

**Brighton & Hove City Council**  
**Asset Management Plan &**  
**Corporate Property Strategy 2008 to 2011**



**VERSION NINETEEN**  
**3<sup>rd</sup> OCTOBER 2008**

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# Brighton & Hove City Council Asset Management Plan & Corporate Property Strategy 2008 to 2011

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## **EXECUTIVE SUMMARY**

The council has a large property and land portfolio valued at £1.73 billion (2008 balance sheet). The operational portfolio consists of 12,322 house / flat units and in excess of 500 non-housing properties. The non-operational portfolio consists of approximately 600 properties, is valued at £200m, produces an annual income of £8.5m, contributes to the medium term financial strategy and helps to keep council tax down.

It is important for all local authorities, as major owners and occupiers of land and buildings, to justify their holdings. The Corporate Property Officer has overall responsibility for managing the council's property portfolio and producing the Asset Management Plan & Corporate Property Strategy. This provides a strategic overview of the council's property assets and the systems, processes and policies in place or being progressed to manage and maintain them. It also provides a framework for challenging and reviewing the reasons for continuing to hold these assets covering the period 2008-11.

The Asset Management Plan & Corporate Property Strategy sets the property context for the City and the council's property function within its corporate priorities and strategic goals. It will ensure that the council's focus is on actions and outcomes that will maximise income whilst effectively supporting improved service delivery and customer satisfaction. The corporate property objectives will:

- Optimise the contribution our property assets make to the Council's strategic and service objectives,
- Prioritise investment in our operational assets to meet service delivery needs,
- Seek innovative value for money solutions to our procurement and staff accommodation needs through our vfm transformation programmes,
- Ensure the maximum return from our investment property and land holdings,
- Reduce the environmental impact of our operational property assets and
- Use our assets to pump prime new developments, re-developments and urban regeneration.

Through the strategic use of its property assets the council aims to achieve value for money, cost effectiveness and efficiency leading to improved customer and stakeholder satisfaction, improved affordability, compliance with related statutory and regulatory codes, improved corporate management, environmental improvements and enhanced joint and partnership working arrangements.

The document sets out how the council intends to achieve its corporate property objectives and expected outcomes through an overview of how we respond to external and internal pressures: new legislation and statutory requirements, national policies, property and construction activity in the City, the procurement route for consultancy and construction services, e-government property related issues and how we gather and review our property data. It clarifies our accommodation strategy, our data management systems, the quality of our operational and non-operational holdings and our property performance targets and indicators.

It demonstrates the processes we have in place to review and challenge our operational holdings through property performance reviews and our non-operational properties through the development of specific commercial and agricultural portfolio strategies. It shows how this AMP links to our other corporate strategies, including the medium term financial strategy through the capital and revenue budgets and programmes and illustrates our asset management targets and expected outcomes through to 2011.

The Asset Management & Corporate Property Strategy has been consulted on across the council, with our partners, through the Management Team and Leadership democratic process culminating at Cabinet in October 2008.



## 1.0 INTRODUCTION & CONTEXT

### 1.1 Introduction & Foreword

Welcome to Brighton & Hove City Council's Asset Management Plan & Corporate Property Strategy (AMP) covering the period 2008 to 2011.

The AMP provides a strategic overview of the City Council's property and land assets and the systems, processes and policies already in place or being progressed to manage and maintain them. The AMP is intended to be used as a tool to help maximise the deployment and use of land, buildings and other assets to support service delivery and deliver on our corporate priorities and objectives.

In particular the AMP focuses on the following themes:

Strategy:

- How we will use our property and land assets to support the Council's objectives (**Section 2.0**)
- Asset management planning and strategy in Brighton & Hove City Council (**Section 3.0**)
- The potential effect of the external environment on the management of our property portfolio and our response (**Section 4.0**)

Delivery:

- Data management and performance measurement (**Section 5.0**)
- The delivery of the Council's key services and their changing property asset needs (**Section 6.0**)
- Reviewing and challenging the Council's property assets (**Sections 7.0 & 8.0**)
- Decision making, plan development, implementation and funding sources (**Section 9.0**)
- Our Asset Management Action Plan summarising our targets (**Section 10.0**)

It is important for all local authorities, as major owners and occupiers of land and buildings, to justify our holdings. The AMP provides a framework for challenging the reasons for continuing to hold each of the council's property and land assets and to clearly demonstrate how these reasons link to corporate objectives and priorities.

The AMP explains how the Property & Design division of the Finance & Resources directorate, as the City Council's landlord, assess the condition, suitability and sufficiency of the Authority's property portfolio and how this links in with service delivery and achieving value for money, cost effectiveness and efficiency across all directorates. Additional and specific asset management plans are also published separately for the Council's schools, highways and residential housing stock.

The Asset Management Team welcomes feedback on the content of this AMP and would ask for comments to be forwarded to [amp@brighton-hove.gov.uk](mailto:amp@brighton-hove.gov.uk).



**Councillor Mary Mears**  
Leader of the Council



**Councillor Ayas Fallon-Khan**  
Cabinet Member for Central Services

## 1.2 The City of Brighton & Hove

The City of Brighton & Hove is a thriving “city by the sea” and the largest urban centre on the south coast lying approximately 50 miles south of London (see **Figure 1a** below) and attracting in excess of 8 million visitors a year. The City has a total population of 251,000 and a working age population of just under 168,000.



**Figure 1a: South East England**

The City is a popular base for London commuters and benefits from excellent communication links east/west via the A27/M27, north to London via the A23/M23 as well as direct rail links and internationally via Gatwick airport which lies 25 miles to the north.

Brighton & Hove covers an area of 83 km<sup>2</sup> but is bordered by the English Channel to the south, the South Downs Area of Natural Outstanding Beauty to the north and neighbouring authorities to the east and west restricting the opportunities for expansion.

Brighton & Hove is a city of contrasts. Whilst it's economic prosperity is thriving

demonstrated by the number of vat registered businesses increasing by 39% between 1994 and 2007 (the national trend was 22%) and a steep rise in house prices (a mean average increase of 51% in five years compared with the south-east average of 41%), it has high levels of homelessness and a shortage of affordable housing. Nationally the City ranks within the 25% most deprived areas in terms of the Average Index of Multiple Deprivation and has identifiable deprivation hotspots particularly in the east of the City. At £29,000, the average annual household income in the City is marginally lower than the national average but an estimated 15% of households in the City have incomes below £10,000 per year and 6% have incomes of less than £5,000.

The City has two universities with 32,000 students and 7,000 graduates a year, many of whom stay to live in the City post graduation. As a result Brighton & Hove has a young, well educated working age population with more than one third of residents aged 25 to 44 and 38% of adult residents holding an HND or higher qualification. In contrast it is estimated that over 15,000 adult residents (9.3%) do not hold any qualifications. The City has a strong service sector economy with public services, education & health and financial & business services being rich sources of local employment. There is also a thriving creative industries sector and a well established new media cluster. The City is a major tourist, leisure and conference destination and hosts a year round calendar of festivals and events, the largest being the annual Brighton Festival in May. Tourism contributes more than £407m to the local economy and supports nearly 12% of the City's FTE jobs. Unemployment in the City is 6.4% which exceeds both the national figure of 5.2% and the 4.2% average in the south-east. The City has a strong entrepreneurial culture with 12.6% of working residents being self employed compared with a national average of 9.3%.

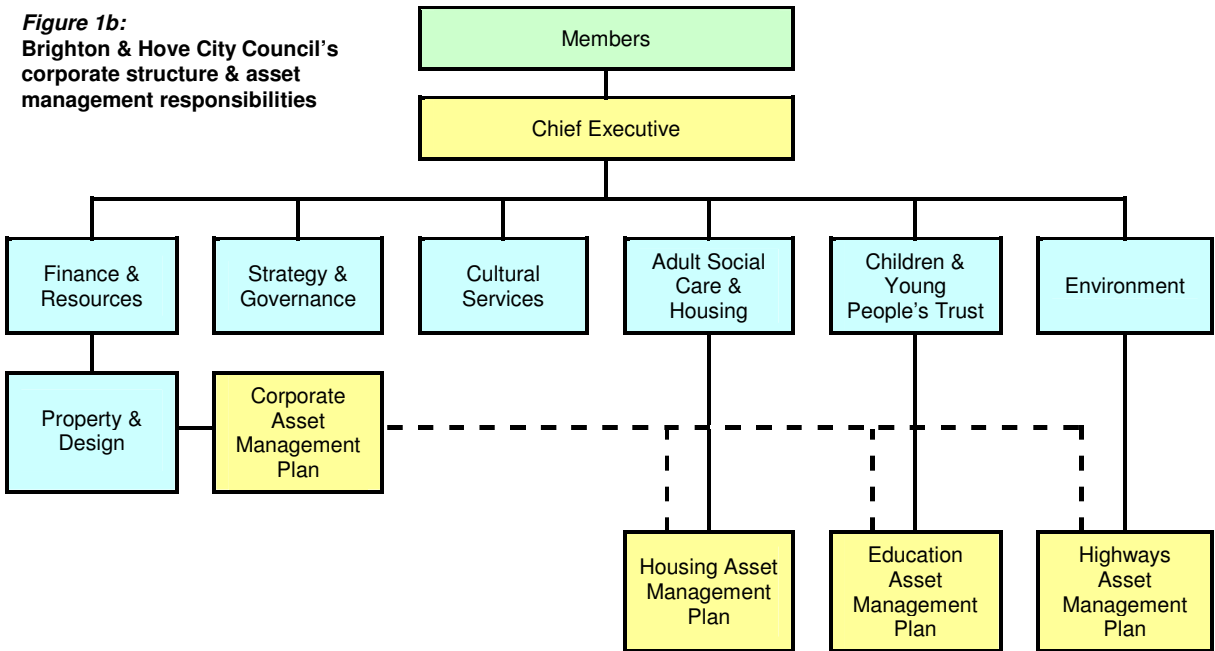
Being restricted by the sea to the south and the Downs to the north, it is important that the City's development opportunities arising from the limited number of available sites are maximised and that brownfield sites are brought into use. The City Council is working collaboratively with partners on an ambitious programme master-planning areas of the City to identify sites for mixed development. This includes the Brighton Station and New England Quarter, the London / Lewes Road area and the Edward Street / Circus Street Quarter. Recent major investment projects have included the refurbishment of both the Dome Theatre and Brighton Museum & Art Gallery and the creation of the Jubilee Library. Forthcoming major development projects include an international arena at Black Rock, the redevelopment of the Brighton Centre site and the creation of the Brighton i360. Brighton & Hove has a strong cultural background attracting a diverse range of communities in terms of religion, culture, ethnicity and sexual orientation giving the City much of its world renowned 'buzz' and creative energy.

### 1.3 Brighton & Hove City Council

Brighton & Hove City Council was formed in 1997 and is represented by three Members of Parliament and 54 Councillors serving 21 wards and is the largest employer in the area with over 7,650 FTE posts. The council currently has a conservative administration with no overall control. It adopted a new leader and cabinet system in 2008 replacing the committee system. The Leader is elected by the whole council and appoints a cabinet of up to nine councillors who will be in charge of different areas of the council's work, e.g. children's services, finance, housing, etc.

The Council is facing a number of financial and service challenges particularly as it has continually received a poor grant settlement. These range from on-going budget pressures in social care, waste collection & homelessness to the meeting of new challenges to improve customer care and focus, value for money efficiencies and access to services under the e-government and the Gershon efficiency agendas.

The Council's Capital Strategy and Asset Management Plans are important vehicles to enable it to strategically plan and prioritise the use of its resources and assets balanced against service pressures, opportunity costs and value for money considerations. Recognising the importance of these links the authority has brought together the corporate finance and property functions into a single directorate as indicated in **Figure 1b** below.



The formation of the City's Directorate of Finance and Property in 2004-05 brought together the service functions of Strategic Finance, Financial Services, Audit, Procurement and Property & Design under the umbrella of a single director with the vision of ensuring value for money for the council taxpayer. The directorate was subsequently extended to include Customer Services and ICT during 2007 to form the Finance & Resources directorate (F&R). The F&R Directorate Development Plan (DDP) aims to capitalise on the advantages that such joined up working can bring in order to achieve the corporate priorities either directly, for example by acting as the Council's property landlord and City Architect or indirectly, for example by setting up corporate frameworks, providing specialist advice, facilitating change and ensuring that value for money is achieved.

The Property & Design division of the directorate provides a strategic lead for the council's property portfolio and has corporate responsibility for the Asset Management Plan. In addition Property & Design manage and maintain the Council's non-housing operational property assets including schools, adult social care, environment, civic buildings and the commercial and agricultural portfolios. The Corporate Property Officer is also the City Architect leading multi-disciplinary professional property teams offering consultancy design and architecture, building surveying, building services, estate, facilities and energy management advice.



## A. CORPORATE PROPERTY STRATEGY

### 2.0 CORPORATE PLANS & PRIORITIES

#### 2.1 The Corporate Planning Framework

The Corporate planning framework comprises an integrated suite of strategies and plans as set out in **Figure 2c** and described in more detail below. A golden thread of linked priorities, objectives and targets runs throughout our planning framework providing clear and demonstrable links between the over-arching Community Strategy, the Local Area Agreement, the Corporate Plan, Medium Term Financial Strategy and our Asset Management Plan & Corporate Property Strategy. The specific links between our corporate and property objectives are further discussed in **Section 2.8** below.

#### 2.2 The Sustainable Community Strategy

The external context for the AMP is set by our 2020 Sustainable Community Strategy (SCS) that shapes the way in which we collaborate with other public, private, voluntary and community organisations through the Local Strategic Partnership (LSP) to enhance the quality of life across our area and to contribute to sustainable development. The SCS provides an overarching framework within which the LSP and other more specific partnerships and their strategies operate. The sustainable community strategy sets the context from a local perspective for the Local Area Agreement (delivery) and the Local Development Framework (strategic).

Our SCS, *Creating the City of Opportunities*, sets out a vision for Brighton & Hove of a dynamic City that improves and protects the environment, meets social needs and promotes sustainable economic success in an inclusive, just and harmonious way. The approach is for a sustainable community where every person, regardless of background, has the opportunity to succeed based on high quality education and training and is able to live in attractive and safe neighbourhoods, with excellent public services and infrastructure and the opportunity to involve themselves in a civil society with a robust safety net in place to ensure the well-being of vulnerable people.

Eight priority themes within the SCS interlink with the Council's priorities and the corporate asset objectives through regeneration and the major infrastructure projects, maximising access to and enjoyment of the South Downs, ensuring school facilities are "fit for purpose", improving the special needs services, building more Children's Centres across the City to provide child care and early years services, developing the cultural sector and making the City the cultural leader in the region - building on the success of the Jubilee Library PFI.

#### 2.3 The Local Area Agreement

The Local Area Agreement (LAA) is a three year agreement between our Local Strategic Partnership (LSP) and central government and sets out how our local priorities will be met by applying local solutions. The Council act as lead partner with the statutory duty to negotiate and prepare the LAA which is the delivery plan for the Sustainable Community Strategy. The LSP will be measured nationally on 35 performance indicators selected from the national set together with a suite of local performance indicators. Our current LAA covers the period 2008-11.

#### 2.4 The Local Development Framework

The Local Development Framework (LDF) is a set of planning documents due to published in 2009 that will replace the current Brighton & Hove Local Plan and collectively provide the new statutory planning policy framework for the City. The LDF is under-pinned by the Core Strategy which provides the overall strategic planning vision for the future of Brighton & Hove through to 2026 as set out in the SCS.

The Core Strategy will identify the broad locations, scale and type of development and supporting infrastructure that will be needed in the City and sets out how this will be accommodated in the limited space available whilst being environmentally friendly and sustainable. The strategy will direct future development into seven areas identified within the LDF where there are potential opportunities for change or regeneration.

## 2.5 The Corporate Plan

The current Corporate Plan forms the Council’s strategic umbrella under which all other strategic plans sit. It sets out the high level corporate priorities together with a list of key deliverables which are considered to be the “must do’s” for the period 2008 to 2011. The Council has committed to focusing on five main priorities within the Corporate Plan which are listed in **Section 2.8**.

## 2.6 The Medium Term Financial Strategy

The Council’s Medium Term Financial Strategy (MTFS) is a complementary document to the Corporate Plan and covers the period 2008-09 to 2011-12. The MTFS provides the financial framework to support the delivery of the City’s priorities and sets out the resources that will be available to meet them.

The national grant settlements for 2008-11 were set in January 2008. Our Council continues to remain at the grant floor over this period and will receive inflationary increases of only 2%, 1.75% and 1.5% over the next three years providing a projected budget as shown in **Figure 2a** below:

**Figure 2a: Budget projections from the MTFS**

	2008-09	2009-10	2010-11
Formula Government Grant	£105m	£108m	£109
Council Tax Revenue	£111m	£115m	£119
<b>Net Council Budget</b>	<b>£216m</b>	<b>£223m</b>	<b>£228m</b>

One of the key objectives of the MTFS is to deliver savings by making best use of our asset base. Our current capital budget allocation for this period is set out in **Section 9.0**.

## 2.7 Directorate & Service Priorities & Objectives

The high level objectives and priorities set out in the SCS and Corporate Plan are translated into service specific actions and targets through the Council’s Service Business Planning framework with the over-arching Directorate Development Plans pulling the individual strands together. This planning framework ensures that each Service Business Plan links back, and is directly related to the corporate priorities as shown in **Figures 2b & 2c** below.

The Finance & Resources (F&R) Directorate undertakes the Council’s long term financial and asset management planning as well as considering how good procurement and investment in technology can transform service delivery with a vision of promoting and achieving “Value for Money and Customer Focus”. The current F&R Directorate Development Plan (DDP) details the directorate’s priorities for the period to December 2009.

Supporting the F&R DDP are individual Service Business Plans. The Property & Design Business Plan sets out our annual targets in order to achieve the objectives identified in the DDP and Corporate Plan. Our business plan is the final section in the golden thread linking our Asset Management Plan and Property Strategy to the Corporate Plan and MTFS.

## 2.8 Corporate Property Objectives

The Corporate AMP brings together all the strands of the Corporate Property Strategy to ensure that the council's focus is on actions that will maximise income whilst effectively supporting improved service delivery and customer satisfaction. The high-level corporate asset objectives are designed to continue the golden thread linking back, through our directorate delivery plans and service business plans, to the corporate priorities set out in the Corporate Plan as indicated in **Figure 2c** below.

Our corporate property objectives are listed below and discussed in greater detail over the following pages.

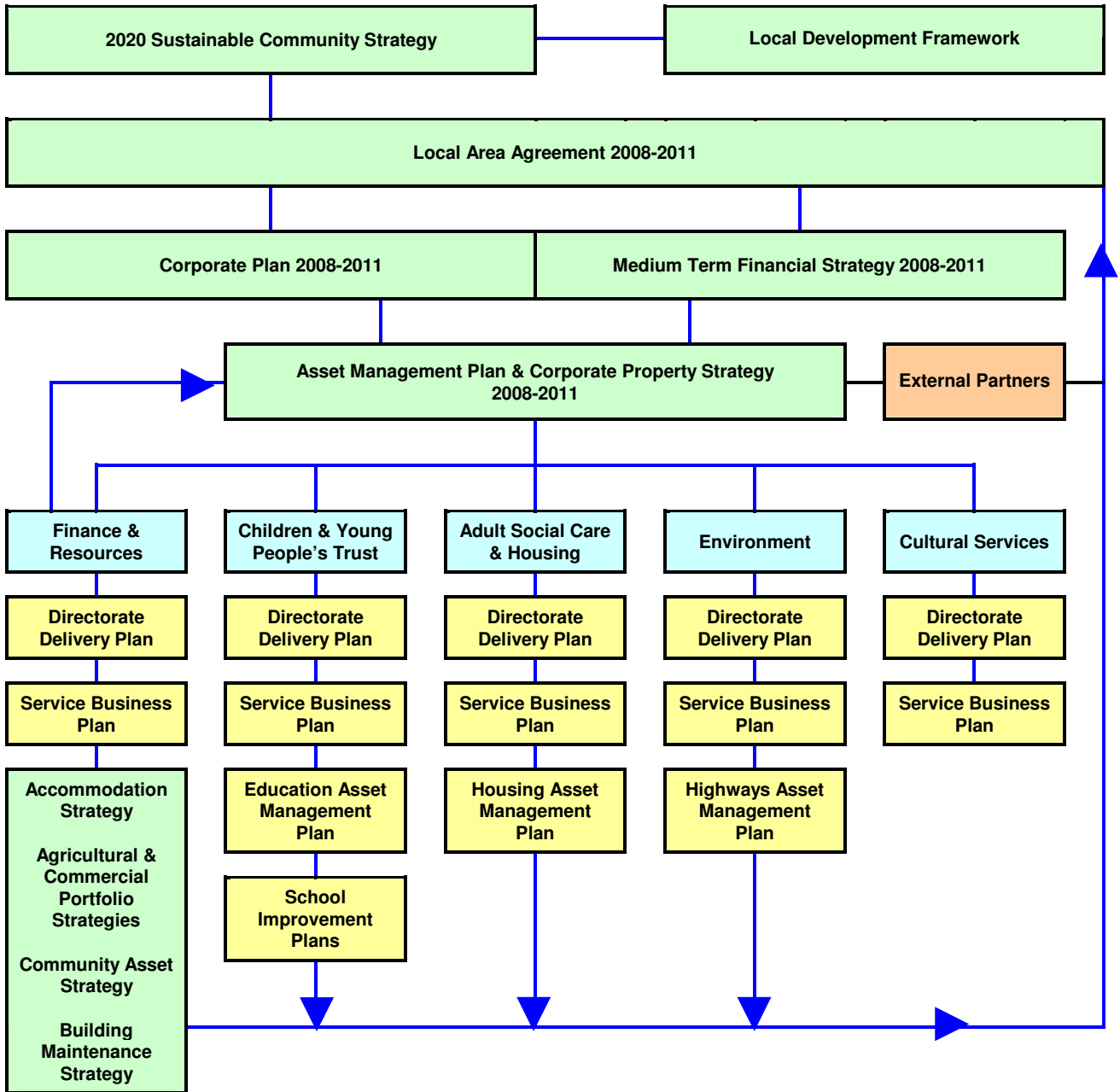
- A.** Optimise the contribution property makes to the Council's strategic and service objectives
- B.** Prioritise investment in our operational assets to meet service delivery needs
- C.** Seek innovative value for money solutions to our procurement and staff accommodation needs through our vfm transformation programmes
- D.** Ensure the maximum return from our investment property and land holdings
- E.** Reduce the environmental impact of our operational property assets
- F.** Use our assets to pump prime new development, re-development and urban regeneration

**Figure 2b: The relationship between our corporate priorities and property objectives**

Brighton & Hove City Council Priorities:	Corporate Property Objectives (see above):					
	A.	B.	C.	D.	E.	F.
<b>CP1</b> Protect the environment while growing the economy	✓	✓	✓	✓	✓	✓
<b>CP2</b> Better use of public money	✓	✓	✓	✓	✓	✓
<b>CP3</b> Reduce inequality by increasing opportunity	✓	✓	✓	✓		✓
<b>CP4</b> Fair enforcement of the law		✓				
<b>CP5</b> Open & effective city leadership	✓		✓	✓	✓	✓

The AMP seeks to explain, in practical terms, how the authority will work towards meeting the corporate property objectives over the next three years. The detailed relationship between these objectives, our directorate and service priorities and our corporate plan are explored further in **Figures 2b** above & **2c** below.

