



SHREWSBURY TOWN COUNCIL

Asset Disposal Policy

AIMS OF POLICY

The purpose of this policy is to lay out the requirements for disposing of Town Council assets under a comprehensive framework and to ensure that the Town Council obtains the best value in the disposal in any of its assets.

Asset management stresses full lifecycle management from procurement to disposal.

Policy Objectives:

- To facilitate the overall management of risk for all capitalised equipment, land, buildings and software for the organisation
- To improve asset utilisation, identify and remove problem assets and those assets which are dormant avoiding redundant maintenance and warranty coverage
- To generate and maintain an accurate and current Asset Register of all equipment and software
- To ensure the organisation fulfils its legal, statutory and audit requirements in relation to capitalised equipment and software.
- To provide appropriate management information in relation to capitalised equipment and software.

REGISTRATION OF ASSETS

An Asset Register will be generated and maintained by the RFO. This Register will include all capitalised equipment and software with a purchase or revaluation value of £1,000 and above, including collection items that in total equal or exceed £1,000.

The Asset Register will be available to all staff with detailed access provided for those with purchasing or local management responsibilities.

A single process will, as far as possible, be employed for the procurement, maintenance and disposal of all capitalised equipment and software. The process and procedures in relation to the life-cycle of equipment is outlined in the policy statements of the annual accounts which are compiled in compliance with current financial regulations. These processes will assist the organisation to:

- Ensure assets are subject to the appropriate disposal processes which abide by all legal, statutory or audit requirements.
- Ensure that design specifications for equipment are directly linked to business requirements and address the entire lifecycle.
- Reduce over-provisioning of equipment and software.

If fixed assets are stolen or destroyed the Asset Register should be updated and a record kept to indicate if an insurance claim has been made of a stolen item has been reported to the Police.

DISPOSAL OF ASSETS

Organisations that dispose of capital assets and redundant or excess stock/property need to ensure they have clearly set out processes to ensure that the disposal of unwanted resources takes place in a transparent and accountable manner.

Disposals should be carefully planned and conducted so that they maximise value for money for the Council and minimise opportunities for exploitation by individual employees, private persons or organisations.

The Town Clerk is responsible for ensuring that this policy is followed.

Assets include but may not be limited to, financial assets (debtors, loans), real property, plant and equipment, furniture and fittings, vehicles, intellectual property, data and information.

Disposal includes the sale, scrapping, write-off, barter, trading or any other means of ceasing beneficial ownership or custody of assets.

Write off specifically refers to the removal of an asset from the Council asset register, or Statement of Financial Position, at nil value.

PRINCIPLES

Assets will be disposed of in a manner that ensures the Council achieves the best net value of the asset.

Disposals will be conducted in an efficient, effective and transparent manner.

All asset disposals will be appropriately authorised by The Town Clerk for assets valued at £1000 or below and the Policy and Resources Committee for assets valued above £1000, and adequately documented in the Asset Disposal Folder.

Disposal processes will ensure that assets that are sold or scrapped are removed appropriately from the asset register and financial records and will facilitate appropriate stewardship of assets.

Council Officers and Members must not be advantaged over members of the public.

At no time will any assets be disposed of directly to Officers and/or Members. Officers and/or Members may purchase an asset in an open tender process provided they have no decision making involvement in the disposal process.

All disposals of assets will be through an open, fair and transparent process. Wherever possible this will be achieved by open tender.

Independent appraisals of value will be obtained for higher value assets prior to their disposal as set out in the procedures.

There will be occasions where assets have only a nominal value and are obsolete to the Council, but may be of use to another organisation e.g. a charity. In these instances the Town Clerk will take a report to the Finance and General Purposes Committee to seek approval for disposal outside the normal scope of this policy.

Appropriate due diligence is needed to comply with any endowments or covenants on land/property.

The town Council must determine a clear and robust disposal strategy for each asset to be disposed of including the following:

- Due diligence
- Timing
- Value of disposal
- Marketing and advertising avenues
- Most appropriate disposal option

AUTHORISATION FOR THE DISPOSAL OF ASSETS

The authorisation for the disposal of assets shall be:

Authoriser	Land	Fixed Assets
Head of Operations	n/a	£0 - £10,000
Town Clerk	n/a	£10,001 – £50,000
Town Council	All	Over £50,000

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A. POLICY AND PROCEDURE FOR THE DISPOSAL OF TOWN COUNCIL LAND/PROPERTY

DUE DILIGENCE

The Town Clerk shall be responsible to carry out early due diligence to assess the likelihood of a business case for disposal.

