

# Financial Reporting Advisory Board – Paper to note

<b>Issue:</b>	The paper is to accompany the draft Sustainability Reporting Guidance for 2025-26 which incorporates the findings and recommendations from the Sustainability Reporting Thematic Review and materiality-based approach.
<b>Impact on guidance:</b>	Impacts the Sustainability Reporting Guidance (SRG) for 2025-26, with sustainability reporting requirements, applying from 1 April 2025.
<b>IAS/IFRS adaptation?</b>	No IAS/IFRS adaptations are proposed in this paper.
<b>Impact on WGA?</b>	There is no immediate impact on WGA in the paper. Climate- and sustainability-related reporting may impact WGA's performance reporting in the future.
<b>IPSAS compliant?</b>	N/A - No IPSAS compliance considerations
<b>Interpretation for the public sector context?</b>	No – No IAS/IFRS interpretations/adaptations are proposed in this paper.
<b>Impact on budgetary and Estimates regimes?</b>	N/A
<b>Alignment with National Accounts</b>	N/A
<b>Recommendation:</b>	N/a - paper to note.
<b>Timing:</b>	N/a - paper to note.

- At FRAB 155 in March 2025, HM Treasury presented on the Sustainability Reporting Thematic Review. The review assessed the existing sustainability reporting frameworks and considered whether to update the central government approach for setting sustainability reporting requirements. This included (see para.31 [FRAB 155\(07\)](#)):
  - removing mandatory reporting (and guidance) on previous Greening Government Commitments (GGCs) and other outdated environmental policies (e.g., rural proofing),
  - not incorporating the new GGC25-30 metrics, targets and commentary into the guidance for mandatory reporting (except for emissions reporting and certain key GGC metrics, to be confirmed once GGC 25-30 guidance is finalised).
  - adding short general high-level guidance for reporting on metrics and targets for environmental and sustainability key performance indicators (KPIs) which are material to primary users.
  - simplifying and consolidating existing sustainability reporting guidance for central government, for example, by fully incorporating the TCFD-aligned requirements

into the SRG25-26 and consolidating similar or overlapping requirements (e.g., climate adaptation, climate governance)

2. The findings and conclusions have been used to update the Sustainability Reporting Guidance ('the SRG') for 2025-26. The draft SRG which is due for cross-government consultation is included in Appendix 1.
3. The clearance and publication of Defra's GGCs for 2025-30, which in past SRG versions have formed the core component to the SRG's minimum requirements, has been significantly delayed. Based on the new approach to sustainability reporting set out in the thematic review, which relies on a smaller set of key metrics (likely to remain unchanged from GGC21-25), it's unlikely the SRG25-26 will be significantly impacted even if GGC25-30 are not immediately published, and we plan to move ahead with publication following final cross government (including Defra) clearance.
4. The minimum reporting requirements included in the draft SRG25-26 are:
  - Scope 1 and Scope 2 greenhouse gas (GHG) emissions – aligned with GGC21-25 (and likely GGC25-30) but including emissions outside of the remit of the GGCs where material (e.g., overseas operations, material scope 3 emissions).
  - Water – aligned with GGC21-25 (and likely GGC25-30)
  - Waste – aligned with GGC21-25 (and likely GGC25-30)
  - Carbon offsets (where purchased or held) – which are likely to be introduced in GGC25-30 (see next)
5. HM Treasury made the decision to incorporate new requirements related to carbon offsets as similar reporting requirements are included in other developing sustainability reporting frameworks (i.e., IPSAS SRS1 Climate, ISSB's IFRS S2, Transition Plans Taskforce, etc.). Based on their limited use by central government bodies and controversial nature in some instances this information is likely to be material.
6. While central government bodies will be expected to report on material climate and sustainability-related information (with some supporting guidance included in the SRG) - all other minimum requirements have been removed. This includes removing minimum requirements for:
  - GGC21-25:
    - Metrics: Scope 3 GHG emissions (official business travel), other business travel metrics (i.e., flight distances), ultra-low and zero-emission vehicle car fleet percentages, paper use, and consumer single use plastics (CSUPs).
    - Narrative: sustainable procurement, nature recovery and biodiversity, climate change adaptation (now addressed by TCFD-aligned disclosure).
    - Narrative on overall performance against each GGC commitment and sub-commitment
  - Other requirements (from previous GGCs and otherwise): sustainable construction

7. HM Treasury also removed additional guidance from the SRG in other areas (e.g., rural proofing) where information was unlikely to be material in the context of the annual report and accounts.
8. Furthermore, the intended audience subject to the reporting requirements set out in the SRG has been expanded to incorporate certain central government bodies that were previously exempted from the GGCs, or outside of the GGC framework all together. For these bodies, where there are no other conflicting mandatory or statutory reporting requirements to the SRG, they will be expected to follow the SRG from 2026-27 (with 2025-26 including non-mandatory requirements as a transition year).
9. In line with the proposal taken to FRAB in March as part of the thematic review, HM Treasury also consolidated general guidance on concepts, principles and foundations of sustainability reporting from the SRG, TCFD Application Guidance and other guidance into an appendix. This draws heavily from the existing guidance, adding additional guidance on specific areas (e.g., materiality, reporting boundaries, etc.) – refer to Appendix A. HM Treasury plans to re-issue an updated shorter version of the TCFD Application Guidance, alongside this supporting appendix, in due course.
10. HM Treasury is consulting on the updated SRG25-26 with cross government bodies before final clearance and publication (expected over summer 2025).
11. HM Treasury plans to publish the thematic review alongside the SRG25-26, to support the updates and change in approach (working with Defra where necessary on components which mention unpublished GGC25-30 guidance).
12. Over summer 2025, HM Treasury plans to progress its work on future sustainability reporting strategy by monitoring key external developments (particularly the UK Sustainability Reporting Standards and the IPSASB's work), engaging further with relevant authority representatives, and convening a meeting of the FRAB Sustainability Subcommittee to update on progress and gather views on potential future governance structures, representatives and oversight ahead of a FRAB discussion in November.