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Report

To:	CIPFA LASAAC
From:	Sarah Sheen, Standard Setting Manager CIPFA
Date:	9 November 2022
Subject:	Update on Infrastructure Assets

Purpose

The purpose of this report is to provide an update to CIPFA LASAAC on Infrastructure Assets and consider the options appraisal for the way forward for longer-term solutions for the reporting of infrastructure assets

1. Summary of the Temporary Solution

1.1 CIPFA LASAAC will be aware that at the time of drafting this report the Update to the Code which provides part of the temporary solution to the infrastructure assets reporting issue (ie the temporary relief on the mandatory disclosure of gross cost and accumulated depreciation) is moving to the final stages of the Code's due processes and so should be able to be issued imminently.

1.2 CIPFA LASAAC will also be aware that DLUHC has issued a call for evidence on a draft Statutory Instrument (the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022) which deals with the treatment of the amount to be derecognised when there is replacement expenditure. The explanatory memorandum sets out that the Draft SI has the effect of allowing local authorities to elect to treat any component of any infrastructure which they own as having a value of nil when it is replaced. Local authorities are not required to use this accounting treatment.

1.3 The survey will close on 7 November 2022. If DLUHC proceed with the statutory prescription then the draft SI indicates that it will come into force on 25 December 2022.

1.4 Scottish Government issued its statutory guidance Local Government Finance Circular 09 /2022 Statutory Override - Accounting for Infrastructure Assets in August this year which covers both the temporary suspension of the disclosure requirements and the amounts to be derecognised on replacement. It is anticipated that Welsh Government is also considering issuing statutory provisions.

1.5 CIPFA Bulletin 12 Accounting for Infrastructure Assets has been updated and continues to be updated to:

- reflect the different statutory prescriptions across Great Britain including updated accounting policies
- provide a range of useful lives rather than single useful lives for the components of infrastructure assets
- provide examples on a net as well as a gross basis.

It needs, however, to await the issue of finalised statutory instruments, should governments decide they will proceed before being issued.

2. The Longer-Term Solution

2.1 Appendix 1 provides a detailed analysis of the responses to question 8 in the consultation document. Question 8 sought views on the possible solutions to the approach to derecognition and the reporting of infrastructure assets. Task and Finish Group Members are invited to consider the summary of responses and the commentary of the Secretariat.

2.2 As a reminder the timetable for the recovery plan provided to FRAB at its 21 September 2022 meeting is provided at Appendix 2.

2.3 Although there were varied and detailed responses many highlighted difficulty in resolving the issue and emphasised that the solution to the current issues must be such where the benefits to the users of the accounts are not outweighed by its costs (some citing the objective in the Task and Finish Group Terms of Reference). In addition, a significant number of responses highlighted resource issues within finance teams at local authorities but also competing pressures of the many policies that local authorities must deliver.

2.4 Some of the consultation responses also considered the options already considered by the Task and Finish Group which were outlined in paragraph 30 of the consultation paper. A summary of the views given is provided in the table at Appendix 1.

2.5 The Secretariat considers that in addition to the options outlined in paragraph 2.6 below additional guidance will need to be provided.

2.6 The consultation paper was drafted from the basis that highways infrastructure assets are managed and operate on a network basis, the individual structures (eg bridges), carriageways etc are interconnected and they only function to their anticipated levels of performance if they are a part of the network. The Secretariat would therefore propose that any final solution would need to be based on a single highways network asset. It is noted that like any asset this would mean that this should be considered for componentisation for depreciation and derecognition when parts of the asset are replaced, though the Code may need to provide additional guidance on the treatment of these items. It is recognised though that for smaller authorities where they only have reduced numbers of infrastructure items eg footpaths and street furniture there might be no network, these items should be treated as individual assets and the Code will need to allow for this.

2.7 In terms of responses to possible solutions there were four possible options (reduced by the Task and Finish Group to three) these are set out below main proposals:

- **Option 1: Extend the temporary solution** - the short-term solutions proposed by the consultation forming a longer-term solution including a net book value-based approach. Note that this would now have to consider the statutory prescriptions proposed.

