



Asset Disposal Policy

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1 Introduction

- 1.1** It is vital that all our active assets are financially sustainable, meet the expectations of our tenants, and can achieve compliance with regulatory standards. Our Asset Management Strategy 2024-2029 sets out approach to monitoring and evaluating our assets performance, this Asset Disposal Policy provides the guidance relating to the approach we will take when an asset is not deemed to be supporting our strategic goals and we may consider its disposal.

Disposal of assets will only be undertaken with prior approval from ng homes' Board, Glasgow City Council, Scottish Government, and in line with the guidance and requirements of the Scottish Housing Regulator.

2 Policy Objectives

The objectives of our Asset Disposal Policy are:

2.1 Alignment with our Asset Management Strategy:

To ensure that the Asset Disposal Policy aligns with the strategic objectives of the Asset Management Strategy, a key feature of which is to ensure asset performance and financial viability targets are achieved.

2.2 Asset Performance:

To closely monitor assets across a range of criteria to help us understand satisfaction and rental performance of each. Key Performance Indicators will be agreed, and results monitored through an Asset Performance Matrix.

2.3 Financial Sustainability:

To ensure the financial sustainability of our assets. Consideration will be given to the cost of investment to maintain standards expected by tenants and stakeholders as well as improvement required to meet regulatory energy efficiency standards over the asset lifetime.

2.4 Transparent, Data led, Decision-Making:

All decisions on disposals will be in line with the considerations detailed in this policy utilising data across a range of criteria and properties falling below expected, pre-agreed standards. Evidence will be created to support decisions on requests for approval for disposal from the necessary authorities.

2.5 Regulatory Compliance

To ensure that our approach is compliant with standards relevant to our roles as a Registered Social Landlord, we will ensure all appropriate considerations are given and all relevant internal and external stakeholder notifications and approvals are in place prior to any disposal.

3 Compliance

3.1 As a Registered Social Landlord, we must comply with frameworks of Legislative and Regulatory requirements. They aim to set minimum standards for the quality of housing and to support landlords to provide warm, safe, and healthy homes for their tenants.

Relevant requirements, standards, notifications, and approvals include:

- Scottish Housing Quality Standard (SHQS).
- The Tolerable Standards (Housing (Scotland) Act).
- Energy Efficiency Standard for Social Housing 2 (EESH2).
- The Scottish Social Housing Charter (SSHC).
- The Scottish Housing Regulator (SHR).

3.2 Scottish Housing Quality Standards (SHQS)

The SHQS was introduced in February 2004, and it is the primary means of measuring the quality of housing in Scotland. It consists of a set of broad criteria, covering specific elements, which must all be met if the property is to pass SHQS. These minimum housing standards were introduced to ensure that no property falls below this level.

It means social landlords must make sure their tenants' homes:

- meet the tolerable standard.
- be free from serious disrepair.
- be energy efficient.
- be equipped with modern facilities and services; and
- be healthy, safe, and secure.

3.3 The Tolerable Standard

The Tolerable Standard was introduced in Scotland via the Housing (Scotland) Act 1987. This legislation was enacted to address the poor condition of many properties in Scotland at that time and establish a minimum standard for housing quality.

The tolerable standard consisted of a set of criteria covering the elements of a house which are fundamental to its functioning as a home. The criteria address issues of public health, comfort, and safety.

Social Landlords requirement to achieve a tolerable standard is now set out within the Social Housing Quality Standards and includes 14 elements which must meet a prescribed standard.

- Structural stability.
- Rising damp and penetrating damp.
- Lighting, ventilation, and heating.
- Wholesome water supply.
- Sink with hot and cold water.
- Water or waterless closet.
- Bath and/or shower, and wash hand basin with hot and cold water.
- Foul and surface water drainage.
- Facilities for cooking food.
- Access to external doors and outbuildings.
- Electrical installations.
- Smoke and heat alarms.
- Carbon monoxide alarms.
- Thermal insulation.

3.4 Energy Efficiency Standards for Social Housing (EESH)

The EESH aims to encourage and support landlords to improve the energy efficiency of social housing in Scotland by setting minimum Energy Efficiency (EE) Rating targets for rental properties to be achieved by landlords. EESH is now working towards a second milestone, EESH2, with all social landlords to bring their housing assets to EPC band B by December 2032.

