

Wiltshire Council

Wiltshire Pension Fund Committee

17 November 2022

REPORTING OF CLIMATE CHANGE RISKS

Purpose of the Report

1. The purpose of this report is to present a draft response to the “LGPS (England and Wales): Governance and reporting of climate change risks” consultation for the Committee’s review and approval.

Key Considerations for Committee

Background

2. On 1 September 2022, the Department for Levelling Up, Housing and Communities (DHLUC) published a consultation on climate change risk reporting. The consultation seeks views on proposals that will require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).
3. The full consultation document can be read here: [LGPS \(England and Wales\): Governance and reporting of climate change risks - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/lgps-governance-and-reporting-of-climate-change-risks).
4. In summary, it invites views on policy proposals to require administering authorities of the LGPS to have effective governance, strategy, risk management and accompanying metrics and targets for the assessment and management of climate risks and opportunities. It also invites responses on proposals to disclose these in line with the recommendations of the international industry-led Taskforce on Climate-related Financial Disclosures (TCFD).
5. It is proposed that LGPS administering authorities would calculate the ‘carbon footprint’ of their assets and assess how the value of each fund’s assets or liabilities would be affected by different temperature rise scenarios, including the ambition to limit the global average temperature rise to below 2 degrees set out in the Paris Agreement.
6. It is proposed that administering authorities should report on this annually, and that these reports will be summarised in an LGPS-wide report, including the overall carbon emissions of the scheme.
7. Wiltshire Pension Fund began to make disclosures in line with TCFD in 2021 and has completed scenario analysis. The Fund is therefore in a good position both to respond to the consultation, and prepared for regulations that will follow.

8. A draft response is attached as an appendix. The Committee is asked to approve the draft response to the consultation.

Environmental Impacts of the Proposals

9. The “Governance and reporting of climate change risks” consultation response includes specific plans and targets to address climate change risk in the investment portfolios.

Safeguarding Considerations/Public Health Implications/Equalities Impact

10. There are no known implications at this time.

Proposals

11. The Committee is asked to approve the draft response to the consultation.

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Unpublished documents relied upon in the production of this report: None

Appendices:

Appendix 1 – Draft response to consultation