

Committee(s): Policy and Resources Committee – For decision	Dated: 2022-01-20 00:00:00
Subject: PIF Bid – Summit on Impact Investing	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	Support a thriving economy (5-8)
Does this proposal require extra revenue and/or capital spending?	Yes
If so, how much?	£100,00
Has this Funding Source been agreed with the Chamberlain’s Department?	Y
Report of: Executive Director, Innovation and Growth (IG)	For Decision
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Summary

The proposed one-day Summit on Impact Innovation (“Impact Summit”) will be hosted by the Lord Mayor – who’s Mayoral Theme of “People and Purpose” chimes well with its focus - at Mansion House on July 4th, 2022. For the Summit to reach its full potential it will require sufficient financing. This will ensure content, delivery and impact maintain the high standards set at recent Green Horizon Summits wherever possible.

The Impact Summit will build the City of London’s capacity to compete and gain traction in the \$130 trillion global sustainable finance market¹. The City’s COP work has strengthened our credentials on the ‘E’ of ‘ESG’, through the 2020/2021 Green Horizon Summits. The Impact Summit is the natural next step. It will highlight and drive City of London competitiveness around the ‘S’ of ‘ESG’, thus broadening the City’s competitive offer on sustainable finance.

Recommendation

It is recommended that £100,000 be allocated from the 2021/22 PIF budget to ensure high quality delivery of the 2022 Impact Summit. This will only be drawn on if sponsor commitments do not cover the full costs of the Impact Summit.

Main Report

Background

1. For several years the City of London has had a demonstrated interest in supporting development of the UK impact investing market. This was illustrated

¹ Carney-led finance coalition has up to \$130tn funding committed to hitting net zero (Financial Times, 03/11/21)
<https://www.ft.com/content/8f7323c8-3197-4a69-9fcd-1965f3df40a7>

most clearly by our giving multi-year financial support to the newly formed Impact Investing Institute, in 2019.

2. 2022 presents an opportunity to give the 'S' of ESG greater parity of esteem with the 'E', thus broadening the City of London's sustainable finance offering. The current Lord Mayor's "People and Purpose" theme gives us the opportunity in part. But so does the City of London's recent track record of delivering extremely high calibre events in the field of sustainable finance (as with the 2020/21 Green Horizon Summits). Both can be used to full effect to ensure 2022 becomes the year of 'S' in ESG, thus maturing the UK impact investing marketplace.

Current Position

3. As of November 2021, and the COP26 Summit, there was an estimated \$130 trillion of financial assets globally committed to net zero by 2050. These assets come under the Glasgow Financial Alliance for Net Zero ("GFANZ"). The vital importance of delivering a "Just Transition"² is stressed by GFANZ if this capital is to be unlocked and used to its full potential³.
4. Unless the City can show continued and demonstrable leadership on all three elements of ESG it will struggle to compete in the rapidly scaling sustainable finance market.
5. Work on the 'S' of ESG is fully aligned with IG's Department priorities The Impact Summit's objectives line up with IG's wider aim to develop the UK 'Innovative Ecosystem'. By pursuing UK growth of (sustainable) assets under management that is greater than global growth. This in turn feeds into the wider goal of accelerating sustainable growth through FPS innovation and the use of technology. Such work ultimately supports a thriving economy as per the terms of our Corporate Plan.
6. The Impact Summit's two prospective area of focus also align well with three of the four quadrants of the Competitiveness strategy of the City of London Corporation: i) promoting social reg/policy standards ('reduce friction'); and ii) mobilisation of impact investment ('nurture innovation' and 'attract capital').
7. The Impact Summit will prioritise progress – action, not reflection - in two areas to support this:
 - i) Standards - announcing, together with HMG, how the UK plans on leading the way in developing the regulation/policy needed to underpin a vibrant impact investing market.
 - ii) Mobilisation – announcing, for example, a coalition of investors expressly committed to investing in line with the SDGs in the immediate term.

² The International Labour Organisation defines a Just Transition as "greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind" -

https://www.ilo.org/global/topics/green-jobs/WCMS_824102/lang-en/index.htm

³ GFANZ (2021) The Glasgow Financial Alliance for Net Zero – Our Progress and Plan towards a Net Zero Global Economy - <https://assets.bbhub.io/company/sites/63/2021/11/GFANZ-Progress-Report.pdf>

8. To meet its ambitious goals and emulate wherever possible the high quality 'look and feel' of the Green Horizon Summits the Impact Summit will require sufficient financing.

Options

9. Financing can come from a range of sources:
 - Sponsorship only
 - PIF funding only
 - Combination of sponsorship/PIF funding
10. The recommendation is that sponsorship funding is pursued and PIF funding serve as backstop to be drawn on if sponsor appetite is more limited than hoped.

Proposals

11. Financial market familiarity with impact investing is lighter when compared with green finance. We expect this to affect sponsor appetite to commit funding to the level required to fully cover costs.
12. It is also important to manage the number of sponsors involved in any high-profile event such as this. To ensure the delivery does not become unwieldy.
13. To give full confidence of delivering the Impact Summit to the standard required it is recommended that £100,000 of PIF funding serve as backstop to insure against limited sponsor appetite.

Key Data

14. To ensure high quality delivery of the Impact Summit costs for most/all the following will need covered (cost estimates covered in brackets):
 - **Summit delivery** – online platform/project management (£40,000)
 - **Summit marketing and comms** (£30,000)
 - **Summit operations/hospitality** (£30,000)**Total: £100,000**

Corporate and Strategic Implications

Strategic implications

15. The City of London's engagement with the impact investing market contributes to key outcomes under the 'support a thriving economy' objective in the Corporate Plan. Specifically, outcome 7 (We have the world's best legal and regulatory framework and access to global markets) and 8 (We are a global hub for innovation in finance and professional services, commerce and culture) respectively."
16. The Impact Summit will also be a moment to showcase the work of the Impact Investing Institute to a global audience, with a view to boosting their own fundraising potential.

Financial implications

17. It is proposed that the funding request of £100,000 to ensure the high-quality delivery of the 2022 Impact Summit be met from the 2021/22 Policy Initiative Fund, categorised as 'Events' and charged to City's Cash. The current uncommitted balance in the 2021/22 Policy Initiative Fund is £447,000 prior to any allowances being made for any other proposals on today's agenda.

Resource implications

18. Existing team resource from IG and Mansion House will be used to prepare content for the Summit, as it aligns with Departmental Business Plan objectives

Legal implications

19. None

Risk implications

20. Reputational – The Lord Mayor has publicly made the Impact Summit the centre piece of his Mayoralty. To under-deliver (or be perceived to do so) would reflect poorly on our commitment to support work that aligns well with Corporate Plan objectives, IG's Business Plan and the Lord Mayor's focus.
21. Political – Government Departments (FCDO, DCMS in particular) are very keen to collaborate in delivering content for the Impact Summit. If ambition had to be scaled back because of under-funding this would damage working relationships with both Departments.

Climate implications

22. This Impact Summit's work is well aligned with the City of London's Climate Action Strategy. The objective is ultimately to scale investments managed out of the UK that have a positive impact on the climate while also being socially inclusive.

Conclusion

23. If Members agree to this request for PIF funding, then preparations for the Impact Summit can proceed with confidence. This will provide the best possible chance of the Summit delivering on its potential and supporting City competitiveness in regards sustainable finance.

Appendices

None

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