- **Option 2: A 'deemed cost' reset** – this would be by using a deemed cost approach similar to that prescribed in IFRS 1 *First-time Adoption of International Financial Reporting Standards*. Some respondents provided suggestions as how this might be derived. This would also include a form of survey (and/or review of records) to ensure that local authorities have a full understanding of the parts of the network and where necessary to ensure that there is an improvement in the records necessary to account for infrastructure assets.
- **Option 3: A move to depreciated replacement cost** (see also section 3 below). This would also need to ensure that there are appropriate records to be able to measure infrastructure assets in accordance with the Code.

Section 4 of this report presents an early option appraisal of the three options.

3. Depreciated Replacement Cost

3.1 Very few respondents fully supported a move to Depreciated Replacement Cost (DRC). These were largely included in the responses to question eight. Even where it was acknowledged by respondents that this might resolve the issues highlighted in the consultation and represent a fairer presentation of the value of infrastructure assets to local authorities and reflect their condition, there were (often significant) difficulties cited alongside such a move which are outlined below.

3.2 There was also a significant negative response to the move to DRC with many authorities (and the Society of County Treasurers) indicating that CIPFA LASAAC had considered this issue previously from 2015 to 2017 and had decided not to proceed because of the costs of the move (note that this was principally due to the issues relating to central rates). Respondents commented that the issues identified at that time had not been removed. The Secretariat would note that to an extent that is the case. However, the breadth of the difficulties of the current form of historical cost reporting had not been fully understood at that time (historical cost was deemed to be a viable alternative under IFRS) and so the cost benefit equation has significantly changed.

3.3 Respondents also cited numerous other issues that had been identified when considering the move to DRC:

- The enormity of the work required to collate and maintain inventory records for highways infrastructure. One authority commented that this would give rise to issues such as resources, capacity, skills and knowledge, prioritisation, legacy systems, the availability of reliable data, buy in from engineers and the mutual understanding between accountants and engineers. Several respondents indicated that resource issues and financial pressures had become worse since the previous consideration of DRC. Respondents including audit firms indicated that the current information deficits and the lack of information systems would also present significant difficulties for the move to DRC. One firm commented on the lack of detailed componentised asset records being an issue on the previous consideration of the move to DRC.
- The impact on DRC measurement and the sensitivity of minute variances in inventory inputs (such as carriageway width).
- The impact on local authority balance sheets of carrying value of infrastructure assets on a DRC basis (i.e. infrastructure assets measured on a DRC basis completely dwarfed everything else in local authorities' balance sheets).
- Whether external auditors would be able to gain enough assurance over carrying values determined on a DRC measurement basis.

Note that several respondents raised the issue over the resource implications and the impact on the audit process which might lead to significant audit delays.

3.4 A few respondents commented that the usefulness of the information to the users of the accounts also needed to be considered (particularly against the cost of the move).

3.5 A small number of other respondents were of the view that historical cost was a better measurement base for infrastructure assets, because their view was this was more transparent. An accounting institute commented that DRC would not provide decision useful information for users because most infrastructure assets cannot be sold and built elsewhere meaning the estimate of replacement cost is irrelevant. The Secretariat would note that DRC is an established measurement base where active markets do not exist, and DRC is used for infrastructure assets under the FReM.

3.6 Several respondents reiterated the comments given by some in response to question 8 that this needed to await the HM Treasury Thematic Review of Property, Plant and Equipment. The final outcomes of any approach will need to await the outcomes of the review. However, it will be important that all options that support high quality financial information are considered to have an effective solution ready.

3.7 A firm considered the benefits of moving to DRC:

- alignment with central government practice
- a clearer link between asset management practice and information with financial reporting information
- a more meaningful measure of the value of the assets of the individual authority.

3.8 Three local authorities considered what a DRC approach might look like including:

- the component categories needed to be kept to a practical minimum
- a value per square meter index capable of annual refresh is provided nationally with possible regional adjustment factors, similar to that used for council dwellings.

Importantly one of these authorities commented that once established DRC measurement could become the easiest option to maintain going forwards. However, this would only be true if recognised industry standard indices (e.g. value per km of road) could be agreed with auditors nationally in advance to determine the DRC.

3.9 One respondent suggested that if a move to DRC was being considered international treatment should be assessed. DRC measurement for infrastructure assets is used in Australia and New Zealand. New Zealand Government uses optimised DRC based on estimates https://www.ifac.org/system/files/New-Zealand-financial-statements.pdf. Auckland provides an example of local government property, plant and equipment policy see on from page 36 https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-annual-reports/docsannualreportvolumes20202021/annual-report-2020-2021-volume-3.pdf.

