ASSET APPRAISAL POLICY

2025-2028

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Adopted/ Date Reviewed:	September 2025
Review Period: **Next Review:**	3 Years September 2028
Contact Officer:	Corporate Head of Asset Management
Policy Version:	Version 1 28 July 2020 (Adopted) Version 2: 29 April 2021 (Reviewed) Version 3: 25 January 2023 (Reviewed) Version 4: 25 September 2024 (Reviewed) Version 5: 24 September 2025 (Reviewed)
Version Reviewed by:	SLT 24th September 2025
Policy Links:	Home Strategy Disposal Policy Lettings Policy ASB Policy

Brief Policy Summary:
Sets out LHP's approach to appraising the viability of existing homes and schemes.

Contents

Purpose

1. The purpose of this policy is:
2. Be clear – this is a policy to establish
3. When and for what reasons we would options appraise a property,
4. How we would conduct the appraisal
5. What are the potential outcomes of this appraisal.
6. To provide clear parameters as to triggers for option appraising properties to ensure that LHP is meeting the Regulatory Requirements against the Regulators Value for Money Standard section 2.1a which states:
   Registered providers must demonstrate a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance.

Scope

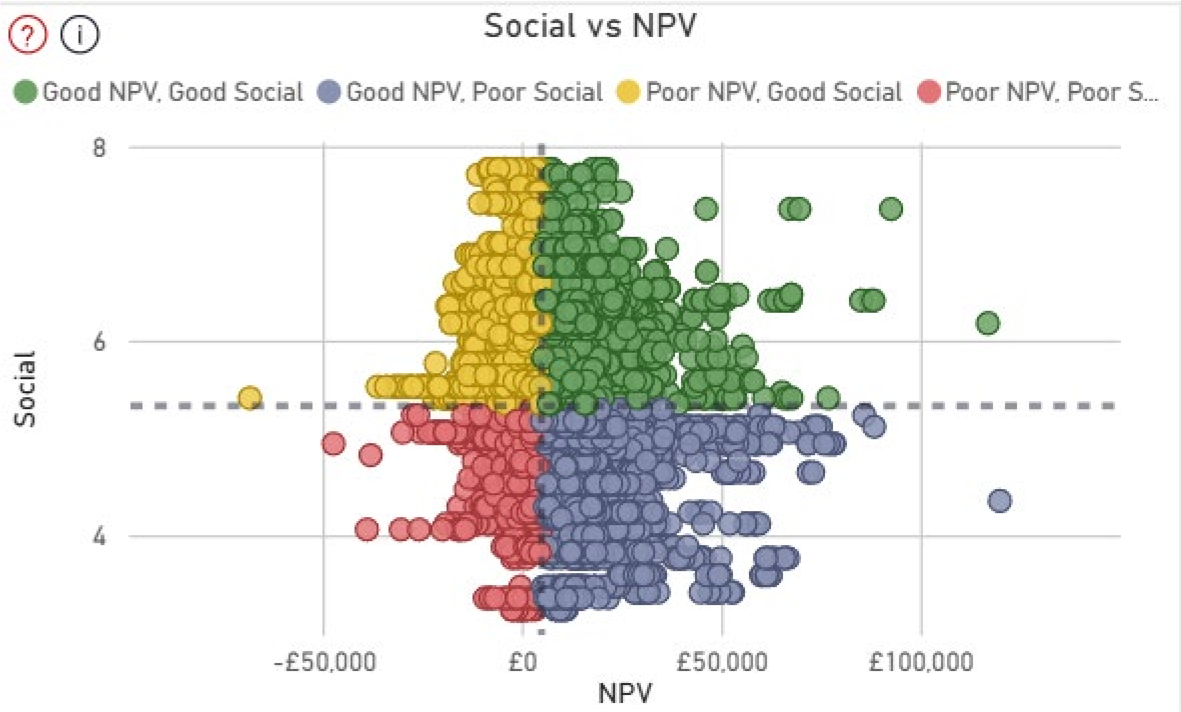
7. This policy applies to property assets and excludes the organisations fixed assets such as IT equipment.
8. It is applicable to all stock and land owned outright by LHP which may require an options appraisal either as the result of the annual stock review which is part of the organisations Value for Money report or for ad hoc events such as an empty home, structural issue or demand trigger.
9. The policy outlines what would trigger an appraisal and the methodology for carrying out the options appraisal. It covers the potential outcomes of such appraisal, and the delegations for approval of these decisions.

