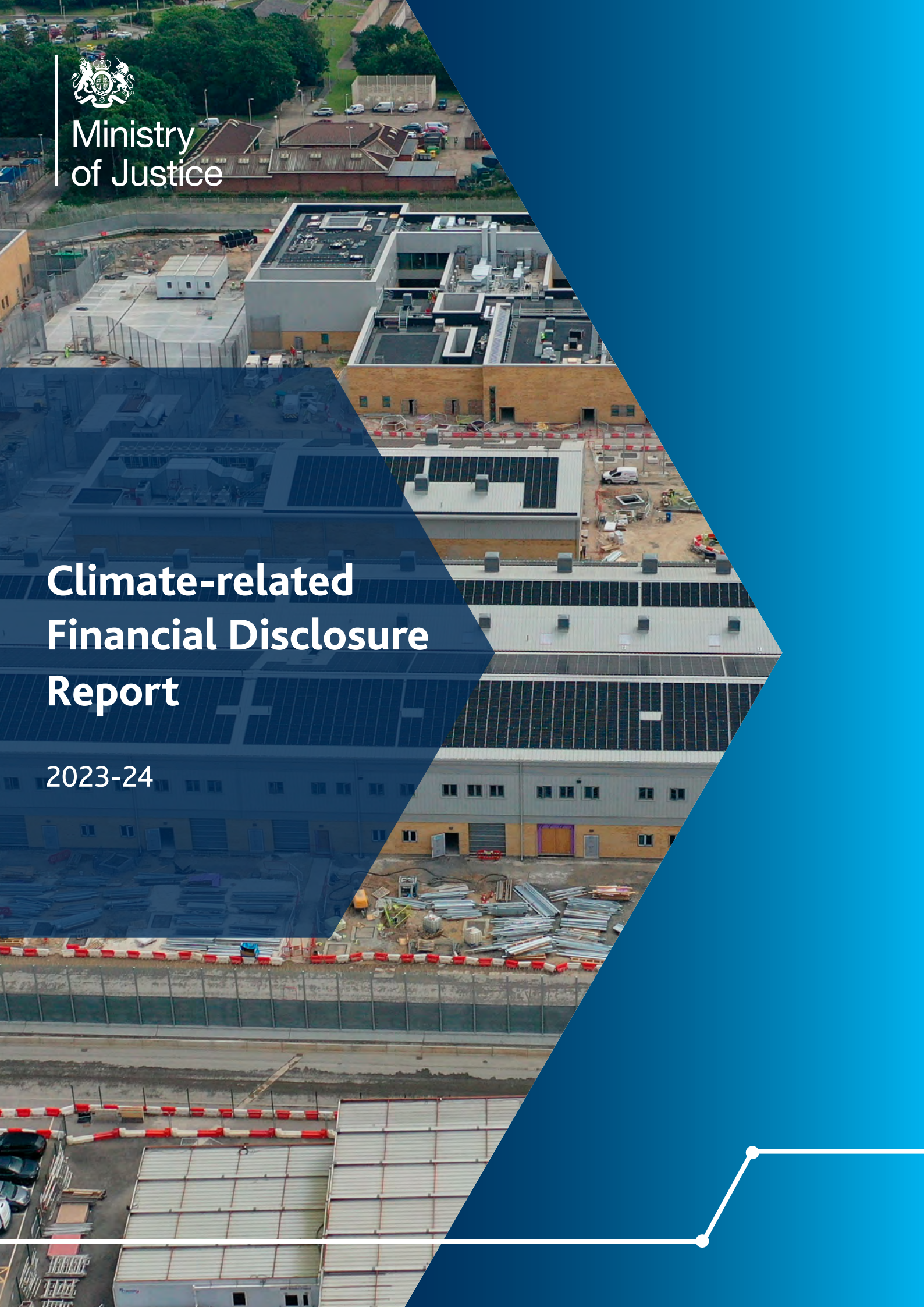




Ministry
of Justice

Climate-related Financial Disclosure Report

2023-24



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Front page image: HMP Millsike construction, due for completion early 2025. The prison will run solely on electricity, making it the first of its kind in the UK. The build will use solar panels, heat pump technology and more efficient lighting systems to run the prison, meaning that it will use approximately a quarter of the energy used to heat traditional Victorian prisons.

