



Climate-related Financial Disclosure (CRFD) Report

NHSPS 2022/23



Foreword

Our world is currently facing a number of far-reaching challenges, with climate change being one of the most significant. Evidence indicates that changes in the environment are leading to heightened and more forceful climate-related events including heatwaves, wildfires, storms, and floods.

In light of the growing recognition of the consequences of climate change, governments, businesses and investors are taking steps to transition towards a sustainable and resilient zero-carbon economy. Similarly, there is a clear need for our organisation to not only focus on reducing greenhouse gas emissions, but also to actively prepare for and adjust to the repercussions of climate change.

In 2021, NHSPS made a commitment to achieve net zero status by 2040, in alignment with the NHS's goal of net zero. To achieve this goal, we introduced our Green Plan 2022-25, designed to offer greener services by reducing the environmental impact of the NHSPS estate. Our plan also aims to establish net zero carbon emissions and promote environmental stewardship among colleagues and customers.

As a trusted partner to the NHS, it's important for the NHS to have confidence in the robustness of both our infrastructure and services, enabling them to concentrate on the delivery of excellent patient care. This report demonstrates our ongoing commitment to building resilience by integrating climate adaptation into our overall business strategy. This ensures that all NHSPS activities are centred on delivering high-quality environments to occupiers, while utilising public funds in the most efficient and cost-effective manner.

By making climate mitigation, preparedness, and climate resilience central to our agenda, we can make well-informed, timely and forward-thinking strategic choices. These decisions not only reduce risks to our estate but enable us to take full advantage to capitalise on emerging opportunities. It is through these choices that we strengthen our position as an environmentally sustainable infrastructure provider for the NHS.

Dr Shamir Ghumra

Director of Responsible Business

“ There is a renewed sense of urgency on the climate crisis; the physical, environmental and human impacts are becoming more extreme and more frequent. I am pleased that we have produced this report a year ahead of our need to do so. This gives us more time to act and make specific intervention to our estate which serves thousands of customers and patients every single day. ”

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Introduction

Climate change is having an increasing impact on our environment, via droughts, floods, storms, and temperature rises. In response, the actions required to mitigate the source of climate change and adapt to it have been implemented at national and international levels including government legislation. The Companies (Strategic Report) (Climate-related Financial Disclosure- CRFD) Regulations came into force on 6th April 2022. Companies within scope are required to include disclosures on climate change related risks and opportunities, within their annual report.

NHSPS' first mandatory report is due after 31st March 2024 for the financial year (FY) commencing 1st April 2023. In preparation for 2024 mandatory reporting, NHSPS completed the first run of the report for internal circulation to establish the process and procedures required as well as determine the quality assurance necessary.

NHSPS has taken an active approach in addressing climate and environmental challenges, recognising the need to move to a net zero economy as well as building climate resilience. **We are committed to ensuring our strategies and policies support both the national as well as the global requirement to act on the climate crisis.**

Since 2021, we have aligned our emissions targets with the NHS target of being net zero carbon by 2040. This is fully documented in our Green Plan published in 2021.

This report provides a summary of our (FY) 2022 Climate-related Financial Disclosures (CRFD) in line with the Companies (Strategic Report) Climate-related Financial Disclosure Regulations 2022. The report covers four thematic areas – Governance, Strategy, Risk Management, and Metrics and Targets, as per the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations.

In (FY)22, NHSPS identified climate-related risks and opportunities that might arise over the next 80 years across three climate scenarios. The scenarios used were as per the IPCC's sixth assessment report:

- **SSP5-8.5** (Business as usual) where emissions continue to rise throughout the 21st century unabated.
- **SSP2-4.5** (Emissions peak in 2040) where emissions do not increase beyond 2040.
- **SSP1-2.6** (Paris-aligned scenario) where emissions are compatible with the objectives of the Paris agreement.

Our focus in (FY) 23 will then be to leverage this work and add resilience to our organisation.

About us

Who we are

We are part of the NHS family with 6,000 professionals supporting over 2,700+ healthcare properties across England. Our purpose is to enable excellent patient care by being the best property and facilities provider to the NHS.

Our services include estate strategy and optimisation, property management, facilities management, property development and construction project management. We help support millions of patients and NHS colleagues in collaboration with our 7,000 customers who range from Integrated Care Systems, health providers, charities and more.

Our culture and values seek to place our NHS colleagues and their patients, at the heart of everything we do.



Formed in
2013



6,000
colleagues



2,700+
properties



c. 7,000
occupiers



6,000,000
patients daily



24/7
support





Governance

At NHSPS, we recognise that the key to successfully embed climate-related financial planning is by having a leadership team with clear and specific responsibility over climate-related risks and opportunities. There is a clear governance structure in place, providing oversight, challenge, and accountability for the delivery of the Climate Adaptation strategy.

The Climate Adaptation process is overseen by the Director of Responsible Business, with the Head of Energy & Environment as his direct report. The Senior Environment Lead, who reports to the Head of Energy and Environment, is responsible for developing the climate adaptation strategy and CRFD reporting. To help drive the agenda, meet reporting requirements, and develop the organisation's Climate Adaptation Plan, a Climate Risk & Adaptation Manager was recruited. In addition, we have developed strategies and policies to promote cross-organisational action to reduce emissions and adapt to climate change through a Climate Adaptation working group.



Progress/Plan



In future, we will start to disclose how climate-related issues are considered when developing our organisation's strategy, policies, budgets, and performance.

