Compound Interest.

Social value edition

June 2024

Introduction.

Is improved understanding of the creation of social value the key to unlocking Britain's economic development and productivity growth?

Dominic Veney
Chief Financial Officer
PIC

At PIC we are major investors in UK infrastructure and regeneration projects. We think that, as well as providing secure, long-term cashflows that match the pension payment we have promised to pay our customers, such investments are key to the delivery of social value, and are essential in driving economic growth in the UK.

The demand for such projects is growing, with the sector we operate in – the pension risk transfer market – expected to have up to £200 billion to invest in UK infrastructure over the next decade, as we take on increasing amounts of pension scheme liabilities from defined benefit schemes. We see no shortage of domestic capital to support viable projects. There just aren't enough viable projects to invest in.

Regeneration projects – broadly, but not exclusively defined as the development of built environment and infrastructure projects on urban brownfield sites – should be a key plank of any plan to reinvigorate regional economic growth and raise Britain's productivity levels.

So, why are so few of these projects getting off the ground?

Partly we see this as being related to the UK's status as a BANANA economy ("Build Absolutely Nothing Anywhere Near Anything" (or "Anyone").

But we also think that the social value generation of such projects is being underplayed.

Regeneration projects create significant social value for local areas, including skilled jobs, apprenticeships, improved healthcare outcomes, and economic inflows into local businesses.

We think communicating these benefits is key to helping overcome these challenges. Already some long-term investors, including the public sector, as well as private developers, are starting to change how they describe these projects. But more is needed to help local authorities successfully bring forward more of these types of developments.

In this edition of *Compound Interest* we explore the barriers to more regeneration projects being brought forward, why that matters, and why breaking them down should be right at the top of the political to-do list for the next government. We also take a look at what social value looks like during a project's construction phase, as well as during its operational life, and why these beneficial outcomes are crucial for all the main stakeholders – local authorities and the communities they represent, national politicians, as well as developers and long-term investors.

I hope you enjoy this issue. Please get in touch if you have any views you'd like to share, or suggestions for the next issue of *Compound Interest*.

In this issue:

- Mitul Magudia, Chief Origination Officer at PIC, looks at how pension schemes are increasingly thinking about their relevance to the UK's regional economy.
- Hayley Rees, Managing Director of PIC Capital, looks at how and why social value is created as a beneficial outcome of long-term investment in urban regeneration projects.
- Simon Hourihan, North West Project Director at Muse, PIC's development partner for the construction of our £130 million Build-to-Rent development in Manchester, explains how they measured social value creation during the construction of this development.
- Sam Winnard, PIC's Head of Build-to-Rent Operations, looks at social value for buildings in operation – the creation of vertical villages.
- Jeremy Apfel, PIC's Managing Director of Corporate Affairs, looks at how social value can help us move on from the BANANA economy trap – a priority for the next government.

Who we are and what we do.

PIC's purpose is to pay the pensions of its current and future policyholders. Our investment strategy is carefully constructed to provide the cashflows to match all future pension payments over the coming decades.

The best way to do this is by investing in very secure assets like UK government and high-grade corporate bonds, and the infrastructure the UK needs.

Our appetite for risk is low and our timeframe for success is measured over decades, not the next four quarters. Of a total portfolio of £46.8 billion, PIC has already invested more than £13 billion in UK productive finance assets such as social housing, renewable energy, urban regeneration projects, and the UK's universities. PIC has invested more than £29 billion in total in the UK. So far we have paid almost £14 billion in pensions to our policyholders, with a 99% customer satisfaction level.

In 2016 PIC invested £100 million to help finance the construction of the **Thames Tideway** project, a new 16 mile long tunnel under London to relieve the city's sewage system, reduce pollution in the river Thames, and improve environmental standards across the sewage network. Tunnelling was completed in 2023 and the project, which has an expected lifespan of more than 100 years, is set to go live in 2025.

In March 2023 PIC invested £50 million in **Portsmouth Water** to finance the construction of the Havant Thicket Reservoir, the first reservoir to be built in the UK since the 1990s. The new reservoir will help address the challenge of limited water resources across much of the South East and help protect the rare chalk streams in Hampshire. It will store nearly nine billion litres of water that can be supplied to Southern Water in time of low rainfall and drought.

PIC invested £200 million last year to forward fund the development of **One Eastside**, a Build-to-Rent development on a brownfield site in central Birmingham. The project will create 667 apartments across two towers. The project is providing around 300 jobs during construction and includes a student academy to provide local students with work placements and training on the construction site.

