

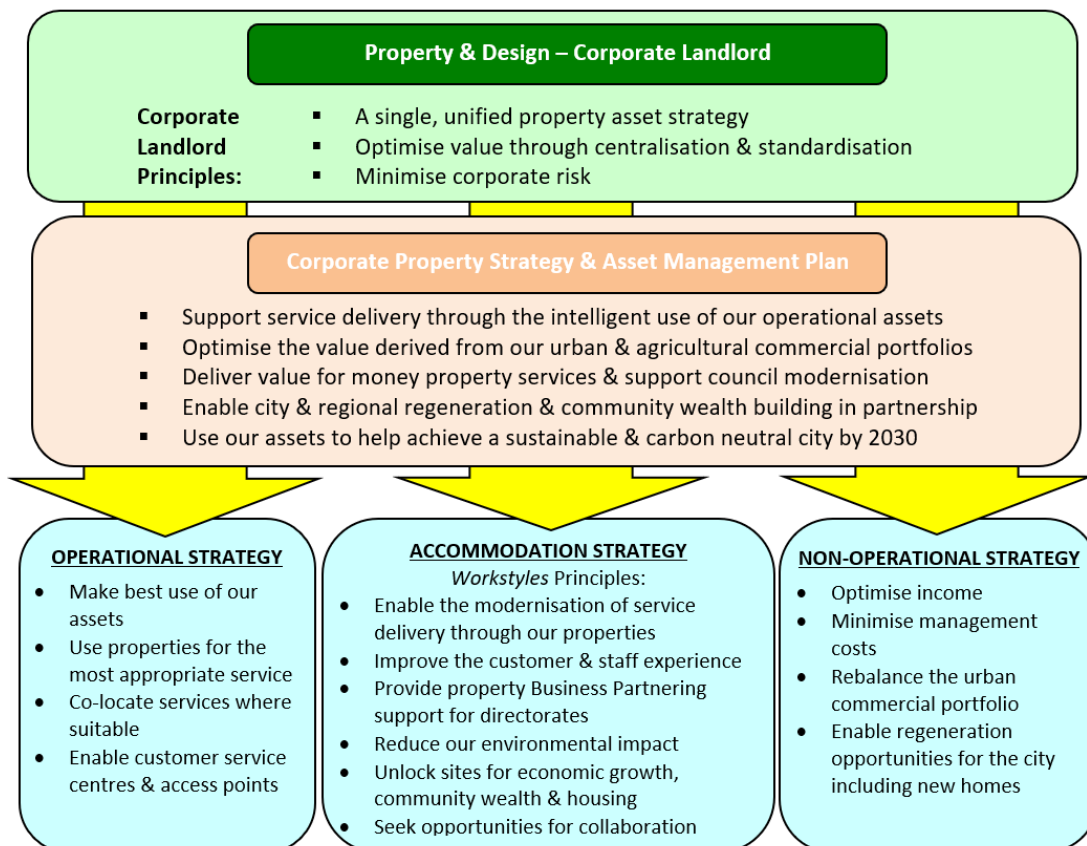
The Council has a large property and land portfolio valued at over £2bn on the council’s asset balance sheet. The non-housing Corporate Property Strategy sits within Property & Design who maintain and manage the council’s operational and non-operational (commercial) property portfolios. The Corporate Property Strategy and Asset Management Plan (AMP) is a strategic overview with high-level principles relating to the management and maintenance of the council’s property assets and functions linking these to the council’s corporate priorities and strategic goals. It aims to ensure that the council makes best use of its assets, maximising income supporting improved service delivery and customer satisfaction and enabling City redevelopment & regeneration.

The Corporate Strategy and Asset Management Plan (AMP) corporate property objectives have been agreed by the Asset Member Board as:

- To provide buildings in the right place and condition to meet future service delivery need
- To deliver value for money property services and support council modernisation
- To use our assets to help achieve a sustainable carbon neutral city by 2030
- To optimise the financial and social value received from our non-operational urban and agricultural portfolios
- To use our assets to enable city and regional regeneration and community wealth building in partnership

The Operational Accommodation strategy relates to buildings from which the council delivers its services and is managed through a Corporate Landlord model. The figure below demonstrates the corporate landlord principles, the AMP principles, objectives and delivery strategies.

The Corporate Landlord Operating Model



The Operational Accommodation Strategy combines the operational and accommodation principles shown above and is an integral and cross-cutting pillar of the council's corporate priorities and objectives as set out in the business framework vision.

Over the past 12 years this successful and forward-thinking Strategy has focussed on the rationalisation and consolidation of the council's office accommodation whilst exploring all opportunities for co-location with other services & public sector organisations, improving service delivery and customer experience.

It has made significant achievements for the council:

- reduced our office accommodation by over 60%
- produced revenue savings of £4 m pa
- reduced our carbon footprint by 22%
- moved over 4000 staff
- generated over £30m in capital receipts

The Strategy has been delivered through the Workstyles Programme which has been bold in scale and scope and has complemented the council's broader organisational modernisation plans. It has re-located/ co-located services and staff to the right buildings in the right places, provided investment in service delivery, up-to-date technology, enabled staff to work flexibly in appropriate modern working environments and contributed to the council's broader budget saving requirements. In addition to the release of revenue savings from the disposal of both leasehold and freehold property, the programme has generated significant capital receipts contributing to the Medium-Term Financial Strategy and Capital Investment programme, supporting services, and allowing essential investment in the retained properties.

