



Supporting investment in innovation for a greener UK: what works?

Lessons from the City of London Corporations'
Finance for Sustainable Growth North East pilot

JANUARY 2023

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Deputy Christopher Hayward
Policy Chairman of the City of London Corporation

Foreword

Climate change is the defining issue of our time. There is no person, no place on this planet unaffected by global warming. The destination we must reach is net zero by 2050, but the road we take is still undecided.

At the City of London Corporation, we believe that green finance is a key part of the solution to tackling climate change. Further, tackling climate change in the UK is an essential pre-condition to economic growth. But this transition towards a low-carbon economy will only succeed if properly financed. Public money alone will not be enough. A massive global shift towards private sector sustainable finance is needed.

Private finance is turbo-charging the green financial flows by developing new products and frameworks to accelerate progress. This is welcome news. However, we also need to ensure that sustainable finance is properly channelled to where it is most needed, if it is to have maximum impact.

We have just concluded our Finance for Sustainable Growth 12-month pilot programme, which targeted ground-breaking green enterprises in North-East England. Working with fantastic partners – the North East Local Enterprise Partnership, Northern Accelerator, Innovation SuperNetwork, and Northstar Ventures – we connected City-based investors with North-East green innovation and business ecosystems.

Promoting sustainable growth across the entire country and ensuring that all regions benefit is challenging. It will take additional resources to further facilitate investment, support innovation, and build business clusters. The Finance for Sustainable Growth initiative aimed to be part of the solution. This report reflects on the lessons learnt from the delivery of the programme. Ultimately, it will take all our collective ambitions and efforts to ensure that we have a sustainable economy and sustainable planet. Under its Regions and Nations strategy, the City of London Corporation will seek to reinforce the outcomes of the F4SG work, and continue to leverage its network to ensure the entire UK benefits from the capital and expertise of the City.



Executive Summary

Delivering net zero by 2050 is an essential pre-condition of sustainable economic growth. A successful and timely transition to net zero requires supporting sustainable business and increasing the availability of private capital for the development and commercialisation of green solutions, in all regions of the UK.

This means helping entrepreneurs turn ideas into products, and supporting start-ups as they scale and expand. To do so, in July 2021 the City of London Corporation launched Finance for Sustainable Growth (F4SG). F4SG aimed to nurture a more supportive environment for greentech companies and those producing sustainable solutions seeking scale-up finance to expand throughout the UK. The broader objective was to ensure that the entire UK benefits from London-based expertise and sources of capital as it works towards net-zero carbon emissions by 2050.

F4SG focused on the North East of England, a region recognised as holding significant potential for investors interested in greentech. Early engagement with key North East sustainable business players revealed lack of visibility of the region's green innovation and opportunities to investors meant access to finance was particularly difficult.

In response, the F4SG pilot leveraged the City of London Corporation's unique access to London-based investors to enhance connectivity with partners in the North East.

The pilot delivered a programme of roundtables, events and a communications strategy - focused on relationship and profile building. The premise was that new relationships and expanded networks would ultimately contribute to increased green finance flows channelled to the region.

Investors often receive large amounts of inbound opportunities and invitations, creating added challenges for generating interest and attendance. But expanding the City of London's existing base of investor contacts through proactive outreach yielded positive results and many new relationships were formed for F4SG's North East partners. As a result, several encouraging discussions are ongoing regarding investment in various North East-based opportunities.

Facilitating the integration of the North East sustainable business ecosystem with investors, and promoting the growth of regional greentech clusters is a task that will require a long term strategy implementation, and the mobilisation of dedicated resources. The delivery of the F4SG pilot, and input from F4SG's North East partners and investors, highlighted a set of key areas of focus to aid this:

1. **Focus efforts on growth capital:** There tends to be a gap in investor interest in the North East at the scale-up stage, forcing companies to look outside of the region or the UK to find capital after initial funding.
2. **Encourage investor decentralisation:** As geographical proximity to investment companies is desirable for investors, they should increasingly be based in regions.
3. **Strengthen research facilities and skills availability:** Building research and commercialisation capabilities, attracting skilled management teams and more corporate headquarters will help the region build critical mass in its start-up pipeline.
4. **Strengthen ecosystem coordination:** A single organisation, tasked with coordinating the delivery of a long term innovation boosting strategy should ensure interconnection of the sustainable business ecosystem.
5. **Project a positive image of the region:** The region's green innovation ecosystem should be showcased through a coordinated strategic marketing approach and targeted engagement across the UK, highlighting the size of the opportunity for investors, rather than focus on the problems to be solved.