3.10 The Secretariat would note that moving to DRC is the only likely way to resolve the information deficits in the financial statements, particularly for gross cost and accumulated depreciation. It provides meaningful information for the user of the financial statements who will be able to see the impact in the accounts of capital maintenance expenditure and have a better understanding of the condition of the roads. It also has the benefit of working with asset management and providing more information to assist decision making in that area. It should align with practices across the public sector and may mean that the Whole of Government Accounts qualification can be removed.

3.11 It is recognised though that a methodology for establishing DRC and the information and systems necessary to allow affective measurement to take place are likely to take some time and will need to be carefully established to minimise any costs of implementation. The recovery plan indicates that a solution will need to be issued by 1 April 2024 to allow for a year for implementation. The Secretariat is of the view that in accordance with the authority's response in paragraph 3.8 this could be significantly easier than other solutions and have other benefits, once established. However, any move to DRC will need to be assessed against the issues in local audit and should ensure that the current issues are not significantly exacerbated, particularly until the current crisis is resolved.

4. The Task and Finish Group's Tentative Consideration of the Options

4.1 The Secretariat's initial outline of cost benefit analysis of the three options:

Option 1 – Extend the temporary solution

Advantages	Disadvantages
Easy option, maintains status quo.	Unlikely to be supported by key parts of the CIPFA LASAAC due process as this does not follow the detailed prescriptions of IAS 16 *Property, Plant and Equipment*
Lowest cost solution, no changes to systems or information requirements.	There will be a debate about whether this represents high quality financial information - though accounts preparers might indicate that this is sufficient for user expectations.
Potentially easy to understand for the users of the accounts, though this understandability will be limited by the information deficits and that it doesn't comply with IAS 16 information needs.	This will need to be supported by statutory prescription – this might be unlikely in the longer term.
Likely to be supported by local authorities based on the costs not outweighing the benefits.	Does not provide a detailed understanding of the state of local authority networks
Subject to the decisions made by auditors this is not likely to resolve the underlying local audit difficulties.	This will not allow for alignment with the rest of the public sector.

Option 2 – A 'Deemed Cost' Reset

Advantages	Disadvantages
This should allow local authorities to prospectively meet the requirements of IAS 16 as adopted by the Code.	This will require significant resources to establish and will need to be estimated on a DRC basis so the arguments of stakeholders against DRC will apply – it is unlikely to be convince local authorities that the benefits of

Advantages	Disadvantages
	this approach to users will outweigh the cost of implementation.
Although there will be significant resource implications the remeasurement exercise would only take place once.	For the first year of implementation this will be current cost measurement but thereafter the disadvantages of historical cost measurement for assets with extremely long-lives will become apparent.
This will require and therefore encourage improvements in information and systems.	As it uses a deemed cost this will be a different modified form of historical cost which will be difficult to explain to users. It will also create a new reserve to accommodate the increase in net worth.
	It may be difficult to arrive at this position by 2024/25.
	A move to a modified form of historical cost will require significant information requirements and systems to maintain but with little further advantages to users in understanding what the information represents and few advantages for asset management.

Option 3 – Depreciated Replacement Cost

Advantages	Disadvantages
This will allow compliance with the requirements of IAS 16 as implemented in the Code.	Local authority stakeholders perceive this as being too costly and resource intensive so it will be difficult to convince them that the cost of the proposed move will not outweigh the benefits to users (see section 3 above).
This will allow for improvements in systems and record keeping.	Appropriate development time is likely be longer than most other options.
Current value measurement allows for proper stewardship of assets rather than information just being provided at a point in time.	Although there are substantial benefits to the users of the accounts in-terms of best representing such a significant asset it may be difficult to demonstrate that this is the case.
This provides better information for the user and a better understanding of the state/condition of local authority infrastructure assets.	The sensitivity of small changes in measurement is an issue which would need to be addressed.
This may allow for the removal of the WGA qualification.	It is unlikely that this change should be introduced before there are significant changes in the local audit system.
The move to depreciated replacement cost will align with and improve asset management.	

An effective DRC measurement process may be less onerous than a reset form of modified historical cost.	

4.2 The current Task and Finish Group has tentatively agreed that the best way forward would be to proceed with Option 3 a move to depreciated replacement cost. One Task and Finish Group Member indicated that option 3 is the best option. There will be significant work involved in option 2 or 3, but 2 would simply be trying to alleviate weaknesses in the historical cost model whereas 3 offers an improved outcome. The Secretariat agrees with this comment.

