



Finance Sub-Committee – 31 January 2013

Small Assets Disposal Policy

Purpose of report: To set out the policy for disposal of small assets held by the Council and demonstrate how these transactions will be recorded.

Attachment(s)

Appendix 1 – Small Assets Disposal Policy

1.0 Introduction

1.1 The Council holds a number of small assets which are no longer of use or benefit. These assets are surplus to requirement and in some cases are using up valuable storage space within the Council's buildings.

2.0 Small Assets Disposal Policy

2.1 The Small Assets Disposal Policy sets out how the Council aims to openly and transparently dispose of these assets.

3.0 Equality and Diversity Implications

3.1 There are no equality and diversity implications arising from this policy.

4.0 Legal Implications

4.1 There are no legal implications arising from this policy.

5.0 Risk Management

5.1 There is a risk that, when an asset is sold, the buyer may try to return it or deem a fault after sale to be the liability of the Council.

5.2 This risk has been mitigated and the Policy makes it clear that any faults that may occur following disposal are at the buyer's risk.

6.0 Financial Implications

6.1 The financial implications arising from sale of small assets in line with this Policy are set out in Appendix 1.

7.0 Corporate Outcomes

- Good Value for Money
- Effective Management

8.0 Recommendation

- 8.1 It is recommended that Finance Sub Committee resolve to recommend to Policy and Resources Committee on 11 February 2013, that this Small Assets Disposal Policy is recommended to Council on 27 February 2013.

(Reason – this is an information / monitoring report – no decision required)

Legal	Power:				
	Other considerations:				
Background Papers: None					
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Date: 22 January 2013					
CFO		MO		CX	



East
Northamptonshire
Council

Small Assets Disposal Policy



v1 January 2013

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Document Version Control

Author (Post holder title)	Kelly Watson, Finance Manager Karen Wills, Management Accountant
Type of document	Policy
Version Number	v1
Document File Name	Small Assets Disposal Policy
Issue date	28 January 2013
Approval date and by who (CMT/Committee)	To be considered at Finance Sub-Committee 31 January 2013
Document held by (name/section)	Kelly Watson, Finance Manager (File location – services (Q:) / FN / ENC Finance / Policies – Small Assets Disposal Policy)
For internal publication only or external also?	Internal and external
Document stored on Council website or Eunice?	Website
Next review date	

Change History

Issue	Date	Comments
v1	28 January 2013	To be considered at Finance Sub-Committee 31 January 2013

NB: Draft versions 0.1 - final published versions 1.0

Consultees

Internal	External
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Distribution List

Internal	External
e.g. Individual(s) / Group / Section	e.g. Stakeholders / Partners /Organisation(s)

Links to other documents

Document	Link

Additional Comments to note

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1.0 Statement of Policy Intent

1.1 The intent of this policy is to formally document how the Council aims to openly, and transparently, dispose of its assets as they become surplus to the Council's needs.

2.0 Definitions

2.1 In this policy:

Asset(s)	Applies to the terms 'asset(s)', 'item(s)', 'stock(s)', 'equipment', 'furnishings' and 'goods' as used throughout this policy and refers to items recorded in the Councils' Asset Register that are not anticipated to generate sale proceeds in excess of £10,000. It does not include vehicles or real property, i.e. land and buildings, but may include fittings attached to that property.
Beyond economical repair	A classification given to an asset where that asset requires repairs likely to be more expensive than its replacement value.

3.0 Scope

3.1 This policy covers the disposal of all assets, on the behalf of the Council, and applies to all officers involved in the disposal procedure.

4.0 Strategic Outcomes

4.1	Policy Outcomes	Links to Corporate Outcomes
	<ul style="list-style-type: none">• Provide a transparent and accountable method for the disposal of surplus assets that complies with relevant legislation and Council regulations• Ensure that surplus assets are disposed of in the most efficient, effective and economic manner to achieve the best value for money• Promote fair and effective competition to the greatest possible extent	<ul style="list-style-type: none">• Effective management• Council services which provide good value for money• High quality service delivery

5.0 Policy

5.1 *Disposal Outline*

5.1.1 A “good” is of value to the Council only in so much as it continues to, cost effectively; support the delivery of the Council’s services. Goods that no longer satisfy this requirement should be disposed of promptly.

5.1.2 The” disposal” must achieve best value for money, such that the Council obtains the best possible return for the good(s) it sells.

