Unlocking the Public Estate:

Local Realities, National Choices

Evidence, insights and practical steps for councils in 2026

Foreword

Local authorities are operating under unprecedented financial and operational pressure – and the public estate is both a substantial cost burden and one of the clearest opportunities to unlock savings, capital and social and economic benefit. This report provides an evidence-based view of how councils are responding to these pressures and identifies practical steps that can help meet national priorities, strengthen services, reduce liabilities and support better outcomes for communities. Our aim is not to restate familiar challenges but to highlight what can be achieved now, and what must change nationally to enable progress at scale.

The insights shared by property, finance and regeneration professionals confirm a system under strain, but also one marked by opportunity. Councils are reshaping service models, consolidating into more efficient buildings, releasing land for housing and modernising workplaces. Yet local initiative alone cannot fully realise the potential of the public estate. Central government has an essential role to play in providing stable multi-year funding, coherent capital programmes, shared data standards and reforms to technical barriers – including those that impede cross-sector collaboration.

Progress also depends on professional leadership. Bodies such as OGP, RICS, ACES and CIPFA have a significant opportunity to strengthen capability across the sector, support consistent standards and rebuild the strategic and technical capacity many councils have lost. I am grateful to all survey respondents and interviewees, and in particular to the core research team – Dr Chris Emin and Dr Nick Axford – and to Neil Webster, Richard Grass, Kate Mullins, Mike Lane, Owen Sloman, Malcolm Williams and Dr Grazyna Wiejak-Roy for their valuable contributions. I hope the analysis and recommendations set out here provide a constructive platform for collective action and a more strategic, resilient and value-focused approach to managing the public estate.

Guy Brett
Head of Consulting, Watling

Contents

Section 1

Executive Summary

“Local authorities are operating under intense pressure - yet practical, deliverable solutions remain.”

Local authorities are operating in one of the toughest environments in decades – but there remains cause for optimism. Despite financial constraint, staff shortages and a growing maintenance burden, there are practical, deliverable actions that councils can take now to progress. This report highlights those actions and shows how local and central government can each play their part in unlocking the full value of the public estate.

Revenue budgets are under strain, capital funding is tightly controlled, and demand for social care, temporary accommodation and other statutory services continues to rise. Councils are simultaneously asked to deliver national ambitions for housing, regeneration and decarbonisation, often with fewer people, ageing assets and fragmented responsibilities. The property portfolio sits at the centre of this tension – both a cost burden and a potential enabler of change.

The research, based on surveys and interviews with local authority property and finance leaders across England, identifies five cross-cutting themes and two critical enablers.

National policies out of step with local realities

National ambitions for housing, growth, community prosperity and net zero are widely supported but poorly matched to local delivery capacity. Stable multi-year settlements and joined-up capital frameworks are needed to bridge the gap. Councils can take practical steps now by reshaping services around fewer, better-used buildings, embedding estate change within corporate transformation, pursuing cost-neutral reconfiguration, and keeping a live pipeline ready for when funding or partnership opportunities arise.

Housing and growth – locked-up potential

Councils still hold substantial land that could support new homes and regeneration. The barrier is not intent but confidence, viability and political caution. Reframing disposals as reinvestment and maintaining a live, evidence-based pipeline can unlock housing while retaining community value.

Place-based collaboration still failing to deliver at scale

Despite a decade of "One Public Estate" programmes, most public bodies still plan in silos. Progress depends on shared data, delegated authority and integrated governance. Establishing Place-Based Investment Boards, evolved from existing OPE partnerships, would bring councils, NHS, police and education bodies into a single capital-approval process capable of turning discussion into delivery.

Firefighting on maintenance

Maintenance backlogs are growing faster than councils can address them. Sustained progress depends on government recognising maintenance as infrastructure. Opportunities to stretch resources further include: sequencing lifecycle renewal with carbon upgrades, a risk based and service criticality approach to prioritisation and evidencing the service and wider consequences of building failure.

Asset rationalisation and hybrid working opportunities

Most councils recognise they now need less space but struggle to convert that realisation into action. Rationalisation, framed as modernisation, can release savings and land for housing and renewal, while improving staff productivity, public services and community access.

Two enablers underpin every theme:

1. **Staff capacity and capability**

   after a decade of workforce contraction, the property profession has been hollowed out and lacks a national recruitment pathway comparable to planning or social work. Rebuilding professional capacity, including a stronger Head of Profession model, is essential if councils are to move from intent to delivery.

2. **Data and digital foundations**

   Fewer than one-third of councils trust their property data. Better data is the route to better strategy and credible business cases

Moving Forward

The task now is not more ambition but delivery. Councils can act by embedding property within corporate transformation, maintaining a rolling asset challenge, evidencing community benefit and reinvesting locally. Central government must match this resolve with stable funding, data standards and the removal of technical barriers that penalise collaboration.

This includes adjusting how NHS leases are scored for capital purposes, for example, through additional Capital Departmental Expenditure Limits cover or special budgetary treatment, as a first step towards a genuinely integrated public estate.

Government should also consolidate fragmented capital programmes into simplified, outcome-based funds that councils can shape locally, and integrate lifecycle, decarbonisation, public service access, town centre and regeneration funding to allow coherent, sequenced investment.

For some areas, reorganisation offers the chance to align estates, governance and accountability across wider economic geographies. But in the short term it absorbs leadership bandwidth and often pauses estate decisions. Reform should be treated as an opportunity to reset corporate property governance and ready projects for the new structures – not an excuse for delay.

The opportunity is clear: a leaner, greener, smarter public estate that underpins stronger services, accelerates housing and regeneration, and delivers lasting value for communities nationwide.

Section 2

Context & Purpose

"The property portfolio sits at the centre of this tension: both a cost burden and a potential enabler of change."

Context and Purpose

Local authorities are operating in one of the toughest environments in decades – but there remains cause for optimism. Despite severe financial pressures, staff shortages and a growing maintenance burden, there are tangible, practical actions that councils can take now to progress. This report highlights those actions and shows how central and local government can each play their part in unlocking the full value of the public estate.

The property portfolio sits at the centre of a tension.With revenue budgets under strain and capital funding tightly controlled by finance directors, demand for core services (from adult social care to temporary accommodation) continues to rise. Councils are simultaneously asked to deliver national ambitions for housing, regeneration and decarbonisation, often with fewer people, ageing assets and political sensitivity around disposals.

These challenges are not new. For over 25 years, national reviews have urged a more strategic, corporate approach to public-sector property. Many councils have advanced significantly – creating centralised property functions, asset management plans and partnership programmes. Yet systemic barriers persist - short-term funding cycles, fragmented governance and inconsistent data. The difference today is the scale of constraint and need.

The difference today is the scale of constraint. Reduced staffing, capital rationing and mounting maintenance liabilities now threaten the long-term sustainability of local estates.

There is much that can be done locally – and much that central government must also address.

Sustainable progress cannot rely solely on councils: Whitehall needs to provide the policy stability, funding mechanisms and cross-departmental coordination that enable reform, rather than simply shifting the burden downwards.

Purpose and Scope

This study – part of Watling Consulting's Unlocking the Public Estate research programme – explores how councils are navigating these realities in 2025 and whether the frameworks and skills that once underpinned strategic asset management remain fit for purpose.

The report aims to:

- **build an evidence-based picture of how property strategy and estate management are evolving under financial pressure**
- **highlight common enablers and barriers to progress**
- **consider approaches to overcoming those barriers and propose practical steps to unlock value**
- **provide actionable insight for local authorities and central government alike**

Between July and September 2025

Watling Consulting invited local-authority property and finance professionals to share their views on the state of local-authority property through an open online survey.

(See Appendix A for methodology).

The findings are structured around five themes and two enablers that together define the current state and future potential of the local-authority estate.

Theme 1

National Policies Out of Step with Local Realities

Local delivery reality does not match government ambition – changes to funding are needed but councils still have levers to act.

Theme 2

Housing and Growth: Locked-Up Potential

Councils still hold substantial land that could support new homes and regeneration. Reframing disposals as reinvestment and maintaining a live, evidence-based pipeline can unlock housing while retaining community value.

Theme 3

Place-Based Collaboration Is Still Failing to Deliver at Scale

Turn intent into delivery – using existing structures, funding levers, local leadership and the introduction of place-based investment boards.

Theme 4

Firefighting on Maintenance

Backlog Maintenance and Compliance Strain Are Reaching Breaking Point. Sustained progress depends on government recognising maintenance as infrastructure.

Theme 5

Asset Rationalisation and Hybrid Working Opportunities

Converting into action the general understanding that space can be reduced, by framing the modernisation benefits to overcome political resistance.

Underlying this there are 2 big constraints but even so we see value in:

Staff Capacity and Capability

The property function Is under-resourced and undervalued. Without a step-change in capacity and professional recognition, even the most credible estate strategies will struggle to move into delivery.

The Data Deficit Is a Brake on Decisions

Few trust their property data. Better data is the route to better strategy and credible business cases.

Section 3

What we found
Cross-Cutting Themes

Five Cross-Cutting Insights Shaping
the Public Estate Today

Theme 1

National Policies Out of Step with Local Realities

National policy ambitions on housing, growth, net zero and community wellbeing are widely supported in principle but poorly matched to the conditions under which local authorities operate. Councils describe a widening gulf between the Government's policy intent and the local delivery reality – a gap characterised by funding shortfalls, land viability, governance fragmentation and capacity constraints. Without stronger resourcing, national objectives risk being seen as symbolic but unfunded mandates, undermining trust and momentum for reform.

