

CIPFA South East Region

North Anglia 2022 Day Conference

14 October 2022

Resourcing Climate Emergencies and Net Zero Strategies

Scanning the Political and Economic Horizon

Who are RP Martin?

Oldest City money brokers with over 100 year experience.

Traditional inter local authority cash lending.

Specialist team for:

Capital Financing.

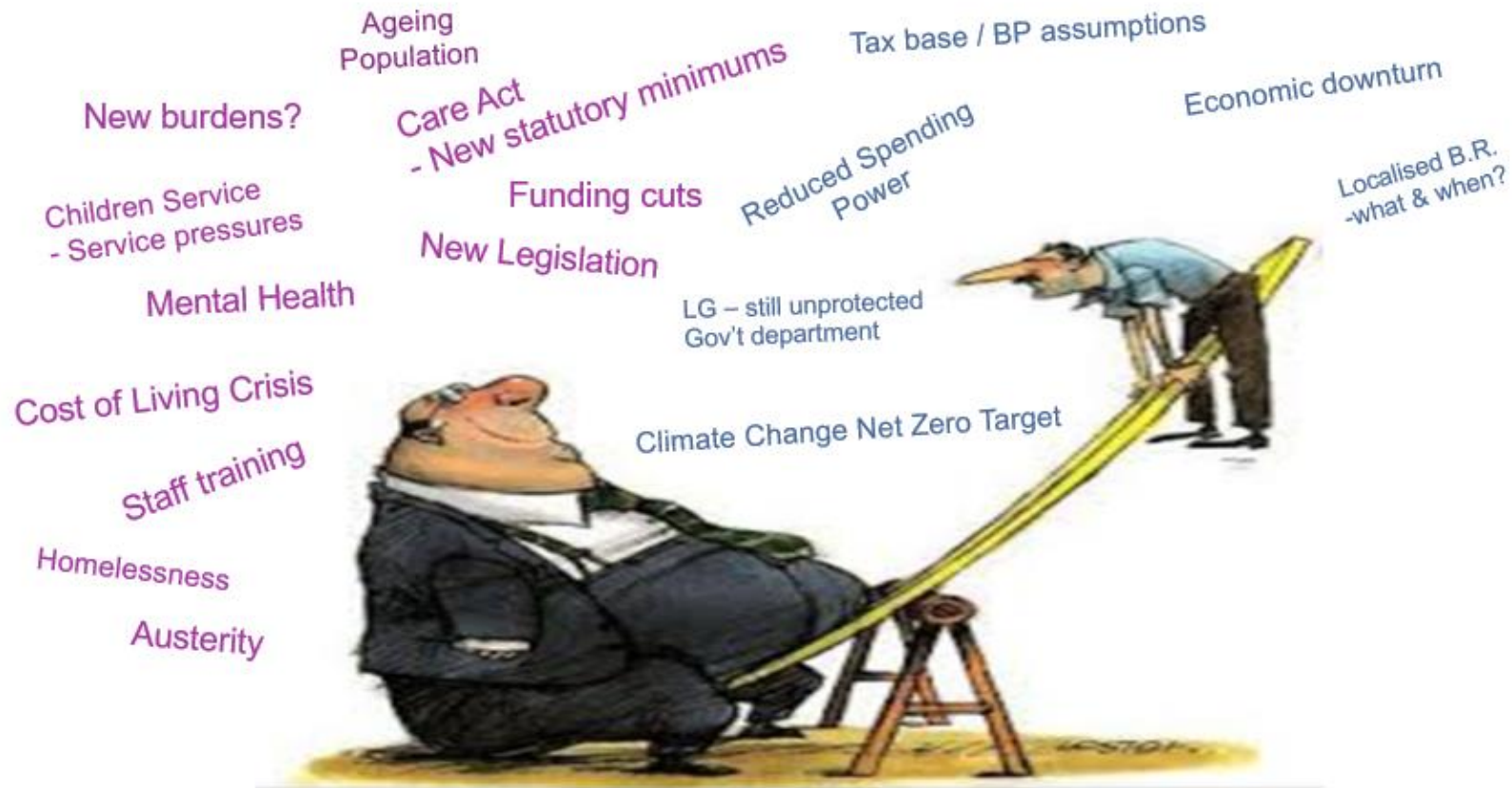
Carbon Reducing Technology Investments.

Statutory Obligation Solutions.

Resourcing Climate Emergencies and Net Zero Strategies

Do the options around funding strategies for competing resourcing priorities need a radical rethink?

