Southwark Council
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ENVIRONMENT AND COMMUNITY ENGAGEMENT SCRUTINY COMMISSION

MINUTES of the Environment and Community Engagement Scrutiny Commission held on Thursday 12 January 2023 at 7.00 pm at Ground Floor Meeting Room G02C - 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Margy Newens (Chair)
Councillor Graham Neale (Vice-Chair)
Councillor Ketzia Harper
Councillor Emily Hickson
Councillor Sarah King
Councillor Reginald Popoola
Councillor David Watson

OTHER MEMBERS PRESENT: Councillor Stephanie Cryan Cabinet Member for Communities, Equalities & Finance

OFFICER SUPPORT: Duncan Whitfield, Strategic Director Finance and Governance
Tim Jones, Departmental Finance Manager
Jack Emery , Divisional Accountant, Finance and Governance
Julie Timbrell, Project Manager, Scrutiny

1. APOLOGIES

Councillor David Watson gave apologies for lateness.

2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

There were none.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

4. MINUTES

The minutes of the meeting held on 11 October 2022 were agreed as a correct record.

5. PENSION FUND DIVESTMENT PROGRESS

Duncan Whitfield, Strategic Director Finance and Governance, presented on Southwark's Pension Fund divestment progress and strategy in light 2016 decision to divest and more recent commitment to 'Make the council's pension fund zero carbon by 2030'.

He was joined by lead member , Councillor Stephanie Cryan Cabinet Member for Communities, Equalities & Finance, Tim Jones, Departmental Finance Manager, and Jack Emery , Divisional Accountant, Finance and Governance.

The chair took questions on the Pension Fund divestment progress and Carbon Tracker together, and these are recorded under the next item.

6. CONFIRMATION OF COOPTEES

The chair proposed that the following co-optess join the commission:

- Lydia Marsden, Senior Research Officer within ShareAction's banking standards team.

- Shalaka Laxman is an entrepreneur and sustainable finance professional with eight years of diverse experience within financial services including at Deutsche Bank developing sustainable financial products for large companies. Currently freelancing for the Cambridge Institute for Sustainability Leadership.

In addition Clinton van der Spuy has volunteered to contribute to the Climate Finance review , although he is unable to take up a co-optee role as he is based in New York. Clinton is a banker working at the intersection of capital markets, risk management and climate risk with a focus on addressing the risks and opportunities in the sustainable finance and climate risk space.

RESOLVED

The commission agreed to co-opt Lydia Marsden and Shalaka Laxman.

7. CARBON TRACKER

The chair welcomed the Simon Perham, Head of Investor Outreach, Europe, and Joel Benjamin Press & Communications Manager to present and take questions on Pension Fund carbon divestment and energy transition.

Joel Benjamin gave a presentation, uploaded with the agenda. Below is an edited transcript of his talk:

Carbon Tracker is an independent, non-profit financial Think Tank, with offices in London and New York. Carbon Tracker is funded by US, UK and EU foundations with an interest in all things climate. Our vision is to enable a secure global market, aligning capital markets with the reality of climate change. And our mission is mapping the transition from the fossil fuel industry to stay well below two degrees, Paris compliant trajectory.

Carbon Tracker supports investors, such as pension funds, utilising the tactics of both engagement and divestment; a diversity of approaches is supported.

The presentation will be mainly about the impacts of the energy transition on the financial sector and investments, and in how investors like pension funds should reposition themselves for that.

It will explore pension fund objectives for investors who are on a divestment journey once the low hanging fruit has been exhausted, such as ending direct investment in fossil fuel companies, as covered in the previous presentation by Southwark Pension Fund.

The priorities for any Pension Fund are to bring in stable, long term returns for members and keeping the contribution rate stable.

A fossil fuel based economy is usually going up and down, which provides major complexity in managing share prices and return. It is very hard to manage a pension fund when your assets from returns are fluctuating on that basis.

The objectives around stable returns are being delivered by council's in the context of the climate emergency. So what can local authorities, and the people who manage pension funds, do to align

our financial investments with the need to tackle climate change?

Allied to decisions about pension fund divestment are the wider aims of council's to address the Climate Emergency in their locality and the costs associated with this. One example is Cannock Chase District Council who set a district wide climate target, and then had to reconsider the near zero climate targets because of the gap between the costs it would take to actually decarbonize the entire borough and the available funds. Here this includes not just what the council is directly responsible for managing but also the wider district infrastructure, private housing etc. There is a far greater capital requirement to do those sort of things then the council has at its disposal, particularly after a decade of austerity.