4.3 The Task and Finish Group noted that there will be some significant outreach work to promote the benefits of such a move to local authority finance leaders indeed one Task and Finish Group member noted agreement with the tentative decision with ‘a heavy heart’. The Secretariat agrees that there will need to be outreach work on this and it is suggested that an in person second roundtable on the issue should be held early in the new year.

4.4 The Task and Finish Group’s early thoughts are as there is very limited time to develop a new approach to DRC that the starting point could be the previous Code of Practice on the Highways Network Asset and that efforts to simplify the process to alleviate the resource burden will be sought.

CIPFA LASAAC’s views are sought on the tentative decision of the task and finish group and whether there are any other advantages or disadvantages which should have been considered.

5. Reconstitution of the Task and Finish Group

5.1 The Secretariat would like to acknowledge with thanks the significant contributions of the Task and Finish Group to the work on the temporary solution and its initial examination of the longer-term options. However, the recovery plan at Appendix 2 indicates that the time is extremely limited to resolve a complex issue and it is notable that it was not successful when this was previously considered by CIPFA LASAAC (and other working groups within CIPFA) though there were a number of reasons for the decision not to take the previous approach forward (but the principal issue was the central rates issue).

5.2 The recovery plan is also clear that there will be significant resource issues for local authorities and local auditors, and it will lead to an increased burden on an already fragile local audit system. The Secretariat is of the view that government departments including DLUHC, Welsh and Scottish Governments, HM Treasury and the Department for Transport should be invited to attend the Group. Additional representation from Highways experts is also likely to be necessary. CIPFA LASAAC’s views on the Update to the Terms of Reference are sought. These are attached at Appendix 3.

5.3 The Secretariat considers that the development of the new system will require significant work with auditors as this might have become an issue for the new measurement base if this had not been taken forward and also there will need to be buy-in from local authority accounts preparers at a senior level for the project to be successful. CIPFA LASAAC’s thoughts on whether there might need to be further structures to support the Task and Finish Group are sought.

CIPFA LASAAC's views are sought on the updated Terms of Reference for the Task and Finish Group and other issues raised by section 5.

Recommendations

CIPFA LASAAC is invited to consider

- **the above report and its Appendix and consider possible options for the longer-term solution**
- **provide any additional comments on the recovery plan, and**
- **the update to the Task and Finish Group's Terms of Reference.**

Question 8

What are your views on the possible solutions to the approach to derecognition and the reporting of infrastructure assets? Please set out the rationale for your response.

Response	Comment
Eight respondents (including a response from the Society of County Treasurers) commented that given the information deficits it would be difficult for local authorities to make reliable estimates of the amounts to be derecognised when replacement expenditure is incurred. It was difficult to see any other solution (other than the temporary proposals in the consultation document). Note that these respondents were clear that the costs of implementation would need to be proportionate to the benefits that would be derived from it. This response included a proposal to recognise highways infrastructure as one asset with a weighted average depreciation applied based on an estimate of the proportion of the total asset its components are. Several other responses were similar to this response or had similar elements.	It is true that without changes to the collecting and recording of information it will be difficult to move to a position where local authorities are able to make these estimates. The options in the main paper are intended to explore this position. It is likely that any solution should move to a network approach to the reporting of infrastructure assets as individual parts of the network (bridges, carriageways etc) are unlikely to be able to function and deliver the anticipated levels of performance without other parts of the network.
A significant number of respondents echoed the point in both the consultation paper and the responses above that any solution should be such that the costs didn't outweigh the benefits. Several respondents highlighted resource issues at local authorities and the impact that any solution might have on this. A few respondents set this in the context of the other changes and resource pressures impacting on local authorities. A number also highlighted the usefulness of information on infrastructure assets for the user, particularly as an inalienable asset.	The solution will seek to balance costs and benefits, but it is recognised that this will be difficult. This will need to be set against the usefulness of infrastructure asset information, particularly on an historical cost basis.
Twelve respondents suggested either making the temporary solution permanent or suggested reporting on a net book basis should be explored. One respondent noted: *'Our view is that unless a move is made to depreciated replacement cost measurement, the temporary changes are sufficient to provide a permanent fix – ie, to accept the irresolvable deficiencies in historical information and be helpful in not misleading readers otherwise.'*	The option appraisal will need to consider the status-quo but this is likely to be difficult to maintain in the longer-term.
Several respondents considered the possible future solutions suggested by the consultation paper at page 30. Their views were	NA

