

From drain to gain: Optimising public sector estates

Delivering operational
efficiencies and financial
sustainability



Shaping places, **together.**

Contents

03	Reshaping public sector estates: A strategic approach
05	Challenge one <ul style="list-style-type: none">• Financial sustainability: Operational costs and balancing the books• How we can help
07	Challenge two <ul style="list-style-type: none">• Ageing infrastructure: Building safety, compliance and sustainability• How we can help
09	Challenge three <ul style="list-style-type: none">• The pursuit of net zero• How we can help
11	Challenge four <ul style="list-style-type: none">• Skills shortages: Partnerships and working with others• How we can help
13	Challenge five <ul style="list-style-type: none">• Smart buildings: Transforming efficiency and sustainability• How we can help
15	Challenge six <ul style="list-style-type: none">• Regeneration: Moving 'place' to centre stage• How we can help
17	Proactive approaches to modern estate challenges
17	Connect with us

Reshaping public sector estates: A strategic approach

Public sector estates are under growing pressure, facing rising costs, resource constraints, and evolving regulations.

Effective management and optimisation of government buildings, housing, healthcare, transport, schools, defence, and social care infrastructure are key to driving financial sustainability and efficiency.

By transforming underutilised assets and outdated estates into strategic investments, the public sector can create resilient, safe, and thriving communities. Achieving this requires innovation, adaptability, and a forward-thinking approach.



Strategic estate management: Unlocking value

Public sector organisations must ensure that every asset - land, buildings, and infrastructure - delivers value for money, tangible community benefits, and long-term efficiency. Strategic estate management plays a pivotal role in achieving this, shifting the focus from short-term fixes to sustainable, future-ready solutions. This involves not just improving public spaces but redefining how estates function to maximise their contribution to society.

Beyond optimisation: Reconfiguring for impact

Effective estate transformation goes beyond cost-cutting and resource optimisation. It requires a fundamental rethink of how assets can better serve diverse communities, support public services, and enhance economic resilience. By repurposing underused or outdated properties, the public sector can create vibrant, high-performing spaces that drive better service delivery, environmental sustainability, and financial stability.

Leveraging innovation, data, and partnerships

By investing in the right partnerships and integrating data-driven insights and strategic planning into estate management, planners and estate managers can effectively anticipate and adapt to future needs. This approach creates flexible spaces that meet changing demands without compromising service quality or financial efficiency. Moreover, the critical need to maintain regulatory compliance in an environment of constant flux demands innovative solutions that enhance safety and streamline operations.

From managing assets to creating value

As the public sector evolves, the focus must shift from simply managing estates to actively unlocking their potential. While each organisation faces unique local challenges, the opportunity to transform estates from financial burdens into strategic assets is universal.

By embracing innovation, sustainability, and strategic planning, public sector estates can become drivers of economic growth, community wellbeing, and long-term operational excellence.

Any asset is just that. It delivers genuine value.
It provides tangible benefit.

And it creates a world of opportunity.

When an 'asset' does none of those things,
it becomes a liability.

Any underperforming or redundant asset is, at best, untapped potential.
At worst, it's a major operational risk and a very costly handicap.



Challenge one

Financial sustainability:

Operational costs and balancing the books

Financially the stakes are high. Whether it is local government, defence, healthcare or education, one thing remains consistent: the need to deliver exceptional frontline services while managing budget constraints and rising operational costs.

The size and scope of the UK's public sector estate is considerable, including approximately 141,600 built assets and 23,100 land assets. It is an expensive undertaking – running costs increased by 3.9% from 2021/22 to £22bn in 2022/23, due to increased energy costs and the impact of inflation. As a result, many public buildings and facilities are old and require significant and costly investment to maintain or upgrade, compounded by a £737m shortfall in council housing budgets over the last five years.

Running costs of the government estate **increased by 3.9%** from 2021/22 to £22bn in 2022/23.

According to an investigation by the Guardian, more than 1.5 million children are learning in dilapidated school buildings, with years of underinvestment leaving England's public infrastructure in a "crumbling state". The Health Foundation reports that the maintenance backlog of the NHS has more than doubled between 2015/16 (£6.4bn) and 2023/24 (£13.8bn), with the fastest growth in the highest risk category (urgent repairs to prevent catastrophic failure or disruption to clinical services). Since 2021/22 the backlog has grown by £2.1bn, exacerbated by a £707m reduction in funding.

