



# THE ROLE OF FINANCE PROFESSIONALS ON SUSTAINABILITY AND THE CIRCULAR ECONOMY

CIPFA SOUTH EAST – CPD EVENT  
29 JANUARY 2020





## AGENDA

- 1 INTRODUCTION
- 2 EXAMPLES OF SUSTAINABILITY AND THE CIRCULAR ECONOMY
- 3 SUSTAINABILITY AND THE CIRCULAR ECONOMY – THE MACRO FRAMEWORK
- 4 APPROACH
- 5 THE ROLE OF THE FINANCE PROFESSIONAL
- 6 CLOSING REMARKS
- 7 Q&A



## THE ROLE OF FINANCE IN SUSTAINABILITY

- Measurement and reporting (e.g. carbon)
- Targets – net zero/ climate emergencies
- Social Value Framework
- Business cases
- Procurement
- Supply chain relationships
- Complex contracts
- Funding – commercial opportunity
- Financing
- “Shovel Ready”
- Audit & assurance



## MAYOR OF LONDON'S RETROFIT ACCELERATOR – HOMES

- Help London boroughs & housing associations develop energy efficiency projects at scale, with technical and commercial solutions
- Starting on 1,600 whole-house retrofits in Greater London over the next three years.
- Create a market and new skilled jobs in the low-carbon goods & services sector
- Unlock funding and low-cost finance for energy efficiency projects.
- Save over 4,000 tonnes of CO2 a year.
- Tackle fuel poverty by making homes warmer and more affordable.

<https://www.energiesprong.uk/>

# MAYOR OF LONDON'S RETROFIT ACCELERATOR – WORKPLACES (FORMERLY RE:FIT)



## What is RE:FIT?

RE:FIT is a framework for energy performance contracting. ESCo enters into contract with a public services organisation and guarantees the energy savings from its works over a given period. As a result, organisations are assured of a secure financial saving.

## RE:FIT Conservation Measures

- Combined Heat & Power
- Variable speed drives
- Lighting & controls
- BMS controls
- Heat recovery
- Solar thermal
- Heat pumps
- Photovoltaic panels
- Secondary glazing
- Draught proofing
- Radiator reflector panels
- Street lighting



1E Nightwatchman software for PC auto shutdown





# PA'S RE:FIT WORK WITH ST. HELIER FABRIC

Before



After



## NHS - Healthy New Towns Programme

### What is the programme?

- NHS England proposal to place greater emphasis on preventing ill-health and re-thinking how we deliver care services.

### Three key aims:

1. Shape new towns, neighbourhoods and communities to promote health and wellbeing, prevent illness and keep people independent.
2. Radically rethink the delivery of health & care services in areas free from legacy constraints, and to support learning about new models of deeply integrated care.
3. To spread learning and good practice to future developments and regeneration areas.

## Sustainable New Towns

### Case study from DEFRA

PA contributed to analysis on the potential for 4-6 eco-cities on the Oxford/Cambridge Arc, to contribute towards the ambition for 1m new homes by 2050.

PA helped to identify and qualify environmental benefits that new eco-cities can have, e.g:

- Environmental net gain
- Economic growth
- Desirable & healthy living
- Increased housing affordability
- Financially achievable





## European Investment Bank (EIB) - Transport

Global funding investment into innovation of road transport has been considerable over recent years, but it's largely disproportionate.

Easier access to finance could benefit the sector through:

- Urban green mobility solutions and services
- Low carbon highly energy efficient road vehicles
- Automated and connected road transport

The main objective of PA's support was to assess the access to finance conditions within the innovation in road transportation. Our support identified a large overall financing gap and sub-optimal access to finance conditions for European companies developing innovative transport technologies and services.

This resulted in set of policy and financial-related recommendations which were put forward by the EIB to address the gaps.



# ECOBOOTH

Finding new uses for old plastic and  
creating a sustainable business

Bringing Ingenuity to Life  
[paconsulting.com](http://paconsulting.com)

Healthbox

## THE SUSTAINABILITY REVOLUTION IS HERE

A 2017 white paper by the Generation Foundation heralds the ‘Sustainability Revolution’, bringing off-the-scale opportunities for business and society.



“The Sustainability Revolution appears to have the scale of the Industrial Revolution and the Agricultural Revolution – and the speed of the Information Revolution. Compared to these previous revolutions, the Sustainability Revolution is likely to be the most significant event in economic history.”

*The Transformation of Growth 2017*

Note: Generation Investment Management’s 2017 Sustainability Trends Report documents the trends behind this Revolution.

# THINK UN SUSTAINABLE DEVELOPMENT GOALS

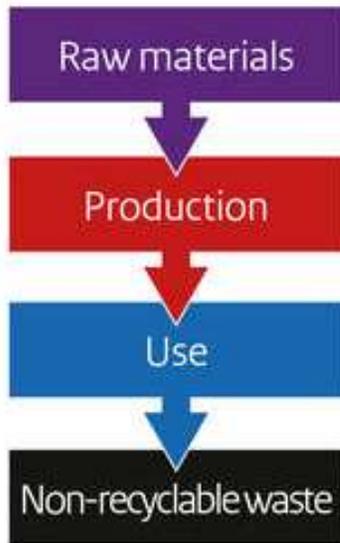
Sustainability refers to securing the long-term prosperity of society; associated with meeting the UN Sustainable Development Goals..



