UK Government

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

Known as the Streamlined Energy and Carbon Reporting (SECR) framework

Post-Implementation Review

Department for Energy Security and Net Zero (2026)



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Executive summary

This Post Implementation Review (PIR) assesses the Streamlined Energy and Carbon Reporting (SECR) framework, introduced in April 2019 through regulations under the Companies Act 2006. The review fulfils the statutory requirement to evaluate whether SECR has met its objectives, remains proportionate, and continues to be an appropriate mechanism for achieving policy goals.

The Department for Energy Security and Net Zero (DESNZ) commissioned an independent evaluation to provide robust evidence on SECR's effectiveness in improving transparency, influencing organisational behaviour, and delivering energy and carbon savings. The evaluation adopted a mixed methods approach, including a business survey, qualitative interviews, quasi experimental impact analysis, and a cost benefit assessment. These findings underpin this PIR.

Overall, the evidence indicates that SECR has mainly met its objectives and has delivered measurable benefits. Modelled analysis suggests SECR contributed to reductions in electricity and gas use among in-scope unquoted companies and LLPs, with estimated savings of 4.5% in 2020 and 6.2% in 2021. 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.

However, attribution remains challenging given the presence of overlapping policies and wider market conditions, and impacts appear to diminish over time as reporting becomes more routine. Survey responses show that 79% of businesses disclosed data they otherwise would not have published, and nearly half reported increased internal awareness of energy use and emissions. External visibility has improved, with disclosures in annual reports supporting investor scrutiny, with SECR operating as part of a wider reporting and policy environment rather than as a standalone or decisive driver of investment decisions.

While stakeholders noted that forward looking frameworks play a greater role in driving strategic decision making, SECR continues to provide essential baseline data and governance infrastructure that underpins those regimes.

The majority of in-scope entities comply with SECR, but compliance is not universal. Administrative burdens are considered manageable by participants, though costs are higher than anticipated at policy design. However, the overall cost-benefit analysis indicates SECR has delivered value for money.

The review finds that SECR remains relevant and aligned with the UK's net zero objectives, but its influence is increasingly seen as compliance-driven rather than strategic – that is, less integrated into wider organisational decarbonisation planning and decision-making. Stakeholders highlighted opportunities to improve alignment with emerging sustainability frameworks - such as International Sustainability Standards Board (ISSB) and Taskforce for Climate-related Financial Disclosures (TCFD), to enhance clarity on eligibility and reporting boundaries, and consider forward-looking elements such as targets or action plans. There is

also scope to improve consistency through clearer guidance and templates, strengthen enforcement, and explore options for centralised data access.

Given these findings, the overarching recommendation is to retain the SECR requirements with amendments, implementing targeted reforms to improve effectiveness, reduce duplication, and ensure coherence with the evolving reporting landscape. Removing SECR would risk reversing gains in transparency and board level accountability, particularly among privately owned companies and LLPs where voluntary disclosure is less consistent.

Introduction

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.

This review draws on an independent evaluation and supplementary evidence to examine SECR's performance and relevance in a changing reporting landscape. It summarises findings on transparency, behavioural impacts, compliance, and value for money. Findings should be interpreted in the context of attribution challenges and overlapping reporting frameworks.

Policy background

The SECR framework was introduced through the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SI 2018/1155), made under powers in the Companies Act 2006 and the Limited Liability Partnerships Act 2000. These Regulations came into force on 1 April 2019 and apply to financial years beginning on or after that date. They amend the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to insert new energy and carbon disclosure requirements into annual reports filed at Companies House.

SECR broadened and consolidated the UK's corporate energy and carbon disclosure framework. It built on the 2013 mandatory greenhouse gas reporting requirements for quoted companies, which required disclosure of annual global GHG emissions and an intensity ratio. The 2018 Regulations extended these obligations to large unquoted companies and large LLPs and enhanced quoted company disclosures to include global energy use. Government guidance in the Environmental Reporting Guidelines (ERG) supports implementation by setting out approaches to boundary setting, intensity ratios, calculation methodologies and assurance options.

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.

SECR applies to all quoted companies, large unquoted companies and large LLPs. For unquoted companies and LLPs, “large” is defined as meeting at least two of the following criteria: turnover of £36 million or more, balance sheet total of £18 million or more, and/or 250 or more employees. Group reporting rules permit subsidiaries to be covered by a compliant UK group report, and low energy users (≤40,000 kWh during the period) may state that fact and omit detailed figures.

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.

Policy objectives and rationale for intervention

SECR was introduced to address a clear market failure: the lack of transparent, consistent information on corporate energy use and greenhouse gas emissions. This information gap created barriers for investors seeking to assess climate-related risks and for companies aiming to identify cost-effective energy efficiency opportunities. By embedding mandatory disclosures in statutory annual reports, SECR ensures decision-useful data is available to stakeholders and secures board-level visibility of energy and emissions performance, which is critical for influencing strategic decisions.

Greater transparency reduces information asymmetry between companies and investors, enabling more efficient allocation of capital and supporting the UK’s transition to a low-carbon economy. Economic literature suggests that incomplete disclosure can increase the cost of capital[1], while improved reporting lowers transaction costs and enhances competitiveness.[2] SECR was therefore designed not only to improve accountability but also to create incentives for organisations to measure and manage their energy use.

The policy also supports wider government objectives on climate change and energy security. By requiring large businesses to report energy use and emissions, SECR encourages behavioural change, promotes cost-effective energy efficiency measures, and contributes to the UK’s legally binding carbon budgets and net zero target. These benefits extend beyond

[1] Downar, B., Ernstberger, J., Reichelstein, S., Schwenen, S., & Zaklan, A. (2021). The impact of carbon disclosure mandates on emissions and financial operating performance. Review of Accounting Studies, 26(3), 1137-1175.
[2] Bolton, P., & Kacperczyk, M. T. (2025). Carbon disclosure and the cost of capital. Available at SSRN 3755613

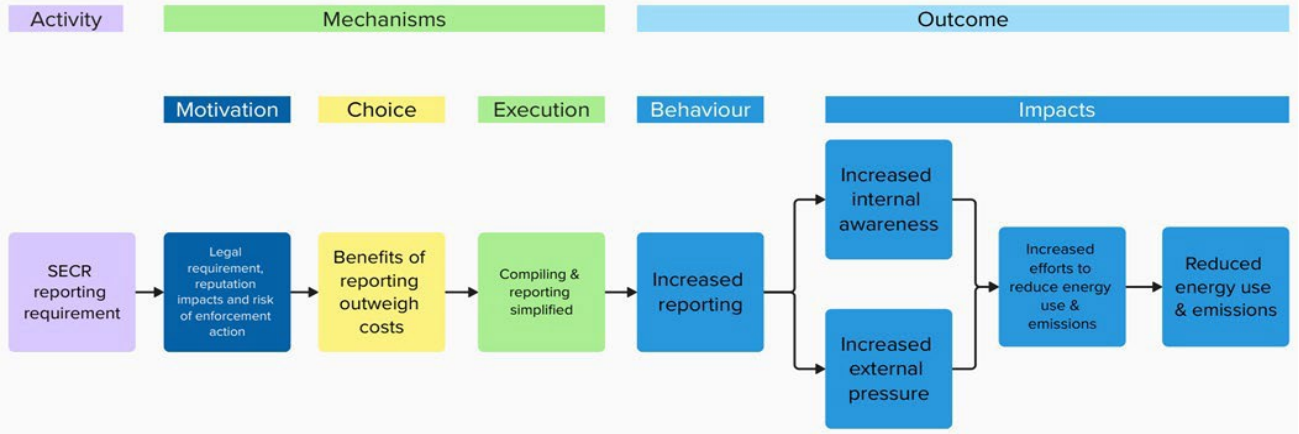
individual firms to society at large through reduced emissions, improved air quality, and greater resilience to energy price volatility.

SECR was designed to deliver the following benefits:

- Provide transparency for investors and other stakeholders on energy efficiency,
- Increase awareness of energy costs for key decision makers within organisations,
- Level the playing field in terms of organisations' energy and emissions reporting,
- Ensure reporting burdens are proportionate, and
- Provide organisations with the right data to inform adoption of energy efficiency measures and opportunities to reduce their impact on climate change.

The theory of change (figure 1) for SECR illustrates how these objectives were expected to be achieved, from mandatory disclosures through to long-term impacts on emissions and competitiveness.

Figure 1. SECR behavioural Theory of Change



Source: Independent SECR evaluation (ICF/IFF)

The SECR framework assumes that requiring organisations to measure and report energy use and emissions will generate immediate outputs in the form of published data and board-level visibility. These outputs are expected to lead to short-term outcomes such as improved transparency for investors and increased internal awareness of energy costs and emissions. In turn, these outcomes should stimulate behavioural change, including the identification and implementation of cost-effective energy efficiency measures, which contribute to medium-term reductions in energy consumption and emissions. The ultimate impacts are improved competitiveness, reduced costs for businesses, and progress towards the UK's legally binding carbon budgets and net zero target.

