HM Treasury

Financial Reporting Advisory Board 158th Meeting Minutes

19th March 2026

Commencing: 10:00am

	Item	Presented by	Time	Paper
1.	Welcome, minutes and matters arising	Chair	10:00	FRAB 158 (01)
2.	FRAB membership update	Sean McCluskey	10:10	FRAB 158 (02)
3.	DHSC GAM update	Marcin Sanocki	10:20	FRAB 158 (03)
4.	CIPFA/LASAAC update	David Lyford-Tilley, Mark Green	10:40	FRAB 158 (04A & 04B)
	Break (15 mins)		11.00	
5.	Efficiency reporting update	Emma Knott	11:15	Verbal
6.	FRC update on audit regulation	Kevin Trenter, Martin Young	11:30	FRAB 158 (05)
7.	Sustainability reporting update	Max Greenwood	12:00	FRAB 158 (06)
	Lunch (40 mins)		12.30	
8.	Financial Reporting and Audit Reset	Louise Armstrong	13:10	FRAB 158 (07)
9.	IFRS 18 update	Sean McCluskey	13:55	FRAB 158 (08)
10.	FRAB performance review discussion	Chair	14:15	FRAB 158 (09)
11.	AOB	Chair	14:45	Verbal
	Papers to note only			
12.	FRAB strategy, action plan and risk register			FRAB 158 (10)
13.	IFRS Interpretations Committee update			FRAB 158 (11)
14.	Relevant Authority Working Group (RAWG) update			FRAB 158 (12)

15.	Combined update: • Devolved Administrations • DHSC • NAO			FRAB 158 (13)
16.	IFRS amendments review			FRAB 158 (14)

Attendees

Ian Carruthers
Jenny Carter
Jasmine Matthews
Henning Diederichs
Mike Sunderland
Eduard Moskalenko
Jill Roberts
Christine Golding
Ian Webber
Adrian Hannell
Alex Knight
James Osborne
Anthony Veale
Jackie McAllister
Ian Ratcliffe
Mike Metcalf
Stuart Stevenson
David Lyford-Tilley
(Deputising for Iain Murray)
Conrad Hall
Kathryn Allen
Charlotte Goodrich, HMT
Louise Armstrong, HMT
Sean McCluskey, HMT
Max Greenwood, HMT
Elle Richardson, HMT
Claire Garling, HMT
Joshua Rushbrooke, HMT
Trini Gonzalez, HMT
Emma Knott, HMT
Marcin Sanocki, DHSC
Mark Green, BRG
Martin Young, FRC
Kevin Trenter, FRC

Apologies
Iain Murray, Kim Jenkins

Agenda item 1: Welcome, minutes and matters arising

1. The Chair welcomed members to the meeting.
2. The Board approved the minutes from the November meeting, subject to minor clarifications.
3. In paragraph 6, a reference to "qualified" Whole of Government Accounts (WGA) should instead state "disclaimed".
4. In paragraph 14 on efficiency assurances, it was noted that "full" should be removed from the description of NAO assurance, as the area is not covered by audit assurance.
5. A further correction was identified relating to the Machinery of Government (MoG) discussion: a reference to "the third Statement of Parliamentary Supply" should have referred to "the third Statement of Financial Position".
6. Subject to these corrections, the Board approved the minutes of the previous meeting.

Agenda item 2: FRAB membership update

7. HM Treasury introduced the paper, summarising the recent meeting of the Nominations Committee held at the end of January.
8. The Committee recommended an exceptional extension for two members approaching the end of their second term. The Board expressed support for these extensions.
9. The Committee recommended the appointment of Ed Moskalenko as the new ONS representative. The Board endorsed this recommendation. Ed later joined the meeting virtually and was welcomed by the Board.
10. HM Treasury summarised proposals to improve the Board's engagement with Parliament. Members agreed that previous arrangements had not worked effectively and supported the proposed approach of strengthening indirect engagement mechanisms through NAO and parliamentary committees.
11. It was also suggested that improved narrative and substance in FRAB's Annual Report would help generate greater interest from parliamentarians/provide transparency on Board decision-making.
12. The Board agreed that the Secretariat should pursue the arrangements set out in the paper.
13. Finally, members discussed the vacancy on the Nominations Committee for a user preparer member due to Ian Webber's term coming to an end. Mike Sunderland agreed to be the new preparer representative.