That doesn't mean Council's cannot act now. They can challenge which services truly need standalone buildings and reshape delivery around a smaller number of modern, multi-service anchor facilities. Embedding property strategy within corporate transformation - with visible senior sponsorship and early engagement of service leads - turns estate change into a shared organisational programme rather than a pure property exercise.

Progress should focus on financially balanced, cost-neutral reconfiguration, using receipts to fund relocations and early wins to build momentum. Alongside this, councils should maintain a live, cross-departmental pipeline of sites with housing, regeneration or disposal potential so they are ready to move quickly when funding or partnership opportunities arise.

60% consider national priorities such as rightsizing, land release for homes and sustainability, as aligned with local priorities

Local Delivery Realities

Financial stress and competing statutory pressures

Interviewees repeatedly observed that the cumulative impact of social-care costs, homelessness and special-needs provision has left little flexibility for strategic investment.

> **The low-hanging fruit has long since been picked. Securing efficiencies now is time-consuming, resource-intensive – it involves reshuffling the chess pieces.**
>
> **- Chief officer, London Borough (central)**

Community infrastructure: the quiet casualty

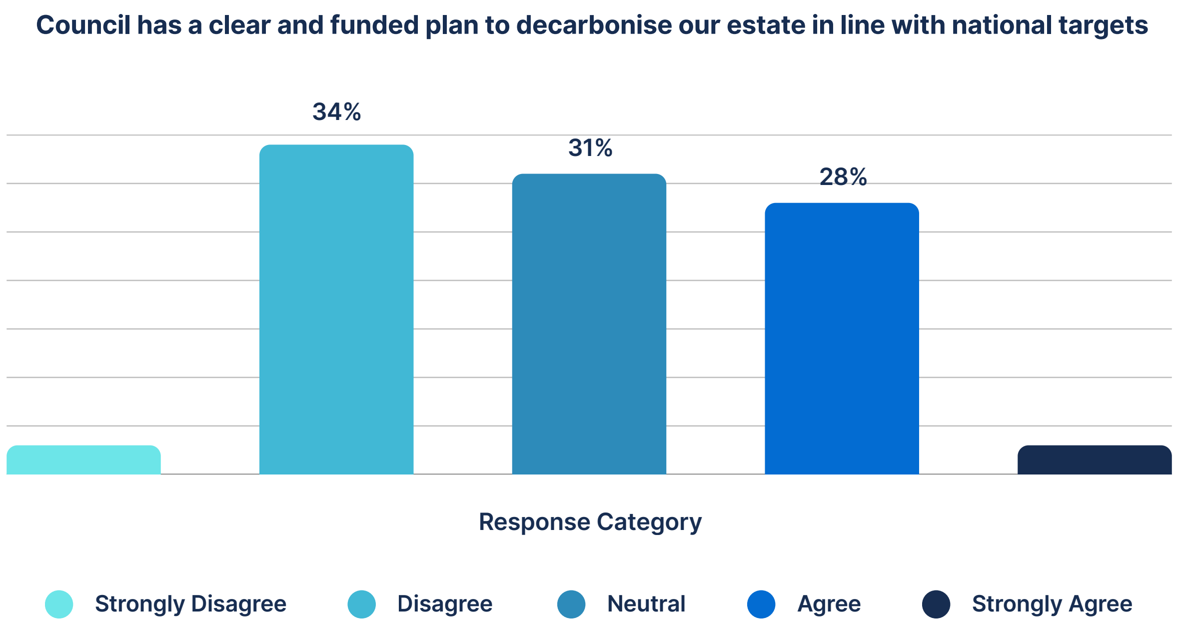
Respondents highlighted unfunded expectations around libraries, youth centres and day facilities.

One interviewee described "false economies of closure", where short-term savings erode long-term social outcomes.

While some targeted grants exist (e.g. Public Health is ring-fenced; occasional capital funds e.g. Better Youth Spaces), in practice, statutory pressures (especially social care) divert the general fund, leaving discretionary services vulnerable and reform efforts stop-start. Capacity to apply for small grants is limited and the government's commitment to consolidate grants to provide more flexibility and to return to multi-year financial settlements is welcomed.

Decarbonisation: ambition without funding

Two-thirds of respondents reported no funded decarbonisation plan, citing unrealistic expectations for ageing estates and the absence of sustained capital support. Without plans there will always be fire fighting.



How can we justify double-glazing the town hall when children in need right now don't have sufficient resources.

- Head of Property, London Borough (South)

Most councils rely on opportunistic grant bids (e.g. the Public Sector Decarbonisation Scheme and other SALIX Finance administered schemes) rather than comprehensive carbon-reduction strategies.

Local Government Reorganisation (LGR) and Devolution

Councils facing reorganisation describe a dual effect: the promise of structural efficiency changes that, in time, could help delivery, alongside immediate operational uncertainty and a pause in the estate change agenda.

Where devolution deals exist, councils report that single local funding settlements and clearer local accountability make long-term planning easier. However, the uneven pace of devolution means most areas still operate within fragmented, centrally-driven programmes that do not reflect local delivery conditions.

Other commonly referenced ways in which national priorities are out of step with local realities are addressed in Theme 2 Housing and Growth; and Theme 3 Place-Based Collaboration.

Opportunities for Local Authorities

Several councils illustrated how, even when national expectations and local conditions are misaligned, determined local action can still unlock solutions through careful sequencing and creative use of the estate.

Example

In a central London Borough, rising demand for Autism Spectrum Disorder (ASD)/Special Educational Needs (SEN) places collided with a complete lack of surplus land. A joint review with DfE and the Cabinet Office confirmed that no suitable public-sector sites existed, despite national funding for construction. The council instead reconfigured its own estate — negotiating the partial surrender of a primary school's academy lease, refurbishing the retained building, and using the released half of the site for a new SEN school.

Temporary SEN provision was housed in other council buildings freed up by relocating and consolidating children's services, with those spaces later repurposed again as a family hub. The project shows how councils can "move the chess pieces" to solve statutory pressures even when national support does not align neatly with local reality.

Re-align service delivery and property dependency

Work with Transformation and Finance teams to challenge which services genuinely need dedicated buildings. Develop locality-based “strawman” scenarios to test new models — consolidating around a small number of fit-for-purpose, multi-service “anchor buildings”. Reinforce the message that savings on energy, maintenance and rent can be redirected to front-line support.

Embed property strategy within corporate change

Secure Chief Executive and political sponsorship so that asset reviews are seen as enablers of transformation, not property-led cuts. Treat the strategy as a managed change programme: embrace a ‘can do’ culture, engage service leads early, model cost avoidance as well as receipts and use the process to build shared ownership of the future estate.

Focus on deliverable, cost-neutral reconfiguration

In most cases, receipts and released space will need to fund relocations or upgrades. Aim for financially balanced programmes that reduce long-term liabilities rather than headline savings. Use early quick-wins to generate confidence and build a case for reinvesting a portion of proceeds into programme delivery capacity.

Maintain a live pipeline of opportunity

Keep an up-to-date schedule of sites with housing, regeneration or disposal potential, and review this jointly with planning, housing and finance leads. Use it to prioritise action and demonstrate readiness when external funding or partnership windows open.

LGR does not change the core opportunities but reinforces the need for councils to build corporate sponsorship, prepare costed scenarios early, and maintain delivery momentum during reorganisation.

Example

More and more councils are pursuing cost-neutral consolidation of smaller service buildings into shared community buildings. One county authority reported reducing its operational estate by 20% while maintaining local access through shared hubs.

Opportunities for Central Government

Back national ambitions with stable, multi-year funding

Replace annual, piecemeal settlements with predictable multi-year allocations that enable councils to plan and deliver against housing, net-zero and place shaping goals. This echoes the Public Accounts Committee’s call for funding certainty as the precondition for sustainability.

Consolidate fragmented capital programmes into flexible local delivery funds

Rationalise the proliferation of small, competitive pots (Future High Streets Fund, Towns Fund, Brownfield Land Release Fund, Public Sector Decarbonisation Scheme and other SALIX Finance administered schemes etc.) into broader, outcome-based frameworks that councils can shape to local need. Encourage joint bids and cross-sector capital programmes that align housing, infrastructure, maintenance and decarbonisation.

Design funding that empowers, not prescribes

Where central funding is provided, keep conditions light-touch- focused on transparency and outcomes rather than detailed inputs or ring-fenced activity. Protect local discretion to balance investment across statutory and discretionary services.

Support delivery capacity and evidence-based decision-making.

Councils struggle when, for example, decarbonisation programmes, housing funds, education capital, NHS estates rules and town-centre regeneration initiatives operate to different timetables, criteria and accounting treatments. Government should coordinate these frameworks so they reinforce rather than contradict each other, enabling councils to sequence investment, pool opportunities and deliver coherent place-wide programmes.

Conclusion

Empowered local delivery

National support can make progress faster, but the initiative is local. Government can simplify and stabilise funding, yet up to a point, councils already hold the freedom to act - to challenge service dependency on assets, unlock housing sites and drive net-zero progress from the ground up. With sustained multi-year settlements and simplified enabling funding, central government can turn local initiative into a shared national success. But it risks policy failure or tokenism without government-wide support.