This speaks to the tension between where we need to get to in terms of decarbonizing our society and what resources we have at our disposal currently, and thinking about how to use those resources strategically. This an interesting dilemma for the pension fund, because as many of us will know there is often a lot of pressure from Central Government for Local Government to come in and use assets like pension funds, to fill a gap in part caused by the withdrawal of Central Government funding from Local Government. There is often pushback on this from scheme members and managers because of potential risks around the primary objective of paying for people's retirement.

London CIV pension fund slide shows various different kinds of asset classes and allocations. A large number of London boroughs now pool their assets to input into this larger portfolio, and this has increased in the past decade. The investment graphic illustrates the globalisation and financialization that happened, particularly in post war period. Historically about 50% - 60% of holdings immediately post war were in British companies. Now that figure is something like 20% to 30% of UK companies, with the vast majority in global investment, US, Europe, and emerging markets. This applies to asset managers too, with Bailey Gifford and Aviva as one of the few UK based managers; the majority are a US - European international funds. As the financial sector globalises we have got more and more remote from where our pension funds are invested. The counterpoise to this is what is happening in places like Preston, who have worked to maximise inward investment and increase the money retained within the borough, because of the economic benefits this brings. There is an interesting tension here between financial assets, which are global in nature, and the goals of local authority, which are basically how to achieve the best result for a locality. Exploring that tension and thinking about how to retain more of this kind of money, both within the borough and within the UK, is

quite an interesting project, prehaps for a later date.

The next slide shows the fossil fuel exposure of global major financial exchanges. The London Stock Exchange has some of the largest investments, alongside, the likes of USA, Russia, China, Saudi Arabia, as well as other emerging major markets with a significant carbon exposure. This is significant for index linked passive funds, as those funds and investments will essentially track these exchanges and these markets, so if you're invested in an exchange in these localities you are going to have significant exposure to carbon and fossil fuels.

The Strategic Director of Finance in his presentation rightly identified the next phase for Southwark Pension Funds is to examine the investments in markets around the world with large amounts of carbon, and develop mechanisms to screen them out. Otherwise the carbon in these are going to pollute our pension funds. This the next phase of pension fund decarbonisation foot printing.

Southwark pension fund is showing strong initial progress with a carbon footprint down 40 50%, so the next phase is green tilting the passive funds. In doing this I will flag up some of our experience in Carbon Tracker on the pitfalls around ESG, and the risks of regulatory scrutiny in some cases greenwashing a sector. Different people mean different things by ESG, and an awareness of this is important.

A further avenue Carbon Tracker would recommend to explore is in the Corporate Bond sector. Here this is not only talking about fossil fuel supply and production, and companies such as Chevron and BP, but also addressing companies and sectors that use fossil fuels. This means industries such as transportation companies, which produce internal combustion engines that burn fossil fuels, and the extent to which they are likely to be disrupted and vulnerable to deployment risk in the future. And therefore the risk that investors in those companies could lose money.

Here Carbon Tracker is really thinking about the future, and how we align our portfolio, our pension fund, for energy transition, which is currently taking place across the world. The next slide show shows how much land would be required to produce all of our energy from solar. In large parts of the world it is actually less than 0.1% of available land, which is significantly less than what we currently use for fossil fuels. So the good news is we are moving to a cheaper, healthier, less pollution, more efficient energy system based on low carbon. And one of the benefits of that is currently, nine out of 10 people live in a country which currently imports fossil fuels. Only one

and ten live in a country which produces fossil fuel, Saudi Arabia, or Russia and the like. This means we are moving towards more distributed renewable based energy system where there is not going to be this major imbalance between importers and exporters. This means that wealth, and opportunity, will be much more distributed globally. This will be a much fairer system where a small number of countries do not actually control global resources that we have now.

When we talk about energy transition Carbon Tracker are first focusing in on four particular technologies, which we think are essential to the global transition to low carbon energy. These are manufactured technologies: combination of onshore and offshore wind, solar and batteries.

Batteries are being used for products like electric vehicles. If we look at the cost of these technologies over the previous decade, they are down substantially across the board. For onshore and offshore wind there is a 60% reductions over the last ten years period, and for solar an impressive 90% and for batteries it is 83%. So the cost of deploying these technologies is on S curves that keeps coming down year on year, and that's meaning it's becoming increasingly more affordable to deploy them.

When we look at actually deploying these renewable technologies there is associated growth in these technologies. For annual solar and wind, you're talking about between 20 and 40%, combined annual growth rate for every sales, approaching 70% for battery sales, and again tracking Electric Vehicles (EV) it is at 68%.

