

Capital Procedures Policy

V7.0

August 2026

Table of Contents

1. Introduction	4
2. Purpose of this Policy/Procedure	4
3. Scope 4	
4. Definitions / Glossary	4
5. Ownership and Responsibilities	5
5.1. Role of the Trust Board	5
5.2. Role of the Finance and Performance Committee	5
5.3. Role of the Estates Capital Group	5
5.4. Role of the Medical Equipment Board	5
5.5. Role of Digital Health Group	5
5.6. Role of Capital Projects Group	5
5.7. Role of Women and Children's Hospital Board.....	5
5.8. Role of the Finance Department.....	6
5.9. Role of the Business Case and Capital Team	6
5.10. Role of the Capital Approvals Group	6
5.11. Role of Capital budget managers	6
6. Standards and Practice.....	7
6.1. When can expenditure be capitalised?	7
6.2. The Capital Programme	8
6.3. Categories of Capital Expenditure	8
6.4. Medical Capital Equipment (MCE).....	9
6.5. Health Informatics.....	9
6.6. Estates	9
6.7. Strategic Estate Development	10
6.8. Funding of the Capital Programme	10
6.9. Leasing.....	11
6.10. How to access Capital Funds	11
6.11. Scheme of delegation	12
6.12. Procurement and installation processes	12
6.13. Procurement.....	12
6.14. Bringing fixed assets into use	13
6.15. Relocation of equipment.....	13
6.16. Valuation of assets	13
6.17. Impairment of fixed assets.....	14
6.18. Disposal of fixed assets	15
6.19. Disposal of land and buildings	15

6.20. Disposal of equipment – general principles	16
6.21. Disposal of medical equipment.....	16
6.22. Disposal of IT Equipment.....	16
6.23. Disposal of Other Equipment.....	16
6.24. Asset registers.....	17
6.25. Contact details.....	18
7. Dissemination and Implementation.....	18
8. Monitoring compliance and effectiveness	18
9. Updating and Review.....	19
10. Equality and Diversity	19
Appendix 1. Governance Information.....	20
Appendix 2. Quality and Equality Impact Assessment (QEIA) Form.....	23
Appendix 3. Capital Programme Approvals Proforma.....	24
Appendix 4. Asset Disposal / Asset Impairment Form	25

Data Protection Act 2018 (General Data Protection Regulation – GDPR) Legislation

The Trust has a duty under the Data Protection Act 2018 and General Data Protection Regulations 2016/679 to ensure that there is a valid legal basis to process personal and sensitive data. The legal basis for processing must be identified and documented before the processing begins. In many cases we may need consent; this must be explicit, informed, and documented. We cannot rely on opt out, it must be opt in.

Data Protection Act 2018 and General Data Protection Regulations 2016/679 is applicable to all staff; this includes those working as contractors and providers of services.

For more information about your obligations under the Data Protection Act 2018 and General Data Protection Regulations 2016/679 please see the Information Use Framework Policy or contact the Information Governance Team

Royal Cornwall Hospital Trust rch-tr.infogov@nhs.net

1. Introduction

- 1.1. The Royal Cornwall Hospitals NHS Trust (the Trust) is the major acute NHS Trust serving Cornwall. The Trust delivers services from three sites: the Royal Cornwall Hospital, Truro; West Cornwall Hospital, Penzance; and St Michael's Hospital, Hayle. This procedure relates to capital across all three sites.
- 1.2. In planning its strategic priorities and service delivery, the Trust aims to deliver a large range of targets, set by NHS England and the Department of Health and Social Care (DHSC), each year. These targets focus mainly on delivery of clinical services but include key financial targets.
- 1.3. The financial targets require, most importantly, that NHS trusts deliver a cumulative breakeven position. In addition, trusts are required to operate within an annual cash limit for external funding of capital expenditure, the Capital Resource Limit (CRL).
- 1.4. The Trust has a statutory duty to operate within its defined CRL. The CRL is the annual limit on capital expenditure that is set by the DHSC.
- 1.5. For planning and reporting purposes, the CRL represents the maximum capital expenditure that the Trust is permitted to incur in the financial year, within the capital resource limits set for NHS providers. It comprises the Trust's Capital Departmental Expenditure Limit (CDEL) allocation, together with any additional capital resources such as Public Dividend Capital (PDC), grants, donations and other approved sources of capital funding.
- 1.6. This version supersedes any previous versions of this document.

2. Purpose of this Policy/Procedure

This document seeks to provide information to staff on the policies in relation to managing the capital programme. These policies run from the setting of the capital programme, through management of the capital assets during their useful economic lives, to their disposal at the end of their useful economic lives.

3. Scope

This document is intended for use by all budget holders in the Trust.

4. Definitions / Glossary

- 4.1. **Capital expenditure** – expenditure on property, plant, and equipment, including fixtures and fittings, information technology and vehicles.
- 4.2. **CRL (Capital Resource Limit)** – this is the amount of capital expenditure the Trust has for a given financial year, set by the Department of Health and Social Care DHSC).
- 4.3. **CDEL (Capital Departmental Expenditure Limit)** – the amount of capital resources available.

- 4.4. **Non-CDEL (Non-Capital Departmental Expenditure Limit)** – other capital resources such as PDC, grants and donations.
- 4.5. **PDC (Public Dividend Capital)** – Centrally supplied capital resources for specific projects.

5. Ownership and Responsibilities

5.1. Role of the Trust Board

The Trust Board is responsible for approving the Trust's annual Capital Programme and receiving monthly updates regarding the progress against the approved Capital Programme.

5.2. Role of the Finance and Performance Committee

The Finance and Performance Committee will review the draft capital programme and recommend it for approval by the Trust Board.

5.3. Role of the Estates Capital Group

The Estates Capital Group is responsible for receiving and prioritising Estates capital bids and then ensuring that the relevant schemes in the capital programme are delivered.

5.4. Role of the Medical Equipment Board

The Medical Equipment Board is responsible for receiving and prioritising Medical Capital Equipment bids and then ensuring that the relevant schemes in the capital programme are delivered.

5.5. Role of Digital Health Group

The Digital Health Group is responsible for receiving and prioritising Health Informatics capital bids and then ensuring that the relevant schemes in the capital programme are delivered.

5.6. Role of Capital Projects Group

The Capital Projects Group is responsible for receiving and prioritising strategic estates capital bids and then ensuring that the relevant schemes in the capital programme are delivered.

5.7. Role of Women and Children's Hospital Board

The Women and Children's Hospital Board is responsible for receiving and prioritising the build and enabling projects relating to the Women and Children's Hospital and ensuring that the relevant schemes in the capital programme are delivered.

5.8. Role of the Finance Department

The Finance department is responsible for supporting budget holders in the preparation of business cases for capital expenditure and maintaining records of the assets held by the Trust.

5.9. Role of the Business Case and Capital Team

The Business Case and Capital Team are based within the Finance Department and is responsible for the maintenance of the fixed asset record, including the asset register, and the maintenance of the capital programme. The team also supports in the development and reprioritisation of the capital programme each year.

Capital budget codes, required in advance of all capital expenditure, will be issued by the team, which is also responsible for monitoring and reporting capital expenditure on a monthly basis.

The team is likely to be the first point of reference for any queries arising on the process for recording and accounting for fixed assets and capital transactions.

5.10. Role of the Capital Approvals Group

The Capital Approvals Group (CAG) operates under the authority of the Executive Leadership Group to set the capital programme and make decisions and monitor the benefits from capital investments. CAG is responsible for setting and monitoring the annual and multi-year capital programme and, where necessary, reprioritising the capital programme as required, as well as reviewing and approving capital investments as per the Scheme of Delegation. CAG will govern the programme according to RCHT Standing Orders, Standing Financial Instructions and the Scheme of Delegation, national guidance and best practice, within delegated limits of responsibility. CAG will report capital programme progress to the Finance and Performance Committee, with updates to the Executive Leadership Team and Trust Board as appropriate. The Group is chaired by the Chief Finance Officer or, in their absence, by the Deputy Chief Finance Officer or Associate Director of Finance as Vice Chairs.

5.11. Role of Capital budget managers

Capital budget managers are assigned to each project on the capital programme.

Budget holders also have a responsibility to ensure that only expenditure suitable for capitalisation is ordered against capital budgets and that capital projects are delivered within approved budgets.

6. Standards and Practice

6.1. When can expenditure be capitalised?

- 6.1.1. For accounting purposes, property plant and equipment' (formerly fixed asset) expenditure may be capitalised where individual items of expenditure exceed £5,000. The expenditure must either create a new asset for the Trust or enhance an existing asset. The asset purchased **must** benefit the Trust for a period of at least 12 months from the date it is first used.
- 6.1.2. Additionally, the DHSC permits smaller items of expenditure to be capitalised as 'grouped assets' where all the following criteria are met:
- The items purchased are capable of being used for a period which exceeds one year.
 - They have a collective cost of at least £5,000 and an individual cost of more than £250.
 - They are functionally interdependent.
 - They have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and;
 - They are under single managerial control.
- 6.1.3. Purchased computer software licenses are capitalised as 'intangible assets' where expenditure of at least £5,000 is incurred. Licence expenditure is amortised over the shorter of the term of the licence and the useful economic life of the asset. Amortisation is essentially 'depreciation' for intangible assets and reflects the asset's value being used up over time.
- 6.1.4. Under International Financial Reporting Standards (IFRS) arrangements that contain a lease may be capitalised by the Trust. In such circumstances, the Trust must recognise the present value of the asset on its Statement of Financial Position (formerly known as Balance Sheet) as a 'Right-of-use' asset which will incur revenue capital charges throughout the life of the asset.
- 6.1.5. Expenditure in relation to capital projects which is directly attributable to the creation of an asset may be capitalised. Examples of these types of expenditure are:
- Equipment and materials costs directly attributable to the project.
 - Labour costs of the trust's own employees, such as site workers, in-house architects and project managers arising directly from the construction or acquisition of a specific asset.
 - Direct costs, including directly attributable labour costs, incurred in enhancing an existing fixed asset.

- 6.1.6. It should be noted, however, that internally generated and newly built assets are subject to revaluation on completion. The revaluation will often identify that the asset is worth less than the cost of its creation/construction and consequently an impairment will be required to reduce the value of the asset. Impairments are charged to the Trust's revenue expenditure, where insufficient revaluation reserve balances are held to absorb the loss. Under current DHSC rules, valuation impairments are excluded from the Trust's financial performance assessment.
- 6.1.7. Expenditure which cannot be defined as capital includes the following:
- Repairs.
 - Maintenance costs, which cannot be shown to be enhancements.
 - Training costs associated with the installation and use of the new asset.
 - Employee costs not directly attributable to a specific asset, including site selection activities; and
 - Other costs, which are capital in nature, but which do not either create a new asset or enhance an existing asset.
- 6.1.8. Where payroll costs are planned to be charged to capital, it is essential that a reliable record is kept of the time spent and the activities involved. The Trust must be able to demonstrate that the costs are directly attributable to individual assets.

6.2. The Capital Programme

- 6.2.1. The Trust's plans for spending its limited capital resources are set out in the Board approved Capital Programme. In accordance with NHS England (NHSE) requirements, the Trust submits a detailed capital programme as part of the annual financial planning return. Also within this plan is an outline of the Trust's capital programme for the forthcoming 5 years.
- 6.2.2. Before any project can be included in the capital programme, the Trust requires that each potential project should be subjected to an assessment process, to determine the necessity and affordability of the proposals and to consider the priority which should be attached to the project – see below.

6.3. Categories of Capital Expenditure

The capital programme broadly brings together the capital investment priorities from four key sources, namely medical capital equipment (MCE), health informatics (HI), estates and estates development expenditure.

6.4. Medical Capital Equipment (MCE)

- 6.4.1. Medical devices include all instruments, apparatus, materials, or other articles, used for the purposes of diagnosis, prevention, monitoring, treatment, alleviation of diseases, injury, or disability. They do not include estates related equipment or IT equipment, unless they are linked to patient connected medical equipment, laboratory equipment, or PACS.
- 6.4.2. Medical equipment is a subset of medical devices defined as equipment connected to the patient as part of their treatment and care in hospitals and health centres; and devices used for diagnostic, therapeutic and laboratory purposes. Medical Equipment does not include consumable medical devices such as syringes and dressings, which should be charged to revenue expenditure budgets.
- 6.4.3. Medical Capital Equipment expenditure is currently prioritised and led by the Deputy Medical Director and the Medical Equipment Board. The Board meets regularly throughout the year and consider bids for equipment and allocate budgets accordingly.

6.5. Health Informatics

- 6.5.1. The Trust's investment in developing health informatics solutions in-house, together with costs incurred installing and implementing purchased and developed IT software, is included in the capital programme. Permitted capital expenditure includes:
 - Directly purchased infrastructure, including workstations, servers, memory storage and trunking and cabling.
 - Purchased software and licenses (providing they exceed 12 months in length); and
 - Workforce costs incurred in developing, installing, testing, and enhancing health informatics systems.
- 6.5.2. The annual health informatics capital programme is set and monitored by the Digital Health Group, under the leadership of the Chief Information Officer.

6.6. Estates

The capital programme includes significant annual expenditure for the enhancement of the Trust's buildings and infrastructure assets. This expenditure is prioritised and managed by the Director of Estates and the Estates Capital Group. Expenditure in this part of the capital programme includes short to medium term priorities, such as contractual obligations, health and safety compliance requirements and maintenance enhancement programs.

6.7. Strategic Estate Development

- 6.7.1. Large estates-related projects are overseen by the Capital Projects Group and managed by the Director of Estates and Facilities.
- 6.7.2. These schemes are often funded centrally such as the Women and Children's Hospital Programme.

6.8. Funding of the Capital Programme

- 6.8.1. The Trust is permitted to undertake capital expenditure up to its annual capital resource limit (CRL). The CRL represents the net maximum amount that the Trust can spend on capital, after taking account the book values of assets sold in the year, together with receipts from grants and donations.
- 6.8.2. Trusts are required to generate funds, primarily through retained depreciation charges and asset disposals, to fund capital expenditure. These values are used by the DHSC to set the CRL. This is received through an allocation of the system capital envelope and becomes the CDEL (Capital Departmental Expenditure Limit) allocation in each year.
- 6.8.3. In addition, those trusts that can afford to, can borrow funds to increase capital (and revenue) expenditure, subject to their ability to service the debt. The level of affordable borrowing is indicated through the calculation of the Prudential Borrowing Limit (PBL). The funding is provided in the form of Public Dividend Capital (PDC).
- 6.8.4. In addition to the resources made available through the CRL, assets can be obtained through charitable funds and through other donations and grants.
- 6.8.5. A separate policy and procedure exist for the use of charitable funds to purchase capital items. However, because of the potential workflow and revenue consequences of such purchases, a business case and cost analysis are still required for this type of purchase. Policies on accessing funds from charitable funds is available on the Trust's intranet.
- 6.8.6. Donated assets are accounted for in the same way as purchased assets. Depreciation charges are still applicable to costing evaluations, although they are neutralised, through an end-of-year adjustment, when determining the Trust's financial performance for the year. This effectively ensures there is no real cost to the Trust. Where a donor has contributed to part of an asset, only that portion falls into being treated as a donated asset. It is possible therefore for an individual asset to be partly donated and partly purchased.
- 6.8.7. As with assets sourced from charitable funds, offers of donations to help purchase specific assets need to be subject to a business case appraisal, to ensure that revenue and workflow consequences are taken into full consideration.

- 6.8.8. For an asset to be accepted through donation there should be no consideration given in return. The donor, or individuals or organisations nominated by the donor, may not be offered preferential treatment or other advantages or benefits.
- 6.8.9. Assets funded through non-government grants are currently accounted for in the same way as donated assets.
- 6.8.10. The book values of any assets sold in the year may also be used by the Trust to fund the capital programme. These funds effectively increase the Trust's CRL.
- 6.8.11. PDC and other sources of funding are classified as non-CDEL funding.

6.9. Leasing

- 6.9.1. For items of equipment, plant and machinery, leasing is often considered as an alternative to purchasing capital equipment. The adoption of International Financial Reporting Standard (IFRS) 16 from 1 April 2022 means that it is highly likely that any arrangement containing a lease will be accounted for as capital expenditure.
- 6.9.2. The Trust can sometimes use managed service arrangements as alternatives to direct purchase of equipment, particularly for medical equipment and information technology. However, it should be noted that any managed service arrangement that includes the use of an asset is likely to contain a lease and as such must be considered in the same way as a leasing arrangement.

6.10. How to access Capital Funds

- 6.10.1. The prioritisation process is overseen by the Capital Approvals Group.
- 6.10.2. Capital sub-groups are asked to seek input from divisions on which capital investment could take place by completing an Investment Request. These are then considered by the capital sub-groups and, with the addition of other investments known by the capital sub-group, are presented to CAG. This process will start in July or August each year.
- 6.10.3. CAG then receive the prioritised list of investments and, through a series of meetings, develop a capital programme. The prioritisation takes into account the investment risk assessment as well as the Trust's recorded risk assessment and cost. The risk score is calculated as multiple of an Impact score and a Likelihood score.
- 6.10.4. Guidance as to which forms to complete and where to send the forms is provided with the invitation to submit bids.
- 6.10.5. Urgent capital investments can be identified during the year, and these are considered by CAG before the programme is reprioritised.

6.11. Scheme of delegation

The Trust's Scheme of Delegation forms part of the Standing Orders and Standing Financial Instructions. This is a 'live' corporate document, which is subject to regular revisions approved by the Audit and Risk Assurance Committee. The Scheme of Delegation sets out the delegated limits in relation to setting the capital programme and approving capital expenditure.

<http://doclibrary-rcht-intranet.cornwall.nhs.uk/GET/d10206276>

6.12. Procurement and installation processes

Once a capital scheme has been approved by the Trust, included in the capital programme and funds identified to pay for the investment, there are several steps required to procure the assets and bring them in to operational use. Failure to follow the required steps could lead to the Trust being in breach of UK Public Procurement Rules and Regulations and health and safety legislation. Failure to keep the Finance Department informed of the progress of procurement and implementation will result in out-of-date asset records and could cause inaccurate charges to be levied.

6.13. Procurement

- 6.13.1. The Trust is a member of the Peninsula Purchasing and Supply Alliance (PPSA), details of which can be found on the PPSA website.
- 6.13.2. The Trust has a formal procurement strategy and procurement policy, which should be followed. Wherever possible, assets will be purchased through the standard procurement approach.
- 6.13.3. All equipment procurement should be handled by the Procurement Department, which will ensure compliance with the Standing Orders and Standing Financial Instructions and relevant UK Public Procurement Rules and Regulations.
- 6.13.4. Recording the process.
- 6.13.5. The Capital Programme Approvals Proforma (see Appendix 3) is the form that records the information needs arising from the approval of business cases. The form shows the steps and processes that need to be followed and information that needs to be provided between gaining approval for the project and initiating the procurement and installation. Information that will be required includes:
 - Approval confirmation.
 - Confirmation of place on the capital programme and funding allocated.
 - Departmental cost centre and activity code.
 - Forecast expenditure and (capital and revenue) cash flow.
 - Forecast installation and 'brought into use' date.

- Proposed location.
- Details required to set up a UNIT 4 budget code; and
- Responsible budget holder.

6.13.6. Budget holders should send the completed form to the Business Case and Capital team, who will check the details and confirm that the project is on the capital programme. The team will also generate a ledger budget code for the project and initiate a record on the finance asset management system.

6.14. Bringing fixed assets into use

- 6.14.1. It is necessary for there to be a clear and agreed understanding of when an asset first becomes available for use as, once the asset is deemed 'operational,' it becomes liable for depreciation charges.
- 6.14.2. For all capital schemes, the Business Case and Capital team will assume that an asset comes into operational use when stated on the Capital Programme Approvals Proforma form. Should the purchase be delayed, the team will account for the asset as being operational from the date the purchase / scheme is completed, unless informed otherwise.
- 6.14.3. All appropriate capital equipment assets should, where possible, be tagged by Medical Physics, which will notify the team, for inclusion of the reference number on the Finance asset register.

6.15. Relocation of equipment

Instances will arise where equipment will need to be transferred from one location to another. Often this will represent a transfer between functions and thus between cost centres. If the transfer is likely to be long term, budget holders should inform the Business Case and Capital team, so that the asset register can be updated. Local records should show that the asset movements are recorded in either hard copy or electronically.

6.16. Valuation of assets

- 6.16.1. Property assets (land, buildings, and dwellings) are carried in the Trust's financial statements at valuation. International Financial Reporting Standards require the Trust to ensure that the values reported in the financial statements at the end of the financial year are 'fairly stated.'
- 6.16.2. To ensure that property assets are fairly stated, the Trust is required to engage a professional valuer to confirm the values to be included in the financial statements and the asset register at the year end.
- 6.16.3. Non-property assets are generally carried in the Trust's financial statements at their depreciated historic cost, as a proxy for their current value. From time to time, the Trust may commission a valuation of these assets.

- 6.16.4. It is important that the Business Case and Capital team is informed of any known significant change to any asset's valuation, e.g. such as a reduction in value following damage or obsolescence (see below).

6.17. Impairment of fixed assets

- 6.17.1. Accounting requirements require the Trust to undertake an annual review of its property, plant, and equipment for any indication that an asset may be impaired.
- 6.17.2. Impairments usually arise as a result of changing working practice, or advances in technology, which result in the asset becoming prematurely obsolescent, or through accelerated wear and tear, or damage. As a result, the value reported in the asset register is likely to exceed either the value to the Trust, or the potential market value of the asset. In these circumstances, an impairment would be required to ensure the asset values reported in the Trust's accounts are not overstated.
- 6.17.3. Where budget holders, or department heads, identify assets that have rapidly lost their effectiveness and usefulness, through changing practice or quality deterioration, they should notify the Business Case and Capital team to arrange for an impairment review to be carried out. A form on which to record the event is included within the appendices to this document.
- 6.17.4. Impairment of newly constructed and refurbished assets.
- 6.17.5. Newly constructed buildings will be required to be reviewed for impairment on completion of the capital works. Typically, new-build assets will experience a 10%-25% reduction in value, compared to the costs of construction, when the asset is first brought into use. This occurs due to the additional costs of designing and overseeing the construction process, as opposed to buying a building from a third party.
- 6.17.6. Similarly, expenditure used to refurbish assets rarely increases an asset's value by an amount equivalent to that spent on refurbishment. The levels of impairment have increased since the Department of Health and Social Care (DHSC) changed the basis of valuation for property assets to a Modern Equivalent Asset (MEA) basis. As the name suggests, the MEA based valuation is a valuation of a building's modern equivalent, i.e. what would be built today to replace the asset, using modern construction techniques and modern layouts etc. The value of the modern equivalent is adjusted to reflect the economic life of the asset currently held by the Trust.
- 6.17.7. It is important to consider potential impairments when planning capital projects. Valuation impairments are a charge to revenue in the Trust's financial statements, although currently these are not considered by the Department of Health and Social Care (DHSC) when assessing the financial performance of the Trust. It is unclear at this stage whether the current treatment will continue in future years.

6.18. Disposal of fixed assets

6.18.1. Budget holders should ensure that the following requirements are met, before an asset is disposed of:

- Disposals are effected in compliance with the Trust's Standing Orders, Standing Financial Instructions and Scheme of Delegation.
- Assets must be genuinely surplus or unfit for their intended purpose.
- Independent and documented verification of the asset's unsuitability for continued use is obtained (e.g. Condemnation by Estates or evidence from service engineer – the condemning officer).
- Arrangements are in place for the assets to be disposed of in a safe and secure manner.
- Where there is a residual value, potential sales are managed in a standard manner, which safeguards the interests of the Trust; and
- Intended disposals should be reported promptly to the relevant department, e.g. Medical Physics, Estates, CITS (health informatics), Pathology or X-Ray.

6.18.2. The Head of Department, or their authorised deputy, is required to determine and advise the Chief Finance Officer of the estimated market value of the item to be disposed of, taking account of professional advice, where appropriate.

6.18.3. Where the asset is assessed to be unserviceable, or to have no market value, it must be recorded as condemned. This will be recorded by the condemning officer in a form, approved by the Chief Finance Officer, which will indicate whether the articles are to be converted, destroyed, or otherwise disposed of. All entries must be confirmed by the countersignature of a second employee, as authorised by the Director of Finance.

6.18.4. All disposals must be reported promptly to the Business Case and Capital team, using the form included in Appendix 4 to this document.

6.19. Disposal of land and buildings

6.19.1. The acquisition, disposal or change of use of land and buildings are powers reserved to the Trust Board (see SOs and SFIs). The Scheme of Delegation specifies the various levels of authorisation for disposal of fixed assets by value.

6.19.2. The disposal will be subject to competitive tendering, which will be administered by the Trust's Legal Department and the Procurement Department.

- 6.19.3. The Business Case and Capital Team must be notified when an asset is deemed surplus to requirements (and is therefore being held for resale) and when completion of the sale has taken place, to ensure balances are correctly recorded in the Trust's financial statements and asset register.

6.20. Disposal of equipment – general principles

- 6.20.1. In deciding on how to dispose of items of equipment, the Head of Department, or other individual authorised to manage disposals, needs to consider the risks attached to each disposal option. If the item of equipment is sold, or passed on for continued use, the Trust may be at risk of claims arising from the subsequent owner, either through sale or donation. The Trust's Legal Department should be consulted before the sale or gift of any equipment.
- 6.20.2. The Procurement Department should be informed promptly of any intention to dispose of equipment. They manage the process and ensure that relevant and adequate levels of indemnity are obtained before assets are handed over.

6.21. Disposal of medical equipment

- 6.21.1. The Medical Physics Team should be involved from the outset, in all potential cases of condemnation, withdrawal from service, recycling and disposal of equipment which they maintain. The Medical Physics team holds a database of all maintained equipment, including smaller value items originally funded from revenue expenditure. Both Medical Physics and Finance should be provided with as much information as possible about particular assets, including the serial number, asset number in the asset register and, if possible, the Medical Physics reference number.
- 6.21.2. The Medical Physics user guide, 'Condemning, withdrawing and recycling of medical equipment' can be viewed in the document library on the Trusts intranet page.
- 6.21.3. A copy of the completed Disposal of Equipment form should be sent to the Business Case and Capital team, so that the asset register can be updated.

6.22. Disposal of IT Equipment

IT asset disposals are coordinated by Cornwall IT Services (CITS). However, it is still necessary to inform the Business Case and Capital team of the disposal, using the form included in Appendix 4 to this document, so that the asset register can be amended accordingly.

6.23. Disposal of Other Equipment

- 6.23.1. The Estates Department is responsible for the disposal of other, non-clinical assets.

6.23.2. The Pathology Department manages the disposal of laboratory equipment and X-Ray Department manages the disposal of x-ray equipment.

6.23.3. Again, a copy of the completed Disposal of Equipment form should be sent to the Business Case and Capital Team, so that the asset register can be updated.

6.24. Asset registers

6.24.1. Each NHS organisation is required to maintain an asset register. The register should support the annual accounts and will be subject to audit by the Trust's externally appointed auditor.

6.24.2. The benefits of keeping an up-to-date asset register are that it will:

- Provide a comprehensive record of the assets held by the Trust.
- Result in improved physical asset accountability and risk management.
- Provide budget holders access to information covering all of their recorded assets.
- Provide a firm baseline for improved asset management.
- Offer information capacity to implement planned asset maintenance, repair, and replacement programmes.
- Enable quick and accurate calculation of capital charges, necessary for both statutory financial reporting and service cost analysis; and
- Provide data for benchmarking comparisons between NHS bodies of a similar type.

6.24.3. The Department of Health and Social Care (DHSC) established a minimum data set requirement for asset registers, in the NHS Capital Accounting Manual. The manual is no longer extant, because of the move to adopting international accounting standards. However, the dataset is still a good indicator of what information should be expected to be included, as a minimum, in the fixed asset register. The minimum dataset is as follows:

- Asset identification and description.
- Asset location.
- Date of acquisition.
- Method of acquisition.
- Initial capital expenditure.
- Gross replacement cost (for equipment).

- Modern equivalent valuation (for buildings).
- Accumulated depreciation charged (including buildings since date of acquisition or revaluation. Depreciation is the annual charge to revenue which reflects the deterioration in the value of the asset, through use, over its expected lifetime).
- Revaluation adjustments.
- Impairments; and
- Assessed life.

6.24.4. Asset registers should show an itemised record of all capital assets, including donated assets, assets held under finance leases, grouped assets, and fully depreciated assets. All initial equipping and setting-up costs of new buildings must be included where these are capitalised.

6.25. Contact details

If you have any questions regarding the contents of this policy or in relation to capital in general, please contact: rcht.capitalteam@nhs.net.

7. Dissemination and Implementation

- 7.1. This policy will be held on the Trust's document library as a source of information for budget holders.
- 7.2. Budget holders attending Finance Skills Development Training, provided by the Finance Department, will be made aware of this document and its contents.

8. Monitoring compliance and effectiveness

This policy will be reviewed and updated every three years. However, compliance with accounting regulations, compliance with the standing orders and standing financial instructions and appropriateness of the capitalisation of expenditure will be monitored through both internal and external audit reviews undertaken during each financial year.

Information Category	Detail of process and methodology for monitoring compliance
Element to be monitored	Compliance with accounting regulations, compliance with standing orders and standing financial instructions and appropriateness of the capitalisation of expenditure.
Lead	Finance Department.
Tool	Internal and external audit reviews.
Frequency	Annually.
Reporting arrangements	Finance Department.

Information Category	Detail of process and methodology for monitoring compliance
Acting on recommendations and Lead(s)	Senior finance management.
Change in practice and lessons to be shared	Required changes to practice will be identified and actioned.

9. Updating and Review

This document will be reviewed and updated every three years, or sooner where there are any significant changes to relevant accounting standards or internal procedures.

10. Equality and Diversity

10.1. This document complies with the Royal Cornwall Hospitals NHS Trust service Equality and Diversity statement which can be found in the [Equality Diversity and Inclusion Policy](#) or the [Equality and Diversity website](#).

10.2. Quality and Equality Impact Assessment (QEIA)

The QEIA process allows RCHT to monitor the impact of changes to its policies and services, ensuring that nobody is unduly disadvantaged. The Quality and Equality Impact Assessment (QEIA) Form is available via the link in [Appendix 2](#).

Appendix 1. Governance Information

Information Category	Detailed Information
Document Title:	Capital Procedures Policy V7.0
This document replaces (exact title of previous version):	Capital Procedures Policy V6.0
Date Issued / Approved:	August 2026
Date Valid From:	August 2026
Date Valid To:	August 2029
Author / Owner:	Adam Wheeldon, Associate Director of Finance
Contact details:	rcht.capitalteam@nhs.net
Brief summary of contents:	This policy seeks to provide information to budget holders on the procedures involved in setting and managing the capital programme.
Suggested Keywords:	Capital, assets, purchasing equipment.
Target Audience:	RCHT: Yes CFT: No CIOB ICB: No
Executive Director responsible for Policy:	Chief Finance Officer
Approval route for consultation and ratification:	Original approved at Executive Management Board – August 2010; this refresh approved by Deputy Chief Finance Officer
Manager confirming approval processes:	Associate Director of Finance
Name of Governance Lead confirming consultation and ratification:	Associate Director of Finance
Links to key external standards:	DHSC group accounting manual 2025 to 2026 - GOV.UK NHS England » Financial accounting updates — International Financial Reporting Standard 16 Leases implementation Group accounting manual: IFRS 16 supplement -

Information Category	Detailed Information
	GOV.UK IFRS - IAS 16 Property, Plant and Equipment NHS England » Capital guidance 2026/27 to 2029/30 NHS England » Procurement The Procurement Act 2023 – implications for NHS procurement NHS SBS
Related Documents:	Trust Standing Orders and Standing Financial Instructions
Training Need Identified:	Regular business case training is offered which covers capital Procedures.
Publication Location (refer to Policy on Policies – Approvals and Ratification):	Internet and Intranet
Document Library Folder/Sub Folder:	Finance / Finance General

Version Control Table

Date	Version Number	Summary of Changes	Changes Made by
May 2010	V.1.0	New document replacing existing procedure document, following significant revision.	Guy Trevenna, Financial Accountant
October 2011	V.2.0	Refresh of document to reflect current arrangements and update of contact details and linked document references.	Guy Trevenna, Financial Accountant
October 2012	V.3.0	Refresh of document to reflect current arrangements and update of contact details and linked document references.	Guy Trevenna, Acting Deputy Financial Controller
November 2014	V4.0	Updated to latest policy format and general refresh	Guy Trevenna, Financial Accountant and Deputy Financial Controller
August 2019	V5.0	Change of name to Capital Procedures Policy. General refresh to reflect current arrangements and references	Guy Trevenna, Financial Accountant and Deputy Financial Controller
August 2023	V6.0	General refresh to reflect current arrangements and references	Adam Wheeldon, Associate Director of Finance

Date	Version Number	Summary of Changes	Changes Made by
August 2026	V7.0	Updated to latest policy format and general refresh	Fiona Buller, Deputy Finance Manager

All or part of this document can be released under the Freedom of Information Act 2000.

All Policies, Strategies and Operating Procedures, including Business Plans, are to be kept for the lifetime of the organisation plus 6 years.

This document is only valid on the day of printing.

Controlled Document.

This document has been created following the Royal Cornwall Hospitals NHS Trust [The Policy on Policies \(Development and Management of Knowledge Procedural and Web Documents Policy\)](#). It should not be altered in any way without the express permission of the author or their Line Manager.

Appendix 2. Quality and Equality Impact Assessment (QEIA) Form

The QEIA process allows RCHT to monitor the impact of changes to its policies and services, ensuring that nobody is unduly disadvantaged.

Please ensure you have completed a Quality and Equality Impact Assessment (QEIA) using this link to complete the form:

[E11 QEIA Policy](#)

For guidance, please see the [QEIA Essentials – Quick Reference Guide](#) or contact as required below:

Equality, Diversity and Inclusion guidance, please contact: rcht.inclusion@nhs.net

Quality Governance guidance, please contact Jillian Tozer: jillian.tozer3@nhs.net

Appendix 3. Capital Programme Approvals Proforma

To: Business Case and Capital Team			
From: [Budget Holder]		Project Title [Budget Holder]	
Capital/Project Description (including location of asset) [Budget Holder]			

1. Forecast Financial Profile [Budget Holder]

Apr (£'000)	May (£'000)	Jun (£'000)	Jul (£'000)	Aug (£'000)	Sep (£'000)	Oct (£'000)	Nov (£'000)	Dec (£'000)	Jan (£'000)	Feb (£'000)	Mar (£'000)
				2026-27 (£'000)		2027-28 (£'000)			2028-29 (£'000)		
Annual Totals											

2. Date Asset/Project will come into use (NB this will be the date capital charges will be effective from) [Budget Holder]

Date of first expected use [ddmmyyyy]	
Estimated life of asset [years] <i>[non land and building assets only]</i>	
Please inform Business Case and Capital Team if this changes during the procurement / installation / build phase.	

3. Requirements [Budget Holder]

Brief details of any requirements approved by the Capital Approvals Group and where initial approval received from:

--

4. UNIT 4 Details [Budget Holder]

UNIT 4 code required. PLEASE TICK (note 2 requisitioners and 2 authorisers are required if YES)	[Y]	[N]	Delivery address for goods	
Name of UNIT 4 requisitioners	1.		2.	
Name of UNIT 4 authorisers	1.		2.	

5. Associated Revenue budget code (to be used for allocating capital charges) [Budget Holder]

--

6. Budget Holder's Acceptance [Budget Holder]

I hereby agree that the information provided above is my most accurate estimate at this present time.

I will provide a monthly report on progress and undertake expenditure in accordance with the forecast outturn above. I will notify the Business Case and Capital Team immediately of any issues affecting the timescales or the financial profile detailed above.

Name and Initials (in capitals)
Job Title and Department

Signature
Date

7. Approval by Finance Department

I approve that the above project has been approved by the Capital Approvals Group (CAG) and that it has been included within the Capital Programme. A copy of this form will be forwarded to the Procurement and Supplies Department as authorisation that the above capital code has been approved and spend incurred in line with the forecast.

Name and Initials (in capitals)
Job Title and Department

Signature
Date

CAPITAL CODE [ISSUED BY: Business Case and Capital Team]	C.....
--	---------------

Appendix 4. Asset Disposal / Asset Impairment Form

NOTIFICATION OF ASSET DISPOSAL

[to be used when an asset is no longer held by the Trust]

DATE OF DISPOSAL	
ASSET DESCRIPTION (including Medical Physics/asset register reference if known)	
SERIAL NUMBER (if known)	
LOCATION (e.g. department / ward)	
APPROXIMATE DATE OF PURCHASE (if known)	
APPROXIMATE PURCHASE COST (£) (if known)	
METHOD OF DISPOSAL (e.g. sold / auctioned / scrapped)	
DISPOSAL PROCEEDS (£)	

I hereby confirm that the above asset is no longer held by the Trust and is required to be removed from the Trust asset register.

Name:

Date:

Position:

Contact number:

NOTIFICATION OF ASSET IMPAIRMENT

[to be used when an asset is believed to have lost value, other than through normal wear and tear]

EFFECTIVE DATE OF IMPAIRMENT	
ASSET DESCRIPTION (including Medical Physics/asset register reference if known)	
SERIAL NUMBER (if known)	
LOCATION (e.g. department / ward)	
APPROXIMATE DATE OF PURCHASE (if known)	
APPROXIMATE PURCHASE COST (£) (if known)	
NATURE OF IMPAIRMENT (e.g. obsolescence / damage)	
APPROXIMATE VALUE AFTER IMPAIRMENT (£)	

I hereby confirm that the above asset is believed to be impaired, and the value held on the Trust's asset register is required to be adjusted.

Name:

Date:

Position:

Contact number:

This form should be completed and returned to the business case and capital team in the finance department, together with any supporting documentation regarding the disposal / impairment.