# Brighton & Hove City Council

## Cabinet

## Agenda Item 171

**Subject:** **Asset Strategy**

**Date of meeting:** **Thursday, 23 April 2026**

**Report of:** **Cabinet Member for Finance and City Regeneration**

**Lead Officer:** **Name: Chief Finance Officer**

**Contact Officer:** **Name: Jessica Hamilton, Julian Salmon**

**Email: Jessica.hamilton@brighton-hove.gov.uk**
**Julian.salmon@brighton-hove.gov.uk**

**Ward(s) affected: (All Wards);**

**Key Decision: Yes**

**Reason(s) Key:** Expenditure which is, or the making of savings which are, significant having regard to the expenditure of the City Council's budget, namely above £1,000,000.

**For general release**

**1. Purpose of the report and policy context**

1.1 This report identifies assets for repurposing or disposal to support delivery of the actions and objectives of the council's Asset Management Plan, specifically:

- Identify sites for delivery of affordable housing and temporary accommodation.
- Seek value for money and best use of our assets to achieve income and capital receipts and reduce expenditure to support the Medium Term Financial Strategy.

1.2 The proposed strategy supports the Council Plan 2023 – 2027 (refresh 2025), specifically:

- **Outcome 1:** A city to be proud of is supported through enabling new homes and investment to regenerate the city and through improving sustainability within the property portfolios and also supports biodiversity and the council's City Downland Estate Plan.
- **Outcome 2:** A fair and inclusive city is supported through increasing housing supply.
- **Outcome 4:** A responsive council with well-run services is supported by providing critical investment for the Innovation Fund which uses the government's capital receipt flexibilities to invest in improvements to service delivery, achieve savings and efficiencies, improve the council's digital services and enable best use of the council's assets to deliver capital investment and financial sustainability.

## 2. Recommendations

2.1 Cabinet agrees to the appropriation for housing purposes or disposal of the properties identified at paragraphs 3.4-3.21 of this report and the Part 2 report in the manner set out in the reports.

2.2 Cabinet delegates authority to the Director Property & Finance in consultation with the Director Governance & Law and the Cabinet Member for Finance and City Regeneration to approve terms and take any necessary steps to facilitate and complete the appropriation for housing purposes or disposals of the properties identified and achieve best consideration.

## 3. Context and background information

3.1 The council's Asset Management Plan (AMP) was approved at Cabinet 16 October 2025 and sets out five objectives for the strategic management of the council's land and buildings, which are to:

1. Identify sites and capital receipts for delivery or purchase of Affordable Housing and Temporary Accommodation.
2. Ensure council operational assets and buildings are safe, well maintained and are used effectively and efficiently to meet service need.
3. Deliver environmentally sustainable solutions as part of our property maintenance programme.
4. Provide accommodation to support the city economy and local businesses and city regeneration and preserve the city's culture & heritage.
5. Seek value for money and best use of our assets to achieve income and capital receipts and reduce expenditure to support the MTFS.

3.2 The AMP supports the outcomes of the Council Plan and directly supports delivery of the council's Medium Term Financial Strategy (MTFS), which includes a target to achieve £50.000m net capital receipts from the disposal of assets to support transformation programmes and capital spend, as well as a reduction in operational property costs of over £2.000m.

3.3 Under each of the five objectives of the AMP there are a number of actions identified (37 in total). The asset disposals recommended in this report have been identified to support delivery of the following actions:

- Support the council's Housing Strategy ambition to deliver at least 2,000 affordable homes over the lifetime of the strategy.
- Support the council's ambition to increase the supply of temporary accommodation by approximately 200 homes.
- Release urban fringe sites with housing allocations in the city plan.
- Identify sites within our operational portfolios that no longer meet service requirements and have potential for development or conversion.
- Identify sites for acquisition or development of temporary accommodation.

- Rationalise our Operational estate to reduce operational costs by 25% by 2030 to ensure we hold a portfolio that we have the financial resource to manage and maintain.
- Seek value for money and best use of our assets to achieve income and capital receipts and reduce expenditure to support the MTFS.
- Rationalise our commercial portfolio, retaining higher performing and lower risk assets to support revenue budgets.
- Identify assets for disposal (including surplus schools) to achieve capital receipts to meet the targets of our MTFS to achieve £50.000m by 2030.

