

## **Capital Investment, Fixed Asset Register and Security of Assets Policy**

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<b>Committee Approved:</b>	CCG Audit Group
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<b>Target Audience:</b>	All employees, members, committee and sub-committee members of the group and members of the governing body and its committees.
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**The intranet version is the only version that is maintained. Any printed copies should, therefore, be viewed as ‘uncontrolled’ and as such may not necessarily contain the latest updates and amendments.**

## POLICY AMENDMENTS

Amendments to the Policy will be issued from time to time. A new amendment history will be issued with each change.

<b>New Version Number</b>	<b>Issued by</b>	<b>Nature of Amendment</b>	<b>Approved by &amp; Date</b>	<b>Date on Intranet</b>

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## 1 INTRODUCTION

The purpose of this document is to detail NHS North Lincolnshire Clinical Commissioning Group's (the CCG) policy around capital investment, fixed asset register maintenance and ensuring the security of assets.

This policy expands on the prime financial policy number 18 which requires the CCG to put arrangements in place to manage capital investment, maintain a fixed asset register and secure the safe storage of fixed assets.

## 2 CONTEXT

As part of the financial planning process before the start of each financial year, CCGs are required to detail their capital plans which will then be either approved or rejected by NHS England. It is expected that CCGs will not be making material capital investments themselves.

For any capital plans which are approved, CCGs will then receive a capital resource limit and will have a statutory duty not to exceed this limit as set by NHS England.

The Department of Health (DH) has adopted a £5,000 capitalisation threshold for individual assets, although assets of lesser value should be capitalised if they form part of a group, with a group value in excess of £5,000. Grouped assets are a collection of assets which individually may be valued at less than £5,000 but which together form a single collective asset because the items fulfil all the following criteria:

- The items are functionally interdependent
- The items are acquired at about the same date and are planned for disposal at about the same date
- The items are under single managerial control, and
- Each individual asset thus grouped has a value of over £250.

The £5,000 figure includes VAT where this is not recoverable.

As part of the closedown of Primary Care Trusts (PCTs) the CCG did not inherit any fixed assets which have been entered onto the fixed asset register and maintained.

The only asset the CCG hold is IT, which were acquired in the first year of the CCG Trading. The fixed asset register supports the Annual Accounts and is therefore subject to audit.

### 3 CAPITAL INVESTMENT

As part of the financial planning process CCGs are required to submit bids for capital expenditure to NHS England. Part of this will involve answering an investment proposal test which will make sure that the Secretary of State's 4 tests for service change have been satisfactorily addressed:

1. Clinical evidence
2. Has the support of GP commissioners
3. Promote patient choice
4. Engage with the public, patients and local authorities

Consideration should also be given to the revenue consequences of the schemes, including capital charges.

For any capital schemes which are approved, a capital resource limit will be allocated to the CCG against which they will be monitored.

Each month as part of the balance sheet validation process, reconciliation will be carried out by Embed between the fixed asset register and the balances held for capital on the Statement of Financial Position (SOFP) (see Appendix 1) and this will be signed by either the CCG Finance Manager or Senior Finance Manager or the Deputy Head of Finance. An update will also be carried out by the CCG Finance Manager on capital expenditure against the plan (see Appendix 2). This will be monitored monthly to ensure that capital resources are being utilised and that they will be fully utilised before the end of the financial year. At any one time NHS England can access the ISFE ledger to ascertain capital expenditure to date.

#### **4 FIXED ASSET REGISTER**

A fixed asset register has been established by Embed to keep a record of each of the CCG's fixed assets (see Appendix 3 for the summary), and will include the following information on each class of asset:

- Asset description
- Asset location
- Remaining economic life
- Opening value
- Additions
- Depreciation charge for the year
- Revaluation / impairment for the year
- Closing value

Depreciation will be charged on a straight line basis, and this will be reflected in the Statement of Comprehensive Net Expenditure (SOCNE) each month as an adjustment.

It is a requirement that all land and buildings are subject to a full revaluation every 5 years, with a desk-top valuation being carried out each year that a full revaluation is not undertaken, however as the CCG has not inherited any land or buildings this is not expected to be an issue for the CCG.

The CCG Finance Manager will ensure Embed are updating regularly the asset register and supporting documents and reconciled to the ISFE ledger on a monthly basis.

#### **5 DISPOSAL OF FIXED ASSETS**

It is acknowledged that the CCG has very few fixed assets, with no land, buildings or vehicles transferred to the CCG from closing organisations so the disposal of any fixed assets should be minimal. For any fixed assets which are to be disposed of, the following points should be followed:

##### *Obsolete assets or assets no longer used*

For any fixed assets which are obsolete or no longer used, authorisation should be given for these assets to be written off. Please refer to the Operational Scheme of Delegation (OSOD) for the relevant authorisation levels. The asset should be written out of the fixed asset register and the relevant transactions posted to the ISFE ledger. Any fixed assets which are written off will result in a loss on disposal equivalent to the net book value (NBV) of the asset, and should be recorded under "other gains and losses" in the SOCNE.

##### *Sale*

The CCG should ensure that fixed assets are not sold to third parties below their reasonable market value, and so should obtain a valuation to establish a fair price on the date of sale, and the relevant authorisation should be given to allow the assets to be sold. Please refer to the OSOD for the relevant authorisation levels. The asset should be written out of the fixed asset register and the relevant transactions posted to the ISFE ledger. Unless the asset is sold at the NBV, a profit or loss on disposal will be calculated and recorded under "other gains and losses" in the SOCNE.

## **6 SECURITY OF FIXED ASSETS**

It is important that all fixed assets are protected and secured from theft, loss or damage. As a baseline there should be a minimum level of security in place to protect any asset. This will include ensuring that items are securely stored after use and ensuring that windows and doors are locked out of hours. At the CCG building there is an access control system in place, and staff should ensure they swipe at all time and question any visitors. There are also limited CCTV cameras located at the front and back of the building.

If it becomes apparent that there has been any loss, theft or damage to fixed assets, then this must be reported to the Chief Finance Officer as they occur, who will include it on the losses register which is reported to the Audit Committee quarterly.

As part of the maintenance of the fixed asset register, the location of all the CCG's fixed assets should be detailed, allowing for the physical check and verification of the assets against the register.

As part of the Annual Accounts process, the CCG's external auditors will carry out a sample check of assets against the register to satisfy themselves that the asset is in existence.

## **7 IMPACT ANALYSES**

### **7.1 Equality**

As a result of performing the screening analysis, the policy does not appear to have any adverse effects on people who share Protected Characteristics and no further actions are recommended at this stage.

### **7.2 Sustainability**

A Sustainability Impact Assessment has been undertaken. No positive or negative impacts were identified against the twelve sustainability themes.

### **7.3 Bribery Act**

This Policy is designed to contribute to the CCG's obligation to ensure adequate measures are in place to prevent acts of bribery within the meaning of the Bribery Act 2010.

## **8 SCOPE**

This policy applies to:

- All CCG employees, including all full and part-time staff, staff on sessional or short term contracts, Lay members, students and trainees (including apprentices), agency staff, seconded staff
- Members of the CCG's Board, Committees, Sub Committees and Sub Groups, including co-opted members, appointed deputies and members of committees/groups from other organisations
- Members of the CCG (Council of members) – defined as GP partners (or where the practice is a company, each director) and any individual directly involved with the business or decision making of the CCG e.g. representatives at the Council of Members, GP portfolio leads

## APPENDIX

Appendix 1	Capital Reconciliation Template
Appendix 2	Capital Monitoring Form
Appendix 3	Fixed Asset Register



## Appendix 1

Capital Reconciliation Template  
North Lincolnshire Clinical Commissioning Group

**RECONCILIATION OF CAPITAL M6 2016/17**  
**FINANCIAL CODES: 000000-11410010 to 000000-11422010**

£'000

**Fixed Asset Register**

Original Value	24,950.86
2015/16 Depreciation	(10,758.06)
2016/17 Depreciation Apr - Sept	(2,495.07)
FAR Balance	11,697.73
Roundings	0.00
Othe Adjustment not yet in asset register	0.00
<b>ASSET REGISTER BALANCE</b>	<b>11,697.73</b>

**General Ledger**

11410010	IT(Owned)-Cost-O/Bal-Purch Assets	24,950.86
11420010	IT(Owned)-Depn-O/Bal-Purch Assets	(10,758.06)
11422010	IT(Owned)-Depn-Chrg in yr-PurAssets	(2,495.07)
Ledger Capital Balance		11,697.73
Items not in ledger but reflected in Asset Register		0.00
<b>LEDGER CAPITAL BALANCE</b>		<b>11,697.73</b>
<b>VARIANCE</b>		<b>(0.00)</b>

## Appendix 2

Capital Monitoring Form  
North Lincolnshire Clinical Commissioning Group

**CAPITAL PROGRAMME 2016/17**

<b><u>CAPITAL RESOURCE LIMIT</u></b>	<b>£</b>	<b>£</b>
Capital Resource Limit	0	0
NBV of Assets Sold	0	0
<b>TOTAL CRL 2016/17</b>	<b>0</b>	<b>0</b>

<b>CAPITAL EXPENDITURE</b>	<b>PLAN</b>	<b>SPEND TO MONTH 2</b>
Scheme 1	0	0
Scheme 2	0	0
Scheme 3	0	0
Scheme 4	0	0
Scheme 5	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

<b>TOTAL CHARGE AGAINST CRL</b>	<b>0</b>	<b>0</b>
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<b>(UNDER)/OVER AGAINST CRL</b>	<b>0</b>	<b>0</b>
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## Appendix 3

## Fixed Asset Register

**Summary FIXED ASSET REGISTER**  
**North Lincolnshire Clinical Commissioning**  
**Group**

## SUMMARY PAGE AS AT MTH 6

ASSET CATEGORY	ORIGINAL VALUE @ 01 APR 2014	ACCUMULATED DEPRECIATION AS AT 2015/16	CLOSING VALUE 2015/16
PLANT & MACHINERY			
IT	24,950.86	10,758.06	14,192.80
FURNITURE			
<b>TOTAL TANGIBLE FIXED ASSETS</b>	<b>24,950.86</b>	<b>10,758.06</b>	<b>14,192.80</b>
INTANGIBLE ASSETS			
<b>TOTAL ASSETS</b>	<b>24,950.86</b>	<b>10,758.06</b>	<b>14,192.80</b>

OPENING VALUE 2016/17	ADDITIONS 2016/17	DEPRECIATION 2016/17	REVALUATION/IMPAIRMENT 2016/17	DISPOSALS 2016/17	CLOSING VALUE 2016/17
					0.00
14,192.80	0.00	(2,495.07)	0.00	0.00	11,697.73
					0.00
<b>14,192.80</b>	<b>0.00</b>	<b>(2,495.07)</b>	<b>0.00</b>	<b>0.00</b>	<b>11,697.73</b>
					0.00
<b>14,192.80</b>	<b>0.00</b>	<b>(2,495.07)</b>	<b>0.00</b>	<b>0.00</b>	<b>11,697.73</b>