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John Ashley	Capital Procurement Manager	2 <sup>nd</sup> April 2019
Stephen Whittle	Head of IT Operations	15 <sup>th</sup> May 2019
Deborah Lepley	Warner Library	29 <sup>th</sup> March 2019

<b>Related Trust Policies</b> (to be read in conjunction with)	04049 Standing Financial Instructions 07029 Standing Orders 04048 Scheme of Reservation and Delegation 07030 Scheme of Responsibility, Authority and Decision 04066 Medical equipment policy: safe use of medical equipment 04088 Waste management policy 04070 Decontamination and disinfection of equipment and environment 11017 Procurement policy 09100 Incident policy
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<b>Document Review History:</b>			
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1.0	Craig Marshall		8 <sup>th</sup> October 2012
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## **1.0 Purpose**

- 1.1 The purpose of this document is to set in place clear processes and procedures regarding the disposal of Trust equipment that can be understood and followed by all Trust staff.

## **2.0 Introduction**

- 2.1 It is important for the Trust to have in place a procedure for the disposal of assets. The procedure will provide staff members with detailed guidance and help to ensure that consistent work practices are followed.
- 2.2 The policy outlines a procedure that can be clearly audited. It also allows central records to be kept of all asset disposals.
- 2.3 This policy is designed to highlight the importance of the disposal procedure so as to maximise the potential proceeds for the Trust and avoid incurring any financial penalties within their respective budgets.

## **3.0 Objectives**

- 3.1 To ensure all inventories of assets are updated and maintained by departments, including the centrally held asset database.
- 3.2 To identify equipment that is surplus to requirements.
- 3.3 To avoid retaining surplus equipment.
- 3.4 To maximise disposal proceeds for the Trust.
- 3.5 To discharge the Trust's duty to optimise the use of assets.
- 3.6 To make senior managers, directorate managers and budget holders aware of the financial impact on budgets surrounding disposals.

## **4.0 Scope**

- 4.1 This document includes disposals in relation to all Trust equipment with the exception of IT related assets which are managed solely by the IT Department. Any media retaining devices should be processed accordingly via the IT Department as per the NHS Digital Destruction and Disposal of Sensitive Data Guidelines Appendix (1)
- 4.2 This document excludes the disposal of land and buildings. The disposal of land and buildings is co-ordinated by the Executive Director of Strategy and Corporate Services, who acts as the informed agent to the Trust. Any disposal should maximise proceeds whilst still ensuring that it is in accordance with current NHS policy on the advertisement, auction and sale

of any Land and Buildings. All disposals of land and buildings will require Business Case Approval by the Trust Board. The Trust Board, using advice from the Estates Strategy Team, will decide on the method of disposal for Land and Buildings. This decision may be to demolish, sell or lease.

## **5.0 General Principles**

- 5.1 The disposal of surplus equipment is subject to the requirements of Trust's Standing Financial Instructions (SFI's) and Standing Orders. (This policy is to be read in conjunction with the Trust's SFI's and Standing Orders).
- 5.2 The details contained within this policy may also require references to: the Consumer Protection Act 1987; the Trade Description Actions 1968 and 1972; Section 3 and 6 of the Health and Safety at Work Act 1974; Medical Devices Guidelines; Sale and Supply of Goods Act 1994; Electrical Equipment (Safety) Regulations 1994; & Waste of Electrical & Electronic Equipment Regulations (WEEE). Note, this list is not exhaustive but indicates the areas which budget holders and managers will need to consider in some instances.
- 5.3 Accurate registers of all capital assets, including land, buildings, vehicles, furniture and equipment etc, must be kept to ensure that the correct level of capital charges are calculated on all assets and so that the Trust's balance sheet shows a true position of the assets of the Trust. The finance department has the responsibility of maintaining the up-to-date finance asset register for the Trust.
- 5.4 Accurate registers are kept of all medical equipment on the F2 system. It is the responsibility of the BME Department to maintain an up-to-date medical devices register and the responsibility of the respective departmental heads to provide the BME Department with accurate and up-to-date information regarding any medical device movements within their department.
- 5.5 For specialist equipment, such as medical equipment, printers and refrigerators, safety and data protection factors must be considered when disposing of such items, special arrangements will be made but the basic principles of the disposal process will be as detailed in this Policy.
- 5.6 These procedures are to be followed by all senior managers, departmental Managers and budget holders with responsibility for the provision and disposal of assets in line with the schedule of delegated powers thresholds, and should also be brought to the attention of all subordinate staff for information.
- 5.7 To give full consideration to the nature and use, or potential use to which the item may be put and if it is in the best interest of the Trust, to make the item available for disposal. For example, all vehicle disposals need to be considered fully, i.e. is the vehicle to be sold for further use or as "scrap only". Where a vehicle is sold for scrap only it must be made clear to the purchaser, as should the fact that the vehicle registration papers will be sent to the National Vehicle Licensing Centre, for de-registration.

