

Britain's pension schemes lead on climate risk

The Government's proposals will ensure trustees are legally required to assess and report on the financial risks of climate change within their portfolios.

Secretary of State for Work and Pensions, Thérèse Coffey, outlined the plans during a visit to Glasgow, where the United Kingdom will host the United Nations climate change conference COP26 in 2021.

Subject to a forthcoming consultation, under the plans the 100 largest occupational pension schemes – those with £5bn or more in assets, and including all authorised master trusts – will be required to publish climate risk disclosures by the end of 2022.

Using these largest schemes to set an industry standard, around 250 more schemes with £1bn in assets would then have to meet the same requirements in 2023.

Secretary of State for Work and Pensions, Thérèse Coffey, said:

I am delighted to announce our proposals to make reporting on sustainable investments mandatory, one of the most significant steps to date in the UK's progress on tackling climate change.

We were the first major economy to commit to reaching net zero by 2050 – to deliver this we must start now, working with investors and others to achieve this ambitious target.

These measures will ensure pension schemes are in an ideal position to drive change to a sustainable, low carbon economy which will benefit everyone.

Climate change is expected to have a significant impact on pension schemes' assets and returns for savers, both through the risks of a warmer planet, and the transition to a lower carbon economy.

Therefore, it is only right that long-term investors, such as trustees, are informed and empowered to take action to address these risks and protect the retirement savings of hard-working people.

United Nations Special Envoy for Climate Action and Finance and the Prime Minister's Finance Adviser for COP26, Mark Carney, said:

To achieve an orderly transition to net zero, managing climate risk and improving resilience needs to be at the heart of all financial decision-making. Corporates, asset owners, including pension schemes, and asset managers should use the Taskforce on Climate-related Financial Disclosures (TCFD) framework to disclose climate-related risks and opportunities.

By requiring pension schemes to report against the Taskforce's recommendations, the occupational pensions of over 24 million UK citizens, representing over £1.3 trillion of investments, can be managed to mitigate the risks from climate change and seize the opportunities from an economy-wide transition to net zero.

The proposals outlined in the Department for Work and Pensions' climate risk consultation include:

- Schemes embedding the recommendations of the international industry-led Taskforce on Climate-related Financial Disclosures (TCFD) into their organisation – including on governance, strategy, risk management, metrics and targets
- Scheme scenario modelling to analyse the implications of a range of temperature scenarios for a scheme's assets, to prompt strategic thinking about climate risks and opportunities
- The requirement to report the greenhouse gas emissions of their portfolio
- Compelling schemes to publish their report on a website and to notify pension scheme members via their annual benefit statement that the information has been published and where they can locate it
- Schemes providing The Pensions Regulator with the web address of where they have published their Taskforce report via the annual scheme return form
- Any complete failure to publish any Taskforce report to be subject to a mandatory penalty imposed by The Pensions Regulator.

The consultation will also signal an intent that schemes report on the extent to which their portfolios are aligned with the Paris Agreement, which called for the limiting of global (average) temperature rises to below 2°C (on pre-industrial levels).

The Department for Work and Pensions Pension Schemes Bill – currently before the House of Commons – includes powers to enact the measures outlined in the consultation.

More information

- The consultation period begins today (26 August 2020) and runs until 7 October 2020. The Government's current plan is to consult on regulations in late 2020 or early 2021 (pending confirmation of date).

- The Taskforce on Climate-related Financial Disclosures is a global, private sector led group assembled in December 2015 at the instigation of the international Financial Stability Board (FSB), an international body that monitors and makes recommendations about the global financial system, which was then chaired by Mark Carney. They set out recommendations for organisations – non-financial as well as financial companies, including banks, insurers, asset managers and pension funds – to report on how they are managing climate risk. For pension schemes, it includes the requirement to report the emissions of their portfolio, and how their investments would perform under a range of temperature rises, including a world where temperature rises are limited to 2 degrees or below.

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[Joint statement on UK – ASEAN Economic Dialogue](#)

News story

The first UK-ASEAN Economic Dialogue was held today to strengthen economic cooperation between the UK and ASEAN.



The first UK-ASEAN Economic Dialogue was held on 26 August 2020 to strengthen economic cooperation between the UK and ASEAN and bolster economic recovery efforts amidst the COVID-19 pandemic.

Liz Truss, Secretary of State for International Trade, co-chaired the UK-ASEAN Economic Dialogue with the 2020 Chair of the ASEAN Economic Community Minister Tran Tuan Anh of Vietnam. The virtual economic dialogue was attended by economic ministers and officials from the ten ASEAN member states as well

as the ASEAN Secretary General Dato Lim Jock Hoi.

