IMPORTANT NOTE: there are two tables in this document:

- The first table lists the amendments made to the 2025-26 FReM released in December 2025 from the 2025-26 FReM released in December 2024.
- The second table lists the amendments made to the 2025-26 FReM released in December 2024 from the 2024-25 FReM released in December 2024.

The two tables below therefore show all significant changes made between the final 2025-26 FReM and the final 2024-25 FReM.

Amendments to the 2025-26 FReM RELEASED IN DECEMBER 2025

The table below sets out consequential changes to the 2025-26 FReM published in December 2025 from the 2025-26 FReM published in December 2024. [N.B it does not include minor changes such as correction of typos, changes to cross-referencing etc.).

Paragraph(s)	Change	Reason for change
5.3.2, 5.3.3(e), 5.3.3(f), 5.4.4(a), 5.4.4(ai), 5.4.4(aii), 5.4.6(ciii)	Requirement to report on outcomes as agreed at the latest SR process deleted and replaced with requirement to report against outcomes and metrics as set out in an entity’s Outcome Delivery Plan for 2025-26.	To reflect what key outcomes and metrics government entities should report against in their 2025-26 ARA (where entities have Outcome Delivery Plans in 2025-26).
6.5.21, 6.5.22, 6.5.23, 6.5.24	Guidance clarified to state non-executive directors (NEDs) are excluded from the fair pay disclosure calculations.	HMT have found there are regular instances where auditors have been challenging entities about whether NEDs should be included in the fair pay disclosure calculations. Some state NEDs should be included. Others state NEDs are not employees or staff, so should not be included in the fair pay disclosure calculations.

Paragraph(s)	Change	Reason for change
		Per the FReM, a NED can be a 'director'. However, it is extremely unlikely a NED would be an entity's highest paid director (even on an annualised basis) as they are usually paid a 'fee' for a relatively small number of days each year. The HMT view is NEDs are typically not considered employees of an organisation. On the basis that NEDs are not usually considered employees and the exclusion of NEDs is not expected to have a significant impact on fair pay ratio calculations, HMT have decided to clarify NEDs are not included in the fair pay calculations as set out in the FReM.
6.5.26	Paragraph deleted and replaced with a requirement to disclose prior year comparative information for each of the fair pay ratios.	This paragraph provided guidance on comparative information for fair pay disclosures in the first year of implementation, which was in 2021-22. It is no longer the first year of implementation. As such the previous guidance has been replaced with a requirement to provide comparative information for all fair pay disclosures.
6.5.30 – 6.5.43	Guidance on reporting spending on consultancy and temporary staff and off-payroll appointments moved below the list of requirements for the staff report.	This guidance relates to requirements j) and k) in the list of disclosures required for the staff report. Therefore, putting this guidance below the list of staff report requirements makes the FReM easier to follow.
7.4.1	Wording updated to clarify that payments to the Consolidated Fund are included below the lines '*Net financing*' and '*Net increase/ (decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund*'.	To align with the Department Yellow illustrative statements, which is clear on the placement of payments to the Consolidated Fund within the Statement of Cashflows.

Paragraph(s)	Change	Reason for change
Section 8.2, Table 2, IAS 1 adaptations	New adaptation to remove the requirement to disclose a SoFP as at the beginning of the previous reporting period (also known as the 3rd SoFP) when a MoG change happens and there are no retrospective accounting policy changes or prior period errors to correct.	This is an output from the MoG change technical working group meetings. It was determined that the benefits of disclosing a SoFP as at the beginning of the previous reporting period, where there are no retrospective accounting policy changes or prior period errors, are limited and not sufficient to justify its inclusion in the financial statements.
Section 8.2, Table 2, IAS 16 adaptation 2	Added the following: 'The requirements in IAS 16 paragraphs 36 and 38 to revalue an entire class of assets within a short period are considered satisfied by this adaptation.'	Text has been added in line with the FRAB 155 (March 2025) minutes, minute 38(b). IAS 16 paragraphs 36 and 38 state that all assets within an entire class are revalued at the same time, though a rolling programme can be adopted if all assets within the class are revalued within a short period. The new valuation regime requires PPE is revalued every 5 years. The transitional requirements bring forward previous revaluations and note the maximum period between revaluations must not exceed 5 years. The text added clarifies that the mechanics of the new valuation regime for PPE satisfy IAS 16 paragraphs 36 and 38.
Section 8.2, Table 2	At the end of Table 2, adaptation added to clarify transferor accounting in a MoG change is adapted by the FReM.	To ensure the list of adaptations and interpretations in section 8.2 in the FReM is complete. Though the accounting requirements for the transferor in a MoG change have been in the FReM for several years, this has been added to section 8.2 of the FReM for completeness.