Evaluation evidence broadly supports this pathway: transparency and awareness benefits were realised quickly, with most organisations publishing data they would not otherwise have disclosed and reporting increased board engagement. Behavioural and emissions impacts followed more gradually, with modelled energy savings emerging from 2020 and peaking around 2021. However, evidence from the evaluation also suggests that SECR's influence

diminishes over time as reporting becomes routine and other frameworks gain prominence, highlighting the importance of complementary measures to sustain impact.

Aims and scope of the Post-Implementation Review

The PIR focuses on four core questions: (i) transparency and awareness; (ii) compliance and quality of disclosures; (iii) behavioural impacts; and (iv) costs and benefits. Specifically, the PIR aims to:

- Determine the extent to which SECR has improved transparency on energy use and greenhouse gas emissions in corporate reporting.
- Assess compliance levels and the quality of disclosures across different organisation types.
- Explore behavioural impacts, such as changes in energy management practices and investor engagement.
- Examine the costs and benefits of the scheme, including administrative burdens and realised energy and carbon savings.

The scope of this review is limited to the SECR requirements introduced in April 2019 under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018. It covers organisations in scope during the first three reporting years (2019–2022) and considers quoted companies, large unquoted companies, and large LLPs. The review does not extend to other energy efficiency policies or voluntary reporting frameworks, except where relevant for contextual comparison.

Small and Micro Business Assessment

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.

Methodology overview

SECR was expected to deliver substantial benefits through increased transparency, awareness and energy/carbon savings. The Post Implementation Review therefore draws on an independent mixed methods evaluation to assess delivery, outcomes, costs/benefits and value for money, and to ensure findings are robust, proportionate and evidence led.

The evaluation was structured around a behavioural Theory of Change (ToC) that maps the pathway from mandatory disclosures to transparency, awareness, behavioural change, and energy/emissions impacts, with value for money assessed by using the 5Es framework—Economy, Efficiency, Effectiveness, Equity, and Cost-effectiveness.

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).[3] Of this, SECR itself was projected to contribute net benefits of £1.0bn (2025 prices).[4] Given the scale of this potential impact, it was considered proportionate to commission an independent external evaluation to provide robust evidence on how the scheme has been implemented and its effectiveness.

The evaluation was delivered for DESNZ by ICF Consulting Services Ltd and IFF Research. Two complementary strands were pursued: an implementation and process strand to assess delivery, compliance and burden/costs as the regime matured; and an impact strand to estimate SECR attributable energy savings and monetised benefits, triangulated with survey and qualitative evidence.

Evidence comprised:

- a **weighted business telephone survey** covering eligibility, familiarity, compliance, compliance costs (internal hours/external spend), behavioural mechanisms (awareness/pressure) and perceived impacts
- **semi structured qualitative interviews** across in-scope businesses, reporting providers and investors (21 interviews in total)
- **quasi experimental impact analysis using a synthetic Difference-in-Differences (sDiD) design** linking (a) Non-domestic National Energy Efficiency Data (NDNEED) on metered electricity and gas in England and Wales[5] to (b) business data contained in the Financial Analysis Made Easy (FAME) database
- a **Cost Benefit Analysis (CBA)** under HMT Green Book and Magenta Book guidance, updating the 2018 IA with evidence from the impact analysis and the business survey; and
- **secondary sources** (Mycelium machine read filings; FRC Corporate Reporting Reviews) for compliance and coverage triangulation.

The impact analysis assessed 2020–2022 (the latest data available in ND-NEED at the time of analysis and the first three years after SECR's introduction).

Key limitations of the methodology and mitigations are as follows:

- **Attribution of impact.** Many factors and policies influence how businesses use energy. In particular, the Covid pandemic hit one year after SECR was introduced, and other carbon reporting requirements and schemes have been rolled out and gained popularity

[3] Page 1 of published impact assessment, with GDP deflators applied from table 19 of Supplementary Guidance to the Green Book.
https://assets.publishing.service.gov.uk/media/5b4cd2c9e5274a732b817d49/SECR_and_CRC_Final_IA__1_.pdf
https://www.gov.uk/government/publications/valuation-of-energy-use-and-greenhouse-gas-emissions-for-appraisal
[4] Page 27 of published impact assessment with GDP deflators applied. (Same links as above.)
[5] For further details on the ND-NEED dataset and how it was used in the evaluation, please refer to 'Annex: Quasi-experimental impact evaluation' in the published evaluation report.

since the introduction of SECR. The 'Synthetic Difference-in-Differences' framework used mitigates many of these risks.

In greater detail, this technique analysed trends in energy use between:

a. businesses in scope of SECR, and;

b. a 'synthetic' control group, derived from real businesses not in scope of SECR.

The synthetic control group was constructed by assigning weights to each out-of-scope business to achieve an overall trend for energy consumption among the control group that was, in the years leading up to SECR's introduction, parallel to the trend for businesses in scope of SECR. This analytical approach naturally controls for consistent differences between businesses in and out of scope of SECR (i.e. differences which do not change over time). The approach also inherently controls for contextual factors that change over time and which affect all businesses similarly – such as the price of energy efficiency technology. Additional control variables – such as whether the business was also in scope of the Energy Savings Opportunity Scheme (ESOS) – were included in the analysis to remove some other potential differences between the businesses in- and out-of-scope of SECR. This gave the evaluation a comparatively strong basis on which to isolate SECR's impact on energy consumption. Additional analysis in the evaluation ruled out the role of the pandemic explaining the observed impact, and the general finding of beneficial impact was triangulated against the business survey.

- **Impact analysis coverage.** ND NEED contains energy meter records for a sample of non-domestic buildings. It covers only metered electricity and gas and omits transport energy. In addition, as a byproduct of data cleaning, no quoted companies remained in the final analysis sample. It is possible, therefore, that findings for the analysed sample are different for the intended population at large.

  This risk is partly mitigated by triangulating to the business survey. In addition, when applying the impact analysis findings in the cost-benefit analysis, sensitivity analysis was undertaken to assess the impact of different assumed rates of energy saving for transport and quoted companies.

- **Survey sample representativeness.** The survey sought to contact a random sample of companies in scope of SECR. Post-stratification weights were also applied to the data to correct for over- or under-representation of companies by their size and sector. It remains possible the survey's sample of businesses is not representative of the wider population in scope of the regulations. It could be that those most likely to respond to surveys on this topic are businesses more committed to climate goals and energy transition. Equally, there may be an overrepresentation of those who hold more critical views of SECR.

- **Survey sample size.** Due to complexities in establishing eligibility for SECR, much of the screening for whether a company was in or out of scope of SECR had to be conducted during the survey, and some of the required screening questions were difficult for respondents to answer. As a result, the survey achieved a smaller sample size than desired for businesses confirmed to be in scope. This limited sub-group analysis.

- **Survey response accuracy.** The survey asked businesses about the cost of complying with SECR and the impact of SECR on their energy use and carbon emissions. Cognitive testing of the questionnaire revealed many respondents found these questions difficult to isolate the cost and impact of SECR. On the impact of SECR, this risk was mitigated by supplementing with a series of allied questions to test intermediate steps of the causal mechanism (awareness, pressure to act).
- **Qualitative interviews.** The evaluation included a relatively small number of interviews with investors and reporting organisations.

Full technical materials—sampling and weighting of the survey, data linkage, impact analysis specifications, statistical significance and sensitivity designs, and CBA inputs series and results— are provided in the full evaluation report.[6]

To what extent have the Regulations met their original objectives?

On balance, SECR has largely achieved its transparency and value for money objectives; partly achieved sustained behavioural change and investor decision usefulness; and shows improving but uneven compliance across the population. Quasi experimental evidence suggests measurable reductions in energy consumption in the early post introduction years, with peak impacts around 2021 and tentative indications of impact reducing since then. Compliance costs are higher than expected at policy design stage (£140m actual ongoing annual cost vs £26m predicted, in 2025 prices). This is due to more companies being in scope than predicted (19,900 vs 11,300), and higher per business costs, in part attributable to larger than expected external costs (e.g. outsourcing to consultancies and auditors and buying monitoring technology) to help comply with SECR.

Objective 1: Transparency for investors and stakeholders

Extent to which the objective has been met

The 2018 SECR Impact Assessment stated that one of the key aims of the policy was to "increase transparency for investors and other stakeholders by requiring large organisations to disclose energy use and greenhouse gas emissions in their annual reports." This was intended to provide consistent, comparable information to support investment decisions and stakeholder accountability. The Environmental Reporting Guidelines reinforced this by requiring disclosures within the Directors' Report or Strategic Report to ensure accessibility and integration with mainstream financial reporting.

