



DISPOSALS POLICY

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1. Introduction

Disposing of homes, other property or land may from time to time be required in order for RBH to effectively manage our neighbourhoods. In some cases there may be better value that can be accrued from disposing of rather than retaining homes, land, or other physical assets.

RBH is committed to providing affordable, high quality and secure homes and making best use of our assets. This policy provides a framework for disposal decisions to ensure these are consistent with our asset management strategy.

2. Methodology

This policy has been developed as part of the wider Asset Management Strategy which has been led by the Representative Body with detailed input from the Homes Panel and from the Executive Team

3. Aims & Objectives

The aims and objectives of the RBH Disposals Policy are to:

- Meet the regulatory requirement to have a clear policy in relation to disposal of homes and other assets
- To support our strategic asset management focus of maximising the impact of our investment into core RBH communities
- To provide for individual evaluation of options relating to the retention or disposal of individual homes and parcels of land when required
- Ensure that property and land is only disposed of when it meets the agreed criteria for disposal which includes consultation across RBH teams and other stakeholders where relevant
- Ensure that disposal as an option is considered in the context of other available options
- Ensure that RBH follows the correct procedures for any disposal
- To generate at least £610k from disposal of assets each year. This amount will be ringfenced to support investment in new development, regeneration and improvements to assets within core RBH communities.
- To evidence and document the financial and strategic case for each disposal via a specific report to the Executive Management Team

4. Scope

This policy and associated procedures will be implemented by a range of employees within RBH in:

- Identifying the property and/or land to be disposed of;
- Undertaking a financial appraisal of any empty home proposed for disposal;
- Undertaking a financial appraisal of land or other property for which disposal is being considered;
- Making an assessment of property / land in relation to supporting our core communities, and development potential;
- Dealing with the disposal in compliance with RBH's related policy and current government regulation and legislation.

5. Context

Appraisal

Land and/or property assets should only be recommended for disposal following a full option appraisal which includes demonstrates both the financial and strategic benefits of disposal.

All empty homes should be quickly appraised prior to any decision to relet/improve with those where the cost to repair compared to the value generated by disposal makes disposal a potentially viable option highlighted quickly and put forward for more detailed assessment of potential for disposal.

With the exception of involuntary sales via the Right to Buy and the Right to Acquire, disposal of a home or group of homes will be considered when both of the following conditions apply:-

- The home is empty
- The cost of investing in the property (e.g. level of empty homes repairs) compared to future rental income stream means there is potentially better value from disposal

Disposal required as part of neighbourhood remodelling including disposal to enable access to land for redevelopment or major demolition as part of neighbourhood remodelling will be considered as part of a wider neighbourhood plan for the neighbourhood which sets the specific disposal within the wider strategic case for regeneration within the neighbourhood and details consultation carried out with the local community.

A clear financial case will be demonstrated for each disposal. Where the disposal is an empty home the following context will also be considered:

1. 'Miscellaneous properties' – i.e. homes which are not within RBH neighbourhoods
2. Homes in neighbourhoods which have not been identified as long term core RBH communities
3. Are in a neighbourhood where the level of RTB homes is over 55%
4. Homes which RBH has identified as at risk of future poor demand
5. Where exceptionally high repair and investment costs are identified

An option appraisal will be undertaken prior to any recommendation regarding disposal. Any evaluation to dispose of land and/or property will consider the financial case for disposal together with the impact on the wider neighbourhood.

Process

The process for disposal will include the following:-

- An option appraisal (financial and strategic)
- For land sales there will be an upfront charge of £250 to cover the valuation fee and all associated costs for preparing the reports. Should the sale progress this fee will be deducted from the proceeds.
- Consultation with RBH teams (specifically neighbourhoods and lettings)
- Valuation
- Recommended disposal option (Sale / Auction / Swap)
- Approval to proceed (Board delegated EMT approval if up to £100k, Board approval if over £100k)
- Check whether the home requires priority notification to the HCA or not and then notify HCA as required
- Include a section on each report to EMT whether the home requires standard or priority notification
- Funders approval for disposal of asset and approval as Security Trustee (if required)
- Legal conveyancing
- Reporting to Board and to RBC on disposal income and confirming receipts supporting development and regeneration schemes.
- Where the proposed final sale price is below that provided to EMT in the original report approval will be sought from a member of EMT before proceeding, the revised NPV will be provided.
- On completion of the sale the relevant RBH teams will be notified so that the asset can be removed from the registers and systems..

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Responsibility

In accordance with A9 9.2 of the RBH Financial Regulations, the disposal of land or property is delegated to RBH Executive Management Team in accordance with financial limits consistent with the Board's development parameters (£100k) for the acquisition of land and property. Such approvals will be reported quarterly to Board and Funders for information.

Disposals of land or property in excess of £100k will require separate approval by Board

The Director of Resources is responsible for the effective implementation of this policy. The Director of Resources carries overall responsibility for the disposal of property or land, and is liable to be called to account by the Board and the HCA for specific failures. Responsibility for the day to day implementation of dealing with property and land disposals will rest with the Director of Communities.