Figure 2c: The links between our corporate and asset management plans



## Property Objective A

### Optimise the contribution property makes to the Council's strategic and service objectives

#### Why is this important?

It is vital that our assets are working hard for us and contributing to our overall corporate objectives. Our operational assets need to match or exceed our service requirements in terms of location, accessibility, capacity and fitness for purpose as well as condition. Property is an integral part of any service review within the Council and Property & Design are represented on the change project boards to advise on the availability of suitable accommodation, buildings and sites.

#### How are we achieving this objective?

This objective links to the following corporate priorities (CP):

- CP1.** Supporting and investing in our existing industrial starter units as a means to encourage and nurture small businesses thereby contributing to the local economy.

#### **Case Study: New England House**

This is an eight storey 1960's building originally multi-tenanted by light industrial and engineering companies which has more recently been let to small often start up businesses dominated by the fashion, arts and media sectors. The Council has refurbished some areas of the building to encourage this use and offers flexible lease terms initially for a period of three years but with month by month break clauses facilitating an "easy in, easy out" approach.

- CP2.** Rationalising our operational assets to retain only the most suitable and service efficient buildings reduces our overall property running costs. Reviewing our investment portfolio allows us to identify poorly performing, low return assets which may have scope for either a capital receipt, change of use or an opportunity to increase rental income.

#### **Case Study: Vernon Gardens Resource Centre**

A Property Performance Review (PPR) of this combined residential care home and day centre for older people identified a high level of required maintenance and property running costs relative to our other resource centres. This was combined with a relatively low suitability assessment indicating the need to consider either a change of use or disposal. Similar PPRs undertaken for the other resource centres indicated a higher level of suitability but a need for continued planned maintenance. Working closely with the service department, alternative accommodation was identified for the service users allowing Vernon Gardens to close and its existing maintenance budget to be transferred to the remaining resource centres. A bid for funding for the conversion of Vernon Gardens to extra care flats has been successful with a proposed start on site in September 2009 and the transfer of council property & land to the Guinness Housing Trust will enable the business case and development.

- CP3.** Every opportunity is taken to secure external funding to improve our assets for front-line service delivery.

#### **Case Study: Coldean Library**

The original library building had been identified as being in poor condition but the Council was unable to fund the necessary improvement works itself. However the Council was able to offer a long lease of the site at a peppercorn to a housing association who have constructed a new library building plus six extra care flats (for which the Council has nomination rights) on the site. The new library opened in June 2008 and includes a free ICT suite, meeting rooms and a dedicated children's area.



Property & Design also work closely with service departments to ensure that our property assets meet service requirements.

**Case Study: Children & Young People's Trust**

Recent organisational changes within the Children & Young People's Trust has resulted in an area based service being established with the corresponding need to identify suitable assets within our existing stock. This has included the need for new Children's Centres to be set up including two new buildings designed by our in-house architects. Our in-house architectural team are also currently seeking planning consent and undertaking design work for the expansion of Longhill Secondary, Balfour Junior and Davigdor Infant Schools to allow an extra form of entry following a review of capacity at each school.

- CP5.** Regular reviews of our property portfolio allows us to identify land or buildings that may be more suitable for the voluntary sector or our partner organisations or will allow more efficient service delivery to the City allowing the Council to take a strategic lead.

**Case Study: Extra Care Accommodation at Patching Lodge**

Work is currently on site on a new complex of 76 flats in the Kemp Town area of Brighton to provide much needed extra care accommodation for older and vulnerable people in partnership with Hanover Housing Association. The complex replaces the original council owned block of 36 studio flats with shared bathroom facilities. The development is due to open in the spring of 2009.

**Case Study: Hollingdean Waste Transfer Site**

The Council has worked in partnership with East Sussex County Council on the PFI contract for a new waste transfer facility in the City on the site of a redundant Council owned industrial estate. This scheme - due for completion in 2008 - will reduce the volume of waste vehicle journeys in and around the City and, by combining functions from the adjacent Hollingdean Depot site, has facilitated the rationalisation and master-planning of the Depot.

**How are we monitoring our progress?**

- Our overall annual performance is measured within NaPPMI PI 3 which provides an assessment of the suitability of our buildings and their impact (positive or negative) on service delivery (see **Section 5.2** for more details). This is compared with our results for previous years and benchmarked against other local authorities on a comparable basis. Our latest results are shown in **Appendix A** to this document.
- We are undertaking regular Property Performance Reviews of our operational property to assess their overall fitness for purpose and condition. This includes regular suitability questionnaires to service departments to ensure that assets continue to meet service and corporate objectives. Areas of concern are prioritised within our maintenance budget or considered for alternative use in consultation with the service department (see also **Section 7.0**).
- Property is an integral element of service reviews and its impact on service delivery is assessed through the review and any changes evaluated through post project reviews.

### What are we hoping to achieve?

Our three year targets are:

- To complete the first round of property performance reviews on our operational property and establish a three year programme of subsequent reviews in order to identify poorly performing buildings (Corporate Plan target).
- To develop a capital programme for the rebuilding and refurbishment of primary and secondary schools in the City (Corporate Plan target).
- To continue to develop the network of Children's Centres around the City supporting the CYPT in identifying and acquiring or converting suitable properties (Corporate Plan target).
- To continue to assist service departments during their value for money transformation programmes (DDP target).
- Developing service compacts to improve the transparency of property support to service departments (DDP target).
- To increase the number of Extra Care Units available in the City by 76 in Patching Lodge and a further 10 at Vernon Gardens.

### When will we achieve our desired outcomes?

We will have succeeded if, by 2011:

- We have identified poorly performing operational assets and have a plan in place to address these (Corporate Plan target).
- Our NaPPMI property performance indicators in respect of suitability and accessibility show a year-on-year improvement - see **Appendix A** for our annually updated PI targets.

## Property Objective B

### Prioritise investment in our operational assets to meet service delivery needs

#### Why is this important?

The Council only has finite resources and is often forced to make difficult decisions where to spend its maintenance and improvement budgets. Our objective is to set out a clear method for allocating our scarce maintenance resources ensuring that funding is made available to those properties where a clear service benefit is obtained and that value for money is achieved.

#### How are we achieving this objective?

By targeting our capital and revenue expenditure where it is most needed we can ensure that we achieve the maximum value for money and improve service delivery from our assets. This objective links to the following corporate priorities (CP):

- CP1.** Having a transparent process for allocating funding allows budget holders to plan maintenance and improvement works in advance allowing alternative procurement methods to be employed including the use of local labour thereby adding to the local economy. All aspects of the scheme can then be considered in advance including sustainability options.

#### **Case Study: Council Housing "Decent Homes" Standard**

The nationally set Decent Homes Standard provides a range of minimum requirements that local authority housing stock must meet by 2010. These include that each home must be fit to live in, in a reasonable state of repair, have reasonably modern facilities and have a reasonable degree of thermal comfort. The Council have undertaken stock condition surveys to assess the level of investment required to meet this standard and have identified a £200m investment funding gap in the first five years of its business plan. The options for closing this gap are currently being considered and are discussed in **Section 3.5**.

- CP2.** Targeted spend ensures that our maintenance and repair budgets are spent with the maximum benefit to service delivery and in a timely manner reducing the need to undertake costly replacement by aiming for preventative maintenance. Advance planning of maintenance work allows us to procure the works in the most cost effective way.

#### **Case Study: Building Maintenance Strategy**

We are developing our Building Maintenance Strategy as a framework for the prioritisation of maintenance and improvement works as discussed in **Section 3.8.1**. This will ensure that available budgets are targeted at reducing our maintenance backlog to the buildings that contribute most to service delivery.

- CP3.** Our service users will benefit from well placed, well maintained properties particularly in the case of vulnerable people. Staff and visitors are happier in a welcoming environment. By regularly reviewing the service needs we will be able to maintain flexibility in the allocation of capital resources:

#### **Case Study: Schools Maintenance Budget**

Our building maintenance consultancy service contract for schools and social care buildings requires an annual visit by building surveyors and, where appropriate, mechanical & electrical engineers to each school to review and update the existing condition survey data. This will include an interview with the head teacher and / or caretaker to capture any recent condition changes or new service priorities. The consultant will then report and provide recommendations on any necessary changes to the prioritised works for the following summer's maintenance programme.

- CP4.** Maintenance investment extends to statutory compliance in areas such as the management of asbestos materials, fire safety risk assessment, control of Legionella in water supplies and the Disability Discrimination Act. See **Section 4.2** for further details.

**Case Study: The Asset Management Fund**

For 2008/9 onwards, Property & Design have set up the Asset Management Fund (AMF) providing a capital budget of £1.0m per annum. The fund is a flexible budget source covering service specific improvement works including accommodation refurbishment or alteration, DDA and statutory Health and Safety compliance. Service departments may bid for money from the fund by providing a brief business case for the need relating this to service delivery objectives.

**How are we monitoring our progress?**

Our overall annual performance is measured within NaPPMI PI 1 (see **Section 5.2** for more details) providing details on our required maintenance costs over the next five years. This is compared with our results for previous years and benchmarked against other local authorities on a comparable per m<sup>2</sup> of floor area basis. Our latest results are shown in **Appendix A** to this document.

**What are we hoping to achieve?**

Our three year targets are:

- Create new high quality educational buildings by investing in our schools (Corporate Plan target).
- To improve the quality and availability of social housing (Corporate Plan target).
- To complete the stonework restoration at the Royal Pavilion as part of our heritage investment programme (Corporate Plan target).
- To continue to develop plans for compliance with statutory and health and safety legislation including fire safety, water hygiene and asbestos management. Property & Design and the Corporate H&S Team will facilitate the identification of action plan solutions and seek funding for resource gaps (DDP target).
- To deliver the identified DDA compliance works programme with a target of 70% of relevant buildings accessible by the April 2009 (DDP target).

**When will we achieve our desired outcomes?**

We will have succeeded if, by 2011:

- More council houses are classified as “decent” (Corporate Plan target).
- 80% of all council owned operational buildings with public access are accessible (DDP target).
- All core operational service properties, as identified in our Building Maintenance Strategy, have an overall condition rating of either “A” (good) or “B” (satisfactory) as defined by NaPPMI PI 1A – see **Sections 3.8.1 & 5.2** for more details.

## Property Objective C

**Seek innovative value for money solutions to our procurement and staff accommodation needs**

### Why is this important?

Achieving value for money is a key corporate priority and the cornerstone of the Finance & Resources Directorate Development Plan. Our objective within the AMP is to concentrate on two specific areas where increased value for money can be achieved.

- **Procurement** - Securing better value for money from our construction procurement processes is an essential element of the housing management strategy in order to reduce the existing maintenance funding gap discussed in **Section 3.5**.
- **Staff Accommodation** is part of the Finance & Resources directorate's value for money transformation programme. Accommodation must be sufficient in capacity and located in the right place to meet our service delivery needs and to suit our service users. However, offices are expensive to maintain and our objective is to achieve the greatest efficiency we can from our existing space. New technology allows scope for a far more flexible use of space including hot-desking, home and remote working and the Council is keen to take advantage of these developments to reduce its office needs and especially to reduce its reliance on leased office buildings which are inflexible and expensive.

### How are we achieving this objective?

This objective links to the following corporate priorities (CP):

- CP1.** Sustainable procurement is a key strand to our Procurement Strategy with the aim of generating benefits to both the Council and the local economy whilst minimising the impact on the environment.

#### **Case Study: Sustainable Procurement / SME Concordat**

The Council's commitment to economic, social and environmental sustainability is shown within our Sustainability Strategy and Procurement Code of Practice. We recognise that procurement is an important enabler for the council to pro-actively engage with social enterprises, voluntary organisations and small businesses and are looking to support the development and promotion of sustainable procurement models with these partners. Examples include recent procurement initiatives for the waste and recycling contract for operational buildings and the Local Involvement Network (LINKs) initiative details of which are included in our Procurement Strategy.

- CP2.** Introducing innovative methods in the procurement of construction related works can result in cashable savings to the authority. As at August 2008 the Council is about to enter its second five year "Strategic Construction Partnership" as discussed in **Section 9.4.1** and further partnership options are being explored in respect of the City's housing stock:

#### **Case Study: Housing Procurement Strategy**

Procurement is seen as a key method to deliver savings in the housing management repairs and maintenance programme. Housing management is currently (August 2008) considering an options paper listing the alternative means by which the Council can procure its repairs and capital investment programmes in the most efficient manner. A working group of key staff has been formed to drive this forward with a commencement date of April 2010. Options currently being considered include a ten year contract with one or two contractors through a partnership agreement. This would allow the Council to offer larger scale contracts which will attract greater commitment and investment from contractors with resulting savings from economies of scale and improved supply chain management.



Office accommodation is expensive. By forward planning we can identify opportunities to vacate existing leased premises where this would offer value for money to the Council. Reducing our reliance on leased properties and increasing the efficiency of space that we do own will free up funding for service delivery and other projects.

**Case Study: Priory House Civic Office**

Priory House is a centrally placed civic office used by the Council to accommodate approximately 300 staff. The building is leased from a private landlord and the Council is keen to invoke a forth-coming break clause as the building is both expensive to lease and maintain. Early actions have been identified which will ensure that we are ready to vacate the building without a loss of service. This has included alternative arrangements of the existing cashiers' service which was implemented in early 2008 and various feasibility design studies including infilling under-croft areas of existing freehold offices to provide alternative accommodation.

- CP3.** Our accommodation strategy aims to ensure that the public can access services in the right place at the right time. This is particularly important for our vulnerable service users where the accommodation of area based teams needs to be readily accessible and welcoming. The Finance & Resources directorate have also approved a programme of works under their value for money transformation review which includes implementation of the corporate Access Vision for Citizens Services which will have a knock-on effect to our accommodation requirements. Further details are provided in **Section 6.4**.
- CP5.** One of the Council's corporate plan targets is to reduce carbon emissions within the City. An essential first step is to lead by example and reduce the travel distances undertaken by staff in their duties by, for example, promoting home and remote working. We are developing our ten year accommodation strategy and introducing further staff home, mobile working and hot-desking initiatives to reduce our dependency on office accommodation. See also **Section 6.0**.

**Case Studies: Kings House & Hove Town Hall Civic Offices**

**Kings House** - Our civic office in Hove has been the subject of various accommodation initiatives including the refurbishment of the north section of the 2<sup>nd</sup> floor in 2007 to create an open plan area with meeting pods to increase the numbers of staff and the conversion of basement storage areas to form new meeting rooms. Funding has now been identified to carry out the refurbishment of the 3<sup>rd</sup> floor in late 2008 to create further space allowing staff to move in from Edward House, a poorly performing leased building which can now be released. Partial funding for the project was achieved through the sale of 24 Windlesham Road - a CYPT patch office which was identified as under-used and in poor condition through the Property Performance Review process. The staff originally based at Windlesham Road have been relocated to other area offices and the property sold to the YMCA.

**Hove Town Hall** - PI results showed that this building was our least efficient administrative centre with only 44% of net internal area available for office use compared with our average of 67%. Works are now being planned to open up some of the unused space in our development control teams.

### **How are we monitoring our progress?**

Our overall performance is measured annually within NaPPMI PI 5 (see **Section 5.2** for more details) providing details on the efficiency and capacity of our main civic buildings. This is compared with our results for previous years and benchmarked against other local authorities on a comparable per m<sup>2</sup> of floor area basis. Our latest results are shown in **Appendix A** to this document.

In addition post reviews of major accommodation initiatives are undertaken to assess the impact the changes have made to the staff and service delivery.

### **What are we hoping to achieve?**

Our three year targets are:

- To introduce further staff home and mobile working and hot-desking to reduce our dependency on office accommodation (Corporate Plan target).
- To develop our ten year accommodation strategy (DDP target).

### **When will we achieve our desired outcomes?**

We will have succeeded if, by 2011:

- We have achieved an overall 10% reduction in the current m<sup>2</sup> floor space per full-time equivalent member of staff (Corporate Plan target).
- We have achieved an annual 5% increase in the number of staff working from home.

## Property Objective D

### Ensure the maximum return from our investment property and land holdings

#### Why is this important?

The Council's investment portfolio – urban and agricultural - has a value of approximately £200m and provides an annual rental income in excess of £8½m per annum (as of 2008). The urban portfolio consists of largely prime retail, office and industrial interests. The agricultural portfolio includes ownership of about 11,000 acres of Downland farmland. The Property & Design Estates team manage the investment portfolios both directly and indirectly through two externalised five year specialised consultancy contracts to ensure that the council's financial, community, economic and social regeneration aims and objectives are achieved and that the portfolios' performance demonstrates justification for their retention. The urban portfolio rental income is maximised and the optimum benefit is obtained from surplus property or potential redevelopment sites either through a capital receipt on disposal or by seeking the most appropriate alternative use which may include community transfer or regeneration of site areas through comprehensive site assembly.

#### How are we achieving this objective?

We undertake regular reviews of our investment portfolio to challenge our continued ownership, seek increased income opportunities or consider disposal or transfer (see also **Section 8.0** for more details). This objective links to the following corporate priorities (CP):

- CP1.** Investment property income helps in keeping council tax and business rates down especially benefiting small, local businesses. The investment portfolio income stream also contributes significantly to the Council's Medium Term Financial Strategy allowing the Council greater spending power and to initiate projects within the local economy.

#### **Case Study: The Lanes & North Laine Cultural Quarter**

This retail location offers a wide cosmopolitan mix of smaller shops, restaurants and cafes and is a key ingredient in the City's attractiveness as a unique shopping destination. We actively work to retain its vibrant and unique character with a policy that encourages smaller new businesses and diversity with little appeal to multi national trading organisations. This is achieved through targeted marketing and lettings and flexible leasing arrangements. Voids are proactively minimised through early identification and marketing with examples including 40/40a North Street and Meeting House Lane. Performance improvement is demonstrated by the Regent Street development opportunity next to the new Jubilee Library site with potential for retail at ground level and three storeys of residential above.

- CP2.** Regular reviews of the investment portfolio allow the Council to consider where disposal with a capital receipt may be of more benefit than a low or irregular income or where a site / property has become surplus to requirement. This ensures the maximum return to the Council and a better use of public owned assets.

#### **Case Study: Patcham Court Farm Development Site Disposal**

This site was previously part of the wider landholding of Patcham Court Farm and falls within the Sussex Downs AONB. It is identified in the Local Plan as suitable for high tech business or general office use and the planning brief has been recently widened to potential homecare / medical, industrial, hotel. This broadens the marketing potential as the site represents a major employment development opportunity.

#### **Case Study: Queens Square Ice Rink Disposal**

The former ice rink building, together with an adjacent council office building, has been identified for a mixed use development. There is potential for a ground floor leisure facility plus office with residential use above to include a percentage of affordable units. To enable the marketing of the site the existing educational council service is to be relocated.

- CP3.** Our agricultural estate has been reviewed to secure more sustainable management of the Downland surrounding the City. Our Downland Initiative strategy aims to “reconnect the people of Brighton & Hove to a more diverse Downland with better education, improved access and better sense of connection to the land”.

**Case Study: Acquisition of Farmland**

The Council has seized the opportunity to further the aims of the Downland Initiative by the acquisition of farmland under Agricultural Act tenancies following separate approaches from two tenant farmers wishing to retire. These two acquisitions are considerably increasing the amount of access land available for all and further connecting the urban area with the countryside. There are on-going improved links including “easy access” routes, a dedicated route for people with disabilities and routes catering for the needs of cyclists and horse riders. The projects are self financing either through non-core asset disposals or new farm business tenancies.

- CP5.** We are demonstrating leadership by working in partnership with the Environment Agency, Southern Water and the South Downs Joint Committee to protect the City’s water supply.

**Case Study: Protection of the City’s Water Supply**

The Council is currently seeking to identify a pilot project / farm on the agricultural estate to explore land management practices to improve water quality and biodiversity.

**How are we monitoring our progress?**

Annual strategic reviews are produced of our investment portfolios by our respective external consultants that identify opportunities to maximise income and capital receipts. Key performance indicators (KPIs) are included within our commercial and agricultural portfolio strategies in order to monitor our overall performance and specifically to ensure that our investment assets are working to their full potential. The KPI results are reviewed quarterly against previously agreed targets and currently include the percentage of voids, targets for rent collection, accuracy of disposal sale price estimates and lease renewal timescales.

**What are we hoping to achieve?**

Our three year targets are:

- To identify sites that are under-used or surplus and make plans to redevelop or dispose of them including to have completed the disposal process on the Queens Square ice rink and Patcham Court Farm at best consideration (Corporate Plan target).
- To have completed the review of our non-operational assets to identify sections of our investment portfolio with additional income potential.
- To have delivered greater social, economic and environmental benefits to both local people and visitors through the Downland Initiative and Leader Programme (See **Section 3.4** for more details).

