Disposal Policy

Scope of Policy

This policy sets out the approach of Platform Housing Group (the Group) to voluntary disposal of land and property assets whether vacant or occupied.

Applicability

The policy applies to all members of the Group.

It applies to assets of all tenures and types including houses, flats, land, non-residential or related assets (e.g., garages, car parking areas, offices and community spaces). It does not cover homes sold under the Right to Buy, Voluntary Right to Buy or Right to Acquire, sales of shares in shared ownership leases, collective enfranchisement or lease extensions to existing leaseholders, or where the Group is required to dispose under a compulsory purchase order.

1. Policy Statement

1.1 Our Corporate Strategy includes ambitious plans to grow and develop high quality new homes. It also includes the development of a Platform Standard and to ensure all properties can meet this standard in the long term. Our Asset Management Strategy defines this standard for our existing stock of "long life, loose fit, low energy and low maintenance homes in locations where people want to live and where digital connectivity comes as standard". There will be occasions when we choose to dispose of properties or land that cannot meet this standard and where this can be demonstrated to contribute to our charitable objectives and growth strategy through the release of resources and/or land.

1.2 This policy sets out how the Group will identify assets for disposal, take decisions on disposal, implement those decisions and monitor and report on the impact of actions taken.

2. Context

2.1 Our Asset Management Strategy sets out how we plan to tackle, by way of investment, disinvestment or divestments those properties and neighbourhoods that fall short of the Platform Standard or exhibit other forms of obsolescence. We want to pre-empt and respond to changing demand patterns and anticipate and take action to avoid parts of our stock declining in desirability, value and attractiveness.

2.2 The drivers for change identified in our Asset Management Strategy include an ageing stock, more exacting customer expectations, technology, climate change, geography and financial constraints.

The Strategy sets out how we will use disposal to remove obsolete provision or to permit replacement with dwellings that respond more effectively to changing requirements and represent a sounder economic and social investment.

In recent years the Group has disposed of a small number of properties each year on the open market including housing for older people, leasehold flats, isolated rural homes in need of major refurbishment, student accommodation and market rent.

This policy seeks to provide a framework for proactive consideration of disposal of void and tenanted property so that we can increase/decrease the level of disposals as required in order to actively manage our assets in the context of the drivers for change. It provides a clear framework for disposal decisions requiring a business case tested through options appraisal.

As an exempt charity and a Registered Provider regulated by the Regulator of Social Housing, we must consider our charitable vires and our regulatory obligations when disposing of assets.

3. Aims and Objectives

3.1 Our objectives include:

- Using a data led approach to decision making.
- Tackling obsolescence and managing the risk of asset failure.
- Proactively considering our footprint to ensure our properties meet local needs and aspirations and operational effectiveness.
- Having a clear business case for disposal, linked to our strategic objectives.
- Supporting long term financial planning by removing major liabilities and releasing resources to support our strategic objectives.
- Having well controlled processes that meet legal and regulatory requirements and acting in the best interests of our customers.

4. Policy Outline

4.1 The factors that will form the key assessment criteria for option appraisal that may lead to a property disposal in support of our Asset Management Strategy include:

- Housing that sits outside our core operational, geographical or service areas with attendant costs and risks e.g., properties in remote locations where we have difficulty maintaining service standards (this will exclude potential growth areas set out in the Development Strategy).
- Housing stock which our asset profiling data indicates has the highest medium to long term anticipated costs, which may be prohibitive compared to income (e.g., the poorest performing stock based on factors such as void periods and lettability, maintenance costs, investment to meet the Platform Standard).
- Housing which has a particularly poor energy efficiency rating, which is prohibitively expensive for customers to heat, and which cannot feasibly be brought up to our target standard. Note that if this is the only criteria that the property meets, we will explore other options (e.g., seeking grant funding) before exploring a decision to dispose; and that disposal decision will consider

the extent to which the property contributes to our community/regeneration agenda alongside the viability of energy efficiency works).