TCFD compliance statement

This is the first climate-related financial disclosure by the Ministry of Justice (MoJ). It is consistent with HM Treasury's UK public sector **Task Force on Climate-related Financial Disclosures (TCFD) guidance** and timetable. It also complies with TCFD recommended disclosures on:

- governance – (a) board oversight and (b) management's role
- metrics and targets – (b) emissions reporting

In addition, the report makes voluntary disclosures, ahead of the central government timetable, on:

- strategy – (a) horizons, (b) strategy and (c) resilience
- risk – (a) identification and assessment, (b) management and (c) integration
- metrics and targets – (a) metrics and (c) targets

Where financial and non-financial emissions data is required as part of the **Government Financial Reporting Manual (FReM)**, the data is reported in the annual report and accounts, with a high-level summary of performance reported here under the 'Metrics and targets' heading.

This disclosure is reporting at group level for the MoJ and our 35 agencies and public bodies. The full **list of agencies and public bodies** can be found on GOV.UK

Governance

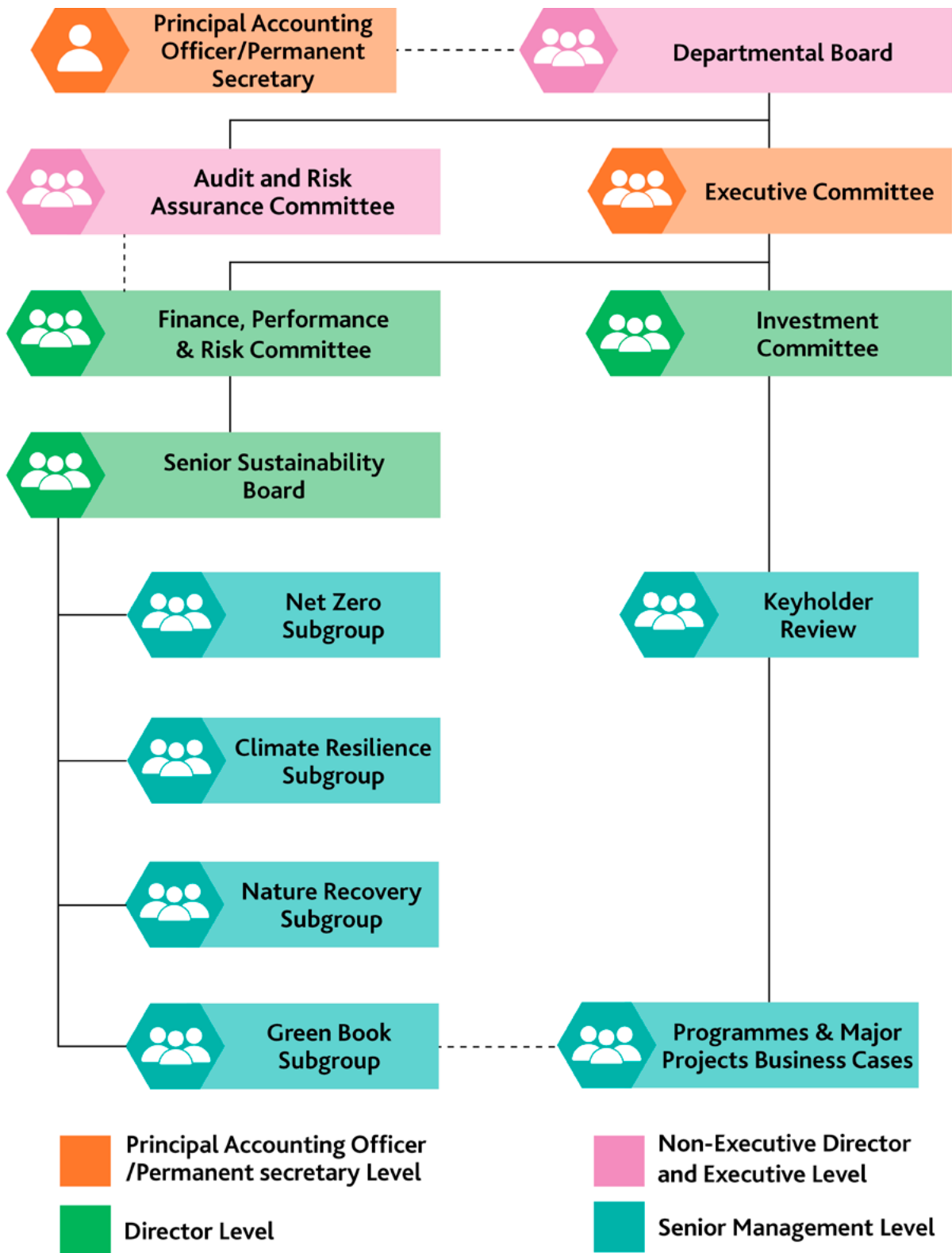
Moj appointed a ministerial champion for climate change and sustainability matters, as well as a lead Non-Executive Director champion. Both individuals attend the Moj Departmental Board. Moj has also appointed an Executive Committee champion and a Chief Sustainability Officer.

