

Twenty-third Report of Session 2022–23

Department for Business, Energy & Industrial Strategy

Measuring and reporting public sector greenhouse gas emissions

Introduction from the Committee

In June 2019, Parliament passed an amendment to the climate Change Act 2019, committing the UK to achieving net zero emissions by 2050. This will require the UK to substantially reduce its emissions from current levels. The government estimates that direct emissions from public sector buildings account for around 2% of the UK's total emissions, although this does not include emissions from other sources, such as the electricity it uses, business travel and emissions arising from the goods and services it procures, which could all be significant. It has set a target for the public sector to halve its direct emissions from public sector buildings by 2032 and to reduce them by 75% by the 2037, both against a 2017 baseline. It has made £1.425 billion of funding available through Phase 3 of the Public Sector Decarbonisation Scheme for 2022–23 to 2024–25. In its 2017 *Clean Growth Strategy*, government committed the public sector to lead by example in both reducing emissions and in transparent reporting.

Based on a report by the National Audit Office, the Committee took evidence on the 4 July 2022 from the Department for Environment Food and Rural Affairs, Department for Business, Energy and Industrial Strategy, His Majesty's Treasury. The Committee published its report on the 2 November 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: [Measuring and reporting public sector greenhouse gas emissions](#) - Session 2022-23 2022 (HC 63)
- PAC report: [Measuring and reporting public sector greenhouse gas emissions](#) - Session 2022-23 (HC 39)

Government response to the Committee

1: PAC conclusion: BEIS is not communicating progress on decarbonisation in the public sector clearly enough and does not hold individual departments to account.

1: PAC recommendation: BEIS should regularly publish data setting out the progress the public sector is making on decarbonisation and how this compares to the required trajectory. It should also set out what it will do if individual departments and parts of the public sector are under-performing in this area.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

1.2 The Greenhouse Gas Inventory (GHGI) and associated official statistics are published annually, providing a robust estimate of emissions from fuel combustion within public sector buildings. The GHGI shows a reduction in public sector emissions by 44% between 1990 and 2020. When reallocating emissions from energy supply (for example, electricity generation at power stations) to the public sector buildings where the energy is used, this reduction is 65%. As part of the Net Zero Strategy, government also committed to providing a public update on progress. We expect the next update on progress to be in Spring 2023.

1.3 In terms of individual departmental performance, the Greening Government Commitments (GGCs) emissions reduction targets are negotiated with departments and

partner organisations, aligning to longer-term decarbonisation trajectories as much as possible. Government departments are responsible for ensuring the GGCs are incorporated into their formal governance arrangements, as well as those of their agencies. Permanent Secretaries and Chief Executives are accountable for GGCs target delivery and reporting requirements, and the transparency created by GGCs' Annual Report publications encourages progress. The Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy and Industrial Strategy (BEIS) work with departments when reporting deadlines are missed or progress is stalling. However, to date the government as a whole has consistently met or exceeded the emissions targets set in the GGCs.

1.4 For the wider public sector, BEIS monitors progress across the sector and works with lead government departments to understand and work to tackle specific challenges.

2. PAC conclusion: The public sector as a whole lacks clear standards for measuring and reporting emissions.

2. PAC recommendation: BEIS and HM Treasury should set a timetable for issuing consistent standards for measuring and reporting emissions that is applicable to the entire public sector.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

2.2 The government agrees that a clear approach to emissions measurement and reporting can help public sector organisations and central government to drive effective progress in decarbonisation. In the Net Zero Strategy, the government committed to provide guidance setting out expectations for public sector emissions measurement and reporting. This may not entail a uniform approach consistency across the whole of the large and varied sector; the emissions measurement and reporting guidance that is suitable for a large hospital may not be suitable for a small rural school. It may therefore be appropriate for detailed emissions measurement guidance to continue to be owned by bodies best placed to advise on the particular needs of different parts of the public sector, and different reporting channels may be required to address specific objectives or to meet the needs of specialist users.

2.3 Additionally, as the Committee notes, international reporting standards are evolving rapidly. To avoid confusion or duplication it is important that standards are aligned wherever possible. Work to review the suitability of the reporting recommendations produced by the Taskforce on Climate Related Financial Disclosures (TCFD) for the public sector is ongoing, which is expected to be an important part of any future standard setting.

2.4 Taking into account expected timelines for development of TCFD recommendations and other international standards, the government will set out a timetable for further work towards a coherent measurement and reporting framework in summer 2023. This will be dependent on views from other relevant authorities across the public sector who are responsible for setting their own reporting requirements.

3. PAC conclusion: Leadership and oversight of emissions measurement and reporting in central government is fragmented and ineffective.