The F4SG pilot proposed to test a new approach for the City of London Corporation. The proof of concept showed that investors are increasingly interested in investing in green ventures and in UK regions, and that they need enhanced visibility of the breadth of opportunities available in the UK outside of London and the South East. Building on the lessons learnt from the F4SG pilot and other initiatives, the further integration of the North East's sustainable business ecosystem with the available sources of finance in the UK will take a longer-term strategy and commitment to implementation. The City of London Corporation will apply the learnings from the F4SG pilot and continue to enhance connectivity between London and UK regions through its programme of regional engagement, under its Regions and Nations strategy.

Introduction & Background

Delivering net zero by 2050 is an essential pre-condition of sustainable economic growth. The transition to net zero, and the future competitiveness of the UK, will depend on the availability and support of private capital for the development and commercialisation of green technologies, in all regions of the UK. The emergence of innovation-led companies and greentech business clusters provides a commercial opportunity for UK businesses to drive the transition to net zero and achieve significant growth. Clusters are crucial to producing innovation at scale. Entrepreneurs, inventors and innovators need the space to trial and improve their ideas. The fertile environment of a cluster in turn acts as a magnet to global talent, and sources of capital.¹ In fact, the 30 most economically significant clusters in the UK contain 8% of the UK's businesses but generate 20% of overall UK output.²

The ambition to reach net zero is set, but the UK landscape shows an unbalanced distribution of greentech production throughout the country. Companies that design and build innovative, green, and sustainable solutions based outside of London and the Southeast often struggle to access the funding they need to scale. Those companies face a lack of exposure to the pools of capital and expertise available in the UK, often based in London.

The journey to net zero poses significant challenges, but with coordination across the innovation ecosystem, both public and private sectors, these can be overcome in a way that is good for the economy and the planet. That is why the City of London launched its Finance for Sustainable Growth (F4SG) pilot. Its mission was centred around showcasing the North East's green enterprise to a wider investor base, and

intensifying connections to London and its network, with the ambition of boosting flows of green investment to the region and expanding a cluster capable of nurturing sustainable businesses.

F4SG's focus was on the North East of England as it had been identified as holding considerable untapped potential for investors in greentech and associated sectors. The region's historical strengths and expertise can be leveraged to address global challenges.

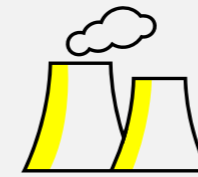
The F4SG 12-month pilot first embraced profile-building through private roundtables, connecting investors with prospective investee companies, demonstrating the credentials of individual firms but also the breadth and depth of talent in the North East's wider ecosystem.

Emphasis was also put on communication, with the production of a video shining a light on the green innovation strengths of the North East, and the collation of case studies through a dedicated website. The aim was to instigate and enhance relationships between stakeholders in the North East – the pilot partners and innovative greentech enterprises – and a portfolio of some 100 London-based and international investors.

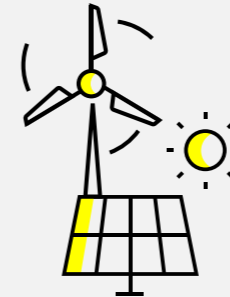
This paper collates recommendations drawn from those activities. The aim is to help inform and improve prospective similar initiatives aimed at supporting green innovation commercialisation in UK regions with the learnings the City of London Corporation took from its 12-month F4SG pilot. The City of London Corporation will also apply the lessons from the F4SG work in its ongoing programme of regional engagement.

SPOTLIGHT

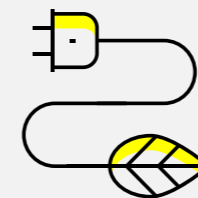
North East sectors of green innovation



A legacy of engineering, mining and shipbuilding means the region possesses a strong skills base, knowledge economy and physical facilities, placing the region at an advantageous point in sectors of strategic importance for the UK's transition to net zero.



