



---

# BERRYNARBOR PARISH COUNCIL

---

## Fixed Asset Policy

## Contents

Introduction.....	2
Risk .....	2
Asset Register.....	2
Asset valuation.....	3
Asset Valuation .....	<b>Error! Bookmark not defined.</b>
Asset Inspection.....	4
Review of the Asset Register.....	4
Disposal of Assets.....	4

## Introduction

The term “fixed asset” means “property, plant and equipment with a useful life of more than one year used by the Parish Council 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<sup>1</sup>.

## Risk

If the assets the Council owns or for which it is responsible are not being managed effectively, the Council 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- Improper asset management – without the right management information, outdated patterns of use may run on unchallenged or unnoticed
- Improper asset usage and maintenance – assets may not be fit for purpose, be underused or so out of date as to be incapable of satisfactory modernisation.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.

## Asset Register

An Asset Register is the starting point of any system of financial control over assets as it:

- facilitates the effective physical control over assets

---

<sup>1</sup> Local Government Act 1972, s 111, s 139.

- 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 needed in the Asset Register is:

- dates of acquisition, upgrade and disposal (it is useful to keep a record of disposed assets as an asset management tool)
- 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
- useful life estimate
- location
- responsibility (it may be appropriate to assign responsibility for each asset to members of staff)
- present use and capacity, for example in terms of site area, internal floor areas, and measures of occupancy and / or usage
- corresponding periodic measures of usage or occupation
- any available indications of asset value and condition; and
- any regular charges for usage or occupancy

## Asset valuation

The asset is first recorded on the asset register at acquisition cost<sup>2</sup>. Once recorded, the value of the asset will not change from year to year, unless the asset is materially enhanced.

*Commercial concepts of depreciation, impairment adjustments, and revaluation are not required or appropriate for this method of asset valuation.*

For reporting purposes therefore, the original value of fixed assets will usually stay constant throughout their life until disposal.

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-

---

<sup>2</sup> Governance and Accountability for Local Councils: A Practitioner's Guide (England) 2023 published by the Joint Panel on Accountability and Governance

pound (£1) value as a proxy for the zero cost<sup>3</sup>. 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. The Parish Council should record community assets in the Asset Register in the same way as gifted assets<sup>4</sup>. The asset should be included in the Asset Register with a nominal one pound (£1) 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.

## Asset Inspection

All assets listed on the Asset Register will be physically verified, inspected and reported on at least annually.

Any assets which cannot be located within a reasonable time will be removed from the Asset Register and recorded in the Asset Disposals Record.

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

Asset maintenance action will require the prior approval of the Parish Council, unless it is safety critical. The Parish Council will ensure an adequate annual budget is set to cover anticipated maintenance of assets.

## Review of the Asset Register

The Asset Register will be reviewed annually by the Parish Council. As part of the review, the Parish Council will determine whether any current asset is surplus to needs and, if found to be so, will take appropriate action to dispose of the asset.

The Parish Council will consider ways to reduce the service costs of an asset, increase income from an asset and share assets or services for the benefit of the community wherever it is lawful, possible, and appropriate to do so.

## Disposal of Assets

The Parish Council will dispose of assets which are no longer needed, or which are

---

<sup>3</sup> Governance and Accountability for Local Councils: A Practitioner's Guide (England) 2023 published by the Joint Panel on Accountability and Governance

<sup>4</sup> Governance and Accountability for Local Councils: A Practitioner's Guide (England) 2023 published by the Joint Panel on Accountability and Governance.

beyond economic repair. No asset will be maintained beyond its reasonable useful life term.

The authority to dispose of assets either by destroying or selling the item, will lie with the Parish Council. Where possible the Parish Council will attempt to sell assets that require disposal. Any funds raised should be credited to the cost centre from which the original asset was funded and put towards a replacement, if appropriate, or placed in General Reserves.

If an asset cannot be sold, then the Parish Council will endeavour to dispose of the asset in an environmentally appropriate way.

The asset will remain on the Asset Disposals Record for seven years after disposal, then it will be deleted.

**Adopted May 2026**

Date of Review	Change Description	Minute No.
May 2026	New Policy Adopted	2605/15