Operational Portfolio

3.4 **Hertford Infant School** was merged with Hertford Junior School from September 2024 to create one primary school on the junior school site. The vacant infant school site was retained whilst options were considered for an alternative education use. However, In December 2025 the school was deemed no to be needed for educational use, and declared surplus by Families, Children and Wellbeing. The site is being considered for the development of affordable housing by the Estates Regeneration Team and is recommended firstly for appropriation to the Housing Revenue Account at best consideration to facilitate delivery. Should the site be considered unviable for affordable housing, it is recommended for disposal on the open market. Any disposal or change of use will require secretary of state consent.

3.5 The land at **Rowan Avenue** is a site that is leased to the council on a 99 year lease from 2012 for use as allotments or other informal recreation use (excluding football pitches) and there are 86 years remaining. The lease was granted to the council as a condition of the s106 agreement relating to the development of land at Rowan Avenue by a private developer. Following completion of the lease and as part of the works required to prepare the site for its intended use it was identified that the site had contamination and could not be used for its intended use of food growing without significant expenditure incurred on decontaminating the land.

3.6 The landlord of the site has previously commenced legal action against the council for being in breach of the lease granted for not fulfilling the permitted use. In order to avoid the landlord’s action to forfeit the lease, the council is currently negotiating terms to surrender the lease, which is recommended for approval.

3.7 **Fawcett Fields** comprises public open space used for recreational purposes. The site is designated as an Urban Fringe site within the City Plan which indicates 35 units being potentially achievable. The site has been considered by the council as an affordable housing scheme, however there are key constraints in respect of ecology, open space and Biodiversity Net Gain that render a wholly affordable housing scheme unviable. These constraints would be considered under any future planning application for a market led residential scheme. The site is therefore recommended for disposal.

Commercial Portfolio

3.8 **71 Ditchling Road** is a retail property occupied as a convenience store with a small bedsit flat above. The tenant, who holds a 25 year lease from 2012 of which there are 11 years remaining paying an annual rent of £5,000, has approached the council to request they purchase the property. Negotiations have commenced and it is recommended the property be sold for a sum representing market value.

3.9 The council also owns the adjacent property **69a Ditchling Road** as well as **65 Ditchling Road.** Both properties are leased, 69a as a hairdressers on a 5 year lease from 2024 at an annual rent of £6,750 and 65 as a screen printers on a 10 year lease from 2020 at an annual rent of £6,840. It is recommended, as these are tertiary properties let to local independent traders, that these are disposed of by either direct negotiation with the existing tenants or through local agents.

3.10 **45-46 Meeting House Lane** is retail property in The Lanes previously occupied by Pecksniffs Lifestyle Ltd whose tenancy was forfeited in May 2024 after they vacated the property without notice leaving over £73,000 of rent arrears, which we have been unable to recover. The property, which is Grade II listed was left in a dilapidated state by the outgoing tenant. There is interest in reletting the property however the council would either have to complete the repairs in advance and pay back the capital budget from the income received or oblige the ingoing tenant to complete them and grant a lengthy rent free period. In either scenario, the asset would not be income producing for several years and is recommended for disposal.

3.11 **25-26 New Road** is a terraced public house altered to enable it to be used in conjunction with the adjacent property which is not council owned. The tenant has been holding over on a 15 year lease granted in 2006 and is paying an annual rent of £25,000 (rent review in 2027). As the tenant has a special interest in the property it is recommended for disposal.

<u>Agricultural Portfolio</u>

3.12 **Land at Downsview** is currently leased as a pony paddocks on a 2 year lease from 2021 at an annual rent of £4,000. The land is identified in the City Plan as Open Space, albeit there is no public access onto the site. There is interest from an Adult Social Care Registered Provider to develop the site as a 'Capable Environment' under Supported Housing.

3.13 The proposed development would include four self-contained single storey dwellings, designed to a very high specification and with access to their own outside space/garden, designed to meet the specific environmental needs of individuals with learning disabilities and/or autism with high-level complex needs and challenging behavior that necessitates two carers for each resident 24 hours a day alongside four one-bedroom flats over two storeys and a separate staff unit and parking The development would also include enhancement of the remaining open space onsite, including provision for improved public access.

3.14 Adult Social Care currently has 12 people with high level complex needs in the city requiring specialist accommodation like this: Eight that have been on our unmet need list for 9-12 months and four other individuals who are in unsuitable housing and need to move within the next 18-24 months. These figures do not include anyone new that may move from out of area or any young people turning 18 in the next few years.