As the cost of renewable energy is falling so rapidly, it is now becoming much cheaper to deploy these technologies, increasingly without subsidies. As a result of that this is increasing causing disruption to incumbent technologies based on fossil fuels. This translates to something Al Gore talks about: 'in economics things like longer to happen than you think the will, then they happen far faster than you thought they could'. This is a good example with Southwark Council Pension Fund, seven, eight years ago, when we first started talking about divestment and getting these funds out of fossil fuels, to a large extent the first phase is complete in less than a decade. Things happen slowly, then may happen overnight. And investors who fail to see the writing on the wall stand to lose a lot of money.

The next slide just looks at the what happens when we have peaking of demand in a particular sector delivering new technology, mirroring reduction in demand in old technology . The example shown on the right of the chart is for Electric Vehicles (EV) sold in the UK. If we go back to around 2016, only 1 in a 100 new vehicles

sold and UK market was EV. Fast forward to 2023 and we think by the end of this year that one in three cars sold in the UK market will be an EV – sales are increasing exponentially. Then it is possible to see in the left chart what is happening to the reducing market share of incumbent internal combustion engine fossil fuel cars. As EVs are scaling up, demand for internal combustion engine cars is declining. The demand for fossil fuel cars peaked in 2017 is now rapidly declining as EVs scale up. Companies like Tesla are taking an increasing market share. And within three years it is predicted that EV sales will match internal combustion engine cars. A similar thing happened with Netflix and Blockbuster sales of video / CDS. By the time Netflix sales approached Blockbusters the company was bankrupt. So as investors in these companies funds ought to be aware that changes have been happening extraordinarily quickly, and the risk of stranded assets. Unless you're paying attention, you risk getting caught out. For a big pension fund who pay people's retirements this is of course of important and we need to be cognizant of how rapidly these changes are occurring and align our investments accordingly.

We have spoken a little about EVs. I think one of the one of the points to note about the decarbonisation journey is that transport is one of the more difficult and capital intensive sectors to decarbonize. This slide looks at fossil fuel usage infrastructure – a transport industry largely based on fossil fuels. Using fossil fuels and burning fossil fuels to power transport is by far the biggest component currently. There are also nearly 12 trillion global assets invested in the 'road infrastructure' category, out of a total of 22 trillion invested in fossil fuel infrastructure.

This speaks to the challenge of how we might go about rewiring these technologies for the future beyond fossil fuels. So while that is a relatively achievable task in the lights for the passenger car market with the rise of battery and electric vehicles. In the heavy transportation market then we are talking about things like hydrogen, other technologies coming through. This might be a little bit slower and harder to abate, but certainly in the passenger car market the changes can to be extraordinarily rapid, and there's a lot of assets out there which are exposed to disruption, as we decarbonize.

When we are speaking of demand, generally what happens is the incumbents suffer a major precipitous fall in the stock price, and in many cases, they go bust. So when we look at previous demand peaks, there's a few on the slide chart (Fig 23) like coal which hit peak demand in in 2013, and saw big coal company going bankrupt in the US . In the case of fossil fuel turbines, when demand for those peaked in 2011, General Electric (GE), the big US manufacturer

restructured the entire division and retooled for growth in demand which never came in. So the lesson here is that when incumbents see a future of growth this may not materialise. They are going to struggle as they lose market share, see precipitous drops in stock price, and a large percentage of them will go bankrupt, unless they adapt. So in future we are talking about peaks in heavy vehicle transportation and trucks, and shipping. In the longer term future we will get to harder to abate sectors like aviation, where solutions for short haul flights are already emerging on the table. And then we will get into industries such as plastic and steel manufacturing as we find solutions for fossil fuel feedstock's as inputs for those processes. In each of those examples there is going to be winners and losers and incumbents are likely to struggle. So for the pension fund, the lesson here is this change is going to happen quickly with the 2020s as the decade of disruption, where change is going to be coming becoming much more rapidly and harder to ignore. In making sure the pension fund is positioned for low carbon growth stocks the future, being cognizant of which companies are likely to lose out when the product peaks and alternative products, lower carbon, come to market will be important.

The 2020s will be the decade of disruption as S curves increasingly disrupt the fossil fuel linked incumbents who fail to adapt or perish, just like the Blockbuster example. Investment risks are far broader than just equities of fossil fuel producers; we need to think about the usage of fossil fuels, so industries such as plastics and transportation.

