

LGPensions@levellingup.gov.uk

24 November 2022

Dear Sirs,

Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks

The Northern LGPS welcomes the opportunity to respond to this consultation and fully supports the Government's proposal to mandate reporting by each LGPS Administering Authority in line with the Taskforce for Climate related Financial Disclosures (TCFD) framework.

We are delighted to report that each Administering Authority within the Northern LGPS has already voluntarily reported under the TCFD framework. Links to each statement are provided below.

[ApproachToClimateRisk.pdf \(gmpf.org.uk\)](#)

[ra2021finalpol_d.pdf \(mpfmembers.org.uk\)](#) p32

[tcfid-report_v5.pdf \(wypf.org.uk\)](#)

The Northern LGPS has also signed up to the Net Zero Asset Owner initiative, which has involved the setting of a medium term carbon reduction target (which we would specifically endorse in relation to Question 6 of the consultation) and a medium term target for increased investment in climate solutions. We are excited to find investment opportunities from the energy transition that meet our fiduciary duty to generate returns. A central pillar of this approach is GLIL, through which we invest directly in core infrastructure. To date, we have invested in onshore and offshore wind farms, solar, battery storage and smart meter assets. Further details are available at p60 of the following link.

[IIGCC-10-2022-PAAO-Disclosures-v5.pdf \(parisalignedinvestment.org\)](#)

Whilst wholeheartedly supporting the Government's desire to see increased transparency and reporting, we believe that this should not distract from the urgent action required on the part of all governments around the world to enact legislation to regulate for a reduction in carbon emissions. We note that the World Bank recently reported that less than 22% of global GHG emissions are covered by a carbon pricing instrument, and that for the majority of those emissions covered, the carbon price remains far below the level required to meet the goal of the Paris Agreement. Coordinated action on the part of governments can provide the legislative backdrop that would unlock the investment required to finance the energy transition, including from pension funds like ourselves.

The above is consistent with calls made for a number of years by the Institutional Investor Group on Climate Change (of which all Administering Authorities within the Northern LGPS are members).

Northern LGPS co-signed the Global Investor Statement to Governments on the Climate Crisis, which asks governments to raise their climate ambition and implement robust policies. Northern LGPS has called upon Government to urgently undertake the following five actions:

1. Strengthen Nationally Determined Contributions for 2030 in line with limiting warming to 1.5°C.
2. Commit to a mid-century net zero emissions target with clear sectoral decarbonisation roadmaps.
3. Ensure ambitious pre-2030 policy action including strengthened carbon pricing, phasing out fossil fuel subsidies and thermal coal-based power, avoiding new carbon-intensive infrastructure (no new coal power plants) and developing just transition plans.
4. Ensure COVID-19 economic recovery plans support the transition to net zero emissions.
5. Commit to implementing mandatory climate risk disclosure requirements.

The Northern LGPS firmly believes in the power of collaboration. In terms of detailed responses to the consultation questions, we formally endorse the consultation responses of two collaborative bodies that we are actively involved in, the Local Authority Pension Fund Forum and the LGPS Scheme Advisory Board, whose response was prepared by the Responsible Investment Advisory Group. Links to each response are provided below.

[LAPFF-Response-to-DLUHC-LGPS-Climate-Change-Risks-Governance-and-Reporting.pdf \(lapfforum.org\)](#)

[221012_DLUHCClimateRiskReportingconsultation_SABresponse.pdf \(lgpsboard.org\)](#)

The collaborative forums identified above are an invaluable resource of technical and practical knowledge and we are sure will play a vital role in shaping statutory guidance. We look forward to continuing to work with these bodies to advance the LGPS' understanding of climate risks and opportunities and to play our part in investing for a Just Transition. The climate emergency warrants urgent action and the proposed timeline for mandatory reporting set out in the consultation is necessarily short. We would urge the Department to make every effort to expedite the passing of regulations by the target date of April 2023.

Yours sincerely,



Councillor Gerald P Cooney

Chair of the Northern LGPS