



## **Pilling Parish Council**

# **Asset Management and Disposal Policy**

### **Introduction**

The term fixed assets means property, plant and equipment with a useful life of more than one year used by Pilling Parish 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.

### **Policy Statement**

Pilling Parish Council maintains a Fixed Asset Register of all property and items of value in excess of £150 which is held by the clerk. It is reviewed annually and where needed updated. The record of assets and their values is required to:

- Provide information to Councillors as to the assets under their control.
- Provide Information for decision making purposes.
- Provide information for external reporting, insurance and audit purposes.

### **Risk**

The Council's assets for which it is responsible need to be recorded and managed properly otherwise the authority is exposed to the potential risk of financial loss resulting from:

- Improper asset management - without the right management information or outdated patterns of use or lack of maintenance, assets may not be fit for purpose, be under used or be so out-of-date as to be incapable of satisfactory modernisation. Equally they may be capable of alternative, additional or more intensive use or be readily saleable. These opportunities may be missed where comprehensive records of information on assets is not kept or is not available.
- If continued ownership of assets is overlooked altogether and or risks are unmanaged.

The risk of financial loss is greatly reduced by regularly auditing the Asset Register.

Pilling Parish Council maintains an Asset Register as the system of control over its assets to:

- Facilitate the effective physical and financial control over assets.
- Provide the information that enables the Parish Council to make the most cost- effective use of its capital resources.
- Ensures that no asset is overlooked or underutilized and is therefore used most efficiently.
- Pool all the information available about each asset owned by the Parish Council and makes it available to all in a single register.
- Provide a record of the sources of evidence used to support the existence and valuation of assets to be covered by insurance.
- Support the Annual Governance and Accountability Return entry for capital assets by collecting the information on the cost or value of assets held.
- Form a record of assets held for insurance purposes.

The key information in the Asset Register is:

- Dates of acquisition, upgrade, and disposal.

- Costs of acquisition and any expenditure that increases the life of the asset. (Upkeep and maintenance).
- If a proxy cost is used for first valuation, a note of the method used for valuation and details of any professional advice received.
- Location.
- Responsibility (where it is appropriate to assign responsibility for each asset to users of the asset).
- Present use and capacity, where applicable.
- Any available indicators of asset value and condition.
- Any regular charges of usage.

Please note Pilling Parish Council also records the items gifted and purchased by Pilling in Bloom.

### **New Assets**

It is important that when the Council consider the creation and maintenance of new assets, once identified, they can be considered as candidates for financing from several sources including: the precept, reserves, grants, sponsorship, donations and borrowing.

Most assets will be recorded in the Asset Register at their actual purchase cost, less VAT.

In some cases, the purchase cost may not be known at acquisition or first recording and so a proxy cost may be substituted. A proxy cost is a value for the asset which is an estimated insurance value and recorded as £1 as the value by the Parish Council.

Where the Parish Council becomes the registered owner of an additional Common or Land or as a Custodian Trustee of other land this shall follow the practice applied to existing assets of this nature and be registered as an asset at zero cost. If an asset is a gift by transfer from another authority under a Community Asset Transfer Scheme, then such an asset should be included in the Asset Register with a nominal one pound (£1) value as a proxy for the zero cost.

Any costs of bringing gifted assets into productive use should be expensed as revenue items.

If the Council owns assets that do not have a functional purpose or any intrinsic resale value (for example, a war memorial). These assets are referred to as 'Community Assets'. The Parish Council should record Community Assets in the Asset Register in the same way as gifted assets. The asset should be included in the Asset Register with a nominal one pound (£1) value as a proxy value.

The total value of the Parish Council's assets recorded on the Asset Register as at 31 March each year is reported at Line 9 on the Parish Council's Annual Governance and Accountability Return.

Fixed assets acquired in any year should be added to the Asset Register for management purposes. For accounting purposes, acquisitions and disposals of fixed assets should be treated as any other purchase or sale and recorded as part of annual payments or receipts, expenditure or income.

Assets beneath the value of the insurance excess on an inventory should be identified as such in the Register. For example; minor items such as office equipment or tools etc.

### **Asset Valuation**

The Council adopts the commonly used method of fixed asset valuation for first registration on the Asset Register is at acquisition cost. Once recorded in the Asset Register, the recorded value of the asset will 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)).

For reporting purposes; the original value of fixed assets will usually stay constant throughout their life until disposal.

**Maintenance**

Assets will be inspected regularly and maintained to a satisfactory standard.

**Disposal**

The authority to dispose of assets either by destroying, selling them or otherwise, will lie with the Parish Council. Any revenue obtained from the disposal of an asset will in normal circumstances be credited.

Version	Changes	Author	Date	Minute
1.0	New model document	G. Benson, clerk	8 <sup>th</sup> May 2024	5435