

# SW Net Zero Hub Supporting local Net Zero projects



Phillip Morris & Justin Olosunde  
Strategic Stakeholder Engagement Manager / Funding & Investment Manager



# Housekeeping

1. Today's 90 minutes session will be recorded for sharing
2. An attendee list will be shared with other attendees – please let us know by email if you want opt out of this
3. Q&A is allowed during speaker presentations in the chat function
4. Any unanswered questions please raise your virtual hand in the Q&A session at the end of all of the presentations and I will come to you in turn
5. All presentations will be shared with all attendees as a pack
6. Follow up support is available from the SW Net Zero hub to all participating Local Authorities

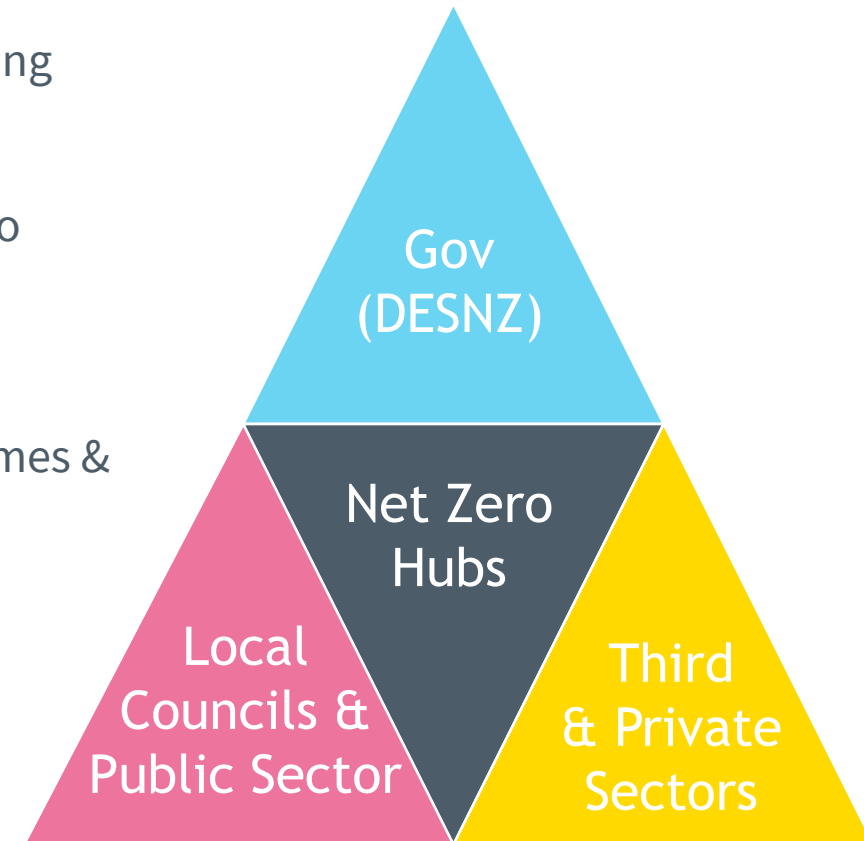
# Agenda

1. Role of the SW Net Zero Hub and a brief overview of our relevant support
  - Justin Olosunde /Phillip Morris – 10 mins
2. Overview of the Climate Bond process, timescales, prospectus, legal arrangements, fees, and delivery
  - Karl Harder – 20 mins
3. A local authority experience of the process and the outcomes
  - Chris Crookall-Fallon(CCF) -15 mins
4. GFI And the role of the Climate Bond Pledge
  - Miles Ashton and Matt Ferretti – 20mins
5. Q&A (20 mins)
6. Next steps and closing remarks
  - Phillip Morris – 5 minutes

# The Net Zero Hubs

Government Net Zero Strategy established 5 regional hubs with proposed core objectives:

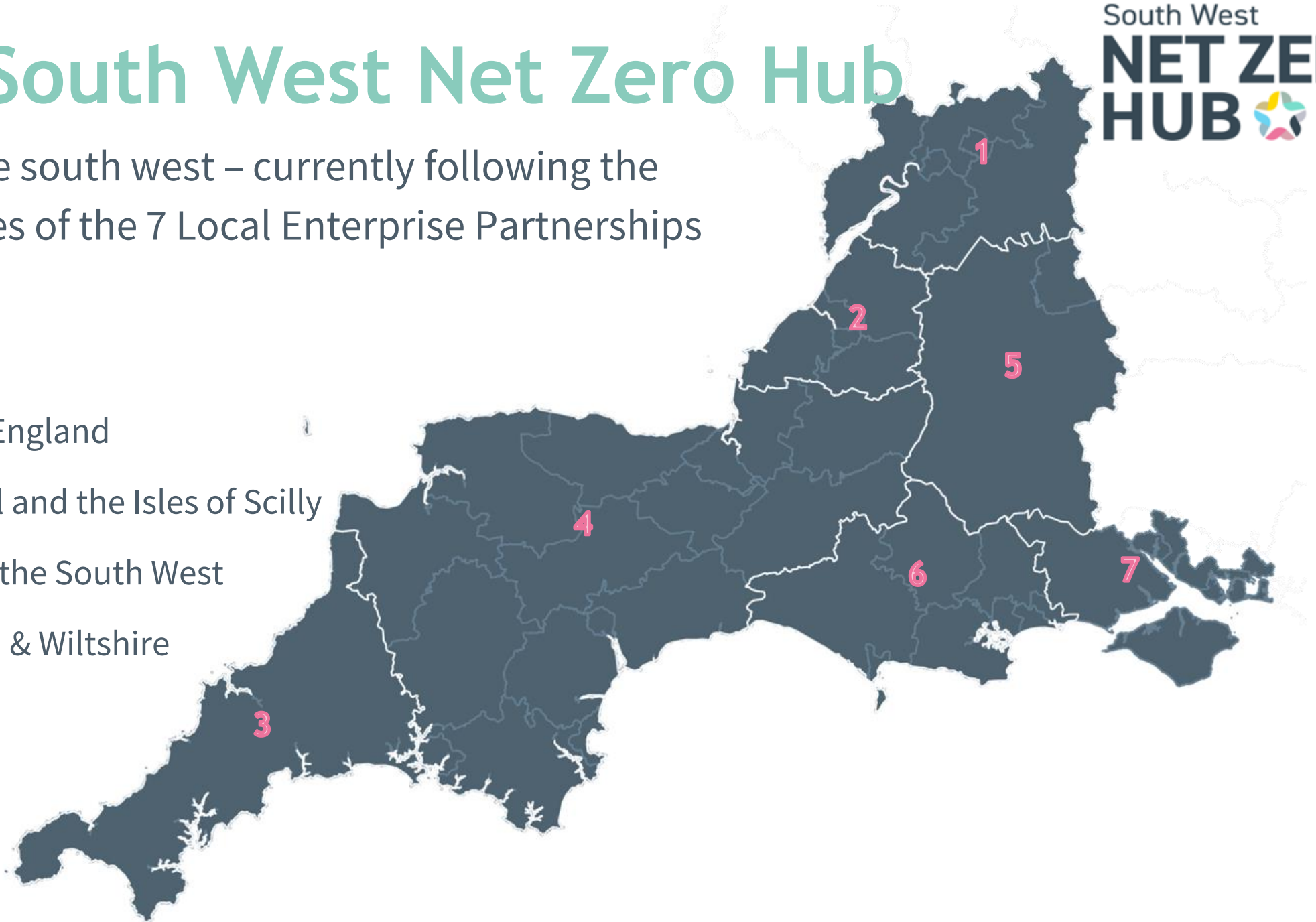
1. Increase the number, quality and scale of local Net Zero projects being delivered
2. Attract commercial investment & help LA's and other public sector to develop investment models which accelerate progress to Net Zero.
3. Collaborate with the Department for Energy Security and Net Zero (DESNZ ) to develop & support Net Zero elements to wider programmes & initiatives e.g. Levelling Up
4. Support a national knowledge transfer programme to improve information sharing, training & evaluation
5. Raise local awareness of opportunities & benefits of local Net Zero investment