3. PAC recommendation: BEIS, HM Treasury and Defra should work together to consolidate, simplify and clarify current measuring and reporting guidance. This should set out clear expectations for reporting across central government as well as the processes that will be followed in addressing non-compliance.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2023

3.2 Government agrees guidance should be aligned where possible, particularly where there are direct references between documents, as is the case with the Sustainability Reporting Guidance (SRG) and GGCs. However, the government also notes that there are cases where different documents may be required for different purposes.

3.3 In late 2022, the updated GGCs Reporting Requirements resolved terminology differences between the GGCs and SRG. In the recently published SRG 2022-23, HM Treasury has provided further clarifications and summarised areas of necessary difference with GGCs requirements.

3.4 All non-exempt central government departments and partner organisations are required to report sustainability data both in annual reports and accounts (as set out in SRG) and through GGCs. In 2022, Defra conducted a GGCs exemptions audit, which will be published with the 2021-22 GGCs Annual Report. New processes ensuring reporting from all bodies in scope were also set out in the updated GGCs Reporting Requirements. Processes for non-compliance are as set out in response to the Committee's first recommendation.

3.5 As international standard setters and the UK private sector develop and implement sustainability reporting standards, relevant authorities across the public sector, including HM Treasury, will consider future reporting strategies for public sector annual reports with consistency as a key consideration.

3.6 To help clarify current arrangements for wider public sector organisations, BEIS has commissioned work to signpost relevant guidance, to be published in early 2023. BEIS will also provide an update on cross-cutting public sector guidance as part of the summer 2023 timeline described in response to the second recommendation.

4. PAC conclusion: We are not convinced that departments are making effective use of the emissions data to drive decision-making.

4. PAC recommendation: BEIS should make full use of the data it collates to plan its decarbonisation activities and establish a process to regularly identify and share examples of good practice and learning in decarbonisation across central government and the wider public sector.

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The government has based its plans for decarbonising the public sector on the best available data. As decarbonisation maturity increases across the sector, new data will be reviewed and, if appropriate, incorporated into existing modelling. There are also regular mechanisms to identify and share learning through working groups and cross-government steering boards, with high-performing departments leading sessions on best practice. For the public sector more widely, Public Sector Decarbonisation Scheme (PSDS) and GGCs case studies highlight good practice, and local Net Zero Hubs offer a resource to share learning with local authorities and local organisations.

4.3 As the Committee notes, the PSDS awards funding on a first-come-first-served basis. Other mechanisms are being considered which would utilise other data, but these must be carefully balanced against deliverability considerations: the first-come-first-served approach enables applications to be assessed quickly, maximising the time that applicants have funding certainty to support the planning and delivery of their project. Alongside the first-come-first-

served principle, the PSDS contains several elements to support funding to be spread fairly across the public sector. Sectoral caps for PSDS funding were introduced in 2022 to support funding distribution across different sectors in line with estimated emission shares.

4.4 Monitoring and evaluation of the PSDS is being undertaken to check progress against planned milestones, understand how well the scheme is delivering on its objectives, and analyse how the scheme has performed against its intended impacts. Final evaluation synthesis reports will be published in due course.

5. PAC conclusion: The public sector risks falling behind on the reporting of its emissions but could learn from developing practice in private sector and the devolved administrations.

5. PAC recommendation: BEIS and HM Treasury should ensure that the reporting requirements placed on the public sector are aligned with their objective to lead by example in delivering net zero. This should include consideration of which bodies should report their scope 3 emissions and how best this should be done.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Autumn 2025

5.2 The public sector has ambitious emission reductions targets and is working to reduce its direct emissions by 50% by 2032 and by 75% by 2037 against 2017 levels. Other targets and reporting requirements, including the GGCs, are negotiated to align with these decarbonisation trajectories as much as possible within the deliverability constraints of individual organisations.

5.3 Central government annual reports already include limited reporting on scope 3 emissions, in line with the GGCs. The SRG includes further voluntary guidance on reporting other scope 3 emissions. Work to develop the next set of GGCs targets will consider if and how further scope 3 reporting requirements should be included. This work will take place throughout 2023-25, with requirements set out in the 2026-30 GGCs and amendments made in SRG updates as appropriate.

5.4 It is important to note that there are certain challenges and considerations around scope 3 reporting. The public sector is large and varied, and emissions profiles vary significantly depending on each public sector organisation's operations and characteristics. The potential impact and value of scope 3 emissions measurement, as well as the ability to provide the necessary resource to comply with any requirements will vary between organisations, and government must ensure requirements are proportionate and prioritised to have the most useful impact while ensuring public resource is used efficiently and minimising reporting burdens.