Energy: The UK, led by the North East, generates more offshore wind power than any other country in the world. The North East has a long-established capability in offshore energy, with innovative organisations utilising infrastructure and skills that once served the shipyards to now service various aspects of the global offshore renewables and oil and gas sectors. Its expertise in the design, engineering and manufacture of subsea technologies has also made it a leading global subsea technology cluster.³



Electrification: The North East is also rapidly emerging as the UK leader in the electric vehicle and battery sectors. It is home to Europe's first electric gigafactory and has seen recent investments from Britishvolt, Nissan and Turntide Technologies totalling over £3.75bn. There is a significant opportunity for the region to capitalise on its historical strengths to capture the growing electric motor and passenger car market.⁴

Developing the F4SG Programme

The F4SG programme was developed after an initial phase of intelligence gathering. Research commissioned by the City of London Corporation identified a set of necessary success factors for thriving sustainable business clusters in the UK: enabling local policy; access to financing institutions, strong research and commercialisation facilities, and a strong and growing pipeline of companies.⁵

The internal research also highlighted a potential role for the City of London Corporation to bring together the success factors that underpin green cluster growth and catalyse them. The research was put to the test at a dedicated roundtable gathering the key players of the North East sustainable business ecosystem, hosted virtually in December 2020.

The roundtable demonstrated that the region already had good levels of sustainable innovation activity, with a highly developed University research base and interconnected ecosystem. The key players (organisations supporting innovation, pan-University community, financing institutions) were already working together to support

innovation on various initiatives. The elements that underpin cluster growth highlighted in the original research were present and well connected.

Further engagement with a smaller working group indicated that green SMEs based in the North East would benefit from greater visibility to investors based in London in order to, grow, produce and commercialise greentech. This presented a clear opportunity for the City of London Corporation to leverage its various networks to strengthen connections between the wider UK Financial and Professional Services and the North East.

Therefore, following this extensive phase of preparatory engagement, the City of London Corporation launched a pilot programme focused on intensifying connections between the North East and the City of London's investor base. The pilot lasted twelve months – a length of time which was deemed appropriate to conduct a proof of concept and to take stock of progress achieved.

F4SG



The F4SG Partners

The 12-month F4SG pilot, run in collaboration with four North East partners, sought to leverage existing regional interconnecting initiatives and connect them to City expertise and capital to bolster the greentech sector in the region. Each partner represented an element of success for technology clusters, as identified in our originally commissioned research.

North East Local Enterprise Partnership

The North East Local Enterprise Partnership (North East LEP) is a public, private and education sector partnership. The North East LEP one of thirty-eight LEPs in the country and is responsible for promoting and developing economic growth in the local authority areas of County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. It produces the area's Strategic Economic Plan, which acts as a blueprint for the activities that need to take place to improve the regional economy. The North East LEP was chosen to take part in the F4SG pilot as it aspires to inform and help set the long term economic strategy of the region, from which enabling policy is derived.