5.1.3 The disposal method that is chosen must promote fair and effective competition to the greatest extent possible, and disposals should be conducted in an ethical manner. The disposal process should be as follows:

- Decision to dispose
- Estimate the value
- Factors to consider in disposal
- Select the appropriate disposal method
- Obtain approval for disposal process
- Effect disposal
- Evaluate the disposal process

5.2 *Factors to be considered prior to disposal*

- 5.2.1
- **Conflict of Interest:** Council officers should check and declare that there is no actual, or perceived, conflict of interest on their behalf prior to the commencement of each disposal activity. If there is a conflict of interest the staff member should seek advice from their line manager. The Council has established standards for the conduct of members and officers (parts 5.1 and 5.2 respectively of its constitution). Those involved with the disposal process will act in accordance with those standards; with honesty, integrity, impartiality and objectivity.
 - **Other Uses:** Ensure no other Council Department has a need for the asset
 - **Identifying marks:** As much as is practical, any Council identifying mark should be removed or obliterated
 - **Spare Parts:** Any spare parts held for a particular item should be disposed of in one parcel with the asset
 - **Provision of relevant information:** Related to changes or alterations made to an asset
 - **Preparing assets for sale:** A check must be carried out to ensure assets do not contain:
 - Additional items not intended for sale
 - Confidential documents (records, files and papers)
 - Software (which could lead to a breach of licence or contain confidential data)
 - Hazardous materials
 - **Hazardous Materials:** Any dangerous goods are to be disposed of only in an authorised manner.

5.3 Decision to Dispose

5.3.1 Before any disposal action can be taken, it is necessary to first seek approval that goods are appropriate for disposal from the relevant Head of Service. Common criteria for determining that goods may be suitable for disposal include:-

- Unserviceable or beyond economic repair
- Technologically obsolete
- Operationally inefficient
- Surplus to current or immediately foreseeable needs
- Part of an asset replacement plan
- Unsustainable costs associated with the retaining of goods such as storage, insurance, security and management

5.4 Methods of Disposal

The disposal method chosen must be appropriate to the value, nature, quantity and location of the goods, and to promote fair and effective competition to the greatest extent possible. To help achieve these objectives the following methods are to be utilised:-

5.4.1 Auction

For items of £5000 or more (exc. VAT) in value, a reserve price will be agreed between the relevant officer and the auctioneer prior to the auction.

5.4.2 Competitive tender

The method of disposal may be by public tender, public auction or E-Bay. There is discretion to adopt whatever means is deemed to be appropriate bearing in mind that the best return in terms of disposal value is to be sought taking account of the items under consideration.

- A corporate account with E-Bay on the internet has been set up by the Council as a means to efficiently and reliably dispose of surplus items to maximise income. Suitable images with accurate descriptions, measurements of items, locations for collection and minimum prices (where applicable) must be provided.

5.4.3 Sale to staff/councillors

Negotiated assets sales and internal expressions of interest for sales of asset(s) to staff will not be allowed to occur outside of a public process.

5.4.4 Assets classified as beyond economical repair

Items which are damaged, out of date, beyond economical repair. Must be reported to the appropriate Head of Service for authority for disposal and write off.

- **Recycling:** Officers should seek advice from the Council's Waste Management Team prior to proceeding with this method of disposal to ensure that the disposal is in accordance with current environmental regulations.
- **Write Offs/Disposal as scrap:** Officers should seek advice from EnCor Financial Services prior to proceeding with these methods of disposal to ensure that the disposal is compliant with current financial regulations and standards

5.4.5 Donations to Community Groups/Charities

Donations may only be made with the approval of the Council's Policy and Resources Committee and only after exploring all avenues for recouping a fair value for the Council. Council should only consider donations in response to a formal written request.

5.5 Disposals by way of sale

- 5.5.1 Payment for surplus assets of whatever nature must be made before or concurrently with handing over to the purchaser unless other satisfactory arrangements have been made with the Chief Finance Officer beforehand.
- 5.5.2 Payments may be accepted by debit or credit card. Sales via E-Bay (on the internet) will use the Council's PayPal account. The Council's current policy with regard to credit card payments applies to all sales covered in this policy.
- 5.5.3 Officers intending to use E-Bay as the method of disposal should refer to the Council's "Selling Goods on E-Bay Policy" for details of how to proceed with such sales.
- 5.5.4 Prior to arranging any disposal by way of sale, officers should seek advice from EnCor Financial Services to confirm VAT implications and any requirement for a VAT invoice.
- 5.5.5 All disposal proceeds, regardless of the service area from which the disposal arises, are to be pooled and any surplus after disposal will be used to support revenue spending across the Council. Officers should seek advice from EnCor Financial Services as to how sale proceeds should be recorded in the Council's accounts.

