



HM Treasury

Overview of the changes to the 2020-21 & 2021-22 FReM

FReM Updates

20-21 updates to FReM

- **Removal of single departmental plan (SDP)** – Departments expected to report directly against strategic objectives and not SDP objectives.
- **Diversity equality of service delivery disclosure** - New best practice disclosure for entities to report on how they have promoted equality of service delivery to different groups in society. *Entities may be subject to specific legislation or a requirement in a framework agreement requiring diversity and inclusion reporting. Currently best practice rather than comply or explain or mandatory*
- **Diversity disclosure** - New best practice disclosure for entities to report on how they are seeking to improve the diversity and inclusiveness of their workforce.
- **Reference to Financial Reporting Council (FRC) Guidance** - Incorporating reference to guidance published by the FRC regarding the application of materiality to the annual report and applying the guidance on the Strategic Reports in the private sector to Performance Reports and Accountability Reports in the public sector.
- **IFRS 9 clarification on credit losses (ECLs) within same departmental group** - Addition of an adaptation to IFRS 9 clarifying that it is not expected that balances between entities within the same group would be covered by the exception from recognising expected ECL.
- Other minor corrections and clarifications as part of our continuous improvement of the FReM.

21-22 draft FReM

- Guidance on IFRS 16 implementation will be included in the FReM from 21-22. *For early adopters, supplementary application guidance for IFRS 16 will be issued in 20-21 separately.*
- Improvements to the fair pay disclosure and remuneration report guidance – This is to bring them inline with the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008. These modifications will include:
 - Percentage change for highest paid director and workforce as a whole
 - Ratio of the highest paid director to the interquartile ranges (25% and 75%) within the workforce

Good practice examples

- HMT will continue to develop a bank of good practice examples of ARA disclosures for departments to utilise in 20-21 reporting period.
- This is in response to feedback from departments and the Government Financial Reporting Review Project 2019