



Disposals
Strategy 2025 -
2030

Version Control

Version	Revision Date	Author: Job Title	Change Description
1.0	October 25	Group Director of Property	Draft new strategy
1.1	November 25	Group Director of Property	Present draft to Executive Leadership Team
1.2	November 25	Group Director of Property	Present to emh Homes Board seeking approval
1.3	December 25	Chief Operating Officer	Present to Group Board seeking approval – Board approved in principle, but asked for the strategy to be reformatted
1.4	March 26	Group Director of Property	Present to emh Homes Board seeking approval of revised version
1.5	March 26	Chief Operating Officer	Present to Group Board seeking approval of revised version
1.7	April 26	Group Director of Property	Strategy uploaded to website

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1. Introduction

- 1.1 This strategy sets out how emh will approach disposals of assets over the next five years. It is aligned to our Asset Management and Development strategies and our strategic objective of sustainability for our homes, neighbourhoods and communities.
- 1.2 Disposing of certain properties allows us to keep our housing stock in the best possible condition and aligned with our long-term goals. By releasing homes that no longer meet modern standards or are in locations that don't support efficient management, we can reinvest in new, high-quality developments and upgrade existing homes. This approach ensures our resources are used effectively, delivering safe, sustainable, and attractive homes that meet the needs of our communities today and in the future.

2. Strategic scope

- 2.1. In this strategy, assets include empty (known as void) properties of any tenure or use e.g., residential, commercial, offices, garages and land. No properties managed by Care and Support will be disposed of without prior approval from the Head of Service/Executive Director of Care and Support.

3. Strategy governance – regulatory requirements

- 3.1. We will dispose of assets in line with the Regulator of Social Housing's and Homes England's requirements. This includes notifying the regulator quarterly, within three weeks of the quarter end of any Landlord asset disposals.
- 3.2. Priority Disposals will be reported to the Registered Provider of Social Housing and disposals within three weeks of the disposal taking place. For a large provider such as emh, Priority Disposal means:
 - Where a property is occupied at the point of disposal and the purchaser is not a provider, so the landlord of the existing resident (the residential occupier) has changed.
 - One which is or includes the provider's last social housing dwelling – aka if it ever meant we then would own no social housing.
- 3.3. We will maintain accurate and up-to-date records of assets and liabilities, including Social Housing Grant (SHG).
 - a) **Transfers between Registered Providers**
 - We will seek prior consent from Homes England for any transfer of grant-funded properties between Registered Providers. We will submit a
 - a Registered Provider Transfer Form at least 14 days before the proposed transfer date.
 - b) **Strategic partner reporting**
 - Strategic partners must report disposals quarterly in a standard format.

- We need to notify Homes England (HE) to ensure transparency, protect public funds, and maintain proper grant recovery processes as the asset, once sold, will no longer sit with emh but with another party.
- We will look to recycle any historic grant in properties we dispose of into the Recycled Capital Grant Fund (RCGF). We are also required to submit an annual RCGF return to HE. The Finance Team manage and maintain our RCGF and accounts to be compliant with HE requirements.

4. Strategic Asset Performance Model

- 4.1 In 2023 all our assets were independently reviewed using the Ark Strategic Asset Performance (ASAP) model. This exercise allows emh to demonstrate a full understanding of the relative performance of its housing asset base, in line with regulatory expectations.
- 4.2 The ASAP model enables emh to make informed decisions on the future use and investment in assets by examining in detail their past performance over a number of years, utilising a range of financial and non-financial metrics. More than 60 data sets were examined, and all units and schemes are scored according to their relative performance against each other.

Data was then grouped into four key areas:

- Asset – location, sustainability, tenure, asset suitability, repairs, voids
 - Finance – financial and asset performance NPV, overheads
 - Market – service charges, market and LHA rent comparison
 - People – social factors, customer views and emh staff views.
- 4.3 Each unit and scheme has a relative score across the four assessment areas above, which was overlaid with profit to arrive at a relative grading for each unit and scheme. A summary is shown by property and scheme in **Appendix 1**.