**When will we achieve our desired outcomes?**

We will have succeeded if, by 2011:

- We have achieved a minimum of £1m in capital receipts per annum by the targeted disposal of under-performing assets (Corporate Plan target).
- We have achieved a minimum 1% year on year increase in income in targeted areas of our commercial and agricultural portfolios.
- We have increased access and diversification on the farmland estate by 5%.

**Property Objective E Reduce the environmental impact of our operational property assets**

**Why is this important?**

The rising cost of energy is imposing a severe pressure on service budgets that are already stretched. At the same time the need to reduce our carbon footprint has led to our commitment to reduce energy consumption throughout our operational property portfolio with a consequent reduction in both cost and CO<sub>2</sub> emissions. New and improved technology has provided the opportunity for cost effective sustainable energy generation and we are committed to providing this where practicable and cost effective.

**How are we achieving this objective?**

We are committed to seeking more efficient use of energy within our property portfolios and have made the following achievements to date. This objective links to the following corporate priorities (CP):

- CP1.** Our commitment to purchasing 100% green energy through our electricity supply contract reduces the Council's overall CO<sub>2</sub> emissions from our operational portfolio with a consequent reduction in our impact on the environment. Our corporate electricity supply contract has been based on the use of 100% renewable energy since 2005. Our in-house design teams are committed to reducing the carbon footprint of all of our new build and improvement schemes.

**Case Study: Energy Efficiency Design**

Our architectural and building surveying teams design sustainable buildings that include energy efficient measures such as sedum roofs, condensing boilers and grey water re-cycling. Our architectural design team have a commitment to investigate the potential use of wind turbines or other suitable sustainable energy generation source in all of our in-house designed new build schemes. Wind turbines have been installed on suitable sites including the Downs Link College site and to the Varndean High School extension and these are subject to on-going evaluation both locally and nationally. We continue to explore other innovative methods of improving our energy efficiency.

We have appointed an energy consultant, Team Q, to monitor and advise on energy usage across our operational property portfolio and high rise blocks of flats with the aim of maximising opportunities for economies of scale and to highlight areas of disproportionately high use for remedial action.

- CP2.** Reducing our energy usage wherever possible will reduce our corporate costs and help to insulate us from the current trend of rapidly rising energy costs.

**Case Study: Remote Electricity Meter Monitoring**

To provide a more accurate assessment of our performance in reducing energy use, the Council is investing in remote monitoring equipment initially to our properties with the highest consumption as part of our energy strategy including our high rise residential blocks of flats. This will allow us to target the most environmentally damaging properties and to accurately monitor and assess the success of future energy efficiency initiatives on subsequent use. Initially this equipment is being installed in all of our buildings with an annual energy consumption exceeding 100kW with a further 200 sub 100kW buildings following during 2008-09.

- CP5.** We lead by example on energy efficient measures and actively promote sustainable energy production within our in-house designed schemes. The Council has signed up to the participate in the Carbon Trust Management Programme and have appointed an in-house energy manager to work across the Council on the programme to raise awareness, identify further possible savings in energy use and greenhouse gas emissions thereby contributing to our Climate Action Plan.



**Case Study: The Carbon Management Programme**

Through the Carbon Management Programme we have achieved improved efficiency of buildings through renewable energy efficiency measures including wind turbines, ground source heat pumps and solar panels, particularly through our education capital programmes. We have also installed low energy lighting to our main car park and commenced a programme of improved heating and ventilation controls and replacement of existing oil fired boilers with new, more efficient gas boilers.

Further details are contained within the Director of Finance and Resources report to P&R Committee dated 3<sup>rd</sup> April 2008 providing an update on projects completed and in progress.

**Case Study: Energy Efficiencies in Housing**

In recent years the council has implemented a wide range of energy efficiency programmes that have improved the efficiency of the heating and insulation in the majority of the city's council housing to a high standard - well above the national average. Nevertheless the council recognises that some properties remain that are in need of further energy efficiency improvements. Whilst current limitations on the availability of capital funding have made it impossible to maintain the rate of progress that has been achieved in the past, the council is fully committed to achieving high standards of energy efficiency so as to provide warm homes to all its tenants and to further reduce CO<sub>2</sub> emissions from council housing.

**How are we monitoring our progress?**

Our overall performance is measured within NaPPMI PI 2 (see **Section 5.2** for more details) which is benchmarked against other local authorities on a comparable per m<sup>2</sup> of floor area basis. Our latest results are shown in **Appendix A** to this document. More detailed, building specific information is collated by our Energy Manager undertaking energy audits of our major operational building stock.

**What are we hoping to achieve?**

Our three year targets are:

- To continue to investigate and implement sustainable solutions within our new-build and maintenance programmes of work including energy efficiency measures and re-cycling of materials (Corporate Plan target).
- To reduce carbon emissions and deliver energy and financial savings through our carbon management programme (Corporate Plan target).
- To continue to implement energy efficiencies through increased staff awareness and energy audits of buildings (DDP target).
- To achieve remote electricity meter monitoring in all of our 100kW+ sites and 200 of our sub 100kW operational buildings by the end of 2008-09.

**When will we achieve our desired outcomes?**

We will have succeeded if, by 2011:

- We have achieved overall energy efficiency savings of 5% per annum (Corporate Plan target).
- CO<sub>2</sub> emissions from Council activities have reduced (Corporate Plan target).
- Sustainable energy production is incorporated in to all new build schemes where practicable and cost effective (DDP target).
- All new in-house designed school extensions to achieve BREEAM "Very Good" assessments.
- Each new in-house designed extension project to include at least one renewable energy technology and include water use reduction technology.

**Property Objective F**

**Use our assets to pump prime new development, redevelopment and urban regeneration in the City**

**Why is this important?**

The Council recognises that major infrastructure & projects and comprehensive land assemblies that regenerate key sectors of the City and provide quality facilities can only be achieved through innovative partnerships with local businesses, community, voluntary, public and private sector partners. Brighton & Hove have few options for expansion being constrained by the South Downs to the north, the sea to the south and other authorities east and west. It is therefore vital that every opportunity is taken to facilitate redevelopment and urban improvement plans identified within our Local Development Framework. Our objective is to support, through site provision and / or property & design advice, such major infrastructure projects throughout the City.

**How are we achieving this objective?**

The Council is currently supporting the following major development projects in the City through a combination of site provision, contributory funding and property advice. This objective links to the following corporate priorities (CP):

- CP1.** Many of these developments are key to successful regeneration and growth in the economy of specific areas of the City.

**Case Study: Jubilee Library**

The new Jubilee Library PFI site has redeveloped an area of the City by the transfer of a derelict council site. It has revitalised the cultural quarter through public / private partnership working to achieve the award winning Jubilee Library, associated public square and extensive new retail, hotel, office and residential accommodation. Since the completion of the library the increased footfall to this area has attracted many additional businesses further improving the economy of the North Laines.

- CP2.** Supporting development opportunities in this way means that the Council can obtain demonstrable returns on its land and property assets making better use of public money.

**Case Study: Relocation of the Wholesale Market to Hollingbury Industrial Estate**

This project involved the development of part of the Crowhurst corner site at the Council's Hollingbury Industrial Estate for bespoke units to relocate the wholesale market traders. The remainder of the site is being developed in phases with corresponding capital receipts to accommodate the St Johns Ambulance HQ, a new police station and further business units. This has freed up the former wholesale market site in the centre of the City working with the University of Brighton for a mixed use zero carbon development of residential, employment space (including some creative industry workspace), a new University library and a dance studio.

- CP3.** The proposed development of an academy on the Falmer High School site will improve the educational opportunities for pupils drawn from the adjacent wards that show high levels of deprivation and contribute to improved community facilities and cohesion.

**Case Study: Falmer Academy**

A new modern facility funded by the DCFS in conjunction with a private sponsor and Brighton & Sussex Universities for approximately 1100 pupils aged 11 to 16 to replace the existing sub-standard accommodation. It will provide 21<sup>st</sup> century facilities focusing on a business and enterprise curriculum. The buildings will be based on an exemplar design which will enable flexible multi purpose teaching areas in a sustainable environment. It will include provision for special needs pupils and have an adjacent sports hall available for community use.

- CP5. By supporting and pump-priming new developments identified within the LDF, the Council is providing strong and effective leadership in the continuing regeneration of the City.

**Case Study: The Brighton Centre Redevelopment**

The Brighton Centre is a council owned conference and public entertainment facility which opened in 1977 but is rapidly becoming outdated. Our primary objective is to secure a replacement with a new state of the art convention facility, reinforcing the City's reputation as a leading conference destination to ensure the future health of the City's conference, tourism and service economy. The mixed use development will provide retail, the convention centre and hotel facilities linking the main retail offer at Churchill Square to this seafront site. We are working in partnership with the adjacent landowners to facilitate the comprehensive land assembly and much needed facilities for the City.

**Case Study: Other Major Infrastructure Projects**

- **Community Stadium, Falmer** - a mixed development comprising a football stadium, conference suites, sports training, offices and learning centres situated largely on the council's agricultural holdings.
- **Preston Barracks** - a former MOD site acquired by the council enabling regeneration of part of the academic corridor. There is a proposal for a major employment focused mixed use scheme incorporating high quality office space, private and affordable housing, retail units and a public square.
- **Black Rock Site** - the council have provided a long disused site on the seafront and adjacent to the Brighton Marina complex to the east of the city. The proposed development includes for a multi-purpose events arena with Olympic ice pads and incorporating a health centre, private and affordable housing and retail units.
- **Open Market** - the redevelopment of the existing market to provide a covered market, workshops and mixed tenure housing.

**How are we monitoring our progress?**

Progress on the various schemes is monitored through project boards. Property & Design are represented on all major project boards to provide advise on property and land aspects of the developments.

**What are we hoping to achieve?**

Our three year targets are:

- To continue to identify suitable sites with redevelopment opportunities (Corporate Plan target).
- To continue to work with our partners and provide property support to major infrastructure projects within the City (DDP target).
- To redevelop the identified sites and deliver first class facilities for the City and increased affordable residential accommodation.

**When will we achieve our desired outcomes?**

We will have succeeded if, by 2011:

- There are fewer derelict plots of land in the City (Corporate Plan target).
- Key milestones on a new Brighton Centre have been achieved (Corporate Plan target).

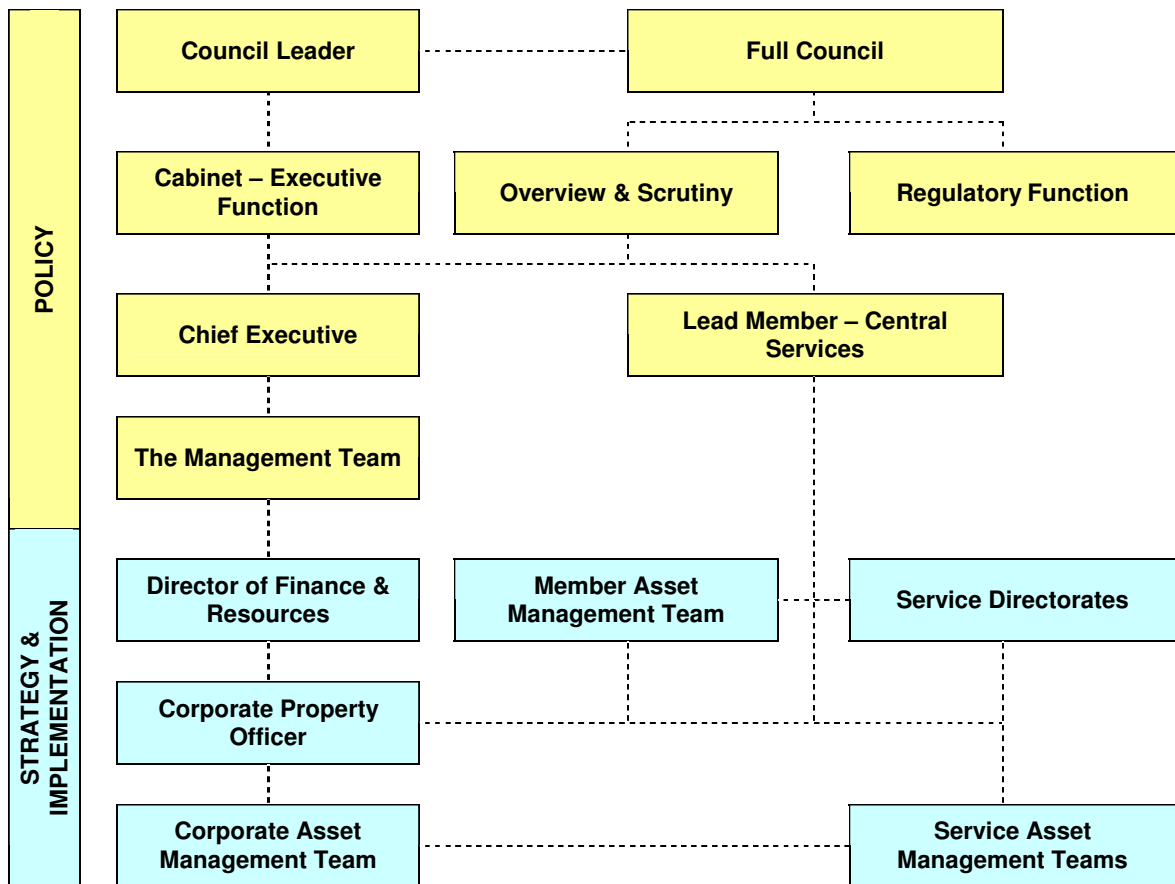
### 3.0 Asset Management In Brighton & Hove

#### 3.1 Organisational Arrangements for Asset Management

The Corporate Property Officer (CPO) is responsible for the contribution that the council's assets, as a corporate resource, make to support the delivery of the corporate objectives and strategic priorities. Business and service aims are set out in the Departmental Development Plans (DDPs) and divisional business plans. The CPO attends Directorate Management Team meetings (DMTs) to discuss and challenge property issues and problems and is a member of the major infrastructure project boards. The CPO also works in partnership with other public bodies to maximise these benefits in respect of the property and land asset base, e.g. Health (leading the Joint Estates Strategy Group) and Procurement and Building Work Streams (a member of the South-East Centre of Excellence (SECE) collaborative working group with Hampshire, West Sussex and East Sussex County Councils).

The CPO works across the Council and Directorates giving corporate property advice and support. The CPO reports on property and asset related matters to the Director of Finance and Resources and The Management Team (TMT) – consisting of the Chief Executive and Corporate and Service Directors - as indicated in **Figure 3a** below. The CPO reports directly to the Cabinet Lead Member for Central Services and to Cabinet. Brighton & Hove City Council is currently in no overall control but has had a conservative administration since 2007. The CPO has regular meetings with both the Cabinet Lead Member and the Member Asset Management Team. The CPO and members of the Corporate Asset Management Team regularly attend DMTs of other directorates to advise on programmes of work and property resource issues as well as to receive feedback on maintenance and accommodation issues.

Figure 3a: Organisational arrangements for corporate asset management planning



## 3.2 Operational Property Strategy

**3.2.1** Property & Design are responsible for the maintenance and improvement of non-housing operational property assets including social care premises, schools and civic buildings as discussed in **Section 3.2.2**. Our strategy is to prioritise investment to our key assets taking into account service needs, levels of maintenance required, energy efficiency, health & safety issues and accessibility. Our operational property strategy provides a framework for achieving four of our six property objectives discussed in **Section 2.8**:

- A. *Optimise the contribution property makes to the Council's strategic and service objectives*  
Through regular Property Performance Reviews (PPR) we aim to link service delivery aims to our property assets ensuring that our buildings are in the best possible condition, in the right location and are fit for purpose. The PPR process is described in detail in **Section 7.0**.
- B. *Prioritise investment in our operational assets to meet service delivery needs*  
Our Building Maintenance Strategy, described in **Section 3.8.1**, ensures that available funding is targeted towards improving overall service delivery and that value for money is achieved on our work programmes.
- C. *Seek innovative value for money solutions to our procurement and staff accommodation needs*  
Accommodation is a key element of our corporate transformation programme and will be embodied in our developing ten year accommodation strategy (described in **Section 6.0**). We are seeking further savings on our maintenance and improvement programmes through the continued use of innovative procurement methods.
- D. *Reduce the environmental impact of our operational property assets*  
The Council recognise the impact that our properties have on the environment in terms of energy use and carbon emissions as well as on our budget in terms of the current rapid increase in energy costs. The Council has appointed an Energy Manager whose role includes active participation in the Carbon Management Programme as well as raising awareness and seeking innovative solutions to energy efficiency.

### 3.2.2 Property Services - Client Directorates

**a. Environment, Cultural Services, Strategy & Governance and Finance & Resources**

Property & Design provide term and planned maintenance property services through the corporate Planned Maintenance Budget (PMB) to these directorates. This includes civic offices, historic, operational and commercial buildings and libraries. Members approve the programme of works that are informed by the Asset Management Plan and building maintenance strategy on an annual basis. These Client Directorates in turn provide their respective services from the properties and are responsible for their day to day management - holding budgets for running costs, (rates, utilities, cleaning security, etc) and day to day reactive maintenance.

**b. Children & Young People's Trust, Adult Social Care & Housing and Environment**

Property & Design are the Client Agent for Children Services and Social Care Client Directorates and manage the out-sourced building surveying consultancy contract (currently held by NPS Property Services Ltd to 2010). The contract provides for term and planned maintenance services for approx 80 schools and 45 social care buildings. The NPS contract also supplies day to day reactive maintenance services under a term contract for non-school education related and social care premises. Schools have their own devolved budgets for reactive maintenance and running costs. Property & Design also manage a reactive maintenance budget for environmental buildings (parks kiosks and pavilions). All of the respective Client Directorates hold budgets for the running costs.

**c. Central Administration Buildings**

Property & Design are the Client and manage the central office buildings providing full property services in terms of estate management, term contract, planned, cyclical and reactive maintenance.

### 3.2.3 Fitness for Purpose – Property Performance Reviews

The Asset Management Planning process helps identify those operational buildings that are not fit for purpose through our Property Performance Review (PPR) process described in detail in **Section 7.0**. Partly this is caused by backlog maintenance and the area that probably suffered most from underinvestment was social care because when the budgets were managed locally in service departments, social care buildings were not given a particularly high priority in the context of the other service pressures. There has been increasing centralisation of property functions over the last few years and as part of that an additional £500,000 per annum has been put into social care buildings. Buildings also become unfit for purpose because their usage changes over time as we modernise our services. We may have different staff groups placed in them or different customers using them.

There has been substantial new legislation in recent years that has also affected our definitions of fit for purpose buildings. Probably the most significant are the Disability Discrimination Act, 1995 and The Fire Safety Regulatory Reform (Fire Safety) Order, 1995 that came into effect in October 2006. These mean that many buildings require substantial investment to meet legal requirements and in certain cases that investment may not be considered to be worthwhile for the outcomes and benefits it would generate in comparison to the investment being made elsewhere. It should be recognised too that we have a high level of historic and Listed Buildings that require a large amount of specialised maintenance. These buildings are particularly challenging to convert or alter for legislative and/or service needs and regularly require a large share of the maintenance and investment budgets.

Through the PPR programme Property & Design have started to identify a small group of buildings that have been assessed as not 'fit for purpose' both in terms of remedial repairs and the property related Health & Safety legislation and access requirements. The amount of investment needed to bring these properties back up to standard does not appear to represent value for money and may not be commensurate to the need and use of the facility and alternative service options are being evaluated.

It is not possible to generalise about how operational buildings have become unfit for purpose as the circumstances will be different for each. However this will usually be driven by us wanting to deliver modern accessible services from buildings that were never designed for that purpose. We can be faced with expensive solutions to try and make the buildings adequate or we can choose to say that the buildings are sub-standard and look for alternative uses and ways to provide the service.

Operational properties declared surplus to requirements following assessment by the relevant service department revert back centrally through Property & Design for option appraisal on alternative uses or for disposal as described in **Section 8.2**.

## 3.3 Non Operational Commercial Property Strategy

The City Council's urban portfolio is substantial and contains a mix of property types ranging from shops, industrial premises and offices through to amenity facilities such as sports pavilions, the majority of the portfolio being made up of secondary and tertiary properties. The urban portfolio produces an annual income in excess of £8.0m that helps to reduce council tax payments. It is managed by Cluttons through a five year consultancy contract to 2010 that was tendered through OJEU during 2004-05. We work jointly with Cluttons to ensure that the council's financial, community, economic and social regeneration aims and objectives are achieved and that the portfolio's performance demonstrates justification for its retention.

Financial objectives – the maximisation of financial returns to achieve value for money, minimisation of expenditure and limitation of financial risk – are balanced against community ambitions – provision of community facilities, alternative uses to benefit the community whilst retaining the character of specific areas – and economic and social regeneration benefits – provision of sites for redevelopment projects and the promotion of sustainable development and environmental good practice.

Cluttons produce an Annual Strategic report reviewing both general strategies for achieving maximum performance from the commercial portfolio as well as specific strategies relating to individual properties and clusters of property.



Their view for 2008/09 generally is that after several years of good performance, the outlook for property deteriorated during the latter half of 2007 due in part to the financial turmoil arising over the US sub prime mortgage crisis. Yields have risen as a result and returns are therefore falling. The market has failed to show signs of recovery since that time and the future remains unstable with continuing projections of falling capital values across the commercial sector particularly affecting the secondary and tertiary markets. The housing market outlook is also challenging.

As far as the council's urban portfolio is concerned, capital values will have fallen in line with the market across all sectors. Occupational demand is also trending weaker as trading conditions for retailers toughen and there is a possibility of more voids occurring than in recent past years.

Rental levels are unlikely to fall significantly but growth is likely to be modest even for the prime buildings. The issue of voids is thrown into sharp focus as a result of the national abolition of empty rate relief from April 2008 so that full level rates will be levied on vacant buildings after a short period of grace which will increase budgetary pressures on the Council as landlord. Under these current market conditions sales of fully let prime and secondary properties are not recommended, however given the rate liability on vacant properties sales of tertiary premises should be considered where future potential is limited and tenants are facing problems.

