updated frequently).

14 *Accounting Standards Board financial reporting exposure draft 42*, June 2008. This consultation document on heritage assets considers valuation methods (see www.tinyurl.com/3hn5no).

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

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

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? This research summary explains why traditional accounting methods such as historic cost accounting and depreciation are inappropriate and unhelpful when valuing assets – such as parks – that can appreciate over time. It explains why the move to ‘whole of government accounts’ for all local authorities provides a useful opportunity to value parks in a more accurate way. Finally, it offers a new framework for measuring the asset value of parks and identifying some of the value they bring to local communities. The summary will be of use to parks and green space managers, finance professionals, asset managers – and anyone who wants to know more about valuing assets within parks.

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