



HM Treasury

## Financial Reporting Advisory Board 156<sup>th</sup> Meeting Minutes

19<sup>th</sup> June 2025

Commencing: 10:00 am

	Item	Presented by	Time	Paper
1.	Welcome, minutes and matters arising	Vice-Chair	10:00	FRAB 156 (01)
2.	Sustainability reporting in NZ	Jack Bisset, New Zealand's External Reporting Board (XRB)	10:10	FRAB 156 (02)
3.	IPSASB update	Karen Sanderson	10:40	Verbal
4.	CIPFA/LASAAC update	Iain Murray, Ben Matthews (CIPFA)	10:50	FRAB 156 (03)
<b>Break (10 mins)</b>			11:30	
5.	FRAB annual report 2024-25	Elle Richardson	11:40	FRAB 156 (04)
6.	IFRS 17 update	Sudesh Chander	12:00	FRAB 156 (05)
7.	IFRS 19 workstream update	Sean McCluskey	12:30	FRAB 156 (06)
8.	Efficiency reporting	Emma Knott, Trini Gonzalez	12:50	FRAB 156 (07)
9.	AOB	Vice-Chair	13:10	Verbal
<b>Papers to note only</b>				
10.	FRAB strategy, action plan and risk register			FRAB 156 (08)
11.	IFRS Interpretations Committee update			FRAB 156 (09)
12.	Standard setter update			FRAB 156 (10)
13.	HMT update - FRAB effectiveness review			FRAB 156 (11) and (11-A)
14.	Relevant Authority Working Group (RAWG) update			FRAB 156 (12)
15.	User Preparer Advisory Group (UPAG) update			FRAB 156 (13)

16.	Combined Updates: Devolved Administrations Local Government DHSC NAO			FRAB 156 (14)
17.	Sustainability reporting update			FRAB 156 (15)
18.	IFRS 16 post-implementation review – FRAB conclusion			FRAB 156 (16)
19	IFRS amendments review			FRAB 156 (17)

**Attendees:**

Jenny Carter	Ian Webber	Adrian Hannell
Mike Metcalf	Ian Ratcliffe	Jackie McAllister
Jasmine Mathews	James Osborne	Iain Murray
Alex Knight	Henning Diederichs	Kevin Pertaub, HMT
Ryan Oliver	Ben Matthews	Andrew Evans, HMT
Michael Sunderland	Vanessa Singleton	Elle Richardson, HMT
Stuart Stevenson	Sudesh Chander, HMT	Charlotte Goodridge, HMT
Max Greenwood, HMT	Sean McCluskey, HMT	Trini Gonzalez, HMT
Kim Jenkins	Kathryn Allen	Emma Knott, HMT
Anthony Veale	Christine Golding	

## 1. Welcome, minutes and matters arising

1. The Vice-Chair deputised for the Chair who was on holiday and welcomed members to the meeting.
2. Members raised minor comments and wording changes on the minutes of the previous meeting.

**ACTION:** HMT to update the minutes as agreed before publishing.

3. The Group questioned the consistency of the action points between the minutes, and the action tracker.

**ACTION:** HMT to ensure all actions in the minutes are included in the action tracker even if already complete before minutes are circulated.

## 2. Sustainability Reporting in New Zealand

4. An official from the External Reporting Board in New Zealand provided an overview of New Zealand's experience of mandatory climate-related disclosures, particularly in relation to TCFD. This included:
  - a. The approach in New Zealand emphasises brevity and simplicity, seeking to retain the core of TCFD recommendations and avoid excessive complexity. There was a conscious decision to avoid over-complicating requirements, particularly for smaller entities.
  - b. New Zealand's standards are shorter and less prescriptive than those of the ISSB, especially regarding strategy and anticipated financial impacts.
  - c. Scenario analysis and scope 3 reporting remain challenging areas, with ongoing political and practical considerations surrounding how emissions are measured.
  - d. Early evidence suggests that while external investor use of disclosures is variable, internal benefits to preparers (such as improved strategic thinking and organisational processes) are significant.
  - e. The official advised caution if considering moving from TCFD to S2, noting S2's added complexity and the risk of overburdening preparers.
5. Members queried the treatment of policy impacts and transition risks in the public sector, as well as approach to group-level versus entity-level reporting. The official emphasised the importance of maintaining proportionality and encouraging collaboration.
6. The Board discussed New Zealand's Auckland Council, noting the challenges of applying private sector standards to public sector entities, but also highlighting that practical solutions had been found.