Action: Secretariat to implement proposed changes to Parliamentary engagement and update ToR as necessary

Action: Additional narrative around key decisions to be included in this year's FRAB Annual Report

Action: Mike Sunderland to be added to Nominations Committee membership.

Agenda item 3: DHSC GAM update

14. DHSC delivered the DHSC update on the Government Accounting Manual (GAM) for 2026–27.
15. The most significant change was alignment of the GAM with the FReM following the resolution of non-investment asset valuation issues, particularly land valuation under Modern Equivalent Asset (MEA) principles for DRC valuations.
16. DHSC confirmed they intend to remove the alternative-site basis beginning in 2029, consistent with FRAB's conclusions and the FReM timeline.
17. Clarifications have been added concerning the treatment of additions and enhancements between valuation points. Feedback from group bodies indicated a need for clearer guidance on when additions were sufficiently significant to trigger revaluation.
18. DHSC removed guidance on modified absorption accounting, as FReM updates now make this redundant.
19. The representative also highlighted removal of trade union facility time reporting following legislative changes under the Employment Rights Act 2025.
20. DHSC is drafting additional clarity regarding when land is considered "integral" to a MEA based- valuation and will share this wording with FRAB before publication.
21. Publication of the final GAM is planned for the first quarter of 2026–27.
22. The Board discussed the timing of publication. While GAM is typically issued early in the financial year, members queried whether bodies had sufficient lead time. DHSC

confirmed that departments were already being briefed on likely changes through ALB engagement.

23. Members reflected that GAM scrutiny at FRAB should focus on significant departures or adaptations to the FReM (rather than a line-by-line- review) in future updates, with the same approach for the CIPFA Code.

Action: DHSC to circulate finalised wording on "integral land" guidance before publication.
Action: Going forward, the DHSC and CIPFA annual updates on their respective reporting frameworks will focus on key areas of change areas/divergence from FReM.

Agenda item 4: CIPFA/LASAAC update

24. CIPFA and representatives from their Better Reporting Group (BRG) presented updates from CIPFA/LASAAC, covering both general developments and the significant project concerning Local Government Pension Scheme (LGPS) accounting.
25. CIPFA updated the Board on sustainability reporting implementation in local authorities, particularly around TCFD-aligned disclosures. Consideration is being given to entities due to be abolished through local government reorganisation, so as not to impose unnecessary burdens.
26. Further work is underway on statutory overrides, with a project examining better reporting of overrides and how they interact with the Code. Members asked whether the project's scope included reassessment of the overrides themselves.
27. A member queried whether the review was sufficiently broad, given recent examples such as SEND statutory override impacts. CIPFA/LASAAC agreed to confirm what prior work had been undertaken and what future options exist.
28. The Board discussed primary users of local authority accounts. Members cautioned that regardless of who is considered a 'primary user', there should not be any dilution of accounting quality; the assumption of user competence must still apply.
29. A member highlighted that central government is a major user of local authority financial information and this should remain part of the user analysis.
30. The Board then considered the pensions accounting paper. The BRG representative introduced the proposal to move from IAS 19 defined benefit accounting to a defined contribution style model for local authority pensions per a recommendation from CIPFA's Better Reporting Group.
31. The proposal argued that: Decision useful information resides- primarily in employer contribution rates, set by triennial actuary valuations; LGPS pension investments and liabilities are administered at fund level, not employer level; IAS 19 volatility does not reflect long term- funding strategies.
32. Board members expressed mixed views. Some members were sympathetic to exploring change, noting potential timeliness and reporting benefits. Others strongly opposed removing IAS 19 accounting arguing: IAS 19 liabilities represent incurred obligations and are fundamental to accruals accounting; private sector- arguments around volatility have long been settled; and transparency could be reduced if liabilities move off employer balance sheets.
33. The Board agreed that further work is required before a proposal could be taken forward, including further stakeholder engagement.