The SECR framework has partly achieved its transparency objective. As previously stated, evidence from the independent evaluation indicates that SECR significantly increased the amount of energy and carbon data in the public domain and provided a standardised reporting

[6] Streamlined Energy and Carbon Reporting (SECR) regulations: evaluation - GOV.UK

route through annual reports. This placement was valued for accessibility and comparability, particularly by investors and lenders who routinely extract information from statutory filings. However, SECR's influence on investment decisions remains limited due to its backward-looking nature and lack of forward targets or transition plans. Table 1 summarises the proportion of businesses that would have published energy and emissions data in the absence of SECR, evidencing SECR's additive role in transparency.

Table 1: How much SECR data would have been published in absence of the regulations

Data	**Percentage of SECR Compliers**
All the data	18%
Most of the data	16%
Limited data	41%
None of the data	22%
Don't know	3%
Total	**100%**

Source: Independent SECR evaluation (page 47)

Positive feedback from stakeholders

Quantitative survey data show that 37% of SECR-compliant businesses reported greater external awareness of their energy use and emissions, and 26% reported increased external pressure to reduce energy consumption and emissions. Among those experiencing pressure, the main sources were consumers (86%), government (69%), and investors (45%). This suggests SECR has had a moderate impact on external visibility, though investor-driven pressure is less pronounced than consumer and government influence.

Qualitative interviews with investors confirm that SECR data is used for screening, portfolio monitoring, and engagement, often alongside other ESG sources. They valued the inclusion of qualitative information on energy-efficiency actions, which adds insight beyond raw metrics. One investor noted:

> *"Where, like SECR, there can be mandatory reporting that standardises metrics for us, the better quality of data we can use… and the easier it is to find quickly." (Investor)*

The placement of SECR disclosures in annual reports was valued for accessibility and comparability, reinforcing its role as a transparency mechanism.

The requirement to disclose within statutory reports was seen as enhancing accessibility by improving board-level accountability and making data easier to locate alongside financial information. Reporting providers highlighted that this integration supports transparency:

> *"It being in the Directors' Report actually made it easier for banks and investors to make use of this because they're already using tools to pull information out of these things." (Reporting provider)*

Limitations and caveats

Despite these benefits, investors consistently highlighted limitations that reduce SECR's decision-usefulness:

- SECR is backward-looking, with no forward targets or transition plans, limiting its strategic relevance compared to frameworks like TCFD and Corporate Sustainability Reporting Directive (CSRD).
- Heterogeneous intensity metrics and lack of standardisation reduce comparability.
- Limited verification undermines confidence in data quality.
- Placement within annual reports, while accessible for some stakeholders, can make SECR disclosures hard to extract for others without specialist tools.

Stakeholders also noted that SECR is often treated as a compliance exercise rather than a driver of action:

> *"One of the drawbacks for SECR is that it doesn't mandate any action… people are just treating it as reporting without having to do any actual implementation." (Reporting provider)*

Consequently, SECR is rarely decisive for investment decisions but remains a useful input for transparency and benchmarking. Investors indicated that frameworks such as TCFD and CSRD are preferred for strategic, forward-looking information.

Objective 2: Internal awareness of energy costs

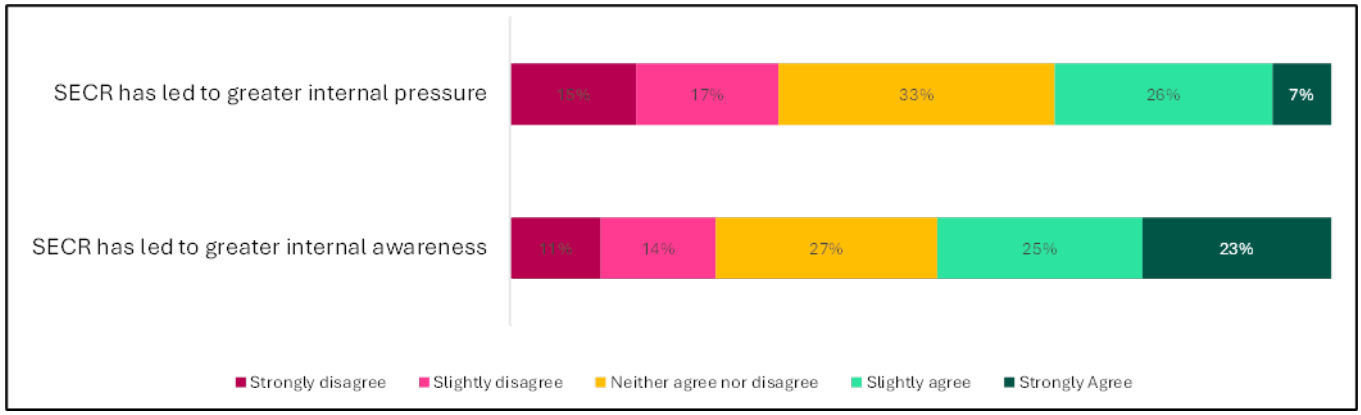
Extent to which the objective has been met

The objective was to raise awareness of energy costs and emissions among key decision makers by embedding disclosures in the statutory reporting cycle (Directors'/Strategic Report), so that energy and carbon performance reaches the board and finance functions and is managed alongside financial performance. This sits squarely within SECR's original benefits case (increased awareness of energy costs; provide decision useful data) and its theory of change, which anticipates board level visibility as an immediate output and increased internal awareness as an early outcome that enables the identification of cost-effective measures.

Across the first reporting years, evidence indicates the objective has largely been achieved. As noted in the Executive summary nearly half of surveyed organisations experienced increased internal awareness of energy use and emissions following SECR's introduction, alongside a substantial rise in public domain data (79% disclosed information they otherwise would not have published). Together, these findings point to SECR normalising energy and carbon as

management topics within mainstream corporate cycles. Figure 2 illustrates the proportion of SECR-compliant organisations reporting increased internal awareness and pressure to improve energy efficiency.

Figure 2: Internal awareness and pressure among SECR-compliant organisations



Source: Independent SECR evaluation (page 48)

Qualitative and process evidence are consistent with the theory of change: mandating disclosure within the annual report creates board level visibility, draws finance teams into the process, and situates energy and carbon performance alongside financial and operational KPIs.

Positive feedback from stakeholders

Survey evidence shows that SECR compliant organisations reported increased boardroom interest in energy and emissions (61%), greater internal collaboration around energy/emissions data (55%), and better tracking of energy efficiency projects (56%), indicating SECR helped embed energy cost topics in mainstream governance.

Stakeholders highlighted how locating SECR disclosures in the Directors' Report elevated salience and accountability at senior levels:

> *"It's a board responsibility. The Directors' Report is a board level responsibility, and they all put their names to it… I think it being in the Directors' Report does give it a sense of 'this is really important'." (Reporting provider)*

Providers also noted stronger engagement from finance teams, as SECR positioned energy and carbon metrics alongside financial information:

> *"I think there has been increased awareness since the introduction of SECR in 2019… A lot more finance teams, who wouldn't necessarily be aware of carbon and energy data, are now more aware through having to include it in their financial statements." (Reporting provider)*

Interviewed investors echoed the accountability effect of mandated reporting:

> *"…a certain level of accountability that comes when it's a regulatory requirement… It isn't just a marketing document that's published on a website." (Investor)*

Limitations and caveats

Awareness does not consistently translate into sustained action: only 33% of SECR compliant organisations agreed that reporting heightened internal pressure to reduce energy use and carbon emissions.

Stakeholders observed that SECR's influence was most prominent soon after its introduction and that its continued impact has reduced now other frameworks gain prominence. This aligns with findings from the analysis on energy usage, which tentatively found SECR's impact to reduce after 2021. Several stakeholders contrasted SECR's backward looking scope with forward looking regimes that incorporate targets and transition planning:

> *"What drives behaviour more is the need to have a target, and a transition plan… instead of simply disclosing emissions with no associated targets." (Investor)*

While stakeholders highlighted the greater behavioural influence of forward-looking frameworks, it is important to note that these regimes continue to depend on regular monitoring and publication of energy and emissions data. Targets and transition plans require credible, consistent underlying data to measure progress and maintain accountability over time. In this context, SECR's backward-looking disclosures can be understood as foundational, providing the measurement and governance infrastructure on which more strategic, forward-looking approaches build.

Objective 3: Coverage and consistency of reporting

Note: This heading has been updated from the original SECR/CRC Impact Assessment wording of "levelling the playing field" to "Coverage and Consistency of Reporting." This change was necessary because the PIR assesses actual delivery against measurable outputs (coverage and consistency of disclosures across the population), whereas "levelling the playing field" was a broader policy ambition relating to fairness between organisations following the closure of CRC and the introduction of SECR. That concept is addressed implicitly in the PIR through analysis of compliance and comparability, but the evidence base does not allow for a direct assessment of competitive fairness.

Extent to which this objective has been met

The objective has been partly achieved. SECR broadened coverage by extending disclosure obligations beyond quoted companies to large unquoted companies and LLPs and by embedding disclosures in statutory annual reports (Directors' Report/Strategic Report). This created a single, predictable route for public disclosure within mainstream corporate filings.

