

Report to: Audit Committee

Date of meeting: 13 February 2026

By: Chief Operating Officer

Title: Property Services Annual Update

Purpose: To provide the Audit Committee with an update on Property Services.

RECOMMENDATION:

Audit Committee is recommended to note the contents of this report in conjunction with the exempt report on Property Disposals Update later in the agenda.

1 Background

1.1 The Audit Committee has received annual reports focusing on different areas relating to the Council's assets over the last 5 years. The Council Plan 2025/26 has 4 priorities and one of them is '*making the best use of resources now and for the future*'. The Council's property assets are key resources and the Council's Strategic Asset Management Plan 2020-2025 has a key objective '*To manage and maintain property effectively, efficiently and sustainably, optimising financial return and commercial opportunities from the rationalisation and disposal of land and buildings.*' Appendix 1 sets out a summary of the main Strategic Asset Plan drivers.

1.2 At a meeting of the Place Scrutiny Committee on [28 November 2024](#), there was an update on Property Services work. At the meeting it was agreed a Member sub-group (Asset Plan Reference Group) would be established to consider key themes and next steps to help shape a replacement for the County Council's Strategic Asset Plan 2020-2025. The sub-group met in March 2025 and concluded that as Local Government Reorganisation (LGR) was progressing it would be premature to consider a new Strategic Asset Plan, until there was greater certainty on the future Sussex model.

1.3 As at February 2026, central government are currently considering 2 LGR options; (1) One Sussex unitary model within the existing boundaries of East Sussex County Council, with Brighton and Hove City Council (BHCC) remaining unchanged and, (2) 5 unitaries across the whole of Sussex as proposed by BHCC. It is anticipated, by late March 2026, that a decision will be made on the proposed Sussex LGR model.

1.4 There is preliminary work being undertaken by officers to prepare an interim Strategic Asset Plan 2026-2028. Key themes and a draft plan will be discussed at Place Scrutiny Committee meeting in July 2026 and at the next Asset Plan Reference Group meeting, also due in July.

1.5 The Council's interim Strategic Asset Plan 2026-2028 will need to reflect the Council's financial position as compared to the timing of the original plan in 2020. It will also reflect The Council Plan's 4 priorities outlined in paragraph 1.1 which will underpin an interim

plan. There is likely to be an increased spotlight on using the Council's resources effectively, including property assets to ensure the County Council and the emerging new unitary(s) are 'making the best use of resources now and for the future'. The interim Strategic Asset Plan 2026-2028 is due to be considered further by the Place Scrutiny Committee and Asset Plan Reference Group.

1.6 The interim Strategic Asset Plan will reflect increased budget pressures for 2026/27 and beyond as well as the outcome of the County Council's decision to seek Exceptional Financial Support. It is worth noting that the Ministry of Housing, Communities and Local Government (MHCLG) may set out criteria for the use of Council assets that impact on the interim Strategic Asset Plan 2026-2028. For other Councils who have previously secured Exceptional Financial Support some have been required to dispose of assets seeking to maximise capital receipts.

2 Supporting information

The Council's property portfolio

2.1 The Council has a relatively small asset estate compared to similar size county councils in England. The Council's asset database holds records of its asset portfolio. The Council's assets fall into 3 main groupings, and this is shown in the table below.

Property Type	Number
Non-operational	70
Operational	347
Surplus	31
Total	448*

*Note – data is reviewed annually on 1 April. Excludes Highway land.

2.2 The Council's operational assets relate to where there is core service delivery from freehold or leasehold assets. The range of properties is broad, including schools, children's centres, children's homes, respite centres, day centres, libraries, an archive centre, parks, highway depots, offices, waste and recycling centres and coroner's accommodation.

2.3 The Council's non-operational list includes former operational assets which are no longer providing a direct core service offer. The list includes a diverse range of assets from former educational premises let out to day nurseries or community groups located on school sites, through to former landfill sites and former school playing fields. It also includes assets that have been part of service transformations that have been let to community or private organisations including community run libraries. There are also assets let out to the NHS and other public agencies, providing rental income. In the current financial year, the rental income from the Council's 2 office blocks, at Sackville House and Pacific House has risen. The Council undertook a formal review last year of this portfolio and there has been a slight reduction in the number of assets in the last year. Given that significant work has already been undertaken on generating capital receipts or rental income from assets, the financial benefit accruing from those remaining is not anticipated to be material.

2.4 It is intended to present a report to the Lead Member for Resources and Climate Change on the non-operational estate in more detail in summer 2026 and to set out some recommendations.

2.5 The Council's surplus asset list is a list where these assets are not required for any core operational service delivery or any commissioned-out service or included within the non-operational portfolio. Surplus assets are properties and/or sites which are being programmed for current or future disposal or leased in assets which are not being used for any operational use. There is a process for directorates to formally declare assets surplus to their operational requirements. This is outlined in Appendix 2.

