



Havering
LONDON BOROUGH

PENSIONS COMMITTEE

12 September 2023

Subject Heading:

**TASKFORCE FOR CLIMATE-RELATED
FINANCIAL DISCLOSURES – Report for
year ending 31 March 2023**

CLT Lead:

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Policy context:

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Management of climate risks

Financial summary:

Estimated cost £3,500 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 2023.

RECOMMENDATIONS

That the Committee:

agree the 31 March 2023 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 2023, 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 financial reporting on climate-related issues could be improved. In June 2017, the TCFD published its final recommendations providing a framework against which to report on their climate-related risks and opportunities.
- b. TCFD reporting is 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. The Department of Levelling Up, Housing and Communities (DLUHC) issued a consultation *Local Government Pension Scheme (LGPS): Governance and reporting of climate change risks*, which closed in November 2022. This consultation follows the TCFD framework setting out how to report against the four key areas of governance.
- e. The consultation proposed that regulations will apply to all LGPS Administering Authorities with the first reporting year covering the financial year 2023/24, with the first report published by December 2024.
- f. On the 15 June 2023, DLUHC have confirmed that implementation of climate reporting obligations would be delayed at least until next year. Presuming

regulations are forthcoming in time for 1st April 2024, reports covering the period 1 April 2024 - 31 March 2025 would need to be produced by December 2025.

- g. In the meantime, the Responsible Investment Advisory Group (RIAG) (within the Scheme Advisory Board would look at what advice could be given to funds wishing to do a shadow reporting year, and also what could be done to standardise the development of climate reporting approaches at the pool level.
- h. Whilst it is not yet mandatory for the LGPS to produce a TCFD report the Committee are keen to comply with these requirements and opted for an early adoption. This is the Fund's third 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.
- i. The 2023 report will be published as a standalone document.
- j. The Committee had not formally adopted any climate related metrics for management of the Fund for the year ending March 2023, so there is no data reported against the disclosure on targets under the theme for Metrics and Targets.
- k. The Committee agreed targets at its meeting on the 12 July 2023 and performance against these targets will be covered in future reports.

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. The DLUHC are still considering feedback to the consultation and no timelines have been made available as to when the regulations and guidance will be published.

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

The cost of producing this report will cost £3,500 and 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