The portfolio amounts to over 600 tenancies (excluding easements, access and garden rights) which have been categorised under the following headings and a strategy established for each covering the short and long term objectives:

- **Primary & Secondary Investments**

These amount to 18% of the total number of tenancies but contribute to 75% of the rental income. Prime properties are located in the best locations within the City and let to financially strong tenants thus attracting the lowest income risk but the highest potential capital value. An example would be the shops at the eastern end of Western Road in Brighton. Secondary properties are in recognised locations for their use but not on the prime sites and let to not quite blue chip but nevertheless recognised traders. An example would be the North Laine area of Brighton. Their risk level is therefore higher and with lower capital values.

Our strategy is generally to retain these units in the long term as they represent secure income and are likely to see the greatest rental and capital growth. In the short to medium term the Council will seek to maximise income during rent reviews and identify any other future opportunities for improving performance or achieving windfall receipts over and above market value.

- **Tertiary Investments**

These are located away from the normally recognised locations for their use and are often let at low rents to local traders on relatively short leases. They are frequently in poor repair, examples would be the shops in Oxford Street and Ditchling Road. Average rents are low and the properties are management intensive and high risk.

Our strategy will be to continue to monitor performance on a unit by unit basis to identify potential problems before they become critical and potential voids so that future options can be fully investigated and implemented. We will also investigate the potential use of any future voids for community use or in the provision of our services.

- **Neighbourhood Shops**

This category refers to parades of shops on residential estates outside the City – i.e. Woodingdean, Bevendean and Hollingbury. These would normally be classed as tertiary property with the same risks and challenges but are also held for their community benefit to serve the local population and are often let to local small businesses thereby aiding the local economy.

Our strategy is therefore to retain existing businesses encouraging as diverse a selection of goods and services as possible whilst minimising the council's financial liabilities.

- **New England House**

This is an eight storey 1960's building located opposite the new Brighton Station development site which is nearing completion. The building was originally multi-tenanted by light industrial and engineering companies but has more recently been let to small, often start up businesses dominated by the fashion, arts and media sectors. The Council has refurbished some areas of the building to encourage this use however the building fabric has deteriorated to an extent that the Council can no longer adequately maintain the building and are considering future options available on the site.

**Case Studies: New England House**

New England House forms a significant part of the Council's urban portfolio and is managed by the council's agents Cluttons. It consists of mainly business starter units on flexible leases, is about 55% full and is well used by the creative industries sector. A report commissioned by the council in 2004 indicated that the building was in a poor state and would last approximately another 10 years as it requires a large amount of investment to bring it up to modern standards. The Council recognises the function this building fulfils in supporting social enterprises and the need to encourage small businesses and employment use on the whole site. A number of major developers have expressed interest in redeveloping the building and site and any possible future redevelopment would therefore be subject to "best consideration" under section 123 of the Local Government Act 1972.

- **Commercial Ground Leases**

These have arisen as the result of the sale of a long leasehold interest in land for development, mainly industrial development in the 1960s and 1970s that resulted in the establishment of a number of industrial estates in the City. An example is the Hollingbury Industrial Estate in Brighton. A number of the resultant factory units are now nearing the end of their useful life and the residue of the leases are often acquired by developers for regeneration opportunities who then require a new lease to attract funding with a resulting capital receipt to the Council. For example Crowhurst Corner site, Hollingbury (see **Section 2.8 Property Objective F** for case study).

Our strategy is to monitor our ground leases to identify any future regeneration opportunities. Freeholds are to be retained and long leases negotiated when appropriate to ensure the Council as freeholder retains a degree of control. We will explore lease structuring negotiations to incorporate overage provisions when appropriate and consider potential alternative uses for City centre and small ground lease properties

- **Community Facilities**

This sector covers a wide range of different properties and uses from sports facilities through to health centre and kiosks/restaurants in parks. These buildings will help deliver the Council's corporate priority, reducing inequality by increasing opportunity demonstrated by the development of the Doctor's surgeries at 3-4 Old Steine in conjunction with our PCT Health partners.

Our strategy is to retain these properties for the benefit of the community as a whole and consider change only for other community uses or specific sections of the City. We will explore opportunities in these groups of buildings as part of our developing Community Asset Strategy.

A number of general portfolio policies have also been developed on sustainability, customer satisfaction, repair and maintenance and rent arrears, along with a number of site specific and individual property strategies such as Patcham Court Farm, Queens Square Ice Rink and for specific quarters within the City where the Council's land and property ownership allows it to influence the nature and development of the area. See **Section 2.8 Property Objective D** for case studies.

The justification for maintaining the large non-operational portfolio is tested through the asset management process and the property performance information and indicators. It is based on a considered customer focused approach that balances financial, economic, social and well-being objectives to achieve outcomes that fit into the corporate priorities and resident's needs.

### 3.4 Non Operational Agricultural Property Strategy

- 3.4.1 The council's agricultural estate extends to 11,000 acres comprising 40 agricultural tenancies, 10 residential property agreements, 6 commercial property agreements and 19 miscellaneous agreements. The annual rent roll in 2007 was £556k compared with £505k the year before of which just over 80% derives from the agricultural tenancies. The agricultural property portfolio is managed by agricultural specialist consultants Smiths Gore through a five year consultancy contract to 2010 that was tendered through OJEU during 2004-05.

We work jointly with Smiths Gore to formulate strategies for the agricultural and rural estates. Smiths Gore produce a strategic report annually that sets out both general strategies for achieving maximum performance from the portfolio as well as specific strategies relating to individual properties and sites. Through ownership of the agricultural estate the Council, in addition to considering the estate as part of their overall property investment portfolio are also presented with the opportunity to deliver on conservation and social well-being issues as encapsulated by the Downland Initiative.

Returns from let land have continued to remain strong and has retained tenanted farmland as a top performing asset over three, five and ten years. The main driver for this performance has been the increase in capital values which have continued to rise ahead of agricultural profitability. The average price of agricultural land increased by 15% during 2006 to a high of £3,160 / acre for arable land. However, the strong reliance on agricultural rents exposes the estate's rent roll to the effects of anticipated reductions in agricultural profitability. To address this, new and increased income streams are being sought to mitigate the current strong reliance on agricultural rents.

To counter the pressure for reducing farm incomes and rents, the Council and their tenants are seeking to increase income from both agricultural and non agricultural related sources to enable rental income streams to be maintained at their current levels and for the tenant farming businesses to survive in a form that we recognise today. This process has already started with tenants mitigating falling income by identifying new income sources from sub-letting of surplus property assets (cottages and agricultural buildings) and from other "diversification" activities. This non farm income has helped to maintain farm incomes and in turn the level of farm rents currently being achieved, e.g. Housedean Farm where a barn was converted to an architects office and at Mile Oak Farm to a farm shop. Much of the sub-letting that takes place on the estate relates to surplus residential cottages. These dwellings are a significant asset which the Council is seeking to manage to their full potential.

The Council recognises that in addition to providing an income stream, the rural estate can also deliver on environmental and social well-being related issues. It is difficult to quantify these aspects in monetary terms but both environmental and social well-being related issues feature strongly in the Council's current policy for managing the estate through the Downland Initiative.

#### **Case Study: The Downland Initiative**

This initiative brought together Brighton & Hove City Council, the Countryside Agency (now Natural England) and the South Downs Joint Committee to examine the feasibility of securing more sustainable management of the South Downland surrounding the city so that it delivers greater social and environmental benefits. The overarching aim of the study is to "reconnect the people of Brighton & Hove to a more bio-diverse Downland with better education, improved access and a better sense of connection to the land." The council is now working in partnership with Natural England, South Downs Joint Committee, East Sussex County Council and others to develop an action plan and secure funding where appropriate for implementing these recommendations.

In addition the Council is involved in the Leader Programme which has been described as the “Downland Initiative Plus”.

#### Case Study: The Leader Programme

Partners in the Sussex Downs and Low Weald, including Brighton & Hove City Council, have made a successful bid for money to support a range of activities to develop the rural economy and support rural communities over 2008-13. The money would come from the European Union through the Leader Programme. The Sussex Downs and Low Weald Leader area includes the rural area around Brighton & Hove within the Sussex Downs Area of Outstanding Natural Beauty (AONB). A Local Action Group (LAG) has been formed to take this forward, which includes representatives from public sector organisations like local councils and Natural England, local colleges, the voluntary and community sector, local businesses and business networks, all with an interest in supporting the rural economy. This is an exciting opportunity which will accelerate and possibly fund the implementation of the Downland Initiative across the Council's farm holdings and beyond.

### 3.4.2 General Policy for the Agricultural Estate

The Council and their consultants are seeking to identify and dispose of under performing assets whilst retaining the social related benefits of land ownership and mitigating any reduction in rental income.

To achieve this the Council has reviewed all of its property assets within the Agricultural Portfolio identifying ‘core’ (for a long term retention) and ‘non-core’ (available for disposal) property assets for which separate investment, disinvestment and reinvestment strategies can be developed as indicated in **Figure 3b** below.

**Core assets** are defined as those that should be retained by the Council long term because they fulfil a number of strategic objectives such as:

- They are a strong financially performing asset.
- They provide social and environmental benefits to the City.
- They are of cultural importance to the integrity and historic make-up of the estate.
- They comprise land over which the Council wishes to retain strategic control.

**Non-core assets** are those which could be considered “tradable” and could be disposed of (subject to meeting appropriate criteria) because they do not fulfil the criteria of a “core asset”.

Having identified the core and non core assets, appropriate policies or strategies have then been agreed and applied to their future management as described below. Having determined these policies the Council aim to strike an appropriate balance between maximising revenues maintaining capital value and supporting sustainable and social related issues in accordance with the objectives of the Downland Initiative.

### 3.4.3 Investment Strategy

The Council is not actively seeking to enlarge the Agricultural Estate but will consider acquisition where there is a strategic estate management reasons in doing so and/or improving access to the Downs. For example Home Farm, Stanmer where the council has made dramatic leaps forward in opening up access from the City to the Downs through an opportunity to negotiate with the tenant farmer, an Agricultural Holdings Act tenant who wished to retire. The farm consists of approximately 700 acres and the deal has enabled the council to designate Home Farm and part of High Park Farm as “open access”, this opens up a total of 691 acres to the public. The new access land includes five previously proposed footpaths known as “missing links” and accessible gates are being installed to allow “access for all” and an “easy access” route is proposed plus more routes for riding and cycling.

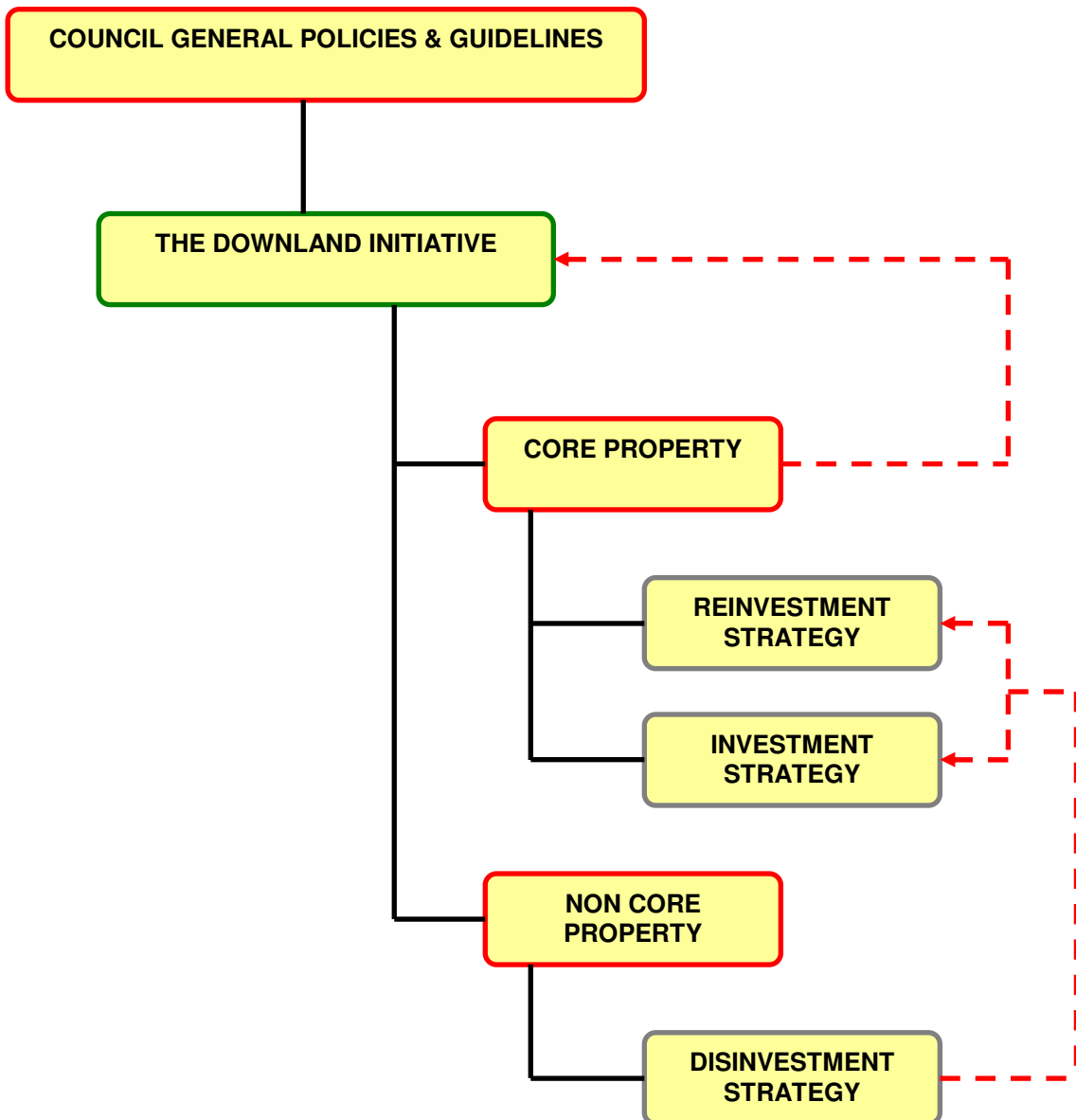
**3.4.4 Disinvestment Strategy**

The Council will review on an annual basis its non core property assets with a view to considering disposal of that asset having regard to timing, future development opportunity, tenure, current performance of asset, expected future performance of asset and the current market conditions. Since 2004 the Council has been negotiating with the tenant farmer at Court Farm, Falmer regarding his proposal to acquire part of the farm's non-core mainly residential buildings. The deal will reduce the council's maintenance liabilities regarding the Tithe Barn and could enable the council to benefit further when some of these buildings (including the tithe barn) are redeveloped in the future.

**3.4.5 Reinvestment in the Retained Estate**

The Council will seek to identify opportunities on the Estate to invest where such investment will help to underpin, maintain and increase future rental income or provide social benefits in accordance with their Downland Initiative and The Space to Be Initiative. The Council will endeavour but not exclusively to fund investment through their disinvestment strategy together with any external support that may be available at that time. The disposal of part of Court Farm, Falmer will further benefit the council as the main part of the proceeds are ring-fenced to support "diversification" and "access" on the farmlands estate.

*Figure 3b: Flow chart for the Agricultural Portfolio Strategy*



### 3.5 Housing Management Asset Management Plan

3.5.1 The housing service of the Council owns over 12,000 council dwellings as detailed in **Figure 3c** below together with a number of car parking spaces, garage sites, commercial properties and the freehold of approximately 2,200 leasehold properties.

**Figure 3c: Breakdown of rented housing stock by building type (at 2008)**

PROPERTY TYPE	DWELLINGS	PROPERTY TYPE	DWELLINGS
<b>Houses – Traditional</b>		<b>Flats</b>	
Pre 1945	2,144	Pre 1945 low rise	363
1945 to 1964	1,024	Post 1945 low rise	1,467
1965 to 1974	62	Post 1945 medium rise	4,028
Post 1974	774	Post 1945 high rise	1,969
<b>Houses – Non-Traditional</b>		<i>Low rise = 1 or 2 storey</i>	
All	294	<i>Medium rise = 3 to 5 storey</i>	
<b>Bungalows</b>		<i>High rise = 6+ storey</i>	
All	257		
<b>Total Houses &amp; Bungalows:</b>		<b>Total Flats:</b>	
	<b>4,555</b>		<b>7,827</b>
<b>GRAND TOTAL DWELLING UNITS</b>			<b>12,382</b>

Following a transfer ballot in 2007 where tenants voted for the housing stock to remain under Council management, the Housing Revenue Account (HRA) is left with a projected investment gap of £199.7m over the first 5 years of its business plan. The main option to reduce this gap is to develop a more effective procurement strategy which in part will require the council to look at further optimising the utilisation of all council assets in terms of service benefits and financial return in keeping with the housing strategy for the city. Clear alignment to corporate priorities (Sustainable Community Strategy, LAA, Corporate Plan priorities, citywide housing strategy, corporate procurement, LDF, Reducing Inequalities Review) and the corporate planning process is also required.

The Council, through consultation with its tenants, has committed to retaining the housing stock. In line with national requirements, the Council has estimated income and expenditure streams over the next thirty years in order to ensure that the housing stock can be fully maintained. The resulting business plan has identified that there is an estimated shortfall in resources to meet the investment needs of the stock of £44 million per annum over both five and thirty years.

#### 3.5.2 Housing Asset Management Strategy

Strategic asset management takes a long-term view to ensure that the opportunity cost of financial resources tied up in land and buildings is minimised, and that capital and revenue expenditure on the portfolio is directed efficiently and effectively to provide value for money.

It is also concerned with the wider Departmental management issues and with the following principles:

- An integrated approach between departments, sections and teams
- Explicit authority wide objectives for holding property
- Changes to the portfolio consistent with the business plan
- A performance measurement system
- Sufficient data to analyse the performance of the portfolio and to make strategic decisions



The aim is to look at the strategic asset management of the entire HRA portfolio of land and buildings through the following steps:

- Auditing and review
- Identifying objectives
- Preparing an asset management plan (AMP)
- Preparing asset delivery plans (ADPs)
- Implementing the plan and programmes of work
- Continuous review

The Asset management Strategy comprises the following three existing work-streams:

- Housing Green Paper – Local Delivery Vehicle options
- Stock viability study
- Strategic Review of HRA assets

The housing management Asset Management Strategy will integrate this on-going work to examine in detail the range of options and opportunities offered in the Housing Green Paper to lever in additional investment and meet the Council's strategic priorities without freehold transfer.

The Strategy will also include ongoing feed back from residents and stakeholders on the future use of the council's assets with the aim of creating a publicly acceptable asset development plan

### 3.5.3 Housing Asset Management Plans

From the intelligence gathered as part of the Asset Management Strategy from the three work-streams noted above the HRA will then look to develop its asset management planning which is a systematic preparation of plans to optimise the utilisation of assets in terms of service benefits and financial return. Possession of a comprehensive and up-to-date Asset Management Plan should be seen as a key element of good practice in Housing Management's planning and operational asset management function.

The principle aim of the AMP is the systematic preparation of plans to optimise the utilisation of assets in terms of service benefits and financial return. An AMP should be thought of as a tool that can assist the pursuit of the above aim by:

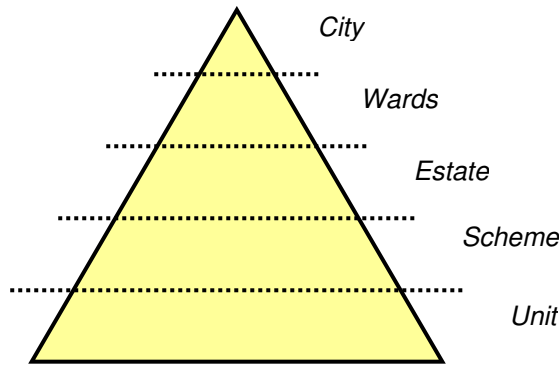
- Meeting key strategic priorities – LAA, Corporate Plan
- Helping to prioritise local decisions on spending.
- Integrating property decision-making into the corporate planning process.
- Ensuring that property decisions are consistent with service requirements.
- Identifying opportunities for innovation.
- Providing a context for evaluating capital projects.
- Providing a basis for developing partnerships.
- Identifying assets suitable for investment or disposal.
- Identifying opportunities to increase income generation or reduce expenditure.
- Investment in existing HRA assets.
- Levering in additional investment through Housing Green Paper options.
- Identification of assets against which additional investment can be sought (for example HRA stock currently used as Temporary Accommodation).

### 3.5.4 Hierarchy of Housing AMPs

Asset Management Plans will be developed for the whole HRA property and land portfolio in a hierarchical structure indicated in **Figure 3d** below.

At City level a single asset management plan will be developed outlining the strategic framework and performance benchmarks for the whole of the HRA property portfolio. At each lower level different performance benchmarks may be applicable. Where the lower levels all perform to their respective benchmarks, the city performance benchmarks will be met.

**Figure 3d: Housing management AMP hierarchy**



The city level plan is developed into estate plans. Estates will be identified using a number of factors, including:

- Properties within a similar demand characteristic area
- Properties requiring similar management responses
- Properties with a clear physical definition on site.

An estate may also include a group of street properties within a locality.

Beneath the estate plans a scheme level plan is developed. A scheme is a group of properties that require management as a single entity. This may be a reflection of the physical location or management characteristics. In the case of small estates, the scheme level and estate level will be the same properties. This is the lowest level of reporting in the Asset Management Plan.

Beneath the scheme level unit information could be collected. The Asset Management strategy is scalable to the appropriate level depending on risk.

**3.5.5 Housing Stock Viability Model**

In order to reduce the investment gap and produce fully developed AMPs, it is a key objective for the Council to identify some stock which might benefit from alternative options to the Council's normal management practice. Alternative solutions for some stock might include:

- Promotion of Right To Buy
- Promotion of freehold purchase by leaseholders
- Reinvestment in assets to meet strategic priorities
- Leasing of stock to a Local Delivery Vehicle
- No works to properties with a short lifespan
- No works to properties with a high investment requirement.