Theme 2

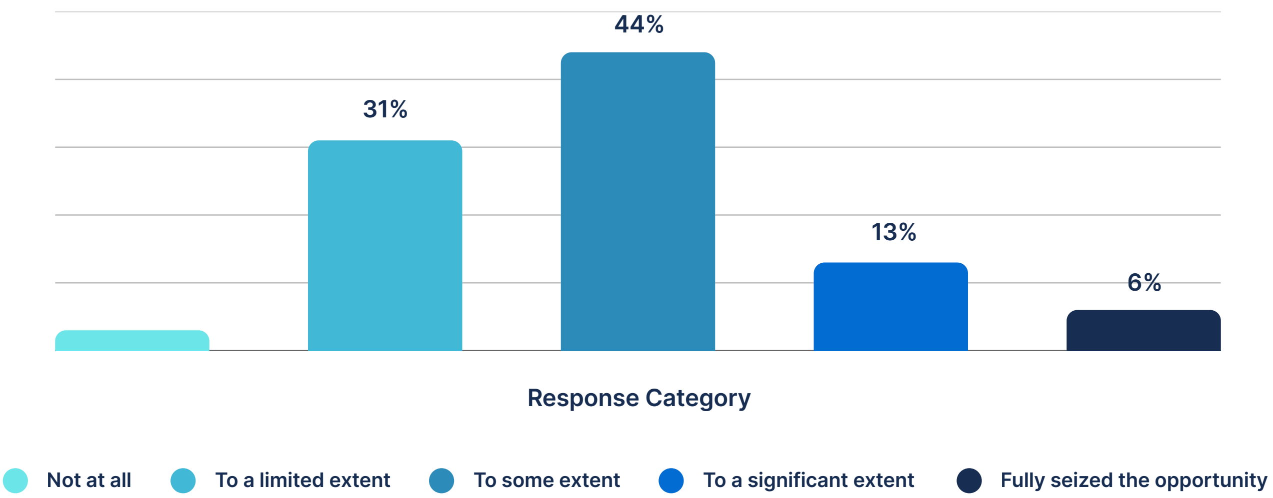
Housing and Growth – Locked-Up Potential

Local authorities still hold latent land potential – though much of it now lies in more challenging, costlier sites. Hybrid working has reduced office demand and revealed opportunities to consolidate, while continuing budget pressure has pushed councils to prioritise statutory services and close front-line facilities. Together these trends have exposed fresh rationalisation opportunities in some areas and left others with a pipeline dominated by complex brownfield, low-viability or politically sensitive sites.

Despite more than a decade of disposals, valuable opportunities remain to re-use or release land for housing and regeneration. The challenge is not lack of intent, but the confidence and resources to act decisively – to turn scattered rationalisation gains into a managed programme of housing-ready sites. With a strategic approach, stronger business cases, deeper insight (e.g. understanding market value), early engagement of members and communities, and clearer access to enabling funding, councils can still convert dormant assets into visible local benefit – new homes, reinvestment capital and renewed public confidence in place leadership.

Local Delivery Realities

The Council has taken full opportunity to release property for investment or housing (e.g. as a result of efficiency programme)



Only a small minority of councils believe they have fully seized the opportunity to release land for housing or investment.

80% of councils acknowledge they have not yet realised the potential of their estate.

Land release is happening typically through post-Covid office consolidation but most programmes remain piecemeal. Even where rationalisation creates opportunities, progress is often slow or contested as councils balance economic benefit against local opposition and reputational risk.

Property decisions can change the politics in wards – every transaction is emotional and councillors know they can lose their seat.

South East London Borough, Head of Property

This political caution, often described as the "family-silver" mindset, continues to block otherwise viable disposals and development partnerships. Some authorities have achieved success through joint ventures or selective regeneration schemes, but these are constrained by viability gaps, inflationary construction costs, and uncertain funding. Many councils rely on opportunistic grant bids such as the Brownfield Land Release Fund, rather than maintaining a sustained pipeline that links surplus sites to long-term housing need.

Overcoming the "Family Silver" Objection

Political caution remains one of the biggest barriers to land release. Overcoming it means moving mindsets from "selling assets" to investing in community value, as well as making case for more local housing.

Reframe as reinvestment:

"We're not selling the silver – we're turning it into new schools, hubs and town-centre projects that keep value for residents."

Keep influence through partnerships:

"We can retain control – by leasing, partnering or transferring to trusted community bodies with safeguards."

Show the real cost of keeping it:

"A £ saved on maintenance, cleaning and energy is a pound to the front-line."

Link to place and service improvement:

"This is about creating a stronger town centre and better local services – not erasing local identity."

Stage decisions and stay transparent:

"We'll decide this in stages – strategy first, options second, and disposal only after a full business case with member sign-off."

(Full practical guide in Appendix B: Countering the "Family Silver" Argument).

A true strategic approach is about asking – what can we do with our assets to release land for housing, provide emergency accommodation and children's day centres...e.g. how can we use space in schools.

Chief Officer (Children's Services) – Central London Borough

The cumulative effect is a slow leakage of public value and opportunities lost, as political cycles shift and costs rise. Yet the same councils that report frustration also recognise their agency: by reframing disposals as reinvestment, aligning property and housing teams, using data to evidence readiness, and using a structured decision-support process, they can turn stalled potential into deliverable regeneration.

Opportunities for Local Authorities

Reframe disposals as reinvestment

Treat land release as a way to fund renewal, not a loss of community value. Link asset decisions to place outcomes. Ring-fence receipts transparently to visible local outcomes – new homes, modernised civic buildings, service delivery improvement and town centre renewal, and communicate the reinvestment story clearly to Members and residents.

Create political confidence through evidence and process

Use clear business cases, whole-life comparisons, pre-agreed evaluation frameworks and decision gateways to turn caution into approval. Showing the cost of doing nothing – maintenance backlogs, higher running costs, decarbonisation liabilities, and lost regeneration opportunity – builds consensus for action.

Build a live, multi-year pipeline of developable sites

Maintain a cross-departmental schedule of assets with housing or regeneration potential, linked to planning and finance teams. A ready pipeline positions councils to act quickly when grant or partnership opportunities arise.

Use delivery partnerships to retain influence and share risk

Explore joint ventures, long-lease arrangements, or development-management partnerships that balance local control with private-sector expertise and investment. These models can deliver housing and infrastructure while avoiding large upfront council borrowing.

Invest in internal capacity

Strengthen programme management and financial-modelling skills so that property and housing teams can make confident, commercially-informed decisions without over-reliance on external consultants.

Opportunities for Central Government

Rebalance viability rules to recognise public value

Current grant conditions assume that one round of gap-funding should make a scheme fully viable. Allow further, tightly governed subsidy where long-term social, environmental or regeneration benefits justify it, enabling harder, costlier brownfield sites to progress in low-value areas.

Maintain a long-term national programme for site readiness and remediation

Retain dedicated funding for pre-development, decontamination and enabling infrastructure to bring complex public-sector sites into use for housing and regeneration. Evolve this from short-term competitive pots into a permanent feature of the local-growth system.

Align land-release and viability reform with the £39 billion national social and affordable housing programme

Significant national investment has been committed over the next decade; ensuring public-sector land is viable, serviced and deliverable would help councils convert this funding into new homes in the places that need them most.

Conclusion

Unlocking value and renewal – not simply selling assets

Unlocking land for housing and growth is less about selling assets and more about shaping value - with confident leadership (supported by evidence and process), stable funding and clear communication, councils can turn constrained estates into catalysts for renewal.

Theme 3

Place-Based Collaboration Is Still Failing to Deliver at Scale

A decade of national initiatives – One Public Estate, Integrated Care Systems and devolution – has not yet delivered a joined-up public estate. Most local partnerships remain organised around individual institutions rather than place.

Yet the ingredients for success already exist. Councils are working more closely with health, blue-light and education partners, co-location is growing, and cross-sector trust is improving.

The challenge now is to turn this intent into delivery – using existing structures, funding levers and local leadership to make collaboration routine rather than exceptional.

Local Delivery Realities

80% of organisations say place-based working helps address estate and service challenges.

Only one in five survey respondents are sceptical about place-based working initiatives. Many cited productive relationships with NHS, police, fire and education partners, but most described progress as tactical and slow.

Partnerships are often personal rather than structural - they work until people move on.

Head of Property, West Midlands County Council

Co-location is more common than a decade ago but rarely managed at portfolio scale. One county officer noted, **"We have a joint civic hub with the NHS, but no framework to do it again elsewhere – every deal is bespoke."**

Other commonly referenced ways in which national priorities are out of step with local realities are addressed in Theme 2 Housing and Growth; and Theme 3 Place-Based Collaboration.

Some councils are already showing what success looks like. South Staffordshire's Codsall Community Hub brings NHS, police and library services together with the council HQ – generating £5.7 million in new income, £1.3 million in receipts and avoiding backlog maintenance. In Scotland, South Ayrshire Council is reshaping its entire estate into multi-service community hubs, halving office space while embedding net-zero goals. Earlier, but still highly relevant, Worcestershire's Hive combined a university and public library in one civic landmark, saving £4.2 million capital and £267 k per year while revitalising the city centre.

Councils link the lack of system-wide collaboration to five missed opportunities:

1. Accessible and convenient services for residents

2. Town-centre vitality and footfall, with public services as anchors for regeneration

3. Reuse of vacant or under-performing space

4. Land release for housing and mixed-use development

5. Cost efficiencies from sharing or reducing space

Funding remains fragmented. Departmental capital rules and approval processes discourage pooling. In health, IFRS 16 (Leases) means most leases are recognised on balance sheet and count against the NHS's Capital Departmental Expenditure Limit (CDEL) – making even beneficial shared-space projects unattractive. As one local leader in the West Midlands put it: "The accounting system punishes collaboration; it's perverse."

