



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 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 14 refers to the custody of assets, properties and estates.

2 Scope of 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 held freehold or on long-term lease in the name of the Council
- 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 £50.00
- assets held on trust (e.g. monies held on behalf of the Mayor's charity)

2.2 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.

2.3 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 £50 (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 disposal procedure referenced within this policy.

3 Valuation of Assets

3.1 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)).

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 may be applied. This should also be used for assets gifted to the council.

3.4 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.

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. Any assets that have been gifted to the council should also be identified. 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 if gifted to the council).

4.2 The financial ledger should also be reviewed for all asset sales made during the year. Any assets that have been lost, disposed of or gifted by the council should be identified. Any assets which fall in the categories stated at 2.3 above should be removed from the asset register and recorded in the schedule of disposals. The asset register should include 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 inform 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 should 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

- a) Asset disposals must be referred to the finance committee for consideration and recommendation to the full town council. Where any asset still has value in the asset register in excess of £100.00 then a decision regarding its disposal must be referred to full council following a recommendation from the Finance Committee.
- b) All proceeds from such disposal are the property of the town council and must be accounted for and reported to the full town council. Asset disposal decisions, and the reasons for taking them, should be documented. Not only does this assist in audit process and other examinations, it also highlights successes and problems for future reference.

7 Value for money

The best-value outcome to the council must be a major consideration when disposing of assets. Goods should only be disposed of after checks have been made to ensure that the item could not be utilised further. Disposal should be based on a fair market value for each item. 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. Using external evaluation services should be required in case of IT equipment. All data storage devices must be reformatted prior to disposal to delete any data they may contain.

8 Reasons for disposal

Items can be available for disposal because they are:

- required to be disposed of under a particular policy;
- no longer required due to changed procedures, functions or usage patterns or suitable for trade-in;
- occupying storage space and not being needed in the foreseeable future;
- no longer complying with health and safety standards;
- beyond repair but able to be sold for scrap.

A list of suggested assets for disposal should be presented to the finance committee by the Clerk.

There should be a written reason of disposal. The finance committee should then make a recommendation to the full town council. Special consideration should be given to items of potentially pollutant or hazardous items which are likely to have an impact on the environment.

9 Options for the disposal of assets

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. In all cases, assets disposed of should be reported on an 'Asset Disposal' form to ensure they are removed from the council's asset register and recorded in the disposals register.

- **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 councillors 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 equipment being released.

- **Sale to staff**

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

- **Donations**

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 must be recommended by the finance committee and approved by the full council.

- **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.

10 Asset disposal forms and the asset register

It is important that any asset disposals are correctly handled to ensure transparency and accountability. The asset disposal form (appendix A) should be used to record the authorisation of the disposal and the value or values achieved by it. The Clerk/RFO is responsible for updating the council's asset register following the appropriately authorised asset disposal request. All asset disposals will be recorded in the asset disposals register for audit purposes.

Policy Details

Date First Adopted: tbc

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Review Period: Annual [To be reviewed annually at the Annual Meeting of the Council

in May]**Version:** 01

Disposal Period:



Appendix A: Asset Disposal Form

Form to be completed by Town Clerk and presented to the Finance committee and full town council in line with the Asset Register Policy and Disposals Procedure.

List of Assets to be Disposed

Asset reference and serial number	Location	Description	Purchase date	Original cost	Disposal value

REASONS FOR DISPOSAL

METHOD OF DISPOSAL

Scrapped	<input type="checkbox"/>	Sold	<input type="checkbox"/>	Gifted / Donated	<input type="checkbox"/>
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Additional Information:

Date of Disposal Auth Ref/Minute Ref

Authorising Officer and Position Held:

(Sign & Print Name)

Document control

Document title Asset Register Disposal Policy

Version number	Date approved	Author	Next Review
V0.1 draft	June 2023	Alison May	

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