



Financial Reporting Advisory Board

Sustainability Reporting

Issue:	This paper updates FRAB on sustainability reporting, including progress on implementation of the Task Force on Climate-related Financial Disclosures (TCFD) requirements and recent developments in the broader sustainability reporting landscape. The paper seeks the Board’s early views on the governance structures and timing for embedding current sustainability reporting frameworks, and for considering future standards.
Impact on guidance:	N/A – no new reporting guidance is set out in the paper.
IAS/IFRS adaptation?	No IAS/IFRS adaptations are proposed in this paper.
Impact on WGA?	N/A
IPSAS compliant?	N/A
Interpretation for the public sector context?	N/A
Impact on budgetary and Estimates regimes?	N/A
Alignment with National Accounts	N/A
Recommendation:	The Board is invited to comment on the paper, and are asked for views
Timing:	N//A

1. Central government bodies continue to implement climate disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. For 2025-26, the third and final phase will introduce more complex quantitative disclosures under the Strategy pillar for the most impacted bodies. At the same time, a materiality-led approach now applies to other environmental reporting, focusing on a small subset of core metrics, outside of which materiality determines other reporting requirements. These requirements are on a comply-or-explain basis and apply to departments and larger Arm’s-Length Bodies (ALBs).
2. Meanwhile, the broader sustainability reporting landscape is evolving, and the end-state remains uncertain: UK private-sector sustainability reporting continues to progress, and standards from international standard-setters and regulators are developing at differing, non-linear paces.
3. Our view is that the immediate priority should be to focus on implementing the existing disclosure guidance to improve quality and maximise the chances that the existing disclosure framework will be adopted across the public sector. At the same time, as the external environment evolves, we should prepare FRAB, and relevant authorities across the UK public sector, for what may come next.

4. This paper outlines the considerations and presents governance options for considering and developing UK public sector sustainability reporting standards going forward (herein 'sustainability standards'). This paper follows the last FRAB meeting and accompanying paper, [FRAB 156 \(15\)](#), in June 2025, where the Board was informed of the updated approach to central government's pre-existing sustainability reporting in Annual Reports and Accounts (ARAs), following the thematic review and approach to TCFD.

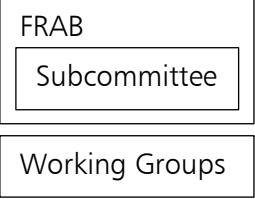
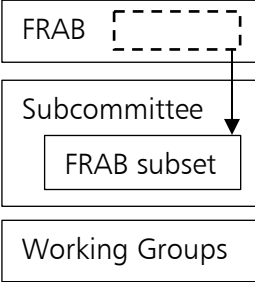
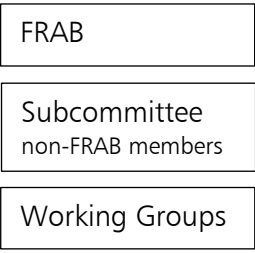
Overview

5. With consultations and new UK Sustainability Reporting Standards (UK SRS) in the private sector and developments by international standard setters, the wider sustainability reporting landscape continues to develop – please refer to [Annex A](#).

Governance structures

6. FRAB-SSC's structure and composition were set out when the Subcommittee was established – refer to [FRAB144 \(10\)](#). At FRAB 151 in June 2023, during the effectiveness review and terms of reference discussion, the Board suggested HM Treasury clarify the relationship between FRAB and the Sustainability Subcommittee. While considered, no changes were made to the updated FRAB Terms of Reference (published in September 2024) as the TCFD-alignment application guidance development was concluding and the Subcommittee's remit remained focused solely on TCFD - rather than broader sustainability standards.
7. At FRAB 154 in June 2025, HM Treasury committed to return to FRAB with a plan and timeline for developing sustainability standards. Now, as HM Treasury and the Board considers sustainability standards, and TCFD implementation comes to a close, this is an opportune moment to revisit the governance arrangements for sustainability reporting.
8. FRAB-SSC has been integral to developing and implementing TCFD-aligned disclosures in central government reporting. However, during the development of the TCFD Application Guidance, concerns were raised by the Subcommittee and Board on whether they had the right level of expertise to provide effective governance. In response, technical experts (e.g. the Government Actuary Department) attended later FRAB-SSC meetings and presented to the full Board.
9. The NAO's recent study into TCFD implementation in November 2025 (refer to para. 30) recommended that:
To improve the roll-out of any future sustainability reporting requirements HMT leads, it should... ensure that the FRAB has the expertise it needs to support its role overseeing the development of future reporting requirements.
10. Furthermore, the challenges associated with considering a mandatory, comprehensive sustainability reporting regime for the whole public sector are significantly greater in scale than TCFD (which already benefited from being well-established internationally and recognised as the core component underpinning emerging UK regulations and standards).
11. In contrast, the development of a broader sustainability standard for UK public sector ARAs presents distinct complexities. Such reporting often extends beyond traditional accounting into technical sustainability metrics and cross-government policy domains, requiring multidisciplinary expertise.

