Investment Delivery Forum

Press release

Report outlines steps to make most of £100bn Solvency UK opportunity

Date: 19 February 2024

A report released today by the ABI's Investment Delivery Forum outlines steps that will help accelerate private-sector green infrastructure investment.

The Forum, which was set up last summer by insurance and pension firms, outlines several recommendations. Prominent among these is utilising public-private partnerships to help green infrastructure projects achieve investment grade rating.

This is done by adopting models where public funds smooth risk or volatility from investments allowing private money to deliver long-term, large-scale and reliable finance over decades.

Insurers and pension firms are major investors in UK net zero infrastructure and could provide nearly half the total required capital needed over the next 10 years.[1]

But current rules restrict firms to investing in a relatively narrow set of asset classes with fixed returns. The regulatory reforms known as Solvency UK will extend this universe of available asset classes, and the industry has committed to channel £100bn into UK productive assets as a result.

The Investment Delivery Forum was set up to ensure that once these regulations are enacted, insurers will be in the best place possible to deploy significant investment with minimal delay.

Other recommendations from the report include:

- **More long-term strategies.** This varies from empowering executive agencies like the Office for Budget Responsibility (OBR) or National Infrastructure Commission (NIC) with greater long-term power to avoid short-term political disruption, to putting in place national transition plans and sector-specific strategies (e.g. a national housing strategy).
- **The use of a regulatory sandbox and asset 'pre-identification'**. The report also suggests exploring ways to facilitate progress through agile regulatory tactics. A 'sandbox' would allow industry and the PRA to actively discuss and test the merits of assets that do not yet meet regime requirements but may do so in the future. Pre-identification of eligible asset types could also help speed up investment by signalling assets that the regulator is more comfortable with.
- **A sector-specific approach.** Different sectors require bespoke solutions. Investment pilots will be able to test these and there will be value not just in returns, but in learnings from the process. If successful, these can then be replicated nationwide at greater scale. The Forum has focused on three sectors: Energy generation, energy networks and housing & property.

1. From the Phoenix report: Unlocking Investment in Climate Solutions (page 7)

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The report outlines the work of the Forum in investigating existing barriers to investment experienced by insurers and long-term savings firms and suggests possible solutions.

It also reviews new funding models as well as 'deep-dives' into focus areas where investment looks promising. These include nuclear power, offshore floating wind, EV charging point infrastructure, carbon capture, affordable housing and property retrofit.

Baroness Nicky Morgan, Chair of the Investment Delivery Forum said:

"*This report shows the initial results of pooling our industry's knowledge and working with a range of leading experts across infrastructure, investment, regulation, and economics.*

In parallel with our productive work with the regulator, we look forward to the next phase of our mission, working alongside local and national government to get pilots off the ground. These will help evolve funding models, understand the scale of some barriers and test new approaches that could then be scaled up at pace."

Bim Afolami, Economic Secretary to the Treasury said:

"It's encouraging to see industry working together to deliver £100 billion worth of investment to support UK infrastructure.

"This interim report represents a significant milestone, and the Government eagerly anticipates seeing these critical investments come to fruition."

The report can be accessed at idforum.org.uk, which also includes next steps and focus areas. An annual report will be published in the summer.

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The ABI is the voice of the UK's world-leading insurance and long-term savings industry, which is the largest sector in Europe and the third largest in the world. We represent more than 300 firms within our membership, including most household names and specialist providers, providing peace of mind to customers across the UK.