How pension schemes are increasingly thinking about their relevance to the UK's regional economy.

Mitul Magudia
Chief Origination Officer
PIC

In March this year, the London Pension Funds Authority, a £7.7 billion Local Government Pension Scheme ("LGPS") Fund, published its first Investing in the UK Report, a collaboration with The Good Economy and the Local Pensions Partnership Investments[1].

It's an interesting document, as it speaks to an increasing trend within the institutional investment world to re-orientate their focus around the "S" of the Environmental, Social and Governance movement ("ESG"). A good working definition of what this means is contained in a recent report by the Department for Work and Pensions, "Social factors are considerations about an investment that relate to people – from workers and suppliers to customers and communities ". This is somewhat of a step change in the ESG movement which has previously focused on the environment, carbon reduction, and the drive to Net Zero.

This led to a huge drive from institutional investors, as a result of political pressure and regulatory change, to document and disclose their climate risk and Net Zero plans. These disclosures have become increasingly sophisticated. As they have evolved from ESG reports into sustainability reports they have picked up a much bigger focus on social value: on how these investments – and particularly infrastructure and regeneration projects - that we have within our collective portfolios work for the communities in which they are located.

This is a welcome trend. The finance industry needs to explain our relevance to local communities much better. Unfortunately, many – most – institutional investors talk at a high level about their portfolio size, overall investment split, and the credit ratings of their investments.

This is of course important, but some are now seeing the need to take a more granular approach, explaining in more detail how and where they are investing across the UK.

We were pleased to publish our own report, *The social and economic value of finance*[2] in December last year, in conjunction with capital markets think tank New Financial, which shows the footprint of our investments and policyholder payments across the UK and the real-world impact of these investments on the economy.

The term social value, of course, is yet to be fully defined, and there is considerable work to do to evidence and assess the extent to which these investments create it. However, when talking to trustees and our policyholders, it is clear that they see considerable value in this work, helping them understand how assets are invested responsibly and have a net positive social impact.

So it is likely that this trend will be led by life insurers such as PIC as we take on increasing amounts of defined benefit pension liabilities, and by the LGPS, building off the report published in March.

By helping to engage trustees and other stakeholders on the real-world impact of long-term investments in infrastructure and regeneration projects providing the cashflows to back pensions stretching decades into the future, we hope to continue to help drive innovation, understanding, and progress in reorienting the sustainability movement onto the people at the end of the investment process.

[1] https://thegoodeconomy.co.uk/pbii-reporting-framework-gains-traction-in-the-uk/
[2] https://newfinancial.org/report-the-social-and-economic-value-of-finance/#:~:text=For%20everyone%20working%20in%20the,and%20save%20for%20their%20futures

How and why social value is created as a beneficial outcome of long-term investment in urban regeneration projects.

Hayley Rees
Managing Director
PIC Capital

High quality regeneration projects, which we tend to define loosely as the development of built environment and infrastructure projects on urban brownfield sites, such as disused docks, abandoned factories and obsolete office blocks, create significant social value throughout their lifecycle.

From the planning and design stages, during construction and into operation, they create significant benefit for local communities, including job creation and skill development, improved healthcare, a more cohesive social fabric, and better environmental outcomes.

As a country we need regeneration projects because they help our cities become denser and better connected, increasing national productivity, and they revitalise our smaller urban centres, bringing new life to tired town centres. But in our experience there simply aren't enough of them being brought forward to satisfy the considerable demand that we and other long-term investors have, as we seek the secure cashflows to back the pensions of our policyholders over future decades.

PIC is already a major investor in these types of projects, with more than £13 billion invested in UK infrastructure. But we want to invest considerably more – our industry is expected to have up to £200 billion to invest in UK infrastructure over the next decade. In short, there is no shortage of domestic capital, backing UK pensions, to support viable projects. There just aren't enough viable projects to invest in.

There are long-term structural reasons and short-term market specific reasons why this is the case. One of the key structural reasons is that local authorities don't have the capacity in their planning teams to manage development applications for significant projects. Amongst other reasons, this has led to a much-reduced quantum of projects and by association, investment opportunities being brought forward and available to invest in. This is compounded by the shorter-term impact of overpriced asset prices, which will inevitably unwind over time.

So we've spent quite a lot of time thinking about how we can help local authorities bring forward more investable projects, including through the work of the Purposeful Finance Commission ("PFC"), which is chaired by PIC's CEO.