Innovation SuperNetwork

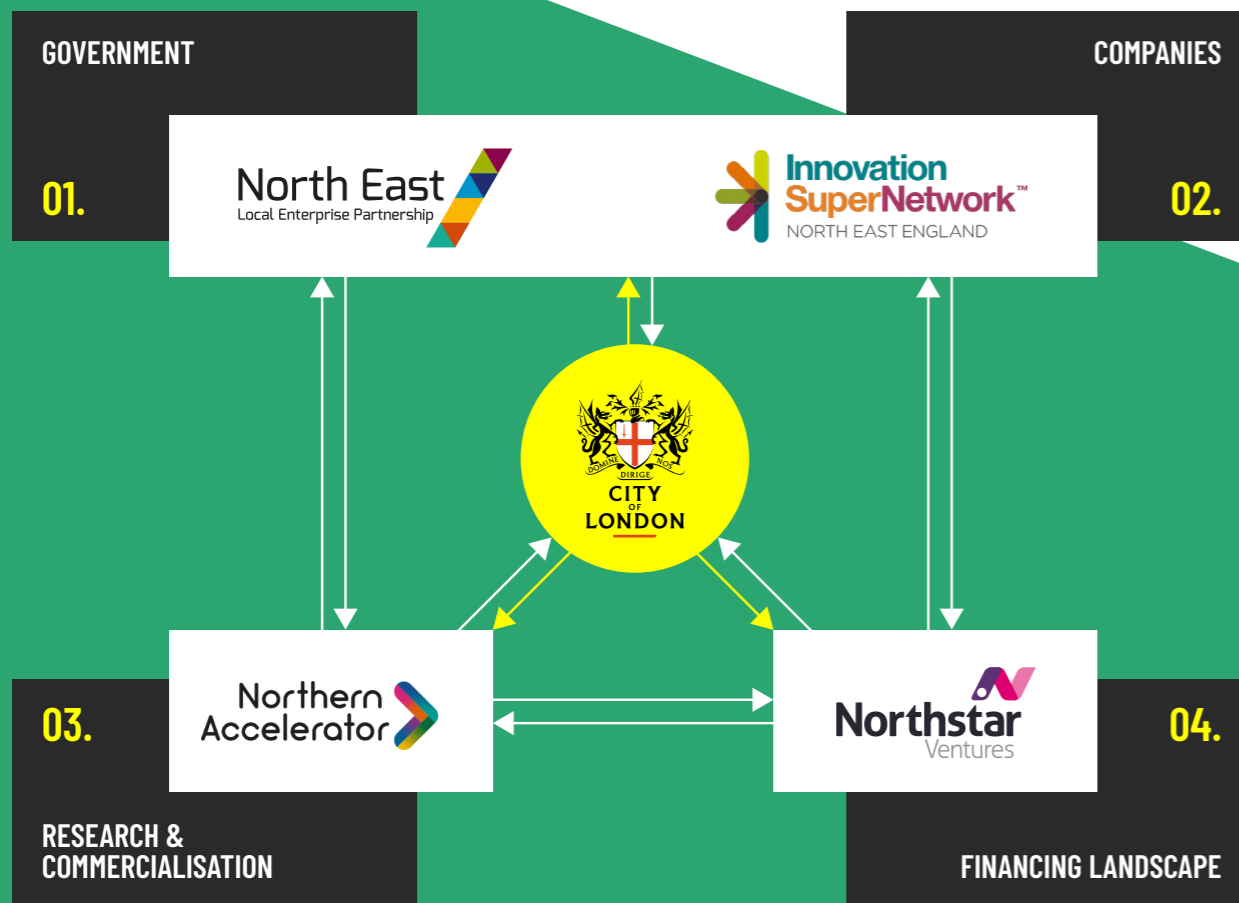
The Innovation SuperNetwork connects innovation expertise and market opportunities to help North East SMEs grow and expand. Its specialist business support gives North East entrepreneurs, start-ups and scale-ups direct access to new market opportunities, finance and sector expertise. The organisation runs innovation accelerators, Access to Finance programmes, Innovation Challenges and events – all designed to help teams be more innovative. The Innovation SuperNetwork took part in the F4SG pilot as an organisation with strong links to the region's start-up network.

Northern Accelerator

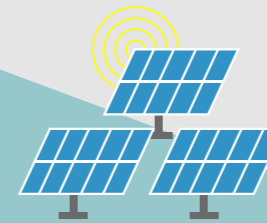
The Northern Accelerator is a collaboration between the North East's five universities: Northumbria, Newcastle, Sunderland, Durham and Teesside. It aims to create real-world impact from world-leading research, commercialising innovation and boosting the region's economy. It brings together academics and business leaders, with a host of funding and support, to form sustainable businesses that create more and better jobs. The Universities' research accounts for a significant proportion of overall R&D spend in the North East. Therefore, the Northern Accelerator was selected for the F4SG pilot for its work driving a step change in the commercialisation of research to help strengthen the North East knowledge economy.