- 5.8 Prior to actual disposal taking place, evidence of value must normally first be gathered by reference to an independent source; care must be taken where the source of valuation is an organisation or individual with a potential financial interest in the disposal: in such cases the manager should verify the value by reference to more than one independent source.
- 5.9 The disposal of an asset is, like a purchase, subject to financial limits: there is an obligation on the organisation to obtain best possible value on the disposal of any asset.
- 5.10 Consideration to disposal arrangements should be carried out at the procurement stage and costs should be considered as part of the initial procurement decision as per the Procurement Policy.

## **6.0 Equipment Disposal Policy Statement**

- 6.1 The procedure for disposing of equipment can be summarised by the Flowchart in Appendix 1 - Flowchart of Disposal of Equipment Procedure.
- 6.2 The identification of the disposal of equipment is the responsibility of the Departmental Lead assigned to the item of equipment. The departmental lead will need to complete Section 1 of the Equipment Disposal Form (Appendix 2) and then forward to the relevant condemning officer.
- 6.3 All items should be condemned or otherwise disposed of by an employee authorised by the Director of Finance.
- 6.4 All capital equipment assets that have a current net book value that are due to be sold, scrapped, exchanged or otherwise disposed of will need to be approved by the Director of Finance or the Investment Group (IG). The finance department will be able to confirm if the asset has a current net book value.
- 6.5 All equipment disposals over £250K will require business case approval by the Trust Board.
- 6.6 The relevant condemning officer will then be responsible for completing Section 2 of the Equipment Disposal Form (Appendix 2)  
The condemning officer will have the responsibility to assess the item and decide whether to either, scrap, sell or relocate it, seeking advice and support where necessary.
- 6.7 In making their decision, the relevant department would need to take into consideration any contractual obligations attached to the item, as there may be clauses that prescribe/prohibit certain methods of disposal.
- 6.8 Any maintenance agreement associated with a disposal will require cancelling or transferring and should be dealt with in accordance with the contract by the appropriate officer.

- 6.9 If it is decided that there is no use for the item within the Trust and no value in selling the item. Then the item should be scrapped. The process involved for items identified for scrapping can be found in the Trusts Waste Policy.
- 6.10 Where an item is to be relocated within the Trust, including relocating to the medical equipment library, then this should be arranged between the respective departments. It is the responsibility of the departmental lead from which the equipment is being removed to ensure that the appropriate departments are notified to ensure the records can be updated. (e.g. finance register, F2 database etc.)

## **7.0 Equipment Disposal Procedure**

- 7.1 If an item is identified as being surplus to the Trust's requirements it should be disposed of in the most economical manner – maximising proceeds to the Trust whilst complying with the relevant legislation and guidance.
- 7.2 The disposal value may be nil, but nevertheless the same process must be followed.
- 7.3 Competitive Tendering or Quotation procedures shall not apply to the disposal of (as per MEHT SFI7.13.1):
- 7.3.1 Any matter in respect of which a fair price can be obtained only negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or his nominated officer;
- 7.3.2 Obsolete or condemned articles and stores, which may be disposed of in accordance with the supplies policy of the Trust;
- 7.3.3 Items to be disposed of with an estimated sale value of less than £5,000;
- 7.3.4 Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract;
- 7.3.5 Land or buildings in which DH guidance has been issued but subject to compliance with such guidance
- 7.4 For such items, where it is appropriate to invite tenders, these should be invited in accordance with the tendering procedure set out in the Trust's SFI's.
- 7.5 Where auction is the appropriate method of disposal a reputable auction house should be used which complies with the relevant legislation and guidance as described in 5.2.
- 7.6 Care must be taken at the time of disposal to identify any restrictions on the use of sale proceeds: if the asset being sold was originally purchased through charitable funds, the proceeds (if any) must be handled in accordance with the particular charitable fund terms – usually returned to the fund for reinvestment.

