

Disposal of Assets Policy

Adopted by: Lime Trust

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Signature of Chair of the Lime Trust: _____

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The policy applies to Lime Trust and all its employees, independent of their grade and position, and shall be respected at all times.

PURPOSE

Regulations set out by the Academies Financial handbook requires the academy to adopt a disposal of assets policy. Disposal of assets may be for several reasons:

- The item has been condemned due to health & safety reasons
- The item is broken and beyond repair
- The item has become obsolete or redundant due to changed procedures or functions.

All requests for disposal of assets must come through the School Business Manager or Headteacher for authorisation.

DISPOSAL PROCEDURES

The procedures for disposing of assets are detailed below:

- Completion of asset disposal form including specific information such as, serial number, make, model and estimated market value
- Select the best disposal method
- Record the disposal method in the asset register

The Disposal of Asset form is displayed in Appendix A.

The acceptable methods for disposing of assets are:

- Sale – The sale of an item will be publicised appropriately and recorded correctly through the academy's management accounts.
- Donation – The academy may agree to give assets bought for a proper purpose, but which are no longer needed for the conduct of its business, to a charity, up to a maximum value of £1,000 per single donation. Residual value of assets is determined by the greater of the written down value or market value.
- Recycle or Destroyed – Disposal of assets are undertaken when there is no market value and always disposed of in the correct manner.

DISPOSAL LIMITS

The disposal limits make reference to the Academies Financial Handbook Statutory and Regulatory Guidance.

There is no disposal of public funded assets (subject to the thresholds set out in Part 3.6 of Academies Financial Handbook) without the Secretary of State's consent (through the EFA). The extract of 3.6 is displayed in Appendix B.

Appendix A - Disposal of Asset Form

The reason for the disposal of asset is

Action to be taken (i.e. disposal / sale)

The academy confirms

- The item has been destroyed to ensure it is not illegitimately procured and then resold
- All equipment that stores sensitive data is wiped clean before disposal

The academy complies with the WEEE Directive and makes use of the third party disposal companies. Receipts are itemised and certificates of disposal provided.

Original Cost (if applicable)	
Value of Item (if applicable)	
Accumulated Depreciation (if applicable)	
Removed from Asset Register (if applicable)	
Repayment to Secretary of State (if applicable)	
Any Other Information	

3.6 Write-offs and entering into liabilities

3.6.1 The academy trust **must** obtain [EFA's](#) prior approval for the following transactions beyond the delegated limits of the two categories set out below:

- writing-off debts and losses
- entering into guarantees, letters of comfort or indemnities

3.6.2 The delegated limits, subject to a maximum of £250,000, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts
- cumulatively, 5% of total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified audited accounts for the previous two financial years

3.6.3 In relation to these limits:

- the trust should always pursue recovery of amounts owed to it, overpayments, or payments made in error, irrespective of how they came to be made. In practice, however, there will be both practical and legal limits to how cases should be handled
- the trust should only consider writing-off losses after careful appraisal of the facts, including whether all reasonable action has been taken to effect recovery from the debtor, the trust's insurers, or the risk protection arrangement, and should be satisfied that there is no feasible alternative
- the amounts for write-offs are before any successful claims from an insurer or the risk protection arrangement
- total annual income is defined as grant income as disclosed in the trust's last set of audited accounts. [EFA](#) should be contacted if the trust has not yet published their first set of audited accounts

3.6.4 Before accepting any liabilities by:

- issuing specific guarantees, or
- providing a letter of comfort, or
- providing indemnities

the trust should secure [value for money](#) by appraising the proposal through an assessment of the costs and benefits of relevant options. The trust **must** ensure that the value of any liability is within its delegated authority to commit.