NorthStar Ventures

NorthStar Ventures provides early-stage venture capital and impact investments to entrepreneurs with big ideas. The founders in its portfolio are innovators, designers, engineers, scientists, business chiefs and agents for social change. Aside from financial backing, NorthStar helps its portfolio to overcome challenges, recruit the best staff, build memorable brands and make the right connections. NorthStar Ventures joined the F4SG pilot as a key provider of finance in the region.



Timeline of Activities



Launch event: website & report

Start-up case studies

Investor roundtable 1

Investor roundtable 2

F4SG video published

Lessons learnt document

Start-up pitches

DEC 2020 - JUN 2021

JUL - SEP 2021

OCT - DEC 2021

JAN - MAR 2022

APR - JUL 2022

AUG 2022 - JAN 2023

PROGRAMME PREP WORK

ONGOING WEBSITE PROFILING

ONGOING PROFILING DURING CoLC ENGAGEMENTS

ONGOING INVESTOR ENGAGEMENT

F4SG Objectives

Given the challenges identified, the F4SG programme aimed to generate progress against the following objectives:

- Facilitate the connection of North East green research and innovation to London capital and expertise
- Enhance visibility of regional green innovation and interconnecting initiatives
- Support an increase in the flow of green investment to the region
- Support ecosystem formation for sustainable business growth in the region

01 Roundtables

Investor roundtables were an important means of delivering F4SG's objectives of enhancing connection between the North East and London, and improving visibility of North East green innovation.

Convening F4SG's North East partners, start-ups and investors, the roundtables were hosted virtually by the Lord Mayor or the Policy Chair of the City of London. They were an opportunity for investors to hear about the areas of opportunities, the strategic ambitions of the region and its thriving Greentech sectors. Each roundtable also showcased some high growth, investment-ready start-ups. After the initial showcase, there was ample discussion time for participants to converse and ask questions.

Investors tended to welcome the offer to participate in roundtables on relevant themes to them. They served as occasions for them to showcase their brand and build their networks. Furthermore, greentech is a growing area of interest for investors, and such roundtables provided an opportunity for them to stay informed of the latest developments and opportunities in the sector.

02 Pitch Day

The last event of the F4SG pilot was a virtual pitch session. Six investment-ready North East based start-ups pitched themselves to an audience made-up of Venture Capital (VC) firms. The start ups represented a wide range of sectors, from energy and electric motors to sustainable food systems.

A few of the greentech success stories of the North East are highlighted in this report:

START-UP SPOTLIGHT

Advanced Electric Machines

Advanced Electric Machines (AEM) is designing and manufacturing a range of uniquely sustainable electric traction motors for customers around the globe. AEM works with clients in the commercial vehicle, passenger car, off-highway and aerospace sectors producing motors that allow vehicles to go faster and travel further, whilst remaining much greener than other technologies due to their elimination of environmentally damaging rare earth magnets. AEM also removes copper, which means their motors are fully recyclable at end-of-life, all whilst ensuring market-leading performance and efficiency. Targeting a substantial serviceable addressable market (~\$125bn) by 2025, AEM has ~£310 million in purchase orders and pending long-term supply agreements from global manufacturers.

START-UP SPOTLIGHT

Nova Pangaea

Nova Pangaea was created to convert discarded plant biomass into a variety of valuable biochemicals and biofuels. Its patented REFNOVA® process converts woody and agricultural plant residues into sustainable sugars and biochar. NOVASUGAR is fermented to advanced fuels such as bioethanol - the feedstock for Sustainable Aviation Fuel (SAF). NOVACHAR acts as a carbon removal when used as a soil enhancer or water filtration. In October 2022, Nova Pangaea received £5.25m funding from a group of investors including the continued backing of the Northern Powerhouse Investment Fund. Now the firm is planning to build its first commercial plant at Wilton, which it says will create a number of local jobs. It follows the opening of a demonstrator following initial investment in 2019, and a partnership announced last year with British Airways and LanzaJet to launch a sustainable aviation fuel initiative.

