

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018

Lead department	Department for Energy Security & Net Zero
Summary of measure	Streamlined Energy and Carbon Reporting (SECR) is a mandatory framework requiring large UK businesses to disclose energy use, greenhouse gas emissions, and related information in their annual reports filed at Companies House. SECR builds on the 2013 mandatory GHG reporting for quoted companies and extends disclosure obligations to large unquoted companies and LLPs.
Submission type	Post-implementation review
Implementation date	1 st April 2019
Department recommendation	Amend
RPC reference	RPC-DESNZ-26154-PIR(1)
Opinion type	Formal
Date of issue	15 May 2026

RPC opinion

Rating¹	RPC opinion
Fit for purpose	The evidence presented in the PIR provides a sufficient and proportionate basis for the Department's recommendation to amend the Streamlined Energy and Carbon Reporting Framework. The PIR is underpinned by a substantial mixed-methods evaluation programme. The PIR outlines proportionate refinements to the SECR regime, including clearer guidance, improved consistency and better alignment with other reporting frameworks.

¹ The RPC opinion rating is based on whether the evidence in the PIR is sufficiently robust, as set out in the better regulation framework, to support the departmental recommendation. RPC ratings are fit for purpose or not fit for purpose.

RPC summary

Category	Quality²	RPC comments
Recommendation	Green	The PIR sets out clear policy objectives and provides evidence that the regulations have broadly achieved them. The Department recommends that the regulations are amended – the evaluation highlights scope for proportionate refinements to improve effectiveness, reduce duplication with other reporting frameworks, and address uneven compliance and diminishing behavioural impact. The evidence is sufficient to support the Department’s recommendation.
Monitoring and implementation	Good	The PIR takes a proportionate approach for a statutory review of this scale, drawing on a robust independent evaluation. The PIR appropriately identifies and explains evidence gaps and limitations, including constraints on attribution arising from overlapping policies and wider market conditions.
Evaluation	Good	The PIR is underpinned by a strong mixed-methods evaluation, combining quantitative and qualitative evidence, including the use of quasi-experimental statistical analysis (such as Synthetic Difference in Difference). The PIR provides a structured and transparent assessment of performance against the original objectives. The review includes an updated and comprehensive cost-benefit analysis, revisiting original Impact Assessment assumptions and comparing anticipated and realised costs and benefits.

² The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. The definitions of the RPC quality ratings can be accessed [here](#).

Summary of proposal

Streamlined Energy and Carbon Reporting (SECR) is a mandatory framework requiring large UK businesses to disclose energy use, greenhouse gas emissions, and related information in their annual reports filed at Companies House. It aims to improve transparency and raise awareness of energy costs among internal decisionmakers. Embedding disclosures in statutory reports ensures board level visibility and accountability and supports investor scrutiny. SECR implements energy efficiency and decarbonisation measures, contributing to UK carbon budgets and the UK's target of reaching Net Zero by 2050.

The policy emerged from the Government's 2016 commitment to streamline overlapping business energy and carbon regimes. This package announced the closure of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme after the 2018–19 compliance year, an increase and rebalancing of Climate Change Levy (CCL) rates from April 2019, and consultation on a streamlined reporting framework. SECR implements the reporting limb of that package, aiming to simplify obligations while maintaining transparency and focus on energy efficiency.

Quoted companies must report their UK and global energy use and greenhouse gas emissions, while large unquoted companies and LLPs disclose UK energy use and associated emissions, including a small amount of Scope 3 emissions from business travel. All entities in scope must provide at least one intensity ratio, a narrative on energy-efficiency actions undertaken during the year, and details of the methodologies used for calculating energy consumption and emissions. The regime includes proportionate exemptions and requires entities to apply the requirements on a "practicable to obtain" basis, explaining any omissions.

This review draws on an independent evaluation and supplementary evidence to examine SECR's performance and relevance in a changing reporting landscape.

Recommendation

The PIR sets out clear policy objectives and includes a theory of change that illustrates how these objectives were expected to be achieved, from mandatory disclosures through to long-term impacts on emissions and competitiveness. Drawing on the independent evaluation, it provides evidence that indicates that SECR has broadly achieved its transparency and awareness objectives and has delivered measurable benefits through reductions in electricity and gas consumption in the early post-implementation period. The evaluation estimated the average annual energy savings between 2020 and 2025 was 8 TWh, leading to savings of 1.7 MtCO₂e per year. While impacts appear to diminish over time and attribution remains challenging due to overlapping policies and changing market conditions, the evaluation provides sufficient confidence that SECR has been additional for a material subset of firms. However, given that the majority of respondents reported no change in behaviour, the PIR would have been strengthened by further analysis to

reconcile the survey evidence with the estimated impacts and to test the robustness and magnitude of the implied behavioural response.

The PIR draws primarily on data from 2020 to 2022, and therefore may not fully capture more recent changes in non-domestic energy consumption associated with rising energy prices.

