

KIDSGROVE TOWN COUNCIL



Asset Management and Recording Policy

Kidsgrove Town Council

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1. Introduction and Background

- 1.1. This document sets out the Kidsgrove Town Council policy for the recording and management of its assets.
- 1.2. Fixed assets are property, plant and equipment used by the authority to deliver its services. Councils are expected to maintain a register of fixed assets, long-term investments and other non-current assets that they hold.
- 1.3. Asset Management will be integrated with financial and budgetary planning.
- 1.4. Local Councils can acquire or dispose of assets under the general power in section 111 Local Government Act (LGA) 1972 “power to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any of their functions”. However, for the acquisition or disposal of land and buildings special rules apply.
- 1.5. The Joint panel on Accountability and Governance (JPAG), in its published ‘Governance and Accountability for Smaller Authorities in England’, provide guidance on how to record fixed assets. This policy uses the guidance from the version published in March 2019 with further elaboration and Council specific policy to allow the Council to record and manage its assets. This policy should be updated if any future edition of the JPAG publication alters guidance which impacts on this policy.
- 1.6. The policy establishes accountability and responsibilities within Kidsgrove Town Council for asset management. In summary, the Town Council is overall responsible for ensuring a policy and procedure is in place and that the Town Clerk/RFO for ensuring compliance. The Town Clerk/RFO is the person responsible, on behalf of the Town Council, for the day to day asset management, putting the policy into practice and for putting the correct records into place. Other staff are responsible for ensuring they follow procedures described under direction of the Town Clerk/RFO.

2. Scope of Asset Register

- 2.1. The Council will maintain an asset register.
- 2.2. 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 Kidsgrove Town Council.
 - Community Assets without intrinsic resale value
 - Vehicles, plant and machinery
 - Assets considered to be portable, attractive or of community significance
 - Items purchased by the Council. (see 2.3).
- 2.3. The values indicated in the asset register will sum to the value to be inserted in the ‘total fixed assets’ section of the Annual Return.
- 2.4. The following items fall outside the definition for inclusion and are therefore excluded from the Council’s asset register:
 - Land and buildings held on a short-term lease or rented

- Land and buildings maintained or serviced, but not owned by the Council
- Assets rented by or loaned to the Council
- Stock items intended for resale
- Stationery and other consumables
- Floor or land surfaces and drainage
- Plants and trees unless part of a larger scheme
- Assets with a purchase value of less than £75 (unless legislation or good reason requires otherwise).
- Repairs
- Cash, short term investments and other current assets
- Intangible assets (eg provisions, borrowings, creditors and contingent liabilities).
- 'Negative' assets (eg provisions, borrowings, creditors and contingent liabilities).

3. Valuation of assets for the Asset Register

- 3.1. The value of a purchased asset will be recorded as the net purchase price. This value will then remain unchanged whilst the item is listed as an asset.
- 3.2. The value of an item donated to the Council will be recorded as £1. This value will then remain unchanged whilst the item is listed as an asset.
- 3.3. For an historic item where the purchase price cannot be verified, an estimated valuation at the time of addition to the register may be applied (proxy cost). This value will then remain unchanged whilst the item is listed as an asset. The Clerk/RFO will be delegated to determine the current valuation price.
- 3.4. If an asset is improved or renovated, the cost should be included as an upgrade cost in addition to the purchase price. Maintenance costs must not be added.
- 3.5. If a building is renovated or improved to the extent that the new market value will have substantially altered, then an updated market value by a quantity surveyor should be used. This decision should be made by the Full Council or by the Finance and General Purposes Committee. The Clerk/RFO is not delegated for such action.

4. Other information to Include in the Asset Register

- 4.1. For each asset, the following will be recorded:
 - Purchase Price (or proxy cost)
 - Any improvement and upgrade costs
 - Date of acquisition
 - Location
 - If proxy costs used for first valuation, then the method used and advice sought.

- Useful Life Estimate
- Responsibility if applicable
- Insurance value

4.2. In addition, for land and buildings:

- Present use and capacity
- Usage and occupation
- Available indications of asset value and conditions
- Regular charges for usage or occupancy.