# The South West Net Zero Hub

Covers the south west – currently following the boundaries of the 7 Local Enterprise Partnerships (LEPs):

1. Gfirst
2. West of England
3. Cornwall and the Isles of Scilly
4. Heart of the South West
5. Swindon & Wiltshire
6. Dorset
7. Solent



# Services & Programmes

- 1. Energy Project Development** – providing local technical resources and support to public sector net zero projects
- 2. Community Energy Support** – funding to develop projects
- 3. Home Retrofit Grant Programmes:**
  - i. Home Upgrade Grant
  - ii. Warm Homes Fund
  - iii. Social Housing Decarbonisation Fund
- 4. Public Sector Decarbonisation** – supporting wider public sector to develop net-zero organisational plans and develop investment grade proposals for funding
- 5. Local Energy Advice** – delivering a number of in person advice demonstrator projects

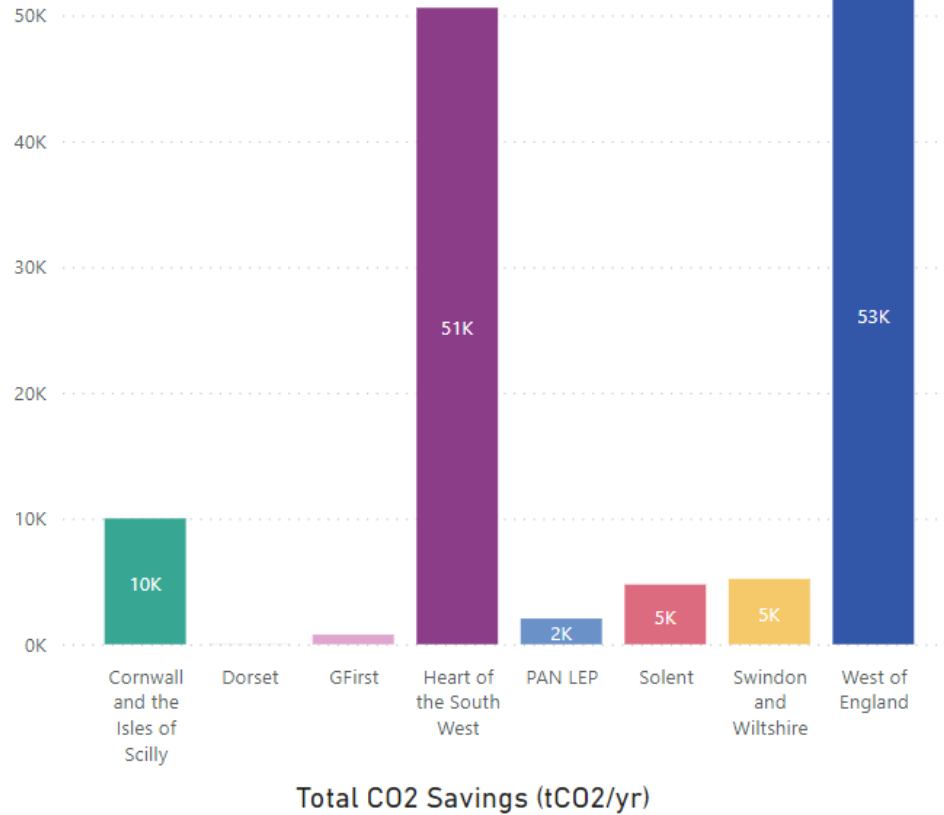
# Project Examples

- **PV sites:** Support to a number of councils to explore feasibility at sites for solar PV, including car parks, county farms, closed landfills – including Cornwall Council relating to a £30m capital fund
- **EPIC Project:** Working with National Grid on a pilot to develop tools and data sharing to integrate local energy planning by Distribution Network Operators and 4 local authorities in the South West
- **Power ESCOs** (Energy Service Companies): working with 4 authorities to explore their ability to own and operate renewables on 3rd party sites and potentially supply to developments.
- **Deploying Electric Vehicles:** supporting Forest of Dean to identify optimal sites for EV charge points and different ownership options
- **Power Purchase Agreements:** developing innovative PPA models to unlock greater purchasing power for community energy
- **Net zero new build:** support to align the development of net zero new build ambitions in the south west. Co-ordination with related industry bodies including CIBSE, RIBA, UKGBC and LETI
- **Green hydrogen production:** feasibility study at Science Museum site nr Swindon with 50MW solar farm

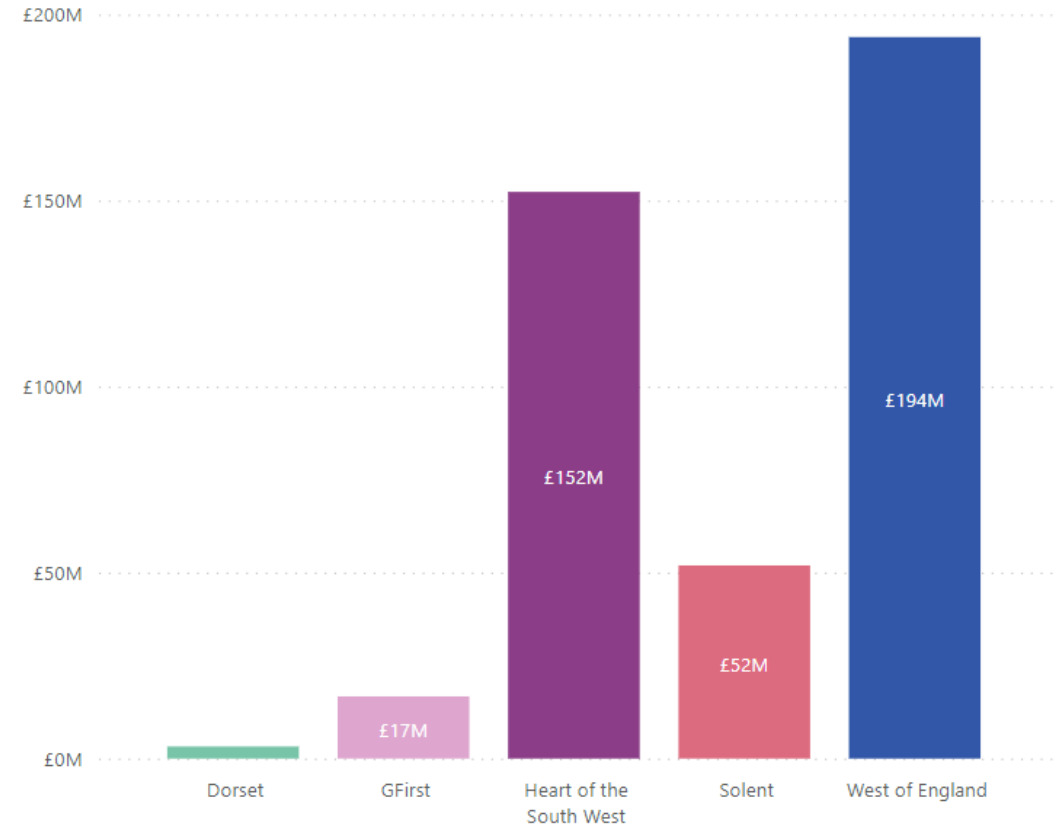
# Projects supported by SWNZH



### C02 Savings per LEP (tC02/yr)



### Projected Capital Value per LEP



Total Number of Projects

72

125,958

£490.263.785



# Funding & Investment

Public sector led working across the spectrum of the public, private & community investment space