Action: CIPFA will continue to develop/consult on proposals for changes to pensions reporting and provide a future update to FRAB on feedback from stakeholders.
Action: CIPFA/LASAAC to confirm the scope and outputs of previous statutory override work.

Agenda item 5: Efficiency reporting update

34. HM Treasury officials updated the Board on efficiency reporting implementation following FRAB approval last year. Departments will report efficiency information in their performance reports on a comply or- explain basis from 2026–27 as set out in the FReM.
35. HM Treasury published an updated Government Efficiency Framework in November, clarifying: the distinction between “efficiency” and “savings”; the role of cost, productivity, and wider benefits; expectations for risk management; use of functional case studies.
36. Departments continue to submit quarterly efficiency returns to HM Treasury. HM Treasury uses these to drive standardisation and ensure consistency ahead of public reporting.
37. The Board noted the update.

Agenda item 6: FRC update on audit regulation

38. FRC officials presented on audit regulation developments and FRC inspection findings.
39. The FRC is evolving its supervision model from 2026–27, with a more tailored, risk-based- approach.
40. Members welcomed the shift toward improvement focused- supervision.
41. The FRC outlined key findings from recent corporate inspections (e.g., revenue recognition, impairment, long-term contracts) and contrasted these with local audit findings, which tend to identify more factual errors (e.g., arithmetic errors, classification errors).
42. Members questioned how meaningful findings are where many local authority audits have been disclaimed or delayed. FRC clarified that recent findings largely relate to NHS bodies, as local government inspections are paused to support the backlog reduction.
43. Members questioned about late audit adjustments causing inconsistencies between reviewed drafts and final accounts. FRC acknowledged this as an area of concern and confirmed it is incorporated into firm level quality work.
44. The Board noted the update.

Agenda item 7: Sustainability reporting update

45. HMT provided an update on sustainability reporting developments and implementation of TCFD-aligned requirements.
46. Members noted challenges around applying sustainability reporting to bodies due for abolition or merger under Machinery of Government changes.
47. Moves to adopt a new sustainability standard for the UK public sector would likely require ministerial approval and coordination with devolved administrations.
48. Focus should remain on embedding and improving consistency/quality of existing TCFD implementation before adding new requirements.
49. Discussion on pace relative to private sector (UK SRS/ISSB): public sector is earlier in maturity; benefits of waiting include greater external consensus and support.
50. Debate on whether public sector needs bespoke standards vs layering additional public-policy programme reporting on top of private-sector-aligned standards.

51. The Board welcomed the update and supported a hybrid governance structure (central coordinating group with ability to draw in topic-specific expertise), as well as with the "wait and see" approach to further sustainability reporting standards.

Actions: Secretariat to return later in year with terms of reference, membership proposals, and advice on how sustainability governance fits with FRAB's remit.

Agenda item 8: Financial Reporting and Audit Reset

52. HMT introduced the Reset project and its three workstreams – financial reporting (including narrative reporting and financial statements), smaller bodies reporting, and audit. HMT noted that the project is being taken forward in response to a range of drivers, including DBT's work on Modernising Corporate Reporting, feedback from stakeholders, NAO's report on Accountability in Small Government Bodies, and recommendations from the Public Accounts Committee. HMT confirmed there is senior support for this project and that the intention is to progress at pace.
53. Members observed the following about the small body workstream:
    a. There was a notable absence of a small entity exemption in the public sector in contrast to the private sector and argued that some form of proportionality could be justified. Members would welcome proposals in this space.
    b. Defining a small body would present significant challenge.
54. Members observed the following about the financial reporting workstream:
    a. Simplification under IFRS 19 should not be mistaken for reducing accounting work. Much work (recognition and measurement) is required regardless of any disclosure changes.
    b. The front half of annual reports should focus on what entities do with public resources, and so may require broad reform to ensure it is proportionate and useful for decision making.
    c. Members emphasised the need to avoid making changes based on what areas cause the most challenge for preparers, emphasising that accountability and user understanding should remain the main focus.
55. Members observed the following about the audit workstream:
    a. Deviating from ISAs while retaining a "true and fair" audit opinion would not be possible.
    b. Any review must consider what can realistically be influenced by HMT vs FRC as the standard setter.
56. The Board were supportive of all three workstreams and agreed that including audit as part of this work made sense given the links to reporting, members commented that audit was not directly within the remit of the Board but that work with stakeholders should commence as a first step on the audit side.

