Timetable for updating the SORP

1   The new role of an engagement convenor

1.1   The establishment of the new Charities SORP engagement process in the context of pandemic has led to a delayed start being made. This paper considers the aims of the process, the indicative timing of the review by the Financial Reporting Council (FRC) of the accounting standard FRS 102 and the implications for the SORP revision timetable.

1.2   This paper sets out an updated timetable for discussion.

2   The new engagement process

2.1   The revised approach to developing the SORP envisages the SORP-making body and advisory SORP Committee in partnership at the centre of the engagement process having dialogue with the engagement strands. The dialogue will begin in the summer 2020 with an initial meeting with convenors of the engagement strands in July.

Figure 1: The new SORP development process
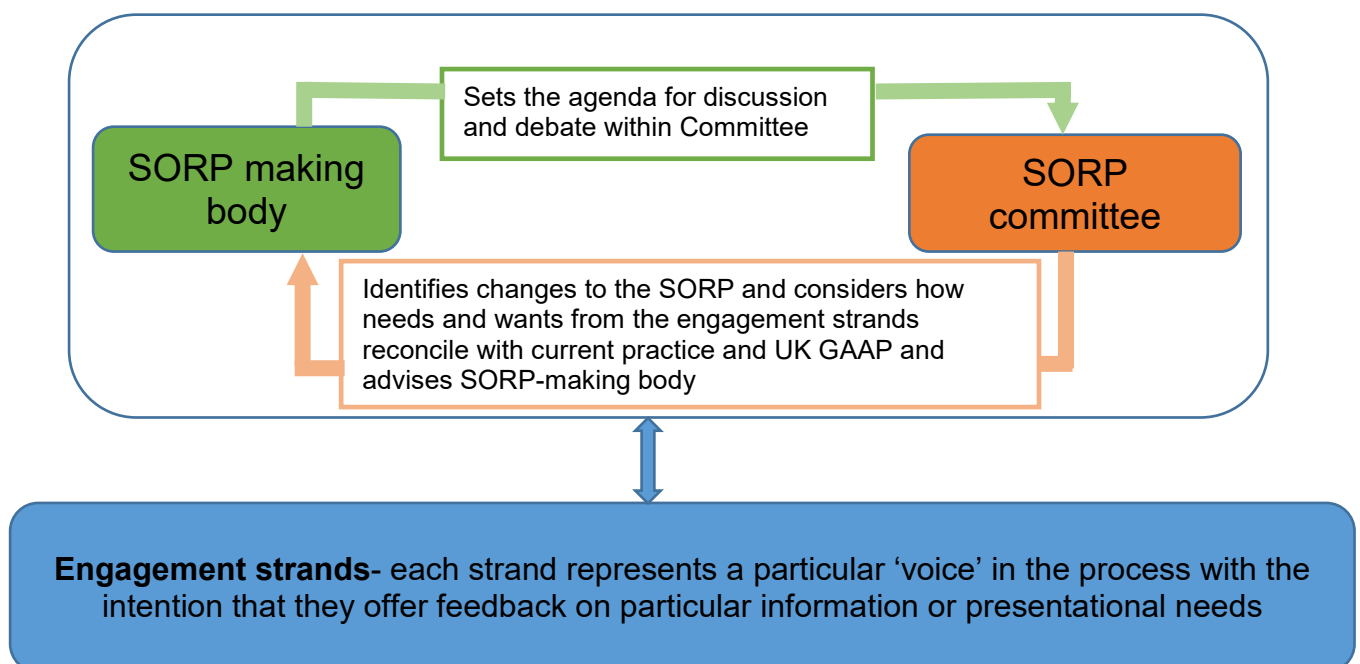
2.2   The convenors of the engagement strands are viewed as the primary interface between the engagement stand and the SORP-making body and SORP Committee. The feedback / discussion loop bringing in the advisory SORP Committee, supported by the CIPFA Secretariat, will be

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an essential feature too if the dialogue is to be rich and fruitful. This dialogue requires time to allow discussion, reflection and feedback.

2.3 The process for drafting a SORP envisaged a number of stages in the engagement process with each engagement strand moving at their own pace through the different stages of the process:

- **Exploration** - without taking the current framework as a given, look at the needs of the users of the report and accounts, the information needed to inform their decision-making and identify any emerging issues. Additionally, users of the SORP will be invited to consider any beneficial changes to its form and content to better serve their needs.
- **Reflection** - consider how well the SORP (and accounting standards) meet the identified need and identify areas for change and potential solutions to effect beneficial change
- **Problem solving** - exchanging ideas and solutions between engagement strands to identify areas of consensus and disagreement, the scope for simplification including any implications of 'true and fair' accounting, and draw conclusions to inform the drafting of the next SORP and changes required to law and accounting standards
- **Making a case for change** - based on the conclusions drawn and inform the judgement around costs and benefits of potential changes to inform the drafting of the SORP Exposure draft, differentiating those changes that can be accommodated within the existing framework of law and standards from those contingent on changes being made to law and standards.

2.4 To be successful the new timetable needs to manage the tensions of allowing sufficient space for dialogue whilst delivering an updated SORP timed to support the application of the updated FRS 102. The next SORP needs to be published before the new standard takes effect.

3 Updated timetable to the next SORP

3.1 The initial proposed timeline (figure 2) anticipated publication in March 2022 at the earliest and September 2023 at the latest. The FRC's tentative timeframe is for the new FRS 102 to be published in 2023 with the updated FRS 102 taking effect for reporting periods beginning on or after 1 January 2024.

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Figure 2: Original Timetable for the SORP Development Process

Stage	Approximate time	Completed by earliest timing (latest timing)
Exploration	3 to 6 months	June 2020 (September 2020)
Reflection	3 to 6 months	September 2020 (March 2021)
Problem solving	3 to 6 months	December 2020 (September 2021)
Drafting	6 to 12 months	June 2021 (March 2022)
FRC review and public consultation*	6 months	December 2021 (March 2023)
Final edit and FRC approval	3 to 6 months	March 2022 (September 2023)
Effective date (allowing 3 month lead in)	-	Reporting for years beginning 1 August 2022 (1 December 2023)

Figure 3: Updated Timetable for the SORP Development Process

Stage	Approximate time	Completed by earliest timing (latest timing)
Exploration	3 to 6 months	October 2020 (January 2021)
Reflection (input to FRC Spring 2021 review)	3 to 6 months	April 2021 (July 2021)
Problem solving	3 to 6 months	July 2021 (January 2022)
Drafting (Based on exposure draft FRS 102 with final FRS 102 published early in 2023)	6 to 12 months	January 2022 (January 2023)
FRC review and public consultation*	6 months	July 2022 (July 2023)
Final edit and FRC approval (Subject to FRS 102 published in final form and faithfully reflected in the SORP text)	3 to 6 months	October 2022 (January 2024)
Effective date (allowing 3 month lead in)	-	Ideally publish no later than October 2023. Reporting for years beginning 1 January 2024

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3.2   The effective date of the updated FRS 102 were the amendments effective from 1 January 2024 still leaves sufficient time to deliver the process as originally envisaged.

3.3   A critical factor is the timing of the final FRS 102 and there may be scope to relax the pace of the process if the Exposure Draft of FRS 102 is not out for consultation in early 2022.

4   Next steps

4.1   Subject to agreeing the timetable we plan to work with the Secretariat, SORP Committee and Engagement Strands Convenors to progress the first stage of the SORP process for updating the SORP.

4.2   We intend to set out a work plan for the October meeting once the exploration phase has been progressed.

Questions:
1. **Does the Committee have any comments on the proposed timetable?**

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