Investors must also assess Corporate Bond holdings and the Passive Index Funds, which we are speaking about here. This is about moving from the low hanging fruit progress the pension funds has already made into thinking about the longer term decarbonisation journey. The question then becomes how do we rewire our Passive Funds for this journey and where should we be investing to avoid pollution of fossil fuels. There are obviously huge opportunities for the clean tech investors as the world electrifies. We will need to build out an entirely new system based around low carbon technologies and the technologies of solar, wind and batteries. This will mean exploring opportunities in those spaces to profit from the upside.

In conclusion:

1. *2020s will be the decade of disruption*
2. *Disruptive tech on s-curves outcompetes fossil incumbents*
3. *Incumbents who fail to adapt perish*

4. *Investment risks far broader than equities of fossil producers*
5. *Investors must also assess fossil use infrastructure, corporate*

   bond holdings & passive index linked funds
6. *Huge opportunities for clean tech investors as the world electrifies*

Some suggestions for further reading are provided.

The chair then invited questions on both Pension Fund divestment progress and Carbon Tracker, and the following points were made:

- The definition used for decarbonisation of the Pension Fund is scope 1 & 2 carbon emissions, rather than scope 3. There is some work looking at scope 3 but these are harder tracker. Members suggested that clarity is provided about what is in scope.

- In a response to a question on using corporate engagement to improve sustainability officers said that this was done through the LPFA scheme.

- The Strategic Director responded to a question on tracking carbon divestment, by explaining that there is currently not an agreed single measurement, and as measurements improve there are fluctuations in the performance, which the Pension Fund has seen that over the last five years. There is now a more towards carbon disclosure and next year the fund will be using TFCFD (Task Force on Climate-related Financial Disclosures) to measure carbon exposure. He explained that one of the issues is that the financial sector is global, but regulation on the whole was still done at the nation state level. In each jurisdiction ESG and carbon measurement use slightly different definitions. The other issue is that ESG has not been extensively regulated. There has been a lot of greenwashing. Now the Financial Conduct Authority is looking at companies marketing materials, to see if they are making claims they can back up. We do need more clarity and regulation.

- Ryan Jude, Programme Director, Green Taxonomy, GFI, added to the discussion by explaining his main role at the Green Finance Institute (GFI) is defining sustainable economic activity for every sector, on behalf of the UK government. Once this is completed, alongside a Regulation called the Sustainability Disclosure Requirements, this will mean the funds in question will have to report on taxonomy alignment. This will enable scrutineers to see what percentage is green using a government endorsed regulation, with a science backed dictionary. In the meantime it is actually due diligence, a lot of research, which can be frustrating, and difficult to find the time and capacity to deliver. Once the UK has complete this work, later next year , the UK will join the EU, which is more advanced on this already and also China, which is also a bit more advanced.

- A member referred to the broad coalition of investors such as Climate Action 100+, which brings together multiple large investors much bigger than Southwark, such as Aviva and BlackRock. They asked if there was opportunity to use their benchmarks and standards to assess the transition risk and transition strategies, and also referred to the science based target initiative. They asked if Southwark could increase capacity by utilising those standards or inject ourselves into these bigger coalitions.

- In response to a question on the proportion of the fund directly invested in energy Carbon Tracker and Southwark Pension Fund officers explained the energy weighting of a traditional portfolio is around 4-7 % whereas Southwark Pension Fund is now at fractions of these percentage. However, Southwark Pension Fund is aiming to decarbonise the fund and be zero carbon by 2030, which is a broader, more ambitions target.

- The Strategic Director referred to investment funds that the Pension Fund considered including creation of solar panels, battery storage, solar panel and wind farms in Norway, as well as greening airports and railway stations. The Pension Advisory Panel recommended wind, solar and batteries, which was accepted by him as the decision maker for the

Fund. He noted there was resistance to the products reducing fossil fuel exposure in these existing dirty assets and speculated that it may be good to revisit this over the next few years because in terms of carbon impact cleaning industries that are dirty may actually be our best way to get to carbon neutrality. He added that Southwark Pension Fund engage in retrofitting a property portfolio and see this investment as bringing good value, with 15% of the fund in Managed Property. Here Southwark Pension Fund managers buy buildings, and then they make them green. Because good green buildings are the buildings that are attracting higher rents and better customers this is a strong part of the portfolio.

