



## Write Offs and Disposal Policy

<b>Date Published</b>	<b>20<sup>th</sup> July 2017</b>
<b>Version</b>	<b>4</b>
<b>Last Approved Date</b>	<b>March 2023</b>
<b>Review Cycle</b>	<b>Annual</b>
<b>Review Date</b>	<b>March 2024</b>

“Learning together, to be the best we can be”

## 1. Scope

- 1.1. This policy relates to all schools and settings across Nexus MAT and supersedes any local policies and procedures that have been in use prior to the academy conversion. Where required, an individual Nexus MAT academy – in agreement with the Trust Chief Executive Officer - may publish a supplementary policy guidance document or procedure in line with this policy, to ensure that any idiosyncrasies associated with that specific school are covered in their local policy library.

## 2. Purpose

- 2.1. The policy defines the treatment of disposals and write-offs of both tangible and intangible fixed assets. The purpose of this Write offs and Disposal Policy is to ensure that;
  - Trust funds are used only in accordance with the law, it's articles of association, funding agreements and the latest Academies Trust Handbook.
  - The Trust has due regard to propriety and regularity, and ensures value for money in the use of public funds.
  - The Trust's balance sheet correctly reflects the asset and liabilities of Nexus MAT.
  - There is a clear process across the MAT for the disposal of ICT, which ensures the Trust meets the legal duties on it as per the Academy Trusts Handbook and Data Protection Act (2018).

## 3. Context

- 3.1. The Academy Trust Handbook states that "Other than land, buildings and heritage assets, trusts can dispose of other fixed assets without ESFA approval subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money."
- 3.2. Within the parameters above, Trusts are free to set their own policies with regard to the disposal of assets.

## 4. Fixed Assets disposals (non-ICT)

- 4.1. Assets that can be subject to write-off or disposal include both Debtors and Fixed Assets. This section relates to fixed assets only.
- 4.2. Any write off of land, buildings or heritage assets, will require ESFA approval, and should be led by the Chief Finance Officer (CFO), in line with the Academy Trust Handbook (AHT). Academies should ensure that the CFO is included in discussions at the earliest possibility.
- 4.3. Fixed Assets are categorised as follows:
- Land
  - Buildings
  - ICT
  - Fixtures, Fittings & Equipment
  - Vehicles
- 4.4. Each fixed asset will be recorded in accordance with the Trust's accounting policies, with all fixed assets meeting the capitalisation threshold being entered onto the Fixed Asset Register, along with their source of funding. The Fixed Asset Register is a key control document and forms part of the year-end reporting, being reconciled to the accounts on an annual basis.
- 4.5. Each Fixed Asset will be written-down in the books and accounting records in accordance with the Trust's accounting policies. Depreciation/amortisation is calculated on all Fixed Assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over the expected useful lives on the following basis (NB: All revisions will be approved by the Board)
- 2% leasehold property – straight line method – 50 years
  - 25% ICT – straight line method – 4 years
  - 10% Fixtures, Fittings & Equipment – straight line method – 10 years
  - 25% vehicles – reducing balance
- 4.6. All fixed assets will be charged a full year of depreciation in the year of acquisition and none in the year of disposal.

- 4.7. If an Academy wants to dispose of a Fixed Asset, an NF7 form – ‘Fixed Asset Disposal Requisition’ must be fully completed and submitted to the CFO. This ensures that:
- The relevant approvals have been sought - as per the Trust Delegated Financial Powers Policy
  - An accurate central register of write-offs and disposals is maintained
  - Adjustments to the Fixed Asset Register are made, where required
  - The correct journal is recorded in the finance system, ensuring the accounting treatment is consistent with the Trust’s accounting policies
- 4.8. For the disposal to be approved, the CFO must be satisfied with the reasons given for disposal, and the method of disposal (both in terms of achieving value for money and protecting the reputation of the Trust).
- 4.9. On confirmation that the correct level of approval has been received, the asset may be disposed of. The academy is expected to reinvest the proceeds from all asset sales for which a capital grant was paid into other academy assets.
- 4.10. The CFO will take the central register of write offs and disposals to the Audit and Risk Committee on an annual basis.

## 5. ICT Disposals

- 5.1. If an Academy wants to dispose of ICT, the Disposal Form (Appendix C) must be fully completed as per the guidance, and shared with the Head of Digital, and CFO.
- 5.2. The Data Protection Act (2018) stipulates that any business (including Multi Academy Trusts) that falls victim to a data breach only has 72 hours to report it, and if they are found to be in breach of the guidelines, they could be fined 4% of the business’ annual turnover or £20 million (whichever is greater).
- 5.3. Clearly it’s crucial that Nexus MAT is fully compliant with the law and the way in which we handle and dispose of personal information. The Data Protection Act is based around eight principles of ‘good information handling’. These give people specific rights in relation to their personal information and place certain obligations on those organisations that are responsible for processing it. This is relevant in the ICT asset disposal and recycling processes. For further reference please see the following linked document;  
[it asset disposal for organisations.pdf \(ico.org.uk\)](https://ico.org.uk/it-asset-disposal-for-organisations.pdf)

5.4. The Information Commissioner's Office (ICO) states the following in relation to ICT assets and their disposal. You should:

- Ensure that the responsibility of asset disposal is assigned to a member of your staff with a suitable level of authority;
- Complete a full inventory of all equipment that you have marked for disposal;
- Be clear about what will happen with devices when you no longer need them;
- Consider the security vulnerabilities associated with each method of disposal;
- Ensure you delete personal data before recycling devices, so that data is not accessible to others after the device has left your ownership;
- Be aware that any specialist service provider you use will be considered to be a 'data processor' under the DPA; and
- Have a written contract in place between you and the data processor, ensuring that there is an appropriate level of security in place.

## 6. Debt Write Off

6.1. The Debt Recovery Policy specifies that all Nexus MAT academies will take all reasonable measures to vigorously collect debts as part of its management of public funds, and academies should refer to the procedures outlined in this document before applying to write off any debt.

6.2. If an Academy wants to write off a debt, an NF6 form – 'Request to Write off a Debt' must be fully completed and submitted to the Chief Finance Officer, who will ensure the correct level of approval is acquired, in line with the thresholds contained in the Trust's Delegated Financial Powers Policy.

6.3. Approval will only be given where there is evidence of careful appraisal, including whether all reasonable recovery action has been taken with the debtor, and there is no feasible alternative. Only when confirmation that the correct level of approval has been received can the debt be formally written off.

6.4. ESFA approval must be sought for any write-offs of debts that exceed £45k per single transaction, or where cumulative write-offs exceed £250k in any financial year, as per the Academies Trust Handbook.

6.5. Where the write-off requires Audit and Risk approval, this will be recorded in the minutes of the committee.

6.6. Formal record of any debts written off will be maintained and reported to the committee at least annually, with records retained for 7 years. The Trust will seek the legal advice should we consider taking legal or other action to recover debts.