

Disposal of Obsolete or Surplus Assets Guidelines and Procedures

The following guidance is issued to supplement Section 20.5 of the Financial Regulations.

Types Of Assets

Land and Property

A Service Committee declaring a Land and Property asset surplus to their requirements, the Corporate Director of Neighbourhood Services and Infrastructure will undertake consultation to establish any alternative Service or community need. Assets not required by the Council shall normally be marketed and sold on the open market at the best price achievable. For further guidance on the disposal of land and property please contact the Estates Team.

Computer Equipment

The Head of Property Asset Management and Facilities should be consulted before disposing of any IT equipment. All disposals should be compliant with ICT Security policies and WEEE (Waste Electrical and Electronic Equipment) directive. For further guidance on the disposal of computer equipment please contact the IT Team.

Vehicles

Obsolete vehicles are identified and approved as part of the annual Plant and Vehicle Replacement Programme process. The Corporate Director for Neighbourhood Services and Infrastructure has delegated power, in consultation with the Head of Finance, to adjust the approved programme.

Vehicles will be sold at public auction, unless "best value" can be achieved, proven and supported by the Head of Finance.

Specialist Plant and Equipment

Where the Council is selling second-hand equipment to consumers the goods must comply with the implied terms of the Sale of Goods Act, i.e., as described, satisfactory quality and fit for purpose.

Where specialist plant and equipment require a valid operating certificate before it can be used for its intended purpose, and which may have since expired, the Health and Safety Team and Legal Services should be consulted in the first instance to establish any restrictions on future use which could include the following:

- Surplus equipment previously used as operational and fit for intended purpose but with operating certificate now expired or lapsed. No warranty would be offered, and the purchaser would buy at their own risk subject to a disclaimer.
- Obsolete or surplus equipment no longer used for intended purpose.

Electrical Equipment

In disposing of electrical equipment, the Council must take reasonable precautions to ensure that the equipment is as described and fit for purpose. Disposal in this respect refers to both selling and/or gifting of any items. Where the Council is selling or giving away the goods to consumers, a disclaimer should also be completed as the Council is deemed to be "supplying" the goods under consumer safety legislation and would therefore have to ensure the goods complied with all relevant legislation including: -

- General Product Safety Regulations
- Low Voltage Electrical Equipment Safety Regulations
- Electromagnetic Compatibility Regulations

Failure to comply could be deemed a criminal rather than civil offence.

One action which should be taken, which would contribute to taking reasonable precautions in selling electrical equipment, is to determine the date on which the equipment was most recently P.A.T. tested. If equipment has been tested recently, and there have been no changes, repairs or adjustments made to the equipment then the most recent test may be sufficient and relied upon. No warranty would be offered, and the purchaser would buy at their own risk subject to a disclaimer.

All disposals should be compliant with the Waste Electrical and Electronic Equipment (WEEE) directive and at the appropriate sites. Further information can be found online.

<https://www.orkney.gov.uk/Service-Directory/R/rubbish-and-recycling.htm>

All Other Assets

In general, all other assets should be offered to other Council Services in the first instance. Assets not required by the Council shall be disposed of at the best price achievable. This shall normally involve competitive tender, public auction, or an online sale. Disposal should follow the following simple steps:

1 Identification of Obsolete or Surplus Asset

The Corporate Director or Head of Service is responsible for identifying assets that are no longer required by the Service. The Service shall then compile a **List of Assets for Disposal**. This list must contain the following details in respect of each asset:

Reference: Specific, identifiable reference number
 Description: Brief Summary of asset
 Reason: Brief explanation of why asset is no longer required
 Condition: Brief description of state of asset
 Contact: Person to whom contact should be made

2 Redeployment to other Departments

The List of Assets should be notified to all other Council Services by the Corporate Director or Head of Service. Notification shall be made by internal memo or e-mail to each Service Corporate Director.

Redeployment of assets shall be made on a first come first served basis and with the agreement of each Corporate Director.

Services should normally have 2-3 weeks to respond to the offer of redeployment.

3 Offer to External Bodies and Persons

If redeployment is not possible, the assets shall be made available for public sale. If it is deemed cost effective, the service will either hold an open day, place an advert in the local press, online on the Council website or other online platforms detailing the assets available for purchase. Offers for the items listed shall normally be received on a sealed bid basis.

