

Isle of Wight Council

Land and Property Asset Disposal Policy

July 2025

1. Document Information

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3. Introduction

3.1. Purpose

There is a shortage of social rent housing (SRH) on the Island. To help address this, Full Council passed a resolution on 15 January 2025 requiring that any Council-owned land or buildings being considered for sale or development must first be assessed for their potential to provide SRH.

This policy sets out a clear and consistent process for applying that resolution. Once approved by Full Council, it will serve as a policy framework for how the Council handles its land and property assets. The goal is to ensure decisions deliver value for money and benefit the Island community within the provisions of the General Disposal Consent Order 2003.

The Council's Corporate Plan sets the overarching priorities for the Council for the relevant period. Social and Affordable Housing features as one of the priorities within the Corporate Plan, this Policy seeks to emphasise and position Social and Affordable Housing within the overall priorities of the Corporate Plan.

3.2. Key Objectives

- **Consistent Review Process:** A regular six-monthly schedule will identify surplus Council-owned sites for potential disposal and/or for development by or on behalf of the Council.
- **Financial Sustainability:** Where appropriate, the disposal of land and property assets will help generate capital receipts to support the Council's Medium-Term Financial Plan (MTFP) and deliver key outcomes from the Corporate Plan.
- **Prioritise Social Rent Housing:** All potentially surplus land and property assets will be assessed for their suitability and viability for SRH, including the use of relocatable housing, with a strong emphasis on meeting local housing needs.
- **Community Benefit:** Assessments will consider how each site can promote or improve the economic, social, and environmental well-being of the area and its residents. The policy aims to make the best use of Council land and property assets to benefit the wider community and in accordance with the priorities set out in the Corporate Plan

4. Scope

This policy relates to land and buildings owned by the Isle of Wight Council (IWC) where there is considered an opportunity (subject to the suitability and viability tests) for residential development as set out in 3.2 above.

For the purposes of this policy, a disposal of land or property refers to any freehold sale or exchange of Council-owned land or buildings, including the granting of a long lease.

This definition does not cover land owned by another party that the Council occupies under a market rent lease.

This policy is only intended for disposals and potential development relating to Council owned land and property assets. It does not apply when the Council acts in collaboration with or on behalf of other parties, to the land or property owned by those parties.

4.1. Asset Categories

The Council's land and property assets are made up of a range of asset types comprising a variety of land and buildings which support the Council's delivery of services and the achievement of key outcomes in the Corporate Plan. These assets can broadly be broken down into the following categories:

- **Operational:** Assets supporting service delivery.
- **Non-Operational/Regeneration:** Assets held for their socio-economic importance and potential to support future regeneration on the Island.
- **Assets for repurposing:** Any land or property asset that becomes surplus to its current use may provide a viable operational solution to another part of the Council and this can include the suitability and viability of a site for social rent housing (including relocatable homes) by or on behalf of the council.
- **Surplus:** Assets no longer required. Any surplus land or property asset may provide an opportunity for disposal to a third party for the delivery in whole or in part for social rent housing including the use of relocatable housing.

4.2. Business as Usual

While perhaps viewed as complimentary or associated processes, the following are treated as *business as usual* and fall outside of the scope of this policy.

- Letting IWC property to third party tenants on short term tenancies
- Easements, wayleaves, rights, licence
- Rent reviews and short-term lease renewals
- Shared ownership dwellings
- Disposals of properties or land for little value ('de minimus' ie £35,000 or less) where it is considered that there is no prospect of residential development
- Encroachment issues

5. Governance and Compliance

5.1. Site Identification

Every six months, officers will compile a Schedule (The Schedule). The Schedule shall contain the following Council-owned land and property assets which officers recommend are categorised as follows:

- Suitable for repurposing in whole or in part for social rent housing by or for the Council.
- Surplus, but suitable in whole or part for social rent housing by disposal to a third party.
- Surplus, and not suitable in whole or in part for social rent housing.

Each asset is to be accompanied by a detailed report assessing its potential, in whole or part for social rent housing, (including the use of relocatable housing) based on economic, social, and environmental criteria (as per the Consent Order 2003). To ensure that an informed decision can be taken and that proper regard to the Council approved Corporate Plan is observed, consideration of the "Opportunity Cost" will also be provided. More information is set out in Sections 6.1 and 6.2.

5.2. Committee Consideration

Schedule - The Policy, Finance and Resources Committee (PFRC) reviews The Schedule and individual asset reports, including the review of viability assessments as set out in Section 5.1 and makes written recommendations to Full Council.

