

REVIEW OF THE COUNCIL'S ASSETS REGISTER

Summary:	This report has been presented to this committee in response to the request to include a review of the Council's Assets Register in the Work Programme of this Committee.
Options considered:	As this is the presentation of factual content there were no other options considered.
Conclusions:	It is recommended that the Committee note the contents of the report.
Recommendations:	It is recommended that the Committee note the contents of the report and Appendix A.
Reasons for Recommendations:	To enable the Committee to review the Council's Assets Register as requested and discuss any matters arising from the content.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

None

Cabinet Member(s) Councillor Eric Seward	Ward(s) affected All
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1. Introduction

- 1.1 This report presents a copy of the Council's Assets Register that is kept for accounting purposes. It summarised at Appendix A and gives the closing net book values for the Council's non-current assets as at 31 March 2021. The primary purpose of the Asset Register is to keep a record of all transactions relating to the Council's non-current assets and to enable all the year-end accounting entries that need to be made in the General Ledger to be carried out.
- 1.2 The year-end values of the non-current assets appear on the Balance Sheet in the Statement of Accounts against the headings Property, Plant and Equipment, Investment Properties, Intangible Assets and Assets Held for Sale. The Appendix gives the values as at 31 March 2021, which is the latest complete set of accounts that we have, albeit in draft format. These have yet

to be audited and so may be subject to change. (The set of accounts 2021/22 is nearing completion by 31 March 2023).

- 1.3 Section 2 below gives a summarised explanation of how the values that appear in the Balance Sheet within the Statement of Accounts are calculated each year.

2. Categorisation of Non-Current Assets and Methods of Valuation

- 2.1 The Council prepares its Accounts in line with the CIPFA Code of Practice for Local Authority Accounting and in accordance with all relevant Accounting Standards. In doing so the Council's non-current assets are valued in several different ways depending on their usage categorisation. The categories of assets that are included in the Statement of Accounts (SOA) and the method of valuation are shown below.

Non-current Assets – the value they are carried at in the Balance Sheet and where they can be found in notes to the accounts

Asset Category	SOA location	Valuation method
Operational Property, Plant and Equipment *	PPE note 30	Current value to the authority in their existing use
Non-operational assets i.e. Surplus Assets and Assets Under Construction	PPE note 30	Fair value (Surplus Assets) & historical cost (AUC)
Infrastructure Assets	PPE note 30	Depreciated historical cost
Community Assets	PPE note 30	Historical Cost or valuation
Investment Property	Investment Property note 27	Fair value
Assets Held for Sale	Assets Held for Sale note 32	Lower of carrying amount or fair values less costs

* The value shown in the Draft SOA for is £0.918m different to the value shown in Appendix A as there has been a post audit adjustment which has not been updated in the draft SOA on the Website but has been updated in the final version of the SOA for 2020/21.

- 2.2 Only those non-current assets that are carried at current and fair value are required to be formally revalued and must be done so at least every five years (although more frequent valuations may be required for investment properties).
- 2.3 The Accounting Standards that the Council complies with are adapted and interpreted differently for the Public Sector and so there are several different methods of valuation which might not be applied in the private sector. This is because in local authorities assets are held primarily to enable service delivery. This means that the Council's Operational Property, Plant and Equipment is not measured at fair value (essentially highest market value) but it is measured for its service potential (and not at fair value) either at:
- Existing use value
 - Existing use value – social housing (not applicable to NNDC as it does not hold social housing stock)
 - Depreciated replacement cost – where there is no market, or the asset is specialist.

- 2.4 Operational Property, Plant and Equipment is further categorised as:
- Other Land and Buildings
 - Vehicles, Plant and Equipment
 - Infrastructure
 - Community Assets
- 2.5 Non-operational Assets are further categorised as:
- Surplus Assets
 - Assets Under Construction
- 2.6 There is another category of non-current assets, and this is Intangible Assets, and these are non-physical assets held by the Council. These are primarily Computer Software. The values on the Balance Sheet are based on acquisition cost or development cost. The value of these non-assets at 31 March 2021 was £1.076m and are shown in Note 29, page 67 of the draft Statement of Accounts for 2020/21 on the Council's website.
- 2.7 Accounting for the Council's non-current assets is one of the more technical areas of work that the Finance Team undertake, and this is largely due to the adaptations of the valuation methods that are applied in valuing the Council's non-current assets.
- 2.8 Whilst the Balance Sheet carries the values of the Council's non-current assets it should be recognised that they are not necessarily valued following the same conventions that are applied in the private sector. This does mean that the values are not always comparable with the values of non-current assets held in the private sector. One such readily identifiable example would be a house which would be valued on the basis of existing use for social housing in the Council's accounts but at market value in the private sector.

3. Corporate Plan Objectives

- 3.1 Financial Sustainability and Growth – The Council produces its accounts each year so that it can demonstrate how resources have been used. The valuation of the Council's non-current assets is part of this process with many of the valuations being based on existing use.

4. Medium Term Financial Strategy

There are no direct financial implications surrounding the valuation of the Council's non-current assets.

5. Financial and Resource Implications

There are no direct financial implications surrounding the valuation of the Council's non-current assets.

6. Legal Implications

The Council will have complied with the CIPFA Code and relevant Accounting Standards in valuing the Council's non-current assets and in doing so as part of the preparation of the Statement of Accounts each year will have met the statutory requirement to publish audited Statement of Accounts.

7. Risks

None as a direct consequence of this report.

8. Sustainability

None as a direct consequence of this report.

9. Climate / Carbon impact

None as a direct consequence of this report.

10. Equality and Diversity

None as a direct consequence of this report.

11. Section 17 Crime and Disorder considerations

None as a direct consequence of this report.

12. Conclusion and Recommendations

It is anticipated that the audit of the Accounts for 2020/21 will be completed before the calendar year end and if the Committee approve the delegation of approval and signing of the Accounts to the Chair then the Accounts can be published before the calendar year end too.+