



BRACKLEY TOWN COUNCIL

Fixed Asset Policy

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1. Introduction

1.1 Brackley Town Council is required to 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 The term 'fixed assets' mean property, plant and equipment with a useful life of more than one year used by the authority to deliver its services. To ensure transparency, 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 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

2.3 In accordance with good practice, the council has set a de minimis level of £1,000 below which expenditure will not generally be capitalised. All expenditure above the de minimis level will be deemed capital expenditure and added to the fixed asset register.

2.4 A sample of assets on the fixed asset register will be annually inspected to ensure that items can be physically verified. Discrepancies between the physical verification process and the register will be investigated promptly by the Clerk/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.

2.5 The asset register and schedule of disposals will be reviewed annually by the Finance Committee and then approved by Full Council.

2.6 The total value of the council's assets recorded on the asset register as of 31 March each year is reported at line 9 on the authority's Annual Governance and Accountability

Return (AGAR). The council must be able to track and explain fully any changes in the asset register from year to year.

3. Valuation of assets and the fixed asset register

- 3.1 Assets that are either under construction or have not been brought into use should be included on the asset register only once complete and they benefit the community.
- 3.2 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 (Joint Panel on Accountability and Governance (JPAG): A Practitioner's Guide).
- 3.3 Assets are recorded at cost value and 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
- 3.4 Where the council receives an asset as a gift at zero cost, for example by community asset transfer, it should be included with a nominal £1 value as a proxy for the zero cost.
- 3.5 Assets that do not have a functional purpose or any intrinsic resale value (for example, a village pond or war memorial) should be record in the asset register in the same way as gifted assets, i.e., with a nominal £1 proxy cost.
- 3.6 Other key information recorded in the asset register includes the date of acquisition, the location of the asset, a useful life estimate of the asset and an estimated cost of replacement.

4. Valuation of assets for insurance purchases

- 4.1 The fixed asset register will be used to inform the insurers of council assets. The council's assets need to be secured, properly maintained, and efficiently managed.
- 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 regularly to ensure the appropriate level of insurance is held.

5. Disposal of assets and removal from asset register

- 5.1 Obsolete assets that are no longer in use or are awaiting disposal should be clearly recorded as such.

- 5.2 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.
- 5.3 Where the total proceeds from the sale of a fixed asset exceeds £10,000, it is deemed to be a capital receipt, and is subject to statutory controls. Such proceeds cannot be used for revenue purposes and can only be used for capital purposes - that is the purchase of fixed assets, the significant enhancement of fixed assets, the making of capital grants, or the repayment of long-term loans. Authorities should keep separate records so that they can demonstrate compliance with this requirement.