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Balancing these financial pressures with the need for long-term sustainability is no easy task. Across all sectors, something has to give – which is why public sector estates are now looking to re-model and reshape the way they deliver services and capitalise fully on their resources and assets. Achieving this balance requires a strategic shift – leveraging data, technology and innovative estate management to maximise and unlock new value from existing assets.

We helped a community healthcare trust save **£1.6m** and protect frontline services by obtaining planning permission and rationalising estate use.

Challenge one

How we can help

We understand the intense economic pressures being felt in the public sector. That is why our mission is to help you navigate these financial challenges and transform your spaces for sustainable growth.

Our place-based solutions help you repurpose underperforming assets, secure essential funding and ensure every pound spent delivers maximum value – even in the face of budget cuts. We follow a comprehensive end-to-end process that integrates innovation, sustainability and collaboration at every stage, ensuring our solutions meet your every need.

We are committed to unlocking the full potential of your land and transforming underutilised spaces into income-generating assets. Our structured approach ensures your estate strategy is data-driven, aligned with your objectives, and delivers tangible results:

- **Comprehensive data review:**
We conduct a thorough health check of your estate information to ensure accuracy and completeness.
- **Data capture:**
We identify and gather the necessary data to fill any gaps, ensuring a complete and reliable dataset.
- **Identify opportunities:**
We work with you to uncover opportunities for your assets to meet strategic objectives and maximise their potential, as well as innovative funding alternatives.
- **Develop a strategic case for change:**
We develop a compelling, data-driven case for change, driving meaningful improvements.
- **Establish a tailored delivery solution:**
We design and implement solutions aligned with your risk and reward appetite, ensuring compliance and optimal outcomes.
- **Implement the solution:**
We develop design concepts, prepare, submit and negotiate planning applications, and project manage the transformation of your estate from start to finish.

We optimised surplus assets to create a much-needed C2 elderly care home facility, giving the council full control of its care home provision **while generating £2.5m in annual savings.**





Challenge two

Ageing infrastructure: Building safety, compliance and sustainability

Decades of underinvestment, financial constraints, and increasing regulatory demands have placed immense pressure on the public sector's ability to maintain safe and functional buildings. Across healthcare, education, defence, transport, and social care, ageing infrastructure is becoming a growing liability - posing risks to safety, service delivery, and financial sustainability.

Compliance with evolving safety regulations has become particularly challenging as public sector estates struggle to maintain deteriorating buildings while meeting stricter legal requirements. Structural integrity, fire safety, and the overall condition of building fabric require urgent attention, yet limited funding often means repairs are deferred, increasing risks and long-term costs. The transition away from Private Finance Initiative (PFI) contracts further complicates estate management, requiring a strategic approach to avoid service disruptions and financial burdens.

One of the biggest obstacles to improving building safety is a shortage of skilled professionals and significant delays in the [Building Safety Regulator \(BSR\) approval process](#). High-rise project approvals, which were expected in 8 to 12 weeks, are now taking 25 to 40 weeks, with some facing delays of up to 18 months. The gateway 2 checkpoint, required before construction, has become a major bottleneck, with only 31% of applications approved and 40% rejected, often without clear feedback. These setbacks are stalling critical safety upgrades and essential developments, adding to the growing challenges of ageing public infrastructure.

Without intervention, the challenges of ageing infrastructure will continue to escalate risks, increase costs, and undermine public confidence. Addressing these issues requires a proactive, long-term strategy - one that integrates modern compliance frameworks, new technologies, and workforce investment to ensure public sector estates remain safe, resilient, and fit for purpose.

Nearly **700,000 pupils** in England are learning in unsafe or ageing schools, with headteachers struggling with leaking roofs, sewage leaks and asbestos.



Challenge two

How we can help

Our building safety services are designed to address the multifaceted challenges faced by the public sector, by providing a comprehensive range of solutions, including building surveying, building control, and advisory and training services. With a proven track record to back us, we ensure buildings are safe, compliant and fit-for-purpose.

- **Building surveying:**
We assess buildings for compliance, structural integrity, fire safety, maintenance, and mechanical and engineering services and systems.
- **Full lifecycle support:**
We provide comprehensive lifecycle services covering every stage from safe construction and occupation to safe disposal. Our expertise includes defect analysis, dilapidations, Party Wall matters, CDM duties and repair management and ensuring compliance with safety regulations throughout a building's lifespan.
- **PFI:**
We help clients to manage their PFI contracts effectively and ensure smooth transitions at expiry, ensuring value for money and compliance with safety standards.
- **Building control:**
Our building control resilience services support local authorities in maintaining statutory compliance and delivering high-quality building control services, including plan checking and site inspections, dangerous structures and demolitions, risk management, and remote and onsite support.
- **Physical security and safety solutions:**
We offer security solutions to protect data, personnel, buildings and technology, including structured cabling, physical security, CCTV, access control and security risk assessments.
- **Building Passport:**
A digital repository containing essential building information, including history, materials, and maintenance records. The Building Passport streamlines estate operation and maintenance by enhancing data accessibility, optimising energy usage, and reducing costs and environmental impact.