Competing resources / Balancing the Budget

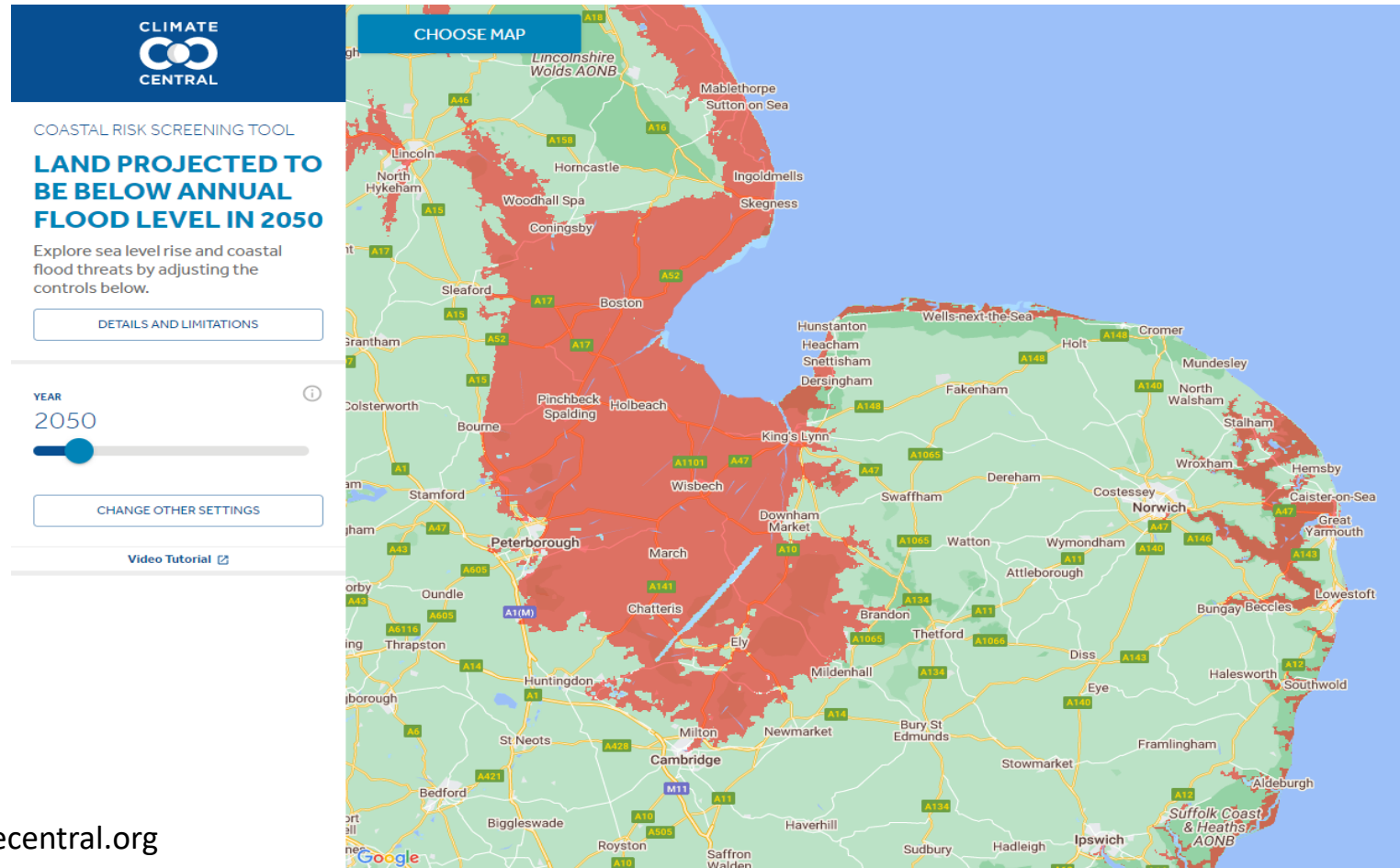


YOUR INTEREST
IS OUR BUSINESS

What options?

- Complete overhaul of settlements?
 - Additional funding / ringfenced grants
 - Local delivery
 - Rebalancing the local budget
 - It is going to come at a price
 - Affordable?
 - Desirable?
 - Deliverable?
 - Necessary?

Do we need a radical rethink?




Source:
<https://coastal.climatecentral.org>

Explore What's Happening Locally

From places that haven't declared a climate emergency to places targeting net-zero carbon emissions by 2030.

Which map do you want to view?