- There was a discussion on the complexity and potential unintended consequences of moving to renewable technology, for example buried plastic wind farms and the energy involved in solar production and shipping. In response Carbon Tracker said that that a huge amount of resources are going into maintaining the current fossil system. One example is that 40% of the shipping in the world is simply moving fossil fuels from one continent to another. There are also large amounts of minerals involved in involved in building the enormous shipping tankers crossing the ocean, as well as the fossil fuels they burn doing it, so the focus on the smaller amount of materials and fuels in the production of renewables misses this larger consumption. Carbon Tracker said that perfection is the enemy of good in the move towards sustainability, and referred to the Edison dilemma. Edison designed electric light but he used candles and gaslight to do it. Similarly the railways used the canals to transport the goods to build the track. It is always the case that new technologies coming in use the old technologies to build the future. Carbon Tracker also cautioned against using concerns about electricity generation, and intermittency, to delay transitioning as intermittency only becomes a problem at about 80%. But at the moment, the global proportion of electricity generated by renewables on an average is somewhere in the region 10 to 15%. In the present scenario it makes no sense to worrying about intermittency when the gap is so huge.

- There was a discussion on other aspects of responsible investment and how mindful Southwark Pension Fund was of

the Governance and Social aspects of ESG, alongside the Environment, particularly given companies such as Tesla might be weaker on the Governance compared with the Environmental aspect. The Strategic Director said that while the fund always practice responsible investment and is mindful of this, there is a single minded focus is on carbon reduction. He added that they also always hone in on diversity of personal.

- Members questioned if weight also ought to be given to social aspects of ESG to ensure that transition is equitable. Carbon Tracker contributed to the discussion by outlining how energy transition provides for a more equal world, and can be defended for social and environmental reasons. In a world powered by fossil fuels 90% of the global energy is from 10% of countries (Saudi Arabia, Russia etc.). The energy is highly concentrated in small pockets of the world leading to supernormal profits. In transition to renewables there is fundamental shift in the way that energy is distributed. This impacts on both the business model as well as on human beings, with every country having the ability to supply its own energy, to manufacture its own energy. In this scenario there are not supernormal profits, but you bring opportunities to people that do not have energy. Currently large parts of the globe do not have any energy, mostly because they are in remote places where the grid dose work. However, a solar panel in the middle of nowhere generates electricity, and then connectivity. Once you get connectivity, you generate wealth. The new business model is also a challenge for investors because the new system is more like a mobile phone or internet network provider business making steady profits. Previously there was a pay for play mode, but now it's a case of all you need for £30 a month, which is analogous to the new energy system, with steady sustainable profits. The transition will lead to a more equitable distribution of both energy and wealth bringing benefits to the environment and humanity, which why he suggested this singular focus right now is justified.

8. ABUNDANCE

Karl Harder, co-founder of Abundance, presented on Community Municipal Bonds / Local Climate Bonds and more broadly on Climate Emergency transition.

The chair invited questions on this under item 10, where they are recorded.

9. GREEN FINANCE INSTITUTE

Matt Ferretti, Head of Partnerships, and Ryan Jude, Programme Director Green Taxonomy presented.

The chair invited questions on this under item 10, where they are recorded.

10. 3CI

Steve Turner, 3ci Director and Zoe Jennings, Head of Climate Investment presented.

The chair invited questions from the commission on the last three presentations combined: 3ci, Abundance, and the Green Finance Institute (GFI).

The following points were made:

- GFI referred to research by the Committee on Climate Change, who have estimated that reaching zero carbon by 2050 will cost the UK 1.4 trillion pounds, about a third of which is expected to come from the public sector. Therefore about two thirds of is expected from private capital. The presentation shows current finance that is available to Local Authorities on their capital spending. The Public Works Loans Board is the vast bulk of that. There is also some grant funding. The UK Infrastructure Bank, which has launched in the last year and a half has now added an extra 4 billion pounds that local authorities can borrow. However this is still

is not enough money, furthermore the Public Works Loan Board is reaching capacity. Therefore projections for 2030 include a small proportion (5%) of funding from local climate bonds, which Abundance deliver.

- GFI explained that one of their roles is to look at barriers to investment. They bring together various coalitions, including policymakers, banks, and some of the pension funds. People in the relevant sector look at why is capital is not flowing even when the technology already exists. This includes examples such as barriers to uptake of green mortgages and why pension funds are not purchasing District Heating Networks in the UK like they do in the Nordics and Baltics, which would help with decarbonizing our heat sector.

- Members asked about potential miss matches between project and investor needs. 3ci said that while the projects they are supporting are still too early in the pipeline to answer that definitively, it is hoped that early engagement will enable a good match.

