

ASHINGTON TOWN COUNCIL ASSET REGISTER POLICY & CAPITALISATION THRESHOLD

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1. Introduction

The Council is required to adopt a clear and consistent methodology for recording assets, including setting a minimum value threshold for inclusion in the Asset Register.

The adoption of a clear, risk-based threshold aligned to the Council's insurance arrangements provides a robust, proportionate, and auditable framework for asset management.

This ensures the Council is fully compliant with the latest Practitioners' Guide and establishes a consistent baseline for future financial reporting.

The 2026 Practitioners' Guide now requires clearer:

- Policy definition
- Threshold justification
- Consistency of treatment
- Transparency in any restatement of figures

2. Purpose of the Policy

- The adoption of a minimum capitalisation threshold for the Asset Register.
- A formal methodology and rationale in line with the 2026/27 Practitioners' Guide.
- The restatement of asset values (AGAR Box 9) to ensure compliance with proper practices.
- Ensuring consistency and transparency in future years.

3. Legal and Governance Background

The 2026/27 Practitioners' Guide sets out updated expectations regarding the management and recording of fixed assets (Section 5.57–5.69).

The Asset Register forms a critical part of the Council's governance framework by:

- Facilitating effective control over assets
- Supporting financial planning and decision-making
- Providing the basis for insurance cover
- Supporting the figure reported in Box 9 of the AGAR

Authorities are required to:

- Record assets at purchase cost (or £1 for gifted/community assets)
- Apply a consistent and reasonable valuation methodology
- Set and minute a minimum threshold for capitalisation
- Be able to fully explain variances year-on-year

4. Capitalisation Threshold

The Council has agreed and adopted a minimum value threshold of £250 for inclusion in the Asset Register.

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The proposed threshold has been determined using a risk-based and proportionate approach, taking into account:

4.1 Insurance Considerations

- The Council's insurance excess is £250
- Items below this value would not normally be subject to individual insurance claims
- Therefore, recording such items as fixed assets provides limited additional control

4.2 Risk Management

- Assets above £250 represent a material financial and operational risk
- These assets warrant formal recording, monitoring, and accountability

4.3 Useful Life

- Assets above this threshold are more likely to:
 - Have a useful life exceeding one year
 - Contribute to ongoing service delivery

4.4 Proportionality

- A lower threshold would:
 - Create unnecessary administrative burden
 - Not materially improve governance or control

5. Exceptions (Risk-Based Approach)

Regardless of value, items will be recorded (either in the Asset Register or a supporting inventory) where they are:

- High risk (e.g. theft-prone items such as IT equipment or tools)
- Operationally critical
- Sensitive (e.g. data-holding devices)
- Required for insurance purposes

6. Treatment Of Assets

In line with the Practitioners' Guide:

- Assets will be recorded at purchase cost
- Gifted or community assets will be recorded at £1
- Assets under construction will only be recorded when:
 - Complete
 - Brought into use
- Obsolete or disposed assets will be clearly identified

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The Council will not apply depreciation or revaluation, in accordance with proper practices.

7. Ongoing Review

The Council will:

- Review the £250 threshold annually
- Consider:
 - Changes in insurance excess
 - Inflation/materiality
 - Risk profile of assets

The review and any amendments will be formally minuted.

8. Monitoring and Review

The Executive Officer shall be responsible for reviewing this policy annually to ensure that it meets legal requirements and reflects current working practices. Any significant incidents will trigger an immediate review. Changes will be approved by Full Council.