



Okehampton Town Council

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DRAFT Asset Register and Disposal Policy

Background

Local councils must maintain an asset register to ensure fixed assets are appropriately safeguarded.

The term fixed asset means items of a capital nature comprising of property, plant and equipment with a useful life of more than one year.

Scope of Asset Register

In order to ensure transparency and reasonableness, the following items are included in the Council's asset register, whether purchased, gifted or otherwise acquired, together with their holding location:

- land and buildings held freehold or on lease in the name of the Council
- community assets
- vehicles, plant and machinery
- assets considered to be portable, attractive or of community significance
- other assets estimated or known to have a minimum purchase or resale value of £500.00 or are of historical importance
- long term investments, shares and loans made by the Council

The values indicated in the asset register will inform the 'total fixed assets' section of the Annual Return with the exception of assets held on trust.

The following items fall outside the definition for inclusion and are therefore excluded from the Council's asset register:

- land and buildings maintained or serviced, but not owned by the Council
- assets rented by or loaned to the Council
- stationery and other consumable items
- boundaries of land owned (e.g. fences, hedges and gates)
- floor or land surfaces and drainage
- plants and trees
- assets with a purchase or resale value of less than £500 (other than items listed as for inclusion in the asset register)
- repairs
- cash, short term investments and other current assets
- intangible assets (e.g. trademarks, internet domain names, contingent assets, broadcast rights)
- negative' assets (e.g. provisions, borrowings, creditors and contingent liabilities)

A schedule of disposals will be kept. All asset disposals must comply with the Asset Disposal Procedure referenced within this policy.

Valuation of Assets

Once recorded on the asset register, the value of assets must not change from year to year until disposal. Concepts of depreciation and impairment adjustments are not

appropriate for local councils (Governance and Accountability for Local Councils: A Practitioner's Guide (England)).

Assets must be valued by one of the following means based on available information:

- ideally, apply the purchase price (net of VAT if VAT has been reclaimed);
- otherwise, apply the purchase price (gross of VAT if VAT has not been reclaimed or where the VAT status of the purchase is unclear)

Where it is not possible to trace the purchase price of the asset the insurance valuation should be applied. As a last resort, a nominal value of £1 may be applied. This should also be used for assets gifted to the Council.

There is no guidance where land or buildings have been subject to substantial renovation and improvement to such an extent that the new market value bears no relation to the original purchase cost. In order to avoid renovation and improvement work being separately recorded on the asset register and in these exceptional circumstances only, a market value supplied by a qualified surveyor may be entered, if approved by the council.

Procedure for Updating the Asset Register

The start point is the asset register that has been agreed for the end of the previous financial year. The financial ledger should be reviewed for all purchases made during the year. A discussion should be held with all Council officers to identify any assets that have been gifted to the Council. Any new assets which fall in the categories above should be added to the asset register, with their values recorded at the purchase price (net of VAT if VAT is being reclaimed or at £1 if gifted to the Council).

The financial ledger should also be reviewed for all asset sales made during the year. A discussion should be held with all Council officers to identify any assets that have been lost, disposed of or gifted by the Council. Any assets which fall in the categories stated above should be removed from the asset register and recorded in the schedule of disposals. The asset register should record any assets loaned by the Council, including the person or organisation borrowing the asset, its location and the date when the loan period ends.

It is the Councils responsibility to ensure that an audit of asset register items occurs annually to ensure that items can be physically verified. A Councillor will be nominated annually to undertake this audit which should as a minimum include the silverware and paintings.

The Asset Register and Insurance

For insurance purposes, the asset register shall include a column to record the valuation or replacement value of each asset.

The Asset Register will be used to inform the insurers of Council assets. For the purposes of insurance, the value to be used is the valuation or replacement value of items and not the acquisition price as per the Asset Register. The Council should ensure land and buildings and high value items are valued accurately for insurance purposes, therefore they should be valued every five years.

Asset Disposal

Items can be available for disposal because they are:

- no longer required due to changed procedures, functions or usage patterns
- unfit for purpose

- beyond repair

Items for disposal should be referred to the relevant Committee for consideration and recommendation to full Council in the event the estimated value is in excess of £4,000.

Assets identified for disposal may be dispensed with using the procedures listed below:

- Sale by public tender
- Donated to a community service or organisation
- Scrap

Choice of the most appropriate disposal option will normally be influenced by the nature of the goods for disposal and market value.

Where the Council has determined that goods have no residual value, and where their disposal is therefore unlikely to produce sufficient revenue, it may authorise the donation of the goods to another organisation within the parish area such as schools, charities and volunteer organisations. Donations of items valued in excess of £500 must be approved by full Council.

Where items have negligible value or where the cost and time involved in managing the sale process would exceed the financial benefit, the equipment may be scrapped.