- 7.7 The sales invoice is to specify “sold as seen” with a full disclaimer issued for liability for any injury, damage or loss which may arise from the use of the asset disposed from the date of sale, the purchaser being responsible for costs of removal, and in the case of electrical equipment for safety testing by a qualified electrician. If applicable the invoice should state an asset register reference to enable the designated Finance Manager to adjust the register and make the correct accounting entries to reflect the disposal.
- 7.8 The decision to sell, rather than scrap, medical equipment must take into consideration a risk assessment as to the condition of the equipment.
- 7.9 Before transfer of ownership the Trust and the purchaser must both be clear about their legal liabilities. Separate legal guidance should be sought if required.
- 7.10 All relevant paperwork should accompany the item on disposal. i.e. all instruction manuals; service records; and additional guidance supplied by the manufacturers, regulatory bodies etc.
- 7.11 If any of the aforementioned is not available, or the item has not been serviced as recommended a statement detailing this should accompany the item.
- 7.12 Exceptionally, disposals of capital assets or items of inventory may be made by invitation to staff to submit sealed bids (e.g. for redundant office furniture). A member of the Executive Team should prior approve this method of disposal.
- 7.13 Care must be taken to publicise the process equally and fairly across all the staff of the organisation, invite and observe sealed bids, notify and observe any minimum “reserve” and ensure the payment and removal are clearly stated as the responsibility of the successful bidder.
- 7.14 Staff will be required to sign a form accepting full responsibility for items purchased from the organisation, and goods will not carry any warranty. However, the organisation may in law retain some responsibility for the safe use and ultimate disposal of goods or equipment supplied to staff where such goods are not readily available to the general public; this method of disposal must be avoided in such cases.

## **8.0 Finance**

- 8.1 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices where appropriate. Asset disposals for value shall be accounted through the Sales ledger, with the account being raised by the manager responsible for the disposal and coded to capital receipts (for assets in the asset register) or appropriate revenue income code (for inventory or other assets). In addition

to this, the Governance department are to be informed and the equipment competency statement will be removed from the database.

- 8.2 The sales invoice is to specify “sold as seen” with a full disclaimer issued for liability for any injury, damage or loss which may arise from the use of the asset disposed from the date of sale, the purchaser being responsible for costs of removal, and in the case of electrical equipment for safety testing by a qualified electrician. The invoice should state an asset register reference to enable the designated finance manager to adjust the register and make the correct accounting entries to reflect the disposal.
- 8.3 If the disposal of an asset gives rise to a taxable transaction, the organisation must account for VAT at current rates at the tax point of the disposal: if there is identifiable input tax related to a VAT-able disposal, this may be reclaimed.
- 8.4 Finance will update the asset register on a regular basis from information received from the departments when capital assets are disposed. Those with a net book value will have financial consequences to the department’s budget.
- 8.5 The finance department are responsible for ensuring an annual asset verification exercise is undertaken.

## **9.0 Breaches of Policy**

- 9.1 Any breach to the policy will be identified, recorded on Datix and will be formally investigated.

## **10.0 Audit and Monitoring**

- 10.1 Quarterly reviews will be carried out to check that all disposals from the equipment asset register have adhered to this policy and all requisite forms have been completed.

## **11.0 Communications**

- 11.1 The details of all documents approved for use in the Trust will be routinely listed in the Trust’s weekly emailed newsletter ‘Staff Focus’. It is the responsibility of all staff to read the newsletter or to make sure they have read a printed copy
- 11.2 It is the responsibility of the author to ensure that all managers who need to be aware of this policy are emailed directly.
- 11.3 It is the responsibility of each division to make sure that where manual copies of documents are kept and relied upon that these are always up to date and that any old versions are routinely removed.