12. A range of possible governance models could be adopted to take this work forward. These models are set out in the diagram below (with a more detailed analysis of the pros and cons included in [Annex B](#)). In assessing the most appropriate option, several key questions arise for FRAB’s consideration.

1. FRAB-only membership	2. Hybrid FRAB and non-FRAB representatives	3. Separate advisory subcommittee
Not recommended	Recommended	Not recommended
		

13. The resource required to consider, and subsequently develop, sustainability standards is substantial, and in our view, requires a separate dedicated group (i.e. a subcommittee or separate board) rather than being considered by the full FRAB Board.

14. FRAB’s statutory remit is to advise on financial reporting principles and standards under 24(1) of the Government Resource and Accounts Act 2000 (GRAA2000). The principles of financial reporting - to develop a framework for creating single, accessible, integrated annual reports - are fundamental to considering what other information to include. FRAB already advises on some non-financial information. This may be accompanied by input from subject matter experts or driven by private sector requirements.

15. The following section outlines a set of questions for FRAB to consider in order to reach a preference or decision on the preferred governance model for a body advising on public sector sustainability reporting standards.

16. FRAB’s established role as the authoritative advisory body on integrated ARAs for the UK public sector provides a strong rationale for retaining overall responsibility. FRAB has the expertise to drive consistency, ensure comparability between public and private sector reporting, and to integrate financial, performance, and accountability requirements. This was the rationale for FRAB-SSC’s original remit and design - to avoid decision-making outside the Board itself.

17. If FRAB is not to lead, an alternative governance structure would be necessary. Options might include:

- A sister board to FRAB, modelled on the IFRS Foundation’s dual structure (IASB for financial reporting; ISSB for sustainability standards).
- A sustainability board embedded within government but not independent, focusing specifically on public sector sustainability reporting.

18. This would be a matter for government - not FRAB - and may require legislative change. HM Treasury has considered and already discounted this option, due to legislative and operational reasons. Hence, this has not been considered further in this paper.

Question 1 – Are FRAB members alone the appropriate group to consider and provide detailed advice in the adoption and development of sustainability standards?

Yes (Model 1) - FRAB alone could retain authority to ensure alignment with its existing remit and principles. This approach offers the benefit of streamlined governance and has some proven effectiveness in the past - notably, FRAB-SSC's work on TCFD, where proposals were cleared and approved efficiently at full FRAB meetings. However, there were and are challenges:

[not recommended]

- Developing and implementing TCFD-aligned disclosures required significant time commitment from members, and only a small group of FRAB members regularly attended FRAB-SSC meetings.
- Some necessary skills may not be present in FRAB's existing membership. Specialist input was required for certain TCFD components (e.g. from the Government Actuary's Department on Phase 3). FRAB-SSC members recognised that some aspects demanded more focused technical knowledge than they could provide. In developing TCFD, the FRAB-SSC supplemented its work with observers and relevant subject matter experts.
- The remit for existing UK public sector sustainability reporting often sat entirely outside FRAB-relevant authority representatives (i.e. where an integrated approach to sustainability reporting was not being used by the jurisdiction). As a result, FRAB-SSC had limited representation from relevant authorities since reporting requirements and processes were typically set by separate policy teams or departments.

No, continue to Question 2 - Technical decisions on sustainability standards should incorporate input from subject matter experts beyond FRAB's core membership. FRAB-SSC's experience with TCFD demonstrated the value of dedicated technical working groups and direct engagement with relevant departmental or relevant authority policy leads. **[recommended, and supported by members of previous FRAB-SSC]**

19. A broader composition is needed for broader sustainability standards, to ensure the necessary depth of technical input, with access to additional capacity and expertise, while maintaining FRAB's authority for the framework overall.

Question 2 – Should a group be formed of both FRAB and non-FRAB members with external representatives, as a subcommittee? Should the Sustainability Subcommittee adopt FRAB's membership groupings?

Yes (Model 2) - A hybrid group of FRAB and non-FRAB members would balance perspectives from preparers, users, auditors, relevant authorities, and subject matter experts. Combining FRAB's representative groupings with external expertise would broaden ideas, strengthen technical depth, and address policy-specific challenges, supporting faster clearance at the Board level.

[recommended, and supported by members of previous FRAB-SSC]

No (Model 3) - A separate advisory subcommittee with no Board representatives, and FRAB only advising on final decisions and reviewing after development, risks slower decision-making and weaker integration of financial reporting principles. This may lead to advice that is impractical or insufficiently robust for adoption in ARAs. **[not recommended]**

Question 3 – Does FRAB support HM Treasury developing a draft term of reference for the reconstituted Sustainability Subcommittee to bring to the Board later in 2026?

