

## DISPOSAL OF FIXED ASSETS

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<b>POLICY SUMMARY</b>
Procedure outlines process to be followed prior to the disposal of assets by the Trust, including those supporting commissioner requested services.
<b>The Trust Monitors the implementation of and compliance with this policy in the following ways:</b>
Internal Audit

Services	Applicable	Comments
Trustwide	✓	

**The Director responsible for monitoring and reviewing this policy is  
Executive Chief Finance Officer**

**ESSEX PARTNERSHIP UNIVERSITY NHS FOUNDATION TRUST**

**DISPOSAL OF FIXED ASSETS**

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ESSEX PARTNERSHIP UNIVERSITY NHS FOUNDATION TRUST

DISPOSAL OF FIXED ASSETS

1.0 INTRODUCTION

- 1.1. This procedure governs the disposal of fixed assets and is designed to ensure the Trust's assets are accurately recorded in the asset register, and disposed of in the correct manner.
- 1.2 This document should be read in conjunction with the Trust's Standing Financial Instructions, Standing Orders, Waste Management Procedure (RMPG13c) - Disposal of Surplus/Redundant Equipment (within the Trust Risk Management Policies and Procedures) and Monitor's 'The Asset Register and Disposal of Assets: Guidance for Providers of Commissioner Requested Services'.
- 1.3 For the avoidance of doubt, this procedure refers to a number of key members of staff within the Finance Department for the completion of a range of key tasks. In the absence of these key members of staff, the task will be undertaken by the covering member of staff. In the event there are no suitable staff to cover the identified task, the decision will be referred to either the Deputy Chief Finance Officer, Head of Financial Accounts or Head of Financial Management.

2.0 PROCEDURE NOTES

**Relevant Assets for Commissioner Requested Service (CRS)**

- 2.1 Relevant Assets used in the provision of CRS are defined as:

*“any items of property, including buildings, interests in land, equipment (including rights, licenses and consents relating to its use), without which the licensee's ability to meet its obligations to provide CRS would reasonably be regarded as materially prejudiced”. (Monitor's (NHSI) 'The Asset Register and Disposal of Assets: Guidance for Providers of Commissioner Requested Services').*

Prior to a Trust-owned Relevant Asset being disposed of, the Board of Directors should follow the same procedures for the disposal of non-Relevant Assets for Commissioner Requested Service (CRS) and for the disposal of Equipment. Approval from NHS Improvement is not required unless NHS Improvement has given notice in writing to the Trust that it is concerned about the ability of the Trust to carry on as a going concern.

- 2.2 In the event that such notice has been given to the Trust by NHS Improvement, the Board of Directors is required to seek NHS Improvement's approval prior to the disposal of any Relevant Asset. The Trust must first obtain written consent from all commissioners which have designated the related service(s) as CRS. The commissioner's written consent should then be provided to NHS Improvement. If NHS Improvement approves the disposal request, the procedure for the disposal of non-Relevant Assets for

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Commissioner Requested Service (CRS) and for the disposal of Equipment should be followed.

Where NHS Improvement approves the disposal request with conditions (for example, to ensure proceeds of any disposal are used for a particular purpose), the Trust must fulfil the conditions in disposing of the Relevant Asset.

- 2.3 Where NHS Improvement rejects the disposal request and recommends modifications to all or specific parts of the Trust's disposal plan (e.g. to take account of relevant commissioners and/or NHS Improvement requirements), the Trust should consider the recommendations and if requested, make suitable modifications and resubmit the disposal request to NHS Improvement. Should NHS Improvement then agree to the request, the procedure for the disposal of non Relevant Assets for Commissioner Requested Service (CRS) should be followed.
- 2.4 Where NHS Improvement rejects the disposal request, no disposal may now take place.

### **Non-Relevant Assets for Commissioner Requested Service (CRS): Land and Building**

- 2.5 Prior to a Trust owned non Relevant Asset for CRS being disposed of, such land and building must first be declared as surplus to Trust requirements by the Board of Directors, via the approval of the Operational Plan at the start of each year or in-year via reports to the Executive Team, if required. The Executive Operational Committee is responsible for ensuring that there is no alternative use for the building or land within the Trust, and that the disposal of the asset is the most cost-effective action to be taken.
- 2.6 The Capital Accountant is required to revalue the asset to Open Market value based on a professional valuation. After Board approval has been obtained, the Head of Property Management will initiate the disposal process, and will act as the Trusts main contact for solicitors and estate agents. The Head of Property Management should ensure the best price is achieved in the disposal of the asset.
- 2.7 Once the sale of the asset has been completed, the Capital Accountant must update the asset register accordingly.
- 2.8 The Trust's Capital programme will be impacted by the Net Book Value (i.e. revalued value) of the land or building disposed of, rather than the sale proceeds.

**Non-Relevant Assets for Commissioner Requested Service (CRS): Equipment**

- 2.9 The disposal of equipment is covered in the 'Waste Management Procedure RMPG13c - Disposal of Surplus/Redundant Equipment' (within the Trust Risk Management Policies and Procedures), which ensures that the Capital Accountant is informed of the disposal of all assets recorded on the asset register prior to any sale being negotiated or undertaken.
- 2.10 If at the time of the asset's original purchase the cost was £5,000 or above, or the disposal involves a piece of IT equipment, an 'Asset Disposal Form' (Appendix 1) must be completed by the Budget Holder and forwarded to the Capital Accountant. The Capital Accountant will ensure the asset is recorded in the asset register and obtain approval to dispose of the item in line with the authority delegated in the detailed scheme of delegation (based on net book value).
- 2.11 Once Approval has been obtained, the Capital Accountant will inform the Budget Holder, whose responsibility it then is to complete a 'Request for Disposal Form' (see RMPG13c Appendix 1). This should be forwarded to the Facilities Department who will proceed to dispose of the asset in accordance with Trust procedures.
- 2.12 The Facilities Department should inform the Capital Accountant of the sale of the asset, by completing the relevant section of the 'Request for Disposal Form' (see RMPG13c Appendix 1) and forwarding onto the Capital Accountant. The asset register should then be updated accordingly.
- 2.13 If at the time of the asset's original purchase the cost was less than £5,000, a 'Request for Disposal Form' (see RMPG13c Appendix 1) should be completed and forwarded to the Facilities Department for action. The Capital Accountant need not be informed of such disposals.

**END**