- Some higher value housing stock which would enable a greater number of affordable rented and low-cost ownership homes to be developed as a consequence of disposal.
- The importance of homes as part of a balanced housing market in a particular area.
- Housing that cannot meet customer expectations in terms of size or location (e.g., some of our housing for older people).
- Assets that support regenerative intervention in high priority areas including disposal via community ownership models.

4.2 Any assets considered for disposal will be subject to a full options appraisal to establish the business case. This appraisal will consider the costs and benefits of all potential options including value proposition and other benefits. The appraisal will consider the strategic fit of each option, linking back to our Corporate and Asset Management Strategies.

Consideration will also be given to whether we would have to pay clawback on a disposal – as this would clearly impact the business case for a sale if 50% of the sales proceeds need to be paid to a Council. It will also consider the impact on customers and performance against our social objectives. It will also consider other requirements including legal ownership, charitable vires, grant, restrictions on use or disposal (e.g., S106 or restrictive covenants), funder requirements, legal constraints in relation to social housing and the impact of disposal on statutory or contractual rights of tenants[1].

Regulatory expectations in relation to the disposal of social housing include[2]:

- Protecting social housing from undue risk.
- Adherence to all relevant law and compliance with governing documents.
- Accountability to tenants and proper consultation with tenants when considering a disposal that would mean a change in the tenant's landlord or changes that affect tenants' statutory or contractual rights.
- Achieving value for money in how social housing is used.

4.3 In circumstances where grant funding is recoverable from a property disposal, we will follow the requirements within Recovery of Capital Grants and Recycled Capital Grant Fund General Determination 2017 (Homes England) as required and detailed in the Capital Funding Guide (Regulator of Social Housing)[3].

[1] Guidance - Notification of disposals 2017 (RSH) section 2.3
[2] Guidance for private registered providers on how to notify the regulator about the disposal of social housing dwellings 2017 (HCA) section 2.1
[3] Guidance – Capital Funding Guide (CFG) Grant Recovery – Registered Provider section 7, 1.1.3

5. Disposals

5.1 Void Disposals

We will develop a proactive process of identifying potential candidates for void disposal based on the criteria set out above. This systematic process will identify the number of potential voids that may occur each year which meet the agreed criteria. Financial viability will be based on estimated Net Present Value (NPV) using our asset performance evaluation model. Thresholds for acceptable levels of NPV will be set for each area and property type. The numbers of properties that meet the criteria will be reported to the Group Board annually and a target for disposals agreed based on the required level of receipts to meet our strategic goals, and the impact on our ability to meet local housing need. Potential ad hoc disposals will also be identified in year where the cost of bringing the property back into use results in an NPV that does not meet agreed thresholds in each area.

Properties that meet the criteria will be flagged on lettings systems and an options appraisal to consider disposal will be undertaken at void. This appraisal will compare the cost of retaining the property with what it could fund in terms of investment and/or growth. The scope of the appraisal will reflect our investment and appraisal team approval report template (**Appendix One**).

The options appraisal will consider the best route to market to achieve maximum value which may be by auction or agency sale, disposal of freehold or leasehold interest.

All disposals will be at a price not less than a tolerance of 5% of the value supported by a RICS qualified valuer undertaken recently (e.g., within six months) of the sale price agreed.

5.2 Tenanted Disposals

Housing that sits outside our core operational, geographical or service areas may be considered for tenanted disposal. (This will exclude potential growth areas set out in the Development Strategy)

Where this is the case, our aim will be to take decisions in the best of interest of our charitable beneficiaries (tenants/customers), being mindful of their statutory or contractual rights with any change of landlord and adhering to the Transparency, Influence and Accountability Standard[4] in providing full consultation.

Where tenanted disposal is considered, the options appraisal will consider the impact on residents.

[4] Transparency, Influence and Accountability Standard Consumer standards (RSH) 1 April 2024

The options appraisal will consider the potential market for the assets and where there are multiple potential bidders a competitive process will be used to establish market value supported by a RICS qualified valuer. If after testing the market it becomes clear that the demand for such tenanted assets is limited, a bilateral sale may be considered. A RICS qualified valuer will support the process, advising and confirming whether, given the lack of competitive market, the price agreed still represents best consideration for the assets.