Compliance is generally high but uneven across the population. Machine read evidence indicates 67% of entities that should report in their own accounts had Scope 1 and at least one Scope 2 emissions detected in annual reports, although this likely underestimates true reporting because of difficulties in reading image-based PDFs. The business survey suggests 77% to 86% of in scope firms report compliance; FRC reviews show higher and improving compliance but are not representative (skewed to listed firms). On balance, the evaluation concludes actual non-compliance is likely to be 14–23%. Compliance evidence from three sources—Mycelium, business survey, and FRC reviews—was triangulated to assess coverage and consistency. Table 2 summarises the strengths and limitations of each source and the likely direction of bias.

Table 2: Comparison of compliance evidence

Evidence source	Coverage and representativeness	Ability to assess compliance	Likely over or underestimate non-compliance?	% Suspected non-compliance
Mycelium	Very high	Low	Overestimate	34% had no carbon emissions detected
Business survey	Medium	Low-Medium	Unclear	14 - 23% reported not complying (or were 'possible compliers')
FRC reviews (2024)	Deliberately not representative	Very high	Underestimate	10% had minor non-compliance

Source: Independent SECR evaluation (page 32)

Positive feedback from stakeholders

Stakeholders value SECR's single, predictable route for public disclosure because it improves comparability across firms. This reflects earlier findings in the PIR that SECR's principal benefit for some users is not the provision of new information, but the standardisation, reliability and accessibility of disclosures within statutory reports, supporting consistent use alongside financial data.

The evaluation also finds SECR has increased the amount of additional data in the public domain—a prerequisite for broad coverage—with 79% of compliers stating they published data they otherwise would not have released.

Interviewees highlighted that SECR's integration within annual reports makes disclosures easier to locate alongside financial information, supporting comparable extraction and routine use.

Limitations and caveats

Comparability is hampered by heterogeneous intensity metrics, varied calculation/compilation choices, limited verification, and inconsistent placement and formatting, which makes extraction and benchmarking difficult for some users.

Compliance gaps appear more prevalent among private companies and LLPs, with the evaluation noting awareness and enforcement challenges and the need for clearer guidance on eligibility and group boundaries.

Stakeholders highlighted the absence of a standardised template as a barrier to consistency:

> *"The lack of a single prescribed reporting template for SECR disclosures has led to inconsistency in the placement and format of SECR reports and can contribute to the 'height and the steepness of the learning curve' for reporting under SECR." (Reporting provider)*

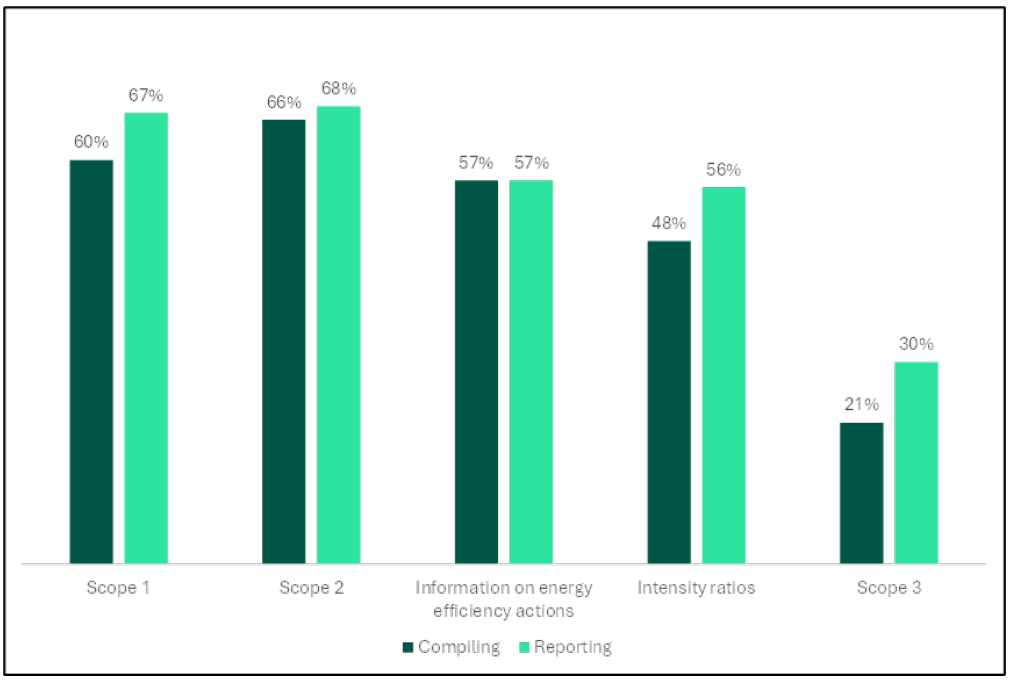
Objective 4: Proportionate reporting burden

Extent to which this objective has been met

Evidence indicates the reporting burden under SECR is generally manageable and proportionate, though higher than anticipated at policy design and uneven across organisations. The evaluation finds that most businesses report good availability of core data (e.g., total energy use, Scope 1 and Scope 2), and a majority consider compiling and reporting these data straightforward—especially as familiarity has increased since 2019.

Figure 3 summarises how SECR compliant organisations rate the ease of compiling and reporting core data, supporting the assessment that burdens are typically manageable.

Figure 3: Percentage of compliant businesses that agree compiling and reporting energy and emissions data is 'easy'



Source: Independent SECR evaluation (page 34)

Most respondents reported that data on total energy use, Scope 1, Scope 2, and energy efficiency actions were easy to compile and disclose, while intensity ratios and Scope 3 data were more challenging. This pattern reinforces that SECR's core requirements fit existing data practices for many organisations, with harder elements concentrated outside the statutory minimums.

The evaluation estimates complying with the regulations requires on average (mean) 94 hours of internal staff time each year across compiling, reporting and management activities, equating to £2,500 per year. In addition, 56% of compliers state they incur external costs in complying with SECR (e.g. consultancies, auditors). Once these external costs are added to the cost of internal staff time, SECR's total ongoing mean cost to compliers is £7,100 per year internal and external costs. (Comparisons to what was predicted in the IA are outlined in a 'costs and benefits' section later in this PIR.)

Interviews suggested that where organisations operate complex structures, multiple sites or leased properties, burdens can increase, but the evaluation still characterises the process as not overly onerous for most compliers, with many describing faster completion as processes mature.

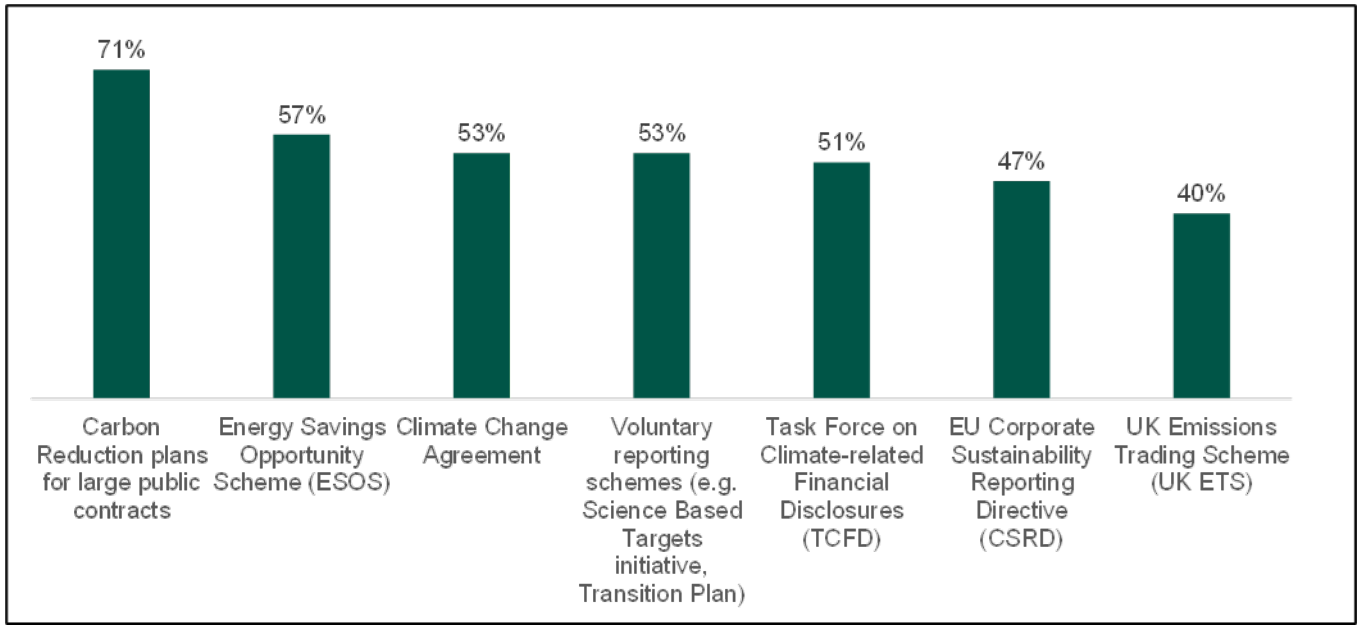
Due to the limited sample size of the survey and high variance in costs incurred, no statistically significant differences were observed by size of business and whether or not the business was quoted. However, the direction of the relationship was as expected and tallies with the evaluation's qualitative findings. Respondents for quoted companies, who have more expansive reporting requirements, had higher ongoing annual compliance costs (£8,700) than unquoted companies (£6,600). Respondents with 1,000 or more employees had annual

ongoing compliance costs of £12,200, compared with £4,700 for those with fewer than 300 employees (pg 112 of published evaluation report).