Board oversight of climate issues

The **Departmental Board** is chaired by the Lord Chancellor and includes the ministerial team, the Executive Committee and Non-Executive Directors. The board is responsible for setting strategic direction and reviewing delivery, including climate change and sustainability objectives.

Our **Audit and Risk Assurance Committee** (ARAC) supports the board and Principal Accounting Officer by reviewing the completeness and reliability of assurances over governance, risk, internal control frameworks and departmental financial statements.

Climate change and sustainability risks were escalated to a principal risk in 2022. ARAC has since received quarterly updates on Moj's climate and sustainability transition risks, trends and control effectiveness.



MoJ climate and sustainability governance and management framework

Management's role

The MoJ **Executive Committee** (ExCo) is the executive leadership team for the department and is comprised of senior officials, including the executive climate champion. ExCo monitors the department's performance and manages delivery of MoJ outcomes, which includes a climate-related objective. ExCo also examines principal risks, one of which is climate change and sustainability transition.

The **Finance, Performance and Risk Committee** (FPRC) supports ExCo and scrutinises delivery, informs management of the department's principal risks and monitors compliance with requirements. FPRC receives quarterly reviews of performance against targets.

The **Senior Sustainability Board** (SSB) meets quarterly. It oversees climate strategy and scrutinises delivery against the Greening Government Commitments (GGCs). SSB is supported by cross-departmental subgroups including net zero transition, climate resilience, nature recovery and environmental appraisal of programmes and major projects.

The **Investment Committee** (InvestCo) has delegated powers to make financial decisions on ExCo's behalf, with oversight of the MoJ project portfolio, from inception to implementation. The **Project Delivery** function supports this committee by managing the MoJ assurance review process for programme and major project business cases. All business cases with expenditure above £10 million are screened for their climate change impacts.

Climate change activity across MoJ and HM Prisons and Probation Service (HMPPS) is co-ordinated by the **Climate Change and Sustainability Unit**.

Strategy

We recognise that climate change is already impacting our business. Without effective risk management and the right climate mitigation and adaptation strategies and actions, the risks and impacts will only grow as climate change accelerates.

Our prison, probation and court operations and estate are the second largest within government. They are highly specialised, challenging to decarbonise and susceptible to the impacts of the changing climate. Our ability to transition to a net zero, sustainable organisation, that is resilient to the impacts of the changing climate requires departmental-wide focus, with significant financial and technological investment required over the next 25 years. Failing to transform in line with the changing climate, governmental policy and greening government targets is a principal risk to MoJ's operational resilience.

MoJ's 2023-24 priorities included a commitment to tackle climate change focusing on both reducing our carbon emissions as well as building our adaptive capacity. In parallel, MoJ has developed a vision to articulate how our justice and climate and sustainability objectives align.

Our greener justice vision

1 Use sustainability as an enabler of justice outcomes

We will use sustainability activity to promote justice outcomes and support delivery of government's climate and environmental objectives.



2 Lead the way in greening government

We will tackle climate change, promote resource efficiency, and protect and enhance nature.



3 Embed sustainability in everything we do

We will inspire action, build awareness, increase capability, and develop the tools to support decision making.



This vision has informed the development of a revised **Climate Change and Sustainability Strategy** which prioritises tackling climate change. This strategy promotes embedding environmental sustainability in corporate processes such as investment, project delivery, risk management, procurement, and data and analysis. By embedding environmental considerations in our corporate processes and particularly in our appraisal and decision-making processes, we are developing a greater, more in-depth understanding of our risks, opportunities, constraints, and liabilities.