3.5 The Scottish Social Housing Charter

The Scottish Social Housing Charter (SSHC) sets standards and outcomes describing the results that tenants and others who use their services can expect from social landlords. The relevant standards for stock disposal are:

3.5.1 Charter reference 1: Equalities

Social landlords perform all aspects of their housing services so that:

Every tenant and other customer have their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services.

3.5.2 Charter reference 3: Participation

Social landlords manage their businesses so that:

Tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with.

3.5.3 Charter reference 4: Quality of housing

Social landlords manage their businesses so that:

Tenants' homes, as a minimum, meet the SHQS by April 2015 and continue to meet it thereafter, and when they are allocated, are always clean, tidy, and in a good state of repair.

3.5.4 Charter reference 5: Repairs, maintenance, and improvements

Social landlords manage their businesses so that:

Tenants' homes are well maintained, with repairs and improvements carried out when required, and tenants are given reasonable choices about when work is done.

3.5.5 Charter reference 13: Value for money

Social landlords manage all aspects of their businesses so that:

Tenants, owners, and other customers receive services that provide continually improving value for the rent and other charges they pay.

4 The Scottish Housing Regulator (SHR)

4.1 Provisions of the Housing (Amendment) (Scotland) Act 2018 removed the Scottish Housing Regulator's powers of consent under the Housing (Scotland) Act 2010. This means, that as of March 2019, a Registered Social Landlord (RSL) does not need to apply to the Regulator for consent to dispose of assets or land.

While the SHR does not need to consent to disposal there are requirements for Registered Social Landlords considering disposal of assets or land through their regulatory framework and statutory guidance.

4.2 SHR Regulatory Framework, Standard 7, states:

The RSL ensures that any organisational changes or disposals it makes safeguard the interests of, and benefit, current and future tenants.

Where an RSL is considering organisational or constitutional change, or acquisition or disposal of land or assets:

- **7.1** The governing body discusses and scrutinises any proposal for organisational change and ensures that the proposal will benefit current and future tenants.
- **7.2** The RSL ensures that its governance structures are as simple as possible, and clear and allow it to meet the Standards of Governance and Financial Management, Constitutional Requirements, and Group Structures guidance.
- **7.3** The RSL ensures adequate consultation with and support from, key stakeholders including tenants, members, funders (who may need to give specific approval), and local authorities as well as other regulators.
- **7.4** The governing body is satisfied that the new (or changed) organisation will be financially viable, efficient, and will provide good outcomes for tenants.
- **7.5** The RSL establishes robust monitoring systems to ensure that delivery of the objective of the change and commitments made to tenants are achieved (for example in relation to service standards, operating costs, and investment levels).
- **7.6** Charitable RSLs seek consent/notify OSCR of changes to their constitution and other changes as appropriate.
- **7.7** The governing body ensures that disposals, acquisitions, and investments fit with the RSL's objectives and business plan and that its strategy is sustainable. It considers these taking account of appropriate professional advice and value for money - whether as part of a broader strategy or on a case-by-case basis.
- **7.8** The RSL complies with regulatory guidance on tenant consultation, ballots, and authorisation.
- **7.9** The RSL notifies the Regulator of disposals in accordance with regulatory guidance.
- **7.10** The RSL only agrees to fixed or floating charges where the assets are used to support core activities. This should exclude providing security concerning staff pensions.

5 Disposal Considerations

5.1 We may consider disposing of an individual asset if it is:

- Hard to let due to low demand for housing type or location.
- Located in a block in which ng homes have no or minimal involvement (especially where there are likely to be major communal repairs soon).
- Irrespective of improvement – fails to meet the minimum standards required by the Scottish Housing Quality Standard (SHQS).

- Irrespective of improvement – fails to meet the minimum standards required by the Energy Efficiency Standard in Social Housing 2 (ESSH2).
- Would be uneconomical to maintain or improve to the required standards.
- Performs poorly against Key Performance Indicators.

The SHR's 'Recommended practice on integrated asset management' suggests a range of options that should be considered for properties that are not performing or present a potential future risk which include:

- alternative investment proposals, for instance, comprehensive improvement works.
- asset remodelling or adaptation.
- change of use or target client group.
- housing management interventions.
- placemaking interventions.
- disinvestment proposals including disposal or demolition.

5.2 Financial Considerations

- Anticipated maintenance and improvement costs.
- Rent Affordability.
- The outstanding debt on the individual property.
- Any outstanding Housing Grant on the property.
- The financial viability of incurring the cost of major works on a property relative to the rental income received.