Disposal will be considered to not for profit registered social landlords, for profit providers and in some cases (e.g., disposal of non-social housing assets) out of sector disposal would be considered. An out of sector disposal will include disposal to a subsidiary or joint venture where those organisations are not registered with the Regulator. Any decision to dispose will be taken after full consideration of the buyer's business model and commitment to protecting the interests of tenants and leaseholders. The Group Board, and the residents through the consultation process which forms part of the sales process, will need to be convinced of the credibility of the new owner.

The sales process will apply a 'quality first' approach based on a consultation process in which the views of tenants/customers and leaseholders are reflected in the selection of potential purchasers through input into the quality standards to be met by prospective owners. Financial offers will only be considered where the landlord offer is at least as good as the Group's. Once a preferred bidder is selected, tenants/customers and leaseholders will be formally consulted in line with the Tenant Involvement and Empowerment Standard which states "Where registered providers are proposing a change in landlord for one or more of their tenants or a significant change in their management arrangements, they shall consult with affected tenants in a fair, timely, appropriate and effective manner. Registered providers shall set out the proposals clearly and in an appropriate amount of detail and shall set out any actual or potential advantages and disadvantages (including costs) to tenants in the immediate and longer term. Registered providers must be able to demonstrate to affected tenants how they have taken the outcome of the consultation into account when reaching a decision". This will include providing tenants with full information on the status of the potential new owner.

5.3 Land Disposal

We may dispose of land or related assets on a reactive basis following an application from a third party including individuals, groups of tenants and parish councils. The Group is under no obligation to dispose in these circumstances and each application will be considered carefully and follow this policy.

Applications to purchase land or related assets will be declined where the sale would negatively impact on our plans for regeneration or new development of the land or adjacent land, where the land provides access to other Group properties, where there is a greater community benefit to the retention of the land or related asset, where the land is valued higher than the purchase offer and/or where the applicant does not pay our legal and administrative costs.

The value of the land will be determined by a RICS qualified valuer based on the maximum commercial use of the land. Covenants and/or overage agreements will be sought where value uplift may occur on change of use (e.g., garden spaces converted to development plots).

We regularly review our land and related assets to ensure they are put to best use. We may decide to dispose where the land is surplus to our requirements (e.g., insufficient development/regeneration potential, makes no contribution to our services or objectives or is located in an area where we own no homes) and/or where it is underused (e.g., is not being used as a community amenity or revenue opportunities cannot be realised to cover the cost of maintenance).

If these criteria are met, we would seek to dispose on the open market through auction or agency sale.

6. Governance

6.1 The Group Board is accountable for its decision to divest of property and will be held to account for the quality of decision making.

Our governance regulations[5] confirm authority to approve the disposal of assets, summarised in this policy.

- Void residential property sales within the total number of sales envisaged for a financial year in the approved long term financial plan and budget which each generate a surplus over book value and cost of disposal require Executive Investment Committee ('EIC') approval.
- Void residential property sales above the total number envisaged for the financial year in the approved long term financial plan and budget or which will incur a deficit after disposal costs require Group Board approval.
- All tenanted disposals – Group Board to agree principle and be sighted on all consultation responses before final decision to dispose is taken by the Group Board.
- Group Board will require greater scrutiny of non-routine or complex tenanted disposal decisions where there is higher risk. This will include disposals to for profit registered providers or out of sector, or not for profit providers with a regulatory breach, for example. Evidence of Group Board decision must demonstrate an understanding of increased risk and that it has considered the outcomes of any resident consultation.
- Land disposal decisions up to a value of £50k (each disposal) will be taken by Chief Finance Officer by Group Board above this level.
- Offices or other commercial property disposal decisions by Group Board

[5] Group Financial Regulations and Standing Orders (5 June 2024) section 57.

- Decisions to dispose of assets (land or property, tenanted or vacant) for reasons outside of this policy will be taken by Group Board.
- Where disposals are below cost Group Board approval for disposal will be required.