3.15 Out of area placements for people with high level complex needs cost between £5,000-£10,000 per week (average of £6,600 per week). In-city placements for people with high level complex needs cost between £4,000 - £10,000 with an average of £5,000 per week. This indicates a saving of approximately £1,600 per week per person on average, equating to approximately £333,000 per annum saving for the residents with higher level needs.

3.16 The site is recommended for disposal to an Adult Social Care Registered Provider, subject to further detailed feasibility work being undertaken and negotiation of a value which represents best consideration. An opinion of value has not yet been secured.

3.17 **Ovingdean Grange Urban Fringe site** is part of Ovingdean Grange Farm Business Tenancy and comprises approximately 3.5 acres of farm buildings and yard space, situated on the urban fringe of Brighton, close to the village of Ovingdean. The site is designated as an Urban Fringe site within the City Plan which indicates 50 units being achievable over three adjacent sites, one of which is outside of the council's ownership. It is considered the council's sites could accommodate approximately 14 units.

3.18 The terms for the tenancy of the wider farm holding include permission for the council to remove the subject land from the tenancy, provided that the tenant is given 12 months' written notice and that the land has been allocated within the local development plan or is the subject of a planning permission for development.

3.19 Any surrender of this part of the holding would be subject to reprovision of suitable alternative buildings to be provided on the farm, and the rent reduced by a fair and reasonable amount. Due to restraints on the remaining space within the existing farmyard, it is likely that alternative buildings could not be erected under permitted development rights and therefore is likely to require a full planning application. The replacement buildings are likely to cost in the region of £300,000.

3.20 The site does not have direct access onto the public highway and so access arrangements would either need to be agreed with the adjacent landowner or accommodated on adjacent council owned land.

3.21 The site could be developed for residential use and is recommended for disposal, subject to the land being surrendered from the farm tenancy and terms being agreed for the replacement buildings.

3.22 This report is accompanied by a Part 2 report which identifies further properties recommended for disposal.

## 4. Analysis and consideration of alternative options

4.1 The retention of surplus operational assets will incur ongoing occupational costs including NNDR (business rates), utilities, cleaning, Health & Safety testing and inspections, security, repair and maintenance. The cost of these is an ongoing pressure on the council's Corporate Landlord budgets. Through disposal, Corporate Landlord expenditure is therefore reduced and, where budgets are currently sufficient, revenue savings can be made.

4.2 The unnecessary retention of sites suitable for development presents a missed opportunity to provide additional housing for the city or development for regeneration, supporting businesses and employment. Unless best consideration cannot be achieved due to market conditions, these sites should not normally be retained.

4.3 The retention of commercial properties will result in the retention of income streams but for higher risk properties in the portfolio where there is risk of tenant default, or indeed for those properties that are already vacant, the council will become liable for the occupational costs of the building and potentially repairs and dilapidations. Disposal should be considered.

4.4 In all circumstances, by retaining properties the council will forgo a capital receipt which if invested as part of the Innovation Fund would yield savings in the council's service delivery and/or improvement of service delivery. Without sufficient capital receipts, the council will not be able to develop and deliver the required savings, which would undermine the council's ambition to achieve financial stability.

## 5. Community engagement and consultation

5.1 The council has sought advice from its managing agents, SHW and Knight Frank as well as building surveyors. Advice has also been sought from Housing officers and the Estates Regeneration Team.

## 6. Financial implications

6.1 The council's Capital Strategy, agreed at Budget Council on 26 February 2026, highlighted the need for capital receipts to support the council's current Transformation Programmes and Strategic Investment Funds and are integral to the council's financial resilience within the Medium Term Financial Plan. The report identified the need for £50 million net receipts. The demand for capital receipts will grow further as the council identifies new investment requirements.

6.2 If a property is appropriated from the General Fund to the HRA it is not treated as a capital receipt however it requires an accounting adjustment between the HRA and the General Fund equivalent to the market value of the property appropriated. This adjustment increases the resources available to the General Fund for capital expenditure.

6.3 The recommendations set out in this report and proposed disposals within the accompanying Part 2 report will contribute towards the capital receipts requirement. Where a disposal results in a loss of rent, part of the capital receipt could be used to repay debt or investment to offset the rent loss and therefore reduce the net capital receipt available.

