



**PENSIONS FOR PURPOSE**  
Place-Based Impact Investing Forum

THE  
GOOD  
ECONOMY



**BLOG: Place-Based Impact Investing Forum: *all-stakeholder event***

**July 2022**

*Pensions for Purpose's quarterly all-stakeholder event for the Place-Based Impact Investing Forum*

## How can institutional capital be directed to support communities in the UK and what needs to change?

### ***Panel discussion with:***

***Shadi Brazell – Impact Investing Institute***

***Debbie Fielder – Clwyd Pension Fund***

***Danny Meehan – Cushon***

***Tom Sumpster – Phoenix Asset Management***



### **PBII all-stakeholder events**

The PBII Forum runs quarterly events which are open to all members and this session included a wide range of participants including pension fund trustees, executives, asset managers, legal, actuarial and investment advisers.

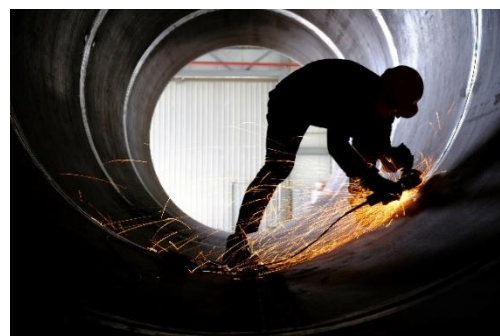
For this event, we were delighted to welcome our new partner in the Place Based Impact Investing Forum – the Impact Investing Institute.

Charlotte O'Leary, CEO of Pensions for Purpose, hosted a panel discussion including representatives from the Impact Investing Institute and various asset owners including Local Government Pension Schemes (Clwyd), a DC MasterTrust (Cushon) and Phoenix Asset Management representing the asset manager and insurer perspective. The panel discussion focused on how different asset owners can invest to achieve a local economic, environmental and social impact in the UK and what support may be needed.

The presentation was followed by breakout sessions to discuss individual challenges and solutions. This was followed by a final Q&A session facilitated by our forum sponsors Triple Point and Legal & General.

### **Actioning the discussion**

The outcomes of the discussion and the wider work of the PBII Forum are being used to shape the work of the PBII Innovation Programme led by The Good Economy. The rest of this note summarises key points from the discussion and feeds directly into the ongoing work of the PBII Innovation Programme.



With thanks to our sponsors





BLOG: Place-Based Impact Investing Forum: *all-stakeholder event*

## Panel discussion

### The Impact Investing Institute perspective – Shadi Brazell



Charlotte welcomed Shadi and thanked the Impact Investing Institute for their support in the PBII Forum. Shadi started by explaining that the mission of the Impact Investing Institute is to ***change capital markets so they are fairer and work better for people and planet.*** She works across the financial system with, for example, endowment funds, pensions and other institutions.

With regard to place-based investing, the aim is to reframe the relationship that mainstream finance has with places and to encourage investments which combine appropriate risk-adjusted return with positive local social and environmental impact. To support this, the Institute has published work on the types of vehicle that exist, or could exist, and has undertaken specific projects: for example, with Lloyds Banking Group and Wakefield Council.

### The DC MasterTrust perspective – Danny Meehan



Danny is Proposition Director at Cushon, the large DC MasterTrust. Cushon are a technology-based platform who aim for good member engagement. For example, they were early into net zero (offering funds which are already net zero).

The key challenge they face is the cost-sensitivity of the commercial environment. Price dominates, and restricts innovation and scope for change. Notwithstanding this, place-based investing is a great way to improve member engagement as it brings pensions into the 'here and now' rather than looking at somewhat meaningless financial projections up to 40 years into the future. Other challenges are around balancing the need for return with impact and the diverse range of views on the Board.

Other areas for development include the consultation around the inclusion of illiquids in DC arrangements and the charge cap. Danny noted that the Canadian and Australian DC funds seem to have good access to UK based infrastructure assets which currently UK DC funds cannot replicate.

### The LGPS perspective – Debbie Fielder



Debbie represents a £2.4bn local government pension scheme which is part of the Welsh Pensions Partnership. For her, place-based investing is not new. The pension scheme first started to look at this in 2008 and, although it said "no" at the time, that was the start of a process during which attitudes and opportunities have changed.

The scheme now has over 20 mandates representing impact or place of which around half might be categorised as place-based (impact is not always place and place is not always impact). Debbie explained that there is no quick fix or speedy way of deploying capital. As an example, it has taken two years to appoint a manager to a direct clean energy project in Wales. Other challenges are around scale – there may not be sufficient opportunity in the immediate locality or, conversely, projects may be of the wrong scale for a particular investor (either too big or too small).

