

## Technical Enquiry Service - Frequently Asked Question

### Do the New Measurement requirements (ie measurement at Depreciated Replacement Cost) for the Highways Network Asset Apply to District Authorities?

The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) has taken its early decisions on the measurement of the Highways Network Asset in the 2016/17 *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code). However, its decisions are still subject to the full due processes for the approval of the Code. These decisions might therefore be subject to change, so please look out for any further communications on this issue which will be published on the CIPFA website<sup>1</sup>. It will also be important to consider the final wording of the approved 2016/17 Code once it has been published by CIPFA/LASAAC.

CIPFA/LASAAC has decided that the Highways Network Asset is defined in the 2016/17 Code as a single asset. You may wish to look at the consultation pages on the recent Code consultation to see more on the full definition (though it should be noted that these pages include the consultation Exposure Draft and some changes have been made to this definition). These changes are subject to approval and further changes may yet be made. However, the Exposure Draft does still provide a useful indication of the approach in the 2016/17 Code to defining the Highways Network Asset as a Network and a single asset.

CIPFA/LASAAC has indicated that the Highways Network Asset should only be recognised in the local authority financial statements if it meets the definition of a Network and specifically the Highways Network Asset. **Informally, at the moment (as neither the Code nor the minutes for the CIPFA/LASAAC meeting have been approved) it is not anticipated that District Authorities will have an asset meeting the definition of the Highways Network Asset.** However, local authorities will need to make their assessment against the definition of the Highways Network Asset in the 2016/17 Code.

Where district authorities agree with the view that they do not have an asset meeting the definition of a Highways Network Asset then they will be able to account for their infrastructure assets in accordance with the current provisions in the Code ie at historical cost.

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<sup>1</sup> CIPFA will issue regular Briefings/Updates on the Highways Network Asset. Please see <http://www.cipfa.org/policy-and-guidance/local-authority-transport-infrastructure-assets>.

Archived Code consultation address:

<http://www.cipfa.org/policy-and-guidance/consultations-archive/201617-code-of-practice-on-local-authority-accounting-in-the-united-kingdom-invitation-to-comment> (see ED2)

## **DISCLAIMER**

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