- Council Declaration
- Area Target

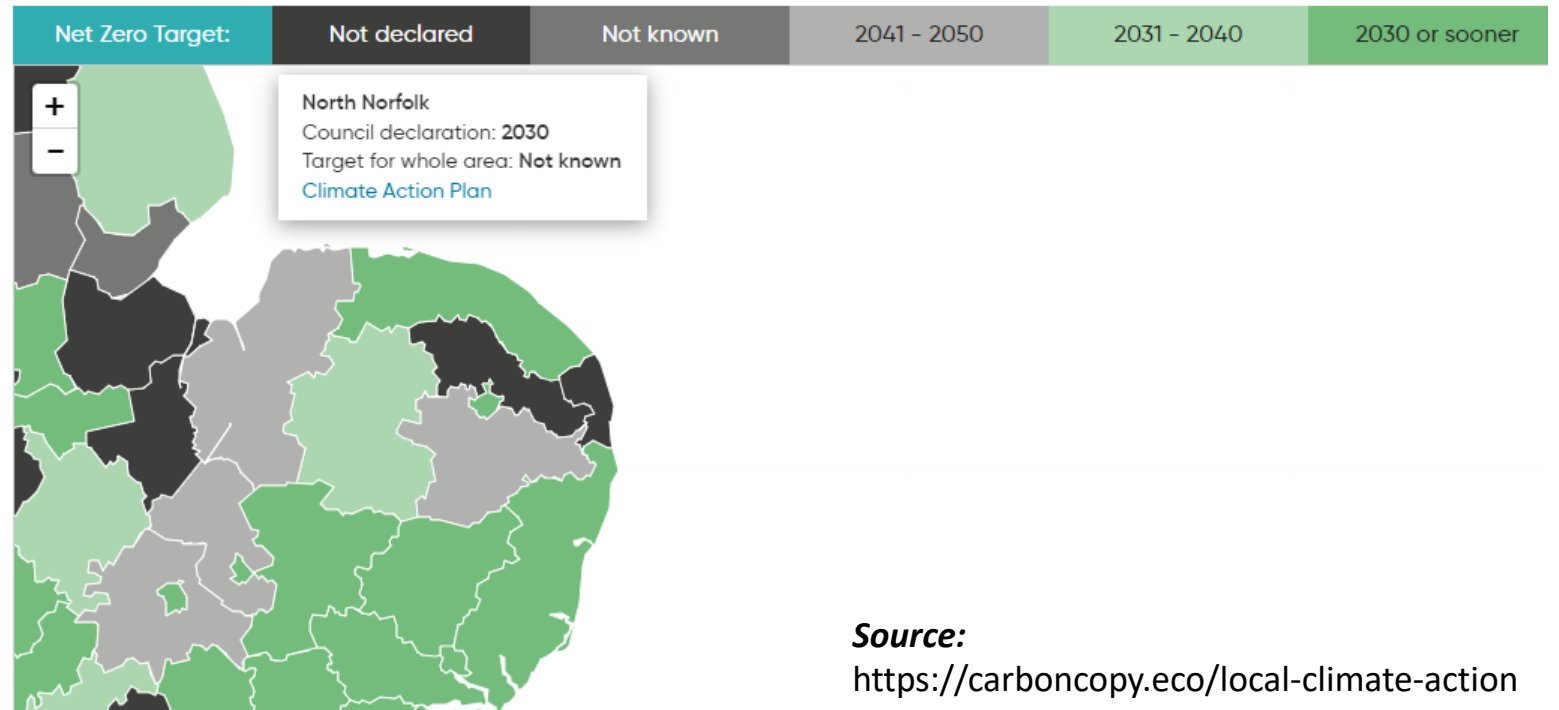
 Zoom in to see more, hover over an area for info, click to go to local area page.

Find your local area

Can't use the map above? Search for your local council in the text box below to go directly to the local area page.

Source: Carbon Copy research in collaboration with [mySociety](#) and [Climate Emergency UK](#). Please send council plan updates to climate-councils@mysociety.org.

© 2020 [GBMaps](#) bespoke map designers.



Source:
<https://carboncopy.eco/local-climate-action>



YOUR INTEREST
IS OUR BUSINESS

Resourcing Climate Emergencies and Net Zero Strategies

"The move towards a more sustainable public sector is going to require a fundamental shift in the sector's priorities..... Officers, Councillors and local communities will need to view all activity in their area through the primary lens of the climate crisis."