Governance is also vertical. Decisions move through departmental sign-offs rather than a single place-based approval process. While most areas now operate an OPE Partnership Board, these are advisory, not decision-making. Approvals and budgets still flow up and down individual organisational hierarchies.

Accountability remains diffuse. Many national and local bodies – NHS and academy trusts, police authorities, central departments – are not directly accountable through local government structures, even though their assets and decisions shape the same geography.

Trying to do a deal on a care home took five years," said one West Midlands' district council respondent. "Everyone agreed in principle, but no one had delegated authority to act."

Local Government Reorganisation (LGR) adds further complexity: mergers can pause disposals and investments, but over time create clearer accountability where new unitaries align with combined-authority structures.

Data and planning methods are another barrier. There is no common framework for assessing infrastructure need across services. The NHS (through the NHS Confederation) has called for a national methodology for health, embedded in s106/CIL, which could form the basis for a wider cross-sector approach.

Finally, short political cycles disrupt continuity. **"A new cabinet can undo three years of partnership work overnight,"** observed a East of England district property lead. Multi-year agreements and memoranda of understanding can help protect progress across electoral cycles.

Example

Project Wings (DHSC/NHS, in development)

Purpose: To test new partnership investment models for primary and community-health infrastructure.

Concept: A PPP-style approach with an NHS anchor tenant and potential for co-locating other services under flexible head-lease and sub-lease arrangements

Potential: If extended to non-health bodies – for example, a council-commissioned hub combining housing, libraries, children's services and diagnostics – it could deliver genuine place-based regeneration and town-centre renewal.

Status (2025): Pre-market engagement led by DHSC and National Infrastructure and Service Transformation Authority (NISTA); scope for wider public-sector access yet to be defined.

Opportunities for Local Authorities

Councils can act now by using existing mechanisms and leadership roles to make collaboration practical, not aspirational. Place Based Investment Boards (PIBs) - new, locally-led partnerships evolved from existing OPE Boards – could be set up to bring together councils, NHS, blue-light and education bodies to plan and approve joint investment at a place level (see Central Government Opportunities for how national policy could enable these Boards).

Build on existing OPE Boards to lead integrated asset planning

Most councils already host OPE Partnership Boards that convene NHS, blue-light, HEIs and central departments. Formalising these into Place Based Investment Boards (PIBs) can move them from discussion forums to decision-making bodies. “Our OPE Board now brings NHS Property Services and Homes England to the same table for the first time,” reported one county council.

Pilot a single place-based capital approval process

This would enable councils, NHS organisations, education and blue-light partners to develop, assess and prioritise major schemes through one shared route. This replaces multiple parallel approvals with a single, locally owned process, overseen by the Place Based Investment Board. Several respondents said they already coordinate bids informally.

Map public-sector assets and data to reveal overlaps

Councils have long recognised the power of mapping - Lambeth Council among others did so over 20 years ago, working with local partners to identify joint accommodation and redevelopment sites - and One Public Estate has promoted this approach for more than a decade. Yet many areas still lack a single, shared view of their public assets. “You can’t integrate what you can’t see,” said one unitary respondent. Councils can use GIS and OPE mapping tools to create joint datasets as the foundation for rationalisation.

Maintain momentum through LGR transitions

Where reorganisation is under way, councils should set up shadow boards and novation-ready agreements to keep projects moving and ensure alignment post-vesting day.

Use co-location as a lever for regeneration

Public-sector hubs can anchor town-centre renewal, generate footfall and unlock housing potential. The Dundee 365 Schools initiative shows how re-purposing existing assets extends public value: schools become all-year community hubs for adult learning, culture and health activity outside teaching hours. One district officer noted, “A pound spent on shared facilities saved three on avoided vacancy elsewhere.”

Opportunities for Central Government

Fix the accounting disincentive

Current IFRS 16/CDEL treatment of leases deters NHS participation in shared-estate schemes. Treasury and DHSC should agree an approach that prevents lease liabilities for approved place-based joint projects from scoring against local NHS bodies' CDEL limits, so NHS bodies can participate fully in shared hubs without being penalised under IFRS 16.

Move from competitive pots to multi-year settlements.

Provide simple, repeatable funding routes for collaborative projects. Reduce reliance on short-term competitive pots for joint programmes. Collaborative estates projects need funding mechanisms that allow partners to plan and sequence work together. (System-wide multi-year funding reforms are addressed in Theme 1.)

Mandate flexibility for national delivery models

Emerging programmes such as Project Wings (DHSC/NISTA) should explicitly allow any public body to act as lead commissioner for multi-service community hubs This would make the model a genuinely cross-government tool rather than a health-only experiment.

Evolve OPE Partnership Boards

Evolve OPE Partnership Boards into Place-Based Investment Boards (PBIBs) with pooled, delegated funding. Where appropriate, government should provide multi-year place-based allocations to a designated accountable body (combined authority or unitary council), with priorities jointly governed through the PBIB. This enables partners to plan shared hubs and pooled investment across organisations.

This would embed the collaborative culture already developing locally. Since 2013, One Public Estate has enabled 75+ partnerships, releasing land for 38,000 homes and delivering £576 million in capital receipts and £99 million in running-cost savings. Government should build on this success.

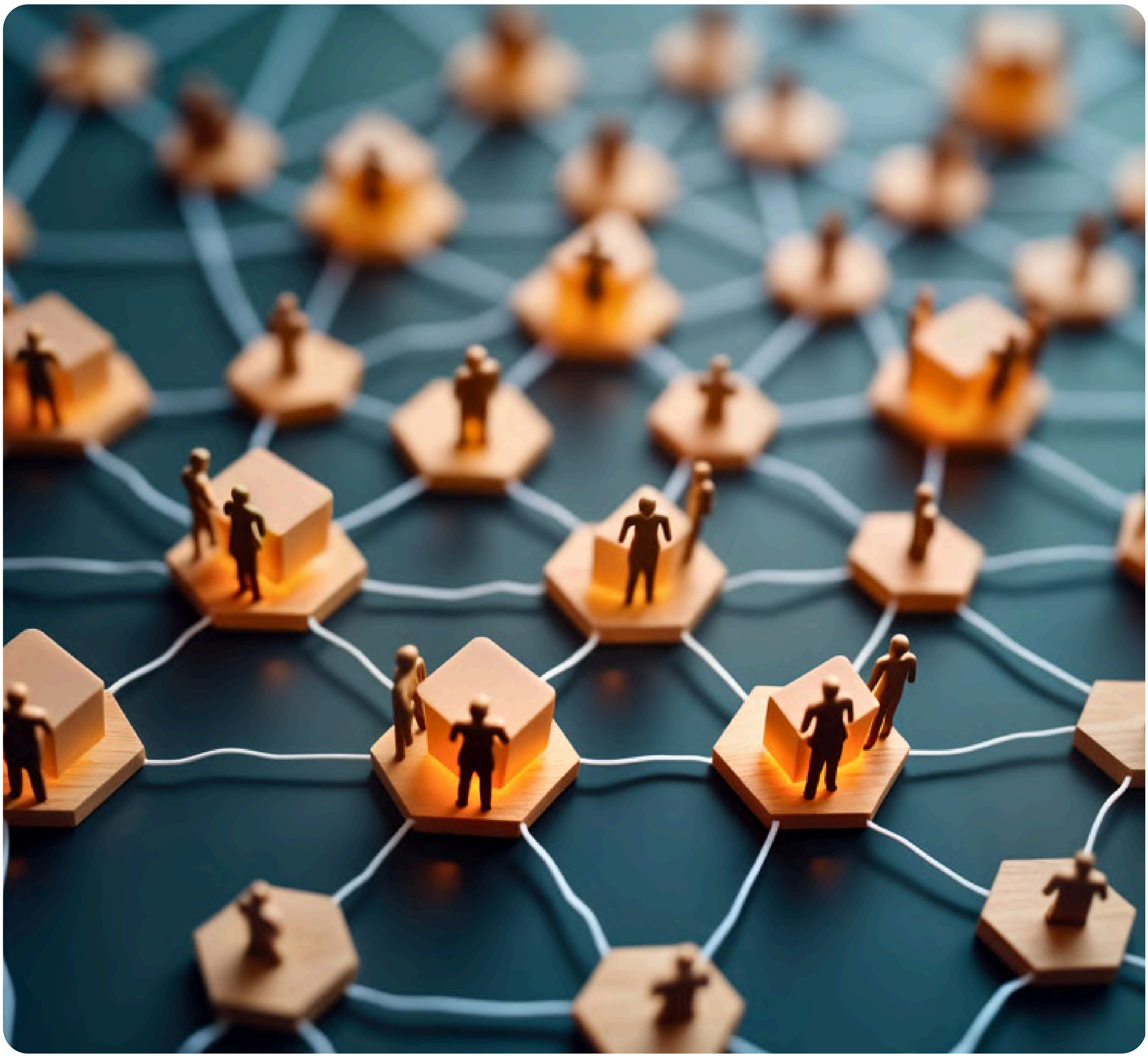
Vision: The Future Model for Place-Based Working

The goal is a repeatable framework for shared investment:

- A single place-based capital approval process
- Integrated governance led by a combined or unitary authority (post LGR)
- Multi-year pooled settlements replacing siloed bids (paid to an accountable body)
- A shared evidence base for infrastructure planning

Co-location should become the default starting point for every capital project, with Place Based Investment Boards providing the mechanism to join up assets, funding and decision-making.