Disposal – If disposal of any asset in The Schedule has been approved by Full Council, the methodology of the sale will be delegated to a Strategic Director who will be responsible for reporting progress on individual disposals to the PFRC.

Once the proposed sale and a preferred bidder is identified, and draft heads of terms are principally agreed, PFRC will make a second stage written recommendation for onwards publication to Full Council for final review and decision.

If PFRC are of the opinion that there have been subsequent material changes to the terms of the disposal or other circumstances which merit further referral to Full Council, the PFRC shall refer the matter back to Full Council.

Repurposing - If repurposing of any land or property asset in The Schedule has been approved by Full Council, the methodology of the repurposing will be delegated to a Strategic Director who will be responsible for reporting progress on each individual asset to the PFRC.

Once the methodology of the repurposing has been decided in principle, the PFRC will make a second stage written recommendation for onward publication to Full Council for final review and decision.

If PFRC are of the opinion that there have been subsequent material changes to the terms of the repurposing or other circumstances which merit further referral to Full Council, the PFRC shall refer the matter back to Full Council.

5.3. Full Council Approval

Schedule - Full Council receives and reviews the PFRC's recommendations, providing transparency and oversight on The Schedule and makes the final decision on:

- Approving The Schedule.
- Declaring assets for continued IWC use as a viable operational solution, including social rent housing, therefore not surplus.
- Declaring assets surplus and deemed suitable for disposal to a third party for social rent housing in whole or in part.
- Declaring assets surplus and not deemed suitable for social rent housing in whole or in part but suitable for disposal.

Full Council receives and reviews the PFRC's recommendations and will make the final decision, delegating authority to officers for implementing the decision(s) made.

A Full Council decision to dispose and/or to repurpose will be implemented by a Strategic Director and the Section 151 Officer, under delegated authority to complete the disposal.

5.4. Best Consideration

Disposals shall be in accordance with the guidance set out in Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003 disposal of land for less than the best consideration that can reasonably be obtained.

"The purposes of this Circular are to convey the Local Government Act 1972: General Disposal Consent 2003 ("the Consent"), which is attached as an Annex, and to provide guidance to those local authorities in England (listed in paragraph 3(1) of the Consent) which have land disposal powers under sections 123 and 127 of the Local Government Act 1972 ("the 1972 Act"). The Consent removes the requirement for authorities to seek specific consent from the Deputy Prime Minister and First Secretary of State ("the Secretary of State") for any disposal of land where the difference between the unrestricted value of the interest to be disposed of and the consideration accepted ("the undervalue") is £2,000,000 (two million pounds) or less. It therefore offers authorities greater freedom than previously to exercise discretion in the disposal of their land, and this Circular aims to provide guidance on the exercise of this freedom. However, this guidance is not exhaustive and does not purport to be an authoritative interpretation of the law. It remains the responsibility of each authority to seek their own legal or other professional advice as appropriate."

"Local authorities are given powers under the 1972 Act to dispose of land in any manner they wish, including sale of their freehold interest, granting a lease or assigning any unexpired term on a lease, and the granting of easements."

"It is Government policy that local authorities and other public bodies should dispose of surplus land wherever possible. Generally, it is expected that land should be sold

for the best consideration reasonably obtainable. However, it is recognised that there may be circumstances where an authority considers it appropriate to dispose of land at an undervalue. Authorities should clearly not divest themselves of valuable public assets unless they are satisfied that the circumstances warrant such action. The Consent has been issued to give local authorities autonomy to carry out their statutory duties and functions, and to fulfil such other objectives as they consider to be necessary or desirable. However, when disposing of land at an undervalue, authorities must remain aware of the need to fulfil their fiduciary duty in a way which is accountable to local people.”

Further guidance is set out in Section 10 of this policy.

If the land is public open space, an additional advertising requirement and a duty to consider representations made will apply under Section 123(2A) of the Local Government Act 1972.

6. Asset Review

6.1. Asset identification

Officer groups will conduct regular reviews of all Council-owned land and property assets to identify those that may be, or become, surplus to requirements or for re-use by another area of the Council (see section 5.1). This high-level review will be collated and form The Schedule, for onward recommendation by the PFRC to Full Council for review and determination on a six-monthly basis.