- Abundance advised that Municipal Bonds rest on local trust and so councils must be wary of any greenwashing. Residents will expect ethical delivery. There are some projects, such as solar, which can easily deliver steady returns, whereas rewilding or growing trees do not usually produce a profit, however they can be delivered through the donated part. Communication and transparency are key.

- Abundance noted that when individuals invest in a Municipal Bond they are not simply thinking about the financial return, they are also thinking about what their money is doing in the world. This interest has been increasing over the last decade, whereas back 50 years most people were completely unaware what their money in a bank, savings account, or pension fund was invested in. Now people are becoming increasingly aware and this growing desire to invest sustainably and ethically is almost on an exponential growth curve.

- Municipal Bonds not only raise money they also raise engagement. In delivering Net Zero councils have a direct role in decarbonizing their estate and influencing the wider infrastructure, but Local Authorities also have a role in mobilising the wider community to take action. One way of illustrating the impact of Municipal Bonds is in retrofit. If this is done under only the council's auspices it has a local impact, but often nobody hears about it. However, if this is done through a Municipal Bond then it raises community awareness of the new technologies that we need to adopt. If the council retrofits to save energy and then installs a heat pump then people in the community who learn about this are more likely to then retrofit and install heat pumps in their own lives if they see other people doing it. The same if true of EV charging and solar installation.

- A member commented that London Bridge Business Improvement District (BID) is presently working on the potential to build a District Heating Network, and working with local landlords and stakeholders on this. 3Ci said this is the sort of project that could be a good fit and recommended the 3ci portal and events to assist in bringing this forward. GFI commented that BIDs are a good forum to develop the place based initiative recommended by their research to be the best value for money, by maximising environmental and local economic benefit.

- GFI referred to the Greater Manchester Climate Bond in development for two electric buses, where funding is being provided for this as a proof of concept initiative, with a view to larger projects being funded by Public Works Loan Board.

- Municipalities have large capital investment programmes to deliver environmental benefits, and some of these will be revenue generating and so can be a good fit for Municipal Bonds and 3ci projects.

- There was a discussion on profit and acceptable levels for residents. Carbon Tracker referred to previous public projects such as PFI, which built hospitals and schools until recently,

and the private bank loans linked to LOBO interest rates, which many councils took loans out on. These rates were at double or nearly double the Public Works Loan Board rate of the day, and generated often millions in profit over the course of the project. Municipal Bonds interest rates are much better value for Local Authorities as the interest rate is set just below the Public Works Loan Board Rate, which is cheaper than public loans, and are not an extractive rate of profit . The LOBO loan rate was also hidden and only exposed through FOI requests. Adopting transparent finance models from the outset and benchmarking performance in local delivery of projects will build resident confidence.

- Abundance commented that that there are different risk appetites in councils and one large Net Zero infrastructure project in Bristol is looking at combining funding from Abundance as well as private finance .

- There are several councils who now have Abundance Municipal Bonds, or they are in the pipeline. This is building confidence amongst officers and investor awareness and willingness amongst residents. 30 – 40 years ago municipal bonds were common, so this is in part about reviving an old tradition.

- Abundance said that rising interest rates, and resultant increase in the Public Works Loan Board interest rate, is making it easier to deliver projects as shaving 0.5 % off a rate of 1.5% is harder than a rate of 4.5%. Against this they are competing against more attractive saving account rates. However in this scenario it is possible that there will be a higher donation rate – where investors donate more of their profits to the council fund. Currently on average , around 8% of all interest paid out is donated back and used for projects such as tree planting, or rewilding, which are the hard to fund element of a Net Zero plan, but also often very attractive to residents.

- A member commented that now they understood more about the potential for Municipal Bonds it is a scheme that they

would consider investing for environmental, community and economic benefits, and perhaps donate the interest, and considered other residents would too, if they understood more. GFI endorsed this by citing research that showed around 70% of the population would be willing to invest in similar schemes. Furthermore there is huge potential – for every 100,000 people there is £4 billion available in savings, and this only includes wealth that can be invested in crowdfunded platforms such as Municipal Bonds, with further wealth more locked up in Pension Funds. Building awareness around the benefits, and reassurance that residents' savings are safe, is key to building a willingness to invest in Municipal Bonds.   GFI said it is possible to grow your pool of investors - and vary interest rates over time.

11. WORK PROGRAMME

The work programme was noted.

RESOLVED

Cllr Catherine Rose will be invited to the final meeting for her interview.

Meeting ended at 10:05pm.

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