Positive feedback from stakeholders

Stakeholders reported that process familiarity and stable requirements have reduced effort over time, with some organisations no longer needing external consultancy support. In addition, respondents highlighted interoperability benefits—SECR data can be reused across overlapping frameworks (e.g., Energy Savings Opportunity Scheme (ESOS), Taskforce for Climate-related Financial Disclosures, Carbon Reduction Plans), reducing duplication in many cases; businesses found re use “easy” in 40–71% of cases depending on the scheme. While this interoperability can reduce burden, stakeholders also highlighted duplication where requirements diverge. Figure 4 illustrates the extent to which SECR data is reused across other reporting frameworks, supporting the conclusion that SECR requirements are generally manageable, while reinforcing the case for careful consideration of streamlining opportunities across related reporting frameworks.

Figure 4: Percentage of organisations that find it easy to reuse SECR data for other initiatives, or vice versa



Source: Independent SECR evaluation (page 36)

Stakeholders also pointed to structural efficiency gains from consolidating reporting artefacts. As one reporting lead put it:

> *“Having one single report and document for all activity undertaken would be much more efficient.” (Reporting provider)*

Negative feedback from stakeholders

Duplication and inconsistency across frameworks still create time and effort overhead. Interviewees described how slight variations in definitions, scope and assurance can produce multiple reported numbers for the same year.

Finally, the evaluation highlights that SECR's lack of prescribed templates and group/eligibility clarity can increase the "learning curve" and drive unnecessary effort in some cases—issues more acute for complex or multi jurisdiction groups.

Objective 5: Reducing energy use and emissions

Extent to which the objective has been met

Overall, the evidence indicates that SECR has led to reductions in energy use. The evaluation's synthetic Difference-in-Differences analysis of energy meter data found evidence that SECR reduced electricity and gas use for in-scope businesses by around 4.5% in 2020 and 6.2% in 2021. The impact in 2022 was less clear, which may suggest SECR's influence has lessened over time.

As outlined in the methodological limitations earlier, quoted companies and transport energy were unable to be included in this energy meter analysis. The evaluation therefore used the IA's assumed energy saving rates of 2.1% for quoted companies, 2.1% for company cars and 1.05% for larger commercial road vehicles. (The impact of these assumptions is outlined in the sensitivity analysis for the cost-benefit analysis of this PIR.)

The evaluation estimated the average annual energy savings between 2020 and 2025 was 8 TWh, leading to savings of 1.7 MtCO2e per year.

As the energy meter analysis comes with large statistical uncertainty, the evaluation also tested the impact of using a lower savings rate. (This took the 10th percentile of the distribution around the estimated impact, which in simple terms means there is only a 10% chance that the actual savings rate was lower than this.). This provided the following saving rates: 1.5% saving in 2020, 2.2% in 2021, 0.8% in 2022 onwards. In turn this gives a lower bound of annual savings from SECR of 2.7 TWh and 0.6 MtCO2e.

Both the evaluation's central and lower estimates of annual energy savings are higher than the IA's predictions, as outlined in table 3. This is attributed to the following:

- Slightly more energy was in scope of SECR than had been predicted, due to the IA underestimating the number of businesses in scope of SECR.
- The evaluation finds higher energy saving rates for onsite energy than the IA predicted, at least for the initial years. The IA took an assumed energy saving rate of 2.1% (with low and high estimates of 0.5% to 6%), informed by evidence on other schemes.

- The IA assumed SECR would have no impact for energy in scope of a CCA or the ETS. Although the analysis was not able to specifically test energy saving levels by the overlaps with other policies, the survey finds no statistically significant differences between reported impacts of SECR by whether or not the business is in a CCA or the ETS. This tallies with findings from an evaluation of the Energy Savings Opportunity Scheme in 2020, which found increased take-up of energy efficiency measures for businesses with a CCA in contrast to what had been assumed at IA stage.[7]

Table 3 – Energy and carbon savings from the IA and evaluation[8]

	Annual energy savings, TWh	**Annual carbon savings, MtCO2e**
IA central estimate – SECR impact[9]	2.4	0.47
Evaluation - central estimate[10]	8.0	1.7
Evaluation - lower estimate[11]	2.7	0.6

While the energy meter analysis suggests SECR has had a positive impact, the business survey suggests the effect varies across organisations. In the business survey, 25% of in scope compliers said SECR led to a reduction in energy use (and 26% to a reduction in emissions), with a sizable proportion reporting no change or uncertainty—suggesting overlapping drivers (e.g., price shocks and other schemes) and that SECR's outcome is additional for some but not all firms. scope compliers said SECR led to a reduction in energy use (and 26% to a reduction in emissions), with a sizable proportion reporting no change or uncertainty—suggesting overlapping drivers (e.g., price shocks and other schemes) and that SECR's outcome is additional for some but not all firms.

Taken together, the objective is assessed as partly achieved: the evaluation shows higher than expected energy savings for unquoted entities' onsite energy, but businesses are affected in different ways, and the evidence tentatively suggests diminishing influence over time.

Positive feedback from stakeholders

Interviewed stakeholders also highlighted that SECR data is reused alongside other frameworks (e.g., Transition Plans, Carbon Reduction Plans, SBTi), with organisations that participate in such forward-looking initiatives more likely to report reductions—implying complementarity between annual SECR disclosures and strategic commitments.

[7] ESOS evaluation (2020)
[8] IA energy savings on page 22
[9] Pg 7 published Impact Assessment: Impact Assessment for SECR and closing CRC.pdf
[10] Pgs 57 and 60 of published evaluation report: Evaluation of the Streamlined Energy and Carbon Reporting (SECR) Framework
[11] Pg62 of published evaluation report (as above)

Limitations and caveats

Several stakeholders described SECR's backward looking scope and lack of mandated targets or action plans as limiting its ability to sustain energy and emissions reductions on its own, contrasting it with frameworks that include forward looking commitments (e.g., transition plans, SBTi).

Have there been any unintended effects?

Unintended effects related to scope

Evidence from the evaluation suggests that SECR's limited scope – both in terms of the types of emissions included for unquoted companies and LLPs, and its UK-only geographic coverage - may lead to unintended consequences. Because SECR does not require unquoted companies and LLPs to report full Scope 1 emissions (beyond electricity, gas and transport emissions) or non-energy emissions (such as process or fugitive emissions), and because reporting is restricted to UK operations, some organisations risk establishing incomplete or UK-only baselines when starting their carbon reporting journey. Interviewees also highlighted confusion arising from SECR's selective inclusion of certain Scope 3 categories (e.g. business travel) while excluding others. This inconsistency can cause misunderstanding among organisations new to carbon reporting and may inadvertently discourage voluntary expansion of disclosures. Adding additional emissions sources or non-UK operations in later years could make emissions appear to increase, potentially leading to reputational concerns or stakeholder misinterpretation.

Unintended effects from interactions with other reporting requirements

Since SECR's introduction, the reporting landscape has evolved significantly, with new mandatory and voluntary frameworks such as ESOS Phase 3, TCFD-aligned disclosures, Carbon Reduction Plans (PPN 006), and the EU CSRD. These developments have created unintended duplication and complexity that the original Impact Assessment did not anticipate. Businesses report confusion over differing scopes and metrics, leading to inconsistent data across frameworks and reputational risks. To some stakeholders, SECR is increasingly perceived as a compliance exercise rather than a strategic driver of decarbonisation, contrasting with newer frameworks that require forward-looking targets. Stakeholders emphasised the need for greater alignment with ISSB and CSRD to reduce duplication and maintain SECR's relevance.

Unintended magnitude of compliance costs and energy savings

While the IA predicted SECR would be associated with compliance costs and lead to energy savings, the SECR evaluation suggests both were larger than expected on both. The subsequent impact on overall monetised costs and benefits is outlined in the next section.

What have been the actual costs and benefits of the policy and how do these compare with the estimated costs and benefits?

This section assesses whether the Streamlined Energy and Carbon Reporting (SECR) framework has delivered its intended benefits at a proportionate cost to business and society. It reports on the cost-benefit analysis (CBA) produced in the independent evaluation commissioned by DESNZ.

Approach

The evaluation's CBA mirrored many aspects of the approach used in the 2018 Impact Assessment (IA). Given the temporal focus of the evaluation, its CBA set the appraisal period as 2019-2025,[12] shorter than the appraisal period in the IA (2019-2035).