The PFC found that there are two other areas where things could be improved, alongside increasing the capacity of local authority planning and regeneration teams. These are improving the grant bidding processes, so that councils don't have to compete against each other in a zero-sum game, and reforming the planning regime to make it smoother and more cohesive.

The decline in the number of regeneration projects has been marked over the past decade. Only 21% of major planning applications are decided today within the statutory 13-week period, compared to 57% 10 years ago.

Despite recognition of the social value created by these projects, indeed almost 70% of local authorities want urban regeneration projects precisely because they bring jobs and skill development, as well as help tackle homelessness and the housing crisis[1], there is little sign of this changing. This is in large part due to the pressures on local authority budgets, where they have been obliged by circumstance to focus their resources, and budgets, on children's services and adult social care, which account for around two thirds of local authority spend[2].

So developers and investors are focussing on those local authorities which are better resourced to deal with planning applications. This has created a situation where some local authorities have a virtuous circle of attracting investment and development, both reaping the benefits of the social value these developments create and allowing them to deepen their reputations as centres of planning excellence. This in turn attracts more investors and developers who know they have a fighting chance of having their plans reviewed in a reasonable timescale.

However, many local authorities have a very different reality of a vicious cycle. Given they have limited resources to manage planning applications, investors and developers go elsewhere, deepening the crisis for them.

One Eastside in Birmingham is providing around 300 jobs during construction.

[1] LGC Regeneration Survey - https://www.lgcplus.com/services/regeneration-and-planning/regeneration-survey-mixed-picture-amid-political-uncertainty-28-03-2024/#:~:text=Local%20jobs%20and%20skills%20development,aims%20of%20their%20regeneration%20programmes

[2] https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-2023-24-budget-england/local-authority-revenue-expenditure-and-financing-2023-24-budget-england

How and why social value is created as a beneficial outcome of long-term investment in urban regeneration projects. Cont.

What is social value in infrastructure investment?

Whilst the term is increasingly used within the industry, there is no clear definition. There is therefore a danger that it becomes a catch-all phrase used to market developments, and then falls into the ESG trap and accusations of "greenwashing", or to coin a phrase "socialwashing".

In our view, this makes documenting and defining social value creation as a result of these projects a priority, and one that we have started to think about. As a starting point, there are really two categories of social value. The first is the beneficial outcomes of the core business models of the parties involved. The second is more related to cultural (and dare I say it, marketing) factors.

The first part of the definition is social value produced as an outcome of the core business model. In PIC's case this might mean funding social housing to provide the long-term cash flows we need to fulfil our purpose.

View from a contractor:

Our social value commitments mean we think about costs decisions that we make anyway. For example, we need to get a supplier on board, but let's get them from the local area. Or, we already provide lunches for everyone, but let's use a social enterprise to provide them. Or, we need apprentices and we have a skills shortage, so let's explore opportunities for people who would not normally be considered e.g. ex-offenders. These things do not cost us more - it's just about the way in which we do our normal business, but better.

When an investor like PIC assesses a potential investment, one of the key factors we look at is the sustainability characteristics of the project over the very long-term, as we seek to both make the development as attractive as possible to potential residents (themselves increasingly aware of socially responsible businesses), and manage potential political and regulatory challenges over future years. Were that development not to produce social value we might potentially suffer financial loss.

There is clear evidence that where investments produce negative social outcomes for stakeholders, they are very likely to face challenge by socially minded politicians in future years, as can be seen with the whole ground rent debate. This sort of challenge would very likely impact the cashflows received off the back of these investments. So by thinking about social value over the lifetime of a development, long-term investors are, as an outcome of their core business, aligning their interests with those of the local community, benefitting everyone.

The second part, what we call cultural social value, might include things like links to local charities. Absolutely a good thing to do, but not essential from a core business perspective.

Better documenting and defining social value creation through infrastructure and regeneration project investments will have practical applications. Helping local authorities break down the barriers to these projects coming forward is the real prize and that will, in part, require the arguments for them to be made in ways that non-specialists can easily grasp, such as the social value generated, rather than quoting broad economic measures.

Some long-term investors, including in the public sector, and developers, are already starting to make these arguments. But if we are to help local authorities help themselves, we need to draw out and document more precisely the social value created by regeneration projects. This will help local authorities better understand that they can also help ease budgetary pressure in other areas, like education and healthcare. We all gain from this effort.

PIC has invested £130 million in Wirral Waters, the cornerstone project for the UK's largest urban regeneration.

Measuring social value during the construction phase of a development.