Scheme and Estate Level Appraisal

10. LHP utilises the Savills Housing Asset Performance Evaluation (SHAPE) model to determine both the financial and social performance of the portfolio, this can be drilled down to focus on asset groups and individual properties.
11. The SHAPE tool will undergo an annual review led by the Asset Management Team, supported by the Finance and Customer Directorates. The dates of these reviews will be timed to ensure that the SHAPE tool data is never more than 12 months old and is updated in time for annual budget setting.
12. Financial Assumptions required for the Net Present Value (NPV) calculation within the tool will be aligned with the current Development Appraisal assumptions approved by Board annually. They will also utilise information from the 30-year Business Plan, stock condition data and rent data held within QL.
13. In Q1 each year, the Asset Team will take a report on the portfolio appraisal through Asset Review Group (ARG), Executive Leadership Team (ELT) and

Finance and Investment Committee, detailing the social and financial value of asset groups and giving recommendations for strategic asset management decisions.

14. The graph below taken from SHAPE shows a summary of the current social and financial value of each asset group within the portfolio and provides a good summary of portfolio performance



15. As part of the annual review, asset groups with poor social and financial performance (shown as red in the chart above) will be reviewed by ARG to identify if any should be considered for formal options appraisal.

16. Asset groups with good financial but poor social performance (blue in the chart above) or poor financial but good social performance (yellow in the chart above) will be assessed alongside Place Based Strategy findings to determine if any interventions could be made to improve performance.

17. In this way, SHAPE will form a key tool in strategic decision making around asset planning and to create informed disposal and growth strategies. As the SHAPE tool provides a strategic snapshot of portfolio performance, it will not be used for decision making on individual assets other than to provide information on baseline performance. For such properties an individual asset appraisal will be undertaken.

18. Where a decision is taken to conduct a scheme or estate level options appraisal, these will be conducted utilising support from 3rd party specialist consultants such

as Savills or KPMG. The brief detailing the requirements for each scheme or estate level appraisal will be created by the Corporate Head of Growth, Sustainability and Asset Maximisation and signed off by ELT prior to appointment of a consultant to ensure that the requirements of all directorate will be considered and accounted for as part of the appraisal process.

19. Options considered as part of a scheme or estate level options appraisal will include but not be limited to the following
    a) Dispose
    b) Change tenure
    c) Remodel
    d) Demolish and redevelop
    e) Convert to specialist housing if there is an identified Housing Need
    f) Accept current financial performance and continue as is provided that it is not significantly detrimental to the performance of the overall stock.

20. Schemes or groups of properties which are being option appraised should have short-term letting options considered as part of this process.
21. Where the outcome recommendation is anything apart from invest as planned, the Asset Review Group will make recommendations to the Executive Leadership Team (ELT), committees and Board as necessary. Decisions and recommendations of the group will be retained for future auditing purposes.

Property Level Appraisal

22. When an individual property triggers the need for an Asset Appraisal as detailed in item 23, The Asset Management Team, with support from the Finance Team will complete an Asset Appraisal with the specific cost and property data relating to the trigger.
23. Whilst not exhaustive the following list identifies the main triggers for where a property will be identified for appraisal:
    - Properties requiring major empty home works – greater than £25,000 (inc VAT) outside of the existing investment plan
    - Properties requiring major repair work such as structural repairs or damp remedial repairs - greater than £25,000 net outside of the existing investment plan
    - Properties with low demand and/or where tenancy turnaround is significantly higher than average as defined within the Lettings Policy, or where there have been 3 or more void periods in the previous 12 months.

- Properties that are suffering high levels of ASB as defined in the ASB Policy because of property related issues e.g. high levels of single-person accommodation.

24. The appraisal will utilise baseline performance data from the SHAPE tool to determine social performance. Financial performance will be established from an updated NPV calculation. Properties will be considered for disposal based on 4 or more of the following criteria being met:

Criteria	**Requirement for Disposal Consideration**
Net Present Value	Less than £5,000 plus
Energy Efficiency	Inability to achieve a minimum EPC rating of C due to cost or physical barriers.
Location	Isolated from other LHP properties
Unplanned work costs	Exceeding £25,000
Anti-Social Behaviour	High as defined within ASB policy
Demand	Low as defined within Lettings policy or where there have been 3 or more void periods within the previous 12 months
Market Value	Above Net Book Value (value held in the financial statements)
Funding Impact	No restrictions on disposal in place from existing funding requirements

25. This asset appraisal will be taken with a covering report to ARG where a decision will be made in line with the Agreed Delegations for Asset Decision detailed in this policy.

26. Options considered within a property level appraisal will include but not be limited to the following:

    a. Dispose

    b. Accept current financial performance and continue as is provided that it is not significantly detrimental to the performance of the overall stock.