## Project Development Support

- Early engagement
- Project financial options appraisal
- Financial procurement and due diligence support

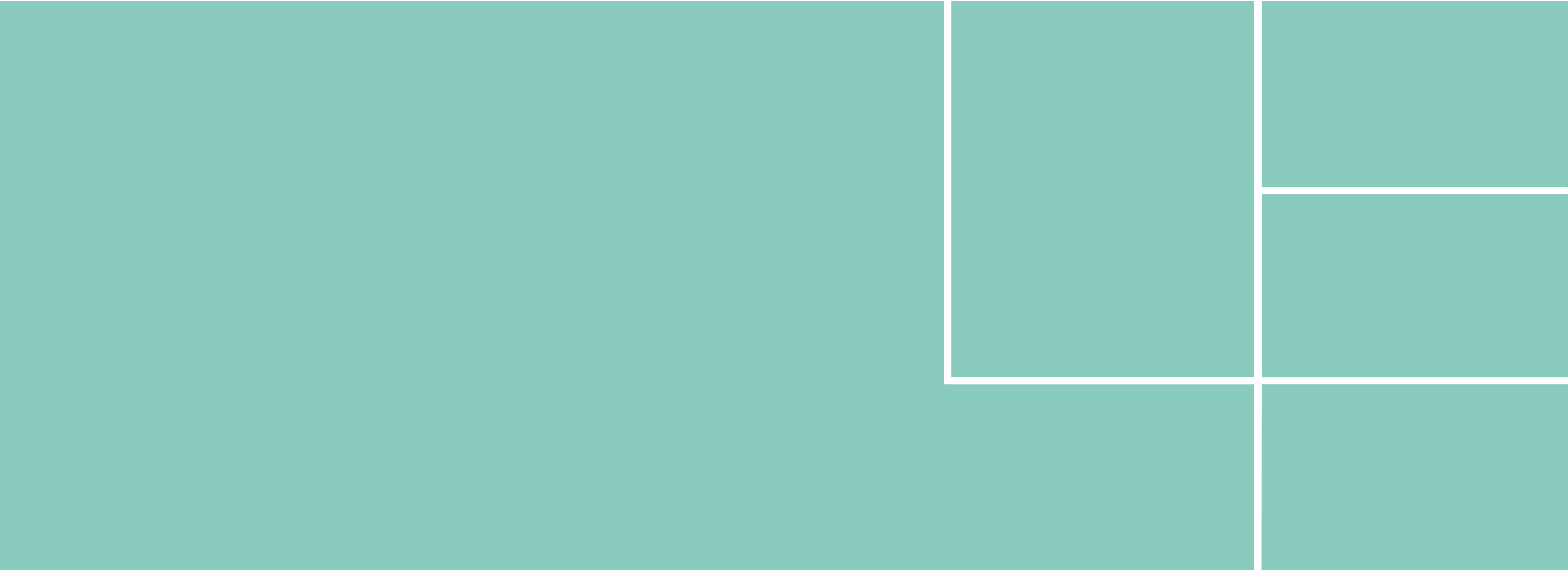
## Financial Modelling

- Bespoke modelling at an individual project level
- “Cookie Cutter” options for standard projects

## Securing Capital

- Support on capital source and mix, equity, debt and mezzanine options evaluation
- Brokering investors and projects

Public Sector Body (PSB) Led Funding & Investment Opportunities	Project Examples
<p><i>Support PSBs to increase funding provided for net zero, social impact and natural capital projects which generates a return which can be reinvested</i></p>	<p><i>New electrical generation (e.g. PV) with known income streams and returns provided with loan support from the local authorities.</i></p> <p><i>When the loans are repaid, the PSBs can re-lend to the next generation of projects.</i></p>
<p><i>Provide grant funding where it is most effective e.g.:</i></p> <ul style="list-style-type: none"> <li><i>• Where there is not a positive Project IRR without grant funding</i></li> <li><i>• Very long periods of return</i></li> <li><i>• Market absence or failure</i></li> </ul>	<p><i>Natural capital projects involving landscape restoration, mixed woodland creation and bio-diversity net gain projects with intergenerational returns.</i></p>
<p><i>Attract private capital to make the PSB public sector loan or subsidy deliver larger or greater number of projects for the same outlay.</i></p>	<p><i>A region wide loan fund for domestic retrofit with a mix of private and public debt deployed to enable the PSBs to support more home owners to treat their homes achieving benefit at scale.</i></p>
<p><i>Community climate bonds: Where PSB residents invest in their net zero and/or social impact place-based projects earning a low-risk return from the PSBs</i></p>	<p><i>Creates a source of community funded capital to enable a wide range of net zero and social impact actions</i></p>



# Community Municipal Investment

Abundance is authorised and regulated by the Financial Conduct Authority (525432)

*abundance.*



# Abundance Background

Platform dedicated to enabling people to finance the decarbonization of the UK place by place with as little as £5. With products built on the understanding that people want more than a simple financial return on their investment.

- First regulated crowdfunding platform
- Co-founders of the UK Crowdfunding Association
- Raised over £10m for the following councils:
  - Swindon Borough Council
  - Telford & Wrekin District Council
  - West Berkshire Council
  - Warrington Borough Council
  - Westminster City Council
  - Islington Borough Council
  - Camden Borough Council
  - Lewisham Borough Council
  - Cotswold District Council