Simon Hourihan
Project Director – North West
Muse

It was evident from the first meeting we had with PIC, that we were very aligned in terms of the aspirations of our businesses and our core values, from the quality of delivery and supply chains, to approach in risk management and overcoming challenges as partners.

The foundation of regeneration and placemaking is social value. This starts with construction and delivery, setting the tone for the place by supporting people, communities, and local businesses from the outset.

New Vic, in Manchester, is one of the city's best-connected locations. Adjacent to Manchester Victoria train station, we've delivered a new residential community in partnership with PIC.

We worked closely with delivery partners VINCI, along with Manchester City Council, Network Rail, and Homes England. Together, we delivered 520 new homes and ground floor retail space over two buildings. Alongside this, New Vic delivers some of the best amenity space in the region, including a state-of-the-art gym, communal lounges, co-working space, cinema room, and rooftop/podium gardens.

Since construction began alongside lead construction partner, VINCI, we have helped create 418 new jobs, the equivalent of 2,215 weeks of apprenticeship opportunities, 29 work placements, and 108 weeks of training.

PIC has a vision for regeneration, the site on which New Vic was built was a car park.

Of the 418 jobs we've created on site, 69 people had been unemployed for more than 12 months, 34 had been NEET (not in education, employment, or training), seven were care leavers, six were former members of the armed forces, five were ex-offenders, two had been homeless, and two were survivors of modern slavery.

Overall, 62% of our workforce was from Greater Manchester.

We welcomed a mix of school age children and university graduates on work experience. This has included 15 students from Manchester Communications Academy as part of a Workplace Safari. We have also supported three students from Manchester College undertaking T-Level qualifications.

Our team has worked with local schools to provide educational opportunities. This includes St John Vianney RC School, which provides support for pupils with special educational needs, Hopwood Hall College, and the Co-op Academy Trust's Reach mentoring programme.

These are simple and tangible demonstrations of the power of regeneration and placemaking to create opportunity and change lives.

Of course, this opportunity is not restricted to the construction site. Our forecast spend with small and medium businesses is set to be £65.2 million, with spend in Greater Manchester of £49 million since the development first broke ground in 2020.

The Booth Centre, Manchester:

New Vic and Pension Insurance Corporation have been generous in contributing £4,000 to the Booth Centre this Christmas which has been doubled to £8,000 in our Big Christmas Challenge. Their support has greatly contributed towards our mission, which is to bring about positive change in the lives of people who are homeless or at risk of homelessness, and help them plan for and realise a better future. We look forward to the help and support New Vic and PIC will give us in 2024.

Our supply chain, in turn, creates jobs in their communities, supporting economic ripples throughout Greater Manchester and further afield.

We have also been able to divert 99.5% of the waste we generate away from landfill, aligning with our wider sustainability goals.

Our team, alongside supply chain partners, has been supporting Lifeshare – a local homelessness charity – move to new premises. We have installed internal walls, provided joinery services, and PAT tested electrical equipment. We even opened accommodation on site for the homeless over the Christmas period.

In total, we have supported 5,581 people in the community. Our teams have helped the elderly, run fundraisers for cancer care and the war in Ukraine, and donated 3,000 Easter eggs to local children.

As a placemaker, we understand the power of regeneration to change lives. We work with partners, including PIC, which align with our values and prioritise environmental, economic, and social value in the work they do.

We'd like to do more work with PIC following the success of New Vic and the relationship we have built during the process. Muse and our partners have set the tone for how New Vic will evolve as a place – a place which drives positive change in communities across Greater Manchester and beyond.

The social value of buildings in operation – the creation of vertical villages.

Sam Winnard
Head of Build-to-Rent Operations
PIC

As Hayley notes in her piece on the social value of regeneration projects, there is considerable social value created through the early lifecycle of a development, including environmental benefits, jobs and skill development. These are all very important beneficial outcomes.

However, equally as important when describing the social value of a regeneration project are the health and community, or social fabric, benefits that these developments enable.

In September 2023, we welcomed the first residents into New Vic, our £130 million Build-to- Rent development in Manchester. The reason we built New Vic is to help provide the cashflows we need to pay the pensions of our policyholders over the coming decades. Embedding social value into our developments is important in this regard for two reasons. First, we are part of the local community ourselves and we want to live and work in an environment that benefits from our presence. Second, it also results in longer duration tenancies without an undue number of vacant apartments, which means smoother cashflows, helping PIC achieve its purpose of paying the pensions of our policyholders.