When a home or land asset is not sold at the valuation level EMT are able to approve negotiation on the price and sell the asset as long as the sale price still demonstrates the highest NPV. Any changes will be emailed to a member of EMT for approval before proceeding, the revised NPV will be provided.

Policy Compliance

The disposal of any property or land should be undertaken in the manner as set out within RBH's Standing Orders and Financial Regulations and in accordance with the relevant provisions of the Housing and Regeneration Act 2008 ("the 2008 Act")

The provisions of Schedule 1 of the Housing Act 1996 apply to the sale of property to Employees, Board Members and their relatives. RBH should make sure that the appropriate consents are obtained prior to disposing of any property or land. Prior to the disposal of any property or land RBH will make sure that it has obtained an appropriate up to date independent valuation.

Disposals of property and land must be made in consideration of the appropriate market rate. RBH must ensure that the proposed disposal will not conflict with any assurances given to customers as part of any consultation prior to the stock transfer process. . Disposals must not be made to RBH officers, employees, and their relatives, and any businesses trading for profit in which those parties have an interest

Schedule 14 of the transfer agreement - Disposals Clawback Agreement

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The transfer agreement requires RBH to split 50:50 all the net gain from disposals with a value greater than £2,000. However within the transfer agreement there is a provision that the whole proceeds may be retained by RBH if it can be evidenced that they are being used to support regeneration activities. As outlined all disposal income is intended for this purpose.

A ringfenced fund will be created and monitored within RBH budgets which sets out the income generated from disposals and how the spend is ringfenced to support new development and /or regeneration activity. Monitoring will be carried out by EMT and RBH Board and reported to RBC as part of quarterly monitoring.

Consultation arrangements

All internal and external stakeholders affected by the disposal of any property or land will be consulted as part of the decision making process.

Regulatory & Legal Compliance

Any disposal of housing and land which came across at the point of transfer from the Council will need to comply with any consent or notification requirements of the HCA.

Regulation of social housing in England under the Housing and Regeneration Act 2008 ('The Act') is the responsibility of the Homes and Community Agency acting through its Regulation Committee ('the Regulator').

The Act has been amended by the Housing and Planning Act 2016 ('the HPA 2016') and the changes made include the:

- removal of the Regulator's disposal consent powers;
- introduction of new requirements for private registered providers of social housing ('PRPs) to notify the Regulator of disposals of social housing dwellings in addition to existing requirements about notification of disposal of land other than a dwelling by non-profit PRPs;
- introduction of a power for the Regulator to direct PRPs about the period within which notification must be made and/or content of such notifications; and
- introduction of a power for the Regulator to direct that the requirement for notification is dispensed with

HCA standards

RBH will always comply with the current HCA standards

The regulator specifically states that where a housing provider is disposing of social housing, the regulators expectations about the following issues are of particular importance and relevance:

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- Protecting housing from undue risk
- Adherence to all relevant law and compliance with governing documents
- Accountability to tenants
- Achieving value for money

RBH will take these into consideration as part of any decision to dispose and will ensure that relevant disposals are notified to the HCA quarterly and any priority disposals reported to the HCA as soon as the disposal is completed.

Property

This includes dwellings, shops, garages and community use buildings.

Land

This will generally but not exclusively be areas of land greater than 75 square metres.

- For land sales there will be an upfront charge of £250 to cover the valuation fee and all associated costs for preparing the reports. Should the sale progress this fee will be deducted from the proceeds.
- There is no requirement to notify the HCA in relation to land sales.

6. Stakeholder Analysis

Consultation on the development of this strategy has been undertaken in conjunction with the RBH Representative Body and the RBH Homes Panel.

7. Monitoring & Review

All RBH strategies, policies and procedures are reviewed on a regular basis in order to ensure that they are 'fit for purpose' and comply with all relevant legislation and statutory regulations.

This policy, including any other related policies and procedures will be reviewed annually in order to ensure its continued appropriateness and formally reviewed and submitted to the appropriate 'approving body' every three years.

Levels of property and land disposals will be monitored and reported to Board on a quarterly basis. RBH will normally arrange for external consultants to carry out an Annual Revaluation of its stock as part of its Business Planning process. Account will need to be taken of current and projected levels of property and land sales, as these can have implications on current and future levels of capital receipts received and on rent streams, which in turn will need to be factored into RBH's Business Plan.

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8. Equality and Diversity

RBH will undertake an Equality Impact Assessment for this policy. Any changes required to be made to the policy following the assessment will be incorporated accordingly.

9. Links with other RBH Strategies, Policies and Associated Documents

- Financial Regulations and Standing Orders
- Asset Management Strategy
- Procurement Strategy
- New Development Strategy
- Environmental programme
- Investment programme
- Neighbourhood profiling
- Financial viability index
- Welfare reform – Supporting Our Places
- Our Place neighbourhood action plans