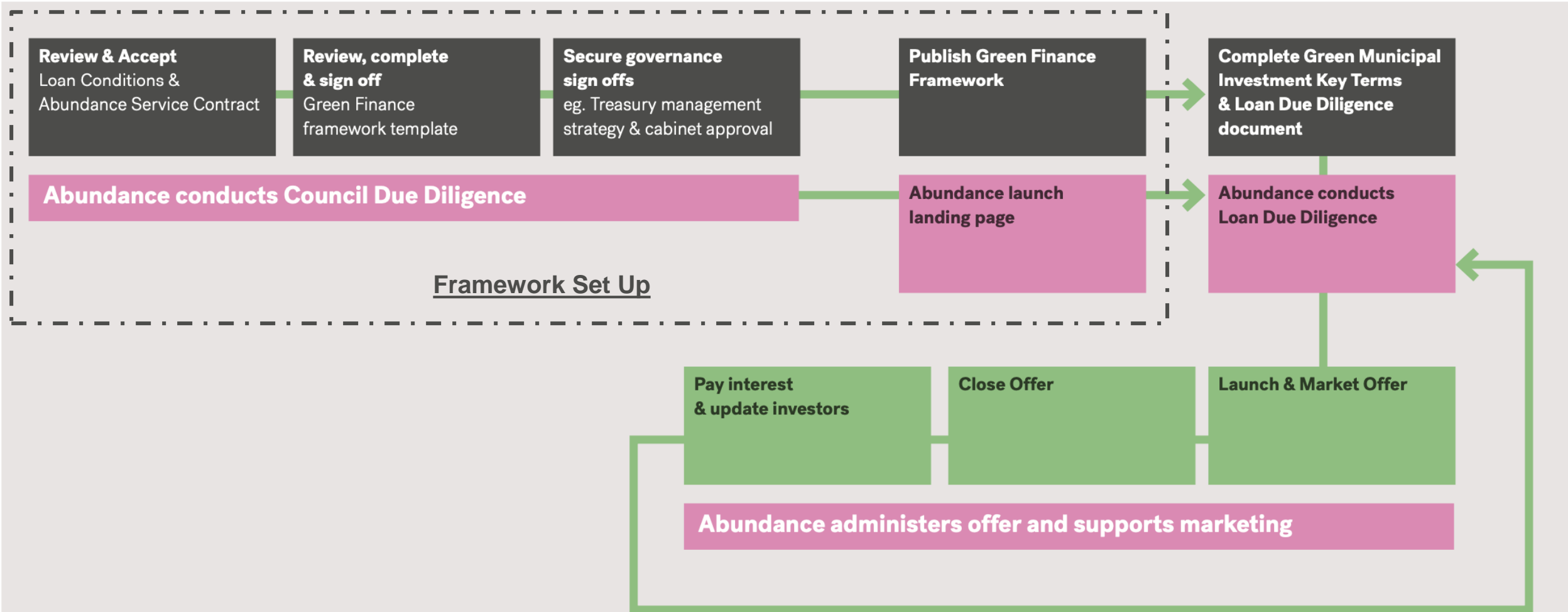


# Key Principles: Community Municipal Investment

Model for councils to raise prudential borrowing from their residents as an alternative to PWLB.

- **Emulate**, as far as possible, the ease of use of PWLB
- **Undercut** PWLB borrowing rates
- **Platform for engaging and involving residents with a council's strategy**, building trust and understanding, as well as driving additional social value and local economic benefits
- **Accessible** to ordinary investors; low minimum and ISA eligible, helping to improve financial security
- **Green Loan / Bond compliant**, mirror the process used for the Green Gilt

# Issuance Process





# Municipal Investment Pricing

	Saving on the PWLB Certainty Rate (%)
West Berkshire	0.50
Warrington	0.50
Islington	0.10
Camden	0.01
Cotswold	0.27
Telford	0.05
Westminster	0.30
Lewisham	0.41
<b>Average</b>	<b>0.26</b>

# Donation Scheme

	% of interest donated	Headline Rate (%)	Donation Effective Interest Rate (%)
West Berkshire	8.5	1.20	0.10
Warrington	5.5	1.20	0.07
Islington	9.45	1.55	0.15
Camden	TBC		
Cotswold	TBC		
Telford	TBC		
<b>Average</b>	<b>7.8%</b>		<b>0.11</b>

# Engagement & Social Value

CMI's become a powerful and complementary communication tool

- Zero financial cost tool for connecting and building long term relationships with residents
- A tool for demonstrating delivery and connecting people to developments in their community.
- A tool for building understanding and building trust.
- In an uncertain world create an income product that supports your community.

# High Level - Market research

“We are interested in your reaction to the idea of a Community Municipal Investment.

It is a loan investment which is backed by a local authority, which pays regular interest over the long term, and is very low risk.

The outcome would be funding for local social and green infrastructure such as green energy, health and education.”

75% of South West investors said they would be interested or very interested in this product.

89% of UK Ethical Investors said they would be interested or very interested in this product

Survey by OnePoll of 2,000 demographically representative UK adults, March 2019

39% of baby boomers have zero risk appetite when it comes to their investments, while a further 28% described their risk appetite as ‘low’.

AEGON, 2019

# Cash Market

Tracker - 5 Year Maturity MI vs Cash Market													
Date		01-Nov-20	01-Feb-21	01-May-21	01-Aug-21	01-Nov-21	01-Feb-22	01-May-22	01-Aug-22	01-Nov-22	01-Feb-23	01-May-23	01-Aug-23
PWLB Rate (5 year Maturity)		1.98	1.03	1.4	1.3	1.83	2.11	2.8	2.68	4.53	4.21	4.76	5.59
Certainty Rate Discount	0.20	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Abundance Fees Discount (Admin)	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Value for Money Discount	0.20	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<b>MI Rate</b>		<b>1.23</b>	<b>0.28</b>	<b>0.65</b>	<b>0.55</b>	<b>1.08</b>	<b>1.36</b>	<b>2.05</b>	<b>1.93</b>	<b>3.78</b>	<b>3.46</b>	<b>4.01</b>	<b>4.84</b>
NS&I Green Bond						0.65	0.65	1.30	1.30	3.00	3.00	4.20	4.20
NS&I Income Bond		0.1	0.1	0.1	0.1	0.1	0.35	0.50	1.20	1.80	2.60	2.60	3.40
NS&I Direct Saver ISA		0.1	0.1	0.1	0.1	0.1	0.35	0.35	0.90	1.75	1.75	2.15	2.40
Triodos ISA													3.45
Triodos long term bond												3.70	4.50
Ecology ISA													
Ecology long term bond												3.20	3.90
Nationwide ISA		0.1	0.1	0.1	0.1	0.1	0.40	0.40	0.40	0.65	0.75	1.25	2.30
Nationwide long term bond		0.4	0.4	0.4	0.4	0.4	0.40	1.50	1.70	3.10	4.00	4.10	5.10



# Long Term Income

10 Year Annuity vs Equivalent MI		
Date		01-Sep-23
PWLB Rate (10 year Annuity)		5.45
Certainty Rate Discount	0.20	0.2
Abundance Fees Discount (Ad	0.55	0.55
Value for Money Discount	0.30	0.3
<b>MI Rate</b>		<b>4.4</b>
MI Annuity Income Per year		£15,242
Best Buy Annuity		£12,953

20 Year Annuity vs Equivalent MI		
Date		01-Sep-23
PWLB Rate (20 year Annuity)		5.44
Certainty Rate Discount	0.20	0.2
Abundance Fees Discount (	0.55	0.55
Value for Money Discount	0.30	0.3
<b>MI Rate</b>		<b>4.39</b>
MI Annuity Income Per year		£10,699
Best Buy		£8,130