1. We share deep concern over the COVID-19 pandemic, which has affected the lives of people as well as economies around the world. Our thoughts are with all those who have lost loved ones and are suffering from the long-term effects of the pandemic. We recognise the heroic efforts of healthcare and essential workers around the world.
2. The pandemic has triggered an unprecedented global health and economic crisis. Mitigating its economic impact requires solidarity and collaboration. We are committed to working together to: (i) sustain and deepen the close economic ties between ASEAN and the UK; (ii) mitigate the economic impact of COVID-19; (iii) strengthen economic resilience; and (iv) pursue sustainable economic growth that keeps markets open and transparent.
3. We welcome the longstanding economic relationship between ASEAN and the UK. Since the inception of ASEAN over half a century ago, our economic relationship has grown deeper and broader. Bilateral trade in goods and services stands close to £42bn. We are determined to build on this partnership and explore opportunities for collaboration that support job creation and connectivity.
4. We reaffirm our commitment to free trade within the international rules-based system, noting that this is vital to economic recovery and future growth. We share the desire to ensure that the WTO is forward looking, reformed, and fit to tackle 21st century trade challenges. We look forward to working together to make progress on these matters ahead of the 12th WTO Ministerial Conference.
5. The pandemic has exposed the vulnerability of supply chains, particularly for essential goods, including food, medicines, medical devices and equipment, and other related products. As recognised by the Hanoi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in Response to the COVID-19 Pandemic, strengthening supply chain connectivity, including diversification, is key to a resilient economic recovery that safeguards against future shocks. We will work together to strengthen ASEAN-UK supply chains by assessing the resilience of trade between ASEAN and UK firms and identifying ways to further strengthen these supply chains.
6. We are committed to ensuring that digital innovation is a central pillar of our recovery from COVID-19. As recognised by ASEAN Leaders during the 36th ASEAN Summit, digital innovation is key to mitigating the economic impact of COVID-19. The UK will deepen its digital partnership with ASEAN through its Digital Trade Network and by funding a new UK-ASEAN Digital Business Challenge, exploring how tech Micro, Small and Medium

Enterprises (MSMEs) can deliver solutions to tough business challenges.

7. We underline the significant contribution of public-private sector partnership, both in responding to COVID-19 and driving future growth. We recognise the important work of the ASEAN Business Advisory Council (ABAC), supported by the Joint Business Councils, including the UK-ASEAN Business Council. The UK will continue to work closely with ABAC to design a private sector-led regional digital trade connectivity roadmap, complementing the ASEAN Single Window programme and other ASEAN trade facilitation programmes which can lead to a more facilitative trade within ASEAN and beyond.
8. We agree that the current economic climate presents an opportunity to build a greener and more sustainable global economy, in line with the objectives of the Paris Agreement in advance of COP26 next year. The UK is committed to supporting ASEAN with a science-based clean recovery that will create employment in the industries of the future while addressing public health challenges. This includes providing technical assistance to develop green financial systems and energy efficiency across the region through the £15m Prosperity Fund ASEAN Low Carbon Energy Programme and £12m global Green Recovery Challenge Fund.
9. We emphasise that the Masterplan on ASEAN Connectivity 2025 provides the ASEAN-led framework for much of our cooperation. To this end, the £19m UK Prosperity Fund ASEAN Economic Reform Programme, launched with Secretary General Dato Lim Jock Hoi in London in January 2019, has a number of strands in line with the objectives in the Masterplan on ASEAN Connectivity 2025, particularly on digital innovation, seamless logistics and regulatory excellence. The UK will collaborate with ASEAN to deliver resilient and complex infrastructure projects that boost connectivity in the region.
10. We look forward to continued cooperation to ensure that the ASEAN and UK support each other as we recover from this pandemic.

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[North East town welcomes new flood warning sign](#)

The sign, at Rothbury Riverside, will inform residents and road users when

the town's flood gates will be closed to protect properties.

The 9-foot tall LED sign has a visual display that posts messages for passers-by to read, giving them ample warning about the movements of the flood gates, before and after any forecast severe weather conditions.

Earlier this month, the government unveiled its long-term plan to tackle the risks of flooding and coastal erosion, ensuring 336,000 properties in England are better protected from flooding by 2027 with a record £5.2 billion investment.

Tristan Drought, Flood and Coastal Risk Management Team Leader at the Environment Agency in the North East, said:

The flood warning sign is a great new way for us to update residents in Rothbury and those visiting the area that the gates will be closing, giving them plenty of time to prepare and take action ahead of potential flooding in the town. It will work alongside our other warning measures such as the issuing of flood alerts and warnings through text alerts and our website.

Ensuring communities are prepared for flooding and helping them be more resilient to climate change is one of the cornerstones of our recently announced Flood and Coastal Risk Strategy. Engagement with communities is vital and we're committed to working together with them through flood wardens, workshops and events to help them understand their flood risk and what they can do to prepare.

The new flood warning resource can be operated remotely by the Environment Agency's incident and field operation teams.