Bids must be forwarded to the Contact Person in a sealed envelope with the words, **“Tender for Surplus Asset”** clearly marked on the outside. Bids must be received by 12.00pm on the stated day.

Bidders should normally have 2-3 weeks to respond to the offer of sale and specify a price inclusive or exclusive of VAT. Opening of sealed bids must be undertaken by two officers of the Council, and sale will always be made to the highest bidder.

The Contact Person shall summarise all bids made in relation to assets sold. In the event of two or more equal bids, the bidders will be contacted and:

- if alternative items are available, agreement will be reached that each bidder will receive an equivalent item, or.
- each bidder will be offered the opportunity to submit a further sealed bid, on or before a stated date and time.

Successful bidders will be issued with an invoice, which must be paid in full, and a receipt obtained. The asset will only be released on successful presentation of the receipt to the Contact Person.

Alternatively, where bidding is not suitable the assets can be transported to a place for a public sale (e.g., Orkney Auction Mart) or sold online and appropriate offers can be accepted. The Contact Person shall then arrange for all payments received to be paid into the Cash Collection Office without delay and coded against the appropriate ledger code, and a receipt obtained.

Gifting Surplus or Obsolete Equipment

All efforts should be made to sell the items first. Where the item cannot be sold, approval to donate the item to a local charity or for free, approval must be obtained from the Corporate Director.

Record Keeping

An audit trail of all assets disposed of must be maintained to evidence that the Council took reasonable precautions when selling or gifting the assets.

This audit trail will be kept for independent scrutiny.

The Services inventory list should be updated without delay.

A Notification of Asset Disposal/Transfer form should be completed in respect of each individual asset over £5,000 and sent without delay to the Insurance Officer, Finance Services.

Disposal of Surplus Assets

Assets are identified that are no longer required

A list of assets for disposal is prepared and agreed with the Corporate Director

Is the asset a **vehicle or piece of plant**?

Yes

No

Redeployment

Notify the list of assets to all other Council Services

Assets Not Requested

Assets are made available for public sale. Via Either:

- Local or Industry Specific Auction
- Open Day
- Local Newspaper
- Council Website
- Online/social media

Assets Requested

After 2-3 weeks, distribute these assets requested, on a first come first serve basis in agreement with the Corporate Director.

Auction Mart

Assets transported to auction for selling

Open Day / Newspaper / Website / Online

Assets offered normally on a sealed bid basis. Bidders given 2-3 weeks to respond to offer of sale – sale made to highest bidder.

Assets Not Sold

The Corporate Director should be consulted as to whether the remaining assets should be:
a) Held in storage
b) Given away for free
c) Dumped

Assets Sold

Payment received is paid into the cash collection office at the earliest opportunity.

Assets Not Sold

The Corporate Director should be consulted as to whether the remaining assets should be:
a) Held in storage
b) Given away for free
c) Dumped

Assets Sold

Invoices raised to successful bidder which must be paid in full, and receipt obtained.

Asset released to bidder on presentation of the receipt of payment.

Notification of asset disposal form completed and passed to Finance Services for items over £5,000

Notification of Addition of Asset



Service:

Service Area:

| Item No. | Location of Item | Item Description or Make / Model | Number of Items | Serial No or Registration No | Purchase Price (£) | Date of Purchase | Ledger Code for Addition of Asset |
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Authorised by: Position: Date:

An electronic copy of this form must be retained in the Service purchasing or adding the Asset.

Email a copy to insurance@orkney.gov.uk Insurance Officer, Enterprise & Sustainable Regeneration

Notification of Asset Disposal / Transfer

An asset disposal form must be completed where;

- The service has no further use for an asset
- The service is selling the asset to another OIC Services
- The service is transferring the asset to another OIC service
- The asset is obsolete or maintenance costs are excessive
- The asset is being traded in for another asset
- The asset has been lost, stolen or damaged beyond repair
- The asset is being reconfigured or used for parts



Service:

Service Area:

| Item No. | Location of Item | Description or Make / Model | Sum Insured (£) | Number of Items | Serial No or Registration No | Reason for Disposal | Method of Disposal | Date of Disposal | Ledger Code for Disposal Proceeds |
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Authorised by: Position: Date:

An electronic copy of this form must be retained in the Service disposing of the asset.

Email a copy to insurance@orkney.gov.uk Insurance Officer, Enterprise & Sustainable Regeneration