Proposed representation principles:

- Chair: FRAB member to ensure alignment with the Board’s remit; HM Treasury to continue providing the secretariat role.
- Role: Subcommittee to develop recommendations; FRAB to retain final advisory authority to government and standard-setters.
- Composition: No requirement for a FRAB majority; aim for broad expertise and sector coverage.
- Membership: Independent members, representatives from each relevant authorities with sustainability standard-setting policy responsibilities (HM Treasury, devolved administrations, CIPFA/LASAAC, Department for Health and Social Care (DHSC), along with preparers, users, auditors, and external subject matter experts.

Yes [recommended, and supported by members of previous FRAB-SSC]

No [not recommended]

Timing

Question 4 – When should FRAB start to consider sustainability standards, beyond TCFD?

Start now – Move immediately to consider and develop sustainability standards. While the sustainability reporting landscape is evolving, it remains unclear and too early to proceed on developing and mandating a full UK public sector sustainability reporting standard beyond TCFD. **[not recommended]**

Defer consideration pending further developments – Given the pace and breadth of developments across the wider sustainability reporting landscape, there is a strong case for FRAB to adopt a ‘wait and see’ position before committing to the development of UK-specific public sector sustainability standards. Several key streams of work in central government, the UK private sector, and internationally are unresolved and will significantly shape any future public sector reporting framework. **[recommended, and supported by members of previous FRAB-SSC]**

20. While central government is in the third and final phase of TCFD implementation, some relevant authorities across the rest of the sector are yet to adopt. Even with TCFD-aligned disclosure, it is likely to be some years before disclosures fully mature and embed.
21. In the private sector, the Financial Conduct Authority (FCA) is consulting on replacing TCFD-aligned disclosures with UK SRSs from 2027, alongside wider corporate reporting reforms and potential climate transition plan requirements.
22. Internationally, the International Public Sector Accounting Standards Board (IPSASB) has issued its first climate-related disclosure standard, effective from 2028, with a phased implementation approach. Development of the latter, likely more impactful, Public Policy Programmes phase of the standards is still ongoing. There is also a lack of clarity from overseas counterparts.
23. Nevertheless, deferring decisions on FRAB’s governance for sustainability standards until private sector and international frameworks are fully established and embedded is not advisable. Establishing governance structures and identifying suitable representatives will require adequate lead time before work can commence. Furthermore, TCFD underpins these emerging standards, and the priority should be to deepen its integration and enhance disclosure quality across the UK public sector. Broadly, FRAB’s position is unchanged - see Annex 3 of [FRAB 152\(02\)](#).

Views from members of the previous Sustainability Subcommittee

On 26 February 2026, HMT held a pre-meet with members from the previous FRAB Sustainability Subcommittee (and the FRAB Chair) to allow for a more in-depth discussion of this paper, and garner feedback from those involved in the previous FRAB-SSC meetings.

Implementation Progress and Good Practice Guidance

HMT reported steady progress on TCFD phases 1 and 2, with some early phase 3 adoption, but highlighted ongoing issues with inconsistent principal risk assessments, overstated compliance, and weak links between metrics and risks. Following circulation to Subcommittee members, an updated [Good Practice Guide: TCFD reporting](#) has been published to address these issues and was welcomed as a timely, low-burden step to improve disclosure quality.

Governance Structure for Sustainability Reporting

Members supported HMT's recommendation to design a hybrid FRAB Sustainability Subcommittee, combining FRAB members, relevant authority sustainability leads, and selected external experts. This model was favoured over an all FRAB or fully separate body as the most pragmatic way to strengthen expertise without the delays and complexity of legislative change. Members stressed that it should be treated as an interim arrangement, adaptable as the landscape evolves, and that representation from preparers is essential to ensure proportionality and manage cost/complexity.

Terms of Reference Development

Members agreed that a draft terms of reference for a new subcommittee would be prepared for a FRAB meeting later in 2026. Members emphasised the importance of a balanced composition, avoiding excessive size while ensuring coverage of relevant expertise and jurisdictions. The Terms of Reference will confirm representation across bodies and sectors, with suggestions to consider IPSAS approaches (having already adapted private-sector standards).

Approach to Future Standards

Members agreed to focus on embedding the existing TCFD guidance, adopting a 'wait-and-see' approach until the UK SRS scope and IPSASB outputs are clearer. This avoids diverting resources from improving current disclosures and supports future strategic alignment, with TCFD seen as a "no regrets" foundation for future standard development.

Cross-Sector Alignment and Intelligence

To inform both governance and standard-setting decisions, it was agreed that HMT would add an annex – refer to [Annex C](#) - to the March FRAB paper summarising sustainability reporting status and policy positions across all relevant authorities. This will provide a high-level comparative view, recognising different starting points across the sector before considering structures or mandates.

Actions and Next Steps

Actions were agreed to: no comments on the good practice guide circulated (now published); prepare the relevant authorities annex for the March FRAB paper (now added); develop governance terms of reference for later in 2026 (after considering any decisions made at the March FRAB meeting); maintain engagement with IPSASB and other authorities; and monitor UK SRS/ Department for Energy Security and Net Zero (DESNZ) guidance timelines. The group will reconvene ahead of any paper to FRAB to test proposals, ensuring they are robust before full-board consideration.