The Operational Accommodation Strategy is focussed on the council's main core corporate administrative buildings and neighbourhood hubs with co-located services in the East, Centre, and West of the City - Brighton, Hove and Portslade Town Halls, Bartholomew House and Whitehawk, Moulsecoomb and Portslade hubs. It includes large service offices like Hollingdean Depot, and Moulsecoomb Housing Centre and has a 'service led' approach to all operational buildings which are reviewed regularly with the relevant services to ensure they reflect changes in service delivery and are fit for purpose. Three phases of the programme have been completed to date and Phase Four, re-locating services to the refurbished Portslade hub and developing a new Moulsecoomb hub as part of the redevelopment of the site for council Housing, is being delivered through the Workstyles programme overseen by the Modernisation Board.

The current Operational Accommodation Strategy aligns with and is a strand of the Future Ways of Working (FWOW) programme and is predicated on the 'hybrid' model of working adopted by the council during the pandemic through the learning gathered from the working at home experience. It is a Service led hybrid way of working whereby services define their requirements according to customer need and demand delivered through service parameters and team agreements. A staff re-profiling review was completed at Bartholomew House and Hove Town Hall in Summer/Autumn 2022 to understand how services are using the office space, numbers of staff, working patterns, what kind of space is used, frequency and relevance. This exercise informs the occupancy levels of our buildings and ensures that we are providing the right kind of space for staff and making best use of our buildings.

Our tried and tested profiling methodology is based on 'one size does not fit all' and our process uses a service led approach to calculate desk allocations and support the 'hybrid model' of working. This averages out across the council to an approximate 7 desks to 10 staff ratio. It is misleading to

apply this ratio to all services as staff profiling informs service specific desk ratios and this flexible approach reflects the different demands and needs of each service. Following the recent re-profiling exercise, the proposed changes to office layouts and possible re-locations have been consulted on through Service Management Teams, Unions, Executive Leadership Team and Service Heads, accompanied by extensive communications corporately and locally.

Prior to the pandemic our occupancy levels were calculated at 50% across our main corporate offices. Research has shown that at any onetime organisations have approximately 30% of staff off on leave, sickness, other absences. The council is aiming at a 70% occupancy level and will be making better use of its office space. In Summer/Autumn 2022 Workstyles conducted a round of staff profiling and occupancy studies which revealed that our main corporate offices at Bartholomew House and Hove Town Hall were approximately 18-20% occupied. It is recognised that occupancy levels will vary and will reflect current economic conditions. As such, occupancy levels are kept under review and monitored to inform office accommodation decisions. The challenging council budget position has meant too that we have had to look at our office accommodation across the council to ensure that we are making best use of our assets. As a result, the 3rd and 4th floors of Bartholomew House will be vacated in Spring 2023 to enable these floors to be leased to external organisations producing savings.

Some services in Bartholomew House will relocate across to Hove Town Hall, with other services moving within buildings. The layout will become less desk centric, and more activity led producing different ways of using space. Following the pilot trial of different space use at Bartholomew House's 4th floor and once the moves have taken place, Workstyles plan to introduce these new spaces into the offices through an office re-refresh which will enable new ways of working, in response to our hybrid model and the reduction of desk areas. These new spaces will include social and collaborative project spaces, confidential pods, new quiet hot desk areas to allow for focused work and touchdown areas to allow staff to touchdown in between meetings. Thirty meeting rooms across our offices are also being upgraded to include new technology which will enable hybrid meetings to take place more seamlessly.

Phase 1 of the Operational Accommodation Strategy, short term.

Bartholomew House

Bartholomew House is a corporate open plan council office in the centre of Brighton in Bartholomew Square opposite Brighton Town Hall. The surveys done last year confirmed that Bartholomew House was under-used. It is proposed to exit Bartholomew House in a phased way floor by floor, starting with the vacated 4th Floor. This is based on the principle of rationalising service demand and needs through our staff profiling process, withdrawing staff from the floors, re-locating them where necessary to other corporate offices, then isolating and refurbishing the spaces to be rented. The main re-location of teams currently is to Hove Town Hall which is experiencing similar low occupancy rates but is a much larger building offering more space options. The direction of travel is to exit Bartholomew House floor by floor over time enabling these floors to be leased out to achieve an income stream, as the market appeal of the building benefits from its central location. This is subject to consultation, dependant on service changes through the budget process and the Customer Experience Strategy and proposed future access points to council services across the City.

The proposals are subject to a wider accommodation review looking at our whole office estate and development of a longer-term accommodation strategy, Phase 2, as we continue to understand the future requirements of services for space post-pandemic. If in the future there are plans to dispose of any buildings, we will work with staff, services, etc to manage these through the consequences of decisions, in the same way we are with the disposal of 3rd and 4th floors of Bartholomew House. As

part of our FWOV programme, we are engaging throughout with staff, trade unions and have a working group that includes representatives from all directorates.

