



Havering
LONDON BOROUGH

PENSIONS COMMITTEE

26 July 2022

Subject Heading:

TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES – Report for year ending 31 March 2022

CLT Lead:

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Policy context:

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Management of climate risks

Financial summary:

£2,000.00 for the report

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

SUMMARY

Appendix A to this report summarises the Funds current position concerning the 11 climate-related disclosures under the scope of the Taskforce on Climate-related Financial Disclosures (TCFD), for the year ending 31 March 2022.

The Committee's Business Plan for 2022/2023 includes the development of a broader climate action plan.

RECOMMENDATIONS

That the Committee:

Consider and agree the 31 March 2022 TCFD report as attached as **Appendix A.**

REPORT DETAIL

1. The Fund's Investment consultant (Hymans) have set out a summary of the Fund's current position with regards to the 11 climate-related disclosures under the scope of the TCFD framework for the year ending 31 March 2022, as attached at Appendix A

2. BACKGROUND

a. The TCFD was established in 2015 by the Financial Stability Board at the request of G20, to review how the reporting on climate-related issues in financial reporting could be improved. In June 2017, the TCFD published its final recommendations providing a framework to report on their climate-related risks and opportunities.

b. TCFD recommendations are structured around four themes, **Governance, Strategy, Risk Management** and **Metrics and Targets**. Across these four themes, there are 11 disclosures.

c. The United Kingdom has announced its intention to make TCFD aligned disclosures mandatory by 2025.

d. It is not yet mandatory for the Local Government Pension Scheme (LGPS) to produce a TCFD report but the former Committee were keen to comply with these requirements and opted for an early adoption. This is the Fund's second report under the TCFD framework, summarising the current position across the 11 disclosures. Future reports will continue to highlight actions taken over the year to improve the position in line with suggested actions developed as a result of this report and underlying analysis.

e. The 2022 report will be published as a standalone document; previously this was incorporated within the Pension Fund Annual Report.

- f. The Department of Levelling Up, Housing and Communities (DLUHC) are expected to issue consultation on TCFD reporting for pension schemes in the autumn of 2022 – LGPS guidance on this is not expected until well into 2023.
- g. The Committee has not formally adopted any climate related metrics for management of the Fund therefore there is no data reported against the theme for Metrics and Targets.
- h. The Committee expects to consider this as part of the evolution of its approach to the management of climate related risks over the coming year as part of its Climate Risk Plan.
- i. Elsewhere on the agenda is the Climate Risk Plan that will kick start the process of setting targets for the Fund.

IMPLICATIONS AND RISKS

Financial implications and risks:

The Committee believe that climate change is a systemic risk and seek to manage that risk on behalf of their members. The Committee are supportive of initiatives they believe will in the long-term financial interest of the Fund's members. Early adoption of the TCFD is one such initiative, as greater disclosure will lead to engagement and a more structured approach to managing this risk.

Early planning will also help with speedy compliance of TCFD guidance once published by DLUHC.

Climate rated risks will also be incorporated within the Funding Strategy Statement (FSS) and the 2022 Valuation report. These risks will be similar to the TCFD report, and it will include how risks have been considered when setting the FSS and employer contribution rates.

The estimated cost of £2,000.00 of producing this report will be met from the Pension Fund.

Legal implications and risks:

None arising directly from consideration of the content of the Report.

Human Resources implications and risks:

There are no immediate HR implications.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EqEIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected

BACKGROUND PAPERS

None