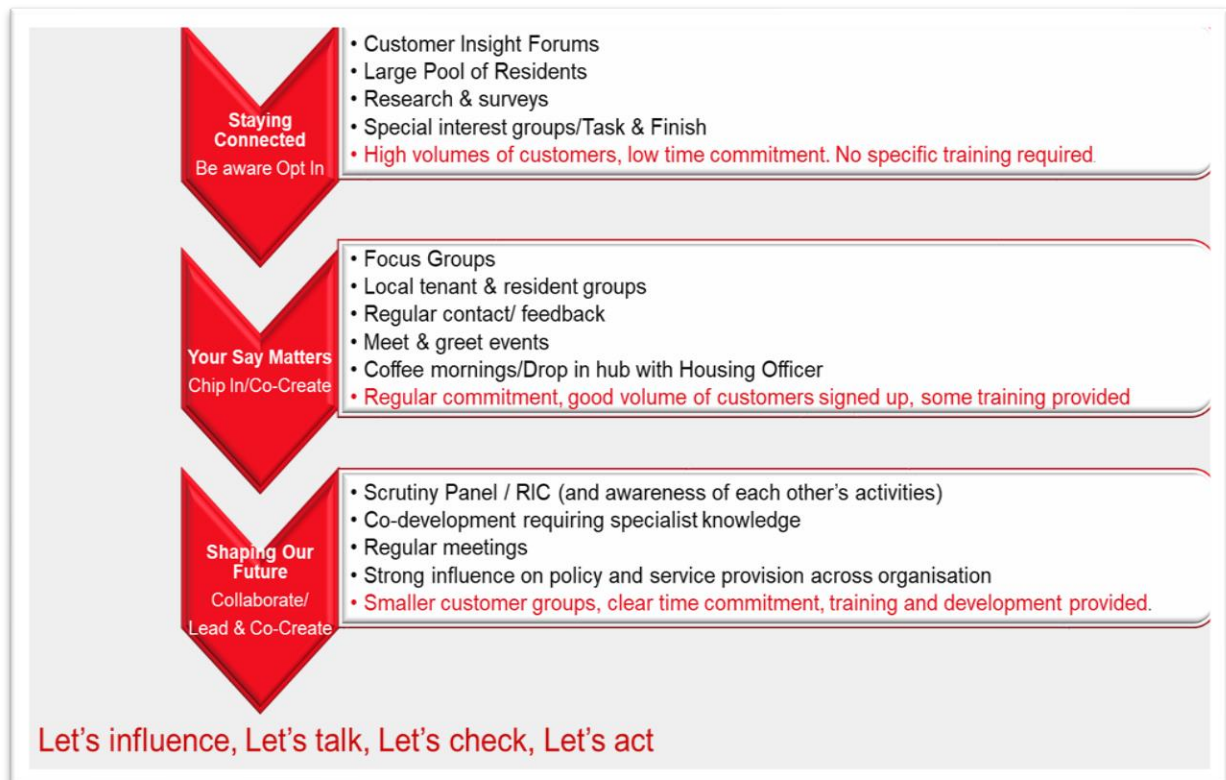
Units and schemes were then separated into one of three categories:

Class A	Long term sustainable assets – ‘ core stock ’ that makes a profit.
Class B	Potentially sustainable – but performance needs to be monitored .
Class C	Stock that needs to be reviewed including, where necessary, a full option appraisal.

This information will inform any decision on asset disposal.

5. Customer involvement

- 5.1 Emh is committed to involving customers and ensuring they play a meaningful part in shaping services and setting standards which is influenced by the “**What matters framework**”. The group’s consumer regulation arrangements have been developed in partnership with customers and provide opportunities for customers to influence service design, standards, and delivery. This strategy will fully exploit these arrangements by ensuring customers are at the heart of the decisions we need to make to ensure the strategy is a lasting success.



6. Building new homes

- 6.1 The Disposals Strategy is intrinsically linked to emh's Development Strategy, creating a cyclical approach to asset management and growth. By identifying and disposing of underperforming or non-strategic assets, emh can release capital and land that can be reinvested into the development of high-quality, energy-efficient homes.
- 6.2 This approach supports financial sustainability by ensuring resources are directed toward assets that deliver long-term value and reduce future maintenance liabilities. It also enables targeted regeneration, allowing emh to revitalise neighbourhoods through the replacement of outdated stock with modern housing that better meets local needs.
- 6.3 Crucially, this alignment enhances customer outcomes by ensuring that new developments are shaped around resident expectations, offering improved living environments, greater affordability, and better access to services. Together, the strategies ensure emh maintains a balanced and future-ready portfolio that supports thriving communities across the East Midlands.