In Phase 1, we have sought specialist property advice and appointed the council's commercial agents Avison Young to identify market demand and develop an outline business case with options to lease out floors of Bartholomew House. Consideration will be given to balancing revenue and savings against social benefit, sustainability, the Customer Experience operating model, and the location of the Customer Service Centre. The agent has recommended marketing the 3rd and 4th floors of Bartholomew House together and produced a report covering market conditions, rental options, rent levels, investment, and marketing. Potential leasing options include having a single operator, dividing the areas into smaller rentable spaces, or using a "flex operator" to manage the space as a serviced office. The market is somewhat unpredictable with occupiers reluctant to commit to larger suites which makes the 3rd & 4th floors letting potential on a conventional basis challenging resulting in a possible long letting void. Avison Young advise that the space could be well suited to be managed by a "flex operator" market given its central location and open plan floorplates that can be easily divided. Also, there is no car parking with the building which tends not to put off parties taking smaller suites. Given the attractiveness of the opportunity, they have recommended that the best strategy is to go out to the market on a management agreement basis and try to achieve a lease on the building to a "flex operator" with social value options, at c. £15 per sqft with a service share of approx. £7.50 per sqft and then engage in a profit share structure. The timing of the initial marketing and appointment of the flex operator would be about 9 months aiming at a negotiated management agreement to be in place in Spring/Summer 2023 with new tenants starting to fill the space throughout 2023-24.

Phase 2 of the Accommodation Strategy – medium and longer term, 5-10 years

Phase 2, our wider longer term operational Accommodation Strategy will review our whole operational and office estate to ensure we are making best use of our assets as we continue to understand the future requirements of services for space post-pandemic. It is clear there will have to be some radical changes to council services and service delivery over this period due to our severe budget position and that the council's overall staffing resource will decrease. Property will act as the enabler to help service delivery changes and the way our operational buildings are used in the future. This process will identify buildings that require investment and those that are surplus to requirement to be disposed. The latter could form the basis of future planned and prioritised programmes of investment and disposals over a period of 5-10 years to generate income and capital receipts to support services, the Medium-Term Financial Strategy, and savings for the council.

The scope of the Phase 2 will focus on understanding the council's corporate office estate, space requirements, establish new workplace standards and ensure flexibility. It will also review our wider corporate landlord portfolio to verify we are making best use of our assets and space. It will cover a review of the Executive Directorates operational buildings from which services are delivered and consider proposed changes to future service delivery, service demand and needs. This will have to be an on-going review, with reference to basic asset management principles and corporate property objectives so that as services or their direction of travel change, the accommodation strategy can be flexible, responsive, enable change and identify buildings that are likely to be surplus to requirements and inform a potential future disposal strategy and programme.

Specialist property advice will be needed to assist in the development of the longer term 5-10 year operational Accommodation Strategy and will work alongside Property & Design leads, Executive Directors, Directorate Management Teams and business partners on bringing together the information required to feed into the Accommodation Strategy.

We will work with services and review Service Directorates changes, needs, and demands as these develop through the budget process over the years and firm up on principles to allow us to monitor the situation year by year. Asset management data on condition, utilisation and suitability of buildings will help inform the process with evidence to aid service delivery decisions. Data and evidence on for example CN2030 objectives and sustainability, staff live-work and travel data, public transport routes, market conditions, forecast advice, rental models, valuations, customer, and user requirements will also be used.

In terms of the main administrative offices (Bartholomew House, Hove, Brighton and Portslade Town Halls, Whitehawk hub) the continuation of the exit from Bartholomew House will be assessed, subject to the Customer Experience Strategy and consultations with services, staff, trade unions, Executive Directors, Directorate management teams, Heads of Service and service Teams. The future of Bartholomew House will need to be appraised to see if the council would want to keep the rental income stream or whether the building should be disposed of with the rental stream which could be attractive to an investment company and produce a large capital receipt to support the Medium-Term Financial Strategy and Services.

Hove, Brighton and Portslade Town Halls are to be included in this longer-term future operational Accommodation Strategy review. Portslade Town Hall is underused, and the adjacent site has been developed for new council housing, possible future options for Portslade Town Hall will be explored. The exercise done in 2016 to look at options for Brighton Town Hall will be re-evaluated to see if there are any other options to be explored as previous assumptions and market conditions have changed considerably following the pandemic.

We are aiming to produce the draft high level longer term Operational Accommodation Strategy in Summer /Autumn 2023. This will be presented to the Asset Member Board and will be dependent on the further development of the Customer Experience Strategy and service changes as part of the budget process. The development of the longer-term Strategy will be an iterative process, requiring engagement and consultation across the council and will be brought back to the Asset Member Board, the Corporate Modernisation Board, the Strategic Delivery Board at the relevant stages to check and inform the direction of travel. Under the council's democratic process any potential disposal will be looked at on a case-by-case basis setting out the implications, benefits, disadvantages, risks and will be presented to Policy & Resources Committee with recommendations to enable informed decisions.