On average every

**100,000**

people have

**£4bn**

of savings

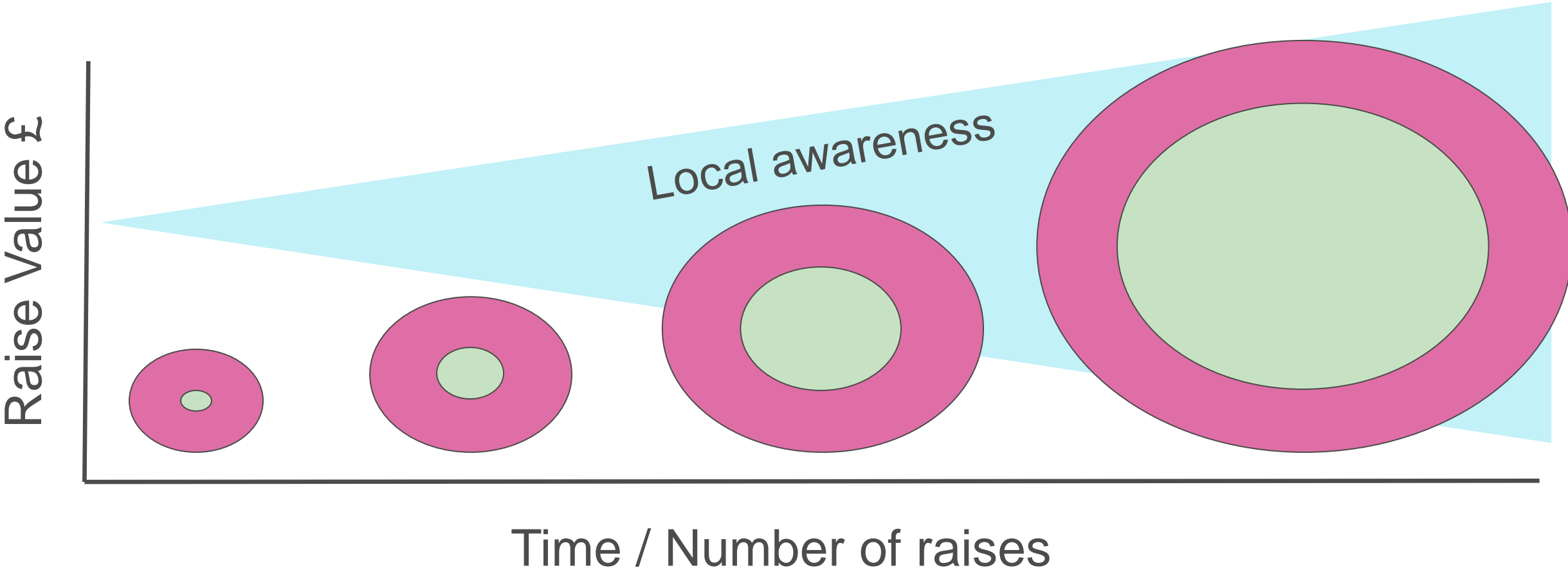
Estimated that

**£200m**

could be matched to

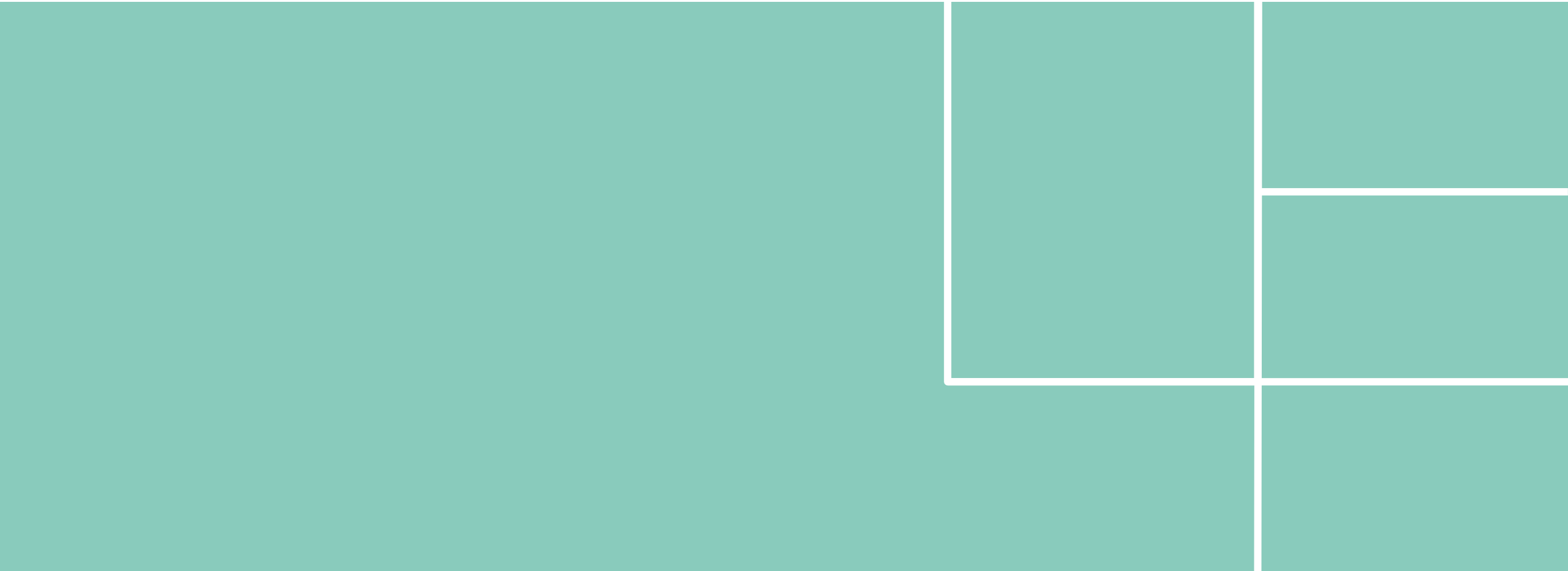
Climate Municipal Investments

# Building a local market





Abundance



# Cotswold District Council's Community Municipal Investment

SWNZH, 11 September 2023

Chris Crookall-Fallon  
Head of Climate Action, Cotswold District Council



**INVEST LOCALLY TO CREATE  
A GREENER COTSWOLDS**



**COTSWOLD  
DISTRICT COUNCIL**

# Cotswold District Council's own levers of influence and scope to act



# Timeline

- **Mid 2020** – first meeting between Abundance and Cotswold DC
- **February 2022** - £1m CMI approved in principle as part of MTFS
- **February** – Joseph Holmes from W Berks DC shares their experience
- **March** – decision taken to break the CMI down into 2x £0.5m
- **March + April** – comms plan, marketing material, working with Abundance to prepare the offer
- **26 April** – media launch including Bruce Davis from Abundance
- **Early May** – filming and more press / social media campaign
- **End July** – decision to extend deadline by 2 weeks
- **15 August** – fundraiser completes, 2 days ahead of final deadline



INVEST LOCALLY TO CREATE  
A GREENER COTSWOLDS

**JOIN US AS ONE OF  
OUR FIRST INVESTORS**  
TOGETHER WE CAN MAKE OUR COMMUNITY  
CLEANER, GREENER & HEALTHIER.



**CAPITAL AT RISK**

26 APR 2022

**Cotswold District Council launches  
new scheme for residents to invest in  
local projects to tackle the climate  
emergency**

# MUNICIPAL INVESTMENT LOAN OFFER DOCUMENT

## COTSWOLD CLIMATE INVESTMENT

### 2027, 2.15%

**5 year amortising Loans offering 2.15% interest per year before tax\***

This document is an offer giving an opportunity to lend to Cotswold District Council, under the Abundance Local Authority Product, for it to raise up to £500,000 through the provision of loans to help finance its vision for a Net Zero Cotswold District.