"We don't need another initiative," said one county director. "We need permission to use the ones we already have – together."



Conclusion

One Public Estate → One Investment Board

Place-based collaboration has shown its potential, but it will only deliver at scale when supported by shared governance, pooled capital and a single local route for approving investment. Evolving OPE partnerships into Place-Based Investment Boards gives every area the means to plan, sequence and deliver projects as one public system. With flexible settlements and reforms to remove barriers such as NHS CDEL constraints, places can deliver integrated hubs, whole-estate transformation and town-centre regeneration at scale.

Theme 4

Firefighting on Maintenance: Backlog Maintenance and Compliance Strain Are Reaching Breaking Point

Summary Insight

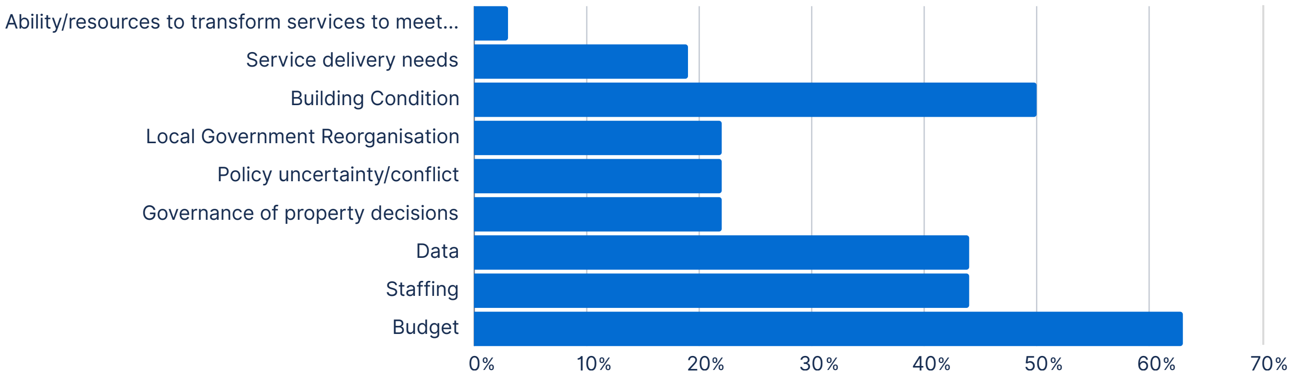
Years of capital constraint mean many councils are now managing buildings that are technically compliant but deteriorating. Only one in eight respondents describe their estate as well-maintained, and half identify maintenance as a top-three strategic challenge. With limited budgets, property teams are forced into short-term fixes. Without stable funding and clear prioritisation, the backlog will continue to grow faster than councils can address. A shift toward risk-based planning and better sequencing of works can help councils stretch scarce investment further.

Local Delivery Realities

Survey findings show a sector under strain:

- **One in eight respondents describe their estates as well-maintained, and half identify building maintenance among their top three operational challenges.**
- **Half ranked building maintenance within their top three strategic challenges.**
- **Most described their estate condition as neutral – generally compliant with health and safety but short of modern or efficient standards.**

Top three constraints currently affecting property function



Interviews echoed this picture. Senior officers spoke of “keeping the lights on”, explaining that limited capital is diverted to urgent compliance and repairs rather than planned programmes. Several said compliance testing now absorbs most available revenue, leaving little for lifecycle renewal or optimisation. The result is a cycle of reactive management that undermines resilience and long-term value.

Evidence from councils illustrates the pattern. Bolton Council’s Strategic Asset Management Plan (2020-25) recorded a confirmed backlog of £19.5 million and a projected need rising to £29.5 million – about ten times its annual planned-maintenance budget. Councils with large heritage buildings – such as the Grade II-listed County Halls in Derbyshire and Essex – have low occupation rates, showing how listed-asset liabilities can stall rationalisation and add to the maintenance bill.

This picture is supported by the National Audit Office (2025) which reported that government does not have a clear, up-to-date picture of the condition of public buildings or the cost of keeping them safe and functional. The Cabinet Office’s Responsible Maintenance Guide for Accounting Officers warns that deferring works increases long-term cost, heightens operational risk and can lead to statutory breaches. Real-world failures reinforce this: more than 40% of schools have at least one building affected by leaks or fabric deterioration, while NHS estates face recurring closures due to water ingress, unsafe structures or energy-system failures.

There is also a missed opportunity to align maintenance with Net Zero Carbon ambitions. Separating maintenance and decarbonisation effort leads to duplicated spend, poorly sequenced works and higher long-term costs. Conversely, integrating lifecycle maintenance with energy-efficiency upgrades, for example, combining roof repairs with insulation, or boiler replacement with heat-pump readiness -can stretch funding further and accelerate carbon reductions. Councils noted this principle but said uncertainty over funding cycles stops them planning works in a joined-up way. Stable funding settlements are needed.

Opportunities for Local Authorities

Move from firefighting to forecasting

Adopt rolling asset-challenge cycles that prioritise according to risk and service criticality.

Integrate maintenance and decarbonisation planning

Sequence lifecycle works and energy-efficiency upgrades together to reduce disruption, save cost and strengthen business cases.

Quantify the cost of deferral

Build simple lifecycle models to show how postponement increases long-term cost (including to the wider business) and potentially blocks income generation opportunities

Embed maintenance strategy in the Strategic Asset Management Plan and governance cycle

Ensure Cabinet or the senior management board review the maintenance position annually, including backlog, risk and funding need.

Treat data as an asset

Consolidate FM, compliance and survey information into a single evidence base to support prioritisation.

Draw the above into a business case

Set out required investment, benefits, avoided costs and links to service outcomes and other corporate objectives (resilience, carbon reduction).

Opportunities for Central Government

Recognise maintenance as infrastructure investment

Provide predictable, multi-year funding for lifecycle renewal, not solely new-build capital. This reinforces the broader case made in Theme 1 for multi-year funding but applies it specifically to maintenance and lifecycle renewal.

Standardise definitions and reporting

Create national terminology for backlog, lifecycle replacement and compliance risk to support consistent reporting. This complements the data reforms set out in Enabler 2 by clarifying the role for central government in creating national definitions.

Build capability and professionalism

Expand the Office of Government Property's property-profession and WMZCE training programmes to support local authorities. This aligns with the wider professional-capacity reforms set out in Enabler.

Enable integrated planning

Ensure capital, decarbonisation and compliance funding streams allow councils to sequence maintenance and energy-efficiency works in one programme. This builds on Theme 1's call for joined-up funding by setting out how alignment enables integrated maintenance and net zero programmes.

Strengthen audit and performance frameworks

Integrate estate-condition and safety indicators into national performance measurement.

Conclusion

Reframe lifecycle maintenance as infrastructure investment

Maintenance neglect is eroding service reliability across the public estate. Councils can act, by evidencing risk, building robust business cases and using scarce funds strategically, but sustained progress depends on government recognising maintenance as infrastructure, not overhead.

Theme 5

Asset Rationalisation and Hybrid Working Opportunities

Summary Insight

Hybrid working and moving customer contact to digital channels has reduced the need for space faster than systems, funding and decision-making can adapt. Political sensitivity and the fear of optics have delayed action even where evidence is strong. Underused offices continue to drain budgets - and the opportunity cost is the land that could otherwise have been released for housing or regeneration. Without stronger corporate direction and targeted investment, half-empty offices risk becoming the new blight.

Local Delivery Realities

Intent is high but delivery is uneven

More than half of councils (56%) say they already use asset planning to drive service transformation. Many have centralised property functions and recognise property as a lever for change. Yet operational pressures dominate - temporary accommodation, adult social care and Local Government Reorganisation consume leadership attention and capital. Rationalisation ambitions compete with emergency priorities, leaving good strategies without implementation capacity.

Hybrid working has changed the space equation

Three years after Covid, almost every council operates a hybrid model, but few have reshaped their estates accordingly. Survey responses highlight widespread under-utilisation, especially on Mondays and Fridays, and inconsistent policies between teams. Interviewees described “inefficient hybrid” arrangements where staff come in but cannot find the equipment or space to work productively. The result is the same across the country - occupancy rarely exceeds 30-40% mid-week, and many buildings sit half-empty most of the time.

Evidence from a county council in the east of England shows what this looks like in practice.

Average daily attendance was around 25%, with more than 10,000 m^2 of civic-office space hibernated and annual running costs of about £5m. Seventy per cent of staff were designated “anywhere workers”. The authority developed a plan for a smaller, greener headquarters and the repurposing of older blocks - a model now being explored by many others.

Political resolve remains fragile

One county council that had a clear business case to recycle capital and downsize into modernised space paused the project amid fears of “rewarding officials with comfortable offices” during a cost-of-living crisis. A similar central-government scheme to rationalise several leaseholds into one modern shared building was cancelled late in the day, despite clear carbon and cost savings. The optics of “ivory towers” can outweigh the financial logic, even when the numbers stack up.

Example

Heritage liabilities compound the challenge

A Midlands County Council’s main civic building, a Grade II listed complex vacated under its modern-ways-of-working programme, illustrates the problem. Maintenance liabilities exceeded £100,000 a year and refurbishment was unaffordable. The options appraisal weighed letting it for income, retaining it, or selling. The preferred outcome was disposal within five years - but progress has been slow, constrained by heritage restrictions and public sentiment. Many authorities face similar dilemmas with listed halls and town-centre offices that are expensive to heat but politically difficult to release.

