



Forum Sponsor



## Quarterly newsletter – Q1 2022 – Place-Based Impact Investing Forum

### Helping you to understand place-based impact investing

Welcome to the Place-Based Impact Investing Forum. This new forum, jointly hosted by Pensions for Purpose and The Good Economy, and sponsored by Triple Point, is now up and running with over 200 members signing up in the first few weeks. In this, our first quarterly newsletter, we outline our plans for the forum, share information about our events taking place in Q1 2022, and provide commentaries from The Good Economy and Triple Point.

Pensions for Purpose and The Good Economy established the Place-Based Impact Investing Forum so that pension funds can, ultimately, make informed decisions about purposeful investments in place. Our aim is to bring together different stakeholders including pension funds, independent advisers, asset managers, consultants, lawyers, government representatives and sector experts, to facilitate an informed and helpful conversation on this important topic. The increased interest in place-based investing has gained momentum among pension funds and other asset owners over the past 12 months. This has been spurred on by changing regulations, an increasing focus on the purpose behind private capital investment and the growing number of pension funds who are beginning to articulate a set of investment beliefs which prioritise certain goals around Environmental, Social and Governance factors. At the same time, the number of asset managers developing impactful investment opportunities for pension funds in place has been growing.

The Place-Based Impact Investing Forum will offer a quarterly cycle of discussions which bring together different stakeholders, ranging from forum-wide events to small group training sessions. Below are the scheduled events for the quarter to end March 2022, with a few more that are still in the pipeline.

### Programme of events for Q1 2022



#### Online afternoon tea

Thursday 20 January 2022, 14.30-15.30 GMT

Can real estate investing lead to real social impact in the UK? – *Schroders*

Academic studies suggest that the UK has one of the highest levels of regional inequality among developed economies. However, this is not just an economic,

[Click for more](#)[Register](#)

or political issue. It is also a social issue, with studies suggesting that Covid-19 has only exacerbated these circumstances. Nick Montgomery, Head of UK Real Estate Investment at Schroders Capital will discuss the need to invest more in less affluent areas to address this inequality and support the government's levelling-up agenda. And with Covid-19 accelerating a fundamental shift from investors towards strategies which generate a positive social and environmental impact, Nick will also share how it is possible to build a real estate portfolio that has the potential to deliver positive real return, both in a financial sense and in making a practical contribution to society and the environment. To register for this event please follow the registration link or click [here](#). This session is for UK investment professionals only, specifically asset owners, advisers, independent trustees and consultants.



### Online all stakeholder discussion

Wednesday 26 January 2022, 10.00-11.30  
GMT

Mapping the market in a land of impact investment opportunities – *The Good Economy*

[Register](#)

This is our quarterly all stakeholder discussion. Our keynote speakers will discuss how pension funds can scope the impact market and identify suitable opportunities, when considering a place-based impact investment allocation. We will then go into smaller group breakout discussions to consider the information that pension funds need to make an informed choice about which impact opportunities are right for them. Your responses will feed into research being undertaken by The Good Economy. More information to follow, but to register for this event please click [here](#). This session is open to all forum members.



### Online afternoon tea

Tuesday 22 February 2022, 14.30-16.00  
GMT

LGPS investment in housing: making a positive impact on communities, the environment and frontline services – *BMO Global Asset Management*

[Click for more](#)

[Register](#)

In this afternoon tea we will cover:

- The different types of residential investment available to LGPS and the impact these have.
- How LGPS investment in housing can have a positive environmental and social impact.
- Why affordable housing provision can complement traditional social housing and relieve pressure on frontline services.
- The returns available to investors.
- Investment strategy: BMO Global Asset Management's philosophy when it comes to housing investment and two approaches that offer attractive inflation-linked returns to LGPS investors.

To register for this event please click [here](#). This session is for asset owners, advisers, independent trustees and consultants.



### An asset manager discussion

Wednesday 23 February 2022, 15.30-17.00 GMT

Investing in place – *with the Impact Investing Institute*

[Click for more](#)
[Register](#)

This event will explore the opportunities presented by place-based impact investing for asset managers. The Impact Investing Institute will provide an introduction to the key issues, challenges and opportunities involved in place-based impact investing. This will be followed by a discussion chaired by Pensions for Purpose on asset managers' experiences of investing in place. This event is one of three stakeholder discussions following on from the launch of the [Place-Based Impact Investing White Paper](#) by The Good Economy, the Impact Investing Institute and Pensions for Purpose. For more information, click [here](#), or to register for the event please click [here](#). This session is for asset managers only.