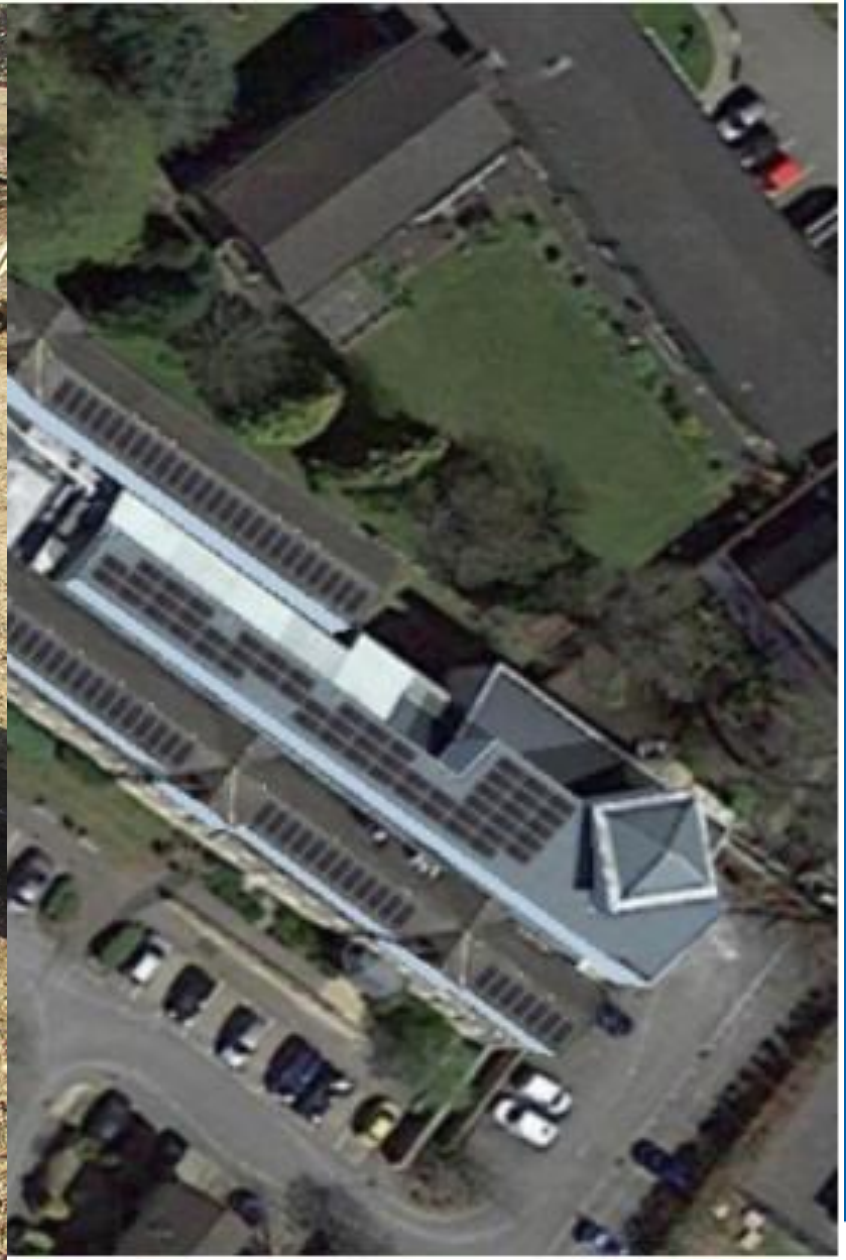
**27 APRIL 2022**

\*See page 8 for more detail on the Key Terms

Arranged by

*abundance.*





COTSWOLD  
DISTRICT COUNCIL



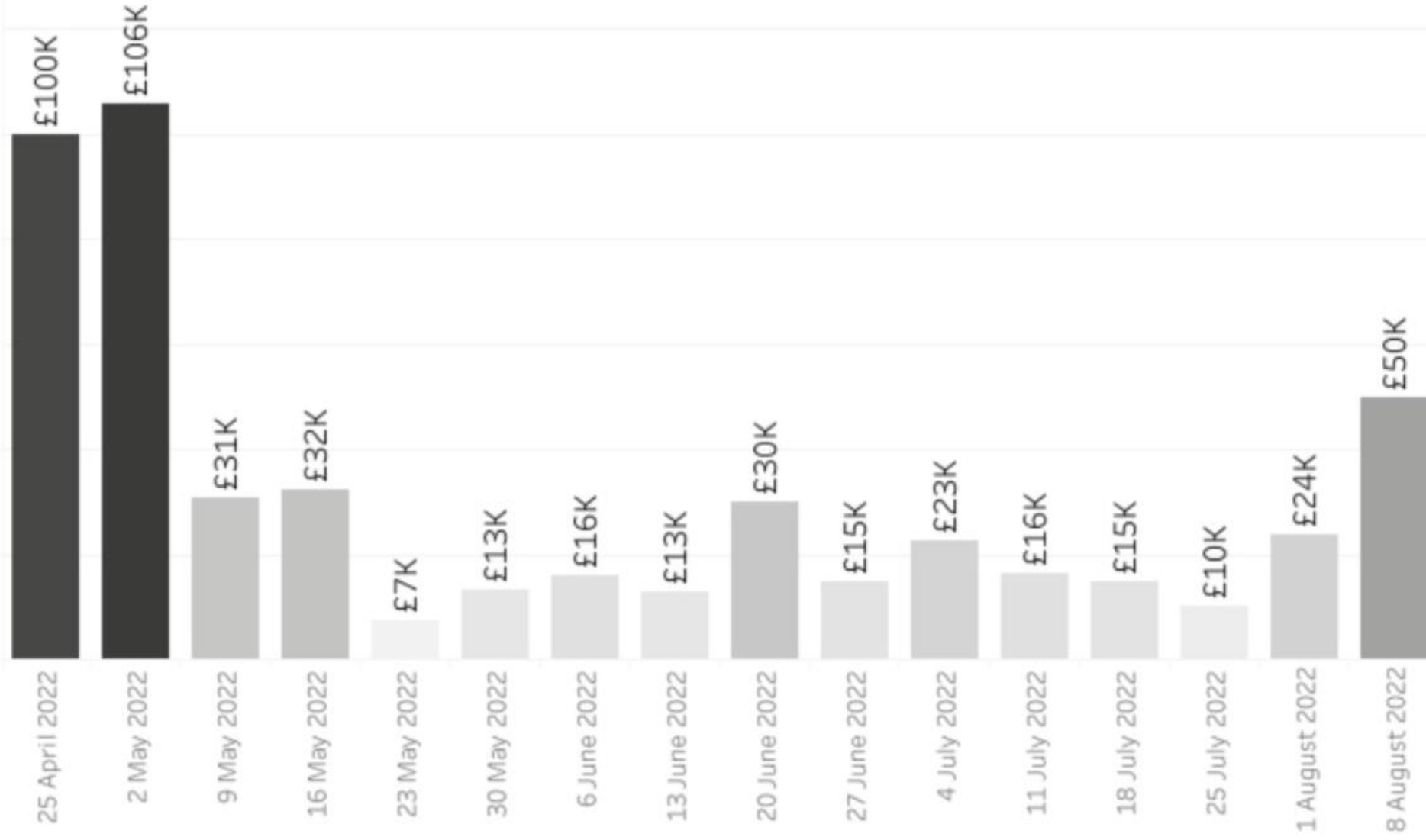
However laudable the end goal might be, in today's extremely difficult economic climate, encouraging residents to make "at risk" investments without advising them to seek independent financial advice first is totally irresponsible especially for those who are vulnerable 😞 😡

Since when does a public body have the investment skills to manage other peoples money. What financial institutions will be backing this investment and what regulatory bodies will be used. Not an appropriate idea for any District Council!!!