The Department recommends that the regulations are amended. This recommendation is supported by the evidence presented in the PIR, which shows that SECR continues to deliver value for money and remains relevant as a statutory baseline for transparency and accountability, particularly among privately-owned companies and LLPs where voluntary disclosure is uneven. At the same time, the evaluation highlights scope for proportionate refinements to improve effectiveness, reduce duplication with other reporting frameworks, and address uneven compliance and diminishing behavioural impact.

The PIR would have benefited from presenting additional outputs from the quantitative analysis, for example to show the effects of energy prices and pandemic and charts of total energy use by in-scope and out-of-scope companies to put the effects of the measure in context. Overall, the evidence is sufficient to support the Department's recommendation.

Monitoring and implementation

Proportionate

The PIR takes a proportionate approach for a statutory review of this scale, drawing on a robust independent evaluation and providing sufficient evidence to assess compliance, implementation, behavioural effects and impacts. The review explains key uncertainties and limitations and reflects these appropriately in its conclusions.

The Department clearly describes how SECR has been implemented in practice, including use of statutory annual reports as the disclosure vehicle, reliance on light-touch enforcement mechanisms, and the role of guidance rather than templates. It also explains how familiarity has increased over time, while recognising continuing weaknesses in compliance among some cohorts.

The PIR could be improved by setting out a concise forward monitoring approach for the period until the next statutory review, including the key indicators the Department expects to improve as a result of the amendments.

Range of evidence

The Department has drawn on multiple complementary sources of evidence, including a weighted business survey, qualitative interviews with businesses, reporting providers and investors, quasi-experimental analysis of administrative energy data, and secondary compliance evidence.

The PIR evaluates the strengths and limitations of each evidence source and triangulates findings where possible.

Gaps in evidence justified

The PIR appropriately identifies and explains evidence gaps and limitations, including constraints on attribution arising from overlapping policies and wider market conditions, and data coverage limitations in energy meter data. These limitations are clearly described and appropriately caveated in the assessment of impacts.

Evaluation

Policy objectives considered

The Department has revisited five core objectives of the original policy:

- Transparency for investors and stakeholders
- Internal awareness of energy costs
- Coverage and consistency of reporting
- Proportionate reporting burden
- Reducing energy use and emissions

The PIR provides a structured and transparent assessment of performance against the original objectives. It distinguishes clearly between objectives that have largely been achieved (transparency and awareness), those that have been partly achieved (sustained behavioural change and investor decision-usefulness), and areas where evidence indicates diminishing effects over time.

The PIR could have explored the effectiveness of the current assurance approach and whether greater alignment with assurance requirements in other reporting frameworks would improve the reliability and comparability of disclosures, while maintaining a proportionate burden on businesses.

Unintended effects

The PIR considers possible unintended effects, including issues arising from SECR's limited scope, interactions with other reporting frameworks, and the risk of firms treating SECR primarily as a compliance exercise. It finds limited evidence of significant adverse unintended effects in isolation, while identifying areas where greater alignment and clarity could reduce confusion and reputational risk.

SaMBA

The Department states that the original Impact Assessment included a SaMBA, which confirmed that small and micro businesses were out of scope by design (SECR was legislated for quoted companies and large unquoted companies/LLPs only). As such, no assessment of impacts on small or micro businesses was undertaken, and this PIR likewise does not cover those groups.

Original assumptions

The 2018 Impact Assessment projected that the package of policies featuring the introduction of SECR (which also included closure of the CRC scheme and rebalanced CCL rates) could deliver net benefits of around £2.0bn over 2019 to 2035 (in 2025 prices). Of this, SECR itself was projected to contribute net benefits of £1.0bn (2025 prices).

The review includes an updated and comprehensive cost-benefit analysis, revisiting original Impact Assessment assumptions and comparing anticipated and realised costs and benefits. It explains why compliance costs were substantially higher than expected at design stage, while also showing that these costs were outweighed by larger-than-anticipated monetised benefits from energy savings and carbon reductions. The evaluation indicates strong value for money, with a central benefit–cost ratio of 2.72 and net present social value of £5.1bn over 2019-2025. Sensitivity analysis demonstrates that positive net benefits persist under more cautious assumptions.

Improvements or alternatives considered

The PIR outlines proportionate refinements to the SECR regime, including clearer guidance, improved consistency and better alignment with other reporting frameworks. These proposed improvements are grounded in the evaluation evidence and are presented as future options rather than pre-determined solutions, providing an appropriate analytical basis for further consultation.

The PIR could also have more explicitly considered whether the current scope of the regulations remains appropriate, including whether extending coverage to medium-sized firms, or refining the definition of in-scope businesses, could deliver additional benefits in a proportionate way.

The PIR would benefit from providing a timeline that the Department expects to follow as part of this process. The PIR would also be improved by setting out a logic model to set out the process by which the proposed improvements would help achieve the original policy objectives better.

Regulatory Policy Committee

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