Challenge three

The pursuit of net zero

With initiatives such as the Clean Growth Strategy, the Ten Point Plan and the Energy White Paper, the UK is steadfast in its commitment to achieving net zero by 2050. Given that the built environment contributes to 34% of all UK emissions, local governments play a pivotal role, especially with large, ageing estates that often fall short in their energy efficiency ratings.

Public services, excluding transport, account for about 8% of the UK's direct greenhouse emissions. Achieving net zero not only promises long-term financial and service resilience benefits but also requires significant investment.

Many estate managers lack detailed knowledge of their portfolios' energy performance and are often unaware of funding avenues for decarbonisation and zero-carbon developments. The challenge is developing comprehensive, strategic bids that include scale, resources, skills and property specifications. This extensive task requires a full commitment from senior management and a shift towards new insights, alternative thinking and blended funding options.

The built environment accounts for **34%** of all UK emissions.



Challenge three

How we can help

Achieving ambitious green targets is no small undertaking. That is why, as a purpose-led, responsible business, we are equally committed to achieving net zero by supporting you on your journey towards a brighter tomorrow.

Our holistic approach provides you with tailored energy and net zero solutions, seamlessly embedding sustainability throughout the building lifecycle. By harnessing innovative decarbonisation strategies, we rapidly speed up progress towards meeting your net zero goals from day one – all while staying within budget.

We work closely with you to balance initiatives with practical implementation, so that sustainability becomes an integral part of your operations. And our unique combination of people and technology expertise will not only feed into the design of your future-ready buildings, but also optimise your existing assets with real, measurable outcomes.

In 2021, the London School of Economics became the **UK's first carbon-neutral university, cutting carbon emissions by 44% since 2005**, amidst expanding campus size and student numbers.

Wherever you are on your journey, we help empower you to provide energy efficient places to live and work. We offer:

- **Energy efficiency improvements:**
Support to retrofit buildings to enhance energy efficiency and reduce carbon emissions.
- **Green energy generation:**
We offer renewable energy sources like solar panels on public buildings and land, utilising energy storage to generate income and provide arbitrage solutions to the electricity grid.
- **Tracking and reporting:**
We establish robust systems for tracking progress and reporting on sustainability metrics.
- **Transitioning to net zero:**
We develop and implement comprehensive decarbonisation plans, managing them through to delivery.
- **Comprehensive energy audits:**
We evaluate energy usage in schools, healthcare facilities and public buildings to identify cost savings and understand where energy is wasted.
- **Stakeholder engagement:**
We consult with key stakeholders to understand needs and constraints and ensure alignment with strategic objectives.
- **Ongoing support and partnership:**
We maintain an ongoing partnership to support long-term sustainability goals and continuous improvement.

Challenge four

Skills shortages: Partnerships and working with others



The public sector is facing a significant staffing crisis, with a shortfall of 2.5 million highly-skilled workers. Local government workforce capacity has declined significantly, with over half a million fewer employees since 2012.

Between 2013 and 2020, approximately a quarter of planners exited the public sector, exacerbating recruitment and retention challenges. Recent surveys show 91% of local authorities struggle with recruitment, 72% with staff retention, and significant skills gaps in both planning (97%) and broader capacities (87%).

A study by The Open University found that the current skills shortage is costing UK businesses £6.6 billion per year, as organisations pay out to fill the skills gap with recruitment fees, raised salaries and temporary hires. The digital skills shortage is also acute, with only one qualified person available for every seven digital vacancies, while in the construction sector, it has been forecast that an additional 252,000 workers are required to keep up with the UK's current construction output.

To tackle these challenges, localised solutions are becoming increasingly important. Initiatives such as the Greater Manchester trailblazer devolution deal have been implemented to promote a strategic approach to estate management and integrated, customer-focused services. This new agreement provides Greater Manchester with greater control over post-16 technical education, transport, housing, and regeneration, including £150m in brownfield funding. It also introduces a single funding settlement, granting the region more flexibility in resource allocation

The English Devolution White Paper further outlines the government's plans to widen and deepen devolution across England, providing mayors with unprecedented powers and funding flexibility. This initiative aims to facilitate local government reorganisation, leading to better outcomes for residents, significant cost savings, and improved accountability.

