

Policies, Procedures, Guidelines and Protocols

Document Details		
Title	Finance Procedure J2: Disposal of Surplus, Obsolete & Scrap Items	
Trust Ref No	798	
Local Ref (optional)		
Main points the document covers	Method of disposing of different types of items & local reporting requirements	
Who is the document aimed at?	All staff	
Author	Head of Financial Accounting	
Approval process		
Approved by (Committee/Director)	Deputy Director of Finance	
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Initial Equality Impact Screening	Yes	
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Lead Director	Director of Finance	
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Who the policy will be distributed to	Distributed to senior staff as defined by directors	
Method	Electronically to senior staff & available to all staff via the Trust website	
Document Links		
Required by CQC		
Required by NHSR		
Other		
Amendments History		
No	Date	Amendment
1	August 2013	Add in paragraph (3) about I/T equipment
2		Remove Supplies responsibilities that no longer apply
3	July 2014	Para 4.2: add reference to new Trust Swapshop facility
4	August 2017	Updated contact details para 2.2; 3.1; 4.3 & 4.4
5	"	Include link to asset movement form para 4.5
6	August 2020	No changes required
7	August 2023	Car Leasing Officer changed to GMP Drivecare Ltd Removed William Farr House

Shropshire Community Health NHS Trust

Finance Procedures

Section J Losses & Compensations J2 Disposal of Surplus, Obsolete & Scrap Items

1 – Introduction

- 1.1 A surplus item is an item that is surplus to requirements but is still useable. An obsolete item is an item that will not be used any longer because of changes in technology, demand, etc. – it may or may not be useable. Surplus and obsolete items which are useable should be sold not written off.
- 1.2 A scrap item is an item with no useful life, either because it is broken beyond repair, or it has only scrap value.
- 1.3 This procedure lays out the processes for disposing of:-
 - a) surplus vehicles
 - b) other surplus, obsolete or scrap items.
- 1.4 The aim of the procedure is to obtain the highest possible value for each item, or to incur minimum costs in disposal, whilst observing the Trust's Standing Financial Instructions (SFIs).

2 – Disposal of vehicles

- 2.1 All vehicles are included on the Trust's Asset Register and therefore attract capital charges. If the vehicle is not fully depreciated before it is sold, the proceeds from the sale need to cover the net book value in the Asset Register to avoid a loss, chargeable against expenditure budgets. Vehicles are depreciated over their useful life, which if no other information is available, is taken as 7 years. If a manager is planning to sell a vehicle within this period, they should first notify the Head of Financial Accounting to find out what the net book value is.
- 2.2 When a manager has a vehicle which is surplus to requirements or is to be replaced, they notify GMP Drivecare Ltd (GMP) the Trusts Lease Car Fleet Management Company) who will arrange for the vehicle to be sold at auction. There is no guarantee given by the Trust as to the mileage or condition of the vehicle, and no reserve price is indicated.
- 2.3 The auctioneers pick up the vehicle and its appropriate paperwork (logbook and MOT). When they have sold it, they send details of the new owner, an advice note and a cheque for the proceeds (the selling price less their commission) to GMP.
- 2.4 Budget Manager ensures the Asset Movement Form is completed and sent with the cheque and any backing documentation to the Head of Financial Accounting. The disposal is then entered onto the Asset Register and the appropriate adjustments made to the general ledger.

3 – Disposal of I/T equipment

- 3.1 Once I/T equipment is identified as surplus, in line with the Trust’s information security policy, the I/T department must be notified. They will decide whether it can be used elsewhere within the Trust or disposed of and arrange for data to be erased.

4 – Disposal of other surplus, obsolete or scrap items

- 4.1 If a manager is planning to sell a capital item which is included on the Asset Register, they should first notify the Head of Financial Accounting to check its net book value i.e. as with vehicles, if the asset is not fully depreciated before it is sold, the proceeds from the sale need to cover the net book value in the Asset Register to avoid a loss, chargeable against expenditure budgets.
- 4.2 When a manager decides to dispose of an item, they should first determine whether it could be used by another department. This is done using the Swapshop facility on the Trust website, which reduces the number of emails for this. The link is <http://sharepointapp/web/HR/Lists/Swapshop/AllItems.aspx> If no use can be identified for the item, it should be disposed of according to Paragraph 4.3 or 4.4 below.
- 4.3 If items have little or no value, they can be scrapped. This can be arranged through the Estates Officer), who will charge the individual department to take the item away.
- 4.4 If anything is judged to be of a significant value, the Procurement service (Shrewsbury Business Park) may be able to provide details of auctioneers who could sell the item. Consideration should be given to management time involved, the cost of disposal and the sale value.
- 4.5 If the item disposed of is a capital asset on the Trust’s Asset Register, an Asset Movement Form (see link below) must be completed by the department manager and sent to the Head of Financial Accounting. The disposal is then entered onto the Asset Register and the appropriate adjustments made to the general ledger.

References & associated documents

Asset register

Asset Movement Form link:

<http://www.shropscommunityhealth.nhs.uk/content/doclib/10268.pdf>

Information security policy

Reviewed By _____

Date _____

Authorised By _____

Date _____