We know that the typical Build-to-Rent tenancy is approximately 18 months, but our aim is to increase this, reducing the amount of resident churn and lowering void related costs. The best developments provide a thoughtfully designed and welcoming physical environment alongside an engaging on-site team that facilitates an active community.

Our starting point for managing our Build-to-Rent developments is the creation of communities. Determining who takes ownership of social value initiatives within these developments is a crucial first consideration. Outsourcing specialists are well-suited to overseeing the operational aspects of day-to-day management but leadership, direction, and commitment from the development owner is essential to drive innovation in community engagement over the long term.

The financial investment need not be large; what really matters is the commitment of effort, creativity, time, and care. For example, we host weekly "get to know your neighbour events," for new residents and have initiatives including health and wellness events, focussing on a healthy body and mind; a dog walking club; fitness classes; as well as partnerships with local businesses and restaurants. Residents can also contribute to the wider community through various initiatives. For instance, residents and staff of New Vic recently ran the Great Manchester Run in support of charity Independent Age, and there are ongoing initiatives such as a clothes bank and coffee mornings to support local causes.

A New Vic resident, Google review:

Absolutely outstanding apartment complex, the finest place to reside in Manchester. The flat and amenities are superb, and the staff are exceptional! They are incredibly welcoming and exceedingly helpful. I want to express my heartfelt thanks to each of you – Alex, Kelly, Katie, Simon, Amie, Lauren and Charlotte. Your collective efforts and dedication have truly made a significant impact in every aspect to make our life environment fruitful.

What we are starting to create is more of a village – a vertical village perhaps – than a traditional Build-to-Rent development. This will also have considerable benefit for the centre of Manchester as well. Having 500 people living literally on the doorstep of local businesses – our residents are able to buy directly from them through the New Vic app – will support them over future years.

The app also provides a platform for virtual community engagement. As well as booking a repair they may need, booking the on-site amenities, such as the cinema room or private dining room, residents are able to chat with their neighbours, can start groups with those with shared interests, and arrange meet ups. Recently the residents formed a book club, and soon the New Vic football team is going to kick off its first match.

The feedback we're already receiving from our first residents is proving invaluable as we look to open our pipeline of Build-to-Rent developments over the next couple of years, including One Eastside, Birmingham's tallest residential tower.

We're really pleased that we've been able to create such a strong community – with so much social value – right at the start of our journey. As we welcome increasing numbers of residents into our Build-to-Rent schemes we'll take this experience and help to shape their communities, and with it, create significant social value by bringing new life back into our town and city centres.

How social value can help the next government escape from the BANANA economy trap.

Jeremy Apfel
Managing Director, Corporate Affairs
PIC

All eyes are fixed on July 4. But whoever wins the election will have a very full inbox to deal with, not least how to create the conditions which will allow the UK to avoid what the Institute for Fiscal Studies has described as "the worst of both worlds,"[1] meaning both subdued economic growth and higher spending on servicing the national debt. Already the yield on government debt is the highest it has been since the Global Financial Crisis.

These constraints mean that increased public spending is likely to be in limited supply. Further government borrowing will be punished by markets in the form of higher debt repayment costs. This is a circumstance which the next Chancellor of the Exchequer will want to avoid at all costs – their credibility, and that of the UK itself, depend on sustainable public finances.

The question then is how we create the growth that brings sustainable public finances. In part it will mean creating denser, more connected cities and towns through infrastructure investment and regeneration projects, allowing us to benefit from the agglomeration effect, raising both GDP and the productivity of our urban centres. But this will mean escaping from the BANANA economy trap – "Build Absolutely Nothing Anywhere Near Anything" (or "Anyone") – holding us back.

The good news is that there is no shortage of UK domestic capital to invest – we are blessed with the second largest pensions and savings system in the world, after the US. The sector PIC operates in expects to have up to £200 billion to invest in UK infrastructure over the next 10 years.

But it will require a new narrative to build consensus – and that means that the social value of infrastructure and regeneration projects needs to be much better understood to usher in a new era of public-private partnerships, which are the only way to achieve our investment needs, given constrained government finances.

It will also require the next government to take a holistic view of the economy and of public sector agencies to understand which bits work well, and which bits need refining to remove blockages in the system.

A first priority for the new government should be to continue the review of how our regulators oversee the economy, building on the ideas set out in the recent White Paper[2], making sure that inefficiencies are addressed and investment can flow into the areas that we need it to. None of this should be controversial, or party political – if we want to achieve growth, it simply has to be done. Take, for example, the impact of the various regulatory and arms-length bodies on housebuilding over the past three decades.