Net zero transition

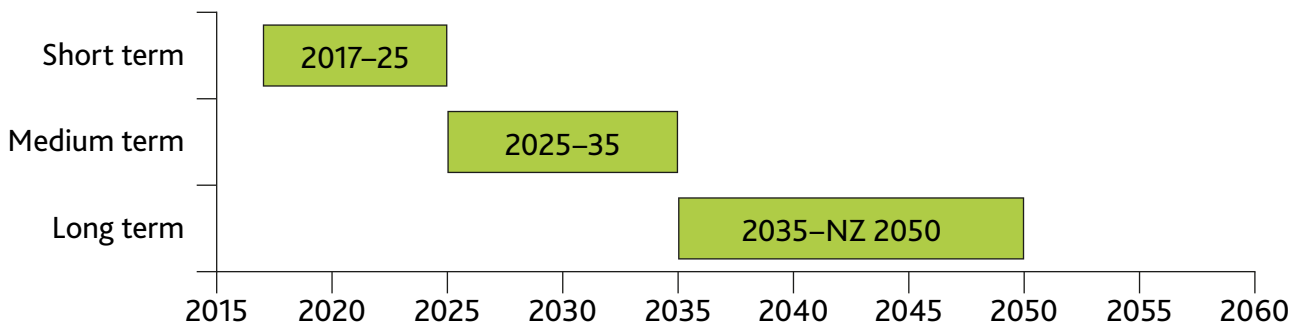
Our refreshed **Net Zero Carbon Strategy** prioritises the reduction of Scope 1 and 2 emissions in line with current GGC reporting requirements, and is consistent with the commitment for the UK to be net zero by 2050. The strategy prioritises:

- reducing emissions in-line with government pathway requirements over the short (41% by 2025), medium (78% by 2035) and long term (net zero 2050)
- reducing our energy use, improving efficiency, increasing renewable generation, improving energy security, phasing out fossil fuel heating replacement and fleet electrification
- improving our understanding of Scope 3 emissions and developing a deliverable plan in the future to reduce our overall impact



Prison Photovoltaic Array

Climate Mitigation: MoJ Net Zero 2050 Transition



Our short-, medium- and long-term time horizons for mitigating climate change are shown above. We would expect the time horizons to evolve once the new GGCs are agreed beyond 2025. Risks and opportunities going beyond 2050 will also need to be analysed and considered in future reports.

The table below set out the main risks for net zero transition:

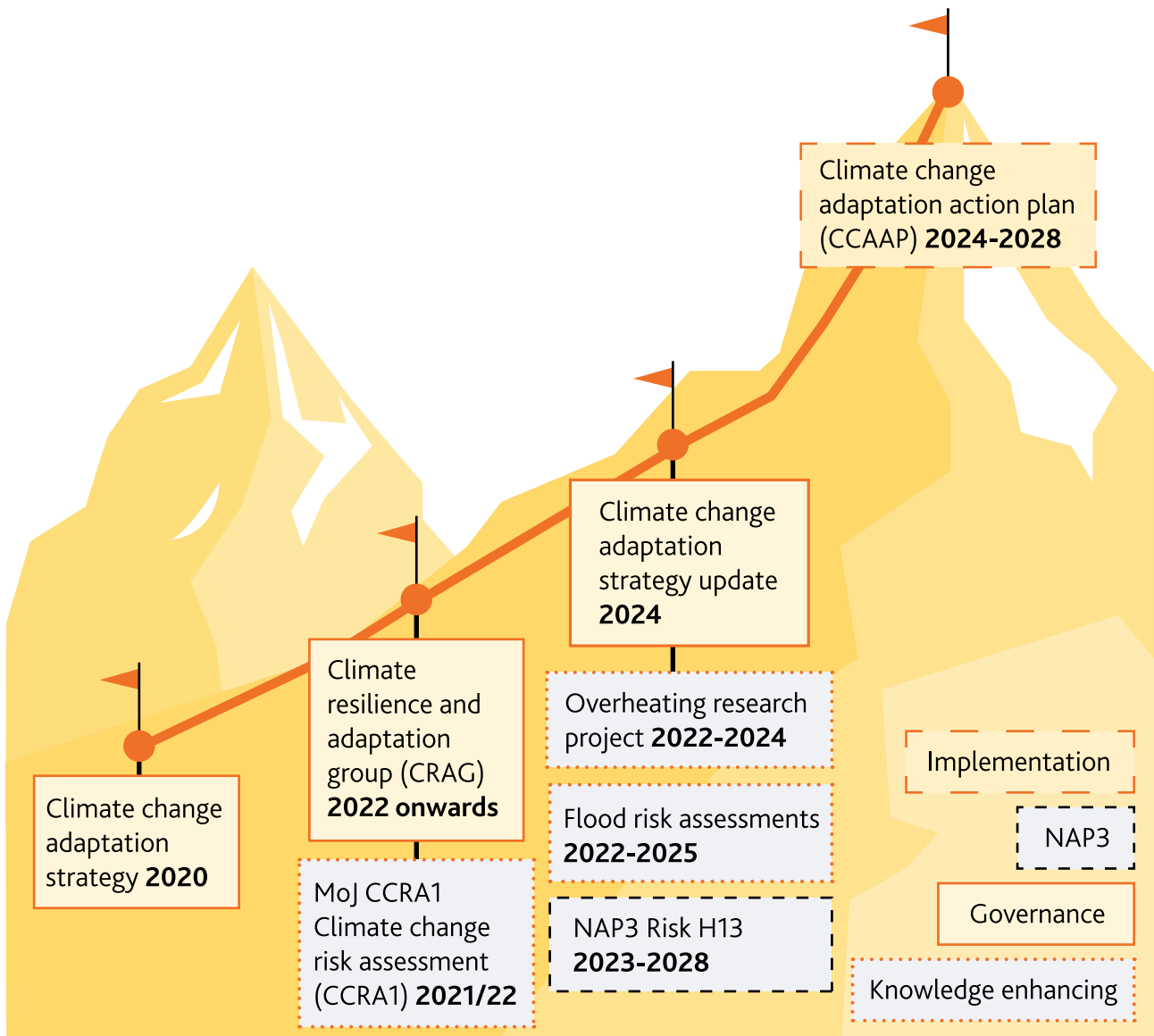
Principal risks		Risks	Horizon	Mitigation response
Transition risks	Policy and compliance	Non-compliance with new policies and legislation.	Short to long	Net zero delivery plan. Horizon scanning and costing new compliance obligations.
	Financing: funding and costs	Insufficient investment, lock-in to outdated technology and less resilient supply chain. Annual financial cycles constrain multiyear delivery and financial payback periods.	Short to long	Seek to secure longer-term funding and explore bids for external funding. Investment decisions informed by environmental costs and benefits. Identification of wider co-benefits e.g. energy security, resilience.
	Governance and leadership	Ineffective strategy and plans to deliver net zero transition. Lack of accountability on climate mitigation.	Long	Strategic direction set out in climate related strategies on GOV.UK Improved governance structure.
	Delivery	Energy use increases with prison expansion programme. Grid decarbonisation fails to deliver Scope 2 savings.	Medium	Net zero-ready new prison programme. Increase on-site renewable generation.
	Technology	Financial and operational constraints limit use of new technology. Reliance on fossil fuel technology increases energy insecurity.	Short to long	Piloting technologies and approaches e.g. proof of concept for heat pumps and heat networks for prisons and courts.

The table below sets out potential opportunities, some of which we are starting to explore. We will look to quantify and prioritise these opportunities further in future reports, including assessing likelihood and impact:

Opportunity			Horizon	Example
Strategic opportunities	Protect the public	Estate modernisation improves conditions for staff, prisoners and visitors.	Medium	Electric by design new prisons, which are net zero-ready and use 70% less energy. Use of the Building Research Establishment's Environmental Assessment Method (BREEAM) across prison expansion programme to drive whole-life cost savings.
	Reduce reoffending	Prisoners learn green skills, which improves employment prospects upon release.	Medium	Embed green skills in education and employment initiatives.
	Access to justice	Develop a more efficient estate and ensure operations are resilient to climate change, improving productivity and reducing closures.	Short	Court reform programme deploys digital, user-friendly, accessible and efficient services. Climate adaptation of court and tribunal service buildings.
Operational opportunities	Operational resilience	Improve energy security through energy efficiency and on-site renewable energy generation.	Short to medium	Implement energy efficiency measures and assets to generate low-carbon and renewable power and explore energy storage use.
	Efficiencies / cost savings	Better use of Building Management Systems (BMS) and new technologies. Install renewable energy to reduce operational costs.	Long	Install and maintain BMS. Digital twin modelling to optimise running of building services.

Climate change adaptation

Ministry of Justice's climate change adaptation journey



Moj's adaptation vision, set out in our **Climate Change Adaptation Strategy**, is for places and systems to be adaptive to the rapid, acute, chronic and cascading risks of climate change, enabling delivery of a world-class justice system that works for everyone. Priorities include:

- **smarter adaptation** – developing our understanding of how to adapt estate and operations and ensure climate resilience is embedded across MoJ
- **more systematic adaptation** – integrating principles of good adaptation to strengthen resilience and adaptive capacity to climate-related hazards and natural disasters
- **faster adaptation** – developing a robust, flexible, and responsive adaptation plan for the justice system, enabling faster and more efficient implementation across MoJ

Overheating and flooding were indicated as the main climate-related risks to prisons within the government's third national Climate Change Risk Assessment (CCRA3). MoJ's 2021 Climate Change Risk Assessment (CCRA) focused on the risks of overheating and flooding over the short to medium (2020 to 2040) and medium to long term (2040 to 2060) across the MoJ estate. These timeframes were chosen as they were deemed to be most relevant to the useful life of the organisation's assets and acknowledges increasing levels of uncertainty using longer time frames.

UK Climate Projections 2018 (UKCP18) data was used as the most up-to-date climate projections for the UK and two climate scenarios, aligned to 2°C and 4°C warming pathways, were applied.

The tables below set out the main risks and opportunities for climate adaptation.

Principal risks		Risks	Horizon	Mitigation response
Physical risks	Operational resilience	Flooding and overheating of prisons, which impacts operations. Overheating of courts triggers closures during heatwaves.	Short to long	BREEAM Excellent standard for new buildings and major expansions, with mandated climate credits. Research to fill information gaps. Flood risk assessment and plans. Heatwave guidance.



Carlisle Magistrates' Court flooding

Principal risks		Risks	Horizon	Mitigation response
Transition risks	Policy and compliance	National Adaptation Programme (NAP) delivery.	Short	Refreshed Adaptation Strategy. Climate Adaptation Plan.
	Financing: funding and costs	Securing adaptation funding.	Medium	Partnerships and external funding. Cost benefit analysis tools. Screening projects for climate change impacts.
	Governance and leadership	Limited understanding of climate adaptation issues. Changes in leadership.	Long	Engagement on climate risks. Ensure structures are sufficient to maintain priority on climate adaptation.
	Delivery	Limited capacity and focus on delivering adaptations.	Short	Build internal capacity and expertise.
	Technology	New technologies are often difficult to deploy in prisons.	Long	Pilot technologies, e.g. digital twin technology to improve efficiency.

Opportunity			Horizon	Example
Strategic opportunities	Protect the public	Climate-readiness built into maintenance programme. Access to green space reduces violence and improves wellbeing of prisoners and staff.	Long	Application of BREEAM to prison expansion programme ensures adaptation is factored in. Building adaptive measures into maintenance contracts.
	Reduce reoffending	Offenders involved in adaptation interventions e.g. tree planting.	Short	Explore opportunities for Community Payback. Align green skills and employment initiatives in prisons.
	Access to justice	Climate resilience reduces disruption to court sittings.	Short	Flood plans and heatwave guidance. Procedures to manage overheating in vehicles and court custody suites.

Impact on business, strategy and financial planning

Impacts on business

Climate-related risks and opportunities will impact the way our organisations operate. Physical assets will need to be made more resilient to climate change, which will require:

- updating standards and practises on how buildings operate, including training and upskilling programmes, to ensure staff can operate and maintain new or upgraded assets
- greater reliance on electricity, impacting energy security and backup systems
- business continuity plans to be revised and tested with greater reliance on backup systems for long term outages from flooding, storm damage etc.
- behavioural change by suppliers, staff and prisoners to manage weather events, such as by signing up to warning systems
- vulnerable supply chains to be assessed for greater resilience (e.g. coal and oil suppliers, outdated equipment suppliers and maintainers)
- land management, food supply chain and other potentially vulnerable sectors to be assessed for climate impact, such as prison food to account for scarcity of certain foodstuffs
- investment decision making will also need to factor in the short to long term climate-related impacts

Impacts on strategy

The justice system will be impacted by climate change and MoJ will need to consider this when developing new strategies and reviewing existing strategies. For example:

- impacts on capacity strategy and modernisation of the estate beyond current, short term requirements. This includes being able to manage short to longer term capacity disruption, such as from a flood, as well as more strategic asset management where sites are at high risk of flooding due to proximity to the coast or rivers
- increased reliance on the national grid as heating and transport is increasingly electrified
- impacts on operations from a change to building systems management, such as heating source, ventilation requirements and overheating procedures
- embedding green skills into education and employment initiatives for prisoners to support adaptation interventions as well as contribution to wider green skills for the UK economy
- supporting cross-government initiatives, such as using Community Payback to deliver environmental improvements
- ensuring strategies relating to health and decency incorporate climate impacts with a particular focus on vulnerable groups

Impacts on financial planning

The adaptation of our estate is a complex and challenging change programme which impacts many aspects of the department. While the financial investment required to mitigate and adapt to climate change is significant, the cost of inaction is expected to be far higher. Financial planning will need to consider:

- our liabilities to climate-related risks
- whether structural changes to funding cycles could facilitate investment in climate change mitigation and adaptation
- the extent to which more innovative funding streams can be accessed
- the higher our energy consumption, the more exposed MoJ is to volatile utility markets which directly impact on MoJ's financial performance
- any future requirements to fund insetting/offsetting programmes to match the residual carbon emissions creates a new financial exposure
- our increased exposure to risk and the associated cost of emergency rectification works (e.g. dealing with a flooding event)
- ensuring compliance with Green Book Guidance 'Accounting for the Effects of Climate Change' for all major projects to avoid 'lock in' and maladaptation



Offender tree planting

Resilience of strategy under different climate scenarios

The department's strategy is likely to be most resilient in a low emission pathway with an orderly transition to net zero. This would enable investment in decarbonisation in a planned and structured way over different time horizons. A well-planned transition, involving deployment of new technologies, phasing out of fossil fuels and electrification, will support the resilience of MoJ.

With higher global emissions and temperature pathways, more urgent and dramatic action will be required, necessitating greater change in the organisation's business strategy and financial planning. Supply chain risks are also likely to be greater with higher temperature pathways and a disorderly transition as markets struggle to respond to unpredictable events.

Business continuity plans are in place to deal with the immediate impacts of climate-related incidents. However, these plans do not focus on medium and longer-term interventions that could reduce the likelihood or scale of climate-related events, or account for concurrent or cascading risks, particularly under a 4°C global warming scenario. Further work is needed, using a systems approach, to build understanding and inform future strategy development under different warming scenarios. Our initial assessment is that our strategy is more resilient under a 2°C warming scenario compared to a 4°C warming scenario, which is likely to have greater impact on operational resilience.

As global temperatures rise, causing the frequency and severity of climatic hazards to increase, there will be greater pressure for climate mitigation and for organisations to decarbonise. Given the higher cost of interventions across our estate and operations, e.g. due to security requirements, there is a risk that investment is deferred and backloaded towards 2050, which carries additional challenges associated with delivery over a shorter time period.

Risk management

Over recent years we have broadened and systemised our climate and sustainability risk management, elevating climate change and sustainability transition to an MoJ principal risk in 2022.

Risk identification and assessment

Tackling climate change is embedded within our MoJ climate change and sustainability principal risk. Following a deep dive review and report to MoJ ARAC in 2023, the climate and sustainability risk was defined further, aligned to the National Audit Office's **Climate Change Risk Good Practice Guide**. Our climate change and sustainability principal risk is continually assessed through quarterly review, with an additional risk control effectiveness review annually.

The physical risks from climate change have been identified via an MoJ CCRA, conducted in 2022-23, and will be reviewed every five years in alignment with the UK CCRA cycle. Our understanding of physical risks has been further improved through research into overheating of asset archetypes and site-specific flood risk assessments.

Risk management

Risk management is an integral part of MoJ planning and decision making. The MoJ Risk Management Framework sets out the principles, concepts and accountabilities for effective risk management across the department and is aligned to the **Orange Book – Management of Risk, Principles and Concepts 2023** and **Managing Public Money**.

We manage our climate risks with a variety of processes and tools including: maintaining risk definitions, causes and consequences; maintaining a risk appetite statement, deploying a risk control framework (aligned to the Orange Book Risk Control Framework four pillars and three line defence model); conducting annual control effectiveness reviews; maintaining a risk register; deploying risk reduction pathways; and producing regular risk reports for management and committee review.

Overall integration

Our climate change and sustainability principal risk is fully integrated into MoJ risk management. We have already started and will continue to embed climate risk into our governance, with regular risk reporting and frequent deep dive reviews. Climate risk will also be embedded in the risk management of our functions (property), executive agency level (e.g. HMCTS) and project delivery (e.g. prison expansion programme), ensuring climate risk identification and management is cascaded through the organisation.

This means that our operational resilience and business continuity workstreams will incorporate climate risks and mitigations. Our economic appraisal will consider climate resilience by aligning with Green Book guidance. Additionally, our senior managers will gain a greater awareness of the specific risks for the organisation and their respective areas.

Metrics and targets

Moj uses several metrics to measure our impacts and understand our vulnerability to climate change. Most of our current metrics are well-established, such as energy consumption and greenhouse gas emissions, and align with **Sustainability Reporting Guidance** and **FReM**.

A small number of qualitative metrics have been agreed for internal reporting, such as number of assets at high/very high flood and overheating risk and percentage of prisons at high flood risk with a flood plan in place.

Moj climate targets are set by the **GGCs**. These commitments require Moj to:

- reduce total carbon emissions by 41% by 2025, from a 2017-18 baseline
- reduce direct (heat) emissions by 23% by 2025, from a 2017-18 baseline

Moj also has more qualitative climate-related targets to:

- conduct a CCRA across our estate and operations to better understand risk and to target areas that need greater resilience
- develop an adaptation plan, including existing or planned actions in response to the risks
- establish clear lines of accountability for climate adaptation in estates and operations and engage in wider governance and risk structures when appropriate
- develop the Moj's Climate Change Adaptation Plan and implement the NAP H13b 'risk to prison services' pathway from 2023 to 2027



Prison LED Lighting

Progress so far

Since the baseline year of 2017 to 2018, MoJ has reduced its emissions, but progress has been constrained by a lack of investment in structured decarbonisation and prison expansion. The full GGC performance data is set out in the MoJ annual report and accounts, with progress since our baseline year (2017 to 2018) summarised below:



28%

reduction in total carbon



89%

new prisons operational emissions target reduction



72

decarbonisation surveys conducted



84

BMS installed / upgraded



10%

reduction in direct carbon



1,000

boiler optimisers installed



6

district heating connections



56%

smart gas meter coverage



20,000

LEDs installed



80%

smart electric meter coverage



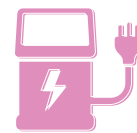
4,700

kW of installed solar PV



67%

proportion of fleet that's EV/ULEV



650

EV chargers installed



82%

reduction in domestic flight emissions



67

flood risk assessments conducted



8

overheating studies conducted



9

prison tree nurseries growing trees



200,000

trees sown to sequester carbon

Next steps

MoJ has significantly improved its understanding and awareness of climate-related risk in the last year. We will need to continue to raise awareness of our risk through our governance processes and to develop and agree relevant metrics to measure impacts and progress towards targets.

The table below sets out our priority actions across the four TCFD pillars from 2024-2025:

TCFD pillar	From 2024 to 2025:
Governance	MoJ will increase the frequency of reporting (biannual) on climate-related matters to our ARAC. HMPPS will conduct a deep dive climate and sustainability risk review and report findings to HMPPS risk committees.
Strategy	MoJ will improve understanding of direct and indirect climate-related risks and their financial liabilities. MoJ will develop stronger scenario modelling for climate mitigation and adaptation.
Risk management	MoJ will continue to integrate assessment of climate risks into overall risk management process. We will implement board oversight of climate-related risks.
Metrics and targets	We will initiate the development of financial and adaptation exposure metrics that will enable MoJ to show risk reduction over time. MoJ will develop a baseline and establish metrics and targets to reduce Scope 3 emissions.

Follow our sustainable transition

www.gov.uk/guidance/ministry-of-justice-climate-change-and-sustainability



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