Paragraph(s)	Change	Reason for change
10.1.15	New guidance added.	New guidance added to clarify modern equivalent asset (MEA) principles can be applied to land in a DRC valuation of an asset.
10.1.19	Wording updated to clarify that desktop revaluations are used in year 3 of a revaluation cycle in rare circumstances where no index is available.	To align with the requirement in paragraph 10.1.3.

Amendments to the 2025-26 FReM RELEASED IN DECEMBER 2024

The table below sets out consequential changes to the 2025-26 FReM published in December 2024 from the 2024-25 Final FReM. [N.B it does not include minor changes such as correction of typos, changes to cross-referencing etc.).

Paragraph(s)	Change	Reason for change
6.4.8 d)	Wording updated to include 'evaluation' in the paragraph.	To ensure entities include analysis of how they have evaluated their risks and internal control framework in the governance statement.
Table 1 below paragraph 8.1.2	Reference to IFRS 4 deleted. Reference to IFRS 17 added.	IFRS 17 is implemented in the FReM from 2025-26. IFRS 4 is therefore no longer applied from this financial year.
Table 2 below paragraph 8.2.2	IFRS 17 adaptations and interpretations added.	IFRS 17 is being implemented in the FReM from 2025-26. Adaptations and interpretations listed in Table 2 are those stated in the IFRS 17 application guidance: IFRS_17_Insurance_Contracts_Application_Guidance.pdf
Table 2 below paragraph 8.2.2	Minor changes to wording in the IFRS 16 and IAS 36 adaptations to remove references to 'service potential' and replace with 'operational capacity'.	Alignment with language change in the FReM. Operational assets are now referenced as being held for their operational capacity rather than their service potential.
Table 2 below paragraph 8.2.2	New adaptation to IAS 8 to provide guidance on applying the changes to the non-investment assets valuation regime in the FReM.	Output from the non-investment assets thematic review and workstream.
Table 2 below paragraph 8.2.2	IAS 16 adaptation 1a) updated to remove reference to 'service potential' and replace with 'operational capacity'.	Output from the non-investment assets thematic review and workstream.

Paragraph(s)	Change	Reason for change
	Reference to specialised and non-specialised assets also removed; valuation basis clarified as existing use value.	
Table 2 below paragraph 8.2.2	IAS 16 adaptations 2, 3 and 4 added.	Output from the non-investment assets thematic review and workstream.
Table 2 below paragraph 8.2.2	Previous IAS 38 adaptation removed. Replaced with two new adaptations.	Output from the non-investment assets thematic review and workstream.
Sections 10.1 and 10.4	Several changes made to reflect changes to the non-investment asset valuation regime following the non-investment asset thematic review. Key changes noted in the next column	Key changes are: 1) Assets are now being referred to as being held for their operational capacity rather than service potential. 2) Reference to specialised and non-specialised assets has been removed from section 10.1. 3) The number of valuation processes entities can use has been reduced, e.g. annual revaluations are no longer required in the FReM. 4) The purpose of indexation has been added to section 10.1. 5) Additional guidance on whether an asset is held for its operational capacity or not has been added to section 10.1. 6) Guidance has been added in section 10.4 to explain undertaking a full revaluation should not be the default process to demonstrate there has not been a material impairment to comply with IAS 36.

Paragraph(s)	Change	Reason for change
11.4.6 – 11.4.7	Guidance on social benefits added.	FRAB approved HM Treasury's social benefit guidance at FRAB meeting 152: https://www.gov.uk/government/publications/frab-minutes-and-associated-papers-21-march-2024.