



## Colsterworth and District Parish Council (CAD) 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.

### 2 Scope of asset register

2.1 The values indicated in the asset register will inform the 'total fixed assets' section of the Annual Return.

2.2 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 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 consumable items
- 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

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

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.

### 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. should be held with all Council officers to identify any assets that have been lost, disposed of or gifted.

4.2 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.

4.3 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**

6.1 Asset disposals must be referred to the Full Council for consideration and recommendation. Where any asset still has value in the asset register in excess of £100.00 then the decision in regard to its disposal must be referred to Full Council.

6.2 All proceeds from such disposal are the property of the Parish Council and must be accounted for and reported to the Full Parish 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.

6.3 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 by other areas of the Council. 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.

### **6.4. 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;
- 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 Full Council by the Parish Clerk. There should be a written reason of disposal. Items suggested for disposal by the Clerk should be approved by the Full Parish 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 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

Assets disposed of should be removed from the Council's asset register and recorded in the disposals register.

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 officers 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.

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 - 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 and approved by the Full Parish 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.

6.10 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 by the appropriate staff/committee within the Council and the value or values achieved by it. The Parish Clerk/RFO is responsible for updating of the Council's asset register following the appropriately authorized Asset Disposal Request. All asset disposals will be recorded in the Asset Disposals Register for audit purposes.

Document Control and Policy Review:

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Chairman:	Caroline Hainsworth
Responsible Officer/Clerk	Sue Grant
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## Appendix A: Asset Disposal Form

Form to be completed by Parish Clerk and presented to the Full Parish Council in line with the Asset Register Policy and Disposals Procedure.

### List of Assets to be Disposed:

Asset reference number.	Description	Location	Purchase Date	Original Cost	Disposal Value

Reasons for disposal

Scrapped		Sold		Gifted/Donated	
Additional Information					

Date of disposal	Minute Ref
Authorising Officer and Position held: (Sign & Print name)	