Annex A - Updates

Central government environmental, sustainability and climate reporting

- A1. As planned, [the Sustainability Reporting Guidance for 2025-26](#) (SRG25-26) re-focused on a core set of mandatory environmental metrics, while other environment and sustainability elements were driven by materiality judgements. This followed the Sustainability Reporting Thematic Review earlier in 2025, and consultation with various stakeholders. In response to an action from June FRAB, further discussions with the Chief Sustainability Officer Group, as well as final confirmation to Department for Environment Food and Rural Affairs' (Defra's) Greening Government Commitments (GGCs) policy team, were held prior to publication of the SRG 25-26.
- A2. The GGCs 2025–30 will set the next phase of cross-government environmental targets, focusing on emissions from the government estate, water use, waste, and sustainable procurement. Final targets and metrics are yet to be confirmed, with 2025–26 designated as the baseline year, meaning no established targets for tracking performance in this reporting period.
- A3. Central government bodies in scope of the GGCs have been submitting templates based on the planned metrics since April 2025. The SRG25–26's focus on a smaller set of core metrics has mitigated some impact from the delay. Current guidance allows omission of GGC targets where inclusion is impracticable.
- A4. DESNZ launched work to improve consistency and coverage of public sector emissions measurement and reporting. Priorities include standardised methodologies and boundaries for Scope 1 and 2 (and selected Scope 3 categories), better data collection across the public estate, and exploring digital reporting solutions to streamline submissions and improve data quality. However, the planned consultation is delayed, which may impact the delivery timetable (initially expected in 2026). While the SRG references the Greenhouse Gas Protocol, this planned guidance from DESNZ on emissions measurement would likely support some preparers in calculating their emissions beyond those captured by the GGCs.

TCFD-aligned disclosure implementation

- A5. On reviewing 2024-25 ARAs for the main departments and larger ALBs with a significant climate risk, overall, preparers are making good progress in implementing TCFD-aligned disclosures. However, our review indicates that there remains scope to enhance both the robustness of compliance and the decision-usefulness of the information presented.
- A6. The most common issues relate to the opening compliance statement. Several organisations did not clearly state whether climate change was considered a principal risk. Where climate was not judged to be a principal risk, the rationale for that judgement was often vague and, in some cases, absent altogether. In addition, several organisations were not fully transparent about their level of compliance with the applicable TCFD-aligned disclosure requirements. Some bodies asserted full compliance even where the underlying quality and completeness of the disclosures would not support that conclusion. On a more positive note, some bodies have adopted Phase 3 disclosures early and started disclosing against the Strategy pillar.
- A7. Governance and Risk Management pillar disclosures are generally sufficient and, in many cases, well developed. However, some entities rely solely on generic cross-references to broader sections, which in some cases means it is not clear how existing Governance and Risk Management arrangements operate in relation to climate issues in particular; this is more concerning where climate is a principal risk.
- A8. The Metrics and Targets pillar presents a more varied picture. Disclosures on emissions (disclosure (b)) and on climate-related targets (disclosure (c)) were generally satisfactory. Some bodies that we may have expected to consider broader Scope 1, 2, and 3 emissions beyond the GGC boundaries did not do so. For disclosure (a), the metrics selected often failed to link to the

climate-related risks identified in the Strategy and Risk Management sections, limiting users' ability to assess how performance measures reflect stated risks and opportunities.

- A9. To address identified issues, we have produced good practice sustainability reporting guides. A short version (on pre-recess ARAs) was published in early September to support ongoing 2024-25 preparation; and a longer version covering the full reporting period has now been published on GOV.UK – refer to [Good Practice Guide: TCFD reporting](#). This accompanies updated guidance and reference materials on One Finance.

NAO report on TCFD implementation

- A10. In November 2025, the NAO published a [report on central government's implementation of TCFD-aligned reporting](#). The report concludes that TCFD reporting is delivering benefits and broadening risk assessment, but that disclosure maturity will take time; and that there was no formal plan for support post-2026. The NAO's identified enablers for effective reporting include cross-functional working, senior ownership, early planning, and skills investment.
- A11. The report recommends aligning and simplifying requirements and cross government reporting frameworks where appropriate, and an ongoing support/monitoring plan. Recommendation c) in the report is relevant for developing future sustainability reporting requirements.