7. Sales and marketing

- 7.1 Each asset will be assessed individually, with the chosen marketing route determined by the property's condition and market analysis.
- 7.2 We will employ a range of marketing methods, including property auctions and private treaty sales, to reach the most appropriate audience and maximise returns. We will obtain independent valuations to set realistic and competitive asking prices that reflect current market conditions.
- 7.3 Sales performance will be closely monitored, with regular tracking to ensure targets are met and opportunities are identified. We will continuously evaluate the effectiveness of our marketing approach and adjust our strategy as needed to respond to market changes and optimise outcomes.

8. Funding the strategy

- 8.1 Emh has competing needs to fund reinvestment in existing homes, provide new homes and develop services for customers. This puts financial pressure on the business which does not generate sufficient cash to fund all these objectives. The sale of properties can provide additional funding for the investment requirement.
- 8.2 Emh's key financial metric is its Interest cover golden rule which sets a minimum of 105% for the Group. Interest cover is the adjusted operating surplus (EBITDA) divided by all interest payable.
- 8.3 The sale of properties will:
 - Generate cash from the sale proceeds.

- Reduce cash spend on voids and reinvestment for uneconomic and/or non-core homes.

The intention, approved by board, is to dispose 40 properties in 2025/26 and increase this gradually to 100 properties each year by 2030 or earlier with estimated sale proceeds of £15m.

9. Summary/conclusion

- 9.1 This strategy will ensure that emh manages residents' homes efficiently and effectively and is part of emh "being the best housing and care business in the country."
- 9.2 It sets out how emh approach disposals of assets over the next five years. It is aligned to our Asset Management and Development strategies and our strategic objective of sustainability for our homes, neighbourhoods and communities. An overview process map is shown in **Appendix 2**.
- 9.3 It ensures emh manages the competing needs to fund reinvestment in existing homes, provide new homes and develop services for its customers. The disposal of properties provides additional funding for the investment requirement in existing, new and renewed homes.

Appendix 1

Property Headlines		
Class A	Class B	Class C
10,046	3,881	2,360
Avg Resp Rep PUPA	Avg Resp Rep PUPA	Avg Resp Rep PUPA
1.56	3.14	4.90
Total Voids %	Total Voids %	Total Voids %
4.86%	14.17%	39.42%
Avg Void Cost PUPA	Avg Void Cost PUPA	Avg Void Cost PUPA
£91	£281	£1,016
Avg Repair Costs PUPA	Avg Repair Costs PUPA	Avg Repair Costs PUPA
£396	£881	£1,748

Scheme Level Results

Class	Scheme Count	% Scheme Count	Property Count	Avg NPV pupa	Avg 30 Year Plan pupa	Avg Profit pupa	Total Profit
A	1,721	63.72%	10,573	£17,867	£1,456	£1,368	£14,461,900
B	728	26.95%	4,848	£-6,167	£1,503	£203	£986,444
C	252	9.33%	866	£-32,584	£1,438	£-1,120	£-970,264
Total	2,701	100.00%	16,287	£8,031	£1,469	£889	£14,478,079

Scheme Headlines		
Class A	Class B	Class C
1,721	728	252
Stock Turnover	Stock Turnover	Stock Turnover
5.57%	10.40%	25.32%
Void Rent Loss	Void Rent Loss	Void Rent Loss
0.58%	1.73%	4.00%
Length of Tenancy	Length of Tenancy	Length of Tenancy
11.14	9.25	7.45
Staff Perception	Staff Perception	Staff Perception
68.36%	65.66%	59.45%

Property/Unit Level Results

Class	Property Count	% Property Count	Avg NPV pupa	Avg Profit pupa	Avg 30 Year Plan pupa	Total Profit
A	10,046	61.68%	£24,275	£1,661	£1,459	£16,690,409
B	3,881	23.83%	£-1,122	£452	£1,463	£1,753,979
C	2,360	14.49%	£-46,068	£-1,681	£1,523	£-3,966,309
Total	16,287	100.00%	£8,031	£889	£1,469	£14,478,079

Appendix 2

Overview of asset disposal process