## 3. IPSASB Update

7. A UK IPSASB member provided an update on recent activities and the work plan of IPSASB. The member noted that maintenance activities are increasing in prominence with more of a focus on application of standards and post-implementation reviews.
8. The member gave an update on the presentation of financial statements project.
9. The member outlined that there had been a major focus on sustainability reporting within IPSASB over the last couple of years.
10. The member shared that IPSASB will be opening a new work programme consultation starting later this year as existing large projects start to conclude.

#### 4. CIPFA/LASAAC update

11. Officials from CIPFA/LASAAC gave an update to the Board on the development of the CIPFA code for 2026-27. CIPFA is aiming to use an invitation to comment (ITC) to think about future code content, format and accounting reforms which may be needed.
12. The ITC includes CIPFA's strategic plan and highlights some of the longer-term reforms being considered by the Better Reporting Group.
13. Officials informed FRAB of a proposal to remove the Expenditure and Funding Analysis (EFA) disclosure. The Board queried the rationale for this change.
14. Officials explained plans for a fundamental rethink of the structure and format of the code with one option looking at adopting a FReM model. The Board broadly thought this would be a positive change. An official explained that change was needed as the current code was unwieldy and included text from accounting standards instead of directing users to the standards themselves and only focusing on points of difference.
15. A FRAB member questioned the current proposals in relation to the local government pension scheme (LGPS). A CIPFA official outlined that decoupling the pension fund accounts from the local authority accounts was being considered.
16. Officials highlighted that the ITC proposes changes to the code due to IFRS 7, IFRS 9, IPSAS 47, and IPSAS 48. Full alignment with IPSAS 49 is not proposed.
17. Members also discussed the boundaries between binding and non-binding arrangements in the application of IPSAS 47 and the revenue recognition of items such as council tax.

**ACTION:** CIPFA to redraft areas of the code based on the discussion around exchange/non-exchange transactions and binding/non-binding arrangements.

#### 5. FRAB Annual Report 2024-25

18. An HMT official presented the FRAB annual report ahead of its intended laying date in September. The Board encouraged HMT to include greater focus on the future work plan and expand how FRAB's engagement on local government issues should be included within the report.
19. Several minor editorial and consistency improvements were suggested, including adding links to FRAB's web page for wider accessibility.

**ACTION:** HMT to address the comments made and update the Report before laying.

20. The Board noted that any changes made to the Report in future years should not impact timeliness or significantly increase the size of the report.

#### 6. IFRS 17 Update

21. An HMT official presented additional guidance on the application of IFRS 17, particularly regarding the identification of pre-existing risk (IFRS 17 paragraph B11) and the distinction between insurance contracts and financial instruments (IFRS 9).
22. A Board member queried whether this additional guidance was required as IFRS 17 paragraph B11 of IFRS 17 would appear clear. Other Board members commented that preparers had found this aspect of the standard challenging and so further guidance would be helpful. The Board supported the publication of the guidance, noting its practical value, especially for smaller bodies with limited technical resources.

23. The Board also discussed whether the guidance should be released as formal application guidance or whether an alternative distribution method would be more effective.
24. FRAB members suggested the inclusion of examples relevant to intra-government arrangements and raised minor comments on the paper and guidance.

**ACTION:** HMT to update the application guidance based on FRAB comments, ahead of publishing.

## 7. IFRS 19 workstream update

25. An HMT official provided an update on the IFRS 19 workplan, which is broadly similar to the workplan proposed for IFRS 18.
26. The Board acknowledged that the principal issue will be defining public accountability for the purposes of scope, given the unique nature of public sector entities arguing that the definition of public accountability should be carefully considered, and that any changes should be proportionate and aligned with similar definitions in other accounting and reporting requirements.
27. The Board noted that IFRS 19 is likely to generate cost savings primarily in publication and audit stages, rather than in preparation, as full information would be required in most circumstances for consolidation purposes.
28. The Board, commenting on the proposed technical working group questions, reiterated that the initial focus should be on defining the scope.
29. The Board suggested considering whether other reduced disclosure frameworks (such as FRS 101) might be more effective.
30. The interaction with other ongoing projects (e.g., sustainability reporting, IFRS 18) and with the Whole of Government Accounts (WGA) was noted.
31. The linkage between IFRS 19 and other potential longer-term projects on transformation and small bodies reporting should also be considered, the Board stated that more detailed proposals on these projects should be brought to the Board to discuss.