To improve the roll-out of any future sustainability reporting requirements HMT leads, it should:

- *strengthen processes for communicating the rationale for sustainability reporting changes to senior stakeholders at preparer bodies.*
- *ensure relevant guidance and training materials are easy to access in one place and are made available to functions beyond finance, to support a shared understanding; and*
- *ensure that the FRAB has the expertise it needs to support its role overseeing the development of future reporting requirements.*

UK public sector analysis

- A12. A high-level analysis of UK public sector environmental and climate reporting has been included in [Annex C](#). Central government is the only area with a formalised climate and environmental Key Performance Indicator (KPI) framework is integrated into ARAs (via GGCs and TCFD). Scotland and Wales rely more heavily on parallel climate reporting frameworks (the Sustainable Scotland Network (SSN) returns and Welsh net-zero reporting templates) rather than detailed ARA disclosures. Northern Ireland has a statutory climate reporting regime, but reporting occurs through separate mitigation and adaptation reports, not ARAs. Local government reporting remains largely voluntary unless driven by sub-sector or industry-specific regulation. UN Sustainable Development Goals (SDGs) reporting is not mandatory across the UK public sector; however, some bodies reference them voluntarily. The FRaM states "department should identify where performance contributes to UN SDGS delivery in ARAs."

UK private sector developments

- A13. On 30 January 2026, the FCA launched a [consultation on mandatory sustainability reporting for UK listed companies](#) (closes 20 March 2026), based on the forthcoming UK SRSs, which are based on IFRS-Ss with UK SRS S2 on Climate expected to be published in early 2026. The proposals would replace existing TCFD-aligned Listing Rule requirements with disclosures under UK SRS S2, including mandatory Scope 3 emissions (subject to transitional relief). UK SRS S1 General requirements for disclosure of sustainability-related financial information addresses "conceptual foundation" elements where necessary for a complete climate disclosure. Scope 3 reporting could be omitted in year one and would move to a comply-or-explain basis in year two. Mandatory application of UK SRS S1 is proposed for accounting periods beginning on or after 1 January 2027

- A14. In line with the ISSB's transitional architecture, the FCA proposes a climate-first approach, with wider sustainability disclosures under UK SRS S1 subject to extended transition relief and ongoing comply-or-explain options after the initial period. The FCA does not propose to mandate adoption of climate transition plans at this stage but would require disclosure in line with UK SRS S2 where a plan exists and confirmation of whether a plan has been adopted. Scope exclusions broadly mirror the current TCFD regime. The consultation also recognises interaction with other disclosure frameworks, allowing cross-referencing to avoid duplication. Overall, the proposals signal a structured transition from TCFD to an ISSB-aligned reporting baseline, reinforcing the FCA's position that climate and broader sustainability risks are financial risks within the scope of market disclosure obligations.
- A15. The UK government's reform of sustainability reporting is progressing through a coordinated package of consultations and regulatory updates. In 2025, the Department for Business and Trade (DBT) consulted on draft UK SRSs - UK-adapted versions of S1 and S2 - aimed at creating a clear, investor-focused sustainability reporting baseline, with final standards expected in early 2026.
- A16. Alongside developments for premium listed companies on sustainability reporting, DBT has confirmed an expanded Modernisation of Corporate Reporting programme aimed at simplifying and rationalising the UK reporting framework. Planned legislative changes would exempt most medium-sized private companies from preparing a strategic report, remove the requirement for wholly owned subsidiaries to produce a separate strategic report where disclosures are consolidated at parent level, and abolish the standalone directors' report for all companies - retaining only essential disclosures (such as energy and emissions) elsewhere in the annual report. A broader consultation in 2026 will consider remuneration reporting, corporate governance reporting, the financial reporting framework, and digital reporting, reflecting a shift toward a more streamlined, proportionate, and decision-useful corporate reporting regime. HM Treasury will consider how to respond to these developments in due course.
- A17. Alongside standards development, DESNZ consulted on mandated climate-related transition plan requirements for UK-regulated financial institutions and large corporates, exploring implementation routes that align disclosure obligations with the UK's 1.5 °C goals and enhance transparency in capital allocation decisions.
- A18. To underpin credibility in the emergent reporting regime, the government and Financial Reporting Council (FRC) have sought views on oversight of sustainability assurance providers. The consultation proposed a voluntary registration regime for assurance practitioners, to be overseen by the FRC (and ultimately the Audit, Reporting and Governance Authority (ARGA)), and the government's January 2026 response confirms plans for an interim oversight regime by mid-2026 as part of Modernising Corporate Reporting efforts to strengthen assurance quality and market trust.

IPSAS Sustainability Reporting Standards (SRSs)

- A19. Extensive feedback on the first exposure draft led the Board in mid-2025 to adopt a phased approach, splitting the project into Phase 1 (own operations) and Phase 2 (Public Policy Programmes) to better address the differing reporting needs of public sector entities and facilitate timely guidance on climate-related risks and opportunities.
- A20. Building on that phased approach, IPSASB approved its inaugural sustainability reporting standard, [IPSASB SRS 1 Climate-related Disclosures](#), at its December 2025 meeting and formally issued it in January 2026. The standard is designed to improve transparency and accountability for climate-related risks and opportunities in general purpose financial reports, with an effective date of 1 January 2028 (earlier adoption permitted) and alignment with the IFRS S2 climate standard to support cross-sector comparability.
- A21. Several countries, including New Zealand, Canada, and some EU member states, are engaging with IPSASB's Sustainability Implementation Forum (SIF) to review SRS 1 for potential alignment,

alongside a few smaller IPSAS-adopting jurisdictions. However, no jurisdiction has yet undertaken full implementation, with current efforts limited to SIF-led pilots and policy reviews.