Service-led rationalisation offers a route forward

A 2024 Operational Estate Review in the east of England showed how structured, service-based workshops can identify which buildings are genuinely needed and which can be shared or vacated. Starting from service need rather than property condition proved effective in prioritising investment and explaining change to members and residents.

The pattern is clear

Councils understand the opportunity, but progress remains piecemeal, not least because political sensitivity and a lack of good governance and communication have delayed action even where evidence is strong

Opportunities for Local Authorities

Adopt a rolling asset-challenge cycle

Test each building for purpose, performance and opportunity every year. Focus on high-cost, low-use properties first and use clear metrics on market value, cost per occupant, carbon output, occupancy, suitability and liabilities.

Use utilisation and workforce data to guide decisions

Simple occupancy and attendance monitoring provides the evidence needed to right-size confidently. Link this to workforce planning so hybrid patterns are supported by the right amount and type of space.

Frame rationalisation as modernisation, not reward

Address the "ivory towers" perception directly. Publish before-and-after facts on cost, carbon and space per employee. Reinforce that better workspace means more engaged and productive staff -improving service delivery outcomes - not perks for officials.

Re-invest proceeds transparently

Ring-fence receipts and revenue savings to modernise retained buildings and tackle compliance risk. Make the reinvestment trail visible to members and the public to sustain trust.

Strengthen governance and communication

Treat rationalisation as a corporate efficiency, service improvement, growth agenda and sustainability programme, not a property exercise. Integrate with transformation initiatives and secure early chief-executive and cabinet sponsorship.

Opportunities for Central Government

Provide light-touch capital support for workspace modernisation

A small, flexible pot for reconfiguration, accessibility upgrades and digital workspace improvements would help councils convert underused space into modern, efficient workplaces and shared service hubs.

Recognise the cost burden of legacy and listed buildings

Funding frameworks should explicitly recognise the lifecycle and compliance cost burdens of heritage and listed buildings, supporting councils to adapt or exit where maintenance is unsustainable.

Continue driving shared office hubs

Maintain and expand the Government Property Agency's Hubs Programme and the One Public Estate framework to encourage co-location of central departments, agencies and local-authority teams in shared buildings. Common workplace standards and joint planning reduce duplication and carbon while keeping public services visible in town centres.

Support sector-wide benchmarking of utilisation and workplace performance

Through Office of Government Property (OGP), Association of Chief Estates Surveyors and Property Managers (ACES) and Chartered Institute of Public Finance and Accountancy (CIPFA) promote consistent reporting of performance indicators e.g. occupancy, condition and cost per occupant - to create a transparent evidence base for both central and local estates. (See Enabler 2 for the wider data and interoperability reforms.

Conclusion

Modernise the estate while protecting public trust

Hybrid working has permanently changed the public-sector workplace. With evidence, transparency and political courage, councils can continue to turn underused offices and civic buildings into a leaner, greener and more community beneficial estate - cutting cost, releasing land and proving that better space is better value for the public.

Enablers – Building the Foundations for Action

Delivering on these five priorities depends on councils having the right data, systems and skills in place. Across our research, two enabling factors stand out:

Capacity and capability

The shortage of property professionals, analytical skills and strategic bandwidth to convert intent into delivery.

Data and digital foundations

The need for accurate, connected information to support confident decision-making.

None of this will come as a surprise. Most local authorities already know that limited staffing, outdated systems and patchy data are holding back progress. What this research does is point to practical ways to overcome them.

Without these enablers, even the best strategies risk stalling.

Enabler 1

Staff Capacity and Capability

Many councils are trying to manage large, complex estates with teams that are simply too small. A 2011 Royal Institution of Chartered Surveyors (RICS) article warned councils were “haemorrhaging property know-how through job losses,” forecasting the loss of 4,000 local-authority property roles. The result is visible today: property functions are stretched thin, relying on interims and consultants to fill gaps once covered by in-house professionals. Without a step-change in capacity and professional recognition, even the most credible estate strategies will struggle to move into delivery.

Local Delivery Realities

Under-resourced and over-stretched

Across the survey, more than two-thirds of respondents cited insufficient staff or specialist skills as a major barrier to effective estate management. Several respondents described “a single surveyor covering hundreds of assets,".

Loss of professional capability

Interviewees repeatedly spoke about the erosion of technical and strategic skills, along with a dependency on interims.

One director noted:

“We don’t need another initiative,” said one county director. “We need permission to use the ones we already have – together.”

This loss of continuity means that decisions are often revisited as new staff and consultants arrive without knowledge of earlier analysis.

Capacity limits the ability to act

The survey highlighted a gap between intent and ability: while the majority of councils have some form of property or asset strategy, fewer than one in four say they have the capacity to deliver it.

Responses linked this directly to reduced corporate support — “no analytical bandwidth,” “lack of project management resource,” and “competing with regeneration for the same few staff.”

Several respondents stressed that they can identify the savings but lack the time or internal expertise to realise them.

Case Study

A review of a core City Council's Property and FM cost reduction programme that hadn't delivered budgeted savings showed how an under-resourced central property team struggled to capture savings or influence service decisions. Lessons learned - centralise budgets, strengthen governance, reinvest early savings in people and systems.

Reactive culture and risk aversion

As workloads grow, the focus naturally shifts to compliance and crisis management.

"We’re running faster just to stay still.”

Interviewees described property functions that “keep the lights on” rather than shaping long-term portfolio change.

The perception of property as a cost centre rather than a delivery enabler, discourages investment in staff and training.

Case Study

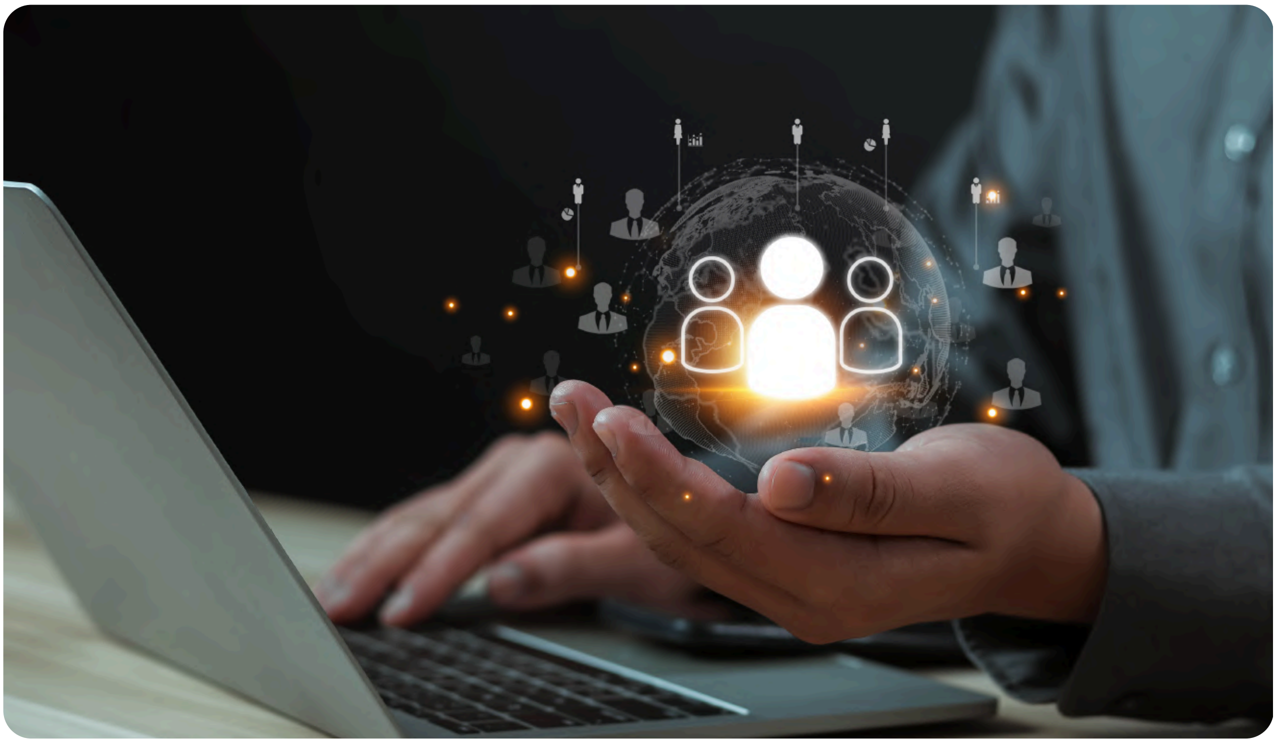
Building Capacity to Unlock the Prize

(A mixed urban/rural authority: "Transforming the Estate" programme)

The council showed that capability is the enabler of transformation, not an administrative overhead: facing unsustainable running costs, a £48m maintenance backlog, nearly £500m in decarbonisation liabilities and a dispersed 900-asset estate, it recognised its small, reactive property function could not deliver the scale of change required. Instead of full outsourcing, it adopted a mixed-economy model built around a small in-house transformation team for continuity, supplemented by short-term specialist support in strategy, financial modelling, workplace design and change management, plus two temporary commercial-asset managers and programme-management resource. This targeted investment unlocked £1.3m in projected net benefits over five years through office rationalisation and low-value disposals.