Property Services model

2.6 Property Services does not operate a corporate landlord model, compared to some other county councils or district or borough councils. Individual directorates are responsible for, and manage their assets, reflecting their service use. For these assets, Property Services acts solely in an advisory capacity. The property operating costs, including utilities, business rates, insurance, day to day maintenance and day to day repairs and management costs all sit with an individual directorate. Some frontline services within directorates therefore may have staff who undertake some property related tasks. The revenue and budgets sit with client directorates, Children's Services, Adult Social Care and Health, Communities Economy and Transport, Governances Services and Business Services (CSD, ASCH, CET, GS and BSD respectively). If directorates' assets are let out for rent, the income falls to service directorate budgets. The directorates are responsible for all costs associated with leasing accommodation for operational use, including rent, business rates, repairs under the terms of the lease and dilapidations when leaving a property lease.

2.7 If a Council operates a corporate landlord model, this generally means all assets are deemed to be held corporately alongside all the property related budgets (income and liabilities). Services are considered to "occupy" corporate assets for service provision. There is scope between 2026 to 2028, for a new unitary(s) to consider the asset management model it wants to adopt reflecting the wide set of different asset holdings in a new unitary(s) as compared to an upper tier council. For example, housing stock, leisure centres and parks, crematoriums, operational assets and investment properties held for income. A new unitary(s) will also hold assets based on Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines with General Fund Assets and Housing Revenue Accounts.

2.8 However, for the County Council, there are some aspects of property management that operate more in a corporate or centralised manner. There is a Property Helpdesk whereby directorates can log a request for a reactive repair and there is a pool of external contractors who can be used to fix a leaking roof, repair a boiler for example. The Property team also manage asbestos surveys undertaken across the estate and full statutory compliance testing of building systems occurring in directorates' assets. If there are reactive repairs or if follow on works are required from asbestos surveys or statutory compliance these are picked up under a Property budget. The Property team also secure condition reports of assets on a rolling programme for schools and non-schools. The condition reports identify urgent capital and revenue works required and this is fed into an annual planned

maintenance programme for non-schools and schools. Property Services also holds full responsibility for the corporate estate which houses Council staff (e.g. County Hall, St Mary's House and Cavendish House) as well as assets that are formally declared surplus. The Council rationalised its occupation of County Hall in early Spring 2025. This reduced the property occupation costs from vacating South and East Blocks. The Council has marketed vacant space at County Hall and is in the process of agreeing lease terms with South Downs National Park Authority from March 2026. The quoted rent for the remaining vacant accommodation has been reduced and the appointed marketing agent has refreshed the promotion of the space through marketing channels like Zoopla and EACH. The vacant space is being marketed for occupation on flexible terms.

Investing in East Sussex County Council estate

2.9 The Council remains committed to maintaining and improving its property portfolio through structured maintenance programmes that ensure compliance, sustainability, and long-term asset resilience. Rising building performance standards under legislation such as the Building Safety Act, the Regulatory Reform Order, the Health and Safety at Work Act 1974, and Part L of the Building Regulations have shaped East Sussex County Council's (ESCC) approach to asset management. These underpin the council's proactive strategy for both school and non-school buildings, ensuring that properties remain safe, efficient, and fit for purpose. Department for Education (DfE) provides Dedicated School Grant (DSG) funding for investment across the school estate.

2.10 During the 2025–26 financial year, ESCC held a budgeted property maintenance programme, allocating £5.2 million to high-priority works across the education estate and £4 million to the corporate non-school portfolio. This supported the delivery of over one hundred projects designed to enhance site functionality, extending the usable lifespan of assets, and contributing towards ESCC's carbon reduction and sustainability objectives. Delivered through ESCC / BHCC procured shared Maintenance Contractor Framework these allow ESCC to align operational improvements with environmental responsibility.

2.11 Looking ahead to 2026–27, subject to budget approval by Full Council in February 2026, the Capital Programme will provide investment of £7.121m for Building Maintenance (Schools) and £4.250m for Building Maintenance (Corporate). These planned works will focus on ensuring statutory compliance, improving building performance, and maintaining operational resilience across the council's property portfolio. By prioritising these objectives, ESCC aims to safeguard its assets while supporting the broader goals of efficiency and sustainability.

2.12 In addition to the above, the ESCC Building Maintenance team operates a Revenue Planned Programme to guarantee statutory compliance and operational safety. Supported by commissioned services including a Condition Survey programme and Asbestos Management Survey, this programme encompasses the delivery of statutory obligations under the Health and Safety at Work Act 1974 to ensure a compliant and safe working environment for all ESCC staff and the public who access the Council's sites.

2.13 The Revenue Maintenance service, including reactive maintenance, servicing and compliance, is delivered via small works contracts, mainly with local contractors. These contracts are managed by the Compliance Team and Building Maintenance Teams to ensure best value and adherence to ESCC's requirements.

2.14 Accompanying reactive and term maintenance is the 'Area Controller of Premises Support Service' which is now managed by Property Services to support directorates. This service previously secured Corporate Health and Safety Group approval and is being further developed in the 2026-27 period to provide Property Services with an integrated approach to compliance and provide assurance that site-level responsibilities are being effectively managed, protecting building users and maintaining ESCC's high compliance standards.