New sign is welcomed

The LED sign has been welcomed by two of the town's current flood wardens Duncan and Fran Elson. Duncan, aged 73, and Fran, aged 70, have been flood wardens for 12-years. Duncan is a retired photographer and Fran used to help manage the family-run photography shops.

Next year, the pair will be celebrating their 50th wedding anniversary. They have two children, Chris and Heather. Duncan and Fran have lived in Rothbury for over thirty years. Duncan explains why they became flood wardens:

When we saw what had happened to local properties we just got stuck in, and helped where we could. I started with a wheelbarrow and a brush but ended up photographing the damage so residents could get on with cleaning up while retaining a record for the insurance companies.

Fran went from a helping hand to co-ordinating accommodation and fundraising for those effected. Becoming flood wardens was the next

natural step.

The new sign will benefit all residents of Rothbury by making them more aware of what is happening in the town, in the build up to any potential flooding incidents.

Fran also welcomed the sign and gives advice to those people who are considering becoming a volunteer flood warden. She added:

Our advice would be to get involved. Try and find out if your local town or village has a group and put your name down to help out – as it provides wonderful community spirit.

The flood warning sign will be beneficial to visitors to Rothbury, and increase awareness to local residents who already receive the text message flood alerts.

If you would like to volunteer as a flood warden in Rothbury or in your local area then please contact engagement_northeast@environment-agency.gov.uk

[People can also sign up to flood warnings and check if their local area is in danger of flood risk](#)

If you do find out that your property or business does fall within a flood risk area, it might be a good idea to create a 'flood plan' and check list of essential actions and items that you might require if faced with a flood situation.

Union dividend of £1,941 for every person in Scotland

News story

Scottish Secretary responds to the 2019-20 Government Expenditure and Revenue Scotland figures.



Commenting on the [Scottish Government GERS figures](#), Scottish Secretary Alister Jack said:

The Scottish Government's own figures show clearly how much Scotland benefits from being part of a strong United Kingdom, with the pooling and sharing of resources that brings. People in Scotland, year after year, benefit from levels of public spending substantially above the United Kingdom average, with a Union dividend of £1,941 per person in Scotland.

That has never been more important than it is right now. In the face of a global pandemic, the strength and experience of the UK Treasury is helping people in Scotland and across the rest of the United Kingdom.

The UK Government is currently supporting more than 930,000 jobs in Scotland – a third of the workforce. This is just one part of a huge package of measures to get our economy back on track, on top of an extra £6.5 billion for the Scottish Government to fund public services in Scotland. We will continue to back all parts of the UK as we recover from the economic impact of coronavirus.

Background

- The figures from the Scottish Government show Scotland's notional deficit rose from £13.1 billion in 2018-19 to £15.1 billion in 2019-20. This is more than Scotland's entire health budget for the year, which was £13.8 billion in 2019-20.
- The 'Union dividend' per person in Scotland (the combined value of higher spending and lower revenue) was £1,941 in 2019-20. This was an increase from £1,805 in 2018-19
- Public expenditure per person in Scotland in 2019-20 was £1,633 higher than the UK average.

- Revenue per person in Scotland remained below the UK average. In 2019-20, including an illustrative geographical share of North Sea revenue, revenue per person was £308 lower than the UK average. This was a substantial change from 2018-19 when revenue per head was £171 lower than the UK average.
- Total expenditure for the benefit of Scotland increased from £78,598 million in 2018-19, to £81,015 million in 2019-20.
- As a percentage of Scotland's GDP the notional deficit increased from -7.4% in 2018-19 to -8.6% in 2019-20. For comparison the UK's deficit rose from -1.9% of GDP to -2.5% over the same period. New members of the EU are required to have a deficit less than 3% of GDP. The OECD reports that in 2019 the other EU countries with the highest deficits were France (-3%), Spain (-2.8%) and Hungary (-2%).
- Non-North Sea revenue in Scotland grew by 1.7% in 2019-20, while Non-North Sea revenue growth in the UK as a whole was 1.9%.
- Income tax receipts in Scotland grew 1.5% from 2018-19 to 2019-20, the same as across the UK.
- Including a geographic share of North Sea revenue Scotland's total revenue in 2019-20 was £65,878 million, up slightly from £65,442 million in 2018-19. For 2019-20 this represented 8% of all UK revenues, slightly down from 8.1% in 2018-19.
- This change reflects the fact that Scottish North Sea revenue fell by £642 million in 2019-20, due in part to the fall in oil prices toward the end of the year.

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[Government takes action to manage surface water flood risk](#)

The government has welcomed the completion of an [independent review aimed at reducing the risk of surface water flooding](#) across England and is taking immediate action to implement some of its recommendations.

This action will build on the recent publication of the government's long-term plan for managing flood and coastal erosion risk to create a more resilient nation.

