



PTC ASSET & INVESTMENT POLICY

ABSTRACT

“Local Councils are required to 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.”

Ian Morris, Town Clerk

October 2018

Introduction

1. Peterlee Town Council acknowledges the importance of managing its tangible and intangible assets well and for the benefit of the local community. Two important elements of this management approach are the treatment of fixed assets and cash investments by the Town Council. This policy sets out the Council's approach to managing fixed assets and investments in line with national guidance and advice from the Council's internal auditors.

Fixed Assets Policy

2. Local Councils are required to 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. The following items are included in the Council's asset register, whether purchased, gifted or otherwise acquired, together with their holding location:
 - Land and buildings held freehold or on long term lease in the name of the Council
 - Community assets
 - Assets considered to be portable, attractive or of community significance
3. The values indicated in the asset register will inform the 'Total Fixed Asset' section of the Council's Annual Return.
4. The following items fall outside the definition for inclusion and are therefore excluded from the Council's asset register:
 - Assets rented or loaned to the Council
 - Assets owned by charitable trusts where the Council is the trustee
 - Items held for resale, i.e. stock
 - Consumable items or items with a useful life of less than a year
 - Cash and short term investments
 - Intangible assets
5. In accordance with good practice, the Council has set a de minimus level of £1,000 below which expenditure will not generally be capitalised. All capital expenditure on assets above the de minimus level will be deemed capital expenditure and added to the fixed asset register.
6. An annual inspection of the fixed asset register will be conducted by the Town Clerk/RFO or other senior managers of the Council to ensure that all items can be physically verified. Discrepancies between the physical verification process and the register will be investigated

promptly by the Town Clerk/RFO. Any assets which cannot be located after investigation will be removed from the asset register and recorded in the schedule of disposals. Any new assets identified will be added to the register Any such amendments to the Asset Register will be reported to the Council's Resources Committee at the next available meeting.

7. The asset register and schedule of disposals will be reviewed annually by the Resources Committee prior to approval by Council as part of the annual financial processes.
8. Once recorded on the fixed asset register, the value of assets will not change from year to year until disposal. Concepts of depreciation and impairment adjustment are not appropriate for Local Councils (Governance and Accountability for Local councils: A Practitioner's Guide (England) March 2018).
9. Assets will be valued by one of the following means based on available information:
 - Actual purchase price (where known)
 - Proxy (estimated purchase price) value, where actual purchase price is not known
 - Nominal value of £1. This should be used for assets gifted or transferred to the Council
10. The fixed 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 the item, not the purchase price or market value.
11. The Council should ensure assets are valued accurately for insurance purposes to avoid under (or over) insuring. Assets should therefore be valued every five years to ensure the appropriate level of insurance is held.

Investment Policy

12. Peterlee Town Council acknowledges the importance of prudently investing any temporary surplus funds held on behalf of the community. In preparing an investment strategy the council is required under Section 15(1) of the Local Government Act 2013 to have regard to such Guidance as the Secretary of State may issue. The current statutory Community and Local Government (CLG) Investments Guidance Note (3rd edn)¹ came into force of the 1st April 2018 and has been used in the preparation of this policy.
13. The Guidance Note makes the distinction between investments that are: a) high security and high liquidity (specified investments); and, b) those with potentially greater risks and lower liquidity (non-specified investments). The guidance note also requires the Council to prioritise investments in the following order of importance:

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf

- Security – protecting the sum investment from loss;
 - Liquidity – ensuring that the sums invested are available for expenditure when; and
 - Yield – the generation of revenues from the investment.
14. A ‘specified investment’ is one which is made in sterling, is not long term (less than 12 months), not defined as capital expenditure and is placed with a body which has a high credit rating or made with the UK Government, a UK Local Authority or a Parish or Community Council. Any other type of investment is considered ‘Non-Specified Investment’ to which there can be greater risk and where professional investment advice might be sought.

Investment Objectives

15. Peterlee Town Council’s priorities will be on the security of reserves (protecting the capital sum from loss) and then the liquidity of its investments (keeping cash readily available for expenditure when needed).
16. All investments will be made in Sterling.
17. The Department for Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and Peterlee Town Council will not engage in such activity.
18. If external investment managers are used, they will be contractually required to comply with this policy.

Specified Investments

19. Specified Investments are, by definition in the Guidance Notes, those offering high security and high liquidity, made in sterling and with a maturity date no longer than a year. Such short-term investments made with the UK Government or a Local Authority to Town/Parish Councils will automatically be Specified Investments, as will those with bodies or investment schemes of ‘high credit quality’.
20. For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use deposits with UK banks, UK building societies, UK local authorities or other UK public authorities. Peterlee Town Council will initially hold investments and its day-to-day banking with The Cooperative Bank Plc.

Non-Specified Investments

21. These investments have greater potential risk – examples include investment in the money market, permanent interest bearing shares from building societies and corporate stocks and shares. Given the unpredictability and uncertainties surrounding such investments, the Council will only use this type of investment following a suitability and risk assessment and with the express agreement of full Council.

Liquidity of Investments

22. Subject to retaining no less than three months' average working capital requirement in the current and deposit facilities giving immediate access, the Town Clerk, as the Council's Responsible Financial Officer, will determine the amounts and maximum period for which funds may be prudently invested, in accordance with paragraph 3 and 10 above, so as not to compromise liquidity. Any material changes to current and deposit facility investments will be reported to Resources Committee at the next available meeting.
23. All delegations are subject to the safeguard arrangements in place within the Council's Financial Regulations, including payment signatory authorisations, reconciliations and reporting to Council, as appropriate.

Long Term Investments

24. Long term investments are defined in the Guidance Notes as greater than 12 months and require that, should any Council wish to invest for periods greater than 12 months, it must identify procedures for monitoring, assessing and mitigating the risk of loss of invested sums.
25. The Town Council does not currently hold any funds in long-term investments, however the Council will continue to assess the potential for long term investment of funds provided that such investment does not contradict the requirements of this investment policy.

End of Year report

26. Investment forecasts for the coming financial year will be included in the Council's annual budget setting process. Following the end of the financial year, the Town Clerk will report on investment activity to the Resources Committee or full Council as required.
27. The Investment Policy will be reviewed annually by the Resources Committee, and any amendments will be approved by full Council prior to adoption.
28. Council will be able to amend or make variations to the Strategy at any time.

Freedom of information

29. In accordance with the Freedom of Information Act 2000 this document will be posted on the Council's website under the Policies section.