## **12.0 Equality Impact Assessment**

- 12.1 Mid Essex Hospital Services NHS Trust is committed to the provision of a service that is fair, accessible and meets the needs of all patients.  
(Refer to Appendix 3)

## **12.0 References**

04049 Standing Financial Instructions

07030 Scheme of Responsibility, Authority & Decision

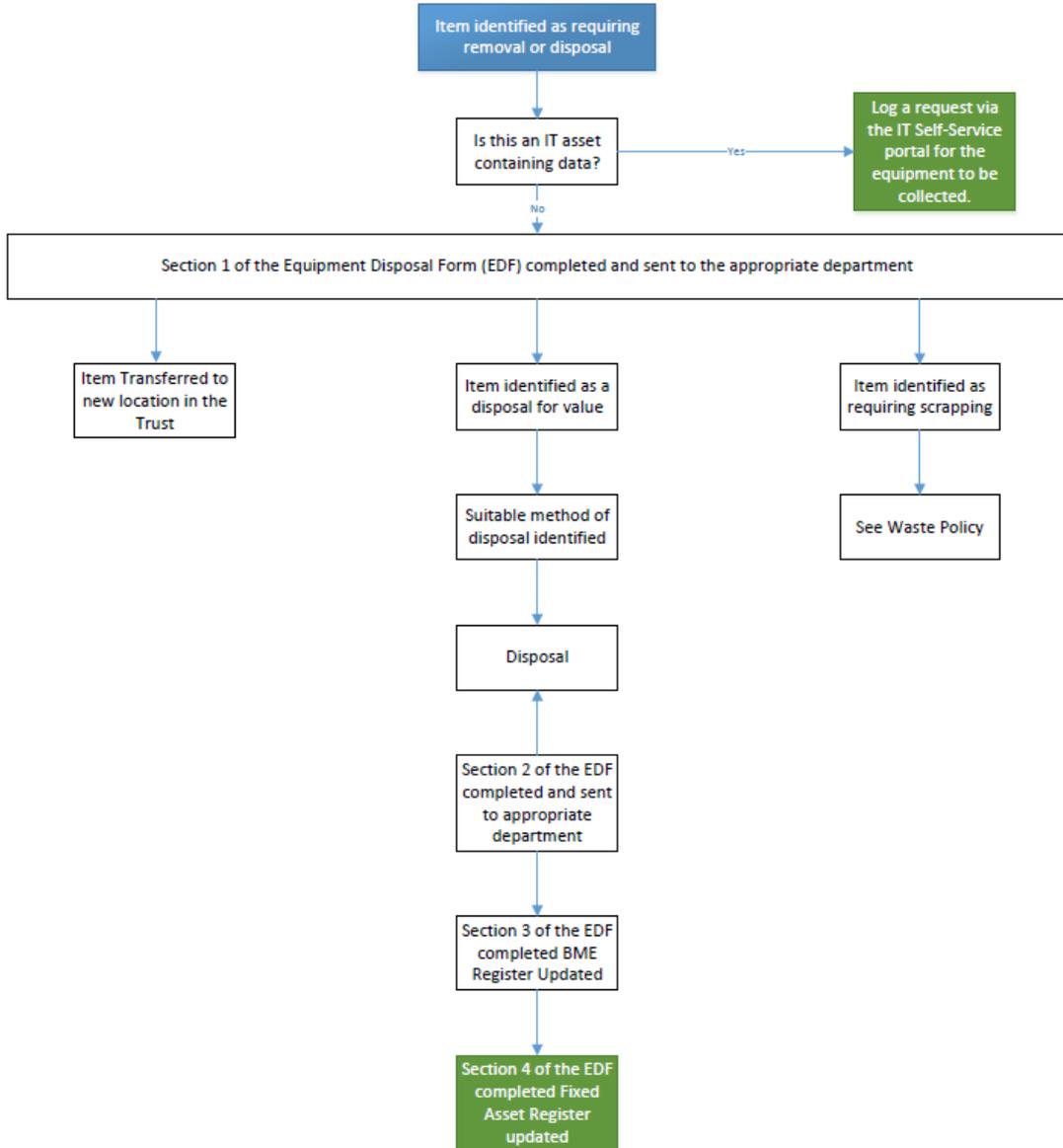
Consumer Protection Act 1987

Sale and Supply of Goods Act 1994

Waste of Electrical and Electronic Equipment Regulations 1994 (WEEE)

Trade Descriptions Act 1968 and 1972

## APPENDIX 1: Flowchart of Disposal of Equipment Procedure



**APPENDIX 2: Equipment Disposal Form**

# Mid Essex Hospital Services

NHS Trust

## EQUIPMENT DISPOSAL FORM

This form is for use by the Responsible Department's to record the details of a disposal.