START-UP SPOTLIGHT

CellRev

Technology disrupter CellRev aims to revolutionise cell cultivation. It is a bio & foodtech company that was spun out of Newcastle University in 2019 that has developed an innovative technology founded on the ability to continuously grow, detach, and collect adherent cells. CellRev has developed two products: i) a peptide (a chemical compound that is made of a small chain of two or more amino acids) coating that increases cell proliferation in serum-free conditions, and ii) a bioreactor capable of serum-free continuous production of adherent cells. The company believes that their enabling technology will be of critical importance in building a new equitable and sustainable food system and advancing cell therapy treatments. Cultured meat is one of the applications the company focuses on for its products. Cultured meat, beyond being cruelty-free, requires far less land and water than conventional meat and will exponentially reduce the carbon footprint of meat production. It also eliminates the severe environmental repercussions of animal waste and contamination via runoff. In the last year, CellRev's team has doubled in size and an additional lab was secured in preparation for the scale-up of their bioprocessing technology. The company also conducted a successful fundraising of £1.75m in March 2022.

03 F4SG Communications Activities

The F4SG communications strategy involved the development of a website, designed to be a repository of F4SG related news, North East start-up case studies, and articles. It was continuously shared as part of ongoing investor engagement to showcase some of the best opportunities present in the region.

When the F4SG programme was ready, it was launched through a dedicated event gathering investors and other stakeholders, providing the first opportunity to spotlight some of the sectoral strengths of the North East and examples of green start-ups. A report, titled *Finance for Sustainable Growth: investing in innovation for a greener UK*, was published alongside the launch event. A survey of UK SMEs produced for the report confirmed that North East businesses are not confident in their ability to access finance when compared the rest of the UK.

The time immediately following the launch was spent exploring why that was the case, and building an audience of interested investors for the programme, through one to one investor engagement.

F4SG's communications activities also included production of a short video, commissioned by the City of London Corporation, and filmed in region and in London. It showcased the strengths of the green innovation ecosystem in the North East - the Universities and its spin-outs, the investors and innovation support capabilities - to further enhance visibility of the areas of green innovation growth areas present in the North East.

The making of the video was another opportunity to test the premise of F4SG with Government. Andy Haldane, then Permanent Secretary for Levelling Up, offered some valuable reflections for the video, shining a light on the potential that the pocket of innovation located throughout the UK represent for private finance.

The video was shared as marketing collateral on the City of London and F4SG's partners' social platforms, as well as on the F4SG website. It was also shown the City of London's Finance for Impact Summit, in July 2022.

"When you travel around the UK, you see clusters of fantastic innovation, business activity. Often what they need to scale up, is that small slither of financing."

- Andy Haldane
Permanent Secretary for Levelling Up (2021-2022)

Challenges Encountered & Conditions of Success

The delivery of the F4SG pilot faced some challenges, prompting a set of recommendations.

Reaching adequate levels of investor engagement and a critical mass of investors to attend the planned events was more difficult than planned. This can partly be explained by the fact that investors overall receive large numbers of inbound opportunities daily.

This may also be due to the broad-church approach taken for audience gathering. After experiencing difficulty in securing adequate numbers of investors in early parts of the pilot, a wide net of invites was cast for subsequent events, and themes were kept broad in focus. That approach sometimes proved counter-productive, diluting the value for both the audience and the presenters.

Given these challenges, there are several recognised success factors for enhancing connection and network building, corroborated by participant feedback:

a. Setting a relevant thematic focus: The roundtable should be as focused as possible thematically: prioritising a session focused on infrastructure, real estate, or energy for instance, is better than advertising an open-ended discussion. This helps attract participants who are genuinely interested in the subject, and more likely to engage and pursue subsequent communication as a result.

b. Ensuring relevance of content for investors: Many investors receive a large number of potential investment opportunities. The audience should be carefully selected to match the theme of the roundtable and the content being presented by the region representatives and the start-ups. It is recommended to approach different sub-sectors of investors (VC firms, asset managers, pension funds etc) to attend different roundtables, as their goals and requirements will vary. It will also ensure that the organisations and entrepreneurs present to an audience that is relevant to current size, growth stage and future ambitions. For start-up pitches, the important information of each start-up should be provided to the invited investor audience, to ensure the attendees who choose to attend are genuinely interested in the content and more likely to follow up.