- A22. HMT responded to the IPSAS SRS 1 Exposure Draft in [FRAB 155\(07\) Appendix A](#). In our view, the final standard remains overly aligned with IFRS S2 and not sufficiently tailored to public sector needs. Its private sector emphasis on cash flows, enterprise value, and transition opportunities overlooks core priorities such as service delivery, social value, and climate adaptation. The standard is lengthy and complex, risking disproportionate burdens for smaller bodies. Key concerns include misaligned emissions boundaries (especially for Scope 3), reliance on the GHG Protocol without suitable public sector adaptation, and governance requirements based on private-sector board models. HM Treasury will continue to monitor IPSAS SRSs as they develop.

Annex B - Analysis of governance models

Model 1 – FRAB-only membership [not recommended]

(FRAB members constitute the Subcommittee; specialist advisors invited ad hoc)

Pros:

- Consistency: Maintains direct alignment with FRAB’s remit and integrated reporting principles.
- Efficiency: Clear governance line and no need to establish a separate entity.
- Authority: Decision-making retains FRAB’s credibility as cross-public-sector advisory body on ARAs.
- Established processes: Follows precedent from FRAB-SSC work on TCFD alignment.

Cons:

- Limited capacity: FRAB members may lack time for ongoing technical development, especially for breadth of sustainability topics.
- Skills gap: Not all members have specialist knowledge in areas beyond climate (e.g. biodiversity, social impact, circular economy).
- Risk of narrow input: Potential lack of perspectives from operational policy leads, preparers, and external stakeholders.
- Less agile in responding to rapidly evolving international standards.

Model 2 – Hybrid FRAB + non-FRAB representatives [recommended, and supported by previous Subcommittee members]

(FRAB members form the core; supplemented by sector representatives, policy leads, and technical experts)

Pros:

- Breadth of expertise: Combines strategic oversight with subject matter depth.
- Representation: Inclusion of preparers, auditors, policymakers improves relevance of recommendations.
- Cross-sector engagement: Brings perspectives from wider public sector and audit bodies.
- Flexibility: Working groups can operate under FRAB’s umbrella for specific technical topics.

Cons:

- Complexity: Managing membership balance and decision-making protocols can lengthen processes.
- Resource requirement: More coordination effort required from HM Treasury secretariat.
- Potential dilution: FRAB’s principles could be overshadowed if non-FRAB members dominate discussion.
- Need for clear TOR: Without strong terms of reference, risks unclear remit and overlap with other bodies.

Model 3 – Separate advisory subcommittee [not recommended]

(Separate from FRAB; provides proposals which FRAB reviews and advises on)

Pros:

- Specialisation: Can be fully staffed with sustainability experts across disciplines.
- Dedicated focus: No time constraints from FRAB's broader reporting agenda.
- Innovation: Freer to experiment with frameworks and methodologies before formal recommendation to FRAB.

Cons:

- Reduced FRAB integration: Risk proposals are misaligned with integrated ARA principles.
- Governance gap: FRAB's influence may be limited to commenting rather than shaping outcomes early.
- Longer timeline: Sequential review process may delay adoption decisions, especially if FRAB disagree with the recommendations of the subcommittee (there is a higher risk of this happening under this model).

Independent sister body or board – already discounted for legislative and operational reasons

(Separate from FRAB; provides advice directly to government/relevant authorities considers)

Pros:

- Specialisation: Can be fully staffed with sustainability experts across disciplines.
- Dedicated focus: No time constraints from FRAB's broader reporting agenda.

Cons:

- Legislative complexity in setting up a new Board and is unlikely to be taken forward.
- Resource: Establishing an entirely new body would require significant time and resource, at a point when government capacity is already stretched. In addition, a dedicated secretariat would be needed to support the Board's operations and provide administrative functions.
- Expertise: There may be a limited pool of senior individuals with the necessary expertise - and sufficient capacity, given the pace of change in the private sector - to effectively staff the Board.
- Reduced FRAB integration: Risk proposals are misaligned with integrated ARA principles.
- Duplication risk: Overlap with existing FRAB remit could cause inefficiency and confusion for reporting entities.

