

## 'The time for place'

November 2021

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*Pensions for Purpose's launch event for the Place-Based Impact Investing Forum, in partnership with The Good Economy and the Impact Investing Institute.*

*What is Place-Based Impact Investing? Who are the different stakeholders in the investment chain? What are the challenges and solutions to investing in places to achieve economic, social and environmental impact? Here, we provide a summary of the key discussion topics from a highly interactive session of over 100 participants.*

**Introduction by Sarah Forster and Mark Hepworth, The Good Economy. An overview is provided below but can also be viewed by video [here](#).**

### **What is Place-Based Impact Investing?**

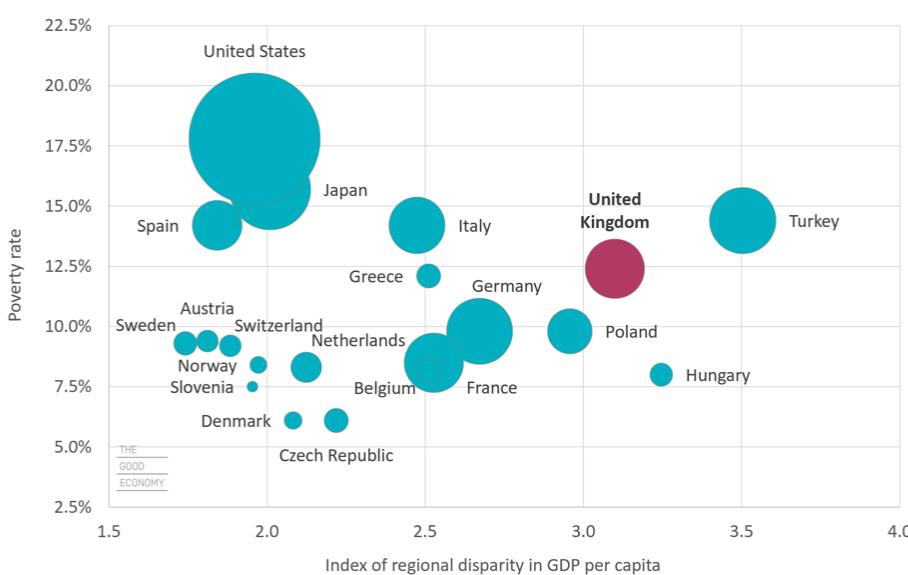
These are investments made with the intention to yield appropriate risk-adjusted financial returns as well as positive local impact, with a focus on addressing the needs of specific places to enhance local economic resilience, prosperity and sustainable development.

### **Why is this important?**

We have probably all heard about the levelling up agenda and addressing social inequalities. The chart below demonstrates the size of the challenge from an international perspective. Despite the United Kingdom's economic position as the fifth largest economy in the world by GDP, our poverty rate and regional disparity in wealth is significant putting us closer to Hungary and Turkey than the Nordics. The bottom line is we cannot continue with this level of inequality.

THE  
GOOD  
ECONOMY

### Levelling Up – An International Challenge



Source: Index of regional disparity - ratio of the top 20% richest regions over the bottom 20% poorest regions by small regions (TL3), OECD 2020. Poverty rate indicator - ratio of the number of people whose income falls below 50% of median household income of the total population, OECD 2021. Point size represents total population.

## So, how can Place-Based Impact Investing be achieved?

PBII is a hybrid model of investing for local, social value creation where we recognise that communities have social capital and investors have financial capital. By bringing them together, we can have a significant impact. These impacts can be structured around pillars, which builds on research undertaken by The Good Economy, The Impact Investing Institute and Pensions for Purpose in the report: "[Scaling up institutional investment for place-based impact](#)", published in May 2021. This paper demonstrates that there is a model through which this type of investing can be done and that there is a financial case.