c. Securing high profile speakers: The F4SG roundtables made use of influential, high-profile individuals, ranging from Ministers, civil servants and CEOs, to offer opening remarks as guests. Securing high profile experts from Government helps frame the discussion within the overall UK strategy context, while senior investors can instil confidence in other investors as to the financial and strategic credibility of the agenda. It can also help draw higher audience numbers to the event.

d. Conducting active follow-up: Participants should, subject to their consent, be connected directly following the roundtable and encouraged to have bilateral dialogues. It may also be the case that one-on-one, more bespoke connections made after or outside the roundtable setting by the organiser can yield positive results. This tailored approach – based on attendees’ known needs and offer – helps frame the discussion as an exclusive opportunity for the involved parties.

e. Getting the format right: A proportion of the F4SG engagement took place during the height of the Covid-19 pandemic. In that case, hosting roundtables virtually was the only option, but it also allowed stakeholders to meet without the time and cost of travelling. Referred to as the ‘£100 coffee’, this was a known pain point communicated by F4SG’s North East partners. However, it may be the case that face-to-face meetings, with space held for informal networking, can be more efficient in bringing about tangible results. It was also suggested by regional organisations and investors alike that facilitating site visits in region may be more conducive to building a thorough understanding of opportunities present and making meaningful relationships.

The task of bringing together the key elements of a regional green innovation ecosystem and connecting it to capital and expertise is a significant one. Internal resource constraints meant that the pilot focused on a few targeted pieces of engagement.

The F4SG pilot confirmed that there is a strong pipeline of greentech start-ups in the North East; that the sustainable business ecosystem frequently interacts but that initiatives supporting innovations are uncoordinated; and that increased visibility leads to network building and ultimately to deals. A dedicated organisation – mandated with overseeing the region’s long term innovation strategy, interconnecting the ecosystem and promoting the opportunities and strengths of the region – could help overcome this.

Impact of the Pilot

The F4SG pilot was born out of the imperative of promoting sustainable economic growth in the North East. Long term success of a rolled out F4SG initiative would thus be measured by an increase in proportion of private capital going to green innovation within the North East and in comparison to London and the South East; and an increase in the total number of deals within the region.

Considering this ambition, setting metrics for measuring direct, short to medium term impact of the F4SG pilot focused on relationship building between sources of capital and expertise in London and the North East green innovation ecosystem. This was to be measured by the total number of new London-based contacts made by F4SG's North East partners; the number of investors getting in touch with the City of London Corporation to be connected to F4SG's partners; and the rate of investor participation in F4SG's events and planned activities compared to total investor outreach.

Over the course of the pilots, over 125 investors were engaged to take part in F4SG's planned activities, across the venture capital, asset management and pension funds sub-sectors. Through setting up one of one conversations with the City of London's existing network of investors, reaching out to new stakeholders through LinkedIn, and extending bespoke invitations, a 25% success rate was achieved for attendance at events and active engagement with parts of the North East sustainable business ecosystem.

Across the planned profile building engagements and communications activities, many relationships were formed thus increasing both investors' and North East partners' portfolio of contacts. Several positive discussions are ongoing regarding potential investment, demonstrated by:

- **A VC firm present at the start-ups pitch session - Investor A** – subsequently contacted the City of London Corporation to be connected to one of F4SG's North East partners about a specific company. Although they were not eventually interested in the start-up, that had pitched that day, they have since been in discussions over a deal with another Newcastle spin-out - Company A – which operates in the life sciences sector. Through the initial relationship made the roundtable, Investor A was able to reach deeper into North East greentech ecosystem and source a suitable opportunity.
- **Following another roundtable, one of the pension funds present - Investor B** – reached out to F4SG's North East partners to enquire about a new venture fund they are raising in partnership with the University community, committed to driving regional prosperity, including environmental goals. Since the roundtable both parties have been in discussions over an investment in the fund from Investor B.



Reflections

The delivery of the F4SG pilot and input from F4SG's North East partners and the investors involved, prompted a set of overall reflections. These are intended to provide areas of focus for further supporting the growing North East Greentech cluster to deliver its full potential:

01

Focus efforts on growth capital

Scarcity of growth capital for innovation is a real issue in the North East. After proof-of-concept, pre-seed and seed stage funding, there tends to be a gap in investor interest in the North East scale-up stage companies looking to expand further. Greentech companies are often capital intensive, and organisations in the region perceive the inability of companies to access growth capital as a threat to the region and the country's competitiveness. Companies often resort to looking outside of the region or the UK to find the investors that will give them what they need to scale.