3.7 Special payments

3.7.1 Special payments are transactions that fall outside academy trusts' planned range of activities. They are non-statutory or non-contractual and so are subject to greater control than other payments. They include:

- staff severance payments
- compensation payments
- ex gratia payments

3.7.2 Special staff severance payments

3.7.3 Special staff severance payments are paid to employees outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract. They are different to ex gratia payments, which are described in sections [3.7.12](#) to [3.7.15](#).

3.7.4 If an academy trust is considering making a staff severance payment above the statutory or contractual entitlements, it **must** consider the following issues before making a binding commitment:

- that trustees reasonably consider the proposed payment to be in the interests of the trust
- whether such a payment is justified, based on a legal assessment of the chances of the trust successfully defending the case at [employment tribunal](#). If there is a significant prospect of losing the case then a settlement may be justified, especially if the costs incurred in maintaining a defence are likely to be high. Where a legal assessment suggests that the trust is likely to be successful, then a settlement should not be offered
- if the settlement is justified, the trust would then need to consider the level of settlement. This **must** be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award in the circumstances

3.7.5 Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an employment tribunal claim because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

3.7.6 Academy trusts have delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £50,000. Where the trust is considering a non-statutory/non-contractual payment of £50,000 or more

EFA's prior approval **must** be obtained before the trust makes any binding settlement offer to staff. For example:

Statutory/contractual payment	Non-statutory/non- contractual payment	EFA prior approval required?
£40,000	+ £49,999	No
£80,000	+ £49,999	No
£40,000	+ £50,000	Yes – for £50,000
£80,000	+ £50,001	Yes – for £50,001

3.7.7 Academy trusts should demonstrate [value for money](#) by applying the same level of scrutiny to a payment under £50,000 as if it were over the £50,000 delegation and have a business case justifying the level of settlement reached. Settlements **must** not be accepted unless they satisfy the conditions in this handbook and in EFA's [guidance and submission template](#).

3.7.8 Compensation payments

3.7.9 Compensation payments are made to provide redress for loss or injury, for example: personal injuries; traffic accidents; or damage to property. If an academy trust is considering making a compensation payment it **must** base its decision on a careful appraisal of the facts, including legal advice where relevant, and ensure that [value for money](#) will be achieved.

3.7.10 Academy trusts have delegated authority to approve individual compensation payments provided any non-statutory/non-contractual element is under £50,000. Where the trust is considering a non-statutory/non-contractual payment of £50,000 or more EFA's prior approval **must** be obtained.

3.7.11 Trusts should routinely consider whether particular cases reveal concerns about the effectiveness of internal control systems, and take any necessary steps to put failings right.

3.7.12 Ex gratia payments

3.7.13 Ex gratia payments are another type of transaction that go beyond statutory or contractual cover, or administrative rules. Annex 4.13 of HM Treasury's [Managing Public Money](#) provides examples, which include payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy.

3.7.14 Ex gratia payments are separate to other classes of special payment such as staff severance payments and compensation payments. Statutory and contractual payments made to academy staff in accordance with the trust's pay and conditions policy would not be ex gratia.

3.7.15 Ex gratia transactions **must** always be referred to EFA for prior authorisation. HM Treasury approval may also be needed dependent on the nature of the transaction. If trusts are in any doubt about a proposed transaction they should seek prior advice from EFA.

3.8 Acquisition and disposal of fixed assets

3.8.1 Academy trusts **must** seek and obtain prior written approval from [EFA](#) for the following transactions:

- acquiring a freehold of land or buildings
- disposing of a freehold of land or buildings
- disposing of heritage assets beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards

3.8.2 Other than land, buildings and heritage assets, trusts can dispose of any other fixed asset without [EFA's](#) prior approval. Trusts **must** ensure that any disposal achieves the best price that can reasonably be obtained, and maintains the principles of [regularity](#), [propriety](#) and [value for money](#). This can involve public sale where assets have a residual value.

3.8.3 Additional [guidance](#) is available to help trusts seeking consent for land and buildings transactions. [EFA's](#) prior approval **must** be obtained for property transactions which are [novel and/or contentious](#).