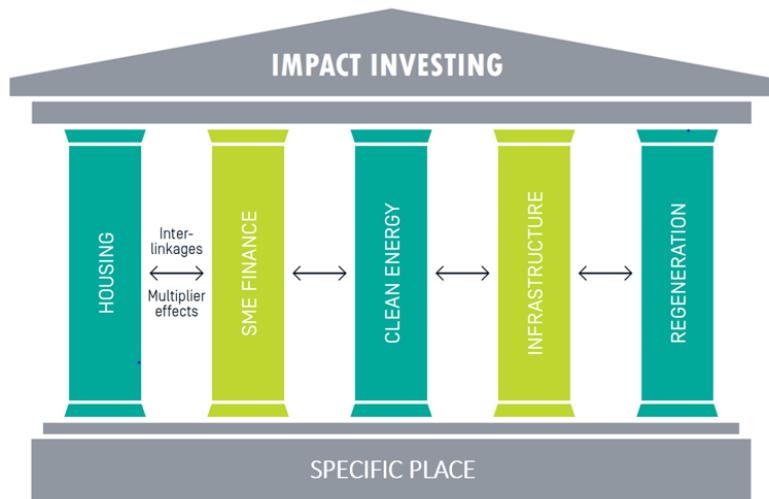


### Investors meet Places in the Real Economy

PBII Pillars are dual structures that represent:

- Real economy asset classes in private markets – INVESTORS
- AND**
- Sectors for asset-based economic development - PLACES

PBII Pillars ‘bear the load’ of both investor and community expectations – with respect to financial returns and social and environmental outcomes.



The key hurdle is getting all stakeholders in the PBII ecosystem together, speaking in the same language and understanding their unique challenges and solutions.

This is exactly what this – the PBII Forum – has been set up to achieve and is why the following panel discussion of stakeholder representatives was so important at our launch event.

## What did our panellists have to say about the challenges and opportunities in PBII?

Karen Shackleton, Founder of Pensions for Purpose, chaired a panel discussion with Charlotte O’Leary, CEO of Pensions for Purpose, Angela Barnicle of Leeds City Council, Pete Gladwell of L&G, Callum Stewart of Hymans Robertson and George Graham of South Yorkshire Pensions Authority. [Please watch the video here](#).

## Breakout discussion groups

Following the panel discussion, participants split into breakout groups to discuss the questions: What are the key challenges in committing to place-based impact investments? How can these be addressed and by which stakeholders?

These were the key outputs from 10 breakout discussion groups:

- *Group 1:* The importance of due diligence and scale in terms of brokering via intermediaries the amount of capital to be invested and the need in areas.
- *Group 2:* Being nimbler in consulting approach on PBII and how powerful a forum like this can be in connecting different parts of the stakeholder ecosystem.

- *Group 3:* Engaging and starting this forum is an important starting point. Small funds could use grants that can be transferred into equity, ie. more seeding of small funds (addressing the point about scale). Local stock exchanges with funds and enterprises listed locally. The need shouldn't be lost in the pursuit of return, so making sure we invest locally in people from diverse backgrounds.
- *Group 4:* Greater level of collaboration between asset owners and asset managers to discuss possible investment ideas. Improving education and understanding across stakeholders so that they can be empowered and have a voice at the table.
- *Group 5:* A clearing house that brings different investment managers together with different investment ideas and aggregate them by opportunity type. The forum also helps shine a light on successes and what is/isn't working.
- *Group 6:* A clear way to access PBII opportunities.
- *Group 7:* Pension funds are attracted to cash generative, operational assets and truly additional impact investments often require earlier stage investment. We need to drive education and knowledge – could this be achieved with some demonstration projects?
- *Group 8:* There are issues around pooling of assets and the ability to access local opportunities that requires some more lateral thinking in terms of implementation. Education needs to consider the fact that local councillors rotate on LGPS committees, and so there needs to be education on an ongoing basis. Expansion of DC schemes is really promising for PBII. The forum could be a potential origination platform for PBII.
- *Group 9:* How to connect stakeholders with on-the-ground knowledge where they understand the impact and need. Shared education and a forum are important in achieving this.
- *Group 10:* The type of impact is important, such as education and long-term care. A challenge to asset managers was that investment in some cases is hampering overall impact because there is stripping out of assets. Can investors lend their balance sheets to community groups?

## What's next?

We will be using the outputs from this launch event to determine the best ways to bring our members together, recognising all of the stakeholders in the PBII ecosystem.

If you would be interested in joining or participating in the PBII Forum, please [contact Charlotte O'Leary](#).

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## Forthcoming events

**6 December 2021 - Online Afternoon Tea discussion - Impact investing in UK housing - Man Group.** Please join us at 2.30pm for an afternoon tea with Man Group on impact investing in UK housing. For more information see [here](#) or register to attend [here](#) (*open to asset owners, consultants, government representatives, lawyers and independent trustees/advisers*).