Monetised costs are broken down as follows:

Direct compliance costs

- **Familiarisation and set-up costs**: One-off costs in the first year for organisations to understand SECR requirements, train staff, and integrate disclosures into statutory annual reports.
- **Data collection and collation costs:** Time and resource to gather energy consumption and emissions data.
- **Reporting costs:** Effort to prepare and present SECR disclosures within the Directors' Report or Strategic Report.

The IA used data from the CRC Cost of Compliance survey, as the CRC scheme contained some similar components to SECR. As outlined earlier in this PIR, the evaluation of SECR estimated direct costs using responses from the evaluation's business survey. The survey collected one-off and ongoing costs associated with complying with SECR, covering both internal staff time and any external expenditure. Where internal staff time was collected, this was costed by multiplying hours incurred by average wages from Annual Survey of Hours and Earnings (ASHE), scaled up to account for non-wage labour costs.

[12] As energy savings were only detected from 2020, calculations of per annum energy and carbon savings use the period 2020-25.

Indirect costs

Capital, hassle and operational costs (energy-efficiency measures): Although SECR does not mandate implementation of measures, it is intended to encourage take up of energy efficiency measures. This indirect effect may incur capital investment in energy-saving technologies, operational adjustments, and associated hassle costs. In both the IA and the evaluation's CBA, these were estimated using underlying data for Marginal Abatement Cost Curves generated for Carbon Budget 5. This was restricted to energy efficiency measures with a payback period of less than seven years. Total capital, hassle and operational costs are calculated by multiplying the total TWh of energy savings by an average cost to energy efficiency ratio (£m/TWh) derived from the MACC analysis.

The IA expected SECR to deliver monetised benefits to society ultimately derived from its energy savings:

- **Energy savings:** The monetary benefit of energy savings to society uses the Long Run Variable Cost (LRVC) of energy (which removes fixed costs, taxes and levies). As outlined earlier in the PIR, the evaluation applied the energy saving rates from the sDiD analysis to energy demand data, supplementing with some assumptions from the IA where categories of energy could not be captured in the sDiD analysis.
- **Carbon reductions:** Energy savings are assumed to result in reductions in greenhouse gas emissions. This is calculated by applying standard emissions factors to the energy saved. The monetary value to society of these reduced emissions is calculated using carbon values set out in supplementary guidance to the Green Book.
- **Air quality improvements:** Reduced fuel consumption is assumed to improve air quality. This is monetised by multiplying the energy saved by standard air quality factors published in supplementary guidance to the Green Book.
- **Noise pollution improvements:** The IA also assumed transport energy reductions would lead to reductions in noise pollution. As this represented a negligible fraction of the IA's overall monetised benefits (0.3%) and up-to-date energy-to-noise factors were not readily available, this was omitted from the evaluation's CBA.

Actual costs and benefits, and why these differed from the original assumptions

Overall, the evaluation's cost benefit analysis (CBA) indicates that SECR has delivered positive net social value and represents good value for money. The central estimate provides a Benefit Cost Ratio (BCR) of 2.72 and a Net Present Social Value (NPSV) of £5.1bn over 2019–

2025 (£730m in annualised terms). This compares favourably to the IA's predicted BCR of 1.6,[13] and is robust to sensitivity tests outlined later in this section.

In summary, the BCR is higher than predicted at IA stage for three key reasons:

- larger than expected energy savings in TWh terms, also resulting in larger carbon reductions than expected (as outlined earlier in this PIR)
- higher than expected energy costs due to the energy crisis, leading to larger monetised energy savings
- large increases to the Green Book's monetised values of carbon abatement.

Costs: The evaluation's central estimate is that SECR cost businesses approximately £3bn over 2019–2025. Of this, £1.1bn was direct costs from complying with SECR, and the remainder were capital, hassle and operational costs assumed to be incurred by businesses voluntarily implementing energy efficiency measures (outlined in table 4).

Table 4: Summary of monetised costs

Costs	Total impacts, 2019 – 2025 (£m)
Administrative Costs (incl. external spend)	1,100
Capital Costs	1,500
Hassle Costs	290
Operational Costs	50

Source: Independent SECR evaluation (page 58)

Compliance costs:

The £1.1bn compliance cost estimated by the evaluation comprises first year costs of £270m and £140m in subsequent years. This is much higher that the IA's predictions: £42m in year one and £26m in subsequent years (undiscounted 2025 prices).[14] The difference is explained by:

- 76% more companies and LLPs in scope of SECR than predicted (19,900 vs 11,300)

[13] Predicted for the SECR framework: PV benefits £2,204m / PV costs £1,386m. Page 27 of the published Impact Assessment. Comparing NPSVs is less meaningful due to different appraisal lengths – 2019-25 vs 2019-35 – and the fact that the IA applied discounting to years which, according to the Green Book, the evaluation must not.

[14] Undiscounted total average ongoing annual burden of £20.6m multiplied by GDP deflator to arrive at 2025 prices. Impact Assessment for SECR and closing CRC, page 53. (First year burdens (£32.5m) subtracted from total burdens (£21.3m * 17 years) to derive average annual ongoing cost). ONS reference tables on GDP deflators

- in the case of ongoing annual burden, an average per business cost around three times higher than predicted (£7,100 vs £2,300 in 2025 prices).[15] This discrepancy is partly due to what appears to be an error in the IA calculations. Total costs from a study on the cost of compliance with the CRC scheme were divided by too large a denominator in the IA calculations, erroneously reducing the average per business costs for the CRC scheme, in turn affecting the assumed cost of SECR.[16] Had the correct denominator been used, the predicted per business cost would have been 3.8 times higher. Another factor which may explain higher than expected costs, though, is the larger than predicted external spend in complying with SECR, particularly outsourcing to consultancies. By way of comparison, CRC participants in the private sector spent 40% of their compliance costs externally, compared with 65% for SECR compliers' ongoing costs.[17]

Capital, hassle and operational costs:

As the evaluation estimates SECR led to higher-than-expected energy savings, the CBA also estimates higher than expected capital, operational and hassle costs to voluntarily achieve these energy savings. The IA calculations estimated energy savings over 2019-35 would require £1.5bn of business investment (undiscounted, 2025 prices), compared to the evaluation's estimate of £1.8bn over 2019-25**.**

Benefits: The evaluation's CBA estimates SECR contributed £8.1bn in benefits to society. Of these monetised benefits, almost 60% came directly from reduced energy consumption, almost 40% from reduced carbon emissions, and less than 2% from air quality improvements.

Table 5: Summary of monetised benefits

Benefits	Total impacts, 2019 – 2025 (£m)
Energy saving benefits	4,800
Carbon benefits	3,200
Air quality benefits	130

Source: Independent SECR evaluation (page 60)

Energy saving benefits:

Total monetised energy savings were found to be much higher in the evaluation: £4.8bn over 2020-25, compared to the IA calculations' estimate of £1.1bn over the same time period (2025 prices, undiscounted). Partly driving this is the larger-than-expected energy saving attributed to

[15] Per business costs calculated by dividing by the ongoing cost (£20.6m) estimated in the underlying workings behind the IA assumed SECR population of 11,300 (page 52). Adjusted for inflation using GDP deflators.
[16] CRC cost of compliance study
[17] Pg 25 of the above publication

SECR, as outlined in the 'objective 5' section of this PIR – an annual average of 8 TWh saved between 2020-2025, compared to 2.4 TWh predicted by the IA.[18] In addition, per kWh costs of energy also increased significantly after SECR regulations were introduced. In 2025 prices, the central LRVC for a kWh of electricity in commercial settings was 17p in 2021 and 25p in 2022, compared to a predicted 11p at the time of the IA.[19]

Carbon saving benefits:

The evaluation found the estimated monetised value of reduced carbon from SECR substantially higher than predicted in IA calculations: £3.2bn vs £0.2bn (2025 prices, undiscounted, over 2019-25). This is for two reasons:

- A larger-than-expected amount of carbon abatement attributed to SECR (outlined earlier in the PIR)
- Changes since the IA in Green Book guidance on carbon abatement appraisal. At the time of the IA, traded emissions in 2020 were appraised at £6/tCO2e and non-traded emissions at £87/tCO2e (2025 prices). Current guidance is for all carbon emissions to be valued using a single social value of carbon (regardless of traded status), with a central value for 2020 of £282/tCO2e (2025 prices).[20]

Air quality benefits:

In line with the IA, the evaluation's CBA estimates a relatively small amount of monetised benefits (£130m over 2019-25) arising from improvements to air quality as a result of reduced use of road transport.

Sensitivity analysis: Given several areas of the CBA rely on assumptions and uncertain evidence, the evaluation conducted sensitivity testing to assess the impact of changing modifying these assumptions. As shown in table 6, even under very cautious assumptions, the testing confirms positive value for money.