In order to identify those properties which might benefit from alternative solutions, the Council has developed a Housing Stock Value and Financial Performance Model (stock viability model).

The Council's stock viability model provides a thirty year period review of the income and expenditure streams of individual dwellings categorised into various stock groupings. The model does not include any car parking or garage sites which are part of a separate review. The information provides an initial, high level view in support of the process required to consider alternative options for housing properties.

The review data used focuses solely on variable income and expenditure costs which can be directly attributable to the property and which would no longer be required if alternative solutions were available. These include: revenue cyclical and responsive repairs costs, capital investment costs and fees, rental income and subsidy (management and maintenance allowances, Major Repairs Allowances and notional rental income). The values, assumptions and inflation levels used within this model mirror those used within the 30 year Business Plan.

To assess the real value of the income and expenditure streams of each dwelling (i.e. the value in current terms), the sum of the income and expenditure for each year has been presently been discounted (at 6%) using the net present value method (NPV) in order to accommodate interest costs. This for example attempts to place a value for future income and expenditure streams in today's terms.

This model therefore provides details of whether each property returns a surplus or deficit to the Business over each year or sum of up to 30 years. The model has been developed internally and runs as a program on the front end of APEX (Asset Management System). The model is also able to report on each individual input allowing a further analysis of the data, for example investment costs only for each unit.

### **3.6 Education Asset Management Plan**

The asset management strategy for the Council's school buildings is set out in the Education Asset Management Plan. The current version, dated December 2003, covers the period 2003 to 2008.

The main aim of the document is to provide an agreed basis for determining priorities for the use of available capital resources to ensure that the learning environment contributes to raising educational standards. This is the framework within which schools may apply their devolved capital funds, the LEA can make decisions in a fair and transparent manner on priorities for development, partnerships can be developed and the most efficient and effective use can be made of available funding.

The Education AMP provides for the collection of data on the condition, suitability and sufficiency of school buildings as a means to identify where funding should be prioritised including:

- Modernising accommodation to help raise standards
- Addressing surplus places and over-crowding issues where they exist
- Identifying solutions to condition issues
- Ensuring that schools are accessible

B&HCC, as local education authority, lead in the development of the AMP linking the AMP objectives to the corporate priorities particularly in respect of Corporate Priority 2 – better use of public money - by targeting capital resources to meet the educational objectives and Priority 3 – reducing inequality - by ensuring that our schools offer the best possible environment for learning to all of our children.

Individual schools are required to produce and maintain School Improvement Plans for the delivery of devolved capital works using the framework detailed in the over-arching Education AMP.

### **3.7 Highways Asset Management Plan**

#### **3.7.1 Highways Maintenance Plan**

The Council is currently (June 2008) developing a register of our highway assets including carriageways, footways, verges, gullies and street furniture. Condition surveys will then be undertaken of the assets and initial valuations undertaken based on gross replacement costs but these will be updated to produce net book valuations when the condition data is available.

Maintaining the City's highway infrastructure in a safe condition is integral to achieving many of the Council's economic and social objectives. The Council have a well developed Highway's Maintenance Plan the purpose of which is to target resources in the most effective manner and by doing so provide a safe highway environment commensurate with the Council's vision and minimise the risk of accidents on the highway. The plan includes guidance on inspection frequencies of the various assets.

The implementation of the Highway Maintenance Plan will enable the Council as Highway Authority to discharge its statutory duty under the Highways Act 1980 in maintaining the highway to an appropriate standard. The plan sits within a framework of highways policies, contracts and good practice design guidance all of which are designed to work together to ensure that quality services are delivered in an effective and efficient manner.

### 3.7.2 Local Transport Plan

The current Local Transport Plan covers the period 2006 to 2011 and sets out the Council's vision for a successful transport system. The City Council is recognised as a leading authority in the UK on transport matters and the awards from our peers reflect the high quality and success of the schemes delivered in recent years, culminating in winning the National Transport Authority of the year in 2005. The key aim of the plan is to assist in delivering the central and local government shared priorities for transport:

- Reducing congestion
- Improving road safety
- Improving air quality and
- Providing greater accessibility.

In recent years the transport situation in Brighton & Hove has bucked national trends by reducing car use while increasing public transport patronage, walking and cycling levels. The plan aims to build on this success and to address a wide range of issues related to quality of life including health, personal security, neighbourhood renewal, climate change and quality of public spaces and streetscapes.

## 3.8 Related Strategies

### 3.8.1 Building Maintenance Strategy – Operational Buildings

This document aims to set a strategic framework within which to identify, prioritise, plan, manage and monitor the maintenance of the Council's non-housing operational property portfolio. Reactive maintenance - where a previously unforeseen repair is required - can be both expensive and disruptive. Our aim is to restrict these works to a maximum of 30% of our total maintenance budget in accordance with Audit Commission guidelines and good practice. By continuing to survey each of our assets on a rolling five year programme we aim to develop five year programmes of preventative works which have been prioritised on a consistent basis. This will allow us to more accurately predict future funding requirements and ensure that available funds are targeted to the right buildings allowing us to control further increases in our reported required maintenance.

Our Building Maintenance Targets as set out in the Strategy are:

- All Council owned and managed operational properties are to surveyed within a five year rolling programme
- Three new property related Compliance Officers are to be appointed to ensure the Council continues to meet its statutory responsibilities in respect of asbestos management, control of Legionella bacteria in water systems and fire safety in buildings.
- All Council owned and managed operational properties are to be allocated a Property Rating by January 2009.
- By April 2009 all planned maintenance to operational buildings will be prioritised using the matrices.
- All operational properties rated as "essential to service delivery" are to have an overall property rating of A or B by 2011.

These targets will be reviewed annually by the Corporate Asset Management Team and updated as required.

### 3.8.2 Disability Discrimination Act (DDA) Strategy 2008 / 2009

This strategy sets out our corporate approach to compliance with the DDA, defining our buildings that are included within the scope of the Act and how we have completed access audits to all of these. The strategy explains how building work is prioritised and funded and sets out our compliance targets up until 2011.

### 3.8.3 Citizen Service Strategy – Our Access Vision

Finance & Resources are leading on the development of a Citizen Service Strategy which will set out our ten year vision for transforming the model of access to public services in the City. The strategy will be guided by the following principles:

- All users of our public services will be seen as citizens rather than customers allowing the strategy to be under-pinned by notions of individuals having responsibilities as well as rights, a culture of self-help and a joint commitment to the success of the City.
- There will be multiple access channels to public services including walk in facilities, home visits, telephone, e-mail, internet and SMS / mobile technology.
- We will aim for a “one and done” approach to maximise the number of interactions between us and our citizens that are resolved on first contact and minimise the number between citizens and multiple public agencies on a single issue.

We have identified the initial key steps required to realise our vision to include sourcing information on our citizens that will help us design our services, developing a methodology to balance the citizen experience with the cost to serve, defining the processes and workflows needed to reach our vision and building a high performing workforce that can drive the vision through.

### 3.8.4 Accommodation Strategy – Core Administration Buildings (see also Section 6.0)

In accordance with Property Objective C (see **Section 2.8**), Property & Design are developing an accommodation standard that sets out the baseline position on accommodation expectations for all staff and service managers. It will cover full and part-time working, job share, hot desking, mobile, flexible and home working. The standard will detail space requirements, equipment storage, meeting areas, car parking, wc and kitchen facilities and will link into the corporate developments such as HR and ICT policies, EDRM and service needs.

The accommodation strategy is being closely aligned to the Citizens Service Strategy described in **Section 3.8.3** as this will have a major impact on our future accommodation needs. Our progress to date is discussed in more detail in **Section 6.0**. The strategy centres around our main administrative buildings and our progress to date is summarised below:

**2003:** Council staff vacated Ovest House and Royal York Buildings generating savings of £350k in 2004/5 rising to £690k per annum following the sale of Royal York Buildings.

#### Case Study: Royal York Buildings

Phase one of our accommodation strategy was achieved in 2003 when the Council vacated Royal York Buildings and transferred 180 staff to other existing civic offices through a space rationalisation and refurbishment project to improve staff facilities, particularly at Bartholomew House. Royal York Buildings was marketed and sold in 2005 for a capital receipt of £2m that contributed to the resources available to the Council and helped support improvements to the adjacent Pool Valley bus station.

**2004:** A full accommodation review was undertaken of our central administrative buildings which identified that there were little further opportunities for “budge up” in the existing offices and that certain key public access points must be retained. The review included investigating other options including:

- Encouraging new ways of working (including home and mobile working) to reduce our reliance on our civic buildings combined with improving the working environment.
- Identifying any existing council owned sites that may be suitable for new purpose built accommodation.
- Investigating new build options to our existing civic offices including infilling the under-croft area of Kings House with additional office space and developing the car park area to form a new mixed use office / residential block.

Additional leased buildings were considered but are generally considered to represent poor value for money due to high rental charges.

**2005-07:** Phased refurbishment of Kings House “pilot” scheme led to greater space efficiency, improved working environment and an increase in the number of meeting rooms available. A set of accommodation standards were presented to TMT for approval. Our new ten year Access Vision was proposed (see **Section 3.8.3**). Our Joint Estates Strategy with our NHS partners was published (see **Section 6.6.2**).

**2008+** On-going work to enable the release of the lease at Priory House in 2011. Continued phased alterations and refurbishment of Kings House and Hove Town Hall. Our value for money transformation programme began (see **Section 6.4**).

### **3.8.5 Corporate Procurement Strategy**

The Corporate Procurement Strategy outlines the role of procurement in delivering the Council’s local objective to support the local economy as one of the largest investors across the city and its national objectives in meeting the targets outlined in the 2007 Comprehensive Spending Review. Value for Money should embody all procurement activities undertaken by the authority to ensure that our citizens receive the right service at the right time for the right cost.

Proactive procurement is critical to ensure that all factors, risks and options are considered from the outset. The development of cross-directorate relations to drive through these efficiencies is of strategic importance and the strategy document outlines ways to support this greater focus on collaborative working both within and outside of the council.

A core element of the strategy is the council’s commitment to Sustainable Procurement and examples of this commitment are outlined in the document. In the current economic climate with continued escalating costs for scarce natural resources, alternative supply solutions should be considered.

A balance needs to be struck between delivering efficiencies both cashable and non-cashable under the Value for Money remit and ensuring that there is engagement with local and regional suppliers to grow the local economy. All procurement solutions must minimise their environmental and social impact and encourage opportunities for all.

The Council’s procurement strategy is currently being consulted upon and will be presented to cabinet for approval in September 2008.

### **3.8.6 Brighton & Hove Social Enterprise Strategy**

This strategy is currently in consultation (as at August 2008) and has been developed by the Council, the Business Community Partnership and the University of Brighton with the vision of developing a city-wide culture which supports the growth of social enterprise – defined as businesses trading for a clear social or environmental purpose. Property & Design are working closely with the Council’s economic development and voluntary sector teams to ensure that every opportunity is taken to support this strategy particularly when considering the transfer of assets.



## 4.0 THE EXTERNAL ENVIRONMENT & ITS INFLUENCE ON OUR ASSET STRATEGY

### 4.1 The Quirke Report & Community Asset Transfer

The Quirke Report was published in May 2007 based on a review focusing on how to optimise the community benefit of publicly owned assets by considering options for greater transfer of asset ownership and management to community groups. The Quirke Report sets out various recommendations to stimulate and facilitate this vision. B&HCC have long supported the principle of community asset transfer wherever appropriate but recognise that entering a formal contract with a large corporate body can be off-putting to small community groups. We have therefore developed a Community Transfer Lease which is a simplified form of agreement clearly setting out the rights and responsibilities of the parties in plain English. This has encouraged several community groups to take over the management of our community centres to the benefit of the local areas.

The following case study relating to work that Brighton & Hove City Council is currently supporting at the Open Market in London Road in Brighton is included as an example of good practice in the Quirke Report.

#### Case Study: The Open Market Site Development

The Open Market is owned by B&HCC but the market and the surrounding area has shown a steady decline since the 1960s. The Open Market Traders Association came together to propose a redevelopment plan to include a new covered market promoting fresh, healthy produce, affordable housing and an arts and craft hub run on a not-for-profit basis. This would provide a community benefit as well as kick-starting redevelopment of the wider area. Although B&HCC does not have the funding to provide the necessary investment in the market, they are prepared to transferring a long leasehold interest in the site (plus some adjacent property) to a not-for-profit trust set up by the traders for a peppercorn rent. The Council is also employing an officer to advise and oversee the respective partners.

Property & Design are working closely with our internal Voluntary Sector Unit and the Development Trust Association (DTA) through its demonstration project initiative, to develop our Community Asset Transfer Strategy. An initial cross-sector workshop, facilitated by the DTA with our voluntary sector colleagues took place in August 2008 to explore some of the issues and opportunities around the transfer of assets to feed into the strategy development. The strategy will be run in conjunction with our new Social Enterprise Strategy described in **Section 3.8.6**.

#### Case Study: Community Asset Transfer Demonstration Project Success

The Council has been successful in its application for support under this scheme to transfer two previously identified sites - the Open Market (see previous case study) and the Bristol Estate Studios (see below) - as well as to pull together a long term strategy for the community transfer of assets. The first scoping meeting with the Development Trust Association (DTA) was held in August 2008 and further meetings are planned to drive these projects forward. The Bristol Estate project provided for the conversion of a number of disused drying areas underneath council housing flats into low cost creative workspaces. Seven units have been completed to date and transferred to the local community association on a 20 year peppercorn lease. Six of these have already been let providing the association with an independent income. Further funding streams to convert more areas are being explored with the DTA.

B&HCC has also been selected as one of the eighteen Community Empowerment Champions and is keen to explore issues around the transfer of assets to communities as identified in the Community Empowerment Action Plan.

## 4.2 National Policy & Statutory Responsibilities

### 4.2.1 National Policy

Property & Design and the Asset Management Team provide property related support and advice to client departments reacting to changing national policy. Examples are noted below:

#### a. Partnership Working

Property & Design fully participate in the Joint Estates Strategy Group (JESG) which includes representatives from the local NHS Trusts together with the local PCT. The Council and South Downs NHS Trust continue to work in partnership including making their accommodation available for integrated service delivery through a Section 75 agreement.

#### b. Children and Young People's Trust (CYPT)

Using the council's asset register and information collected to support the AMP, Property & Design worked closely with the CYPT to source suitable property for use by the new Trust to fulfil its ambitions of area based teams. Property & Design are facilitating the development of the accommodation plan for area based Council services and have played a large part in the creation of the first round of Children's Centres in the City, e.g. the design of the North Portslade, Turner and Whitehawk Centres.

#### c. Reduction in our Carbon Footprint (see Section 2.8 Property Objective E)

The Council is committed to seeking more efficient use of energy within its property portfolio and a consequent reduction in greenhouse gas emissions. The following has been achieved to date:

- Continuing to procure electricity supplies based on the use of 100% renewable energy to reduce CO<sub>2</sub> emissions from electricity usage to zero (since 2005/06).
- A commitment to investigate the use of low or zero carbon technologies where appropriate in new build and / or refurbishment schemes.
- The Council have signed up to participate in the Carbon Trust Management Programme and have appointed an Energy Manager to work across the council on the Programme focusing on council property to identify further possible savings in energy use and greenhouse gas emissions thereby contributing to the council's Climate Action Plan.
- Property & Design's architectural and building surveying consultancies design sustainable buildings that include energy efficient measures incorporating sedum roofs, condensing boilers, grey water re-cycling and wind turbines.

### 4.2.2 Statutory Responsibilities Relating To Property

The Council works closely with the Corporate Health & Safety Team and ensures continuing compliance with property related statutory responsibilities by taking a corporate approach co-ordinated by Property & Design. Examples are noted below:

#### a. Regulatory Reform (Fire Safety) Order 2005

The Corporate Health & Safety Team, Property & Design and service departments have developed the Corporate Fire Safety Policy in February 2008 which defines the roles and responsibilities within the council for fire safety compliance. The initial round of Fire Risk Assessments were undertaken by external consultants but the Council has subsequently appointed a fire safety compliance officer to carry out future assessments and to corporately manage continuing compliance.

#### b. The Control of Asbestos Regulations 2006

The Asset Management Team maintain a web-based corporate asbestos register detailing the location, nature and potential risk of asbestos based materials within the Council's operational property stock. An annual re-inspection also takes place using a licensed consultant to re-assess the risk and update the register. Materials that are flagged up as increasing in risk are prioritised for removal within the relevant planned maintenance programmes.

c. **Control of Legionella Approved Code of Practice and Guidance from the HSE (L8)**

Under the corporate policy for the control of Legionella bacteria in water services, Property & Design coordinate and manage the process of L8 risk assessment to their operational property portfolio and the provision of monthly servicing of hot and cold water services. Resulting works from the risk assessment and servicing programme are prioritised for remedial work within the relevant planned maintenance programmes.

**Case Study: Safety On-Line**

We have therefore invested in "Safety On-Line" - a web based safety management system hosted by Frontline Data Ltd with three modules covering asbestos management, control of Legionella bacteria in water systems and fire safety. The Council is working with Frontline to influence the design of the product including an e-learning package for Council staff. It allows us to maintain and monitor a single record of all related inspections, risk assessments, service visits, costs and priorities. The Council can monitor its compliance with its various statutory duties, through e-mail alerts where priority works are not complete within the allocated timescales and budget setting and monitoring has improved by linking work programmes with the inbuilt schedule of rates.

d. **Disability Discrimination Act (DDA) 1995**

Property & Design completed access audits to all council owned operational buildings with public access in phases commencing 2004 through an external specialist access consultant. Remedial works have been prioritised in annual rolling programmes in consultation with the directors of client departments and funded through an annual dedicated capital fund and individual planned maintenance budgets. The Council reports quarterly on the percentage of its operational buildings open to the public in which all public areas are suitable for, and accessible to, disabled people through Best Value Performance Indicator (BVPI) 156. During the financial year 2007/08 the Council achieved a total of 65.45%, exceeding its target of 65.0%. Our target for 2008/09 and 2009/10 is for 70% and 75% compliance respectively.

e. **Care Standards Act 2000**

The Care Standards Inspectorate (CSCI) monitors social care residential buildings which fall across two council directorates. Property & Design monitor the inspector's reports and coordinate any remedial works required. A proportion of the annual social care planned maintenance fund is set aside to ensure compliance with existing or changing CSCI requirements.

## 4.3 Construction & Property in Brighton & Hove

### 4.3.1. Construction Generally

Throughout the South-East region there has been considerable concern about the recruitment difficulties in the construction industry. It is estimated that the value of major projects in the Brighton & Hove area will exceed £2 billion over the next ten years and the local pool of skilled construction labour is unlikely to cope with demand. To help address this potential imbalance, the City Council has been a partner in founding the Constructing Futures initiative – a local construction skills agency which has been created to meet the needs of local employers for a skilled workforce and provides advice support and training. Allied to this is the First Footings construction skills centre based at the City College in East Brighton. First Footings provides pre-apprenticeship and pre-employment construction skills training aimed at 16 to 25 year olds and older people who are long-term unemployed. Property & Design negotiated the lease arrangements with City College to enable this service at the COMART site.

#### 4.3.2 Housing

Residential property prices have increased rapidly in the City in recent years making it difficult for first time buyers to purchase homes whilst high rents in the private sector have resulted in significant gaps between the local housing benefit and average market rents. As a result many younger workers choose to live in cheaper outlying areas such as Worthing and Eastbourne which increases commuter traffic, is difficult to sustain environmentally and adversely affects many peoples work life balance. Property & Design work closely with our colleagues in the Council's Housing Strategy Unit and with Housing Association partners to identify affordable housing sites and to negotiate site disposals to enable the provision of key worker accommodation and 40% affordable housing schemes. Added pressure is applied to the housing market with the City having a high proportion of single person households (38% as opposed to the national average of 30%).

#### 4.3.3 Redevelopment Sites

The demands for capital development in the City are high and driven by the need to build on the City's cultural and heritage tradition whilst improving the quality of life for its citizens. This means that traditional approaches to capital investment will not meet demand and the City Council and its partners need to pursue innovative solutions. Over the next ten years the scale of planned development in Brighton & Hove is estimated to exceed £2 billion (*source: City Futures*) including the examples discussed in **Section 2.8 Objective F** above.

#### 4.3.4 Property Market Trends

The collapse of the US sub-prime mortgage market in 2007 caused widespread dislocation in world financial and credit markets. The contraction in investor demand was accompanied by a sharp fall in commercial property investment values affecting all sectors of the UK market. Forecasts now indicate the UK will experience a sharp slowdown in growth to below its trend rate over the next two years. In the near term, inflationary pressures from higher energy and food prices will add to this situation.

The credit crunch has lead to significant funding constraints on property development activity and its wider consequences in the real economy are creating less favourable occupational market conditions. Construction costs are suffering from inflation, institutional investors are reluctant to commit resources speculatively and all this impacts negatively on development land values. Residential development activity is being affected by both mortgage conditions and reduced availability of finance for development.

As a consequence, the limitation of new commercial and residential schemes in the short term will be substantially reduced. Property implications for the council:

- Proposed developments will be re-assessed financially, shelved or may proceed provided there is the surety of a pre-let. Financial viability needs to be scrutinised through rigorous testing of funding arrangements and business cases.
- Caution is to be exercised over marketing of sites to ensure potential capital receipts present value for money; it may still be prudent to market test.
- Rental values are unlikely to fall significantly but growth will be limited. Income streams are to be monitored closely to identify potential voids to enable early warning contingency plans
- Operational properties that are potentially declared surplus to requirement are to be re-assessed and challenged to find alternative service delivery models.
- Potential sites / properties are to be considered for community asset transfer under our developing Community Asset Transfer Strategy as discussed in **Section 4.1** above.

### 4.4 The External Market For Property Consultancy Services

#### 4.4.1 Consultancy Services

The Property & Design division of the Council procure its design, contract administration and project management services for its maintenance, refurbishment and new build projects through two routes:

- *Internal Consultancy Services:*  
Property & Design provide architectural, building surveying and estate management services to a variety of internal council clients and partner organisations.