### More information coming soon



### Interactive online training

Wednesday 2 February 2022, 10.30-12.00 GMT

Measuring impact – *The Good Economy and Pensions for Purpose*

More information on this training session will be provided soon.

### Quarterly insight - The Good Economy (forum partner)



Sarah Forster

The Good Economy

We believe that the widespread adoption of place-based impact investing (PBII) can help to bring about a fairer and more sustainable pattern of economic development in the UK. Place-based policy and impact investing are both designed for this purpose. As such, the establishment of the PBII Forum is timely and its plans to promote PBII is relevant to the forthcoming Levelling Up White Paper (January 2022).

We are highly aware that PBII is a new paradigm for global impact investors and local place-based stakeholders working together to build more resilient, net-zero economies and communities. The Forum will aim to build the bridges needed for this paradigm shift, in order to open up exciting new investment opportunities here in 'our own backyards'. We already market the UK as a mosaic of investible places to inward investors (the DIT UK Investment Atlas). Why not do the same thing for domestic financial investors already located in the country? There is much to do – institutional and social innovation moves more slowly than technical innovation (the PBII model). But we have made a sure flying start with our partners, Pensions for Purpose. The Forum's membership, itself a pioneering knowledge community – is growing rapidly and we have well-considered plans in place to develop, test and promote PBII over the next three years.

One of the recommendations of the white paper was to promote measurement and reporting of place-based impact. In October, TGE kicked-off the PBII impact reporting approach working group comprising seven LGPS and ten fund managers to develop a common approach. Throughout November, TGE has run five workshops on the different themes in the PBII conceptual model: Housing, Regeneration, Clean Energy, Infrastructure and SME Finance. These discussions reviewed the model and the metrics in more detail. TGE has taken on board feedback and is now refining the PBII conceptual model and reporting framework. This will initially be shared with working group members and then presented in a webinar for PBII Forum members in 2022.



Mark Hepworth  
The Good Economy

We are also looking at the establishment of an PBII platform to become a trusted provider of PBII information enabling market participants to learn about the ecosystem, match themselves with key service providers and share good practice / success / due-diligence. We look forward to discussing this idea on 26 January with all stakeholders.

Since the launch of the white paper, we have received emails and calls from a range of stakeholders from local communities across the UK interested in the PBII agenda. These include local authority representatives, community organisations and people involved in specific projects. There is a strong demand for investment that brings tangible benefits to local people and places underpinned by meaningful community engagement. We are delighted at how the PBII agenda has resonated so widely and look forward to working with Pensions for Purpose, our partners, market participants and local communities in accelerating PBII in practice in the coming year.

## Quarterly insight – Triple Point (forum sponsor)

### Right time, right place

Place-Based Impact Investing has the power to level-up communities, but stakeholder engagement is key, say Triple Point's Harry Penberthy and Ken Hunnisett.

### Harry

Leading my team of investment sector marketers, I spend a lot of time reviewing thought leadership and commentary on our market, and of late it's been impossible to ignore the increasing mention of Place-Based Impact Investing. This discussion is not limited to media and thought leadership forums alone but is also finding its way into boardrooms across the UK.



Harry Penberthy  
Triple Point

As part of my role to support the communications strategy on the Heat Network Investment Project run by a good friend and colleague, Ken Hunnisett, I am also now hearing more and more about this concept in discussions with the government. This comes as no surprise as it aligns perfectly with current impact investment trends and the Government's Levelling Up agenda.

For those of you who haven't heard of Place-Based Impact Investing ("PBII"), it broadly refers to the local deployment of impact capital - that is, investments made with the intent to yield both financial and social and/or environmental returns – arresting social and spatial inequalities that exist between communities.

According to a model concept for PBII developed by The Good Economy, local authorities and investors unite around five pillars that serve as dual structures: policy themes or priority areas on one hand and institutional investment strategy themes on the other. These five pillars include Housing, SME Finance, Clean Energy, Infrastructure and Regeneration.

