

NEW CAPITAL
CONSENSUS

DECEMBER 2023

 RADIX
BIG TENT



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Radix Project: New Capital Consensus

1. What is New Capital Consensus?

New Capital Consensus is a coalition of Radix Big Tent, Chatham House, FinSTIC (IFoA) and the University of Leeds to identify the behavioural, political and regulatory levers necessary to release billions of pounds of private, long-term investment capital, to green the UK economy and tackle structural inequalities.

2. What is New Capital Consensus trying to achieve?

Currently, the UK investment system is not providing the long-term investment capital necessary to deliver net zero, from green power generation to sustainable transport to new energy efficient technologies. Nor do we have the resources to deliver levelling up and tackling inequality.

This is due to a mixture of perverse incentives, confused interpretations of 'value' and 'risk', and siloed knowledge and practices that instead promote short-term investment and profit taking.

This project will apply a systems approach to understand the current financial system, its stocks, flows, and interrelationships, to identify the leverage points that will enable system-wide change for the better.

We will then use this research to contribute to and influence evidence-based policymaking by Government and regulators that changes institutional behaviours to release more long-term capital investment to green the economy and tackle structural inequalities.

3. How does New Capital Consensus work?

This is a three-year project to promote specific changes to the UK investment system, which could deliver better long-term financial, environmental and social outcomes for investors and savers across the UK. Over the course of the project, we will seek to:

- Understand the **potential** for releasing capital for the betterment of society. How much capital is there? Where is it? What form(s) does it take?
- Identify the current **obstacles** to releasing that capital – regulatory, cultural, practical and political
- Identify **actions** that can release that capital eg legislative, administrative, regulatory, educational etc
- **Frame our recommendations to appeal** to policy makers and influencers to influence their decision

4. What is New Capital Consensus doing now?

Our current work is focussed on:

- **Conducting the research** necessary to evidence what is currently going wrong
- **Convening interested stakeholders** from industry and politics and policy making to gather a range of views so that our work is not undertaken in a vacuum
- **Promoting buy-in** to New Capital Consensus so it is understood that we are honest brokers rather than just another interested party

We are meeting regularly with numerous stakeholders - collectively, bi-laterally and at third party events - from across the investment system, public policy and regulation, and in the process developing a narrative and messaging to support the changes which the research phase of our project identifies as necessary.

5. Who is behind New Capital Consensus?

New Capital Consensus is a coalition of Radix Big Tent, Chatham House, FinSTIC (IFoA) and University of Leeds. It is run by a steering group comprising:

- Professor Iain Clacher (Professor of Pensions and Finance, University of Leeds)
- Ashok Gupta, Chair (FinSTIC - Institute and Faculty of Actuaries)
- Ben Rich (Chief Executive, Radix Big Tent)
- Peter Scolley (Managing committee, FinSTIC - Institute and Faculty of Actuaries)
- Nick Silver (Honorary Senior Visiting Fellow, Bayes Business School)
- Ana Yang (Executive Director, Chatham House Sustainability Accelerator)

6. Who else is involved?

We are currently advised by Dan Hedley, who recently finished a 13-year spell as Director of Public Policy at the fund manager and platform business Fidelity International. As well as reactively managing regulatory and policy 'risks' to the business, Dan handled Fidelity's proactive advocacy agenda with Government, regulators, trade associations and other stakeholders in the UK and EU. Most recently, he handled Fidelity's participation in the Government's Asset Management Taskforce (with the City Minister, HMT and FCA); the Productive Finance Working Group (with the Bank of England and DWP); and the Labour Party's British Infrastructure Council. He is Chair of the Investment Association's Advocacy Committee and sits on Public Affairs committees at the CityUK, the ABI and The Investment and Savings Association (TISA) as well as EU equivalents, where he also directed Fidelity's participation at Eurofi, the key EU financial policy event. Prior to joining Fidelity, Dan held similar roles at Macquarie Bank, BlackRock and Barclays, and prior to that was a policymaker at the FSA, covering retirement and retail savings and investment issues.

We are also delighted to be able to call on the advice of an Advisory Panel comprising:

- Charlotte Clark CBE (Director of Regulation, Association of British Insurers)
- Paul Johnson (Director, Institute for Fiscal Studies)
- James Palmer (Partner, Herbert Smith Freehills)
- David Pitt-Watson (Visiting Fellow, Cambridge Judge Business School)
- Dr Nicola Ranger (Leader, Resilience and International Development Programme, Environmental Change Institute; Executive Director, Oxford Martin Systemic Resilience Programme)
- Sir Keith Skeoch (Chairman, Edinburgh International Festival)
- Sir Steve Webb (Partner, Lane, Clark & Peacock)

7. Where does New Capital Consensus's funding come from?

We have received funding from the following Foundations and institutions:

- Baillie Gifford
- The Children Investment Fund Foundation
- Lankelly Chase

In addition, the project is supported in kind by the four coalition members, Radix Big Tent, Chatham House, FinSTIC and the University of Leeds

8. Where do I go for further information/to get involved?

Email Ben.rich@radixuk.org or call Ben on 07469159134



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