27. If the property is part of scheme or group of properties which are being option appraised the property should be considered as part of the wider scheme appraisal and short-term letting options should be considered as part of this process.

28. If high one-off investment needs relate to the removal of adaptations and reinstating the property to its' original use, it must be demonstrated that there is no need for a property with specific adaptations either for a customer within our stock or in the local authority.

29. We will not consider disposal of individual flats within communal schemes or bungalows.

30. Where the outcome recommendation is anything apart from invest as planned, the Asset Review Group will make recommendations to the Executive Leadership Team (ELT). Decisions and recommendations of the group will be retained for future auditing purposes.

Asset Review Group

31. The Asset Review Group (ARG) is the organisation's forum for reviewing recommendations from the Property Directorate and making recommendations as to how to proceed with stock-related issues.

32. ARG, is a cross departmental group comprising Heads of Service and managers from Customer, Neighbourhoods, Finance, Housing, Income and Property. The Group will be led by the Corporate Head of Asset Management.

33. ARG will consider the information provided and collaboratively make a single recommendation to the Executive Leadership Team. Where agreement cannot be reached the asset will be referred to ELT for decision.

Agreed Delegations for Asset Decisions

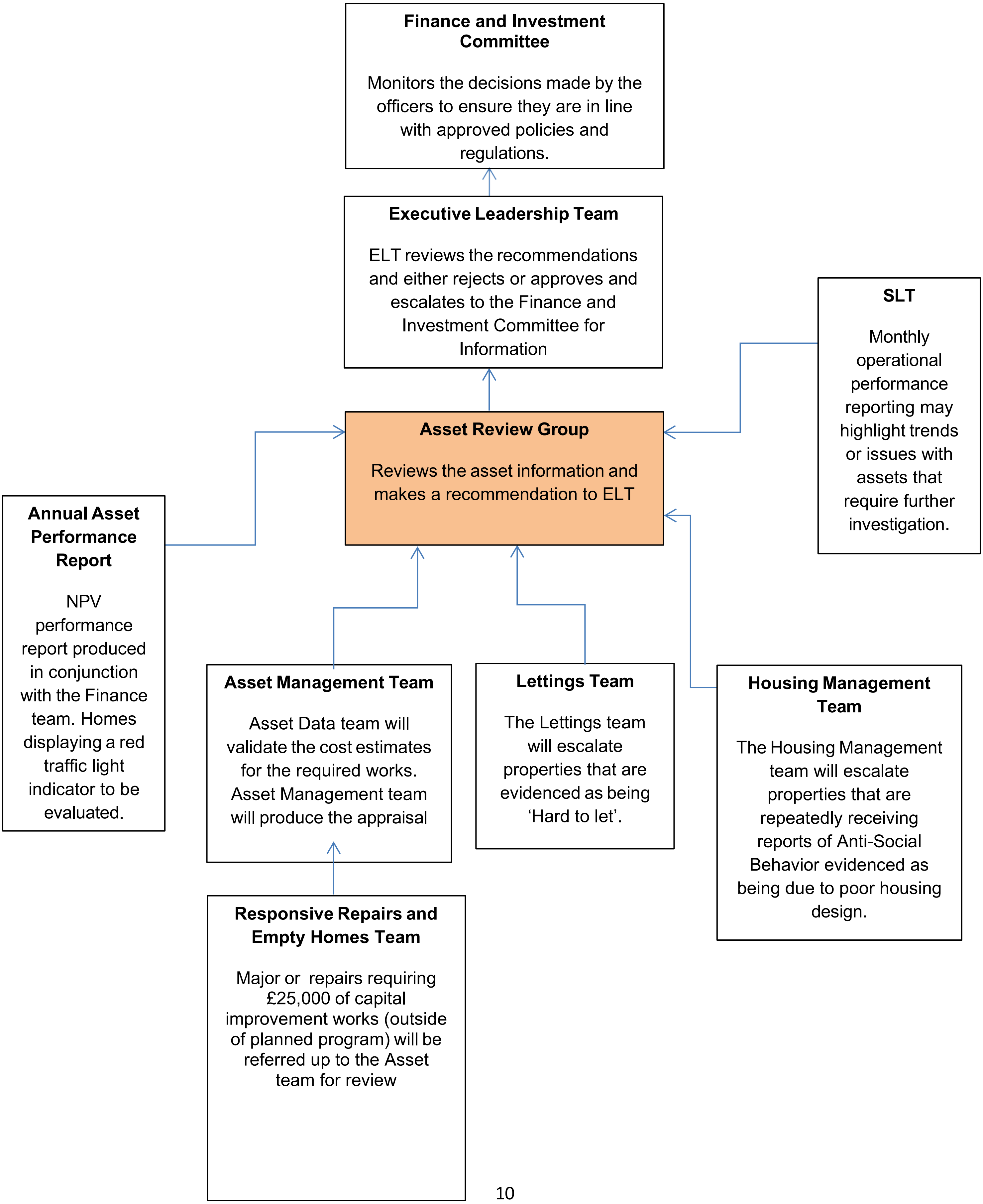
Asset Review Group	Decision to Invest or recommendation to dispose
ELT	For individual properties: decision to dispose to the total annual value approved by Board; change tenure or change to the configurations of the property
Finance and Investment Committee	Review annual value of total disposal and individual scheme/estate appraisals and make recommendations to Board
Board	Board to approve total annual disposal figure and Scheme/Estate option appraisals.