- *External Consultancy Services:*  
Consultancy services for the commercial and agricultural portfolios and planned and reactive elements of the social care portfolio and the planned element of the education portfolio have been out-sourced to external consultants. Property & Design also use external consultants from the approved list for specialist services or to provide flexibility during busy periods.

#### 4.4.2. Quantitative Benchmarking

Property & Design benchmark their own technical fee levels against our current out-sourced external consultants together with other external architectural and building surveying companies when Property & Design commission work on behalf of internal clients in order to demonstrate a value for money service. Our Architectural & Design Team won the open competition for the Whitehawk Children's Centre beating three other short-listed private firms.

#### 4.4.3 Qualitative Benchmarking

Qualitative assessment is undertaken through Client Satisfaction Questionnaires sent to clients at the completion of significant projects. In addition we undertake random interviews to ensure customer satisfaction and to identify where performance improvements can be made. The Council is also exploring the use of the COPROP consultancy performance indicators as a further means of comparing internal and external performance against national benchmarks. These indicators are in their infancy and one of our consultants - NPS Property Consultants Ltd – are currently trialling their use, with monthly reports, to assess their usefulness

### 4.5 The External Market For Accommodation

The Council's general policy is to use their own freehold properties for operational services. This policy allows the maximum flexibility of use within the portfolio by avoiding landlord's obligations and potentially high maintenance and rental charges that can be difficult to predict from year to year. Social Care services in particular have a relatively high reliance on leasehold properties for some of their area based functions which Brighton & Hove City Council inherited from East Sussex County Council following the award of unitary status in 1997. Consideration is always given to vacating these properties, in conjunction with the service department, whenever the leases on these properties come up for renewal. The Property & Design Estates Team hold an "early warning" list advising directorates when leases are due for renewal or a break option occurs to allow time for a decision to be taken on their continuing use.

Individual services and directorates can prepare business cases to seek leasehold premises where no suitable accommodation or space is already held by the Council. In these circumstances the directorate must make clear the sources of both capital and revenue funding available to finance the property. Where a business case is upheld to enter into a lease with a private landlord the Council will always negotiate regular break clauses to enable the lease to be terminated in the event of changing circumstances where it is our best interests to do so.

### 4.6 E-Government

Brighton & Hove City Council actively support the E-Government agenda and view our asset management database (see **Section 5.1**) as a vital step in working towards the E-Government target of using IT systems to reduce duplication and effort in systems and to achieve a joined up approach to service delivery.

The Council has a strategic ICT fund of £750k per annum to allow it to invest in development and maintain the infrastructure necessary to continue to take up and use e-government channels.

Following planned property rationalisation and with shared ICT and health services there will be a more efficient use of existing space to enable the introduction of flexible working, hot desking and the use of wireless technology and laptops.

The Council's City Stats project combines information from the Council and partner organisations such as the Fire, Police and Health services in an award winning geographical information system.



## B. ASSET MANAGEMENT PLAN (DELIVERY)

### 5.0 DATA MANAGEMENT & PERFORMANCE INDICATORS

#### 5.1 Data Management Systems

##### 5.1.1 Property Terrier Database

In 2007 the Council invested in a new estate management software system – *CAPS Solutions* - which will assist all property related staff in the identification of the Council's property assets and to track all disposals, acquisitions, etc. The *CAPS Solutions* system offers the Council a fully integrated, live property terrier which is available to all registered users throughout the Council and lies at the heart of our estate management process. Within the system each property is given a unique property reference number (UPRN) based on the Council's central property gazetteer which is fully compliant with BS7666. This ensures that no confusion can exist across the Council when discussing a particular piece of land or property. All updated information is available to all staff immediately with the following components:

- **Property Terrier** - Our definitive record of land and property assets owned or leased in by the Council.
- **Estates Management** - The database holds all acquisition and disposal information together with historic & future leases & assignments which will be entered in as they occur to ensure that users are provided with up to date and accurate information on all of our assets.
- **Valuations** - Property valuations are fed into the database and are reviewed on a five year rolling programme.
- **Geographical Information System (GIS)** - CAPS contains a GIS capability linking each asset record to a mapping system ensuring that both textual and graphical data accurately relate to each other. Layers within the GIS system allow users to view a colour coded record of what the Council owns, leases or has sold overlaid onto the OS map.

##### 5.1.2 Property Performance Database

In addition Property & Design have developed in-house a complementary database for our property performance records with each entry linked to the CAPS Solutions database using the UPRN. This system offers the following additional components:

- **Property Information** - General property information held will include the service directorate, responsible client officer, GIA data, property age, current use and general description.
- **Condition and Suitability** - Data from the rolling programme of condition and suitability surveys is entered into the database to provide up to date information which will be used to inform the NaPPMI performance indicators and future planned maintenance programmes.
- **Performance Reviews** - The system automatically undertakes Property Performance Reviews (see **Section 7.1**) and updates the results as new condition and suitability data is fed in to it. The system also allows us to view "live" updates on the NaPPMI property performance indicator results (see **Section 5.2**) both at individual property level as well as by property category and overall.

##### 5.1.3 Property Safety Management Database

The Council has invested in "*Safety On-Line*", a web-based safety management system which provides a database of our health and safety compliance inspections and surveys currently covering the management of asbestos, fire safety and water hygiene. The database is linked and referenced to our library of CAD floor plans. (See **Section 4.2.2**)

*Safety On-Line* allows any building manager across the Council to view the health and safety records for their property through an internet link on a read-only basis. New surveys are undertaken using PDAs or Ultra Mobile PCs allowing immediate up-load to the database through a USB modem device.



#### 5.1.4 Housing Management Systems

The Adult Social Care & Housing directorate hold their Housing Revenue Account residential property management data in *OHMS* – the Open Housing Management System - which is an integrated database system including property details, tenancy details, rent accounting and property repairs and maintenance ordering system. Housing management have also invested in *APEX*, a business planning and modelling tool designed specifically for the asset management of social housing allowing the council to model financial projections and maintenance strategies across groups of stock. Under the new housing procurement arrangements the Council proposes to make full use of the proposed contractors' information system expertise.

#### 5.1.5 Financial Information System

A new Financial Information System was purchased by the Council in 2006 comprising a web based ordering system (Authority Purchasing) and a financial management system (Authority Financials) both supplied by Civica Financial Systems Ltd. The former system meets e-government requirements particularly in relation to e-procurement and provides improved controls on the raising and authorisation of purchase orders. The latter provides a better, more flexible management and reporting tool for finance staff and budget holders.

### 5.2 Property Performance Indicators

#### 5.2.1 National Property Performance Management Initiative (NaPPMI)

For the 2006-07 financial year onwards the Council is adopting the new NaPPMI Property Performance Indicators as the Asset Management Team consider these provide a more useful measure of the Council's asset performance than the original five national performance indicators introduced in 2002 by the Office of the Deputy Prime Minister. The NaPPMI indicators cover the areas detailed in **Figure 5a** below in respect of the Council's operational assets:

Figure 5a: NaPPMI Property Performance Indicators

NaPPMI Performance Indicator			
<b>1A</b>	Current property condition rating assessment (rated A to D)	<b>4</b>	Accessibility audits (rated 1 to 4)
<b>1B</b>	Required maintenance (in £ / m <sup>2</sup> )	<b>5A</b>	Office sufficiency (various measures)
<b>1D</b>	Historic spend on reactive & planned works (ratio)	<b>5B</b>	Average office floor space per employee (m <sup>2</sup> / full time equivalent post)
<b>2A &amp; C</b>	Energy consumption, cost and CO <sub>2</sub> emissions (kWh, £ and tonnes / m <sup>2</sup> )	<b>6</b>	Property running costs (£ / m <sup>2</sup> )
<b>2B</b>	Water consumption and cost (m <sup>3</sup> and £ / m <sup>2</sup> )	<b>7A</b>	Project time predictability (% within + 5% of original estimate)
<b>3</b>	Suitability data (overall rating)	<b>7B</b>	Project cost predictability (% within +/-5% of original estimate)

### 5.2.2 Local Performance Indicators

In addition to the NaPPMI PPIs, the Council also collects data for local PPIs including:

- Comparison of costs between Property & Design's in-house architectural and building surveying services and external consultants.
- Performance of the Council's commercial non-operational portfolio, i.e. retail, industrial and agricultural.
- Local PIs for our five year strategic construction partnership, estate management and building consultancy services contracts.

### 5.2.3 Performance Indicator Results

Both the national and local property performance indicators are reviewed and reported on annually and retrospectively once all annual data has been collected. Comparisons year on year are analysed to establish trends and to target additional resources where appropriate. **Appendix A** to this AMP contains the latest PPI data and commentary. Headline NaPPMI results from 2006/07 are provided in **Figure 5b** below:

*Figure 5b: Headline NaPPMI results from 2006/07*

2006/7 NaPPMI Performance Indicator Results	
1	81% of our operational properties are in good or satisfactory condition compared with a bench-marked average of 77% for other LAs. Our overall required maintenance over the next five years has been assessed at £85.00/m <sup>2</sup> compared with a bench-marked average of £109.00/m <sup>2</sup> .
2A	Our annual energy usage and costs equate to 153kWh and £7.36/m <sup>2</sup> compared with a bench-marked average of 210kWh and £9.92/m <sup>2</sup> .
2A	Our annual CO <sub>2</sub> emissions of 0.024 tonnes/m <sup>2</sup> compares favourably to the bench-marked average of 0.090 tonnes/m <sup>2</sup> .
3	74% of respondents to our suitability questionnaire consider their building to be good or satisfactory compared with a bench-marked average of 60%.
4	100% of applicable operational buildings have been the subject of an access audit.
5	Recent accommodation initiatives have reduced our average space per fte employee in our civic offices to 11m <sup>2</sup> compared with a bench-marked average of 12.5m <sup>2</sup> .

### 5.2.4 Performance Indicator Results Bench-Marking

B&HCC subscribe to the Institute of Public Finance (IPF) Asset Management Network which provides regular updates on local authority asset management issues, seminars on burning topics and a bench-marking club. All members of the network submit their NaPPMI results to IPF who provide a statistical analysis of the data including mean average and upper / lower quartile information. Our annually published PI results include our relative performance to other authorities using this data. We are also members of the South-East Council Asset Management Planning network (SECAMP) where representatives of all of the south-east county councils together with Brighton & Hove share best practice and bench-marking data.

### 5.2.5 Performance Indicator Targets

Targets for our performance indicators are reviewed and reported along with our NaPPMI results on an annual basis. See **Appendix A** to this document for the latest results.

## 6.0 SERVICE DELIVERY & ACCOMMODATION NEEDS

### 6.1 Core Accommodation Overview

The Council's core administration buildings comprise three town halls (Brighton, Hove and Portslade) and three civic offices (Kings House, Bartholomew House and Priory House). Phase One of our accommodation strategy was achieved in 2003 when the Council vacated Royal York Buildings (another civic office) and transferred 180 staff mainly to Bartholomew House through a space rationalisation and refurbishment project to improve staff facilities. Royal York Buildings was marketed and sold in 2005 for a capital receipt of over £2m that contributed to the resources available through the Strategic Investment Fund (SIF). The building re-opened in 2008 as a boutique hotel following extensive refurbishment.

We are currently working on an accommodation strategy summarised in **Section 3.8.4**. The existing lease of Priory House – one of our most expensive to operate administration buildings - expires in the near future and various proposals are being studied to relocate the staff elsewhere. These have included building new accommodation within the Council's freehold Kings House car park or infilling the existing under-croft and extensions to Bartholomew House & Hove Town Hall.

### 6.2 Accommodating Changing Council Services

In addition to the issues noted above, further accommodation pressures have arisen due to some major service delivery changes affecting the Council within the life of this AMP. These include:

- The newly formed Children & Young People's Trust (CYPT) have substantial aspirations to consolidate staff into area based teams to achieve true integration with health colleagues. We are working closely with the CYPT to capture their area based visions and to seek solutions within the existing property portfolios held by both the City and the local health trusts.
- The recent (2006) health service re-organisation in Sussex and Section 75 integration within the City of Brighton & Hove has offered the opportunity to develop a city wide estates strategy with our health trust partners with particular emphasis on the City's learning disability and mental health accommodation.

### 6.3 Pilot Accommodation Schemes

A "pilot" project was undertaken during 2005 on the 2<sup>nd</sup> floor of Kings House to reconfigure the existing large open plan area including the provision of hot desks and shared meeting pods. This new working arrangement has been largely welcomed by staff and has allowed scope for further utilisation increases of the floor space. In the meantime and due to the success of the pilot we are undertaking a further scheme during 2008 for a similar re-design of the 3<sup>rd</sup> floor offices in Kings House as well as layout alterations in Hove Town Hall incorporating our space standards and designs for new ways of working.

Imaginative alternative use of space has also resulted in several storage rooms in the basement of Kings House to be converted into training and meeting rooms during 2007 and consolidating the originally dispersed corporate post room service into one building.

### 6.4 Our Value for Money Transformation Agenda

The Council undertook a value for money (vfm) review of all services and directorates during 2007/8 under the guidance of PricewaterhouseCoopers. This has resulted in the introduction of a corporate wide transformation agenda many strands of which support our asset management strategy:

#### 6.4.1 Corporate Service Directorates

The central service directorates of Finance & Resources and Strategy & Governance aim to provide high quality, responsive corporate services in innovative and cost effective ways to ensure that high standards are maintained. The vfm review resulted in agreement on a fundamental transformation agenda to achieve this aim under the following guiding principles:

- That all services will move beyond technical competence and process to ensure innovative and cost effective delivery.
- We will invest in and look to technology to undertake as much of the process work as possible
- All services will benchmark their activities on the grounds of cost, scope and quality and react to lessons learned
- We will ensure that all support given to service areas will take account of impacts on the whole council and not work in isolation

We recognise that focusing our efforts on certain specific areas will bring the greatest benefits and have therefore selected the following areas as priorities:

- **Accommodation:** This is linked to our asset management strategy as discussed in **Sections 3.0 & 6.0** and aims to deliver savings through rationalising our office accommodation. This project will link to the AMP targets of reducing the amount of office space required per person with an increase in home and mobile working.
- **Service Compacts:** Defining the services that central services offer and the respective roles and responsibilities of the centre and service departments.
- **Shared Solution:** Working across the Council, central support services aim to lead in the development of corporate solutions to value for money issues including EDRM, e-procurement, e-creditors and increasing direct debit take up for payments.
- **Intranet Development:** The aim is to support greater self service by using our intranet as a valuable business tool rather than as a library for old documents. Initially this will focus on finance, HR and procurement but may also prove useful and cost effective for property and land asset information.

#### 6.4.2 Other Directorates

Asset related value for money transformation agendas from the other service directorates include the potential re-development of library sites at Woodingdean, Whitehawk and Moulsecomb (Cultural Services), a review of older people's day centres across the City together with establishing a single access point for customer contact (Adult Social Care & Housing), a review considering a more efficient use of school premises (CYPT) and a peer review of waste and car parking (Environment).

##### **Case Study: Car Parking – a Value for Money Review**

A condition survey of the council's car parks was undertaken in 2005 revealing significant levels of required maintenance. A spend to save proposal was approved to invest £1m on two of the car parks to address the maintenance backlog, enhance the physical environment, increase public safety and protect revenue income and it is hoped that this work will commence in October 2008. A value for money review also identified a potential for five other car parks, currently leased to a private operator, to be managed in-house allowing us to carry out essential repair and improvement works and realise a substantial annual saving to the Council. The car parks are expected to revert to Council management in September 2008.

## 6.5 Future Accommodation Needs

Key to our understanding of future accommodation needs is our Citizen Service Strategy discussed in **Section 3.8.3**. This will create a blueprint for how our customers will access our services in the future and our accommodation strategy will need to reflect this. This work is on-going and will be further developed during the life of this AMP.

It is recognised that assessing and meeting current office accommodation needs in respect of service delivery is not solely a property issue but needs to be assessed in the round with other stakeholders including the service directorate, human resources, ICT and finance.

The Council is aware that it needs to consider how increased use of mobile and home working and a more flexible use of hot-desk space could help improve the utilisation of our core office accommodation but recognises the constraints imposed in achieving this in terms of ICT, HR issues and capital costs. The first step in achieving this is the Council's flexible working policy which has been introduced and whose impact is currently being evaluated.

## 6.6 Joint Working Initiatives

### 6.6.1 Section 75 Arrangements

Under the CYPT Section 75 Agreement, properties will be made available for use by all organisations to promote integrated services. Each party will be required to consult with the others before disposing of any properties. The Council has also entered into a Section 75 Agreement with the Southdowns Health NHS Trust for the transfer of the Learning Disability service which took effect from 1<sup>st</sup> April 2006.

### 6.6.2 City-Wide Estates Strategy for Health & Social Care

The Council is working with health and social care providers within the City (including the PCT, the various NHS trusts, the ambulance trust and the City Council) on the development and delivery of this strategy which sets out plans to develop the City's health estate to deliver the vision for primary and community health service provision. The strategy was published for consultation in November 2006 and adopted by the Council and our health partners in March 2007. The main aim is to develop the physical capacity to deliver more care closer to people's homes in modern, fit for purpose premises. This supports the transfer of services from the acute sector and helps to take forward the proposals set out in the Government White Paper – *Our Care, Our Health Our Say* – and within our joint Local Area Agreement.

The strategy also recognises the impact of proposed major developments within the City on these services and the need to provide sufficient and accessible care. The opportunities to incorporate health premises in the major developments continue to be actively pursued. The following four work streams were identified as priorities within the strategy and project boards were set up during 2007 including City Council representation to support their delivery:

1. Brighton General Hospital Site Redevelopment – a master-planning exercise was completed during 2007 for a mixed use development of housing (including key worker accommodation), a polyclinic and a GP surgery to replace 3 existing surgeries in the area.
2. Expansion of the existing Hove Polyclinic in Nevill Avenue to facilitate the transfer of services from the acute sector and development plans for a new GP surgery on the site.
3. Primary care developments including nine new GP surgeries across the City where capacity and suitability gaps have been identified.
4. A space utilisation project group to review current use within the various estates, identify vacant space and seek new and innovative ways of working.

- 6.6.3** The Council continues to work with the various estates teams of the Brighton & Hove Primary Care Trust, Brighton & Sussex University Hospital, The Sussex Partnership and South Downs NHS Trusts on joint accommodation issues through the Joint Estates Strategy Group. The aims of the group are to provide an early communication on arising needs to make maximum use of our joint estates with some notable successes to date:

**Case Study: Carden Medical Centre**

The Council identified surplus land in a corner of the Carden Primary School playing fields which the PCT were keen to utilise for a new medical centre combining two local GP practices previously located in unsuitable buildings together with dentistry and district nurses services plus a new pharmacy. The Joint Estates Strategy Group facilitated the acquisition of the site by the PCT and work commenced on site in 2007. The new centre is due for completion in 2008.

**Case Study: Old Steine GP Surgery**

The Council worked closely with the PCT and the PCT's developer to facilitate the relocation of an existing GP surgery within an unsuitable Council owned adjacent property into a new development providing a modern City centre medical centre in addition to residential units. The development was completed in 2007.

- 6.6.4** The Council also works in partnership with design consortiums and developers on major comprehensive infrastructure projects for the City (e.g. Black Rock, Preston Barracks, Circus Street and the Brighton Centre) and with RSLs on service related projects, e.g.

**Case Study: Westbourne Hospital Site Development**

The Council has contributed a number of sites to an RSL for this development opportunity including the previously surplus Westbourne Hospital site in Hove. This will include a new centre for respite care to replace an existing inefficient building on the outskirts of the City to provide long-term accommodation for people with Learning Disabilities which will be managed by the Council together with affordable housing key worker units.



## 7.0 REVIEWING & CHALLENGING THE OPERATIONAL PROPERTY PORTFOLIO

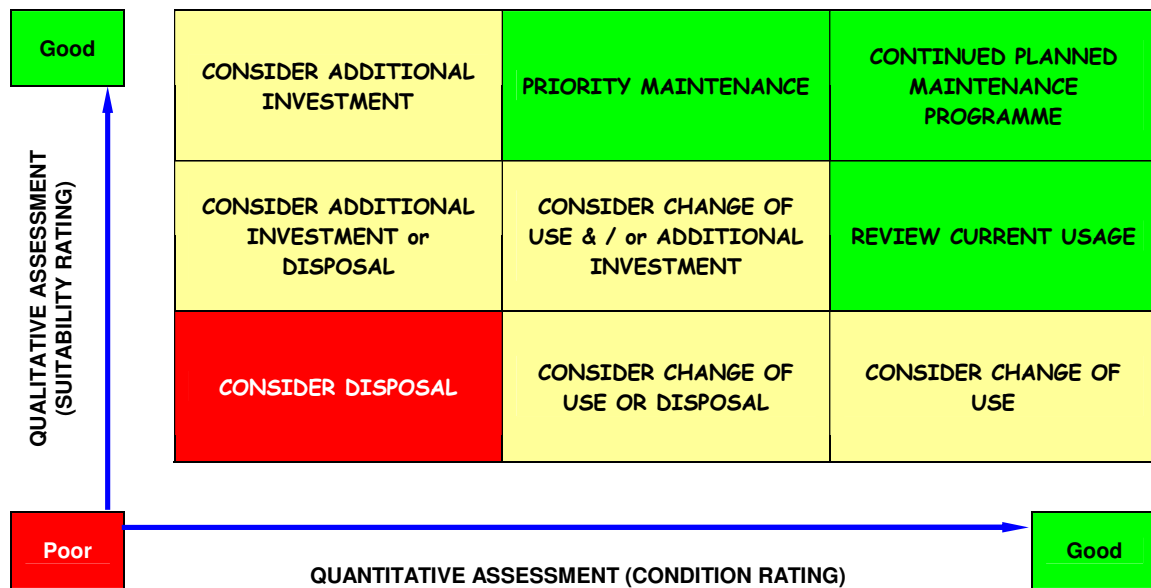
### 7.1 Property Performance Reviews (PPRs) – An Introduction

All operational property where the council has a repairing obligation will be the subject of a rolling programme of Property Performance Reviews (PPRs) which commenced in 2006.