Rob Whiteman, CIPFA CEO, Jan 2020

Scanning the Political and Economic Horizon

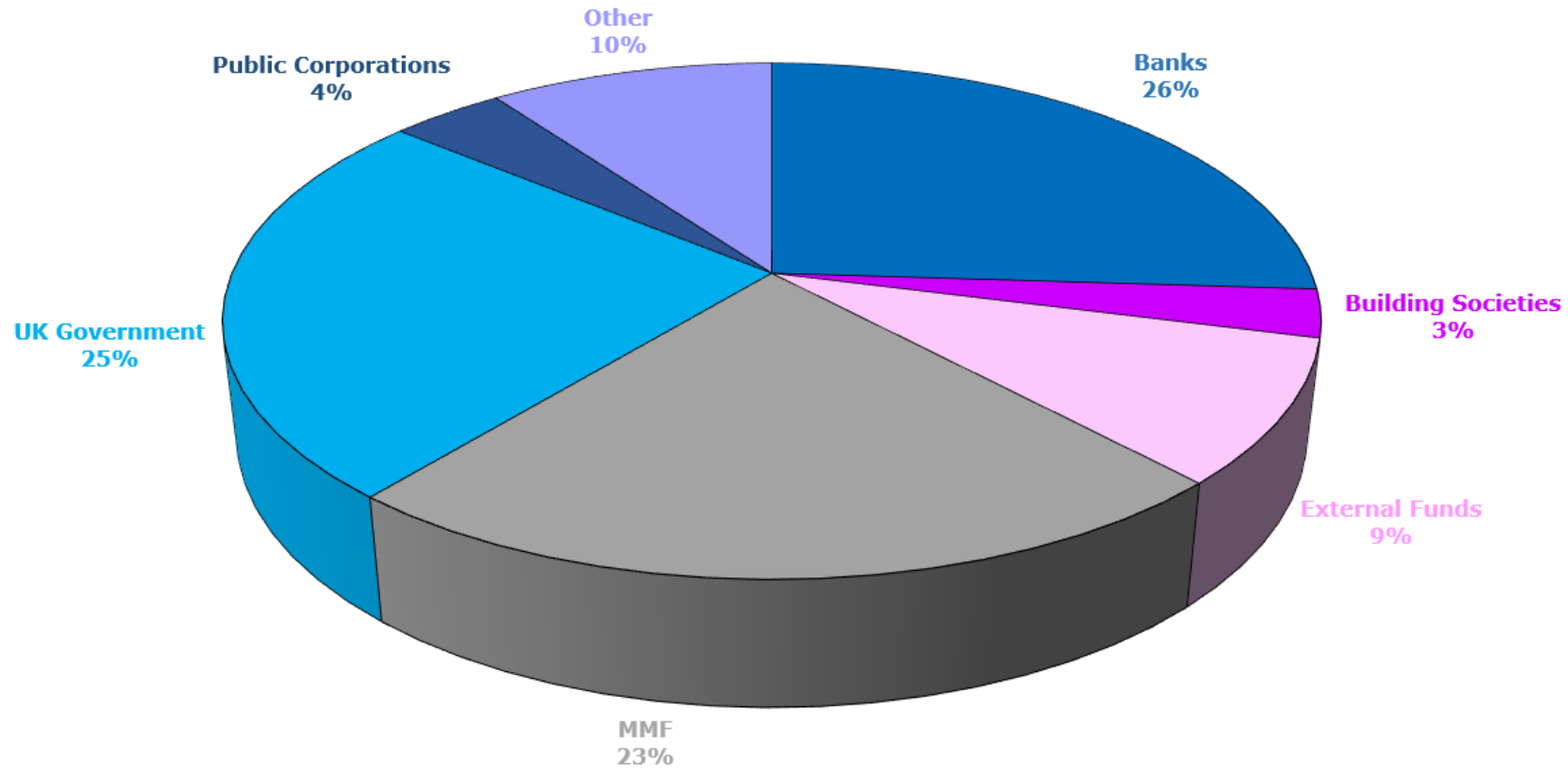
We will leave politics
to the experts!