My personal journey into PBII has taken a very strange route, starting as it does, with experience of how regional investment into marginalised communities can go horribly wrong.

In a previous life, I headed up a project establishing a creative hub and arts academy as part of a redevelopment node in Johannesburg. This project was one of a handful of public and privately funded initiatives that happened alongside a broader local government community upliftment initiative.

I saw with my own eyes the disconnect between bold government infrastructure interventions which established arts venues and retail precincts but failed to support the SME's who occupied them. Beautiful public artworks being burnt in winter as cooking and heating fuel, due to lack of affordable energy. People living on the street below empty, luxury loft apartments.

However, what struck me more than the blatant disconnect, was the lack of local stakeholder engagement. I saw frustrated locals watching from the side-lines as government transformed their community into an image of what they believed was best for them, paying no heed to their often-immediate needs. Utopian dreams were pursued with dogged determination and sometimes complicated the challenges on the ground.

This lack of holistic engagement or support to sustain the initiatives would result in rapid stagnation as soon as the local government moved on to other projects. When they would receive another capital injection from central government, they would swoop into the area, fix and expand the infrastructure, give everything a lick of paint and coax new SMEs into the expanded retail precincts. This was an on-going cycle, and despite a huge amount of state and local authority investment, there was very little actual value created for the community, or in fact, the local government authority.

Despite this experience being on another continent and addressing far starker socio-economic challenges, I believe the fundamentals remain the same. To create value at a regional level and uplift marginalised communities it is essential that it is done holistically, in combination with private investors and in consultation with the community.

My years in South Africa haven't offered up all the answers but they have left me with a clear understanding of the need to work collaboratively, communicate effectively and maintain a strong focus on a sense of place. It has also provided me a lens through which I look at the development of the UK's emerging PBII thinking and at the work Ken and his HNIP team are already doing.

## Ken

"The UK is a country of entrenched place-based inequalities which have persisted for generations and are more extreme in the UK than most OECD countries."



Ken Hunnisett  
Triple Point

Not everything needs to be fact-checked these days. The authors of the brilliant white paper "Scaling up institutional investment for place-based impact" will have doubtless undertaken their research before committing such a stark opening line to print but there are some things, often uncomfortable realities, that we just intuitively know to be true.

The long-lasting effects of the COVID-19 pandemic will cast a shadow over our lives for generations to come and it would be crass in the extreme to infer that the big, black cloud it represents has even the faintest silver lining.



Nevertheless, without a pandemic, you probably don't have the urgent imperative to build back better. And unless and until you build back better, we're denied the opportunity to "level-up and unite the country" which has been a tenet of this government's rhetoric since they came into power in 2019.

To level-up is to reduce inequality between places while improving outcomes in all places.

For a government that has tended to focus on productivity as its baseline measure of inequality, it is no surprise that its plans for growth are built around the three mutually reinforcing pillars of infrastructure, skills and innovation baseline measure of inequality.

Clean, green infrastructure comes at a price of course and one that can't be afforded by public funds alone.

Under the leadership of Chris Grigg and John Flint, the UK Infrastructure Bank will doubtless do much to stimulate and de-risk funding opportunities but central to the bank's mandate is the requirement to crowd in private capital at scale. The Prime Minister and his Chancellor have already set their sights on the hundreds of billions of pounds managed by UK institutional investors who they have challenged to ignite an "Investment Big Bang".

It's highly likely that their call will be answered. With more than £2.4 trillion under management in UK pension funds, and a constant need to deploy assets into investment opportunities that possess compelling environmental, social and governance (ESG) characteristics, the UK energy and infrastructure markets will doubtless benefit from close attention. But what of PBII, previously the domain of the impact investment market?

Investments are made in places all the time but rarely, if ever, with the impact intentionality that characterises PBII.

Intentionality is a key trait of impact investing. Typically, intentionality is defined in relation to addressing a defined social or environmental need. The Good Economy describe the need for PBII investors to look through a bifocal lens – focusing on both 'place' and 'impact'. Intentionality in PBII should be geographically bounded – where you are seeking to create a positive impact is defined, alongside the types of social and/or environmental outcomes to be achieved. Such intentionality can be articulated by having impact objectives as well as financial objectives within an investment strategy.

