

Lydiard Millicent Parish Council

Asset Register and Disposal Policy

1. Background

- 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 and used by the Council to deliver its services (Governance and Accountability for Local Councils: A Practitioner's Guide (England)). Fixed assets are also known as non-current assets. Fixed assets acquired in any year should be added to the asset register for management purposes. The Council's Financial Regulations, section 12 refers to the custody of Assets, Properties and Estates.

2. Scope of Asset Register

- 1.2 In order to ensure transparency and reasonableness, the following items are included in the Council's asset register, whether purchases, 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
- vehicle, 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 £100.00
- long term investments, shares and loans made by the Council
- assets held on trust

- 1.3 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.

- 1.4 A 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 Council's property.

The Register is adopted by the Council at the end of each financial year but is a working document which the Clerk will update and amend details as necessary.

- 1.5 The following items fall outside the definition for inclusion and are therefore excluded from the Council's Asset Register:

- land and buildings held on short term lease or rented
- land or buildings maintained or serviced, but not owned by the Council
- assets rented or loaned to the Council
- stock items intended for resale
- stationery and other consumable items
- boundaries of land owned (e.g. fences, hedges, gates)
- floor or land surfaces and drainage
- plants and trees
- assets with a purchase or resale value of less than £100.00 (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 separate section of the Asset Register will contain a schedule of disposals. All asset disposals must comply with the Asset Disposal Procedure referenced within this policy.

3. Valuation of Assets

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3.1 Once recorded on the Asset Register, the value of the asset must not change from year to year until disposal. Concepts of depreciation and impairment costs are not appropriate for local councils. Governance and Accountability for Local Councils: A Practitioner's Guide (England).

3.2 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).

3.3 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 £1.00 may be applied. This should also be used for assets gifted to the Council.

3.4 There is no guidance where land or building have been subject to substantial renovation and improvement to such an extent that the new market values 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.

4. Procedure for Updating the Asset Register

4.1 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 between Clerk and Chairman/Vice-Chairman to identify any assets that have been gifted to the Council. Any new assets which fall in the categories stated at 2.1 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 £1.00 if gifted to the Council).

4.2 The financial ledger should also be reviewed for all asset sales made during the year. A discussion should be held by Clerk, Chairman and Vice-Chairman to identify any assets that have been lost, disposed of or gifted by the Council. Any assets falling into the category stated at 2.3 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.

4.3 It is the Council's responsibility to ensure that a stock take of Asset Register items should occur to ensure that all Asset Register items can be physically verified. Any assets which cannot be located should be removed from the Asset Register and recorded in the Schedule of Disposals. The disposal procedure must be carried out in accordance with the procedure stipulated in Section 6.

4.4 The Asset Register, Schedule of Disposals and this Policy shall be reviewed annually and approved by the Council.

5. The Asset Register and Insurance

5.1 For insurance purposes, the Asset Register shall include a column to record the replacement value of each asset.

5.2 The Asset Register will be used to provide information for the insurers of Council assets. For the purposes of insurance, the value to be used is the replacement value of items and not the purchase price as per the Asset Register. The Council is to ensure land and buildings are valued accurately for insurance purposes. Buildings should therefore be valued every five years to ensure the appropriate insurance is held.

6. Asset Disposal Procedure

6.1 Asset disposals must be referred to Full Council for consideration and recommendation

6.2 All proceeds from such disposal are the property of the Parish Council and must be accounted for and reported to Full Council. Asset disposal decisions, and the reasons for taking them, should be documented and will assist in the audit process.

6.3 Value for Money

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The best value outcome to the Council must be a major consideration when disposing of assets. Disposal should be based on a fair market value for items, the price established should be based on:

- current market value
- condition of the item
- age of the item
- an assessment of the usefulness of the item. In the case of IT equipment, all data storage devices must be formatted prior to disposal to delete any data they may contain.

6.4 Reasons for Disposal

Items can be available for disposal because they are:

- no longer required due to changed procedures, functions or usage patterns
- occupying storage space and not needed in the foreseeable future
- no longer complying with Health and Safety
- beyond repair but able to be sold for scrap

A list of suggested assets for disposal should be presented to Full Council

- by the Clerk for items in the Parish Office, or Jubilee Club House and village assets such as street furniture
- by the Handyman for items relating to the equipment and items relating to the Sports Grounds.

There should be a written reason of disposal with recommendation to Full Council. Special consideration should be given to items of potentially hazardous or pollutant items which are likely to have an impact on the environment.

6.5 Options of the Disposal of Assets

Assets identified for disposal may be dispensed using the following procedures:

- sale by public tender
- donated to a community service or organisation
- scrap

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

6.6. Sale by Tender

External tenders should be advertised using the appropriate channels and sealed bids sought. Assets should be sold as seen and no warranty should be given or implied. In both cases, at least two Council representatives should be appointed to witness the opening, scrutiny and acceptance of the offers made. In all cases, the payment should be received in full, prior to the item being released.

6.7 Sale to Staff

Items cannot be purchased by Staff for the purpose of managing conflict of interests and fair offering.

6.8 Donations

When 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 areas such as schools, charities and volunteer organisations. Donations must be approved by Full Council.

6.9 Scrap

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.

Adopted by the Parish Council on