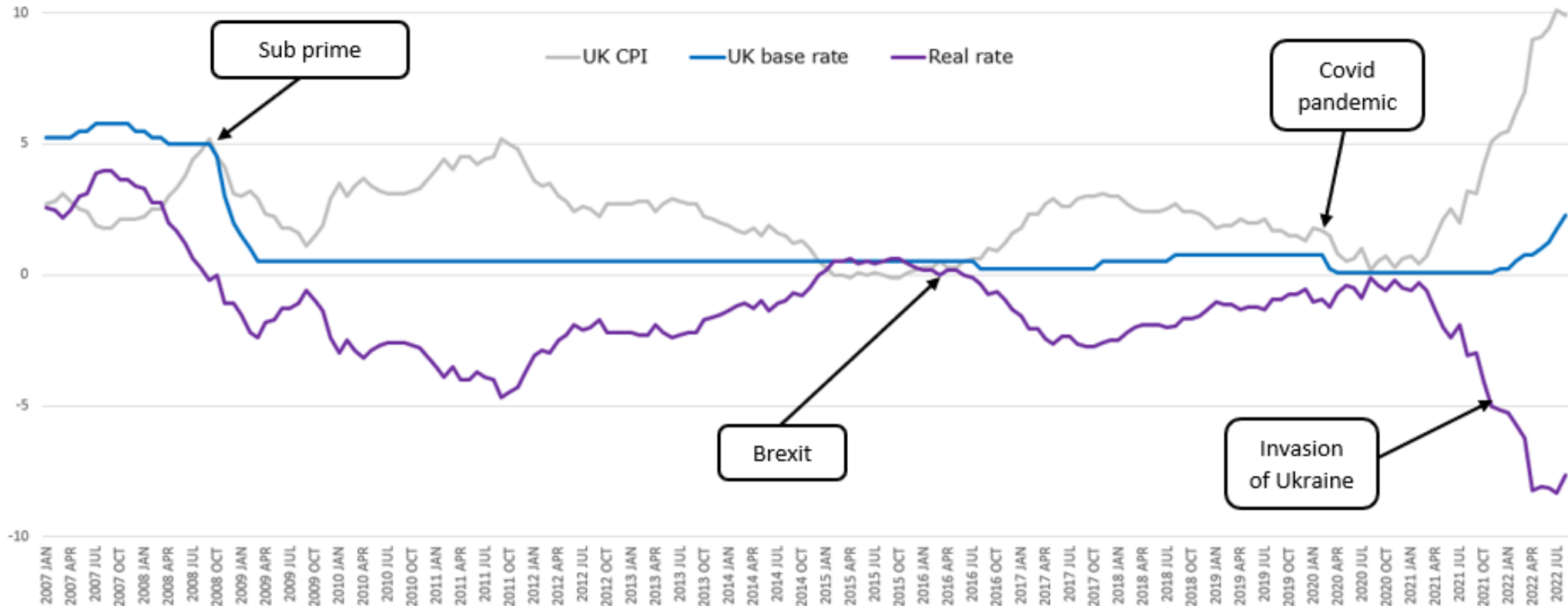
As for the economic horizon...

- We are not Advisers. We can't predict politics and we are not going to bore you with out of date predictions -
- *Economics is not a science. We are in volatile times -*
- Public Sector most likely to be cut to 'feed the beast' -
- *14 years of historic lows. Anyone under 32 had never seen a rate hike until this year. -*
- Is the skill set lost (or rusty)? It's not the end of the world! -
- *Low rates and low energy prices are thing of past -*
- To fund change you do have resources, but need to change how they are applied -
- *That's political will to allocate. Some scope for officers in budget. Principally procurement. Big gestures will be via capital funding and local investment -*
- Pension Fund % local allocation. Capital strategy & Investment strategy, all is not lost -

£61bn Low Interest Environment



Spending power erosion



You've Declared a Climate Emergency – Capital Financing Solutions

Green Bond = Sub PWLB Financing

- Budget savings
- Low resource load
- No high advisor fees or conflicts of interest
- Flexible structures that match YOUR capital Programme

Carbon Reducing Investment Strategy

- Instruments to reduce carbon footprint
- Yield to support low investment income
- Better risk management
- Match member and public expectations