The business case (APPENDIX A) will be based upon the following principles:

Land/property will be deemed surplus to the Council's requirements where:

- it makes no contribution to the delivery of the Town Council's services, strategic or corporate objectives; OR an alternative site or method of delivery has been identified which would be more cost effective in delivering the Town Council's services, strategic or corporate objectives;
- it has no potential for strategic or regeneration/redevelopment purposes in the near future;
- it will not contribute to the provision of a sustainable pattern of development through a lack of fitness for purpose, cost of maintenance, lack of accessibility, poor location or similar reason;
- it makes no significant contribution to protecting and enhancing the natural, built and historic environment, including making minimal contribution to helping to improve biodiversity.

The review must examine whether there are any covenants on the use of any land proposed for disposal.

The review must examine whether the provisions of Section 123 of the Local Government Act apply.

The Due Diligence Checklist (APPENDIX B) must be completed after an in principle decision to dispose of the asset by Full Council.

TIMING

The timing of any marketing/disposal will need to be considered against the background of:

- the current market conditions
- potential for the site value to increase in the future
- whether there is a need to raise capital receipts
- the current planning processes.

VALUATION OF THE LAND/PROPERTY

At least two external independent valuations of the land/property shall be obtained before disposal is considered.

The terms of sale of land/property should include any clauses relating to a share of profits from a future sale of the asset.

SALE PROCEEDS

Any sale proceeds less selling costs for land/property must be recorded separately in the Town Council's financial records.

Funds will be designated for future use in the Capital Programme or for a specific purpose designated in the business case. Other proceeds will be recorded against general funds.

OPTIONS FOR DISPOSAL OF THE LAND/PROPERTY**Disposal Options**

Formal Tender	The sale of land/property by process of public advert and sealed bids submitted by a given date. These must be opened in the presence of at least two members of the Senior Management Team.
Sale by Agent	The land/property is made available for sale via a real estate agent.
Public auction	The land/property is publicly advertised and a binding legal agreement is created upon the acceptance of a bid by the auctioneer. The justification for the sale by this route must be recorded in writing.
Negotiated Tender	The land/property is advertised publically requesting informal offers/bids that meet a given specification and a set of objectives. The Town Clerk may then negotiate further or more detailed terms.
Sale by Treaty	The land/property is negotiated with one/a small number of interested parties through a direct approach from an individual through a marketing exercise. There must be a robust justification to proceed via this route eg. <ul style="list-style-type: none"> - the land is relatively small in size and an adjoining or closely located landowner is the only potential/likely purchaser - The nature of Town Council land and that of surrounding land ownership is such that the land must be sold to adjoining or surrounding land owners if best consideration is to be obtained.

B. POLICY AND PROCEDURE FOR THE DISPOSAL OF FIXED ASSETS

GENERAL PRINCIPLES

Assets will have been procured for Town Council/public benefit for use over a multi-year period and it is important that the assets should be maintained and insured during their period of tenure. The Town Council should not continue to hold assets that are no longer useful as they will still continue to have a cost in terms of maintenance and insurance.

Surplus assets that are no longer required by the Town Council should be either:

- Disposed of via sale or by being destroyed
- Designated as investment assets and held on the balance sheet for future purposes.

A Fixed Asset Disposal form (APPENDIX C) must be completed.

DUE DILIGENCE

In determining if an asset is appropriate for disposal, appropriate due diligence is required.

VALUATION

The Town Council should obtain an expected value of any asset in advance of advertising by engaging an independent evaluator, the original manufacturer or consulting appropriate trade journals.

If no external data is available, the depreciated book value is to be used.

Assets must not be sold at a value more than 10% below the expected value.

OPTIONS FOR DISPOSAL OF FIXED ASSETS

Obsolete Assets	Can be scrapped subject to approval.
Viable Assets	<p>Can be disposed of by redeployment or disposal:</p> <ul style="list-style-type: none"> - They must be advertised for sale in a relevant trade journal with an invitation to bid for the item. - It is also acceptable for the Town Council to approach potential customers who may be interested in purchasing the asset. - At least two bids should be obtained for assets worth over £5,000. If only one bid is received, an independent valuation report should be obtained. - Care must be taken to ensure that the recipient of the asset is aware that the Town Council accepts no liability for the asset once the sale is made. Neither will the Town Council have any responsibility for ongoing maintenance of the asset after sale. Buyers are advised to inspect the asset in advance of purchase to satisfy themselves in regards to the safety and fitness for purpose of the asset.

