

Government launches climate change consultation for pension scheme

News story

The consultation proposes more effective governance, strategy, risk management and targets for the assessment and management of climate related risks and opportunities for the Local Government Pension Scheme.



The government has launched a [consultation](#) today (Thursday 1 September) on new requirements for the Local Government Pension Scheme (LGPS) to manage and report on their climate-related risks, including the carbon emissions attributable to their investments.

The proposals include a requirement for LGPS authorities to calculate their carbon footprint, and to assess how different temperature rises could affect their assets and liabilities.

Authorities would also need to report annually on how well their assets are aligned with the Paris agreement.

The move seeks to improve the management of climate-related financial risk and brings the LGPS in line with requirements which are already in place for private pension schemes.

Minister for Levelling Up, Paul Scully MP said:

Managing risks and opportunities related to climate change is essential for the future of the financial sector. It will empower better decision making and ultimately help us on the road to net zero.

The UK is a world leader in implementing the recommendations of the Taskforce for Climate-related Financial Disclosures, which are a key factor in greening the financial sector.

I am pleased that we are proposing to extend these requirements to

the Local Government Pension Scheme, which has assets in excess of £300 billion and enormous potential to have a positive climate impact.

The consultation puts forward proposals which will require LGPS administering authorities to have more effective governance, strategy, risk management and targets for the assessment and management of climate related risks and opportunities.

The requirements do not encourage funds to divest from energy companies, which will be key to the transition to clean energy in the UK.

Government will invite people to respond to the consultation on the proposals raised.

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