So let's get this clear .not only do the inept incapable an snowflakes in the council want to steal your hard earned wages in the guise of council tax .they also want you to pay to upgrade their plush offices as well .talk about taking the piss



## Investment by day



Number of investors

458

Total investment

£500,000

Average investment

£1,092

Local investors

20

Local investment

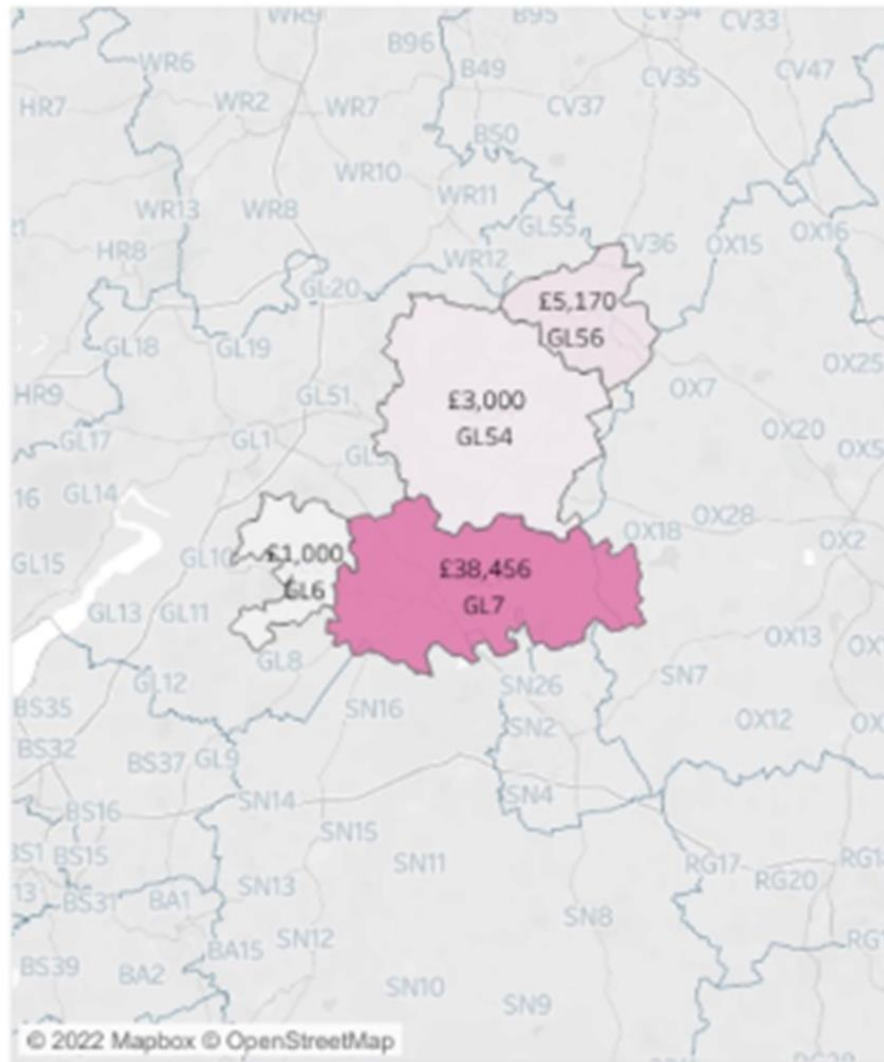
£47,626

Local average

£2,381



## Where has the local investment come from?



# Forgoing interest?



## Cirencester Open Air Pool Solar Panels

📍 Cirencester

We want to install solar panels in our 152 year old historic Open Air Swimming Pool to help climate change and to leave a better legacy for the next

100%



£11,468    £11,431  
pledged    goal



## Thames Head Energy Community Project

📍 Somerford Keynes

Utilise available community resources to generate renewable solar energy, reduce cost/consumption and facilitate low carbon transport at and around

100%



£16,331    £16,298  
pledged    goal



## To create wildflower & wildlife areas

📍 Quenington

To increase biodiversity by planting wildflower meadows, more trees & spring bulbs on our village green and verges to help wildlife and promote

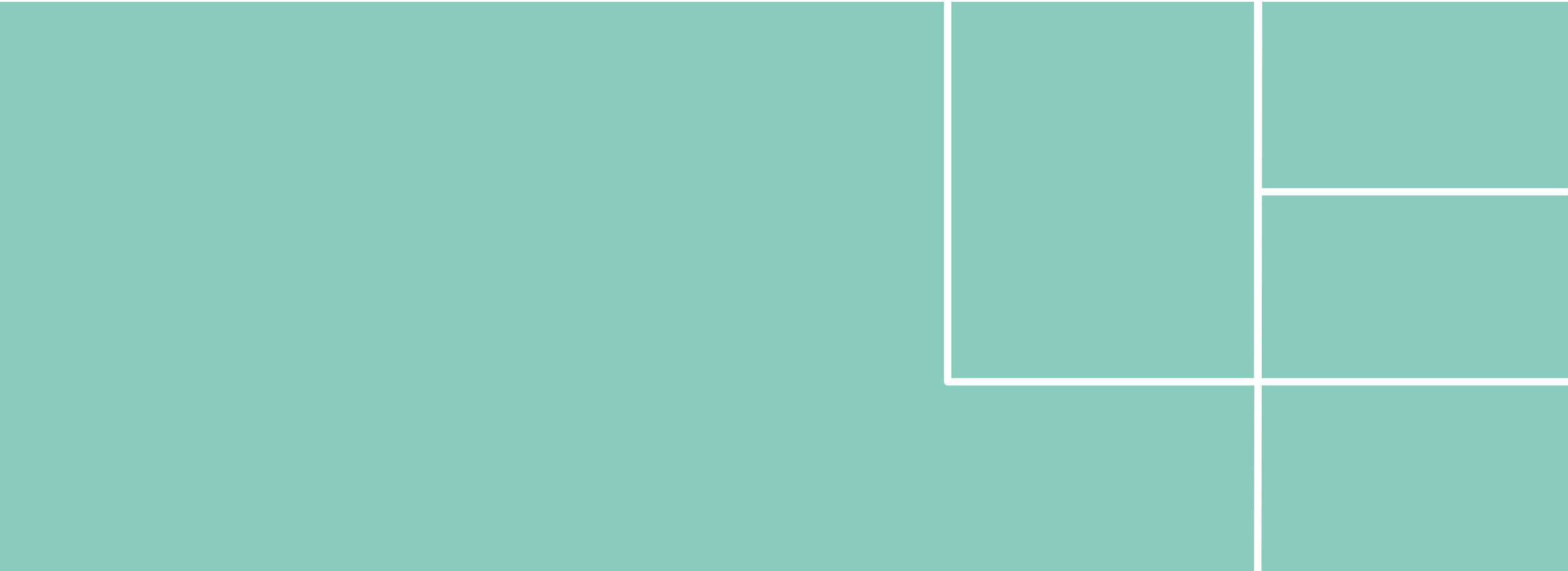
101%



£1,829    £1,809  
pledged    goal

# Next CDC CMI?

Abundance



LOCAL  
CLIMATE  
BOND  
CAMPAIGN



# Local Climate Bond Campaign

South West Local Climate Bonds Webinar

11 September 2023





# Channeling global finance into local solutions

## About us

- GFI was established in 2019 following a key policy recommendation made to the UK Government as a not-for-profit company
- An independent, commercially focused organisation, backed by Government and led by bankers
- The UK's principal interface between the public and private sectors
- Bringing together global experts and practitioners to identify and unlock barriers to deploy capital at pace and scale towards real-economy outcomes
- Designing, developing and launching portfolios of scalable financial solutions that accelerate sector-specific transitions to a low-carbon future
- GFI Solutions was established in 2022 as the commercial arm of the organisation, and all activities and profits generated are used to further GFI objectives