Local-government property has no dedicated national recruitment pathway

Unlike planning (Local Government Association's Pathways to Planning), social work, or local-government leadership (National Graduate Development Programme), councils are competing individually for scarce property talent and the career is not visible to the graduate market. A collective approach is required.



Opportunities for Local Authorities

Empower Head of Property to act as Head of Profession

Give the Head of Property a recognised corporate mandate to set professional standards, coordinate built-environment disciplines (property, FM, housing asset management, regeneration estates and capital projects), and ensure consistent, strategic advice across the organisation. This mirrors the Government Property Profession model and helps ensure scarce skills are used coherently across the council.

Recognise property as a strategic enabler

Capability is not a sunk cost but an enabler of financial and service reform. Ensure the Head of Property has a clear line to corporate leadership.

Rebuild multi-disciplinary teams

Create a balanced mix of permanent staff and specialist support. One skilled asset manager can often generate more savings than the post costs.

Align with national recruitment pathways

Councils should link their property workforce planning to emerging national initiatives to promote careers in planning, housing and regeneration. While local-government property lacks an equivalent national "pathway" today, councils can work collectively through Association of Chief Estates Surveyors and Property Managers (ACES) and regional networks.

Opportunities for Central Government

Provide targeted capability funding

Government funded programmes to include staffing and skills costs, not just capital works.

Develop a national recruitment pathway for local-government property

Building on the Local Government Association's (LGA) Pathways to Planning and the National Built Environment Programme, government and sector bodies e.g. LGA, RICS, ACES and New London Architecture (NLA) should collaborate to promote local-government property as a coherent, attractive career route.

Extend professional frameworks to local government

Open elements of the Government Property Profession's career framework, learning pathways and professional-standards resources to local authorities, and work with ACES, RICS, CIPFA and LGA to support a consistent Head of Profession model across councils.

Champion property leadership

Work with ACES, RICS and the Office of Government Property to extend professional frameworks, mentoring networks and leadership development to local-authority Heads of Property.

Promote shared-service and cross-authority models

Encourage councils to pool expertise in property, data, and programme management where recruitment is most challenging.

Conclusion

Capability is the foundation for delivery

Councils cannot deliver strategic estate change on goodwill alone. A modest investment in targeted professional capability pays for itself many times over- unlocking receipts, reducing running costs and creating the confidence to act.

Rebuilding the property profession within local government is not an overhead; it is the catalyst for unlocking the public estate.

Enabler 2

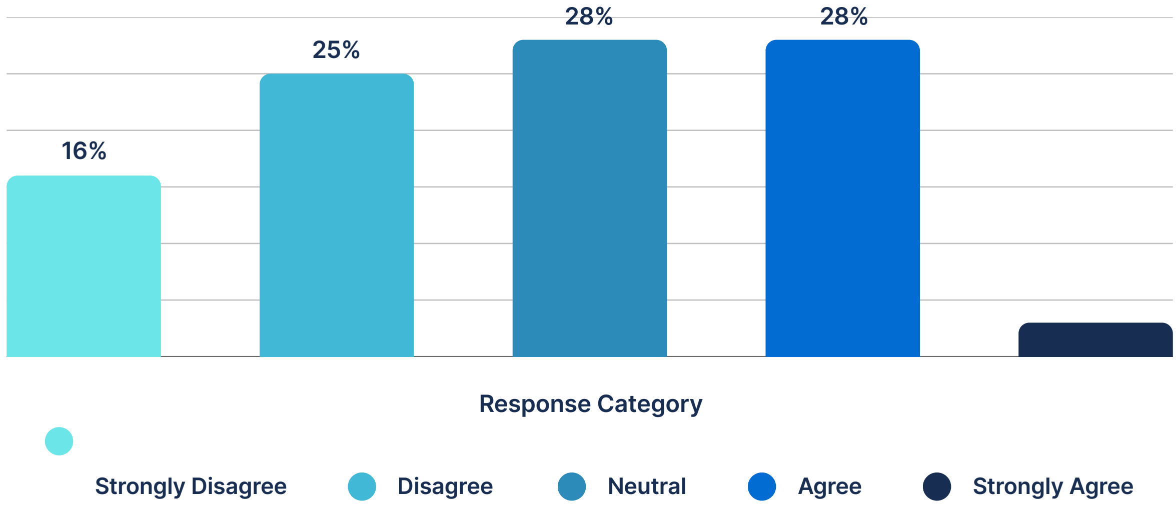
The Data Deficit is a Brake on Decisions

Without reliable data, councils are flying blind; decisions stall, costs rise and opportunities slip away. Yet fewer than one-third of councils have reliable data or analytics to inform estate decisions. Without accurate, accessible and connected information, strategies to unlock value, reconfigure portfolios or fund modernisation cannot progress into robust business cases. The absence of reliable data leaves many councils working on instinct rather than evidence of cost, condition or use.

Local Delivery Realities

30% Only around 30% of councils agree they have access to the data and analytical tools they need to support estate decisions

Council has access to the data, analytical tools and systems needed for effective asset management



Interviews confirm that data systems are fragmented and inconsistent – finance, facilities and asset databases often use different naming conventions, hold conflicting information and cover only parts of the portfolio. Data is still managed through spreadsheets and local knowledge held by individuals or external advisers, which makes it hard to trust or update.

Business cases stall for lack of credible baselines and inability to quantify benefits. Portfolio reviews become reactive because decisions are taken only when something fails or a service change forces action. Investment plans are shaped by immediate operational issues rather than portfolio-wide and service efficiency. Councils cannot easily identify which buildings to keep, improve or release because they lack the integrated, timely information to support those choices. The result is that many must commission costly data-gathering and cleaning exercises by external consultants, often delaying or exhausting budgets that could have been better used to plan improvement and efficiency opportunities.

Yet a credible strategy does not always depend on perfect data. Where the focus is on the operational portfolio, councils can still make progress using high-level information and reasoned proxies; for example, "should-cost" models and extrapolation. The key is to use data as guidance, not as a reason not to progress.

Opportunities for Local Authorities

Safeguard data ownership and accessibility

Ensure that property data remains under council ownership, stored in accessible formats and updated continuously, even when management is outsourced. Maintain independent copies of core datasets to mitigate the risks of contractor or system failure.

Adopt structured data governance and quality assurance

Create clear data standards, ownership roles and periodic cleansing routines across finance, FM and Geographical Information Systems (GIS). Embed data management obligations into supplier contracts and review quality annually.

Benchmark and strengthen data maturity

Use a simple capability matrix to assess data governance, integration, analytical skill and culture. Target the weakest areas to build a foundation for data & digital transformation.

Develop analytical capability and controlled AI use

Build a small central in-house analytical function supported by business-intelligence tools such as Power BI or embedded dashboards. Where permitted, use assistive Artificial Intelligence (AI) for data cleansing and forecasting under clear governance protocols.

Move from data capture to performance management

Apply outcome-based metrics derived from established frameworks such as CIPFA’s NaPPMI, measuring condition, cost, utilisation and carbon alongside service outcomes. These metrics turn data into management insight and enable benchmarking with peers.

Treat data as a live operational asset

Budget annually for data maintenance, quality assurance and system updates so that information remains current and usable.

Opportunities for Central Government

Back a common language, not a hard mandate

Encourage voluntary alignment with the Government Property Data Standard so that local authorities can structure their datasets in a way that is comparable across the public estate.

Co-create a light-touch Public Estate Data Maturity Model

Through the Office of Government Property, LGA, CIPFA and ACES, develop a shared maturity self-assessment framework that helps councils benchmark their capability across ownership, quality, integration, skills and culture. Use this to support peer learning and targeted improvement.

Promote interoperability by guidance and procurement levers

Interoperability is encouraged across government but not yet routine in local property technology. Issue model procurement clauses for open formats and Application Programming Interfaces (APIs), referencing Government Digital Service (GDS) API standards and the Government's Open Standards Policy, so councils can avoid vendor lock-in when procuring FM, Computer-Aided Facilities Management (CAFM) or Enterprise Resource Planning (ERP) systems.

Evidence

A large county council recently discovered that most of its property records were locked within contractor systems. It lacked direct access to basic data such as floor areas, occupancy and energy use, preventing it from building a credible business case for change. A year-long data cleansing and migration programme restored ownership of the data, enabling the council to introduce new outcome-based metrics such as £ per workstation and maintenance cost per m². The result was faster decision-making and greater confidence in the portfolio plan.

Conclusion

Removing the Brake on Decisions

Better data underpins better strategy. Councils that invest in accurate, joined-up information and the skills to interpret it can deliver credible business cases that unlock resources and budgets for estate efficiency and improvement programmes.

Section 4

Unlocking the Public Estate

What Needs to Happen Next

Unlocking the Public Estate

What Needs to Happen Next

The evidence from this research is clear. Local authority property teams are operating under intense financial, staffing and policy strain, yet there remain tangible, actionable ways to unlock value, modernise services and strengthen local places through better use of the estate. The challenges described in this report are not new. What is different in 2025 is the scale and combination of pressures – fiscal, environmental and social – now bearing down on the system after years of workforce contraction that have depleted teams and pared budgets back to statutory spend alone. Local authority leaders already know the problems; this research confirms them and sets out a route to remedy. What follows summarises the practical opportunities that flow from the five themes and two enablers.

The imperative for change

Councils cannot meet the demands of social care, housing and decarbonisation while carrying an estate built for the past. Survey responses show that only one in four authorities believe they have the capacity to deliver their current property strategy, and fewer than one-third say their data is reliable enough to make confident decisions. At the same time, the estate remains one of the few levers still within local control – a source of cash, capital and service reform if managed strategically.