[18] Pg 25 of Impact Assessment for SECR and closing CRC
[19] Tables 9-13 of supplementary guidance to the Green Book: 2017 publication vs 2022 publication. Green Book supplementary guidance: valuation of energy use and greenhouse gas emissions for appraisal - GOV.UK
[20] Table 3 of supplementary guidance to the Green Book: 2017 publication vs 2022 publication. Link as above.

Table 6: Sensitivity analysis summary

Assumption / input	Description	Impact on BCR and NPV
Energy savings	Using the lower bound (10th percentile) estimate from the sDiD QED impact analysis	1.48 £830m
Quoted company and transport savings excluded	Remove energy savings and associated costs and benefits from quoted companies and transport	2.58 £4,400m
2021 impact only	Remove all energy savings aside from 2021 which had the most statistically significant finding	1.18 £270m
Administration costs	Assuming that 'finance professionals' are used for the majority of SECR administration time rather than 'associate professionals'	2.63 £5,000m

Source: Independent SECR evaluation (page 61)

In summary, SECR imposed higher costs than expected at policy design, but these were outweighed by substantial benefits.

Are the Regulations still required and do the objectives remain appropriate?

Yes. The Post-Implementation Review evidence indicates that the objectives of the Streamlined Energy and Carbon Reporting (SECR) Regulations remain necessary and relevant. The original rationale for intervention—addressing the lack of transparent, consistent information on corporate energy use and greenhouse gas emissions—continues to apply. Stakeholders and evaluation findings confirm that SECR has improved the availability of energy and carbon data in the public domain, enhanced board-level visibility, and supported investor scrutiny and benchmarking. These outcomes align with wider government objectives on energy efficiency and net zero.

What would happen if the Regulations were removed?

Removing the requirements of SECR would risk reversing these gains and recreating the information gap that the policy was designed to address. Stakeholders emphasised that SECR has normalised energy and carbon disclosure within statutory reporting cycles, creating accountability at board level and providing a baseline for investor engagement. Without SECR,

transparency would depend on voluntary frameworks, which evidence suggests are less consistently adopted, particularly among privately-owned companies and LLPs. This could undermine comparability, weaken incentives for energy efficiency, and reduce progress toward carbon budgets and net zero targets.

Are the objectives still valid and relevant?

The objectives remain broadly appropriate: improving transparency, raising awareness of energy costs, and supporting cost-effective emissions reductions continue to be critical for the UK's climate strategy. However, the evidence suggests refinements are needed to maintain SECR's relevance in a rapidly evolving reporting landscape. Stakeholder feedback highlighted opportunities to:

- Align SECR with forward-looking frameworks such as ISSB and TCFD to enhance strategic value.
- Introduce clearer guidance on eligibility thresholds, group boundaries, and site inclusion.
- Consider standardised templates to improve consistency and comparability.
- Explore introduction of light-touch forward-looking elements as a default expectation for all in-scope entities, while avoiding duplication by signposting to and accepting substantively equivalent disclosures where firms are already covered by recognised forward-looking initiatives (e.g., ISSB/TCFD), to sustain behavioural impact without imposing disproportionate burdens.

In conclusion, the objectives remain broadly appropriate and SECR should be retained. A fuller discussion of this recommendation, including supporting evidence and next steps, is provided in the final conclusion section.

Is the current approach fit for purpose?

This section assesses whether SECR remains an appropriate mechanism for achieving its objectives, drawing on evidence of implementation, compliance, costs and benefits, and stakeholder feedback. It considers understanding of requirements, administrative burden, enforcement effectiveness, and opportunities for refinement. Overall, SECR continues to deliver transparency and board-level accountability, but its influence is increasingly compliance-driven rather than strategic, highlighting the need for targeted improvements to maintain relevance and effectiveness.

How well are the Regulations understood?

Evidence indicates that most organisations that comply feel they understand what is required, and that processes have become more familiar since 2019. Survey data show that 88% of compliant respondents reported a good understanding of requirements, and stakeholders

described SECR disclosures as straightforward as experience grew. However, awareness is not universal: 19% of in scope respondents were unaware of SECR by name, and interviewees cited uncertainty around eligibility thresholds, site inclusion, and group reporting boundaries—areas where clearer guidance would help.

What are the likely costs and benefits going forward?

The value-for-money assessment shows SECR has delivered net benefits over 2019–2025 (central BCR 2.72; NPSV £5.1bn), with positive results even under cautious sensitivity scenarios (e.g., BCR 1.48 using 10th percentile energy-saving bounds; BCR 1.18 assuming 2021 energy savings only). Looking ahead, benefits will depend on sustaining energy-saving additionality as reporting matures and on reducing duplication across frameworks. The evaluation tentatively suggests impacts peaked around 2021 and moderate thereafter, suggesting that without targeted improvements—such as alignment, templates, and clarified boundaries—future benefits relative to the counterfactual of no SECR are likely to continue to reduce. Administrative burdens remain generally manageable (mean ongoing cost c. £7,000 per compliant entity), with many organisations reusing SECR data across schemes, though duplication persists for complex groups. Streamlining could preserve benefits while containing costs.

Voluntary carbon and energy reporting is likely to continue to expand, with growing uptake of recognised initiatives such as the Science Based Targets initiative (SBTi) and CDP. Over time, this may reduce the administrative costs attributable specifically to SECR, as more organisations would be collecting and publishing comparable information in the absence of regulation. The behavioural impact of SECR may also diminish where these schemes are already providing incentives for action. However, evidence in this review indicates that voluntary approaches remain unevenly adopted—particularly among privately-owned companies and LLPs—and that a statutory baseline continues to play an important role in ensuring consistent, high-quality data for transparency and accountability. Future reviews could therefore usefully monitor the extent of voluntary reporting under recognised schemes to assess whether and how SECR's additional contribution evolves over time.

How effective is the implementation?

Assumptions about how SECR would be implemented

SECR was designed to simplify the energy and carbon reporting landscape by embedding disclosures in statutory annual reports (Directors' Report or Strategic Report) filed at Companies House. The assumption was that this statutory placement would ensure board-level accountability and mainstream visibility, while leveraging existing reporting cycles to minimise burden. SECR aimed to reduce duplication following CRC closure, encourage energy efficiency through transparency, and provide proportionate requirements for quoted companies, large unquoted companies, and LLPs. Guidance was provided via the Environmental Reporting Guidelines, but no prescribed template was mandated. Enforcement

was expected to operate through Companies Act obligations and Financial Reporting Council (FRC) reviews, without dedicated civil sanctions or proactive monitoring.

Actual implementation of SECR

Evidence from the evaluation shows SECR was implemented as intended: disclosures are placed in annual reports, and most organisations report using internal teams (finance, sustainability, estates) with occasional external consultancy support. Familiarity has increased since 2019, reducing reliance on consultants and lowering costs over time. However, the absence of a prescribed template has led to inconsistency in placement and formatting, creating extraction challenges for stakeholders. Interviewees noted that statutory placement raised salience at board level but also suggested clearer guidance and templates to improve usability.

How effective is the enforcement mechanism and to what extent do compliance levels indicate current enforcement mechanisms remain appropriate?

This section examines whether SECR's enforcement model is delivering the intended assurance and whether compliance levels suggest the approach remains appropriate. It considers both the effectiveness of enforcement mechanisms and the extent of compliance across the population. Evidence from the evaluation indicates that SECR operates under a light-touch enforcement regime, relying on statutory placement in annual reports and Financial Reporting Council (FRC) reviews rather than proactive monitoring or civil sanctions. While compliance is generally high, gaps persist among certain cohorts, raising questions about whether refinements are needed to strengthen assurance and improve consistency without imposing disproportionate burdens.

Compliance levels

Compliance levels and evidence sources (Mycelium, survey, FRC) are summarised under Objective 3 (see Table 5). Here we focus on what those levels imply for enforcement design: the current light touch model works better for quoted companies with stronger FRC oversight than for private companies and LLPs, where compliance gaps are more prevalent. This suggests targeted communications to higher risk cohorts, clearer eligibility guidance, and proportionate follow up where omissions are detected in statutory reports, should be considered to strengthen assurance without imposing disproportionate burdens.

Enforcement effectiveness

The enforcement approach remains light touch, relying on statutory placement in annual reports under the Companies Act and FRC corporate reporting reviews. There is no dedicated civil sanction regime or proactive monitoring specific to SECR. Stakeholders highlighted that this model works well for quoted companies, where FRC oversight is strongest, but is less effective for the wider private/LLP cohort. Interviewees described enforcement as "light-touch,"

limiting its deterrent effect. Recommendations include clearer guidance on thresholds and group boundaries, introducing standardised templates to improve consistency, and exploring digital access options to aid usability and comparability. Some stakeholders also suggested proportionate follow-up where omissions are detected in statutory reports, to strengthen assurance without imposing disproportionate burdens.

Conclusion

The evaluation concludes that while SECR's enforcement model has delivered high compliance among quoted companies, further steps are needed to strengthen assurance and usability of disclosures across the full population. Options include targeted communications to higher-risk cohorts, improved signposting of guidance, and consideration of proportionate follow-up where omissions are detected in statutory reports.