With thanks to our sponsors



**BLOG: Place-Based Impact Investing Forum: *all-stakeholder event***

**The investment manager perspective - Tom Sumpster**



Tom is Head of Private Markets at Phoenix. He outlined the challenges and support needed to both those needing capital and the asset owners who supply capital. The scope is much bigger than before and can include backing for affordable housing, infrastructure, energy, digital and employment. This range of asset classes makes place-based investment attractive to more investors. In addition, the types of investment can be very broad, attracting a wide range of asset owners with different risk appetites, e.g. ranging from real estate, debt, venture capital and long dated investment grade.

**The Q&A**

The panel discussion was followed by a short Q&A session. Some key questions were:



**What is the “balance of power” in the asset chain?**

*Danny from Cushon explained that his experience of this was positive. As an asset owner he can nudge and encourage the industry to develop and likewise he has found that managers tend to adopt a partnership model rather than ‘product pushing’.*

**Does the way that Local Government operates create barriers?**

*Tom from Phoenix illustrated that, typically, central Treasury holds the purse-strings for many projects and they may not be prioritising place-based projects now. This barrier could be overcome by empowering local councils to a greater extent. Debbie added that a critical part of the process is to find a manager that can help.*



**How do you accelerate growth of Place-Based investing?**

*David Greenwood of the Good Economy described the way this his organisation is helping. For example, by connecting managers with asset owners and by making sure that projects are viable. A foundation of this process is the Innovation Labs, which seek to find examples to identify good practice and ultimately develop a framework for vetting or verifying projects. Current programmes include working with Manchester, Bath and Doncaster.*

With thanks to our sponsors



**BLOG: Place-Based Impact Investing Forum: *all-stakeholder event***

## The breakout discussion

Small, mixed breakout rooms, including experts and practitioners in each area, spent 15 minutes sharing their experiences and considering the following questions:

- *Have you made UK place-based investments in areas such as infra, real estate or SME finance? If so, what has been the driver for this? If not, why?*
- *What would get you to invest locally in the UK?*
- *How do you ensure place-based impact is integrated, i.e. incentivisation?*



## Feedback and round-up

Groups returned from their breakout sessions and highlighted key areas of learning or discussion including:

**Social housing:** some successes in this area with corporate DB plans investing. Challenges exist around return expectations for some investors.

**Need for blended finance:** some projects need blended finance and government support to satisfy the risk objectives for some investors.

**Evidence-base for returns data:** for many investors returns are still a hurdle. This could be helped if there were a central database for Place-Based investment returns which would create the evidence base that some investors require to fulfil their fiduciary duties.

**Definition of 'place':** noting that there is no universally recognised definition and it might mean different things to different investors.

**Resource constraints within asset owners:** some asset owners are resource constrained – how do they access the specialist expertise needed to consider these investments?

**The need for joining together holders of capital with those that need capital:** there are many groups involved in a typical place-based project. How can we bring together and articulate the needs of the various groups in a consistent way?

With thanks to our sponsors





**PENSIONS FOR PURPOSE**  
Place-Based Impact Investing Forum

THE  
GOOD  
ECONOMY



**BLOG: Place-Based Impact Investing Forum: *all-stakeholder event***

## Closing and final comments

The panel summarise their final thoughts on the meeting with key observations being:

**From an investor perspective:** it is helpful to have a 'champion' on the Board to push things forward and to challenge conventional thinking.

**From a DC investor perspective:** there is scope to combine place-based within an overall portfolio, perhaps alongside natural capital assets.

**From an investment manager perspective:** returns still count and government support is still key. That said, we are in the fortunate position of being able to demonstrate recent attractive returns alongside impact.

Charlotte closed the meeting thanking all the panellists and the Forum sponsors, Legal & General and Triple Point.

Charlotte O'Leary  
July 2022

## The Place-Based Impact Investing Forum

[The Place-Based Impact Investing Forum](#) was established by Pensions for Purpose and the Good Economy, and is run in partnership with the Impact Investing Institute, to help pension funds and other asset owners make informed decisions about place-based investments. We do this by sharing place-based-related [thought leadership](#) written by our Influencer members (asset managers, consultants and lawyers), by running training workshops for trustees and by engaging in industry-wide conversation through our quarterly all-stakeholder and asset-owner events. To find out more please [click here](#). The Forum is sponsored by [Legal & General](#) and [Triple Point](#).

To join the Place-Based Impact Investing Forum please email [Charlotte O'Leary](#).

## Pensions for Purpose

Pensions for Purpose exists as a bridge between asset managers, pension funds and their professional advisers, to encourage the flow of capital towards impact investment. Our aim is to empower pension funds to seek positive impact opportunities and mitigate negative impact risks.

For more information, please email [Charlotte O'Leary](#).

With thanks to our sponsors