**SECTION 1: To Be Completed By The Department**

<b>Description of Item:</b>	
<b>Type of Equipment:</b> (Please tick appropriate box)	<input type="checkbox"/> Medical <input type="checkbox"/> Furniture & Fittings <input type="checkbox"/> Transport <input type="checkbox"/> Plant <input type="checkbox"/> Other
<b>Original Location:</b> (Department / Ward / Site)	
<b>BME Number:</b> (If applicable)	
<b>Serial Number:</b>	

<b>I certify that the above equipment is:</b> (Please tick appropriate box)	<input type="checkbox"/> Obsolete <input type="checkbox"/> Clinically Unsafe <input type="checkbox"/> No Longer Required <input type="checkbox"/> Beyond economic Use or Repair	
The above equipment is no longer suitable for use in this department. This equipment is released for disposal and will not be used again in this department.		
<b>Signed :</b>	<b>Title:</b>	<b>Date:</b>

**SECTION 2: To Be Completed By The Condemning Officers**

<b>I certify that the above equipment is:</b> (Please tick appropriate box)	<input type="checkbox"/> Condemned <input type="checkbox"/> Suitable for Transfer
<b>If Condemned;</b>	
<b>Disposal Method:</b> (Please tick appropriate box)	<input type="checkbox"/> Scrapped <input type="checkbox"/> Sold <input type="checkbox"/> Used as Spare Parts
<b>Current Net Book Value</b> (Obtain from finance, if applicable)	
<b>Estimated Market Value:</b>	

I confirm that this asset is suitable for sale. All checks have been made and all relevant documentation accompanies the asset. The receiver has signed a disclaimer of liability and understands that the item is "sold as seen".

<b>Condemning Officer:</b>			
<b>Signed :</b>		<b>Date:</b>	
<b>Title :</b>		<b>Department:</b>	
<b>Countersignature:</b>	(In line with Scheme of Responsibility, Authority & Decision)		
<b>Signed :</b>		<b>Date:</b>	
<b>Title :</b>		<b>Department:</b>	
<b>Date of Disposal:</b>			
<b>Disposal Proceeds / Cost:</b>			

**SECTION 3: To Be Completed By BME (as appropriate)**

<b>BME Register Updated:</b>		<b>Date:</b>	
<b>Signed :</b>		<b>Date:</b>	
<b>Title :</b>		<b>Department:</b>	

**SECTION 4: To Be Completed By Finance**

<b>Fixed Asset register Number</b> (If applicable)			
<b>Fixed Asset Register Updated:</b>		<b>Date:</b>	
<b>Proceeds Received:</b>		<b>Date:</b>	
<b>Signed :</b>		<b>Title:</b>	
		<b>Date:</b>	

## Appendix 1: Preliminary Equality Analysis

This assessment relates to: Aromatherapy Massage in Pregnancy and Labour (12030)

A change in a service to patients		A change to an existing policy	<b>X</b>	A change to the way staff work	
A new policy		Something else (please give details)			
Questions		Answers			
1. What are you proposing to change?		Full Review			
2. Why are you making this change? (What will the change achieve?)		3 year review			
3. Who benefits from this change and how?		Patients and clinicians			
4. Is anyone likely to suffer any negative impact as a result of this change? If no, please record reasons here and sign and date this assessment. If yes, please complete a full EIA.		No			
5. a) Will you be undertaking any consultation as part of this change? b) If so, with whom?		Refer to pages 1 and 2			

Preliminary analysis completed by:

Name	Veronica Watson	Job Title	Group Director of Capital & Investments	Date	March 2019
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