According to industry bodies, entities like Natural England and the Environment Agency, by pursuing remits that are too narrow, have managed to prevent the delivery of considerable amounts of housing[3] and infrastructure over several decades, including because there are too few reservoirs[4] (in fact PIC recently funded the first new reservoir since 1991). Whilst they have met their specific objectives, we have all lost out on significant economic and productivity gains.

A second priority for the government should be how to mobilise the UK's long-term savings into supporting UK infrastructure. In places this is already happening, but there is a danger of entities like the UK Infrastructure Bank ("UKIB") crowding out long-term investors as they struggle to invest themselves.

With a cheaper cost of capital, and no real limits on what they can invest in, we could end up in a situation, rather like Natural England, where the UKIB have met their brief, but we are worse off overall. It would make more sense for them to use their balance sheet and investment capital to take on the project risks that the private sector can't – like other, similar entities do – with the aim of creating social value, rather than competing on price.

1 https://ifs.org.uk/articles/public-finances-and-2024-general-election
2 https://assets.publishing.service.gov.uk/media/664c8e09b7249a4c6e9d38a3/smarter-regulation-delivering-a-regulatory-environment-for-innovation-investment-and-growth.pdf
3 https://constructionmanagement.co.uk/natural-england-nutrient-neutrality-housebuilding-construction/
4 https://inews.co.uk/news/england-brown-unpleasant-land-reservoirs-water-industry-2198787

How social value can help the next government escape from the BANANA economy trap. Cont.

There are more structural issues to overcome as well, as outlined in the work of the Purposeful Finance Commission ("PFC")[1], Chaired by PIC's CEO, including a lack of planning capacity within local government, especially among planning and regeneration teams.

As an example of a true public-private partnership, the PFC has proposed the creation of a fund of £22.5 million provided by the private sector – any company with an interest in the planning system would be eligible – over three years to recruit additional planners. They would be centrally employed within the public sector to both prevent conflicts of interest and allow for effective deployment to the local authorities in greatest need.

As well as benefitting from a more efficient local planning system, the private sector companies would receive a kitemark or other marker of their commitment to social value creation from the government.

Whilst social value itself is an ill-defined term which means different things to different people, it is becoming increasingly important as a means of helping local authorities think about their funding priorities in different ways, with a view to bringing forward vital urban regeneration projects.

With Labour leading in the polls and expected to form the next government, it will also play an increasingly important role in national political debate, given that it echoes an idea first brought forward in the 1990s – that of stakeholder capitalism.

As has been noted, "the idea of stakeholder capitalism appeals, therefore, to two core Labour values, redistribution and participation."[2] Both of these themes are likely to play out under a Labour government, should they win the election.

The term social value perhaps conceals the considerable redistribution which is happening as an outcome of infrastructure investment. This includes both intergenerational transfer, and socio-economic transfer, in that the savings of older, often wealthier people – members of defined benefit pension schemes – are being reinvested in sectors like social housing and urban regeneration, which are primarily used by younger, and less well-off cohorts.

We are already starting to see a shift in emphasis where Labour politicians who were elected in the local elections are focussing on building homes for social rent.

For example, the new Labour Mayor of the West Midlands, Richard Parker, is reportedly bringing forward these types of projects rather than the Build-to-Rent developments favoured by his Tory predecessor, Andy Street. Angela Rayner has also pledged to build more social housing should Labour form the next government.

It's clear that the next government is going to have to escape the BANANA economy trap if we are to have any hope of achieving sustainable public finances. But it will require determination and a focus on social value creation.

[1] https://www.pensioncorporation.com/news-insights/insights/2024/places-and-purpose-PFC-report-2"Places and Purpose - The second report of the Purposeful Finance Commission - PIC (pensioncorporation.com)

[2] https://renewal.org.uk/archive/vol-4-1996/stakeholder-capitalism-and-one-nation-socialism/#:~:text=The%20idea%20of%20stakeholder%20capitalism%20appeals%2C%20therefore%2C%20to%20two%20core,hard%20to%20reconcile%20in%20practice

If you would like to read previous issues of *Compound Interest*, or the rest of PIC's Insights these are available on our **LinkedIn page** and via our website: **Insights - PIC (pensioncorporation.com)**

Further information.

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Do you have a question for our experts?

We'd be delighted to hear from you. Whether you have a specific query raised in this issue of *Compound Interest*, or whether you've a question you'd like us to answer in the next issue.

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