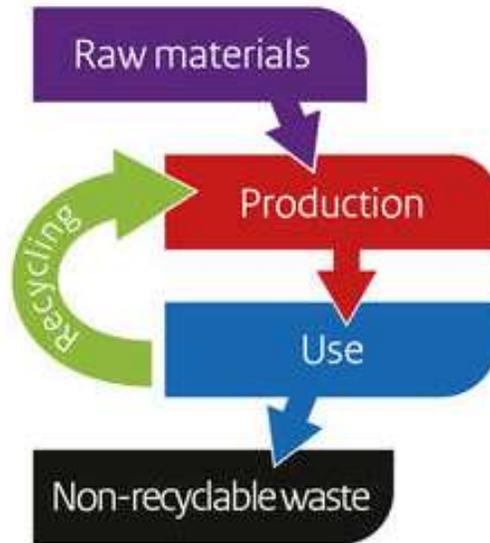
# THINK CIRCULAR ECONOMY

Circular Economy is a more specific concept: an economic system that eliminates waste and promotes continual reuse of resources.

Linear economy



Reuse economy



Circular economy





# OUR BREAKTHROUGH RESEARCH



PA OPINION

**How to start using blockchain to drive sustainability**

PA OPINION

**Embrace the disruptors: how big brands can work with start-ups to innovate for sustainability**

PA IN THE MEDIA

**Financing the Circular Economy is a new opportunity for banks**

# WE UNDERSTAND WHAT WORKS THROUGH POWERFUL NETWORK AND PARTNERSHIPS



**ELLEN  
MACARTHUR  
FOUNDATION**

## The Ellen MacArthur Foundation

works with business, government and academia to build a framework for an economy that is restorative and regenerative by design.

PA is an active contributing member of the CE100 (joint retail report, circular business model design guide)



**CONSULTING  
TECHNOLOGY  
INNOVATION**



## The UN Global Compact

is the largest corporate sustainability initiative in the world, with more than 9000 companies and 3000 non-business signatories globally.

PA is a partner to UNGC Project Breakthrough. PA is a signatory to UN Global and a specialist technical advisor.

Bringing both companies' skills set together gives us the ability to roadmap cost saving and environmental impact improvements – whilst giving robust measures to monitor and communicate environmental performance.



## ROLE OF FINANCE (2)

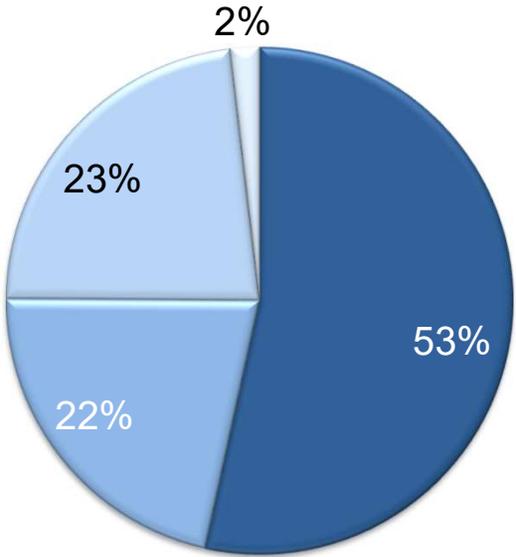
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## Changing Role of Finance - what does the shift in orientation and behaviour look like?



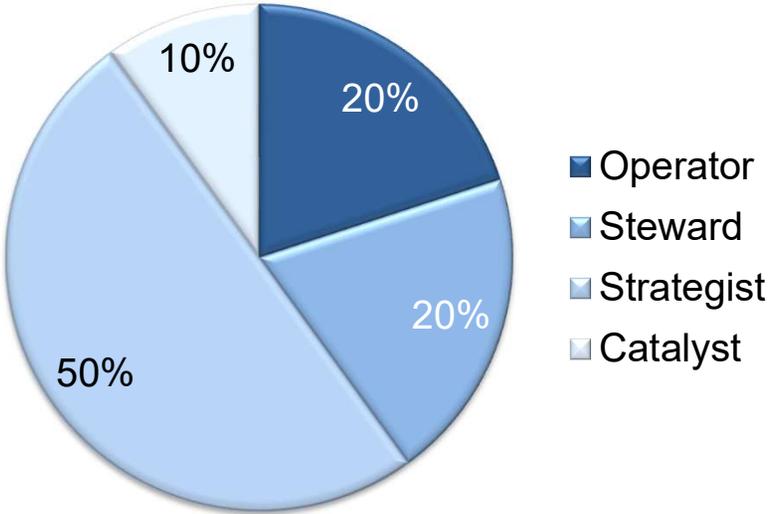
# The Changing Role of Finance - there is a shift towards spending more time on Strategist and Catalyst activities as evidenced by historic client work