Another distinguishing character trait of PBII is stakeholder engagement with a stakeholder ecosystem that the Good Economy understandably define as including local and unitary authorities, local government pension schemes and project actors such as planners and procurement specialists but in my mind could and should be extended further still.

Levelling-up is about restoring an individual's sense of pride in their community and encouraging them to think that they can get on in life, without leaving their area.

It's not easy change to bring about but infrastructure investments - and PBII in particular can be an enabler of it. Indeed, it is already happening to impressive effect.

The development of a district heating network in the Cambridgeshire village of Swaffham Prior has provided an object lesson in community stakeholder engagement. The efficacy of heat networks in towns and cities with high building density and local sources of waste heat is well understood but it is quite another thing for them to be made to work in a rural off-gas grid community of just a few hundred homes.

It has worked because the community were brought along in the journey from start to finish. Their questions were answered, their fears and concerns were sensibly and sensitively addressed. The network – already under construction – will see the current oil-fired boilers be replaced by centralised heat pumps. The system will deliver a measurable carbon reduction at a financial saving to the consumer: reducing the village's reliance on fossil fuels and lessening incidences of fuel poverty.

Best of all though, the project team understand the role they are playing as vanguards and are keen to share their experiences with other rural schemes.

The UK has more than 40,000 villages, very many of which rely on oil. The heat network will generate the kind of consistent, comparable and transparent data - that characterizes a place-based impact investment and which will drive evidence of success and continued backing - proving the original business case and establishing a road map for others to follow.

This is where Harry and his team comes back into the picture. For as long as I have known him, I have looked for opportunities that we can work on together. After all, work isn't really work at all when it is time spent with a great friend.

District heating represents a great strategy around which place-based impact investing can be framed, but of course there are many others, and Harry and I are lucky enough to work in a multi-disciplinary team of investment experts with several different sources of patient, supportive capital that can be targeted towards housing, energy and energy efficiency and digital infrastructure to name just a few.

For any of those investments to be as successful as the Swaffham Prior heat network we need to develop communications strategies that will resonate with people in villages, towns and cities around the UK.

We need to excite and inform, encourage and engage. From time to time we may need to calm nerves, overcome resistance or heaven forbid, placate anger.

With community engagement, everything becomes easier. Everything becomes possible.

## Quarterly insight – Pensions for Purpose



Charlotte O'Leary,  
Pensions for  
Purpose

With our first quarter already behind us, we have been privileged to hold frank and insightful conversations with our forum members. We have been pleasantly surprised by the amount of interest the forum has already generated. Our conversations have highlighted that pension funds are still on a steep learning curve when it comes to impact investments in place. There are clear benefits from funds collaborating and sharing experiences, for example via this forum. Pension schemes need to enhance their knowledge of the investment opportunities available and those who have already dipped their toes in the water should be encouraged to share case studies highlighting the investment opportunities that they selected, the challenges that they faced and how they overcame these, so that others can learn from them.

Pensions committees should consider how best to undertake due diligence prior to investing: this is a new area for consultants who may not be as familiar with these types of investments as they are with traditional opportunities.

Pooled solutions may offer pension funds an opportunity to scale up investment, but many are still in a formative stage of development. The governance underpinning a decision to invest in place-based impact funds could be improved by the fund adopting the [Impact Investing Principles](#).

Local authority pension funds are considering how they can balance their desire to achieve local impact against fiduciary responsibilities to deliver risk-adjusted returns. Corporate funds have question-marks over whether this type of investment is suitable for a closed defined benefit scheme.

Our conversations have also led us to conclude that pension funds are still unclear about what investment opportunities (structure, type of impact, provider) exist, that this is a fast-developing space with new opportunities coming to market every quarter.

You can read a full write-up of our launch event discussion [here](#), but these are all things that we plan to discuss in more detail in the Forum in the coming year. We look forward to hearing your comments, questions, and insights as 2022 rolls out.

## **This is your Forum – tell us what you want**

We would like your feedback on what you would like from the forum and invite you email [Karen](#) or [Charlotte](#). We are particularly interested to hear about the topics that you would like us to cover in future training events.

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### **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.

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This newsletter is an update on the Place-Based Impact Investing Forum and is published quarterly. If you would like to unsubscribe from the newsletter, or wish to leave the forum, please contact [Stephanie Windsor](#).