5.6 Other Factors in the Disposal Process

- 5.6.1 There are factors apart from the monetary value of the goods that can affect the choice of disposal method, including:
- the market available for the goods
 - time considerations
 - Council resources required to manage the disposal
 - the costs associated with the different disposal methods, i.e. administration and transport cost to Council
 - the size, portability and number of goods

In any event, the methods of disposal and reasons should be documented.

- 5.6.2 Irrespective of the disposal method, it is essential that all prospective buyers are advised that items disposed of by the Council will not be subject to any guarantee. Any faults that may occur following disposal are at the buyer's risk. Buyers are to rely on their own enquiries regarding the condition and workability of the items.

5.7 Obtaining Approval for Disposal

- 5.7.1 Having identified the most appropriate method of disposal, a council officer must have approval from the appropriate Head of Service to proceed with the disposal. This must be in writing via an appropriate email or memo. The Head of Service should ensure that their approval is compliant with the provisions of section 4.6A of the Councils' Constitution.
- 5.7.2 Assets likely to exceed £5000 in value on disposal are required to be declared surplus to requirement by the Councils' Policy and Resources Committee and must be sold either by auction with a reserve price, or by competitive tender, unless the Council specifically determines otherwise.
- 5.7.3 Assets of less than £5000 in value shall normally be disposed of by competitive tender, unless the Chief Finance Officer determines otherwise in a particular case.

5.7.4 Regardless of the method of disposal, probity must be maintained and any changes to the disposal process terms and conditions must be communicated to all potential, participating, parties.

5.8 Asset Register

5.8.1 For all disposals, irrespective of whether the goods are written off, the asset registers must reflect the relevant details and the accounting records must be adjusted. This is done through EnCor Financial Services who should be advised of the disposal in writing via an appropriate email or memo as soon as the above approval has been granted.

6.0 Roles and Responsibilities

6.1 The Chief Finance Officer is responsible for overseeing and reviewing all strategic financial decisions and ensuring compliance with financial regulations

6.2 The Finance Manager is the corporate contact for asset disposal matters and provides expertise and advice for all officers of the Council.

6.3 Corporate Management Team (CMT), comprised of the Chief Executive and Heads of Service are responsible for acting in the best interests of the Council in planning and implementing the disposal of assets, ensuring that officers involved in the process have the right knowledge, skills and behaviours to fulfil their role in the process and ensuring that records of disposals are properly maintained.

6.4 Budget managers are accountable for ensuring that the surplus, obsolete or worn out assets in their area are sold or disposed of in accordance with this policy.

6.5 The Council's Finance Sub-Committee is responsible for overseeing the small asset disposal policy. The Committee will receive regular updates on the outcomes of the Council's asset disposals as part of the budget monitoring process and quarterly budget monitoring reports.

7.0 Equality and Diversity

7.1 The Council has a legal responsibility to ensure that the equality standards it has adopted internally are supported by any organisation that performs work on its behalf. The Council also has to ensure that the services it provides meet the diverse needs of the residents and affords them equal access to the services provided.

7.2 Consideration of equality issues will be incorporated into the disposal process where relevant to the nature of the asset(s) being disposed.

8.0 Related Documents

8.1 Associated Council Documents

- Council's Constitution
 - 4.5 Financial Procedure Rules
 - 4.6A Operational Financial Decision Rules
 - 5.2 Officer Code of Conduct
- Counter Fraud & Corruption Strategy
- Procurement Strategy
- Risk Management Strategy
- Corporate Plan

9.0 Policy Status and Review

- 9.1 This policy defines the corporate approach to asset(s) disposal which recognises the risk appetite of the Council and supports the delivery of its corporate outcomes and priorities as defined in the Corporate Plan.
- 9.2 This policy may be amended or revoked at any time and will be reviewed as required to meet current legislation and Council regulation.

DISPOSAL OF ASSET(S) FORM

Approval to dispose of the following:

Qty.	Asset ID	Description	Net Book Value	Estimated cost of disposal	Estimated market value

Reason for disposal:

Obsolete

Other

Please provide details:

Proposed method of disposal:

Auction

Other

Please provide details:

Officer proposing disposal:

Date:

Approval:

The above disposal is approved/not approved (*strike through as appropriate*)

Head of Service:

Date:

P&R: Minute No:

Date:

Disposal:

I certify that the above goods were disposed of on,

Date:

Disposal Proceeds, £

Asset Register:

Finance Asset Register updated on,

Date:

Officer:

Date: