

FIXED ASSET POLICY

Version	1.2
Created by	Kevin Murray –Town Clerk
Date approved	13 April 2024
Approved by	Strategy & Resources Committee

1. Introduction

- 1.1 Local Councils must maintain an asset register to ensure fixed assets are appropriately safeguarded. This includes items of a capital nature where values tend to be high and which have a useful life of more than one year.

2. Scope of the Asset Register

- 2.1 The fixed asset register has four main purposes:

- It forms a basis for completion of box 9 in the 'Annual Return.'
- It forms a basis for decisions on risk and insurance issues.
- It provides information on the age and potential lifespan of certain items.
- It provides assurance of the continued existence of Woodley Town Council's property.

The Register will be approved and adopted by Woodley Town Council on an annual basis but it is a working document which will be updated and amended by the Council's Responsible Financial Officer as necessary throughout the year.

The definition of fixed assets is "property, plant, machinery and equipment with a useful life of more than one year and which is used by Woodley Town Council to deliver its services".

In order to ensure transparency and reasonableness, the following items are included in the Register, irrespective of whether they were purchased, gifted or otherwise acquired, together with their holding location:

- land and buildings held freehold or on long term lease in the name of the Council
- community assets
- vehicles, plant and machinery
- assets considered to be portable, attractive or of community significance

- 2.2 The values indicated in the asset register will inform the 'total fixed assets' section of the Annual Return.

- 2.3 The following items fall outside the definition for inclusion and are therefore excluded from the Register:

- Assets rented or loaned to the Council
- Assets owned by charitable trusts where the Council is the trustee
- Items held for resale, i.e. stock
- Consumable items or items with a useful life of less than a year
- Cash and short term investments

- Intangible assets
- 2.4 In accordance with good practice, the Council has set a de minimus level of £1,000 below which expenditure will not generally be capitalised. This will include multiples that exceed £1,000 in value. All expenditure above the de minimus level will be deemed capital expenditure and added to the fixed asset register.
- 2.5 An annual inspection of the fixed asset register will occur to ensure that all items can be physically verified. Discrepancies between the physical verification process and the register will be investigated promptly by the RFO. Any assets which cannot be located after investigation will be removed from the asset register and recorded in the schedule of disposals. Any new assets identified will be added to the register.
- 2.6 The asset register and schedule of disposals will be reviewed annually by the Strategy and Resources Committee and then approved by Full Council.

3. Valuation of Assets and the Fixed Register

- 3.1 Once recorded on the fixed asset register, the value of assets must not change from year to year until disposal. Concepts of depreciation and impairment adjustment are not appropriate for Local Councils (Governance and Accountability for Local councils: A Practitioner's Guide (England) 2017)
- 3.2 Assets must be valued by one of the following means based on available information:
- Actual purchase price (where known)
 - Proxy (estimated purchase price) value, where actual purchase price is not known
 - Nominal value of £1. This should be used for assets gifted or transferred to the Council

4. Valuation of assets for insurance purposes

- 4.1 The fixed asset register will be used to inform the insurers of Council assets. For the purposes of insurance, the value to be used is the replacement value of the item and not the purchase price or market value. The Council should ensure assets are valued accurately for insurance purposes to avoid under (or over) insuring. Assets should therefore be valued every five to seven years to ensure the appropriate level of insurance is held.

5. Asset disposals

- 5.1 Assets will be disposed of in a manner that ensures the Council achieves the best net value of the asset.
- 5.2 Disposals will be conducted in an efficient, effective and transparent manner.
- 5.3 All asset disposals will be appropriately authorised by The Town Clerk for assets valued at £1000 or below and the Strategy and Resources Committee for assets valued above £1000, and adequately documented in the Asset Disposal Register.
- 5.4 Disposal processes will ensure that assets that are sold or scrapped are removed appropriately from the asset register and financial records and will facilitate appropriate stewardship of assets.
- 5.5 Council Officers and Members must not be advantaged over members of the public.
- 5.6 At no time will any assets be disposed of directly to Officers and/or Members. Officers and/or Members may purchase an asset in an open tender process provided they have no decision making involvement in the disposal process.
- 5.7 All disposals of assets will be through an open, fair and transparent process. Wherever possible this will be achieved by open tender.
- 5.8 Independent appraisals of value will be obtained for higher value assets prior to their disposal as set out in the procedures.
- 5.9 There may be occasions where assets have only a nominal value and are obsolete to the Council, but may be of use to another organisation e.g. a charity. In these instances the Town Clerk will take a report to the Strategy and Resources Committee to seek approval for disposal outside the normal scope of this policy.