2.15 During 2025/26, delivery of school capital projects in East Sussex has continued to be shaped by rising demand for Special Educational Needs and Disabilities (SEND) provision. Nationally, the number of pupils identified with SEND has reached record levels, placing sustained pressure on specialist and mainstream settings. At County level, CSD's School Organisation Plan 2025–2029 identifies the growth in pupils with Education, Health and Care Plans (EHCPs) as one of the Council's most significant long-term educational challenges. It therefore requires continued expansion of educational facilities to ensure sufficiency and reduce reliance on costly independent school placements. The Council's largest capital school project is providing a new 60-place secondary building on the Acre Wood Academy site (formerly Grove Park) in Crowborough. The building construction is progressing well on site and is expected to complete by the end of 2026.

2.16 Capital delivery continues to be affected by the wider UK construction environment. Although material inflation has eased from its 2022 peak, overall building costs remain high and are projected to continue rising, driven by labour shortages, regulatory requirements and long-term supply-chain pressures. Contractors are also pricing in increased contingency due to elevated insolvency risks across the sector, with tender pricing shaped more by risk management than competition.

2.17 Property Services and Education colleagues will work together once the new accommodation requirements are known but this is dependent on the imminent central government White Paper on Special Education Needs and Disabilities (SEND) reform.

Estate management approach to our assets

2.18 Property Services also undertake non-schools' estate facilities management covering several services (e.g. cleaning, waste and recycling). In addition, schools (including Academies) can acquire these services and school catering via the Traded Services to Schools provision. Schools can also buy back extra support from Property Services for the maintenance of some of the building facilities. Most schools also purchase energy contracts where bulk purchasing by the County Council has produced lower costs for the school and non-school estate.

2.19 The Estates team (within Property Services) also work with all directorates to ensure the correct property agreements (leases, licences, wayleaves and other documents) are in

place to protect the Council's interests. Directorates do approach the Estates team to conduct lease renewals and new lettings for directorates for its operational and non-operational estate. The Estates team manage its commercial office estate at Sackville House, Lewes and Pacific House, Eastbourne.

2.20 Where assets are surplus to operational need, the majority are prepared for disposal but there are meanwhile uses, such as live in guardians or short term lets. The Estates and Disposals team within Property manage these assets and there is a separate exempt report on Disposals being presented to the Audit Committee later in the agenda.

Supporting East Sussex economy

2.21 There are several ways, Property Services directly or indirectly supports the wider economy of East Sussex:

- a) It provides office accommodation for businesses in Eastbourne and Lewes with an uptick in occupancy during the last year. The new businesses mostly employ local people so there has been job creation for companies moving in or expanding.
- b) Property Services has a wide range of Property contractors, principally maintenance, general building and repair, and facilities management areas. The Council has procured different contracts from local Small and Medium Size Enterprises (SME).
- c) Property has worked with CET staff to provide advice on property aspects of legacy funding from the abolition of the South East Local Enterprise Partnership (SELEP). The focus of these funding arrangements is on creating employment growth and economic development opportunities in the County; however, some funded projects have created additional opportunities in the creation of affordable housing and community spaces. Property Services have assisted with efforts to mitigate financial and reputational risks to the Council.

Partnership working

2.22 There is increasing partnership working with all public sector partners due to the proposed LGR and changes in Sussex Health Care and NHS Sussex. There have also been a number of updated property arrangements for joint use leisure assets in the county, working with a wider set of stakeholders and the community sector in Lewes, Wealden and Rother. For example, there have been a number of revised property agreements concluded between the County Council and the district and borough councils throughout 2025/26. The County Council worked on new property arrangements for sites in Newhaven and Sidley (Rother) for the delivery of food waste recycling, provided suggestions for site allocations as part of each district or borough revised Local Plans, provided continual and ongoing support for community and voluntary groups with revised property agreements and delivered a new lease arrangement at West Hill Community Centre, Hastings, for protected long term community use.

2.23 The Council is part of the Strategic Property Asset Collaboration in East Sussex (SPACES) which also represents the One Public Estate (OPE) Partnership for East Sussex. This longstanding partnership programme enables public and third sector organisations to collaborate on strategic planning and management of their land and buildings as a collective, seeking opportunities to make best use of resources, creating efficiencies, and improving

services. An update report is routinely presented to the Place Scrutiny Committee on SPACES work, including highlights on funding secured via OPE (including Brownfield Land Release funding to enable local housing delivery on public sector land) and working closely with districts and boroughs, alongside other public sector partners such as health, emergency services, and further education.

2.24 The Chair of the SPACES Board rotates annually which allows all partners a shared opportunity and responsibility for leadership and engagement in the programme. For 2026, the County Council's Head of Asset Management and Performance will be the chair to lead the partnership through the final year of the current SPACES Strategy.

2.25 2026 will be an important transitional year as many public sector organisations are either currently in, or about to go through, significant change. SPACES is in a unique position to engage with others on strategic property and asset management plans, and to facilitate collaboration in support of the delivery of wider objectives, depending on the outcome of the LGR model adopted.

3 Conclusion and reasons for recommendations

3.1 The Audit Committee is recommended to note the contents of this report and read it in conjunction with the separate exempt report found at a later agenda item, Property Disposals Update.

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