

Oulton Parish Council

Asset Management Policy

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Introduction

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”

Oulton Parish Council has a duty towards the electorate to ensure that the investment in assets is properly managed, controlled and recorded.

The Parish Council will maintain a Fixed Asset Register of items of value. The Register will be held by the Parish Clerk and will be updated annually.

Risk

If the assets the Council owns or for which it is responsible are not being managed properly the authority is exposed to the risk of financial loss relating to:

- improper asset management – without the right management information, outdated patterns of use may run on unchallenged or unnoticed.
- improper asset usage and maintenance – assets may not be fit for purpose, be underused or so out-of-date as to be incapable of satisfactory modernisation.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 no comprehensive information on assets is available; and
- asset ownership – the continued ownership of assets may be overlooked altogether and risks unmanaged.

The risk of financial loss can be greatly reduced by setting up an asset register which holds all the information needed.

Recording of Assets

A record of fixed assets and their values is required to:

- Provide information to Councillors as to the assets under their control
- Track and monitor the assets
- Provide information for decision making purposes, e.g., maintenance, disposal
- Provide information for external reporting, insurance and audit purposes.

Valuation

The method by which asset valuation will be decided for first registration on the Fixed Asset Register is at acquisition cost. The recorded value of the asset will not change from year to year until disposal of the asset. At which time, the asset will remain on the Fixed Asset Register as a “disposed asset” and will display a nil value recorded against the item.

The commercial concepts of depreciation, impairment adjustment and re-valuation are not required for this particular method of asset valuation.

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The Fixed Asset Register

The Parish Council's Fixed Asset Register will contain the following information:

- A description of the asset including the date on which it was acquired.
- The location of the asset
- The market value, where appropriate
- The replacement value for insurance purposes
- The disposal amount realised from the sale of the asset.
- The reason for the disposal
- The date of disposal
- All assets should be photographed, any serial numbers recorded and kept on file

In the special case where an authority receives an asset as a gift at zero cost, for example by transfer from a principal authority under a community asset transfer scheme, the asset should be included in the asset register with a nominal one-pound (£1) value as a proxy for the zero cost. The use of the £1 proxy is particularly important in cases where an authority operates an asset registration system that requires a positive value for every asset. 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, the war memorial). These assets are often referred to as 'community assets'. Authorities should record community assets in the assets 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 an authority's assets recorded on the asset register as at 31 March each year is reported at Line 9 on the authority'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.

Asset Inspection & Maintenance

All assets listed on the Fixed Asset Register will be inspected and reported on annually.

Assets are required to be maintained to a satisfactory standard to ensure serviceability, prolong ~~use~~ life and reduce the possibility of increased repair costs.

Asset maintenance action will require the prior approval of the Parish Council and no asset will be maintained beyond its reasonable useful life term.

Identification of Surplus Assets

As part of the annual asset review the Parish Council will consider and determine whether any current asset is surplus to needs, and if found to be so, will take appropriate action to dispose of the asset.

Disposal

The authority to dispose of assets either by destroying or selling the item, will lie with the Parish Council. Any asset that is disposed of will remain on the Fixed Asset Register and will be listed at nil value.