Despite these advancements, significant challenges remain. Effective partnerships are complex, as service providers often differ in culture, priorities, and commitment. Building trust and achieving shared objectives requires continuous effort, financial transparency, and operational alignment. Identifying a strategic partner who seamlessly integrates as an extension of your in-house team is crucial for long-term compliance and success.

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Challenge four

How we can help

Increasingly, the public sector is discovering that conventional methodologies and solutions cannot meet the scale of challenges they face in achieving local and national goals. A new mindset and, in many respects, new skillsets, are needed.

While some authorities possess robust in-house capabilities and can navigate these changes independently, many require additional support. This is where we step in. We specialise in empowering public sector teams, providing the expert support needed to ensure success.

At Capita, we pride ourselves on meeting every skill you need. Empowering your workforce for success is what we stand for. With our tailored support, you can advance your strategic initiatives confidently, free from concerns about skills shortages or compliance risks.

Our end-to-end support services include:

- **Flexible workforce solutions:**
Gain access to skilled professionals to manage workload surges or address critical skills shortages, ensuring seamless operations.
- **Innovative funding strategies:**
Our financial experts identify and secure public and private funding sources to accelerate large-scale projects that deliver lasting community benefits.
- **Advanced PropTech solutions:**
We utilise cutting-edge technology to prioritise projects, track progress, and optimise strategic decision-making.
- **Expert compliance and regulatory support:**
Our specialists provide in-depth knowledge to help establish compliance standards, navigate legal requirements, and meet governance obligations with confidence.





Challenge five

Smart buildings:

Transforming efficiency and sustainability


Effective estate transformation begins with thorough information gathering. Equally crucial is obtaining comparative performance statistics for each public sector asset, such as energy efficiency, running costs, service effectiveness and occupancy levels. These insights establish a clear baseline, enabling decisive, informed actions.

Smart buildings are key to empowering estate managers with comprehensive data and real-world impacts, revolutionising the way spaces are managed, reducing energy costs and lowering carbon emissions.

In the health sector, caring for the most vulnerable amid growing ward demands and rising heating costs is mitigated by smart buildings that reduce energy costs, improve security and are easily controlled. In education, where tight budgets and ageing premises are commonplace, smart buildings make more comfortable learning places, improve data security and reduce carbon footprints. Likewise, smart buildings help defence estates meet evolving operational requirements and technological advancements, as well as efficiently managing and utilising property asset data to optimise resource use and reduce costs.

Contrary to the belief that data volume can hinder estate optimisation, well-managed data actually propels progress, providing the clarity and evidence needed for effective decision-making. Effective data analytics help pinpoint priorities for changes and improvements, identify resource gaps and bolster estate management strategies.

In addition, embracing new technologies and digital tools is crucial for maximising the speed and effectiveness of estate optimisation efforts. Outdated, manual systems simply cannot meet the complexity and urgency required, especially in times of rapid change and economic pressures.



Contrary to the belief that data volume can hinder estate optimisation, **well-managed data actually propels progress**

Challenge five

How we can help

At Capita, we recognise that smart buildings are foundational for strategic estate management. We tailor solutions to fit your unique needs and leverage the latest technologies and data insights to ensure you advance confidently with your estate optimisation initiatives.

Our smart building solution helps with:

- **Energy reduction:**
Real-time monitoring slashes energy consumption and eliminates waste.
- **Environmental monitoring:**
Achieve net zero targets by reducing energy costs and decarbonising buildings.
- **Data management:**
Our platform gathers and analyses real-time data from IoT devices, tracking various performance metrics across properties. This equips you with the insights needed to make effective decisions with a robust return on investment, ensuring assets operate efficiently, sustainably and profitably throughout their lifecycle.
- **Air quality monitoring:**
We prioritise health and wellbeing with automatic alerts for CO₂, TVOC and diesel particulate levels.
- **Leak detection:**
Remote long-life sensors allow for leak monitoring and water meters help identify unusual consumption.
- **Mould prevention:**
We protect people and building fabric by monitoring conditions where mould thrives.
- **Immediate gains:**
Identify quick wins and savings that align with your strategic objectives
- **Strategic responses to change:**
Swiftly adapt to changes and ensure timely and informed responses to new funding opportunities, economic threats and partnerships.
- **Resource utilisation:**
Fully capitalise on both existing and new resources to maximise benefits.





