

 <p>BROADSTAIRS & ST. PETER'S TOWN COUNCIL</p>	<p>Fixed Asset and Asset Valuation Policy</p>
	<p>BROADSTAIRS & ST. PETER'S TOWN COUNCIL Adopted at Council: 27th May 2020 Reviewed: May 2023 Approved: 29th January 2024</p>

1. Introduction:

The term fixed assets means “property, plant and equipment with a useful life of more than one year used by the authority to deliver its services.” Fixed assets are also known as non-current assets. The Council must maintain a register of the fixed assets, long-term investments and other non-current assets that they hold.

2. 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- improper asset management – without the right management information, outdated patterns of use may run on unchallenged or unnoticed;
- improper asset usage and maintenance – assets may not be fit for purpose, be underused or so out-of-date as to be incapable of satisfactory modernisation.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.

An asset register is the starting point for any system of financial control over assets as it:

- facilitates the effective physical control over assets;
- provides the information that enables the authority to make the most cost effective use of its capital resources;
- ensures that no asset is overlooked or underutilised and is therefore used most efficiently;
- pools all the information available about each asset from across the authority and makes it available to every part of the authority;
- provides a record of the sources of evidence used to support the existence and valuation of assets to be covered by insurance;
- supports the Annual Governance and Accountability Return entry for capital assets by collecting the information on the cost or value of assets held; and
- forms a record of assets held for insurance purposes.

The key information shown on the asset register for Broadstairs & St. Peter’s Town Council will be as follows:

- An annual list of acquisition, upgrade and disposal;
- costs of acquisition and any expenditure which increases the life of the asset;

- if proxy cost is used for first valuation, a note of the method used for valuation and details of any professional advice received; i.e. when an insurance valuation is undertaken.
- location;

Most assets will be first recorded in the asset register at their actual purchase cost, although no items with a value of less than £100 will be recorded. 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 estimate of its value by the authority which is based on external professional advice. Authorities may apply the insurance value of the asset at the time of first recording as a proxy. A proxy cost may be applied at the time of acquisition or first recording of an asset in the asset register only where the cost/value is not known.

Items will be rounded to the nearest £100 for the use in the Annual Governance Accountability Statement.

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), they 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.

The Town Council will have assets valued every 5 years by a suitably qualified professional.

The Town Council last commissioned an insurance reinstatement cost assessment and valuation report in February 2022. The exercise was undertaken by Bradstowe Chartered Surveyors.