

Brighton & Hove City Council

Cabinet

Agenda Item 33

Subject: Asset Strategy

Date of meeting: Thursday, 16 July 2026

Report of: Cabinet Member for Finance and City Regeneration

Lead Officer: Name: Chief Finance Officer

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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 disposal to support delivery of the actions and objectives of the council's Asset Management Plan, specifically to 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 (MTFS).
- 1.2 The proposed strategy supports the Council Plan 2023 – 2027 (refresh 2025), specifically:
 - **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 disposal of the assets identified at paragraphs 3.3-3.20 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 Cabinet Member for Finance and City Regeneration to

approve terms and take any necessary steps to facilitate and complete the disposals of the properties identified and achieve best consideration.

- 2.3 Cabinet notes the work ongoing to ensure there is sufficient space available for creative and cultural industry in the city.

3. Context and background information

- 3.1 The council's Asset Management Plan (AMP) was approved at Cabinet in 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 MTF5.
- 3.2 The AMP supports the outcomes of the Council Plan and directly supports delivery of the council's Medium Term Financial Strategy, which identifies a requirement to achieve **c.£55m** 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 **£2m**.

Operational Portfolio

- 3.3 A report from Finance Children & Wellbeing recommending the closure of **Hove Park School - Valley Campus** and the amalgamation of the school onto one campus will be presented to this Cabinet alongside an outline of actions being taken to develop a disposal strategy based on a masterplan for the site, which has been commissioned, and an opinion of value, which will follow. The site is recommended for disposal at best consideration subject to obtaining Secretary of State consent under s77 SSFA 1998 and Part 1 of Schedule 1 of the Academies Act 2010 and consideration of any conditions imposed.

Commercial Portfolio

- 3.4 **1 – 3 Bond Street Row** is a tertiary retail property in the North Laine. The lease has 6 years remaining with a current passing annual rent of **£9,500** which is subject to a rent review in 2027. The property is leased in conjunction with 7 Bond Street and forms part of a larger council owned block including 7, 8, 9, 10, 11, 12, 13 Bond Street and 1, 2, 3, 3a and 4 Bond Street Cottages, which have already been approved for disposal by Cabinet. It is recommended that the property is sold to the tenant, or on the open

market at best consideration to avoid holding an outlying asset. An opinion of value has not yet been provided.

- 3.5 In November 2024, an independent fire engineer concluded that **New England House (NEH)** presented an intolerable fire risk in its existing condition. Short-term control measures were put in place while long-term plans were assessed. On 20 March 2025, Cabinet agreed to secure vacant possession by 30 September 2025 [Agenda Item 173]. Most tenants vacated by this date, although a small number required extended periods to relocate. Full vacant possession was achieved in June 2026. An internal audit into decision-making leading to temporary closure was reported to Audit & Standards Committee in June 2025 [Agenda Item 11].
- 3.6 NEH housed over 100 tenants and more than 700 workers, the majority within the creative, cultural, and digital sectors. The closure resulted in the loss of **16,067m² GIA [13,366 m² NIA]** of light industrial workspace in a central city location. Whilst emptying the building the council waived rent, reduced service charges and contributed towards tenants' moving costs to support their move to new premises. Attempts were also made to convert vacant school buildings to temporarily relocate tenants. However this did not proceed due limited interest from tenants and a high risk that the schools could not be converted within timescales whilst mitigating Health & Safety and compliance risks. A shortage of comparable affordable workspace has led to the displacement of businesses, with some leaving the city, reducing operations, or ceasing trade.
- 3.7 The council's strategic aim is to ensure there is an economically sustainable provision of commercial workspace, including light industrial space at the NEH site supporting a diverse range of businesses which continues to foster the city's creative, cultural and digital business sectors and offers space for makers to start up and grow.
- 3.8 We have therefore carried out further appraisal of options for the building, focusing on directly delivering a deep retrofit of the existing building or redevelopment of the site.

Option: Deep Retrofit

This option proposes a retrofit, retaining the structural frame and replacing most other elements of the building. The work would improve accessibility, environmental performance and regulatory compliance. New workspace would be created at roof level and a new café on Level 3. Entrances at Elder Place and New England Street would be improved as well as circulation throughout the building.