Strategy

Transition Risk Assessment

We undertook scenario analysis to identify the main transition risks and opportunities impacting our organisation. The two risks that have the highest likelihood and material impact to our business are; increased costs of compliance due to increased energy efficiency and EPC standards; and the increase in demand for low carbon heating. Both of which are areas we are already acting on.

There is an opportunity for the organisation to maximise government funding as well as consider possible generation of renewable energy on suitable sites within our estate.

Progress/Plan



Future cycles of disclosures will include our progress in understanding the financial impact of climate related changes to our operational costs and revenue, as well as capital allocation expenditures under different scenarios.



Physical Risks of Climate Change

A physical risk assessment was conducted using 3rd party climate intelligence software. The key findings under the business-as-usual (BAU) emissions scenario of the assessment, i.e., worst-case scenario, indicated flood risk as our most significant risk until the middle of the century. As such, actions to adapt to flooding will be a priority for NHSPS in the short and medium term. Beyond 2050, by far the greatest risk faced by NHSPS properties is heat stress. In 2080, 86% of our estate face a high risk or greater from heat. **Due to the future scale and severity of this risk, NHSPS will look to adapt properties to heat stress as of the short term and continue throughout the century.**

Other hazards assessed are precipitation, wind and wildfire. No property in the portfolio under any of the three scenarios faces a greater than moderate risk from these hazards between now and 2100.

Progress/Plan



To further develop our understanding of physical risks, NHSPS will continue to evaluate and monitor the level of risks across our portfolio, as well as develop a more detailed property focused approach. We will explore means of undertaking property-level climate risk assessments, particularly for those properties identified as high risk from flooding.



In addition, we will continue to develop our Adaptation Management Plan, build capacity in climate-related reporting and increase the awareness of climate adaptation across all relevant functional areas.

Materiality and Financial Impact Assessment

As an organisation, we recognise that we are still at the beginning of our monitoring and disclosure journey. Our first mandatory report is due in 2024. As such we have spent our trial year trying to get an understanding of our risk exposure, information that is key to undertaking Materiality and Financial Impact Assessments.

Progress/Plan



We will include robust financial materiality assessments in future disclosures, quantifying the materiality thresholds and potential financial impacts of transition and physical risks and opportunities.



Risk Management

NHSPS has robust processes and procedures for risk management, in which climate-related risks and opportunities are identified, assessed, and logged. Our Risk Management Framework provides continuous and reliable assurance on organisational stewardship.

We are improving the resolution of detail within our climate risk assessment at asset, regional and portfolio level and across our service provisions. **Our goal is to enable key decision makers to be able to integrate these into both strategic and day-to-day decision making.**

Progress/Plan



We will continue to integrate the assessment of climate risks into the overall risk management processes, so that climate risks are treated as would any other risks that can potentially disrupt our business model.



Metrics and Targets

As an organisation, we have well established metrics and targets related to emissions and transition risks. We record gas and electricity usage at our properties as well as calculate the associated Scope 1 emissions (gas use) and Scope 2 (purchased electricity) emissions. Our first carbon budget was established in 2017 and since then, we have made an overall 46% carbon reduction. In (FY) 22, we had a 5% carbon footprint reduction target. We exceeded this and achieved an 18% reduction from our (FY) 21 performance.



Figure 1 below is a summary of our past 3 year's performance metrics for total energy use, carbon dioxide emissions and intensity ratio based on our 2017/18 baseline data.

Annual stats	Intensity Ratio (tCO ₂ e/m ²)	2020/21	2021/22	2022/23	% Variance since baseline 17/18
Energy use (kWh)	603,957,213	513,233,315	485,734,874	443,075,370	-27%
Associated Carbon Dioxide emissions (tCO ₂ e)	156,351	109,708	103,535	84,664	-27%
Intensity Ratio (tCO ₂ e/m ²)	57.46	47.98	46.99	39.72	-31%

Figure 1

Note*: Reductions in the carbon footprint is a combination of energy efficiency, site disposals and the electricity grid decarbonising. For 22/23, the 18% reduction was made up of 8% energy efficiency, 4% site disposal and 6% from grid decarbonisation.

Progress/Plan



Longer term, we will make further progress around establishing metrics and targets for energy production and Scope 3 emissions.



For metrics and targets around physical risks, adaptive capacity, and financial management, we will include quantifying aspects of operations and assets, such as:

- Establish a programme for tracking climate risks and opportunities through metrics and targets.
- Develop transition risks associated with carbon intensity and or the monitoring of EPC ratings across NHSPS estate.
- Develop a target for flood risk management and any other hazards that pose a material risk to the organisation.



Conclusion

The past three years have seen climate change elevated in importance within NHSPS. The implementation of a climate adaptation management plan is now one of the key deliverables for the Energy and Environment team as highlighted in our Green Plan. The initiative is part of our wider Delivering a Greener NHS Programme, and a dedicated project manager has been assigned to the environment focus area in which the initiative sits.

The climate-related risk assessment, undertaken in 2022/23 using cutting edge climate science technology, will be used as our basis for strengthening our long-term planning and risk mitigation prioritisation. The risk assessment has not only highlighted areas NHSPS are already delivering under the four pillars of the TCFD recommendations, but also areas of consideration and improvement.

Therefore, establishing a strong foundation for NHSPS to continue to develop and integrate climate-related risks and opportunities into our operations and management processes.

