

1 Introduction

This paper aims to support discussion and agreement about the timetable for the remainder of the SORP development process following a recent announcement by the FRC that extends the timetable for the revision of FRS102.

2 Where we are

We based our plans and intentions up to now on the original FRC timetable for FRS102 to be updated and effective for accounting periods starting on or after 1 January 2024. On 16 February, we learned that this has now changed and the updated standard will be effective no earlier than 1 January 2025. This requires us to revisit our plans. There are a number of factors for us to take into account in the revision of plans to ensure that we can proceed in a practical way and deal with relevant issues.

3 Relevant factors to consider in revising the timetable

Much of the way in which the new SORP development process was set up was based on the original 1 January 2024 timetable. The revision to that means that some of the original assumptions potentially now cause some difficulty.

3.1 Terms for SORP committee members and engagement partners

Within the recruitment packs for both SORP Committee members and engagement partners, expected terms of service were set out. For SORP Committee members, individual members have a three-year term and organisational members four years, with the mix helping us to avoid having a completely new Committee at any changeover point. In exceptional circumstances, we stated that we could extend terms by 12 months by mutual agreement but it is not possible for a member to serve two consecutive terms. Committee members were appointed in December 2019.

We will need Committee members to consider whether or not they would wish to extend their term and if possible the SORP-making body will likely wish to extend by more than 12 months. The FRC's policy on developing SORPs states that membership must be 'periodically refreshed' but does not specify how often this should happen or any maximum term for members. If possible, it would be preferable for the Committee to remain in place until the completion of the current development process. This would avoid the recruitment of new Committee members in the midst of the process. While we do have four reserve Committee members who are being kept up to date with the work that we are undertaking, we stated at the outset that the reserve list would only be kept for a period of three years.

For engagement strand members, the recruitment material originally stated that the appointment was for a four-year term but this could be extended by mutual agreement. Engagement strand members were appointed in April 2020. If we wish to continue to benefit from the input and views of our engagement strand members, we will need to ask our engagement strand members to commit to a longer process than envisaged; this may result in some choosing or needing to step away.

3.2 Changes to FRS102

Although the effective date of the new standard has been moved to no earlier than 1 January 2025, we do not currently have firm dates as to when we will be informed of the changes that will be made to FRS102. These changes could be made either as a result of the FRC's own review which takes into account developments with international accounting standards or the two submissions made by the SORP-making body during the periodic review. The FRC do intend to issue an Exposure Draft of the revised version of FRS102 during 2022 according to published information. We think this is unlikely to be in the first half of 2022.

The implication of this is that we will need to restrict our consideration of topics in the earlier stages of the drafting phase to those that are unlikely to be significantly affected by changes to FRS102.

3.3 Secretariat arrangements

The current contractual arrangements we have with CIPFA for SORP secretariat work conclude in December 2023. We extended the contract in 2021 to ensure that there was continuity and stability in that support until the end of the development of the new SORP. We cannot extend that contract further and will have to re-tender for that service during 2023.

4 What does all of this mean?

Considering these factors, we need to press on with the drafting phase as much as we can to maximise the input from and continuity of those involved in the process so far.

The extension to the timeframe does have some benefits that will assist us such as allowing us to space the meetings at 8-week intervals instead of 6.

In previous papers about drafting, we outlined the intention to have 8 Committee meetings through the drafting phase, one of which was to discuss tiered reporting. While we are discussing that topic at today's meeting, we may still require further discussion time on that, particularly given the critical implications of those decisions. Assuming we still require a further 8 meetings, these would potentially shape up as follows:

Meeting held in	Topics for discussion
May 2022	Tiering – perhaps a workshop style meeting?
July 2022	Narrative reporting (excluding sustainability reporting)
September 2022	Presentation of financial statements
November 2022	Expenditure
January 2023	Income
March 2023	Changes to FRS102 and sustainability reporting
May 2023	Review of full draft
July 2023	Review of full draft

Note that as previously explained, each meeting would have a slot for discussion on emerging issues; this would include the FRC's response to our periodic review submissions and an Exposure Draft of FRS102.

From that, the remainder of the process would potentially flow like this:

Stages in the process	Completed by
Drafting	July 2023
FRC review and public consultation	January 2024
Final edit and FRC approval	July 2024
SORP published	August 2024
Effective date	Reporting for periods starting on or after 1/1/25

The timetable will potentially allow us to finalise and publish the SORP in August 2024 which would provide a greater period of time for users of the SORP to understand the changes that have been made and what this means in practice for their work before the effective date of the standard.

5 Agreeing how we move forward

SORP Committee members are asked to:

- Agree that the drafting phase should progress in line with the suggested timetable outlined in this paper
- Comment on the suggested order of topics for the remainder of the drafting phase meetings
- Provide any further relevant comments