Performance Measures

Average Days for Asset Review Group to make a recommendation on VUN property (where Board decision is not required)	Average of 25 working days
Average number of days for outcome to be achieved for non-invest properties	Average 140 working days

Holding costs for non-invest empty homes incurred (council tax, rent loss, utilities, security) over original appraisal assumptions	10% overholding cost identified at point of approval.

Appendix 1: Asset Appraisal Process Map



Lincolnshire Housing Partnership (LHP) Equality and Quality Impact Assessment (EQIA)

Title of Policy: Asset Appraisal Policy
Lead Officer(s): Danny Wyer – Corporate Head of Asset Management
Date of EQIA: 20/08/2025

Scope and Purpose	
Briefly describe the policy/event/decision being assessed:	This policy provides a framework in which we will manage Asset Appraisals within our building portfolio to help inform investment, disposal and strategic asset management decision making.
What is the aim or purpose of this policy/decision?	This Policy details how we will use asset performance evaluation models and asset appraisals to trigger options appraisals and investment decision making.
Which departments or groups will be affected by this policy/event/decision?	This policy will be used by the Property and Finance Directorates to govern the approach to asset appraisals.
Data Collection and Evidence	
What data or evidence have you used to identify how different groups may be affected? (e.g., tenant demographic data, service usage statistics, consultation feedback)	No customer groups will be impacted by this policy, as it relates to strategic asset investment decision making.
What does this data tell you about the potential impacts on different equality groups?	Not applicable.
RAG Impact Assessment on Protected Characteristics	

Use the RAG system to assess the level of potential impact for each protected characteristic:

- **Red (High Risk):** Significant potential for negative impact requiring immediate action to mitigate.
- **Amber (Medium Risk):** Some potential for negative impact, which can be mitigated with changes.
- **Green (Low or No Risk):** Little to no negative impact identified.

Ensure that you state reasons (the why) for your justifications.					
Protected Characteristic	**Impact (Positive, Negative, Neutral)**	**RAG Rating**	**Description of Potential Impact**	**Mitigation/Enhancement Actions**	**Responsible Officer**
Age	Neutral	Green	N/A	N/A	N/A
Disability	Neutral	Green	N/A	N/A	N/A
Gender Reassignment	Neutral	Green	N/A	N/A	N/A
Marriage and Civil Partnership	Neutral	Green	N/A	N/A	N/A
Pregnancy and maternity	Neutral	Green	N/A	N/A	N/A
Race	Neutral	Green	N/A	N/A	N/A
Religion or Belief	Neutral	Green	N/A	N/A	N/A
Sex	Neutral	Green	N/A	N/A	N/A
Sexual Orientation	Neutral	Green	N/A	N/A	N/A

Mitigating Negative Impact

What actions will you take to reduce or mitigate any identified negative impacts? Provide specific mitigation measures for each characteristic where a negative impact (Red or Amber rating) was identified.	There are no negative impacts on customers relating to this policy.
Who is responsible for implementing these actions?	N/A

Consultation and Engagement

Have you consulted any stakeholders or equality groups? If so, who and how?	The Vantage Asset and repairs group to get insight on trigger levels for asset appraisal from other organisations.
What feedback have you received, and how has this influenced your assessment?	N/A to the EQIA

Decision Making

How has this EQIA informed or influenced the final decision?	N/A

Were any changes made to the policy/decision as a result of the EQIA?	N/A
Monitoring and Review	
How will you monitor the actual impact of the policy/decision once it is implemented?	This policy is reviewed on an annual basis to ensure that it remains fit for purpose as a governance tool for asset decision making.
When will the policy/decision be reviewed?	Every 3 years
Sign-Off **EQIA Completed By:** *Lead Officer(s) Name(s):* *Date:*	Danny Wyer Corporate Head of Asset Management 20/08/2025
Approved By: *Approval Name:* *Date:*	Abigail Iyaho 18/09/2025