**ACTION:** HMT to consider the interaction of IFRS 19 with other projects and provide a further update to the Board.

## 8. Efficiency Reporting

32. HMT officials presented on the efficiency targets and delivery plans that have been published alongside the Spending Review, developed in partnership with departments to drive efficiency across government. The officials explained how the Government Efficiency Framework (GEF), published in 2023, defines efficiency savings and how they should be measured.
33. The officials described their data collection process and noted that the Public Accounts Committee (PAC) have recommended that efficiency data should be published within Annual Reports and Accounts (ARAs) to support transparency and accountability.
34. The officials proposed that financial efficiency information is included in the annual accounts from 2026-27, as detailed in the paper provided.
35. There were discussions around whether these requirements would apply to a Department and Arm's Length Body (ALB) individually or whether the requirement would apply in departmental accounts but require disclosure of the group as a whole.

**Action:** When drafting FReM wording for November FRAB, HMT to confirm whether requirements apply to departments and ALBs individually, or to the departmental group within departmental accounts.

36. The Board stated that under a comply-or-explain approach, the majority of Accounting Officers would likely choose to comply.
37. Members questioned whether disclosures would be audited. While Members of Parliament may expect disclosures to be audited, the subjective nature of disclosures may make this complex. A FRAB member noted that the NAO's audit procedures would be limited to a consistency check with the financial statements' information, but there could be scope for NAO to undertake targeted VFM work.
38. A FRAB member noted that they believe Members of Parliament (MPs) would find the information useful.
39. A FRAB member noted that the three-year review point is sensible, if HMT informs departments of their intentions to review in advance.
40. A FRAB member encouraged smaller body exemptions to be aligned with the TCFD approach. An HMT representative confirmed this was the intention but was an oversight in the paper. A member also suggested being mindful of IFRS 19 given it also includes smaller bodies exemptions and IFRS 18 requirements around management performance measures.

**Action:** HMT to ensure that any smaller bodies exemption aligns with the smaller bodies definition within TCFD.

41. The Board queried how HMT will collect the data, to which officials explained the structure of HMT's internal reporting system.
42. The Board discussed the importance of comparability and a clear methodology to aid the transparency of data, querying the following:
  - a. whether select committees could provide adequate scrutiny or whether the methodology used should be provided upfront as part of the disclosures; and
  - b. whether efficiency reporting should be considered a Key Performance Indicator (KPI), with explanations needed so users of ARAs understand the information.
43. HMT clarified that the GEF is underpinned by a reporting framework which drives consistency of calculations and reporting.

## 9. AOB and papers to note only

44. The Board discussed the current approach to Relevant Authority updates being included as below the line papers and agreed that the current system is efficient, but that periodic verbal updates could be considered if substantive issues arise.
45. The Board considered how best to engage with the new Parliamentary observer, the Parliamentary scrutiny unit observer outlined they had reached out and offered to update him on key things and test their views where required.
46. A FRAB member questioned whether there had been any further discussion or developments relating to the ONS PPI and SPPI statistic chain linking issue and how that could impact on indices used across the public sector.

**ACTION:** HMT to provide an update to FRAB when further information becomes available.

## 10. FRAB strategy, action plan and risk register

47. The Board noted the update paper.

### **11. IFRS Interpretations Committee update**

48. The Board noted the update paper.

### **12. Standard setter update**

49. The Board noted the update paper.

### **13. HMT update - FRAB effectiveness review**

50. The Board noted the update paper.

### **14. Relevant Authority Working Group (RAWG) update**

51. The Board noted the update paper.

### **15. User Preparer Advisory Group (UPAG) update**

52. The Board noted the update paper.

### **16. Combined Updates: Devolved Administrations; Local Government; DHSC and NAO**

53. The Board noted the update paper.

### **17. Sustainability reporting update**

54. The Board noted the update paper.

### **18. IFRS 16 post-implementation review – FRAB conclusion**

55. The Board noted the update paper.

### **19. IFRS amendments review**

56. The Board noted the update paper.