Recommendations to dispose of assets will be reviewed by the Investment and Appraisal Panel (IAP) where appropriate as set out in the IAP terms of reference.

Our Asset Management Strategy highlights a key risk of working in isolation and proposes joint asset planning with Local Authorities and neighbouring Registered Providers. Stakeholder consultation requirements will be established at options appraisal stage and consultation carried out prior to decisions being made.

6.2 **Notification**

As a Registered Provider, the Group must notify the Regulator of Social Housing about the disposal of social housing dwellings. This will be done in a timely, complete and accurate way in line with guidance issued by the Regulator.[6]

The responsible Director will inform the Finance Department of all sales so that the fixed asset register can be updated, and the appropriate accounting entries made.

Regular reports to Group Board will set out how the receipts from disposal are used. Receipts from disposals will be used to support the Group's strategic objectives for growth and/or investment in existing stock to meet the Platform Standard. Any use will need to be in line with our charitable objectives. In some cases, we may have further contractual requirements for example in stock transfer agreements which would need to be set out and followed.

6.3 **Managing Assets Prior to Disposal**

Once properties have been identified for options appraisal under this policy, an interim investment plan will be established for these properties to ensure essential health and safety requirements are maintained until ownership transfers. Major planned investment will be deferred subject to the outcome of the appraisal.

7. Equality and Diversity

7.1 We are committed to fairness and equality for all regardless of their colour, race, ethnicity, nationality, gender, sexual orientation, marital status, disability, age, religion or belief, family circumstances or offending history, as referred to in our relevant Group policies. Our aim is to ensure that our policies and procedures do not create an unfair disadvantage for anyone, either directly or indirectly.

[6] Guidance for private registered providers on how to notify the regulator about the disposal of social housing dwellings - HCA (now RSH) March 2017 (updated 28 March 2024).

8. Complaints

8.1 We aim to meet the needs of our customers by providing an excellent service. However, it is acknowledged that occasionally things go wrong and customers may wish to complain. Should the need arise to make a complaint, please refer to our Complaints, Comments and Compliments Policy.

9. Monitoring and Review

9.1 Accountability for the policy is with the Director of Strategic Asset Management or equivalent. Operationally, responsibility is with the Head of Strategic Asset Management to ensure disposal processes are managed effectively in line with this policy.

All disposals will be reported quarterly to Executive Team and Assets and Sustainability Committee and annually to Group Board. Reports will set out the number of disposals, the nature of the disposal (i.e., tenanted or void, freehold/leasehold), the measures taken to ensure value for money, the level of receipts obtained and the use of these receipts.

The next review of this policy is scheduled for January 2028 and then every three years thereafter. A more frequent review will take place where legal or regulatory guidance changes.

9.2 Approved documents are valid for use after their approval date and remain in force beyond any expiry of their review date until an updated version is available.

10. Associated Documents

10.1 List of documents - associated policies, procedures and publications:

- Lenders’ requirements
- Asset Management Strategy
- Development Strategy
- Preserved Right to Buy sales procedure
- Governance regulations
- Capital receipt sharing agreements with third parties
- Financial Regulations and Standing Orders
- Option Appraisal Policy

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Appendix One

ITEM NUMBER: xx

Board:	Platform Housing Group – Investment Appraisal Panel
Date:	
Author:	
Title:	
For:	

1.0 **Executive Summary**

1.1

2.0 **Recommendation**

2.1

3.0 **Options appraisal summary**

3.1

4.0 **Background**

4.1

5.0 **Unit/Scheme detail**

5.1

6.0 **Process**

6.1

7.0 **Risk**

7.1

8.0 **Finance Review**

8.1

9.0 **Funding & Security**

9.1

10.0 **Consultation**

10.1

11.0 **Anticipated timeline**

11.1

12.0 **Legal impact**

12.1 None

13.0 **Resources impact**

13.1 N/A

Recommendation
The Investment Approval Panel recommend the disposal of XXXX on the open market
Strategic Objectives
Economic value creation through disposal of an underperforming asset, which will generate funds to reinvest into the development of new units
Finance
None
Compliance
People
None
Customer
None