Finance officer consulted: James Hengeveld Date consulted: 25/03/2026

## 7. Legal implications

7.1 The Council has the power to dispose of the land under section 123 of the Local Government Act 1972 ("LGA 72") subject to obtaining the best consideration reasonably obtainable. Where a site is open space, under section 123 (2A) of the LGA 1972, this power is also subject to a requirement to advertise the proposed disposal in a local paper for two consecutive weeks and to consider any objections raised before taking a decision on whether to dispose of the land. In the event of a proposal for land to be appropriated for housing purposes, section 122 of the LGA 72 will apply. Section 122 LGA 72 enables the Council to appropriate (transfer) land it owns from one use to another, as long as (1) the new use is for a purpose it could have purchased the land and (2) the land is no longer required to be held for the purpose for which it is held immediately before the appropriation. The meaning of the words "no longer required for the purpose for which it was held immediately before the appropriation" in law means "not required" or "not needed in the public interest of the locality. Where land is open space, section 122(2A) LGA 72 also has a requirement to advertise the proposed appropriation in a local newspaper for two consecutive weeks and to consider any objections raised before taking a decision on whether to appropriate the land. In exercising the delegations set out in this report, the Director Property & Finance in consultation with the Director Governance & Law and the Cabinet Member for Finance and City Regeneration will need to be satisfied that these requirements are met.

7.2 Prior to any sale or appropriation of school land the Council must comply with section 77 of the School Standards and Framework Act 1998 (SSFA 1998). This specifically applies to the change of use of school playing fields that have been used by a maintained school within the last 10 years. The Department for Education (DfE) generally has a strong presumption against such disposals or change of use, requiring robust justification in order to secure consent. The Council will also need to comply with Part 1 of Schedule 1 of the Academies Act 2010. This extends the requirement for Secretary of State consent to appropriate any school land (not limited to playing fields) held by a local authority that has been used wholly or mainly by a school (including academies) within the preceding 8 years. There is a risk that consent for land disposal or appropriation may exercise its discretion to direct how any proceeds from the sale of the school land are used, which *may* include requiring them to be paid directly to the Secretary of State. This process and conditions will need to be factored into the timetable for appropriation and /or any open market disposal.

7.3 It will also be necessary for Legal Services to review the titles to the properties which are the subject of this report to confirm that no interests exist that may prevent a transfer. If any restrictions or covenants exist, the reviews will ascertain whether or not they are still capable of being enforced.

Lawyer consulted: Siobhan Fry and Hannah Bassett
Date consulted: 25.3.26

## 8. Risk implications

8.1 There are risks identified in retaining the properties identified for disposal. This would include the ongoing costs and liability of retaining the properties, both occupational costs but also investment needed; the opportunity forgone to create additional housing and regenerative developments; and the capital receipt forgone and the impact this would have on funding for Capital budgets.

8.2 There are risks and mitigations identified as part of the Asset Strategy Programme. These include several risks that would result in a delay to achieving capital receipts and there are mitigations in place to address these.

8.3 There is a risk that the opinions of value expressed in this report and informing the decision making are, at this early stage, based on assumptions which may change over time and therefore the value of assets identified may alter as the factors affecting the valuations become more certain.

## 9. Equalities implications

9.1 The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to: i. The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; ii. The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and; iii. Foster good relations between those who have protected characteristics and those who do not. Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment. An EqHIA (Equality and Health Impact Assessment) is usually carried out when a current or planned service/policy/activity is likely to affect staff, service users, or other residents. When seeking to appropriate or dispose of the properties identified by this report and where required by the Equality Act 2010, the relevant equality implications will be considered as part of the decision-making process in the exercise of the delegated authority identified at recommendation 2.2.

## 10. Sustainability implications

10.1 For those properties to be disposed of it is anticipated that following disposal the purchaser would likely make improvement to the properties which would include elements to improve energy efficiency.  Any redevelopment would be completed in compliance with current standards and requirements.

## 11. Health and Wellbeing Implications:

11.1 The disposal or appropriation of the properties will allow them to be refurbished or redeveloped and occupied as housing or commercial space supporting employment, therefore contributing in a small way to the wider factors influencing health and well-being.

## 12. Conclusion

12.1 The council's property portfolios undergo continual review to improve performance and identify opportunities as set out in the council's Asset Management Plan.  This includes the achievement of capital receipts through disposals to support the council's Medium Term Financial Strategy.

## Supporting Documentation

None