Annex C - Analysis of relevant authorities sustainability reporting requirements

Sector / bodies Reporting channel	Reporting period, frequency, and submission deadlines	TCFD disclosures and emission in ARAs	Other environmental info reported in ARAs	Requirement to report environmental impacts of operations	Requirement to reference relevant UN SDGs	Relevant reporting framework. Driver as legislation or formal policy
<p>UK Central Government (Departments, Executive Agencies, ALBs, NDPBs) Primarily entity ARAs; additional department-level consolidated GGC report published annually by Defra.</p>	<p>Financial year: 1 April – 31 March</p> <p>Annual disclosure in ARA laid before Parliament. Aim for ARAs to be published before the Parliamentary summer recess (July) following year-end.</p> <p>GGC returns typically submitted to Defra during Q1–Q2 post year-end for consolidated publication. Publication of GGC consolidated report varies.</p>	<p>TCFD on comply or explain basis from 2023-24 with final phase in 2025-26.</p> <p>Mandatory Scope 1 and 2 emissions aligned to GGC methodology.</p> <p>Only where material:</p> <ul style="list-style-type: none"> • Scope 3 emissions (including categories covered in GGC methodology such as T&D electricity and non-fleet travel). • Overseas emissions reported where material. • Carbon offsets where used. 	<p>Mandatory: water consumption, waste (including ICT waste), and electricity use.</p> <p>Only where material: other GGC operational sustainability and environmental information</p>	<p>The Strategic Report must include information on environmental matters including the impact of the entity's operations on the environment (FReM 5.4.8).</p>	<p>No mandatory requirement for SDGs but departments should clearly identify where their performance contributes towards delivery of relevant SDGs (FReM 5.4.13)</p>	<p><u>Requirements:</u> ARAs:</p> <ul style="list-style-type: none"> • FReM, SRG; TCFD-aligned Disclosure Application Guidance. • GGC policy framework and TCFD introduced through the FReM, in 2013 and 2022, respectively. <p>Separate channels: various climate and environmental frameworks exist at different levels of government, most of these are signposted in the TCFD and SRG.</p> <p><u>Statute:</u> GRAA2000 (ARA requirement). GGCs are not statutory. Other reporting duties in Climate Change Act 2008 and Environment Act 2021.</p>
<p>NHS bodies (NHS Trusts, Foundation Trusts, Integrated Care Boards, DHSC ALBs) ARAs plus NHS Green Plans and emissions data captured via NHS Greener dashboard (online but not public)</p>	<p>1 April – 31 March</p> <p>Annual disclosure in ARA. Accounts typically published by summer following year-end in line with Department of Health and Social Care Group Accounting Manual, (DHSC GAM) timetable. NHS Green Plans updated periodically and published separately.</p>	<p>TCFD requirements similar to application guidance but with some modifications (e.g. Green Plans, emissions reporting at Trust Levels)</p> <p>Individual entities are not required to calculate Scope 1 to 3 emissions for TCFD metrics: emissions estimates provided centrally by NHS England for the NHS estate. Entities signpost these estimates.</p>	<p>Some trusts publish environmental KPIs (energy use, estates emissions, travel impacts, waste) depending on local reporting practices.</p>	<p>Environmental impacts expected to be addressed within ARA narrative sections and climate-related risk disclosures DHSC GAM 3.37)</p>	<p>No formal requirement. SDGs not mentioned in GAM, not mandated in NHS ARAs.</p>	<p><u>Requirements:</u> DHSC GAM requiring climate-related disclosure aligned to TCFD Application Guidance.</p> <p><u>Statute:</u> Other reporting duties in Health and Care Act 2022 (net zero duties and Green Plan requirement).</p>