Surface water flooding generally occurs after heavy thunderstorms or rainfall when the volume of rainwater is such that it does not drain away or soak into the ground. More than 3 million properties in England are at risk of surface water flooding and, like all flooding, it can cause devastation to communities. Due to the localised nature of such heavy rain, it can also be very difficult to predict.

The review, which was led by David Jenkins, Chair of the Wessex Regional Flood and Coastal Committee, looked at responsibility for surface water and drainage assets, and has provided recommendations on how to make these arrangements more efficient, straightforward and effective.

While the review will now be considered in full by ministers, the government is immediately accepting 12 of the recommendations. This will ensure better understanding of surface water flood risk by all authorities and a more coordinated and efficient approach across England.

Rebecca Pow, Environment Minister, said:

As our climate changes and we experience more frequent short bouts of heavy rainfall in future, it's important that government, local authorities, other public bodies, private businesses and individuals can all work together effectively to tackle the threat of surface water flooding.

The government is already taking action through our Surface Water Management Action Plan and aspects of our long-term flood policy statement, but David Jenkins' review provides important recommendations on how we can make further improvements into the future.

David Jenkins, who led the review, said:

This review has highlighted a number of ways in which the risks from surface water flooding may be more effectively managed, so that homes and businesses may be better prepared and protected.

I am pleased to learn that the government is taking immediate action to address some of my recommendations, including making responsibilities clearer and ensuring a more joined up approach across the country, and that it is giving further consideration to the rest.

As the review points out, clarity as to who is responsible for constructing and maintaining drainage systems is crucial in managing surface water flood

risk. The review provides a range of recommendations to strengthen action across a range of areas to tackle surface water flood risk.

This includes recommendations which aim to improve clarity over roles and responsibilities, ensure flood investigation reports take into account the views of residents and businesses and that lessons learned are shared widely. It also recommends that better advice is made available to homes and businesses at risk of surface water flooding to help them improve their own protection and resilience.

Following on from the review the government will:

- support Local Planning Authorities' in receiving and understanding the appropriate expert advice on all sources of flood risk – including surface water – so that they can make the right decisions
- review statutory powers and responsibilities to ensure proper inspection and maintenance of privately owned flood assets
- ensure guidance is made available for local authorities investigating flooding, including better engagement with affected communities
- ensure a long-term approach to maintain our network of flood defences across the country, through a combination of investment and action by risk management authorities, government, riparian owners and wider beneficiaries
- assess whether updating the non-statutory technical standards for sustainable drainage systems could help provide for multi-functional benefit sustainable drainage systems and how the findings of research could inform future approaches to boost uptake of effective sustainable drainage systems and support the aims of the National Planning Policy Framework
- ensure guidance is made available for lead local flood authorities on maintaining a register of structures which have an effect on flood risk, helping to ensure a common and comprehensive approach to inspection and maintenance.

The actions that the government is taking build on our commitments in the Surface Water Management Action Plan which has seen £2 million invested since April 2019 to enable lead local flood authorities to update their flood risk maps – covering over 1600km², which includes just under 225,000 properties and 2.7 million people at risk of flooding.

£1.2 billion is also being invested on a state-of-the-art supercomputer to improve severe weather and climate forecasting which will help to more accurately predict storms, while changes to how funding is allocated to flood projects will enable schemes that seek to prevent surface water flooding to qualify for more funding.

The government is also taking action to tackle flooding from all sources, having last month set out its [long-term plan to tackle flooding and coastal erosion](#) with five ambitious policies and over 40 supporting actions to accelerate progress to better protect and prepare the country for future flooding and coastal erosion. The plan includes a number of commitments which will directly take forward a number of recommendations which have been

identified in this review – and builds on our commitment to invest a record £5.2 billion in the flood and coastal defence programme in England from 2021 to better protect a 336,000 properties.

- Surface water flooding happens when rain from major storms overwhelms local drainage. Surface water flooding problems can be caused by what might sometimes seem small or rather mundane issues, such as a blocked grate over a drain, as well as more major ones like inadequate drainage arrangements for a new property development. It can be about maintenance of ditches, drains or sewers, and clearing of gullies and trash screens. About 3.2 million properties in England are at risk from surface water flooding.
- David Jenkins has been Chair of the Wessex Regional Flood and Coastal Committee since 2015. He is by background a solicitor, having worked for a number of local authorities and for the local government ombudsman service. He is a former Chief Executive of Dorset County Council, and has conducted independent reviews for a number of other local authorities. David has served as Deputy Chair of NHS Dorset Clinical Commissioning Group, as President of the Dorset Association of Town and Parish Councils, and as a trustee and chair of a number of charities concerned with the arts and with education. He is a trustee of the Association of Drainage Authorities, a board member of the Somerset Rivers Authority, and a deputy lieutenant of Dorset.