SPECIFIC ASSET DISPOSAL

IT/Data Storage	<ul style="list-style-type: none"> - The Town Council has a legal obligation to ensure all computers, IT equipment and data storage is disposed of appropriately and legally in line with GDPR and legislation and software licence restrictions. - The removal and destruction of data prior to disposal is the responsibility of the Town Council's Data Controller. - Removal of software prior to disposal is the responsibility of the Responsible Financial Officer.
Motor Vehicles	The Responsible Financial Officer must notify the DVLA.

Approved by Financial and General Purposes Committee	
Adopted by Council	
Review Date	

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APPENDIX A - Business Case for Disposal of Land/Property



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BUSINESS CASE FOR DISPOSAL OF LAND/PROPERTY

Name of Land/Property	
Description	
Reason for disposal	<p>It makes no contribution to the delivery of the Town Council's services, strategic or corporate objectives; OR an alternative site or method of delivery has been identified which would be more cost effective in delivering the Town Council's services, strategic or corporate objectives <input type="checkbox"/></p> <p>It has no potential for strategic or regeneration/redevelopment purposes in the near future <input type="checkbox"/></p> <p>It will not contribute to the provision of a sustainable pattern of development through a lack of fitness for purpose, cost of maintenance, lack of accessibility, poor location or similar reason <input type="checkbox"/></p> <p>It makes no significant contribution to protecting and enhancing the natural, built and historic environment, including making minimal contribution to helping to improve biodiversity <input type="checkbox"/></p> <p>Other <input type="checkbox"/> Provide specific details:</p>
Benefits for Disposal	
Potential Concerns with Disposal	
Potential Value	<p>Date completed:</p> <p>Value:</p>
Have other options been considered?	Details:
Where will sale funds be invested?	
Council approval for disposal	<p>Date: _____ Minute no.: _____</p>

APPENDIX B – Land/Property Due Diligence Checklist



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LAND/PROPERTY DUE DILIGENCE CHECKLIST

Name of Land/Property	
Description	
Reason for disposal	
Council approval for disposal	Date: _____ Minute no.: _____
Valuation	Date completed: _____ Value: _____
Offer received	
Instruct legal representation on behalf of the Town Council	Date completed: _____ Details: _____
Obtain Title Deeds and Plans. Identify whether there are any title issues which may impact upon the disposal process, eg. is the land registered?	Date completed: _____ Issues: _____
From the Title and Records are there are any current charges or restrictions over the land?	Yes <input type="checkbox"/> No <input type="checkbox"/> Details: _____
Are there any Identify Covenants, Rights of Way, Easements and any other third party rights over the pocket of land which may limit/restrict its use of the extent to which development can be carried out?	Yes <input type="checkbox"/> No <input type="checkbox"/> Details: _____
What is the nature of Rights of Way and other Easements?	Date identified: _____ Issues: _____

<p>Are there any Returning rights over adjoining land?</p>	<p>Date identified:</p> <p>Issues:</p>
<p>Liaise with the Planning Department on the planning status of the land and consider relevant applications, permissions and refusals. Pay particular attention to the stated reasons for any objection to relevant planning applications.</p>	<p>Date completed:</p> <p>Issues:</p>
<p>Will an application for a change of planning use have the potential to increase the value of the land?</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>Details:</p>
<p>Are there any Ransom Strip issues that need to be resolved prior to offering the land/property to the market?</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>Details:</p>
<p>Are there any issues arising in Council minutes regarding potential issues with the sale of the land/property?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Details:</p>
<p>Is the pocket of land insured?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Details:</p>
<p>Nominated officer overseeing the sale and dealing with any issues</p>	<p>Name:</p> <p>Job Title:</p> <p>Signature: Date:</p>

APPENDIX C - Fixed Asset Disposal Form



SHREWSBURY TOWN COUNCIL

FIXED ASSET DISPOSAL FORM

Name of Asset			
Description of Asset			
Date of original purchase			
Original purchase price			
Reason for disposal			
Type of disposal	Land <input type="checkbox"/> Property <input type="checkbox"/> IT/Electrical <input type="checkbox"/> Other <input type="checkbox"/> Provide description:		
Method of disposal	Scrap <input type="checkbox"/> Value: Sale <input type="checkbox"/> Value: Method of sale: Stolen <input type="checkbox"/> Date stolen: Police Report No.:		
Authorisation for disposal:	Authoriser	Date	Signature
	Head of Operations		
	Town Clerk		
	Chair of Full Council		

Confirmation of Disposal

Receipts received <input type="checkbox"/>	Date:	Signature:
Where have the funds been allocated?:		
Removed from Asset Register:	Date:	Signature: