

CIPFA LASAAC Update Statement on the Outcomes of Consultation on Infrastructure Asset Reporting Issues – 27 July 2022

CIPFA LASAAC issued its [Urgent consultation on temporary changes to the code to resolve infrastructure assets reporting issues](#) on 12 May 2022, which closed on 14 June 2022. The Board had a very good response rate, with responses from 83 stakeholders. There was support for the proposals, but issues arose about the proposed adaptation for derecognition (when parts of the asset are replaced) and also about effective depreciation policies.

There were different views as to how the proposed adaptation in the consultation papers might be implemented, or whether it would work at all. The consultation had anticipated that there might be different views, but the variety of views from the wider consultation process was greater than expected. Many respondents were looking for a more positive framing of the assumption about the value of derecognised elements because they were concerned that otherwise the current difficulties and risks of qualifications would remain.

Other key stakeholders were of the view that the value of derecognised elements should be based on the best available information. These stakeholders did not agree with a general assumption that might avoid the need to use accounting records.

CIPFA LASAAC considered ways in which an adaptation could be developed. However, it was not able to agree an approach that addressed the concerns of all stakeholders while also supporting high quality financial reporting. A key concern for CIPFA LASAAC was to ensure the best available information or evidence is being used to update the carrying value of infrastructure assets when elements are derecognised. It is CIPFA LASAAC's view that a temporary solution should remain consistent with the objective of high-quality information in financial reporting.

There appeared to be agreement by most stakeholder groups to the proposals to temporarily remove the reporting requirements for the disclosure of gross historical cost and accumulated depreciation (having regard to the impact of the historical information deficits and the impact on the usefulness of this information) and this proposal might be taken forward separately.

CIPFA and CIPFA LASAAC consider that a sector wide approach to resolution of the reporting of highways infrastructure assets should be sought. Further consultation with key stakeholder groups will take place to take forward better articulation and evidencing of the approach to the derecognition provisions and the remainder of its temporary proposals. However, CIPFA LASAAC will not take forward Code amendments that are not consistent with high quality financial reporting. As a consequence, it is unlikely that proposals for a short term solution will alleviate all stakeholders concerns.

CIPFA will also support governments (including the devolved administrations) in examining the possibility of options for statutory prescription of the reporting requirements for infrastructure assets.

The development of a longer-term solution, which will improve financial reporting in this area, will also be progressed.

If CIPFA LASAAC considers that there is a need to consult on an augmentation to the temporary solution it will aim to do so in the summer with resolution by autumn. Statutory prescription, if available, will depend on legislative timetables but is a matter for governments including the devolved administrations.