

FIXED ASSET POLICY

Introduction

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.

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 long term lease in the name of the Council
- Community assets
- Assets considered to be portable, attractive or of community significance

The values indicated in the asset register will inform the 'Total Fixed Asset' section of the Annual Return.

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

- Assets rented by or loaned to the Council
- Items held for resale, i.e. stock
- Consumable items or items with a useful life of less than a year
- Cash, short term investments and other current assets
- Intangible assets

In accordance with good practice, this Council has set a *de minimus* level of £2,000 below which expenditure will generally not be capitalised. All expenditure above the *de minimus* level will be deemed capital expenditure and added to the fixed asset register, unless there is a good reason to treat it differently.

An annual inspection of the fixed asset register should occur to ensure that all items can be physically verified. Discrepancies between the physical verification process and the register should be investigated promptly by the RFO. Any assets which cannot be located after investigation, should be removed from the asset register and recorded in the schedule of disposals. Any new assets identified should be added to the register.

The asset register and schedule of disposals should be reviewed annually by the Audit Committee and then approved by Full Council.

Valuation of Assets for the Fixed Asset Register

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 Practitioners Guide (England) 2014, para 3.69).

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

- Actual purchase price (including VAT)
- Where this is not known or not applicable, 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 or transferred to the Council.

Valuation of Assets for Insurance Purposes

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.