



THE SOCIETY OF PENSION  
PROFESSIONALS

*making pensions work*

By email only: [LGPensions@levellingup.gov.uk](mailto:LGPensions@levellingup.gov.uk)

LGF Pensions Team  
Department for Levelling Up, Housing and Communities  
2<sup>nd</sup> Floor  
Fry Building  
2 Marsham Street  
London  
SW1P 4DF

22 November 2022

Dear LGF Pensions Team

**SPP RESPONSE TO DLUHC CONSULTATION – LOCAL GOVERNMENT PENSION SCHEME (ENGLAND AND WALES): GOVERNANCE AND REPORTING OF CLIMATE CHANGE RISKS.**

We welcome the opportunity to respond to this consultation, and we are sharing here a number of high-level comments, rather than submitting a response to each question.

The SPP shares the DLUHC view on the importance of addressing climate change challenges by enabling investors to make high-quality decisions that contribute to the transition into a low-carbon economy and improving reporting methods in the area. We believe public sector pensions has an important role to play in contributing to an effective transition. In that sense, we broadly support the proposed requirements, as they are aligned with these objectives and put public sector pensions in line with the standards already applicable to the private sector.

However, we have some concerns regarding the timing of new requirements, in particular as LGPS funds will be required to meet the requirements in the 2023/2024 period. This will be challenging given the delay with guidance and the draft regulations which have not been published alongside the consultation. Without sight of these documents, it is difficult to fully consider the consultation. In order to meet these timescales, the regulations will need to be at least finalised in advance of 1 April 2023. With no current draft in place, this seems challenging. Without regulation, any requests for data would be both uncertain and non-statutory in nature. There is a danger that the data required will not be available in time.

We would expect the draft regulations to be sufficiently robust to allow funded public sector pension funds to take their own approach to how they invest their assets. Many LGPS funds already have a strategy in place to identify and manage climate risk. Again, without sight of the draft regulations, it is difficult to comment, but we would expect them to be flexible enough for funds to manage their own objectives.

The Society of Pension Professionals

Kemp House, 152 – 160 City Road, London EC1V 2NX T: 020 7353 1688

E: [info@the-spp.co.uk](mailto:info@the-spp.co.uk) [www.the-spp.co.uk](http://www.the-spp.co.uk)

A company limited by guarantee. Registered in England and Wales No. 3095982

**NOTICE**

You may not take any statement in this document as expressing the view of The Society of Pension Professionals or of any organisation, which the maker of the statement represents. Whilst every effort is made to ensure that this document is accurate, you may not assume that any part, or all, of it is accurate or complete. This document is provided for information only. You may not rely on any part, or all, of this document in deciding whether to take any action or to refrain from action. You may not use this document in part or in whole, or reproduce any statement it contains, without the prior consent of The Society of Pension Professionals.

No liability (other than any liability which cannot be excluded by law) arising from your failure to comply with this Notice rests with The Society of Pension Professionals or with any individual or organisation referred to in this document. Liability is not excluded for personal injury or death resulting from The Society of Pension Professionals' (or any other party's) negligence, for fraud or for any matter which it would be illegal to exclude, or to attempt to exclude, liability.

Moreover, although managers and pools may support LGPS funds with their climate risk reporting, some of the smaller LGPS funds may struggle to obtain resources to provide the required disclosures. LGPS funds already have significant demands on their resources and need regulatory certainty as well as time to implement new requirements. Not only that, but from our knowledge of implementing the TCFD requirements in the private sector, we are aware that there may be a significant cost to this potential increased governance requirement.

All in all, we support the aims set out and, in general terms, we agree on the direction of the proposals. We note though that this is the first step and will require further amendments and clarifications in particular around the timescales. We would encourage DLUHC to provide draft regulations and guidance as soon as possible.

If we can support in any further way, we would be very happy to meet and discuss this matter further.

Yours faithfully

**Melanie Durrant**  
Public Sector Group, SPP

**Fred Emden**  
Chief Executive, SPP

### **THE SOCIETY OF PENSION PROFESSIONALS (SPP)**

SPP is the representative body for the wide range of providers of advice and services to pension schemes, trustees and employers. The breadth of our membership profile is a unique strength for the SPP and includes actuaries, lawyers, investment managers, administrators, professional trustees, covenant assessors, consultants and specialists providing a very wide range of services relating to pension arrangements.

We do not represent any particular type of pension provision nor any one interest-body or group. Our ethos is that better outcomes are achieved for all our stakeholders and pension scheme members when the regulatory framework is clear, practical to operate, and promotes value and trust.

Many thousands of individuals and pension funds use the services of one or more of the SPP's members, including the overwhelming majority of the 500 largest UK pension funds. The SPP's membership collectively employs some 15,000 people providing pension-related advice and services.