Agenda item 9: IFRS 18 update

57. HMT provided an update on IFRS 18, noting that the Board last considered this standard 12 months ago and a technical working group has since been convened by HMT.
58. FRAB agreed in principle to move ahead with implementation of IFRS 18.
59. Members discussed the range of options for implementation and generally felt that adaptations should be limited to ensure maximum IFRS alignment, although there

might be scope for some minor adaptations e.g. potential changes to IFRS 18 terminology.

60. A member cautioned that illustrative mock-ups must reflect IFRS 18 requirements precisely and agreed to discuss the illustrative WGA mock-up with HMT outside the meeting.
61. The Board agreed guidance may be required to assist public sector implementation and consistency but emphasised the importance of avoiding unnecessary divergence.
62. A member noted that IFRS 18 introduces greater flexibility in presentation by allowing entities to present additional totals and sub-totals, this flexibility is generally viewed to be helpful for preparers.
63. Members discussed interaction of Management Performance Measures (MPMs) with Statement of Parliamentary Supply (SOPS) and other budget-based performance metrics and agreed this should be explored further as part of working groups.
64. The Board agreed that MPMs require further consideration and asked the Secretariat to consider IPSAS work on this standard as part of a future IFRS 18 update.

Action: HMT to move forward for preparations for an IFRS 18 exposure draft including further consultation with working groups, and a recommendation on any adaptations/interpretations that may be required.

Agenda item 10: FRAB performance review discussion

65. The Chair introduced the first annual performance review, undertaken in line with the NAO recommendation made as part of the most recent triennial Board Effectiveness Review.
66. Members discussed a range of issues, including the need for specialised expertise and experience, the size and composition of the Board, and support arrangements for new members. Members noted the increasing importance of emerging areas such as sustainability reporting, and the need to ensure that the Board maintains sufficient expertise and experience to address these topics effectively.
67. Where possible members suggested including more contextual "scene setting-" information in FRAB papers, especially where public and private sector perspectives differ.
68. On agenda setting, members felt that the removal of routine updates from the oral agenda into below the line papers had improved the focus of the Board on key topics.
69. Members agreed that FRAB operates as an open forum with strong challenge. It was noted, however, that some topics can cycle repeatedly without resolution. In some cases, HM Treasury may need to make final decisions where consensus is not possible.
70. Members highlighted the value of targeted interventions, such as clarifications in IFRS 17 guidance, which addressed practical burdens across government.
71. The Board agreed that it is operating effectively, with strong engagement and decision-making; however, members highlighted opportunities for further improvement, particularly in relation to Board expertise and the clarity and focus of papers.
72. Members agreed to send any confidential or sensitive feedback to the Chair or Secretariat by email in the week following the meeting.

Action: The Nominations Committee to consider whether there are any gaps in knowledge or expertise on the Board and to take this into account in planning for future member recruitment.

Action: HMT to consider how to incorporate clearer contextual "scene-setting" in FRAB papers, particularly where public and private sector perspectives differ, to support more focused discussion and decision-making.

Agenda item 11: AOB

73. The main AOB item was the Board's recognition of Ian Webber's service on FRAB, with this being his final meeting. Members and Secretariat expressed their appreciation for his nine years of contribution, including his work on the Nominations Committee, Sustainability Subcommittee, RASIG, technical working groups, and behind-the-scenes support across numerous FRAB projects.
74. The Chair thanked Ian warmly for his contribution on behalf of the Board.

Agenda item 12: FRAB strategy, action plan and risk register

75. The Board noted the update paper.

Agenda item 13: IFRS Interpretations Committee update

76. The Board noted the update paper.

Agenda item 14: Relevant Authority Working Group (RAWG) update

77. The Board noted the update paper.

Agenda item 15: Combined update — Devolved Administrations, DHSC, NAO

78. The Board noted the update paper.

Agenda item 16: IFRS amendments review

79. The Board noted the update paper.