5. Procedure and delegation for updating the asset register

5.1. The asset register will always be reviewed annually by the Clerk/RFO for approval in either April or May at Full Council. Full Council approval should occur before the Annual Governance Return is approved by the Council. The review will reflect the Council's asset position at the 31st March of that year.

5.1.1. The financial ledger for the year will be reviewed to ensure all acquisitions are included at net price. The Clerk will be delegated the decision to not include items under £75 if there is no legislative or other good reason to include.

5.1.2. All donated items during the year will be added at a value of £1.

5.1.3. The financial ledger will be reviewed to ensure all asset sales during the year are removed and recorded in the schedule of disposals.

5.1.4. All assets donated, decommissioned and disposed of will be removed and recorded in the schedule of disposals.

5.1.5. An annual inspection of assets should occur, directed by the Clerk/RFO, to ensure all items can be physically verified. Any asset that cannot be located should be removed from the asset register and recorded in the schedule of disposals.

5.2. The asset register will be reviewed by the Clerk/RFO at other points during the year if an acquisition or disposal occurs over the value of £500, involves the land or buildings or, otherwise, at the Clerk/RFOs discretion. Intermediate reviews can be approved by the Finance and General Purposes Committee rather than Full Council.

5.3. Details and dates of updates to the asset register will be maintained in an attached log.

6. Disposal of Assets

6.1. A schedule of disposal of assets will be maintained as part of the Asset Register. The schedule will include the reason for disposal, method of disposal, sale proceeds should it be sold and approval given.

6.2. Disposal of land, including buildings and structures on land have specific legislation which must be adhered to should the need arise. Therefore, disposal of land should not occur without current legislation being reported to Council for a decision to be resolved.

- 6.3. Disposal of items other than land with a current insurance valuation of greater than £500 should be reported to and approved by the Finance and General Purposes Committee or by Full Council.
- 6.4. Disposal of items other than land with a current insurance valuation of greater than £2000 should be approved by the Full Council.
- 6.5. Disposal of items other than land with potential historic or community value should be approved by Full Council. The Clerk is delegated to identify items which can be described as having 'potential historic or community value'.
- 6.6. The Clerk/RFO will have delegated authority to dispose of all other items as and when required.
- 6.7. The Town Clerk will be delegated emergency powers to dispose of an asset of greater than £500, excluding land and buildings, if the asset has become damaged such that it poses an unacceptable health and safety risk. This should be reported to the Mayor and Deputy Mayor as soon as practically possible and prior to the disposal if at all possible.

7. Inspection and Maintenance of Assets

- 7.1. The Annual Inspection of assets should include recording the condition and whether 'fit for purpose' such that necessary action can be taken if required. Action may be repair or disposal.
- 7.2. The Clerk/RFO will be responsible for directing the inspection of assets including delegating the inspection to other officers as appropriate. However, the Clerk should report to Finance and General Purposes Committee that the inspections have taken place including any findings that could have financial significance (predicted costs or financial loss of over £500) or that pose an unacceptable level of liability to the Council.
- 7.3. A log will be maintained by the Clerk/RFO of inspections. The log will include the date, the names of those who conducted the inspection and the results of the inspection including any action required.

8. The Asset Register and Insurance

- 8.1. The asset register will be used to inform the council's Insurers of assets owned.
- 8.2. There will be a separate value entered for insurance purposes based on replacement value.
- 8.3. The Council needs to ensure assets, land and buildings are valued accurately for Insurance Purposes. Buildings should be valued accurately at least every five years by a surveyor. Otherwise, the Clerk/RFO will be delegated to ensure replacement values are accurate.

9. Other Comments

- 9.1. Town Council assets are not to be used by either employees or Councillors to pursue any personal business.
- 9.2. Town Council assets should not be misused or maliciously damaged by employees or Councillors.
- 9.3. As far as is reasonably practicable, employees and Councillors will have full responsibility for the care, security and proper use of assets in their personal possession.

Adopted by Kidsgrove Town Council:

Chair

Clerk

Minute Reference

Date.....

To be reviewed at least every four years.