Response	Comment
Solutions in the consultation paper 1 – *increased guidance* views were: • Simply increasing guidance would not be sufficient. • Other respondents consider that this might be the most effective approach. • Others indicated that this would supplement any changes.	It is likely that all solutions including the short-term will require more guidance, but it is agreed that this is unlikely to be sufficient to improve the overall position.
Solutions in the consultation paper 2 – *a form of amnesty* (note this is not supported by CIPFA LASAAC) Note respondents indicated that this would: • not be useful would undermine effective record keeping and not secure the integrity of financial reporting • exacerbate information deficits • not provide a resolution.	CIPFA LASAAC did not support a formal amnesty this option will not be taken forward.
Solutions in the consultation paper 3 – *a form of reset* views were variously: • a respondent needed to be persuaded that the methodology underpinning any such a reset would provide more reliable information than is currently available • authorities will struggle to arrive at a revised estimate of the gross historical cost and accumulated depreciation that will provide better information than the values they currently report • the cost of removing that information deficit would outweigh the benefits to the users of the accounts. • a reset on its own will not help if after the reset the current requirements are still required as that information will not be available. • *the longer-term solution needs to allow authorities the ability to reset their gross historical cost and accumulated depreciation to write out any assets that have been replaced but not written out in the past, and provide an accurate starting point for moving forward* • any reset process would be helped by establishing sector-wide indices which could be used • it may still be challenging providing assurance to the auditors of its completeness, but it's	It is possible that a reset using a deemed cost approach such that is used in IFRS 1 (or similar) could be applied to bring assets on to the balance sheet. Whether this will be able to separately identify gross historical cost and accumulated depreciation is more difficult. It would also be questionable as to how useful this information would be for the users of the accounts. It is acknowledged that there will be a cost to this process. This estimation process could use the toolkits approach suggested under the proposals for the previous Highways Network Asset. It is agreed that more detail information and systems will be required to maintain the reporting requirements of the Code.

Response	Comment
probably got the best chance of working as by having a reset it addresses the information deficits stretching back numerous years. • as a consequence of the information deficits previously noted, we believe this methodology provides figures no more accurate or capable of being evidenced than the figures currently being used by local authorities • we support the use of a reset (through the identification of an estimate of the gross historical cost and accumulated depreciation or similar resets) as of the earliest opening balance where accounts have not been audited. • we would not be in support of this option as this would require a significant level of detail to be held on spend and balances on specific components and parts of the network going forwards. • if a change in approach is needed, then an option could be a rebasing exercise (i.e., DRC valuation carried out) but only every 5 years. In the years between revaluations any capital expenditure on these assets are derecognised by the same amount.	
An audit body and an audit firm indicated that a survey/inventory of infrastructure assets would be necessary. An audit body indicated that the net book value could be allocated across the surveyed assets while the firm referred to guidance being given on the deemed values. The audit body commented: *'Local authorities should then depreciate the deemed cost over the remaining useful lives identified by the survey.'* An accounting body commented on similar lines indicating: *'CIPFA LASAAC might wish to consider permitting preparers to carry-out a one-off fair value exercise, similar to the deemed cost approach permitted in IFRS 1.'* This body also suggested that: *'CIPFA LASAAC should consider permitting local authorities to write off an estimate of cost and accumulated depreciation from book values and to allocate the balances of cost and depreciation to existing assets to use as a firm baseline for subsequent accounting – 'grandfathering in' the revised amounts.*	See preceding response though the commentary on writing off amounts would require an evidence base which is not currently available.