Delivers:	18,690m ² GIA / 14,933m ² NIA
Estimated cost:	£67m
Payback:	18–33 years
Peak budget pressure before generating income:	£15.8m
Handover:	Autumn 2029

Pros: Lower embodied carbon and retains materials which are reused, preserves building character.

Cons: Financial viability challenges; substantial void risk; high upfront capital requirement; major speculative development with significant letting risk (24-month void assumed).

Option: Demolition and New Build

This option proposes a full demolition and delivery of a modern, high-efficiency commercial building with mixed workspace types.

Delivers:	21,832m ² GIA / 18,533m ² NIA
Estimated cost:	£97m
Payback:	25–50 years
Peak budget pressure before generating income:	£18.2m
Handover:	Winter 2029

Pros: Highest floorspace efficiency; modern specification throughout; purpose-designed for target sectors.

Cons: Highest cost; loss of entire existing structure; major speculative development with significant letting risk (24-month void assumed).

- 3.9 Both options would require substantial capital investment, estimated at between **£67m and £97m**. With rents set at competitive market rates, these options have long payback periods and a peak budget pressure of between **£15.8m and £18.2m** before beginning to earn an income, with the highest in-year pressure of between **£4.7m and £4.9m**.
- 3.10 Such budget pressures in the context of the council's current financial constraints make these options unviable and undeliverable. There are also significant delivery and commercial risks. Existing tenants have now relocated and therefore either a retrofit or redevelopment option would represent the largest speculative commercial development in the city for many years. This would expose the council to substantial construction, leasing, market and borrowing risks at a time when there is limited financial capacity to absorb further pressure.
- 3.11 The Council recognises the importance of the creative, cultural and digital sectors to the city. The B&H Culture Alliance's recent "Space to Grow" research highlights gaps in creative workspace provision and the closure of NEH further widens these gaps. An alternative route must be taken to deliver the strategic aim and provide economically sustainable commercial workspace for our target creative, cultural and digital business sectors. We will do this by pursuing wider regeneration opportunities in the New England area and using the council's property estate to deliver space, and co-location benefits, lost to these sectors.
- 3.12 We will continue to support the provision of creative workspace by unlocking the potential of vacant council commercial assets, partnering with the creative community to curate engaging spaces that promote local talent,

culture, and social connection. The overarching purpose will be to transform vacant spaces within the current commercial portfolio into vibrant hubs of creativity, to enable local arts/creative organisations to thrive. We will breathe new life into underused buildings, allowing both creatives and entrepreneurs to turn vacant assets into engines for economic growth and artistic innovation, benefitting both the local creative industry and the Council.

- 3.13 The Asset Management Plan requires the council to seek value for money and best use of our assets to achieve income and capital receipts. Several buildings have been identified which currently have vacant space and are ideally placed to support this approach as well as continue the council's facilitation role in helping creative organisations find space in the city. We have identified over 30,000 sq ft of vacant workspace at Phoenix House, West Street and Lyndean House, Queens Road in Brighton, which we aim to start marketing to the target sectors from mid-August 2026.
- 3.14 New England Quarter and London Road Area is recognised as a Development Area in City Plan Part One and we have looked, with partners, at development opportunities and ways to ensure coordinated regeneration of the wider area. There are several potential regeneration opportunities that could be coordinated to bring forward a significant mixed-use place shaping initiative across the wider area. We will prepare a development brief for NEH, considering other sites in the wider area, and seek external partners to deliver a policy compliant mix of workspace and housing. This route also provides the opportunity to secure a capital receipt, reduce borrowing pressures and support the council's wider financial sustainability.
- 3.15 It is recommended the site be marketed for disposal with a development brief establishing clear parameters aligned with planning policy and guiding future proposals towards good placemaking. Under City Plan Part One DA4.C.2. the planning authority will expect no loss of employment floor space and so a similar amount of employment floorspace must be re-provided either on or offsite. Where housing is proposed, a policy compliant provision of affordable housing would be expected.
- 3.16 The scale, type, and configuration of a future development will be subject to viability and detailed planning discussions, rather than fixed requirements in the development brief. This approach would balance the need to support economic activity with the realities of development viability and the objective of securing best consideration from disposal.
- 3.17 The closure of NEH has resulted in the loss of 16,000m² of centrally located light industrial employment space and has intensified existing pressures for such space in the city. This is particularly significant given the importance of the creative, cultural and digital sectors, which account for 21% of all businesses in the city (PRD, 2024), and have experienced strong recent growth in employment numbers, underpinning the city's economic identity and competitiveness. The recommended approach seeks to respond to that loss in a practical and financially responsible way. It recognises that direct council-led retrofit or redevelopment is not affordable, while committing to