The aim of the PPR process is to inform the Council’s Corporate Property Strategy by assessing the value for money offered by the retention of each asset and its fitness for purpose to the current occupier. The methodology for this is described below and results in each property being awarded a relative score for both condition and suitability.

The asset management team is aware that a building in poor condition may still represent a suitable building to the service department and vice versa and so a decision made on the basis of either condition or suitability in isolation may not necessarily be correct. The team have therefore developed the Decision Matrix which is shown in **Figure 7a** below. This plots the results of each building’s PPR in two dimensions – condition and suitability, thereby allowing decisions to be taken on an overall picture.

Figure 7a - The Property Performance Review (PPR) decision matrix



As indicated above, a property that rates poorly for condition and suitability will be identified for possible disposal, a property that is unsuitable for the current users but in reasonable condition will be identified for possible change of use and a property that is considered suitable but in poor condition will be identified for possible additional investment. A property that is both suitable and in reasonable condition will be identified for continued priority maintenance.

### 7.2 Condition Surveys

The entire operational property portfolio has now been surveyed and a condition report produced to include the overall condition rating (A to D) together with a schedule of prioritised and costed maintenance requirements. This information was used to inform subsequent asset management plans and feeds into the NaPPMI required maintenance performance indicators. The Council continue to carry out an annual 20% rolling programme of re-surveys to ensure that the condition of every property is assessed at least every five years.

### 7.3 Suitability Surveys

Property & Design coordinate the collection of suitability data on behalf of the various service teams and directorates. The Asset Management Team elected to use a simple questionnaire format based on a range of suitability themes including location, accessibility, environment, safety & security, space, facilities, appearance and current & future service delivery needs.

Within each theme the building manager is asked to gauge their agreement to a series of positive statements about their current accommodation. Their response to each question is marked on a range between 1 (complete disagreement) to 5 (complete agreement). The scoring process is adjusted to avoid skewing results between property types. Where a question does not have any relevance to the property type the score is 0 for not applicable and the total available score is reduced by the total marks allocated for that question. In order to take account of the relative importance of some factors over others, some marks are weighted to increase their importance (e.g. accessibility, impact on service delivery and physical location are all rated x3).

The resultant score is converted to a % of the total marks available and plotted onto the decision matrix giving a "traffic light" warning system.

For minor buildings such as public conveniences and parks stores where many of the suitability factors will be irrelevant, service managers are asked instead to rate the building against a set of definition statements providing an overall assessment of their suitability.

### 7.4 Sufficiency Surveys

Whilst the uniform approach described in **Section 7.3** above will be applied throughout all operational portfolios, certain services may require additional information to be collected where a specific property need is to be assessed.

In these instances additional questionnaires will be used in order to obtain the required detail to inform decisions, e.g. for the adult social care portfolio a further questionnaire was issued to gauge sufficiency data in terms of the number and types of rooms available for use.

### 7.5 PPR Programme

During the period covered by this AMP our target is to complete PPRs to all operational buildings where the Council retain maintenance and repair obligations. Further PPR reviews will then be undertaken on a rolling programme.

### 7.6 Gap Analysis & Strategic Options

In order to highlight deficiencies within any particular property type, the fitness for purpose (suitability) scores for each building within each category are also plotted onto a graph together with a comparison against the average (mean) score and a calculation of the upper and lower quartile scores.

Properties falling within the lower quartile are the subject of further analysis with the service department to identify the problems and possible options for rectification.

#### **Case Study: 251 / 253 Preston Road, Brighton**

This building is currently occupied by the Child Protection and the Fostering & Adoption Unit of the CYPT. The PPR identified a high level of required maintenance with a relatively low suitability score due mainly to a lack of available space for both staff accommodation and contact rooms. The results were relayed to the CYPT and a feasibility study is currently (2008) being undertaken for alternative space as part of our accommodation strategy.

**Case Study: 3 Palace Place / 62 Old Steine**

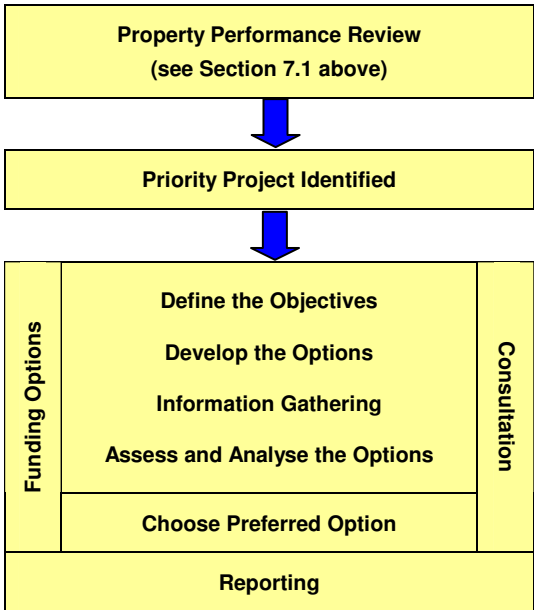
Until 2008, these adjoining council owned offices were used by the Learning Disability (LD) team. However a PPR identified a high level of required maintenance, low suitability for the team and non-DDA compliance. As a result the LD team have been centralised into their main Hove office following a joint funding initiative between the local NHS Trust and the Council. The Corporate Asset Management Team then considered other options for the vacated buildings including for a CYPT team currently located in Queens Square which would have facilitated the redevelopment of the Queens Square ice rink redevelopment. However the property was finally offered to the Council's Housing Needs & Social Inclusion team for a Rough Sleepers initiative which has successfully attracted government funding of £½m to address the property's required maintenance and accessibility issues whilst providing a much needed service to the City.

## 7.7 Options Appraisal

### 7.7.1 The Options Appraisal Process

The principle of Options Appraisal as illustrated in **Figure 7b** below will apply to all projects arising from the AMP although the scope of the options identified and the level of analysis required will vary dependent on the size and complexity of the scheme.

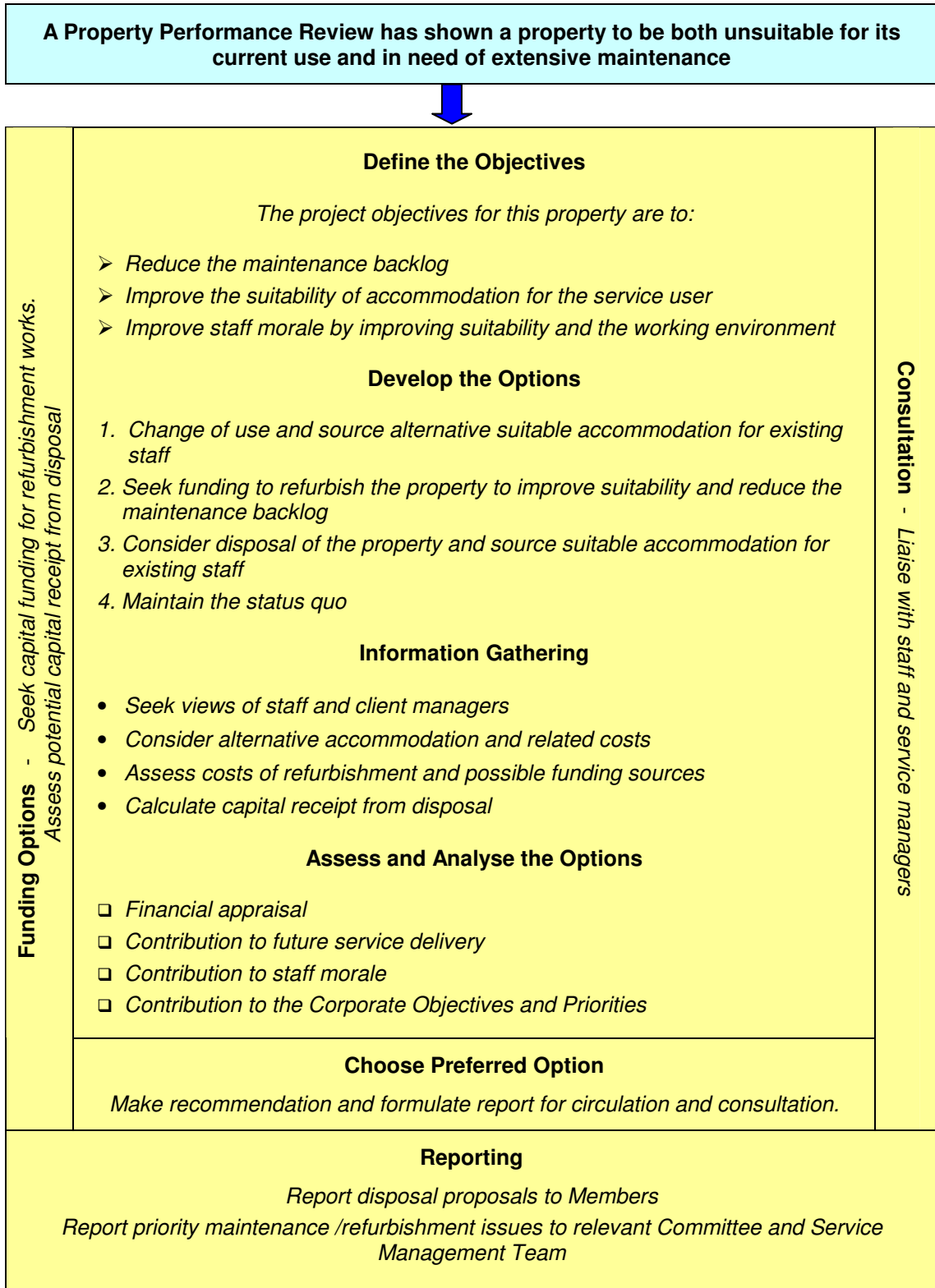
**Figure 7b – The Options Appraisal process**



Putting this principle into context, a typical options appraisal for a property highlighted as deficient through the Property Review Process (see **Section 7.1** above) is detailed in **Figure 7c** below.

The Council carry out full options appraisal for all of the major projects planned within the City and has adopted the principles relating to the Gateway Process. In addition all property and land disposals are the subject of an options appraisal (see **Section 8.2**) prior to reporting to Members. Options appraisals are also completed for individual projects such as the Council's accommodation strategy and the development of the ex Westbourne Hospital site for use by the Learning Disability service.

Figure 7c – An example of the Options Appraisal process



## 8.0 REVIEWING & CHALLENGING THE NON OPERATIONAL PROPERTY PORTFOLIO

### 8.1 Reviewing Our Investment Portfolio

Through our consultancy service contracts for the commercial and agricultural portfolios and our related strategies discussed in **Sections 3.3 & 3.4** the Council aim to identify under-performing and non-core assets which may be considered for disposal or change of use.

### 8.2 The Property Disposal & Acquisition Process

#### 8.2.1 Operational Property Disposals – see *Figure 8a* below

For operational properties age and changing service and legislative requirements are significant determining factors regarding the continued use of property. Once a property becomes surplus in terms of service need the building falls under the management of the Corporate Property Officer and will be subject to the AMP process reviewing its condition, suitability and capacity as detailed in **Section 7.0**. A detailed option appraisal will be undertaken when the property is declared surplus to requirements and a range of alternatives will be explored to include possible transfer to community groups or disposal. In addition opportunities for development may occur within the operational portfolio either because we have identified the potential or an outside requirement arises e.g. the need for a new medical centre, Carden Medical Centre for the Primary Care Trust.

#### 8.2.2 Non-Operational Disposals – see *Figure 8a* below

The non-operational portfolio is the subject of annual Strategic Reviews in consultation with our external agents. Whilst the majority of the properties are income producing we remain vigilant for development opportunities that can address some of the City's needs in terms of housing and improved facilities – i.e. leisure, commercial, retail and industrial. These may arise when occupiers or developers seek to modernise their facilities, replace outmoded buildings and require a new long lease as security for funding. The existing lease is then surrendered in exchange for a new negotiated long lease from the Council and a further premium payment. It is therefore of strategic benefit for the council to seek disposals through long leaseholds rather than freeholds so we can exert our influence and future opportunities can be capitalised on and maximised.

The central objective in maintaining the investment portfolio is to improve revenue income whilst identifying and taking advantage of disposal opportunities to generate capital. These objectives also need to be balanced against the social and environmental development opportunities and corporate council priorities. Generally speaking it has been possible to balance these competing objectives by careful selection of properties for disposal that ensure the required outcomes are met.

A recent review of the investment portfolio has been undertaken to try to identify any further properties for disposal. Whilst some properties can be regarded as secondary or tertiary investments, often detached from the main areas of the portfolio, they continue to earn income without undue management expenditure. In addition, although not obvious strategic holdings, experience has demonstrated that it is often better to hold assets and take advantage of situations that arise, possibly when adjoining properties become ripe for redevelopment to enable a comprehensive land assembly that could achieve far more for the City. Accordingly, it is considered preferable to monitor the portfolio and explore potential opportunities annually rather than adopt an arbitrary list for disposal where timing and opportunity might not be right.

#### 8.2.3 Economic Situation

Whilst the process of disposal is ongoing, economic circumstances are a major influence on the buoyancy of the property market and the speed at which transactions proceed. Virtually every major transaction is completely reliant upon external funding. Early in 2007/08 there were signs of an economic slowdown and a number of banks were becoming cautious because of concerns about the impact of the sub prime lending situation. This combined with increasing building costs considerably lowered market confidence as the value of schemes fell and costs rose.

Against this background, whilst discussions are continuing on a number of schemes, we are assessing the options on any transactions which have stalled or sites yet to be marketed.

Whilst the market remains uncertain a number of more entrepreneurial investors are taking opportunities to pick up bargains, but these are mainly properties/sites valued in the region of £1m and below. Against this there are fears about the onset of inflation which would dictate interest rate rises and more difficult development conditions. As a prudent property owner the Council proposes to continue to discuss active transactions and take stock before offering new properties and we continue to work with consultants exploring all options very carefully.

#### **8.2.4 Disposals Activity During 2007/08**

A number of transactions were at an advanced stage at the beginning of 2007/08 plus a number of others where discussions are ongoing or about to start. It will be readily apparent that some transactions can take a very long time to reach a conclusion often because of the need to resolve problems with the property or because changes in the economic climate affect the availability and developer confidence. The present economic uncertainty will tend to add to these difficulties.

#### **8.2.5 Significant Site Disposals**

The Council's control of a number of employment sites and other major properties (such as the Brighton Centre) means that opportunities arise both from council initiatives and as a result of market interest. Such proposals are usually significant, entail comprehensive land assemblies with various parties and can take time to come to fruition. Discussions are continuing on a number of commercial development sites and major projects.

#### **8.2.6 Identification of Future Disposal Opportunities**

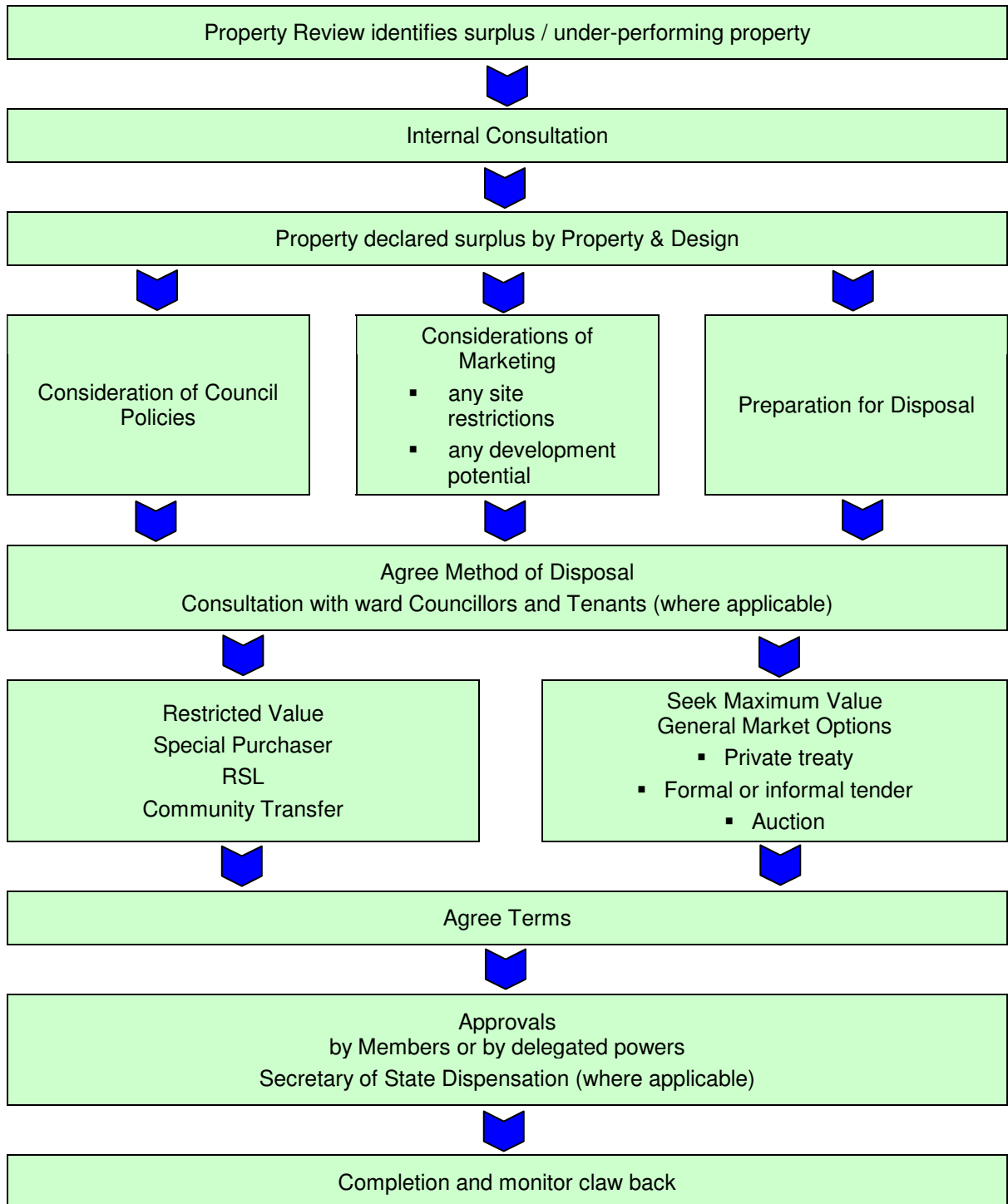
Property & Design are currently working up a list of sites that have been identified for potential development. This process is at an early stage and will have to go through consultations with all relevant parties and need to be assessed for risks and other implications. At the moment these properties are largely drawn from the non-operational portfolio although the PPR process is beginning to identify additional possibilities from within the operational portfolio. The identification of operational properties where buildings are outmoded by virtue of suitability - function, age or design, will continue as a priority in order to "recycle" buildings or dispose of them to achieve capital receipts and avoid escalating expenditure on inadequate buildings.

As with other disposal cases, redundant operational properties will be subject to a series of steps to ensure that no opportunities are overlooked to obtain "best consideration" whilst avoiding possible last minute problems. The legal background of each property will be checked before embarking on disposal and ideally the title will be registered to ease the legal process at disposal. In addition, planning enquiries will be made to establish the potential for alternative use to maximise sale value and where appropriate planning permission will be sought to secure the most beneficial market use for the property. The alternative use value will be assessed at that stage. If not covered by an existing disposal consent approval will be sought for the disposal of the property which will then be marketed by the most appropriate method. Prior to being offered on the open market, ward Councillors will be advised together with relevant officers in the Council.

In some instances, following on from the Quirk Review, properties occupied by community organisations, voluntary groups or charities will need to be considered for possible disposal. Other properties might be considered suitable to be transferred to the community groups. In such instances both the Council and the applicant will need to prepare a clear business case identifying the reasons, risks, benefits and sustainability issues associated with the transfer of the property from the Council to the applicant. Property & Design are currently working with the internal Voluntary Sector Unit to include community and voluntary sector groups in exploring the implications of transferring assets into the community and are developing a community asset transfer strategy as discussed in **Section 4.1**.



Figure 8a: The Corporate Property Disposal process



## 9.0 FINANCING THE ASSET MANAGEMENT PLAN

### 9.1 Capital Programme

#### 9.1.1 Brighton & Hove City Council's Capital Investment Strategy 2008-09 to 2010-11

The Medium Term Financial Strategy links to the Asset Management Plan and Corporate Property Strategy through the capital and revenue budgets and programme of work. Future year allocations will need to be reviewed in line with capital receipts projections. An element of the estimated resources is contingent on planned disposals of surplus assets part of which is generated through Right to Buy receipts from the sale of council housing – see **Figures 9a** and **9b** below.

*Figure 9a: Proposed capital resources 2008-11 (source: B&HCC MTFS)*

	2008-09	2009-10	2010-11
Borrowing	£ 14.9m	£ 10.6m	£ 9.6m
Grants	£ 13.2m	£ 18.4m	£ 24.9m
Sale of Assets	£ 6.9m	£ 5.0m	£ 3.3m
Capital Reserves	£ 5.5m	£ 0.1m	£ 0.2m
Revenue Contributions	£ 14.1m	£ 13.9m	£ 13.9m
Grants from External Bodies	£ 0.2m	> £0.1m	-
<b>Total Capital Resources</b>	<b>£ 54.8m</b>	<b>£ 48.1m</b>	<b>£ 51.9m</b>

*Figure 9b: Proposed capital spending 2008-11 (source: B&HCC MTFS)*

	2008-09	2009-10	2010-11
Investment in Schools	£ 8.4m	£ 13.1m	£ 19.4m
Local Transport Plan	£ 7.5m	£ 6.2m	£ 6.6m
Investment in Car Parks	£ 3.0m	-	-
Investment in Waste & Recycling	£ 2.2m	£ 2.2m	£ 1.9m
Housing	£ 23.9m	£ 19.3m	£ 17.6m
Adult & Children's Social Care	£ 2.8m	£ 3.2m	£ 2.6m
Investment in Regeneration Projects	£ 1.8m	£ 1.1m	£ 1.0m
Planned Maintenance & Improvement	£ 3.4m	£ 2.3m	£ 2.0m
Libraries, Museums & Historic Records	£ 0.1m	-	-
Computer Infrastructure	£ 1.7m	£ 0.7m	£ 0.8m
<b>Total Capital Resources</b>	<b>£ 54.8m</b>	<b>£ 48.1m</b>	<b>£ 51.9m</b>

The main areas for new investment during 2008-09 are:

- £24.1m for the housing stock capital programme.
- £10.5m for highways, transport and parking schemes.
- £8.5m investment in schools.
- £2.2m strategic investment fund (SIF).
- £1.7m for investment in early years childcare provision through children's centres and extended schools.
- £0.5m for social care building planned maintenance managed by Property & Design.
- Other improvements including to community and leisure buildings, museums and civic buildings.

