

Economic impact assessment of narrow-scope amendments – update

Executive Summary

Project Type	Endorsement
Project Scope	N/A
Purpose of the paper	
<p>This paper is to update the Board on planned next steps for the implementation of the economic impact assessment of narrow-scope amendments (including the estimation of a standardised cost model) following feedback received at the December 2022 Board meeting.</p>	
Summary of the Issue	
<p>SI 2019/685 requires the UKEB to conduct an economic impact assessment for endorsement projects. Under the terms of the Small Business, Enterprise and Employment Act 2015 the UKEB is not a ‘relevant regulator’ – those required to undertake impact assessments in accordance with the Better Regulation Framework. However, the Board previously decided that its work would benefit from aligning with this model (though currently adhering to the BRF is not a legal requirement).</p> <p>At its October 2022 meeting, the Board discussed and approved its strategy for conducting impact assessment. This included a strategy and approach on how to streamline the impact assessment for Narrow Scope Amendments (NSAs), aimed at ensuring a proportionate approach is used when undertaking adoption work for the NSA. This included a preparers’ survey designed to help the Board estimate implementation costs for inclusion in the Draft Endorsement Criteria Assessments (DECA) for NSAs in a proportionate way. Whilst discussing an updated draft of that survey at the December 2022 meeting, some Board members raised questions about the previously agreed approach.</p> <p>As of January 2023, the UKEB has endorsed a relatively limited number of NSAs and annual improvements. As such, it may benefit from gathering further experience on this type of endorsement process. In addition, because adherence to the BRF is not legally binding, the UKEB may need further time to consider how best to adjust the endorsement process to the regulatory framework for impact assessment, including how best to build in proportionality. Finally, more time may be helpful to better understand the legal implications of acquiring and retaining corporate information, for example from a GDPR perspective.</p>	

Given the above, the Secretariat intend to defer the re-assessment and finalisation of the streamlined approach to conducting impact assessment for NSAs in accordance with the BRF (including the estimation of a standardised cost model) to a later date.

In the meantime, we will bring impact assessment for all NSAs, both those with limited scope and those with a wider impact, as part of the work on preparing the individual DECAs on the NSAs. The NSAs we currently expect may need to be adopted during 2023 include:

1. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
2. Non-current Liabilities with Covenants (Amendments to IAS 1)
3. Lack of Exchangeability (Amendments to IAS 21)
4. Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7)
5. International tax reform – Pillar Two model rules (Amendments to IAS 12)
6. Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9)

It is possible that other minor amendments may arrive and may need to be added to this list later in the year.

Decisions for the Board

Do Board members have any comments?

Recommendation

To note deferral of this work.

Appendices

N/A