



PENSIONS COMMITTEE

10 December 2024

Subject Heading:

TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES – Report for year ending 31 March 2024

CLT Lead:

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Policy context:

Reporting against climate risk disclosures

Financial summary:

Estimated cost £3,000 for the report

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

| | |
|---------------------------------------------------------------|---|
| People – Supporting our residents to stay safe and well | X |
| Place – A great place to live, work and enjoy | X |
| Resources – Enabling a resident-focused and resilient Council | 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 2024.

RECOMMENDATIONS

That the Committee:

Agree the 31 March 2024 TCFD report as attached as **Appendix A**.

REPORT DETAIL

1. The Fund's Investment consultant (Hymans) have set out in a report (Appendix A) the Fund's current approach with reporting against the 11 climate-related disclosures under the scope of the TCFD framework for the year ending 31 March 2024.

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 Ministry of Housing, Communities and Local Government (MHCLG), formerly 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 themes.
- 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, the then DLUHC confirmed that implementation of climate reporting obligations would be delayed at least until the following year. No changes to regulation have been forthcoming so the Committee continues to report on a voluntary basis.
- g. This is the Fund's fourth 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.
- h. The 2024 report will be published as a standalone document.

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 MHCLG. 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 £3,000 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;

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- 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.

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:

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

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 deterrents.

An EHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion this isn't required.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations. There are not equalities and social inclusion implications and risks associated with this decision.

BACKGROUND PAPERS

None