Further details of the summary information can be found in the report of the Director of Finance & Resources to the Policy & Resources Committee dated 7<sup>th</sup> February 2008.

### 9.1.2 Asset Management Fund (AMF)

The AMF has been established for the first time for 2008-09 and provides £1.0m per annum in an integrated fund to join up expenditure on a range of predominantly operational properties covering DDA responsibilities and Health & Safety compliance as well as general improvement works. The AMF is managed by Property & Design through a process of annual bids with set evaluation criteria including justification for need, the business case, benefits and links to the Council's strategic priorities and fulfilment of statutory obligations. During 2008-09 the AMF will support compliance issues including asbestos re-surveys, legionella control and fire precautionary works as well as installation of wind turbines and energy efficiency improvements under the Carbon Management programme, improvements to sports pavilions and the relocation of the Visitor Information Centre.

## 9.2 Revenue Programme

Property & Design manage the Council's £3.6m (for 2008-9) annual corporate planned maintenance budget (PMB) for operational properties managed under the Environment, Cultural and Finance & Resources directorates (but excluding council housing, educational and social care buildings which are maintained from separate budgets). These include civic offices, historic buildings, leisure facilities, park buildings, farmlands, car parks and commercial properties where the Council retain a repairing obligation. Property & Design also manage separate revenue budgets for term servicing and maintenance to the social care and education portfolios (e.g. boiler maintenance, electrical testing, etc.). Our process for prioritising expenditure is detailed in our Building Maintenance Strategy summarised in **Section 3.8.1**.

## 9.3 Procurement of Works

### 9.3.1 Strategic Construction Partnership

Property & Design pioneered a five year strategic partnership in 2003 with a local constructor including quantity surveying and structural engineering consultancy services procured through the Egan principles outlined in the Rethinking Construction initiative. As a result the Council was cited on the DTI website as an example of best practice. Since 2003 projects to a value of £12.6m have been procured through the partnership mainly for education new-build projects but also including civic office refurbishment works. Performance of the partnership has been monitored through contract performance indicators including customer satisfaction surveys to demonstrate continuing value for money. Due to its success and value for money a further five year strategic partnership has been tendered following EU regulations that is just commencing (August 2008) for contracts worth approximately £20-25m. A value for money analysis has been completed to compare both procurement exercises and this demonstrates that continuous improvement has been achieved with a projected saving of circa £190k over the five years.

### 9.3.2 Framework Agreements

Property & Design are currently (July 2008) undertaking a feasibility study on future procurement options for our annual planned maintenance programme across corporate buildings, schools and social care with a view to introducing framework agreements from 2009-10. This will reduce reliance on our existing Approved Lists, reduce the pre-contract programming stages, reduce transactional costs (i.e. tendering) and allow us to explore further supply chain economies and improvements. We are also exploring the option of using the national *Constructionline* database.

### 9.3.3 SME Concordat

The Council are working with local contractors through the Small and Medium Sized Enterprise (SME) Concordat to encourage effective trade between the Council and small businesses.

#### 9.3.4 South East Centre for Excellence (SECE)

SECE is one of nine regional centres of excellence established by the Office of the Deputy Prime Minister (ODPM) to support the implementation of the National Procurement Strategy and the delivery of efficiency targets. One of the SECE work streams, being led by Hampshire County Council, is the introduction of framework agreements for the procurement of construction projects between £100k and £30m+ in value that each of the participating authorities within the SECE area can use. B&HCC are represented on both the collaborative working project board and the delivery group. This work has resulted in the successful commencement of a Tier 1 framework agreement for works between £1m and £30m. Tender evaluations are currently (June 2008) on-going for the Tiers 2 and 3 for projects in excess of £500k and £100k respectively.

#### 9.3.5 Constructing Futures Apprenticeships and Other Initiatives

In order to promote sustainability of the construction industry within Brighton & Hove the Council is also fully committed to the following initiatives working with City College and the Constructing Futures Forum to develop and deliver:

- Specifications for construction companies to provide apprenticeship training.
- Apprenticeship schemes within agreements for major projects.
- Procurement carried out under OJEU regulations to include tender evaluation models that encourage and support apprenticeships, skills training and development.

### 9.4 Procurement of Supplies and Services

#### 9.4.1 Energy Procurement

Property & Design undertake corporate procurement of the council's energy supplies for electricity (100Kw and sub-100Kw portfolio), gas and oil for all council buildings. This capitalises on the council's large buying power, achieving value for money and enabling us to secure our total electricity supplies from renewable sources minimising the council's CO<sub>2</sub> emissions and helping to reduce our carbon footprint. We are currently re-tendering the gas contract worth £1.7m per annum and looking at ways to achieve value for money by minimising the volatile global energy market and large increases in gas costs. We have investigated OGC frameworks and cross council solutions and are exploring options such as dual fuel, fixed rate over 12, 24 and / or 36 months with room to negotiate more flexible purchase options such as trigger product – index linked enabling the council to buy at set triggers each month. We are also looking at e-invoicing solutions and a rollout of automated meter reading to reduce staff time and resources and enable more accurate energy data to inform energy efficiency solutions.

#### 9.4.2 Building Cleaning

Property & Design are currently managing the last year of the 5 year corporate building cleaning contract covering our main public buildings, civic offices, schools, sheltered housing and adult social care establishments, in two packages – one main and one smaller cleaning contract. In reviewing the future delivery of the general building cleaning services to ensure deliverability, quality, economies of scale the packages offered will be designed to benefit both smaller enterprises and larger national cleaning firms.

#### 9.4.3 Commercial Waste & Recycling to Council Owned Buildings

Property & Design have successfully tendered and awarded a 5 year corporate commercial waste and recycling contract for the council's core operational buildings. This is a first for Local Authorities and has created significant savings by bringing together the disparate waste collection and disposal contracts for separate buildings into one larger contract that is managed centrally. This has enabled a larger commercial recycling contract to help minimise waste going to landfill and encourage recycling of different materials in particular paper and cardboard. By choosing the same contractor to run both waste and recycling contracts the council is calculated to save approximately 50% and 22% respectively, excluding the additional cost of landfill tax, thus achieving value for money and efficiencies. As landfill tax is rising annually at a steep rate recycling is encouraged and we are working with the contractor to increase the take up. Schools across the City can also benefit from this service through a framework agreement that allows schools and other educational establishments to 'opt-in' to the agreement for refuse and recycling services, dependant on the prices quoted for each individual site.

## 10.0 Our Asset Management Action Plan 2008 to 2011

**Figure 10a** below summarises the targets identified within the AMP for completion between 2008 and 2011. Future AMP updates will report on our progress against each of these targets.

**Figure 10a: Asset Management Action Plan 2008-2011**

AMP Target	AMP Section
To complete the first round of property performance reviews on our operational property and establish a three year programme of subsequent reviews in order to identify poorly performing buildings.	<b>Section 2.8 Property Objective A</b>
To develop a capital programme for the rebuilding and refurbishment of primary and secondary schools in the City.	
To continue to develop the network of Children's Centres around the City supporting the CYPT in identifying and acquiring or converting suitable properties.	
To continue to assist service departments during their value for money transformation programmes.	
Developing service compacts to improve the transparency of property support to service departments.	
Create new high quality educational buildings by investing in our schools.	<b>Section 2.8 Property Objective B</b>
To improve the quality and availability of social housing.	
To complete the stonework restoration at the Royal Pavilion as part of our heritage investment programme.	
To continue to develop plans for compliance with statutory and health and safety legislation including fire safety, water hygiene and asbestos management. Property & Design and the Corporate H&S Team will facilitate the identification of action plan solutions and seek funding for resource gaps.	
To deliver the identified DDA compliance works programme with a target of 70% of relevant buildings accessible by the April 2009.	
To introduce further staff home and mobile working and hot-desking to reduce our dependency on office accommodation.	<b>Section 2.8 Property Objective C</b>
To develop our ten year accommodation strategy.	
To identify sites that are under-used or surplus and make plans to redevelop or dispose of them including to have completed the disposal process on the Queens Square ice rink and Patcham Court Farm at best consideration.	<b>Section 2.8 Property Objective D</b>
To have completed the review of our non-operational assets to identify sections of our investment portfolio with additional income potential.	
To continue to investigate and implement sustainable solutions within our new-build and maintenance programmes of work including energy efficiency measures and re-cycling of materials.	<b>Section 2.8 Property Objective E</b>
To reduce carbon emissions and deliver energy and financial savings through our carbon management programme.	
To continue to implement energy efficiencies through increased staff awareness and energy audits of buildings.	
To achieve remote electricity meter monitoring in all of our 100kW+ sites and 200 of our sub 100kW operational buildings by the end of 2008-09.	
To continue to identify suitable sites with redevelopment opportunities.	<b>Section 2.8 Property Objective F</b>
To continue to provide property support to major infrastructure projects within the City.	

*Figure 10a: Asset Management Action Plan 2008-2011 (continued...)*

<b>AMP Target</b>	<b>AMP Section</b>
Condition surveys are to be completed on all Council owned and managed properties within a five year rolling cycle.	<p><b>Section 3.8.1</b> Building Maintenance Strategy</p>
Three new Compliance Officers are to be appointed to ensure the Council meets its statutory responsibilities in respect of asbestos management, control of <i>Legionella</i> bacteria in water systems and fire safety in buildings.	
All Council owned and managed properties are to be allocated a Property Rating by the end of 2009.	
By April 2010 all planned maintenance works will be prioritised using the matrices described in our Building Maintenance Strategy.	
All operational properties rated as “essential to service delivery” are to have an overall property rating of A or B by 2011.	
Our targets for 2008/09 and 2009/10 are for 70% and 75% DDA compliance to applicable public buildings.	<b>Section 4.2.2</b>
Targets for our NaPPMI performance indicators are reviewed and reported on an annual basis. See <b>Appendix A</b> to this document for the latest targets and results.	<b>Section 5.2 &amp; Appendix A</b>



## GLOSSARY

### Glossary of abbreviations used within the Asset Management Plan:

<i>AMP</i>	The Asset Management Plan and Corporate Property Strategy (this document)
<i>AMT</i>	Brighton & Hove City Council's Asset Management Team
<i>B&amp;HCC</i>	Brighton & Hove City Council
<i>COPROP</i>	Association of Chief Corporate Property Officers in Local Government
<i>CBS</i>	Consolidated Balance Sheet
<i>CAA</i>	Comprehensive Area Assessment
<i>CPO</i>	Corporate Property Officer
<i>DCLG</i>	Department for Communities and Local Government
<i>CYPT</i>	Children & Young People's Trust
<i>DDP</i>	Directorate Development Plan
<i>DCFS</i>	Department for Children, Families & Schools
<i>DMT</i>	Departmental Management Team
<i>FAQ</i>	Frequently Asked Questions
<i>F&amp;R</i>	Directorate of Finance & Resources
<i>FTE</i>	Full time equivalent (posts)
<i>GIA</i>	Gross Internal Area (in m <sup>2</sup> )
<i>GIS</i>	Geographical Information System
<i>ASC&amp;H</i>	Directorate of Adult Social Care & Housing
<i>HRA</i>	Housing Revenue Account
<i>HSE</i>	Health & Safety Executive
<i>IPF</i>	Institute of Public Finance
<i>IRR</i>	Internal Rate of Return
<i>JESG</i>	Joint Estates Strategy Group
<i>LDF</i>	Local Development Framework
<i>LSP</i>	Local Strategic Partnership
<i>PCT</i>	Primary Care NHS Trust
<i>PFI</i>	Public Finance Initiative
<i>PIF</i>	Property Improvement Fund
<i>PMB</i>	Planned Maintenance Programme (for operational buildings)
<i>PPI</i>	Property Performance Indicator
<i>PPR</i>	Property Performance Reviews
<i>RICS</i>	Royal Institution of Chartered Surveyors
<i>RSL</i>	Registered Social Landlord
<i>SCS</i>	Sustainable Community Strategy
<i>SDNHST</i>	South Downs Health NHS Trust
<i>SECE</i>	South-East Centre of Excellence
<i>SIF</i>	Strategic Investment Fund
<i>SME</i>	Small & Medium Sized Enterprises
<i>TMT</i>	The Management Team
<i>UPRN</i>	Unique Property Reference Number

## APPENDICES

### **Appendix A: Core Property Data & PPI Results**

- Information and analysis of Brighton & Hove City Council's fixed assets (based on the consolidated balance sheet and updated annually).
- Annual update and commentary on Brighton & Hove City Council's property performance indicators.

See separate **Appendix A** document updated annually

### **Appendix B: Bibliography** (documents referred to and used as a source in the AMP)

AMP Sect	Document	Date	Author	Source
All	RICS Public Sector Asset Management Guidelines	Jan 2008	RICS	www.rics.org
All	Evaluation of Corporate Capital & Asset Planning in Local Authorities	Nov 2007	York Consulting	www.communities.gov.uk
1.2	Brighton & Hove Economic Strategy	2005-08	B&HCC	www.brighton-hove.gov.uk
1.2	City Stats website	Jun 2008	Partnership	www.citystats.org
2.2	2020 Community Strategy Creating the City of Opportunities	Updated June 2006	B&HCC	www.brighton-hove.gov.uk
2.3	Local Area Agreement	2008-11	B&HCC	www.brighton-hove.gov.uk
2.4	Local Development Framework Consultation		B&HCC	www.brighton-hove.gov.uk
2.5	The Corporate Plan	2008-11	B&HCC	www.brighton-hove.gov.uk
2.6	Medium Term Financial Strategy	2008-11	B&HCC	www.brighton-hove.gov.uk
2.7	Finance & Resources Directorate Development Plan	2008-09	B&HCC	Director of F&R
3.3	Commercial Property Management Strategy	Jan 2008	Cluttons	Director of F&R
3.4	Agricultural Property Management Strategy	Nov 2007	Smiths Gore	Director of F&R
3.5	Housing AMP	2008	B&HCC	Director of SC&H
3.6	Asset Management Plan for Schools 2003-08	Dec 03	B&HCC	Director of Children & Young People's Trust
3.7	Highway Maintenance Plan		B&HCC	Director Environment
3.7	Local Transport Plan	2006-11	B&HCC	www.brighton-hove.gov.uk
3.8	Corporate Building Maintenance Strategy	2008	B&HCC	Director of F&R
3.8	DDA Strategy 2008/09	Mar 2008	B&HCC	Director of F&R
3.8	B&H Social Enterprise Strategy	June 2008	B&HCC & Partners	
3.8	Corporate Procurement Strategy	2008-11	B&HCC	Director of F&R
4.1	Quirke Report	2007	DCLG	HMSO
5.2	NaPPMI Property Performance Indicators	2007	COPROP & IPF	www.coprop.gov.uk www.ipfproperty.net
6.0	Flexible Working Policy	Mar 2006	B&HCC	Director of Strategy & Governance
6.6	Brighton & Hove City Wide Estates Strategy	2007	B&HCC & NHS Partners	Director of F&R
7.3	Suitability Survey Questionnaire	2006	B&HCC	Director of F&R
9.1	Capital Resources & Capital Investment Programme for 2008/09	Feb 2008	B&HCC	Director of F&R
9.4	SME Concordat	Mar 2006	B&HCC	Director of F&R
App C	Consolidated Balance Sheet	Mar 2008	B&HCC	Director of F&R

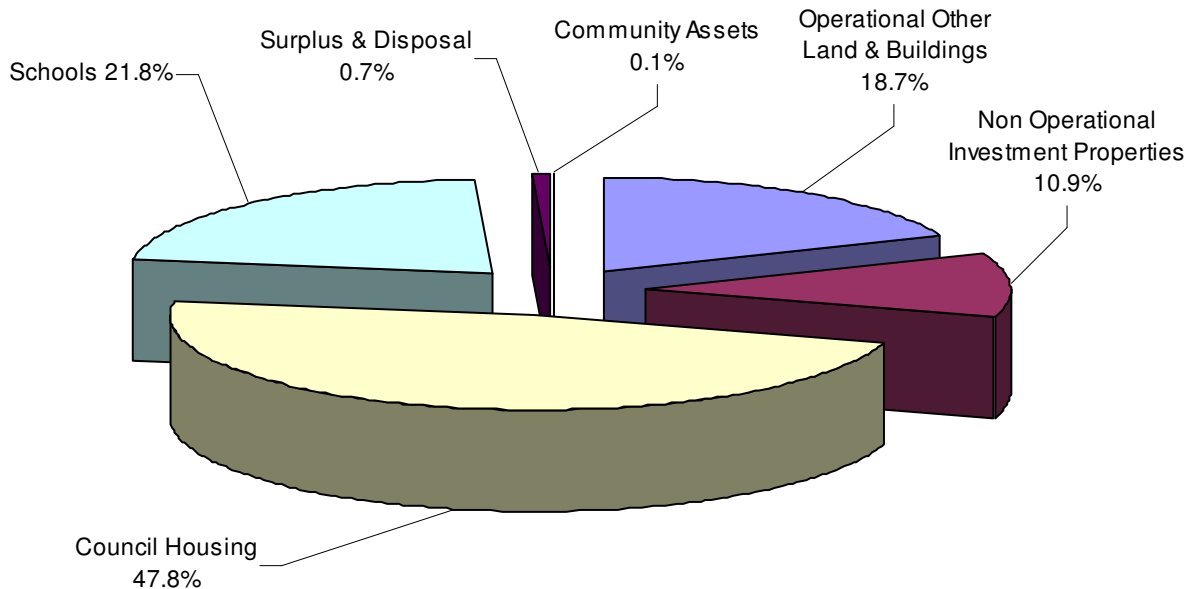
## Appendix C: Overview of Our Land & Property Portfolio

Brighton & Hove City Council has a diverse land and property asset portfolio valued at just over £1.73 billion in 2008 including a commercial property portfolio of approximately £190m and a housing portfolio of a little over £830m. A summary is shown in **Figures C1** to **C2** below:

**Figure C1: Summary of land & property holdings as at 31.03.08 based on the Consolidated Balance Sheet (CBS)**

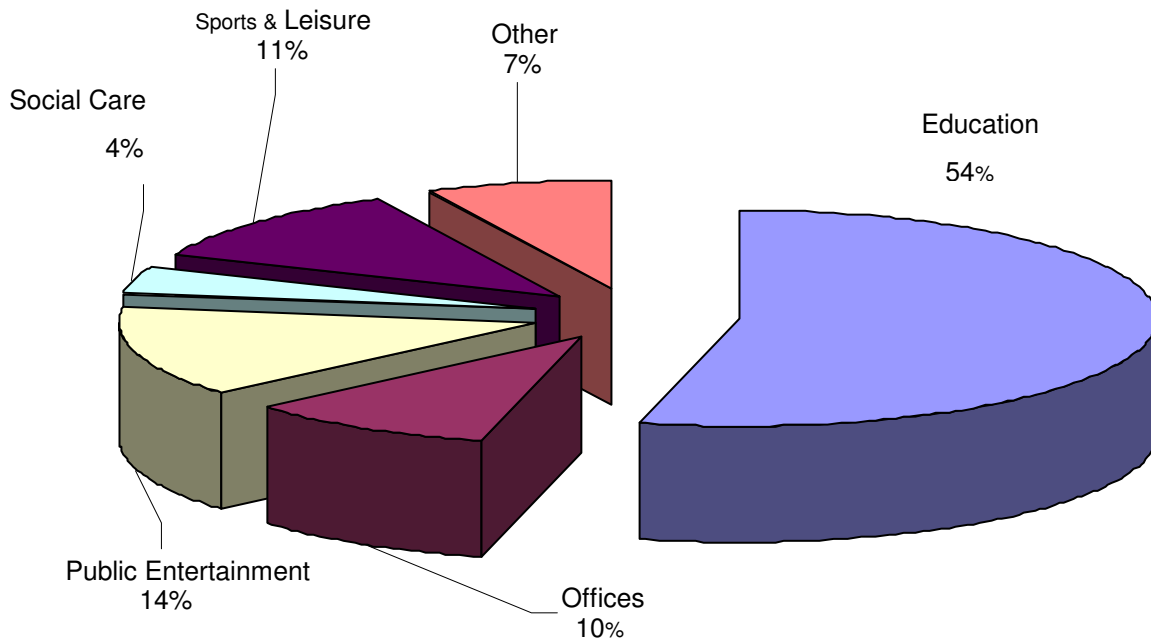
Portfolio	Category	Valuation from CBS as of 31.03.08	% of total
Operational	Residential council housing	£ 830,282,311	47.8 %
	Schools and associated	£ 377,818,662	21.8 %
	Other land & buildings	£ 323,948,584	18.7 %
	Parkland community assets	£ 2,143,398	0.1 %
Non-Operational	Investment properties	£ 189,127,991	10.9 %
	Surplus and disposal	£ 13,162,650	0.7 %
<b>Totals:</b>		<b>£ 1,736,483,596</b>	<b>100.0 %</b>

**Figure C2: Property & land assets by value as at 31.03.08**



The range of properties within the operational and the non-operational portfolios are indicated in **Figures C3** and **C4** below:

**Figure C3: Operational property assets by value as at 31.03.08**



**Figure C4: Non operational property assets by value as at 31.03.08**

