



## Fixed Asset Policy

**Responsibility:** F & GP Committee

**Review Cycle:** At least every three years, or earlier in the event of legislative changes

<u>Date of Adoption / Renewal</u>	<u>Resolution Number</u>
3 July 2018	8463
29 June 2021	9449

## FIXED ASSET POLICY

### 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 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
- 2.2 The values indicated in the asset register will inform the 'Total Fixed Asset' section of the Annual Return.
- 2.3 The following items fall outside the definition for inclusion and are therefore excluded from the Council's asset 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. 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 F & GP Committee and then approved by Full Council.

### **3. Valuation of assets and the fixed asset 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 purchases**

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