PF update CIPFA The Chartered Institute of Public Finance & Accountancy

4 July 2019

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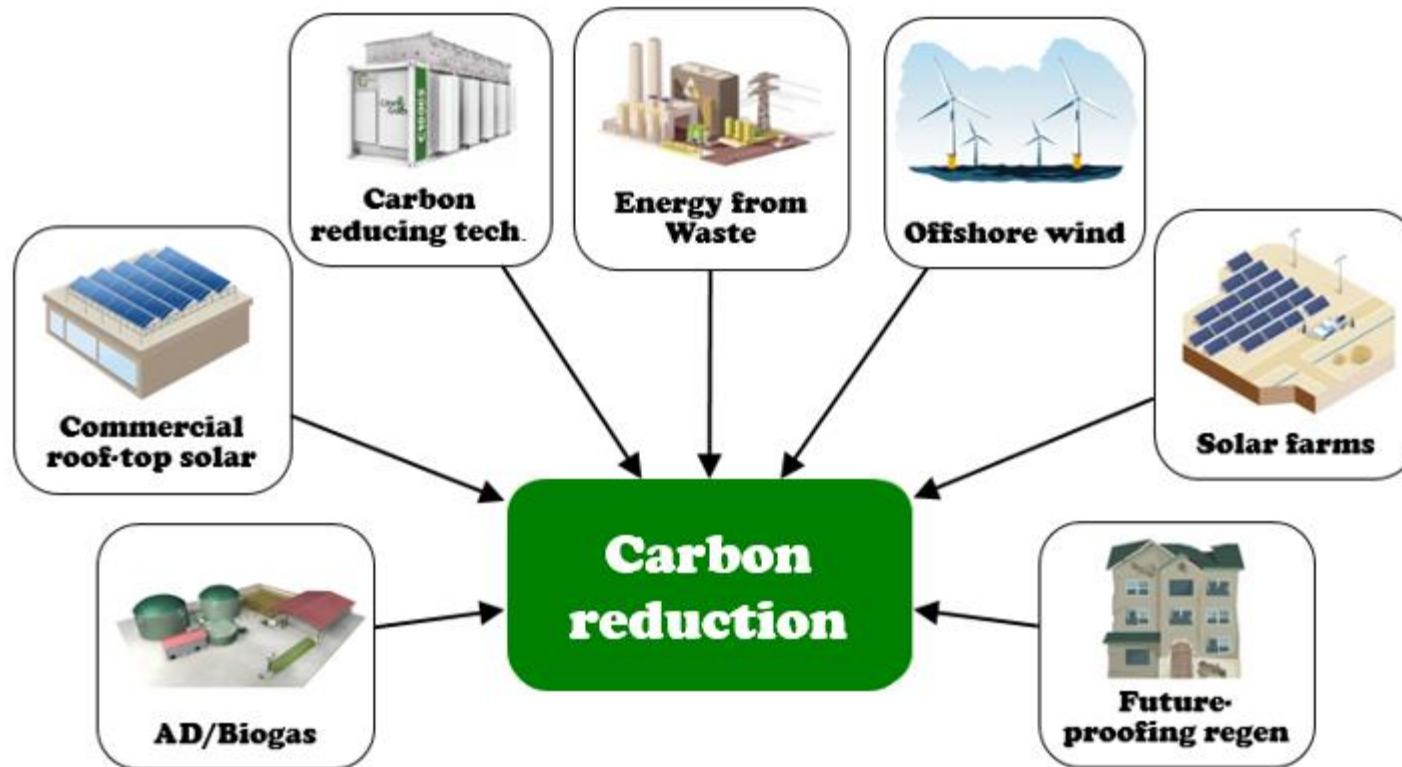


Whiteman: Council investments must be more diverse

CIPFA chief executive Rob Whiteman raised concerns over a lack of diversity in council investments, at the annual Local Government Association conference.

NEWS

UK Local Authority Investments



Future Budgets - Capital Financing

"The greatest danger in times of turbulence is not the turbulence; it is to act with yesterday's logic" - Peter Drucker

So what's changing?

New financial year - Time to review your strategies - Consider the advice you've been given - is it time for that radical rethink?

Debt & Investments.

Rising rates - Can you predict where rates will be in 30 years? - Make debt and investment strategies flexible

Rising debt costs and investment returns.

In hindsight was the fear of cost of carry good advice? Large debt requirements as rates are returning to historically normal levels

Solutions.

Options exist ... remember Mr Drucker!

In Summary - An Audit Checklist

- Business Partners review procurement options and chase the grants.
- Engage with the LGPS - 5% local investments.
- Have Internal Audit reviewed your Capital Strategy ?
- When was last full Audit review of Treasury function?
 - Is the role of advisors & conflict of interest section up to date ?
 - Performance management of TM Function ? Link to the 'green' agenda
 - Is the TMS an advisors template? North Anglia is not the Peak District.
 - Do you have capacity to invest in non finance sector instruments?
- Is the Capital Finance Risk Register up to date?
- Member Training and MIFID 2 Compliance – undertaken / independent ?
- Member awareness of Zero Rate Environment and green expectations
- Has DD and advice come from real experts - A solar farm is not the same risk profile as an overnight cash investment.
- Risk Assessment from Risk experts.
- Is there member oversight of Reserves policy?

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