alternative routes, including using disposal to secure future regeneration, attract external investment, support new employment floorspace and promote alternative creative workspace opportunities across the city.

Agricultural Portfolio

- 3.18 The **Land at Falmer** is a triangle of land to the south of Park Street and is leased with a triangle of land to the north of Park Street on which is located a Farm shop and car parking. The annual rent is **£7,500** for both plots and the lease expires in June 2027. The southern triangle has been identified as a site for disposal on the open market. The northern triangle would be relet to the existing tenant and continue as a farm shop and car park.
- 3.19 The **Land at Saltdean** comprises 4.5 acres of land leased on a Farm Business Tenancy (FBT) expiring in September 2026 with an annual rent of **£750**. The site is used for grazing horses and is land locked with the access track across land owned by the current tenant. It is recommended the site be sold to the current tenant. There is interest from local residents to utilise a small part of the site for community food growing. However vacant possession of part and access rights to the land would need to be negotiated with the current tenant to fulfill this.
- 3.20 The **Land South of Poynings** extends to approximately 25 acres and is an isolated site located beyond the city boundary let on an FBT at an annual rent of **£3,100**. It is located within the South Downs National Park, adjacent to a Site of Special Scientific Interest and a public right of way. Its position within the National Park significantly constrains the ability of securing planning permission for development as planning policies place strict limitations on new development making a future change of use challenging. It is recommended that the site is offered to the National Trust, who are an adjacent landowner, or the existing tenant or alternatively on the open market.

4. Analysis and consideration of alternative options

- 4.1 The retention of surplus and vacant schools 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 Alternative options to refurbish or redevelop New England House have been considered, however the capital investment required for what would be a speculative development is considered too high a risk for the council to deliver, given its current financial position. The unnecessary retention of this site, which is suitable for development, presents a missed opportunity to consider wider regeneration opportunities, reprovide employment space, and potentially provide additional housing for the city.
- 4.3 The retention of the smaller isolated plots of land within the agricultural portfolio can support the objectives of the City Downland Estate Plan

depending on their use, but given their size and location are unable to contribute significantly to the delivery of the plan. Their retention, whilst providing an income stream, is low in relation to market value and undermined by agency and legal costs incurred in managing the tenancies.

- 4.4 In all circumstances, by retaining properties the council will forgo a capital receipt which if invested as part of the council's corporate transformation programme 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 property consultants in relation to constructions costs and valuation.

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 c.£55 million net receipts. The demand for capital receipts will grow further as the council identifies new investment requirements.
- 6.2 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 the rent loss will be reflected in the medium term financial plan (MTFP) increasing budget gaps and savings requirements.

Name of finance officer consulted: James Hengeveld

Date consulted: 19/06/2026

7. Legal implications

- 7.1 The council has the power to dispose of the land identified for disposal in this report under section 123 of the Local Government Act 1972 ("LGA 72") subject to obtaining the best consideration reasonably obtainable. Where land is open space, section 123 (2A) LGA 72 also has a requirement to advertise the proposed disposal in a local newspaper for two consecutive weeks and to consider any objections raised before taking a decision on whether to dispose of the land. Section 122 of the LGA 72 contains a similar requirement in relation to the change of the use of any open space. In exercising the delegations set out in this report, the Director Property & Finance in consultation with the Cabinet Member for Finance and City Regeneration will need to be satisfied that these requirements are met.

- 7.2 Prior to any sale 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 the Secretary of State 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 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 disposed of.

Name of lawyer consulted: Hannah Bassett Date consulted: 19/06/26

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 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 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.