Between the six-monthly reporting, windfall and/or development opportunities may arise and there might also be ad-hoc opportunistic reviews, which will reveal further assets as potentially surplus to requirements. These will be submitted to the PFRC for onward recommendation to Full Council at the earliest committee meeting after they have been identified and then form part of the next Schedule update to Full Council.

Assets are assessed under the following tests:

1. If the asset is currently non-operational, is it suitable (now or in the future) for the delivery of Council services by another service area, including the delivery in whole or in part of social rent housing by or on behalf of the council?
 - Could the asset meet identified future operational or (with partners) for the co-location of teams, including the delivery in whole or in part of social rent housing by or on behalf of the council?

The above assessments shall include, but not be limited to, considering the use of relocatable housing for social rent houses, generation of rental income, and cashable cost savings e.g. reducing costs of temporary accommodation, together with the overarching purpose of this policy to increase the supply of social rent housing for the benefit of Island communities.

2. Does the asset present a viable opportunity to support the delivery, in whole or in part of social rent housing, including the use of relocatable housing (now or in the future) by disposal to a third party? This will include the opportunity for fulfilling the overarching purpose of this policy to increase the supply of social rent housing for the benefit of Island communities.

In 1 and 2 above, “whole or in part” includes, but is not limited to, the delivery of social rent housing in conjunction with other types of housing (eg: affordable, and/or market value).

If the assessment under list item 1 is positive the site will be identified for the delivery in whole or in part of social rent housing (which could include the use of relocatable homes), by or on behalf of the council.

If the assessment under list item 2 is positive the site will be identified for the delivery in whole or in part of social rent housing (which could include the use of relocatable homes), by disposal to a third party.

If the assessment under list items 1 and 2 are both positive, the assessment will identify (having considered the overarching purpose of this policy to increase the supply of social rent housing for the benefit of Island communities) which of the above methods of delivering social rent homes in whole or in part is recommended.

To provide for a fully informed decision, giving proper regard to the Council approved Corporate Plan, the site will be further assessed under the following tests:

3. Is the asset capable of generating a rental income (business/economic/regeneration based)?
 - Could the financial performance be significantly increased through minor investment or better management?
4. Can the asset be used or held for regeneration purposes?
 - Is it a strategic asset to be held to control and/or facilitate future development opportunities, including as Biodiversity Net Gain (BNG) credit land?
 - Does the asset contribute to corporate objectives through socio-economic benefits i.e. support regeneration, economic development including the creation and protection of employment use, historic, community or leisure use?
 - Are there any redevelopment or other income or capital generating opportunities e.g. redevelopment site, special purchaser, marriage value, ransom strip, oversailing rights, release of covenants or rights of light?

The outcome of the assessment will inform which asset category a site falls within (see section 5.1) and form part of The Schedule (pending approval) which will be considered by Full Council.

6.2. Potential for the provision of housing

The overarching aim of this policy is to promote the provision of social rent housing (with priority being given to those on the housing register, particularly families in temporary accommodation) and for that reason, as set out above, each asset will be assessed by officers to determine the suitability for future use of the asset for social rent housing (including relocatable homes) in whole or in part on the potential site and the viability of its delivery (by or on behalf of the council and/or by disposal to a third party with suitable conditions for the provision of social rent housing).

Viability will be determined by (but not wholly limited to) an appropriate assessment of the financial case, (including where applicable the financial benefit to the Council of reducing the number of persons in temporary accommodation and the receipt of rental income), surrounding infrastructure, planning policy and/or strategy, environmental and legal considerations, and supporting strategies and/or

frameworks and the promotion or improvement of economic, social, and environmental well-being of the area and its residents.

Any assessment will be conducted in alignment with approved strategic frameworks, including the Corporate Plan, Medium Term Financial Plan, Capital Strategy, Island Planning Strategy and the overarching intention of this policy to promote the provision of social rent housing.

If the site is assessed as being unsuitable for social rent housing development (by or on behalf of the council, and/or by disposal to a third party, including the potential for relocatable homes), the reason(s) will be clearly set out, in the report that accompanies The Schedule, together with any further recommended use of the site and the appropriate method of disposal.

Individual assessments will be included in reporting to the Policy, Finance and Resources Committee for recommendation to Full Council. The outcome of this recommendation will be reported to Full Council for review and determination.

Where there is a decision to directly develop housing or other infrastructure on a land or property asset - whether through in-house delivery, a wholly owned housing company, disposal to a third party or a joint venture (public/private) the decision-making process will be the same as set out in Section 5 of this report.