02

Encourage investor decentralisation

Early-stage VC is a local activity. It is standard practice for VCs to put an advisor onto the board of the company they invest in and they may need to be involved daily. Beyond VC, from a growth and risk perspective, the investors community at large reports that geographical proximity to the investment is desirable.

Based on that knowledge, connecting the region with investors based in London is only one piece of the puzzle. Investors should be encouraged to be directly based in regions or to have representatives located in several locations. Existing investors in the North East should also act as proxies for other investors.

03

Strengthen research facilities and skills availability

While facetime with investors is a key concern, building research and commercialisation capabilities, along with attracting people and skills, is also central. Start-ups must have access to excellent management teams and people with the right skills to drive growth. The region will only build critical mass in its start-up pipeline once it retains and attracts significant talent pools to draw from in the North East.

The presence of corporate businesses headquartered in the region is another important piece of the puzzle for technology clusters to grow. In comparison to other UK regions, the North East has lower levels of private R&D spend. The harvesting of the idea flow coming out of the University ecosystem has yielded positive results to date, but its potential is not yet realised. Having more corporate headquarters in the North East would be instrumental in strengthening of commercial research hubs - supporting a healthy pipeline of ideas and getting them out of the University system.

04

Strengthen ecosystem coordination

The original F4SG research indicated that there must be coordination and interconnection across the ecosystem to enable a technology cluster to grow. This still holds after delivery of the F4SG pilot. While there is frequent communication between the organisations supporting innovation in the region, the ecosystem's key players indicated it should be coordinated more effectively in order to provide effective support for companies to scale. There is currently a proliferation of disjointed initiatives, each producing reduced overall impact.

The ecosystem may benefit from the establishment of one organisation or initiative, tasked with setting the strategic long term technology innovation agenda, and coordinating its delivery by distributing work among the different currently active organisations.

05

Project a positive image of the region

The premise of F4SG was to enhance visibility of the region to investors lacking exposure to its Greentech opportunities. F4SG's North East partners' perspective is that there are real pockets of green innovation which need to be better showcased by the region through a coordinated strategic marketing approach and targeted engagement across the UK.

Feedback also suggested that the focus often put on the North East as a region in need of economic and investment attention, albeit well intentioned, may also fuel a perception of the region as a laggard with a lack of critical mass of opportunities. In turn creating concerns for investors that a potential investment is operating in a region with comparatively low population with reduced availability of skills, and might struggle to access further capital to grow. Programmes should absolutely continue to enhance visibility of North East innovation to investors, taking care to frame their work as the spotlighting the size of the opportunities, rather than the problems to be solved.

Conclusion

Reaching net zero by 2050 requires urgent and collective action across communities and across sectors. Within the UK, that means towns, cities and regions working together to develop solutions and transition.

The F4SG pilot having drawn to a close, the City of London Corporation will remain committed to promoting sustainable, balanced growth throughout the UK. The F4SG team will seek to apply the lessons identified through the delivery of the programme in pursuit of further championing a place-based approach to green investment in the UK. The City of London Corporation's programme of regional engagement, under its Regions and Nations strategy, will seek to reinforce the outcomes of the F4SG work. Under the auspices of its discussions on growth capital, and wider engagement on channelling funding to illiquid net zero assets across the UK, the City of London Corporation will apply the learning from the F4SG pilot and continue to make connections with capital sources where appropriate.

Facilitating the growth of regional greentech clusters and the integration of regional business ecosystem with the UK's financial services centre in the City is a sizeable task which outlasts the twelve-month duration of the F4SG programme. The F4SG proof of concept has shown investors' growing interest in investing in green and allocating to UK regions; and highlighted that increasing visibility on the region's existing pipeline of greentech opportunities can attract capital and facilitate further growth. Capitalising on those findings requires a long-term, targeted approach, and dedicated resources.





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SUSTAINABLE
GROWTH**



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