Could the objectives be met in a less burdensome way?

Stakeholders see alignment and interoperability as the main route to reduce burden without weakening transparency. Many organisations already reuse SECR data for ESOS, TCFD, Carbon Reduction Plans and other frameworks, but slight definitional and boundary differences still create duplicated effort and sometimes inconsistent numbers across reports. A standardised SECR template would improve comparability, reduce extraction effort, and shorten learning curves. Views on a centralised digital reporting portal are mixed: a portal could improve accessibility and benchmarking, but interviewees cautioned about quality control and re-keying errors outside audited annual reports—so any digital solution would need careful design to avoid shifting burdens.

If the measure is still required, could refinements be made?

The evidence indicates that SECR remains necessary to address the original market failure—lack of transparent, consistent information on corporate energy use and greenhouse gas emissions. However, the evaluation and stakeholder feedback highlight opportunities to improve effectiveness and reduce administrative burden without undermining transparency or DESNZ's wider mission to accelerate progress towards Net Zero. These refinements are proportionate and reflect themes raised consistently across interviews, survey responses, and compliance reviews:

- **Clarity and consistency:** Current guidance does not always provide sufficient clarity on eligibility thresholds, site inclusion, and group versus entity reporting. This has contributed to compliance gaps and uncertainty among private companies and LLPs. Updating the Environmental Reporting Guidelines to provide clearer definitions and practical examples would reduce ambiguity. Introducing a standardised SECR

disclosure template would improve comparability and usability for stakeholders, while shortening the learning curve for new reporters.

- **Reducing duplication and burden:** SECR operates in an increasingly crowded reporting landscape, with overlapping frameworks such as ESOS, TCFD, CSRD, and forthcoming ISSB standards. While SECR data is widely reused, definitional differences and inconsistent metrics create duplication and inefficiencies. Aligning SECR requirements—where feasible—with international standards and domestic frameworks would reduce duplication and improve coherence. This includes harmonising intensity metrics and terminology, and ensuring SECR complements forward-looking frameworks without duplicating requirements.
- **Sustaining behavioural impact:** Evidence suggests SECR's influence diminishes over time as reporting becomes routine and other frameworks gain prominence. Stakeholders noted that the absence of forward-looking elements, such as targets or action plans, limits SECR's ability to maintain engagement without imposing disproportionate burdens. Introducing light-touch forward-looking elements, such as optional targets, to maintain engagement without imposing disproportionate burdens could help SECR remain relevant and strategic, supporting the UK's Net Zero objectives.
- **Digital access and usability:** Interviewees expressed mixed views on centralised or digital filing. While some see benefits for accessibility and benchmarking, others raised concerns about quality control and duplication outside audited annual reports. Any exploration of digital solutions should weigh these trade-offs carefully, ensuring board-level assurance is preserved and re-keying errors avoided.

These refinements are consistent with the evaluation's findings on compliance variability, administrative burden, and interoperability challenges. They could enhance SECR's effectiveness while maintaining proportionality and alignment with the evolving reporting landscape and DESNZ's mission to accelerate decarbonisation.

Final conclusions and next steps

The preceding sections have assessed SECR against its original objectives, examined costs and benefits, and considered whether the Regulations remain necessary and proportionate. Drawing these findings together, the Post Implementation Review concludes that SECR has largely achieved its objectives of improving transparency and raising awareness of energy use and emissions. Evidence from the independent evaluation indicates measurable benefits, including estimated energy savings of 4.5% in 2020, 6.2% in 2021 among in scope unquoted companies and LLPs, contributing strong value for money (central BCR 2.72; NPSV £5.1bn). Compliance is generally high but uneven, with gaps concentrated among private companies and LLPs, and enforcement remains light touch.

The objectives of SECR remain valid and aligned with the UK's Net Zero strategy. Removing SECR would risk reversing gains in transparency and accountability, particularly for privately

owned entities where voluntary disclosure is less common. While the scheme's influence can moderate as reporting becomes embedded and newer frameworks emerge, SECR continues to provide important value as a statutory baseline for transparency, investor scrutiny and board level accountability.

On balance, the recommendation is to retain SECR requirements with amendments, with consideration given to proportionate refinements to improve clarity, reduce duplication and burden, and sustain behavioural impact. Consistent with the evaluation evidence, potential areas for improvement will be explored through the planned 2026 consultation on streamlining energy and emissions reporting, and may include:

- Updating guidance to clarify eligibility thresholds, site inclusion, and group reporting boundaries.
- Introducing a standardised disclosure template to improve consistency and comparability.
- Aligning SECR definitions and metrics with ISSB, CSRD and TCFD to reduce duplication and improve coherence.
- Exploring light touch forward looking elements (e.g., optional targets or qualitative narratives) to maintain engagement without disproportionate burdens.
- Assessing digital access options that enhance usability and benchmarking while safeguarding assurance and data quality.

These themes reflect stakeholder feedback and evaluation findings but do not represent final decisions. Any changes will be subject to consultation and will consider proportionality, interoperability with related schemes (e.g., ESOS and TCFD-aligned reporting frameworks), and coherence with DESNZ's mission to accelerate progress towards Net Zero.

Annex – Post-Implementation Review cover sheet

Title: Streamlined Energy and Carbon Reporting framework	Post Implementation Review
PIR No: RPC-DESNZ-26154-PIR(1)	**Date: 15/05/2026**
Original IA/RPC No: BEIS016(F)-18-CG	**Type of regulation: Domestic**
Lead department or agency: Department for Energy Security and Net Zero	**Type of review: Statutory**
Other departments or agencies:	**Date measure came into force:**
	Recommendation: Amend
Contact for enquiries: reporting@energysecurity.gov.uk	**RPC Opinion: Green**

Questions

1. What were the policy objectives of the measure? (Maximum 5 lines) SECR requires large UK businesses to disclose energy use and GHG emissions in annual reports. 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.
2. What evidence has informed the PIR? (Maximum 5 lines) The review is based on an independent evaluation of SECR using mixed methods: business survey, qualitative interviews, and impact analysis of energy data. It also drew on responses to the 2023 Scope 3 Call for Evidence and secondary sources such as FRC reviews and Mycelium data. The evaluation assessed effectiveness and outcomes, supported by cost-benefit analysis. Original IA assumptions were revisited to compare anticipated and actual costs and benefits.
3. To what extent have the policy objectives been achieved? (Maximum 5 lines) SECR has broadly met its objectives. It increased energy and carbon data in the public domain, raised internal and external awareness, and, to a lesser extent, created pressure to cut consumption and emissions. Meter analysis suggests SECR led to a fall in electricity and gas use among in-scope firms. While costs of SECR to businesses were higher than expected, these were outweighed by the total monetised benefits from SECR.

Sign-off for Post Implementation Review: Chief economist/Head of Analysis and Minister

I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed: ***Minister of State for Climate, Katie White MP & Chief Economist, Donna Leong***
Date: 07/04/2026

Questions

4. What were the original assumptions? (Maximum 5 lines)

The 2018 Impact Assessment assumed SECR would deliver 2.4TWh energy savings on average each year through transparency and awareness prompting cost-effective efficiency measures. Compliance costs were expected to be modest (£26m pa) due to data reuse and alignment with annual reporting cycles. Most businesses were assumed to already collect energy data internally, and SECR was expected to simplify reporting after the CRC closure.

5. Were there any unintended consequences? (Maximum 5 lines)

SECR's limited scope and selective emissions categories led to incomplete baselines and confusion, with reputational risks as voluntary Scope 3 reporting expanded. Its backward-looking design and absence of targets meant many treated SECR as a compliance exercise rather than a strategic decarbonisation driver. Overlap with ESOS, TCFD, CSRD and other regimes increased duplication and complexity, despite some interoperability/reuse benefits.

6. Has the evidence identified any opportunities for reducing the burden on business? (Maximum 5 lines)

Yes. Stakeholders highlighted that SECR data is widely reused, creating scope for better alignment with ISSB, CSRD and TCFD to reduce duplication. Clearer guidance on eligibility, site inclusion and group reporting could cut effort. Interviewees recommended a standardised disclosure template to improve consistency and usability, and exploring digital filing or a central portal to enhance accessibility while minimising complexity.

7. How does the UK approach compare with the implementation of similar measures internationally, including how EU member states implemented EU requirements that are comparable or now form part of retained EU law, or how other countries have implemented international agreements? (Maximum 5 lines)

SECR aligns with global moves toward mandatory energy and carbon disclosure but is less comprehensive than newer frameworks. Unlike EU CSRD and TCFD-aligned regimes, SECR is backward-looking and lacks forward-looking targets or transition plans. While SECR helped normalise disclosure, its influence is declining versus more strategic, investor-focused frameworks, highlighting the need for alignment with ISSB and CSRD.

This publication is available from: www.gov.uk/government/publications/2026-post-implementation-review-of-the-secr-regulations-2018

Any enquiries regarding this publication should be sent to us at: reporting@energysecurity.gov.uk

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