Sector / bodies Reporting channel	Reporting period, frequency, and submission deadlines	TCFD disclosures and emission in ARAs	Other environmental info reported in ARAs	Requirement to report environmental impacts of operations	Requirement to reference relevant UN SDGs	Relevant reporting framework. Driver as legislation or formal policy
<p>Scotland – devolved public bodies No mandatory sustainability reporting in ARAs with limited environmental reporting in ARAs (with one-year lag on data). Climate returns submitted to SSN portal, consolidated into Scottish Government reporting.</p>	<p>1 April – 31 March Annual climate reporting return submitted to Sustainable Scotland Network (SSN) by 30 November following year-end. Consolidated Scottish Government report published with a delay (often ~12–18 months).</p>	<p>Separate to ARAs, Scope 1, 2 and 3 (limited) emissions expected within the climate reporting duties return. Scottish government consolidated ARA uses prior year SSN aggregates.</p>	<p>Adaptation activity indicators, climate resilience measures, and other organisational climate action metrics (varies by entity). Scotland consolidated ARA uses case studies – rather than formal framework.</p>	<p>Required through statutory Public Bodies Climate Change Duties reporting (but not in ARA)</p>	<p>Not mandated, though some bodies voluntarily link activity to SDGs or National Performance Framework outcomes.</p>	<p><u>Requirement:</u> Scottish Public Finance Manual for ARAs - no required environmental or climate reporting. SSN climate returns for Climate Change Duties reporting. <u>Statute:</u> Climate Change (Scotland) Act 2009 – Public Bodies Climate Change Duties requiring annual climate reporting.</p>
<p>Wales – devolved public bodies Emissions reporting primarily through central Welsh Government reporting template and Power BI dashboard, rather than ARAs. Well-being of future generations data collected separately but cited in ARA where appropriate</p>	<p>1 April – 31 March Annual emissions reporting under Welsh net-zero framework. Data submitted ~5 months after year-end, with 3 months allowed for validation and compilation. Consolidated Welsh public sector emissions published the following year.</p>	<p>Scope 1 and 2 required, relevant Scope 3 sources expected. Estimates permitted were data unavailable. Welsh government consolidated ARA includes GHG (Scope 1 and 2)</p>	<p>Welsh government consolidated ARA includes standard KPIs on waste and water.</p>	<p>Outside of ARAs, entities expected to monitor and report operational environmental impacts to support the Welsh public sector net-zero target, as well as well-being of future generation KPIs.</p>	<p>Not directly required in ARA but through broader policy frameworks (e.g. well-being of future generations goals align conceptually with SDGs).</p>	<p>Relevant reporting separate from ARAs: <u>Requirement:</u> Welsh Public Sector Net Zero Carbon Reporting Guide and reporting template. <u>Statute:</u> Well-being of Future Generations (Wales) Act 2015 (strategic sustainability duties); Environment (Wales) Act 2016 sets net-zero commitment.</p>
<p>Northern Ireland – designated public bodies (40 listed in legislation) Separate statutory climate mitigation and adaptation reports, not primarily through ARAs.</p>	<p>Mitigation reporting on financial year: 1 April – 31 March. Adaptation reporting on calendar year: 1 January – 31 December cycle. Mitigation reports due 31 October 2025, then every 3 years. Adaptation reports due 31 March 2026, then every 5 years. Data entry portal opened September 2025.</p>	<p>Outside of ARAs, mitigation reporting on Scope 1 and 2 required; Scope 3 voluntary but encouraged.</p>	<p>Outside of ARAs, there is templated climate mitigation and adaptation actions rather than broader environmental KPIs.</p>	<p>Outside of ARAs, bodies must report actions taken to mitigate emissions and adapt to climate change.</p>	<p>No SDG requirement.</p>	<p><u>Requirement:</u> Mitigation and adaptation reporting templates and guidance issued by Department of Agriculture, Environment and Rural Affairs (DAERA). <u>Statute:</u> Climate Change Act (Northern Ireland) 2022; Climate Change (Reporting Bodies) Regulations (Northern Ireland) 2024.</p>

Sector / bodies Reporting channel	Reporting period, frequency, and submission deadlines	TCFD disclosures and emission in ARAs	Other environmental info reported in ARAs	Requirement to report environmental impacts of operations	Requirement to reference relevant UN SDGs	Relevant reporting framework. Driver as legislation or formal policy
Local government (UK authorities) No mandatory reporting in ARAs or elsewhere. Some limited voluntary reporting in narrative of ARAs.	1 April – 31 March Annual accounts and Narrative Report produced with accounts. Publication deadlines vary by subsector but generally mid-year following year-end.	No requirement for TCFD or emissions reporting in ARAs. Some authorities voluntarily disclose climate information or emissions.	Environmental KPIs are not common and where they are used vary widely (energy use, fleet emissions, waste, biodiversity metrics etc.).	No explicit requirement in the accounting code, but environmental information may be included in the narrative report where relevant to performance and risks.	No SDG requirement.	<u>Requirement:</u> Voluntary with limited guidance. Various industry or organisation-specific regulations (e.g. Waste and Emissions Trading Act 2003 for landfill reporting).
Public corporations / publicly owned companies Annual financial statements and strategic report filed with Companies House.	Financial year under Companies Act reporting cycle Annual Strategic Report and Financial Statements. Filing deadlines normally within 9 months of year- end for companies.	Entities within scope of UK climate reporting regulations (same de minimis thresholds) must apply TCFD Emissions Scope 1 and 2 emissions (and Scope 3 in line with Streamlined Energy and Carbon Reporting SECR) where appropriate under TCFD-aligned requirements.	Energy use, environmental KPIs and targets, where material to operations.	Strategic Report must include environmental matters including operational impacts.	No requirement, and not as relevant.	<u>Requirement:</u> UK Companies Act Strategic Report regulations; UK TCFD reporting regulations; future UK SRSs expected. <u>Statute:</u> Companies Act 2006 (Strategic Report); Companies (Strategic Report) (Climate- related Financial Disclosure) Regulations 2022.

Notes:

- For the devolved administrations, the FReM states that spending bodies accountable to the devolved government will report on sustainability within the framework established by the relevant authority for setting sustainability reporting requirements. For NI, that is the Department for Agriculture, Environment and Rural Affairs (DAERA), and for Scotland and Wales it is their respective governments [FReM 5.414-5.416].
- This analysis of public sector reporting requirements was carried out in March 2026, with the respective 2025-26 reporting manuals and other guidance available at the time used for each sub-sector evaluation.