Previous allocation of time



Previously, the Finance managers were spending 75% of their time on value preservation activities, but only 25% on value creation activities

Proposed allocation of time



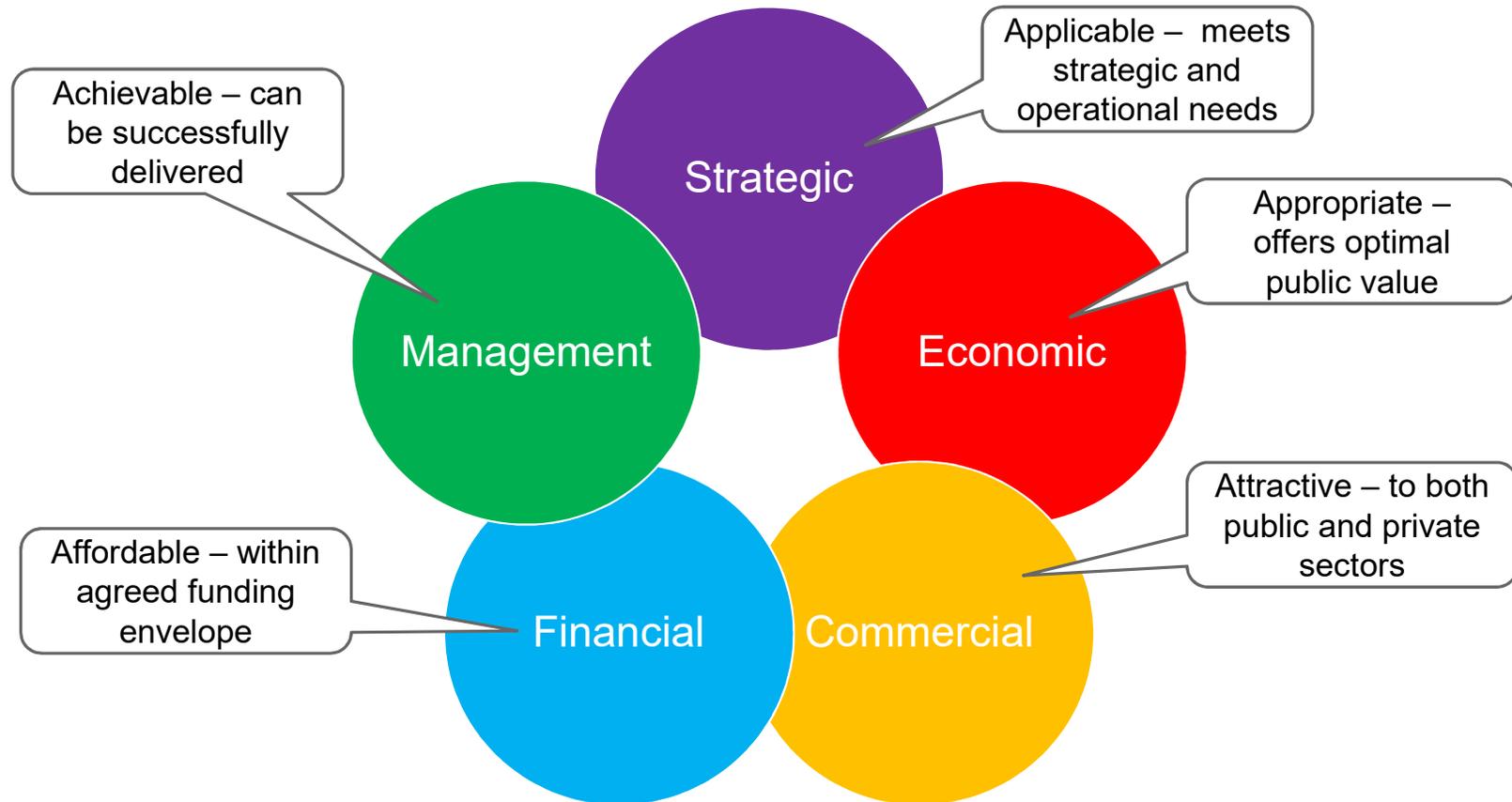
Following our work the new Finance Business Partners should focus 60% of their time on value creation activities

# THINK UN SUSTAINABLE DEVELOPMENT GOALS

Sustainability refers to securing the long-term prosperity of society; associated with meeting the UN Sustainable Development Goals..



# The Five Case Model: the five elements of best practice business cases





## **About PA.**

An innovation and transformation consultancy, we believe in the power of ingenuity to build a positive human future in a technology-driven world.

As strategies, technologies and innovation collide, we turn complexity into opportunity.

Our diverse teams of experts combine innovative thinking and breakthrough technologies to progress further, faster. Our clients adapt and transform, and together we achieve enduring results.

We are over 2,600 specialists in consumer, defence and security, energy and utilities, financial services, government, healthcare, life sciences, manufacturing, and transport, travel and logistics. And we operate globally from offices across the Americas, Europe, the Nordics and the Gulf.

**PA. Bringing Ingenuity to Life.**

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