



Green Finance

Essex Climate Action Commission
28/02/22
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Introduction

- The Essex Climate Action Commission (ECAC) has set out an ambitious vision for making Essex carbon neutral that demands urgent action to achieve this.
- In its report Net Zero: Making Essex Carbon Neutral, ECAC acknowledged the important role green finance will play in meeting that challenge:



Green finance: we want Essex to be a place where we can attract green investment to create a resilient and net carbon zero Essex by 2050. If we manage our resources sustainably, we will be attractive to businesses that want to invest and this, in turn, will reap social, economic, and environmental benefits for everyone.

Green Finance Definition: *Financial activity that employs financial instruments and services promoting the development of sustainable business models and mobilise investment that ensure a clean and resilient growth with environmentally positive outcome.*



Delivering Net Zero

UK's low carbon investment needs to hit £50 billion a year by 2030 (Committee on Climate Change) – from £10bn in 2020:

“Meeting our recommended budget **will require a major nationwide investment programme**, led by Government, but **largely funded and delivered by private companies and individuals.**”
(CCC: 6th Carbon budget)

PwC's 2020 report 'Unlocking Capital for Net Zero Infrastructure' estimated that there would need to be £400 billion worth of investment in new low carbon and digital infrastructure by 2030 if the national net zero target is to be met.





Local Authorities and the Sixth Carbon Budget

“More than half of the emissions cuts needed rely on people and businesses taking up low-carbon solutions - decisions that are made at a local and individual level.

Local Authorities have powers or influence over roughly a third of emissions in their local areas.

Delivering Net Zero cannot be funded by the public purse alone.

Local authorities...want to catalyse investment and add value by maximising social, environmental and economic returns from spending on energy efficiency, heat decarbonisation and transport.”
(CCC: 6th Carbon budget)

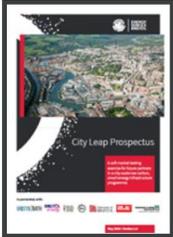
Four key challenges:

- **Investment pipeline** – scale and project development
- **Framework** – standardise approaches and processes
- **Financing** - new ways of financing low carbon projects
- **Flexibility** – recognise how local areas address climate change and base around local area plans



There is growing evidence of the potential

BRISTOL
city leap



Bristol City Leap:

Bristol City LEAP will establish a joint venture between the City Council and a strategic partner to deliver more than £1 billion of investment towards Bristol becoming a zero-carbon, smart energy city by 2030.

**GREATER
MANCHESTER**
DOING THINGS DIFFERENTLY FOR THE ENVIRONMENT

Greater Manchester:

Greater Manchester's Environment Fund will support the development, scale and verification for carbon and habitat banking, aiming for a £5 million annual turnover to finance new habitats, tree planting and peat restoration.



West Berkshire Council:

West Berkshire Council issued the first Community Municipal Investment through a Bond offer raising over £1 million from 600 investors, a fifth from the local area, to finance solar, LED lighting, cycling routes and environmental investments.



Banks are increasingly making more green finance available

- Growing range of green finance available
- Recent example from Nat West – bank's ambition to provide £100bn of Climate and Sustainable Funding and Financing to SMEs by the end of 2025 covering
 - Clean energy
 - Retrofit of buildings
 - Clean transport
 - Agriculture

NatWest launches green loans to help UK businesses go and grow greener

The new Green Loans proposition will offer borrowing with no arrangement fee to qualifying SMEs investing in eligible clean buildings, energy, transport and agriculture.

11 February 2022

Press Release



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NatWest has announced it is launching green loans, and through Lombard, green asset finance propositions for qualifying SMEs, with no arrangement fee, to help them achieve their sustainability ambitions.



Green Finance workstreams – next steps

1. Local area energy zero planning - Housing stock analysis
2. Renewable energy zones feasibility
3. Net Zero Development Vehicle scoping study - £50k from SELEP

Net Zero Development Vehicle

What it will seek to do:

Explore how local authorities and ‘anchor’ institutions in Essex can accelerate the delivery of net zero programmes and attract inward investment into the region.

- **Develop investment pipeline** across five themes initially: low carbon heating; energy saving and efficiency; renewable generation; smart energy systems; and transport
- Establish **standard processes** for project development, including standardised technological solutions, assessment tools, contracts and under-writing
- **Build capacity** of local authorities (and anchor institutions) to access private sector finance and undertake large-scale net zero programmes
- Explore how we **secure the most appropriate sources of finance** for the net zero pipeline