Challenge six

Regeneration: Moving 'place' to centre stage

The continuing erosion of the retail magnet at the heart of local communities has led to a pressing need to revitalise and regenerate many of our town centres. These areas, traditionally the hub of community life and identity, are suffering as consumers shopping behaviours shift towards experiential and service-led offerings, diminishing the traditional pulling power of High Street shops. This change highlights the value of place-shaping in urban-planning.

Local governments play a pivotal role in this regeneration, with substantial funding from central government to support these initiatives.

The regeneration process may involve adapting infrastructure to meet evolving needs, launching catalytic development schemes, issuing compulsory purchase orders (CPOs), relocating services, repurposing properties or the creation of new service clusters. Whatever the case may be, it is here where development management, planning policy and design expertise play a pivotal role – given the urgency and complexity of these tasks, it is often challenging to stand back, take stock and decide on the best course of action to take.

Effective regeneration relies on local plans, design codes, and planning policy to ensure that public sector estates are transformed in a way that aligns with community needs and long-term sustainability. Close engagement with public and third-sector service providers, alongside a thorough review of financial and physical options, is essential to turning underutilised land and buildings into valuable assets. By integrating forward-thinking design, securing funding, and navigating the approvals process, public sector organisations can create high-quality, future-proof spaces that enhance service delivery, drive economic growth, and improve community outcomes.



With over 40 years' experience of partnering with the public sector, **Capita is your go-to, strategic partner.**

Challenge six

How we can help

Dynamic schemes not only restore confidence, appeal and energy to the centre of our towns and cities, but also require substantial investment, creative thinking and commercial awareness.

With over 40 years' experience of partnering with the public sector, Capita is your go-to, strategic partner. Our highly skilled, multi-sector professionals bring extensive business process know-how across estate transformation, sustainability and planning. Whatever place support you need, we help you navigate the complexities of regeneration with ease and confidence. We combine our people capabilities with cutting-edge technology, ensuring you remain agile and consistently meet operational efficiency and safety standards while maintaining control over costs.

We can:

- **Develop data-driven strategies and policies:**
Conduct in-depth research and analysis to inform land and property decisions.
- **Provide specialist project oversight:**
Manage progress, control costs, and ensure projects stay on track.
- **Create robust plans for future growth:**
Deliver land and property strategies, estate net zero strategies, development programmes, and master planning.
- **Define a clear vision for community growth:**
Support Local Plan development, design codes, and infrastructure delivery plans to set the right standards for sustainable development.
- **Secure and optimise funding:**
Explore external funding sources and maximise the potential of existing assets, including support for HM Treasury business cases, planning applications, and feasibility studies.
- **Streamline planning and approvals:**
Manage planning applications end-to-end, conduct viability appraisals, and oversee Community Infrastructure Levy (CIL) and Section 106 agreements, along with planning enforcement and appeals support.





Proactive approaches to modern estate challenges

The delivery of effective, efficient and engaging public services to local communities is a top priority for the public sector. However, the precarious nature of funding, stretched resources, significant behavioural and cultural changes, the pursuit of sustainability and a millstone of legacy, all pose a very real threat to the fulfilment of this core goal.

Estate optimisation is a daunting task. It demands a new level of insight, a refreshed mindset, and a robust skillset to ensure decisions are thoroughly informed, risks are minimised, and desired outcomes are consistently achieved.

There is no one-size-fits-all solution to guarantee success; each built environment presents unique priorities, considerations and resources. By looking beyond conventional approaches and leveraging insightful data, along with the right partnerships and expertise, true estate optimisation will become a reality.

Why choose us?

- **Trusted partnership**
We are your trusted partner in creating sustainable, future-ready places that deliver long-term value.
- **Proven strategies**
Our proven place-based strategies help drive financial sustainability and operational efficiency, even under budget constraints.
- **Regenerative expertise**
We provide the expertise to regenerate spaces, optimise resources and ensure long-term environmental resilience.
- **Deep-sector experience**
With deep sector experience and business process knowledge we act as an extension of your team, guiding you through regulatory complexities while maximising productivity and performance.
- **Tailored solutions**
Our tailored solutions integrate innovation, sustainability and collaboration, supporting every stage of your journey.
- **Operational excellence**
Together, we create operational excellence, reduce inefficiencies and drive sustainable growth for both your organisation and the communities you serve.



Connect with us

Delivering impactful estate optimisation comes with significant challenges. But it also presents substantial opportunities to take decisive action and achieve your short and long-term strategic objectives.

Whether you are in local government, social care, defence, education or healthcare, we are here to help you transform your public sector estates into valuable strategic assets.

**For more insights and solutions
visit: www.capita.com**