Net Present Value (NPV)

Net Present Value takes account of the potential income from an asset as well as expenses over the asset's lifetime and generates a positive or negative financial projection to support decision-making, offering a data-driven approach to evaluating long-term profitability.

It takes into consideration the change in the value of money over time and allows for sensitivity analysis through performing simulations of changes such as improvement costs, rental values, and interest rates.

5.3 Maintenance Considerations

- The reactive repairs history of the property.
- The property condition, including the condition of common areas, where it compromises the integrity of the building.
- The remaining anticipated lifetime of key components or elements within the property and the imminent costs.
- The status of asbestos within the premises.
- The provision and integrity of communal services (water, gas, electricity, and telecommunications) serving the property e.g., a fracture in the lead water pipe, which would incur expensive replacement costs.
- The energy rating of the property – in particular the efficiency of existing or replacement heating systems and adherence to energy efficiency standards (EESSH2).
- Where there are likely to be, in the foreseeable future, extensive, disruptive, or expensive common works.
- Meeting mandatory regulatory requirements such as the Scottish Housing Quality Standard (SHQS).

5.4 Housing Management Considerations

- The current and likely future demand for properties of that type or configuration in the area concerned.
- The likelihood and possibility of future tenancies being unsustainable.
- Wider estate management issues and considerations.
- Current and future tenant aspirations.
- Economic considerations within the area in which individual properties are located.
- Historical void levels and relet times.

6 Monitoring Performance

6.1 Our Asset Management Strategy 2024-2029 included an objective to introduce a performance matrix assessing asset performance across a range of criteria over three performance areas as shown in the table below. These metrics include the properties financial performance as well as considering service performance and 'wider picture' factors such as deprivation levels, anti-social behaviour and tenant satisfaction and take an integrated approach to considering an assets value and performance.

Performance Area	Performance Criteria
Service Performance	- Turnover void period (days) - Demand - Current arrears - SAP rating - Responsive repairs history & cost - Cyclical costs - Empty homes
Financial Return	- Net Present Value (NPV) - Internal Rate of Return (IIR) - Historic Cost Ratio
Wider Picture	- SIMD - Anti-social behaviour - Satisfaction with Home

6.2 We will develop targets for each of the performance criteria and use a Red, Amber, Green (RAG) status to allow quick referencing of performance and focusing of resources and effort. The Asset Performance Matrix will allow for the inclusion or exclusion of any of the criteria as well as applying a weighting to adjust totals scores in line with current priorities giving us lots of flexibility to ensure close targeting.

Key Performance Indicators will be reviewed and revised on a 3 yearly basis in line with recommendations from the Scottish Housing Regulator's Recommended Practice on Integrated Asset Management.

7 Other Related Strategies, Policies, and Procedures

- Adaptations Policy
- Asbestos Management Policy
- Asset Management Strategy
- Clerk of Works Procedures
- Customer Care Policy
- Damp, Mould and Condensation Policy
- Damp and Mould Investigation Procedure
- Damp and Mould Reporting Procedure
- Design and Specification Policy
- Development Defects Policy and Procedures
- Development Handover Procedures Policy
- Electrical Safety Policy
- Electrical Safety in Multi-Storey Blocks Policy
- Emergency Lighting in Multi-Storey Blocks Policy
- Estate Management Policy
- Fire Safety Policy
- Fire Safety in Multi-Storey Blocks Policy
- Gas Safety Policy
- Lift Safety Policy
- No Access Policy
- Regeneration Strategy
- Repairs and Maintenance Policy

- Risk Management Strategy
- Tenant Participation Strategy
- Tenants Right to Repair Policy
- Value for Money Strategy
- Void Management Policy
- Water Systems and Legionella Policy

8 UK General Data Protection Regulation 2021 (UK GDPR)

The ng group will treat your personal data in line with our obligations under the UK General Data Protection Regulation 2021 (UK GDPR) and our own Data Protection Policy. Information regarding how your data will be used and the basis for processing your data is provided in our Fair Processing Notices. The organisation will treat your personal data in line with our obligations under the UK General Data Protection Regulation and our own Data Protection Policy. Information regarding how your data will be used and the basis for processing your data is provided in our Fair Processing Notices.

9 Equality Impact Assessment

This Policy is equally applicable to all and has no detrimental impact on protected characteristic groups.

10 Policy Review

This Policy will be reviewed every three years or earlier in line with regulatory or legislative guidance/changes or good practice guidelines.