



Briefing 09/17 April 2009

# The Real Value of Park Assets.

To: All Chief Executives, Main Contacts and Email Contacts in Scotland, England, Northern Ireland and Wales

Research findings by CABA SPACE

## Key issues

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.

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: The method of accounting values assets on their current replacement cost.

## 1. Introduction

“Making the invisible visible: the real value of park assets” was a research project conducted by Cabe Space and published this year -2009. This briefing will highlight a number of findings from the research.

At present, most councils throughout the United Kingdom value public parks at a nominal value. Even the most spectacular, largest and well established parks are often valued at as little as £1. When parks are downgraded in this manner, they arguably become ‘invisible’ in terms of reason to methodically measure the quantity and condition of the parks assets. This factor in turn can make it more difficult for council officers to manage strategically, anticipate future expenditure and conduct well evidenced negotiations for funding. This research has been conducted in order to provide a starting point in quantifying the financial value of the physical assets contained within parks, with the intention of aiding stakeholders to implement the type of management which is routine within other local authority service areas.

Further information about the original research conducted can be found at <http://www.cabe.org.uk/#1>.

## **2. Key findings of the Research**

The fight to improve many local authorities parks is stunted by the fact that unless the recipient of recent refurbishment or significant capital investment, they appear as having little financial value on local authorities registers of assets. Maintaining parks obviously costs money, however if a park is valued at a nominal figure such as £1, whilst a council building is valued at £4million, it is more likely that the building will be viewed as the best investment.

Many parks are valued according to the historic cost accounting method. This is an issue in relation to parks as many of them were never actually bought in a traditional sense. Parks now owned by local authorities were often centuries old, publically owned common land, or the gardens of large houses, gifted to the local authority or sold for a nominal sum for the benefit of the local community.

Parks that do have an identifiable historical value are complicated cases. Over time, rather than depreciate, parks landscapes may have matured considerably and therefore become more valuable. Depreciation is irrelevant, as the assumption that value will decrease each year, as happens with many other assets, does not necessarily apply to living things.

In comparison to buildings, parks are also more difficult to value as they cannot be assessed by a surveyor in the manner that buildings are. Even if they could be, buildings are valued on market value, most parks however, will never be sold and as such, have no market value. Factors such as this can often result in the assumption

that here is no real point in placing a true value on parks, which are instead classed as “community assets” on local authority balance sheets.

There is an alternative method to valuing parks suggested by the report. An accounting methodology called “asset management planning”, suggests valuing the assets contained within the park itself. This could include trees, flowerbeds, lawns, benches, railings and paths. Knowledge of the type, quantity and condition of each asset could provide assistance to long term budgeting by providing a more thorough, evidence based argument when requesting or arguing a case for funds. The ability to produce a figure of how much it would cost to build a park from scratch, in terms of purchasing all of the assets held within the park, would help the implementation of the sort of good housekeeping strategy’s that are routine throughout other service areas.

The report does not recommend the use of land value in the calculations. The reason for this is that land value is strongly influenced by planning status. Land available for development is far more valuable, whilst most parks will never or cannot be sold. Also, if all of the assets of the park are assessed for value, including top-soil, there is no need for land evaluation as the land itself does not actually need maintaining.

However, there are complications with this theory that should be taken into account when attempting a valuation. The link between the value of a park and its quality is quite complex. The asset value does not necessarily reflect the value it has for local people. A park could contain a valuable amount of assets but if it is inaccessible to the public, its actual value to them may be limited. Conversely, a small inexpensive green space, lacking a great deal of assets may be of enormous value to the public if it is in a densely populated city.

The answer to accurately assessing these factors may be to attempt to measure factors such as;

- Economic value to homeowners
- Value to business
- Value to local authority
- Value to individuals
- Value to society
- Sustainability
- Adaption and mitigation of climate change
- Air quality-green lungs
- Contribution to open space network

Some authorities are already beginning to adopt this type of strategy. Two such authorities are Highbury Fields in Islington, London and Sefton Park in Liverpool. Adopting this approach, Highbury Fields was valued at £49 million, excluding an on-site swimming pool which brings the value to £53 million. Sefton Park meanwhile was valued at £105 million excluding the Palm House or £108 million including it. It is

important to note that these valuations were considerable underestimates. Not included in the evaluation is the cost of designing a landscape, its biodiversity value, its value as a way of mitigating the effects of climate change and various other aspects of value that parks bring.

A suggested framework to supplement this strategy would include the measurement of assets such as;

- Entrances
- Perimeter & Barriers
- Roads & Surfaces
- Drainage
- Sports Facilities
- Play Facilities
- Miscellaneous (bins/seating/dog bins)
- Soil & Ground Modelling
- Water Features
- Planting
- Buildings
- Unique Features (monuments/bridges/bandstands)

The report recommends the combination of the asset valuation method along with park use numbers. The number of people using parks can be measured in various ways.

- 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 most accurate of which is automatic counters positioned in parks.

### **3. Conclusion and APSE comment**

Most council's assume that each of the parks that they own is worth only £1. The report suggests that the historical methods of cost accounting and depreciation are inappropriate when dealing with the value of assets such as parks, which can actually appreciate over time. The report suggests an alternative method of measuring the asset value of parks and provides a suggested framework from which a local authority can begin to build its own system of measurement. It is argued in this report that adopting such strategy would assist council officers in acquiring funds, predicting future expenditure and to strategically manage their assets in the current climate of tightening budgets. Parks that have already been valued in this way, such as Sefton

Park in Liverpool have been found to have quite significant value, in this instance £105 million.

APSE recognises the part that quality parks and open spaces play in benefiting the community, both in terms of health and quality of life for local people. APSE is also aware that like other service areas, those responsible for parks are under pressure to make savings, whilst providing an efficient and good level of service. If the adoption of asset measurement practices like those highlighted in this report can help such delivery then APSE would encourage local authorities to examine similar strategies and access these if it is right for them.

APSE would welcome any comments to this, which should be sent to [gmooney@apse.org.uk](mailto:gmooney@apse.org.uk)

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