Response	Comment
For this to work effectively and ensure replaced assets are correctly written off in the future, local authorities need to undertake a detailed exercise to fully record the infrastructure assets they currently own.'	
Another form of reset discussed by a smaller number of respondents was to write out gross cost and accumulated depreciation. Note a small number of respondents suggested this was akin to the creation of the current revaluation reserve in 2007.	If this option were to take be taken forward, then it is understood from auditors that questions still arise relating to whether there is a risk of misstatement for the net carrying amount of the asset. This might need to be supported by statutory provision in the first instance.
Solutions in the consultation paper 3 – *a form of single network asset* views were variously: • we would be in support of this option as work on the highway often involves replacing/improving multiple components in the same project. It is not easily possible within financial systems to separate components for the asset register whilst managing the project in a simple way. • it was found that it was not possible to identify components as the network was one asset and information on historical repairs was not available in a meaningful or identifiable way, particularly for the road's/carriageway's parts of the highways network asset. • the most comprehensive solution to the issues we have highlighted above, which centre on the underlying information deficit, may be best resolved if CIPFA adopt the presumption of a single highways network asset. This would then remove the issue we have raised regarding Local Authorities' ability to identify their expenditure and the associated accumulated depreciation to specific assets or components. An audit body commented: • This possible solution would therefore appear to be supported by the FReM and could address many of the issues that have been raised. We believe therefore that treatment as a single network should be explored further (at least until a depreciated replacement cost basis is adopted One firm commented • In our view, this would not be an appropriate long-term solution. Highways' assets are not a single asset and even if they are treated as such, it is problematic to see them as an asset that should not be componentised in line with the overarching requirements of IAS 16.	Per the response above it is likely that a single network asset best represents the economic reality of highways infrastructure assets. This would not mean, however, that paragraph 4.1.2.51 would not be applicable and that separate components of the network should be considered for separate treatment.

Response	Comment
A firm commented that a solution might be to separate the reporting requirements for historic and subsequent expenditure with historic expenditure reported at NBV and subsequent expenditure reported at GBV and accumulated depreciation. Going forward more granular recording of capital expenditure on infrastructure assets would be required, such that components which are material to an authority's position can be identified and separately accounted for (including derecognition). Expedients outlined in the consultation could be applied for expenditure prior to 31/3/23 or 31/3/24, but with subsequent expenditure to be recorded in such a way that component accounting could be applied.	This has its attractions and has been used for standard setting. However, this is likely to increase the information difficulties as subsequent expenditure would have to also have to separately identify replacement expenditure on assets before and after a set date. It also doesn't appear to work with a network of infrastructure items where each part/element works with other parts of the network.
We feel that in the longer term a rebuttable presumption that replaced components have been fully depreciated would be the best option. As regards the values to be derecognised from the gross figures for cost and depreciation, it is possible that this could be required to be estimated using the weighted average approach to depreciation, i.e. a value to be derecognised could be estimated based on the replacement cost, the assumed asset life for depreciation purposes and an allowance for cost inflation over that period.	A rebuttable assumption may be a useful approach with longer-term solutions subject to being able to include appropriate evidence.
A local authority suggested that: '*Nationally accepted UEL's for various parts of the network will also be of great help and provide consistency for what are nationally homogenous assets.*'	Guidance can provide this.
An authority commented: *I do not believe de-recognition is suitable for this type of asset. The Code should reflect this due to the nature of the asset. The Code should consider what readers of the accounts are concerned about – for example, in year spend and future plans.*	The Secretariat is not able to comment though it is difficult to see that it would be possible to adapt the Code to this affect.
An authority commented that it was its view that: '*moving to a measurement using depreciated replacement cost, as proposed under the Highways Network Asset Code would be the most appropriate way forward. Data is already kept by our highways department listing all assets and their condition using an existing database, and with the use of agreed valuation indices, we believe this would be the most suitable approach, albeit requiring a reasonable lead in time for those authorities who perhaps are not as far forward.*'	This is an option which needs to be considered as this would resolve most of the reporting issues though the full detail of such a proposal would need to be developed including the impact of the cost of the proposal. This would also need to be considered against the outcomes of the HM Treasury Thematic Review of Property, Plant and Equipment.

Response	Comment
Two local authorities indicated that: ‘*an alternative approach would be to simply write out the spend once it has been fully depreciated*.’	No further comment.
A firm commented that any solutions will depend on DLUHC’s review of PPE valuation reporting methods.	Any final solution would need to be reviewed against the recommendations of the HM Treasury thematic review of Property, Plant and Equipment.
A firm considered the costs and benefits of treating infrastructure assets like heritage assets and on a basis of the impact of stewardship, high quality financial reporting and the impact of the interaction with the capital finance regime rejected the proposal.	No further comment.
A local authority commented that ‘*Improving the accuracy of depreciation policies (e.g. useful lives of the various categories of infrastructure assets) would help to ensure that infrastructure assets are written out over time periods in line with their consumption*.’	Agreed this has been a view expounded by the Task and Finish Group