7. Consultation and Stakeholder Engagement

7.1. Internal Consultation

Relevant officers will initially identify and consult with relevant services at an early stage, before any official proposals are put forward.

Further engagement with service areas to assess the wider impact of disposal on service delivery will take place through established officer groups before a full report is presented to the PFRC.

7.2. External Consultation

Prior to the publication of The Schedule officers will engage with councils and town, parish and community councils before presenting The Schedule to the PFRC.

Publication of The Schedule and associated report to the PFRC and onward to Full Council will also provide an opportunity for consultation with ward members and with town and parish councils.

Once the asset has been declared as surplus for disposal, prior to marketing a site, consideration may be given to any additional consultation that could be required, particularly if the disposal is deemed controversial, or there is a statutory need for further consultation.

8. Disposal Methods

8.1. Disposal Options

The Council will usually use one of five methods to dispose of land:

Private Treaty - a sale of land negotiated with one or a small number of purchasers. The land may or may not have been marketed as available for sale. A binding legal agreement is created on 'exchange of contracts' between the Council and the purchaser.

Public Auction - a sale of land by open auction which is available to everybody. The sale will be advertised in advance. A binding legal agreement is created upon the acceptance of a bid by the auctioneer.

Negotiated Tender - a sale of land after a public advert that requests offers or bids that meet a given specification or set of objectives. The Council may then negotiate further or more detailed terms with one or more individuals submitting the most advantageous bid or bids. A binding legal agreement is not created until the exchange of contracts between the authority and the chosen bidder.

Formal Tender - a sale of land by a process of public advert and tenders submitted by a given date in accordance with a strict procedure. A binding legal agreement is created upon the acceptance of a tender by the Council.

Exchange of Land - a transaction involving the exchange of Council-owned land with another landowner. The land acquired by the Council will meet at least one of its corporate objectives and will be 'equal' in value to the land exchanged or there can be an equality payment made by either party.

Notes:

Sale to a Special Purchaser – a special purchaser is a party with some form of 'interest' in a property, this generally being either a legal interest (such as a tenant seeking to buy the property from the landlord, or a party seeking to extinguish a covenant), or a geographical interest (such as the owner of an adjacent property whether there is logic in combining titles). When choosing to transact with a special purchaser, the property will not be offered for sale on the open market, and any decision will require valuation advice to ensure that best consideration is being achieved in accordance with Section 123 of the Local Government Act 1972 & General Disposal Consent 2003.

Other Forms of Disposal – where land or property assets are to be disposed of to a third party for the specific purpose of providing (in whole or in part) social rent housing it may be necessary to use another form of disposal.

The recommended method of disposal shall be included The Schedule.

'De Minimis' Disposals – (ie £35,000 or less) during the course of property business as usual the Council is likely to receive intermittent requests to purchase small parcels of generally non-operational land that have not been identified as potentially being surplus to requirements; perhaps utility land, garden land, highway

verges (not maintained by PFI), and other low value land. It is virtually impossible to identify all such opportunities, and the values thereof are such that it is considered inappropriate to include these on any list of potentially surplus property to be reported to Committee or Full Council. Each case will be considered on its own merits and will always be tested for any social housing potential as part of any decision process.

9. Monitoring and Review

9.1. Policy Review

Continuously review and update the policy to ensure it remains fit for purpose and aligned with the outcomes of the Corporate Plan and other supporting strategies and/or frameworks, always subject to the overarching principle of increasing the supply of social rent housing. All updates and/or recommended changes to the policy shall be referred to the PFRC for consideration. The PFRC will refer significant proposed changes to Full Council for review and final determination.

10. Appendix

10.1. The General Disposal Consent

The Local Government Act 1972: General Disposal Consent (England) 2003

1. The First Secretary of State ("the Secretary of State"), in exercise of the powers conferred by sections 123(2), 127(2) and 128(1) of the Local Government Act 1972, hereby gives consent to a disposal of land otherwise than by way of a short tenancy by a local authority in England in the circumstances specified in paragraph 2 below.

2. The specified circumstances are:

a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;

- i) the promotion or improvement of economic well-being;
- ii) the promotion or improvement of social well-being;
- iii) the promotion or improvement of environmental well-being; and

b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).

11. Related Documents

Corporate Plan

[Corporate Plan 2021 - 2025 \(iow.gov.uk\)](https://www.iow.gov.uk/corporate-plan-2021-2025)

Medium-Term Financial Plan

Medium Term Financial Plan (iow.gov.uk)