The immediate task is not to find more policy ambition, but to turn intent into deliverable programmes. That requires three conditions: capability and confidence within local government to act strategically in managing the estate as a corporate portfoli0; policy and funding coherence from the centre, so that national initiatives enable rather than fragment local delivery; and shared evidence and governance across public bodies, so that assets work as part of a collective local system, not as isolated holdings.

What local authorities can do now

Even within today's constraints, councils can make real progress. The survey and interviews revealed numerous examples of local initiative worth scaling.

Make the property strategy integral to corporate change

Treat the estate as a delivery mechanism for financial sustainability, service reform, growth and housing – not as an afterthought to them. Align asset reviews with transformation programmes and growth strategies so that property change results in more accessible integrated services and land for productive us.

Establish a rolling asset challenge

Move from one-off reviews to continuous, evidence-led challenge of service dependency on assets. Combine property, financial, operational and economic data to prioritise where to invest, share or release.

Build confidence through evidence and transparency

Political caution is often the biggest barrier to progress. Councils that demonstrate the cost of keeping surplus assets – in terms of missed community benefit – find it easier to secure member and public support for change. Publish clear business cases and staged decision gateways – strategy, options and feasibility testing, and only then vacate and relocate.

Reinvest value locally

Reframe disposals as reinvestment. Show where receipts are funding new schools, hubs, housing or town-centre renewal. Protect credibility by creating a transparent audit trail linking each transaction to visible local outcomes.

Integrate lifecycle maintenance with carbon reduction programmes

Councils should integrate lifecycle renewal with decarbonisation works so that maintenance, compliance and carbon upgrades are sequenced as a single programme. This reduces cost, avoids duplicated disruption and accelerates progress towards net-zero

Strengthen collaboration at place level

Use existing OPE partnerships, ICS forums and cross-public-sector working groups to align priorities, share data and prepare joint pipelines. Councils can make collaboration practical by developing shared locality plans, coordinating asset information, and identifying co-location and service-integration opportunities early. These steps build the foundations for more formalised joint governance, and ensure councils are ready to move quickly when national reforms or capital-approval structures allow (see central government actions below).

Invest early in people and data

Treat resourcing and information as capital assets in their own right. Councils that have rebuilt analytical and programme-management capability are delivering tangible savings and releasing housing land even under tight budgets. Modest reinvestment in systems and skills yields disproportionate value.

What central government must enable

Councils cannot do this alone. Many of the constraints identified – funding volatility, accounting rules and fragmented capital programmes – sit squarely with central departments. To turn local initiative into system-wide progress, government should:

Provide stability and flexibility in funding

Replace short-term, competitive pots with predictable, multi-year settlements that reward outcomes rather than inputs. Enable councils to blend capital receipts, grants and prudential borrowing across housing, decarbonisation and regeneration, as recommended by the Public Accounts Committee (June 2025).

Evolve OPE Boards

Strengthen partnership delivery by evolving existing OPE Boards into Place-Based Investment Boards with delegated authority, shared pipelines and a single capital-approval route. These boards should build on current structures rather than add new layers.

Consolidation of fragmented capital programmes

Government should consolidate fragmented capital programmes , spanning decarbonisation, maintenance, housing, town centres and regeneration, into simplified outcome-based funds that councils can shape locally. This would allow sequenced, place-wide investment rather than piecemeal bids.

Recognise maintenance as infrastructure

Treat backlog maintenance and compliance investment as part of the national infrastructure programme, not a discretionary overhead. A stable maintenance pipeline would safeguard public safety, create local jobs and reduce future liabilities.

Back a common language on data and performance

Co-develop a light-touch Public Estate Data Maturity Model and promote alignment with the Government Property Data Standard. Encourage open data and interoperability through procurement guidance rather than new mandates.

Support local capability and shared expertise

Fund regional delivery hubs or professional exchanges that allow authorities to pool specialist skills – valuation, programme management, carbon accounting – reducing duplication and dependency on external resource.

Rebuilding capability means more than increasing headcount. Councils need a stronger 'Head of Profession' model, clearer national career pathways, and support from OGP, RICS, ACES and CIPFA to rebuild the strategic and technical property profession.

Fund regional delivery hubs or professional exchanges that allow authorities to pool specialist skills – valuation, programme management, carbon accounting – reducing duplication and dependency on external resource.

Reform barriers to collaboration

Adjust how NHS leases are scored for capital purposes; for example, through additional CDEL cover or agreed budgetary exemptions. This will ensure health bodies are not penalised for participating in joint hubs or shared-space projects.

The opportunity ahead

Across the survey and interviews there is a consistent signal: councils are ready to act if they are equipped to do so. Over half already use asset reviews to drive transformation. A growing number are consolidating into multi-service hubs, releasing under-utilised space and recycling space for housing.

Progress will not come from enabling what works. A better-connected, professionally equipped local property system would pay national dividends – lower revenue costs, reduced carbon, better community services, faster housing delivery and stronger local economies.

Moving forward

The research points to three priorities for action. First, rebuild the foundations – invest in staff capability, data systems and strategic bandwidth so councils can move from firefighting to foresight. Second, stabilise the environment – provide consistent funding and realistic policy signals from the centre. Third, scale what works – spread proven local models of rationalisation, co-location and reinvestment through peer networks and open data.

Local Government Reorganisation should be treated as a strategic opportunity to align governance, estate strategy and accountability across the new footprint. Although LGR can pause decisions in the short term, councils can maintain momentum by preparing pipelines, scenarios and governance resets in advance.

Closing reflection

Everyone working in local-government property has seen it all before – the calls for strategy, for collaboration, for better data. The difference now is that the margin for deferral has disappeared. Financially, socially and environmentally, the system cannot afford to carry an outdated estate or to waste scarce professional skill on managing inefficiency.

The ball is now in our collective court. Local authorities have the insight, tools and mandate to act. Central government must match that resolve with the frameworks and support that make delivery possible. If both sides move, the prize is within reach – a leaner, greener, smarter public estate that genuinely underpins the services and communities it exists to serve.

Appendix A – Methodology

Between July and September 2025, Watling Consulting conducted a mixed-method study to capture how local authorities are managing and developing their property portfolios under financial pressure.

An open online survey was distributed through professional networks, LinkedIn and sector mailing lists, inviting property, finance and regeneration leads to share their views on the current state of local-authority property. Thirty-three responses were received, covering a broad cross-section of council types, sizes and regions.

Quantitative questions were supplemented by optional free-text responses and follow-up interviews with senior officers, providing richer qualitative insights and examples of local practice. The combined evidence base has been used to identify the most common barriers, enablers and practical solutions – expressed through the themes and recommendations set out in this report.

Appendix B - Countering the “Family Silver” Argument

Tactic	Why it Works	Quick Rebuttal	How to Operationalise
1. Reframe “sale” as reinvestment in local services	Disposal doesn’t mean losing community benefit. Receipts can be ring-fenced to fund better, more accessible services — hubs, schools, town-centre regeneration — so value is retained locally.	“We’re not selling the silver — we’re turning it into new schools, hubs and town-centre projects that keep value for residents.”	Prepare a one-page summary showing: (a) assets proposed for sale; (b) ring-fenced uses (repairs, housing, community hubs); (c) governance and audit trail for accountability.
2. Offer credible alternatives — partnerships, leases, community ownership	Retains local influence while releasing capital or reducing cost. Proven models include One Public Estate, joint ventures, and community asset transfers.	“We can keep influence — by leasing, partnering or transferring to community trusts with safeguards.”	Develop 2–3 delivery options per site (e.g. long lease, JV, CAT) with a short pros/cons table for Members.
3. Show the cost of keeping the asset	Hidden liabilities — backlog maintenance, decarbonisation, and service inefficiency — often outweigh the value realised from sale. When full lifecycle costs are visible, opposition falls.	“Keeping it means paying £X a year in maintenance and facing a £Ym decarbonisation bill — that’s what we’d be locking in for residents.”	Produce a simple 5- or 10-year cashflow comparison: keep vs repurpose vs sale, highlighting cumulative costs and risks.
4. Anchor the disposal in a place or hub narrative	Aligning change to a coherent Place Plan protects local identity. Disposals tied to new hubs or regeneration read as improvement, not loss.	“This is about creating a stronger town centre and better local services — not about erasing local identity.”	Map proposals to existing Place Plans or OPE objectives; illustrate with before-and-after examples (e.g. library + GP + CSC hub).
5. Manage the emotion through transparency and staged decisions	Resistance is often emotional. Clear stages, open engagement and visible safeguards build trust.	“We’ll decide this in stages — strategy first, options second, and disposal only after a full business case with Member sign-off.”	Implement a three-stage Member Gateway: (1) Strategic fit; (2) Options appraisal & community test; (3) Final decision with covenants and reuse commitments.

Appendix C – Accounting Barriers to Collaboration

Under IFRS 16 (Leases), introduced across the NHS from 2022, most lease liabilities are brought onto balance sheet and count against each organisation's Capital Departmental Expenditure Limit (CDEL). This rule means that even modest co-location or shared-hub projects consume scarce capital headroom. Without reform, NHS bodies face a strong disincentive to enter joint leasing, even when schemes reduce revenue costs overall. HM Treasury and DHSC should agree a mechanism – exemptions, pooled-capital cover, or adjusted scoring – to remove this distorting effect and enable health participation in shared-estate programmes.

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