## Our vision

A greener future made possible by finance

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## Our mission

To accelerate the transition to a clean, resilient and environmentally sustainable economy by channelling capital at pace and scale towards real-economy outcomes that will create jobs and increase prosperity for all.

# Coalition for the **Energy Efficiency of Buildings**

- **2019:** Launched as the GFI's flagship coalition with the aim to develop the market for financing a net zero built environment
- **Early 2020:** Identified barriers to investment and co-designed financial solutions to unlock capital flows (initially retrofit, then heating)
- **Mid 2020 – 2022:** Built a portfolio of demonstration projects to catalyse financial innovation
- **2022 – present:** Focus on scaling markets via banking and local partnerships

Over **400** members drawn from  
finance, property, energy, policy,  
academia and civil society

## GFI's Built Environment Programme

### Banking Partnerships

Property  
Linked  
Finance

Green  
Mortgages

Unsecured  
Green Loans

### Place-Based Solutions

Local  
Partner-  
ships

Local  
Climate  
Bonds

GM  
PLF  
UGL

### Government & Industry Engagement

Consumer  
Finance Group

Energy  
Efficiency  
Taskforce

Partnership announcement gained **significant interest** across national and local media

GMCA announcement – July 2022

**18**

18 pieces of print, online and radio coverage in nationals, local government and housing trades, and regionals. Highlights include BBC, Sky News and BBC Radio Manchester

**7**

7 syndicated articles of the Sky News article

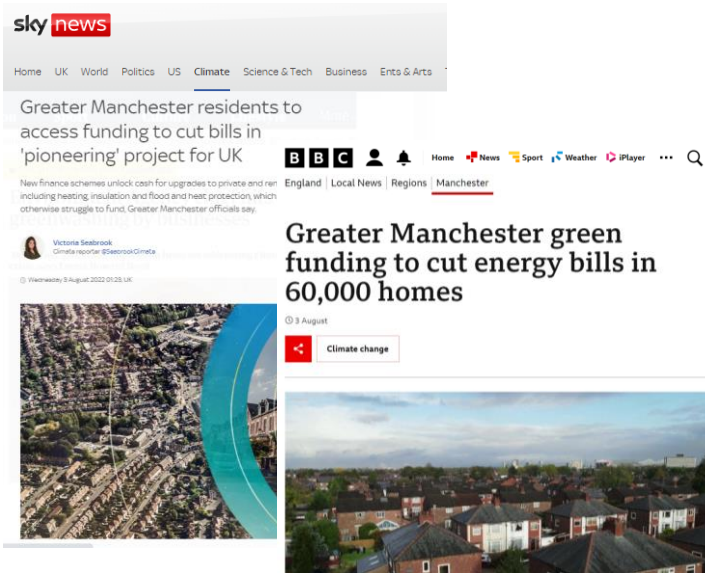
**1**

The announcement featured for one full day of bulletins on BBC Radio Manchester.

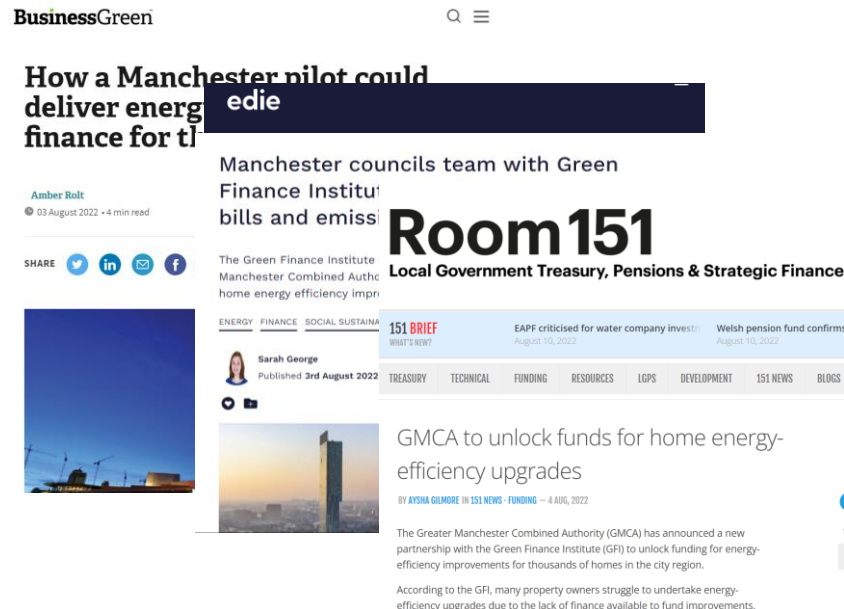
**62.5k**

Estimated total coverage views of the campaign across traditional online media.

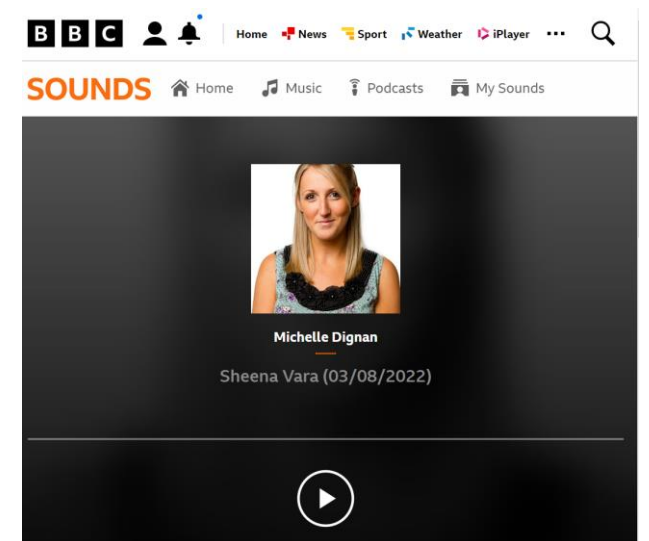
Top tier / national



Trade



Radio



Over the last three months the GFI have been working to deliver the agreed priorities across our core themes:

## Solution Delivery

- Green Mortgages
- Property Linked Finance
- Local Climate Bonds
- Broker Training

## Convening & Market Priming

- Industry workshops
- Leveraging local networks
- Blended finance
- Green Personal Loans

## Thought Leadership

- Industry communications
- Consumer / government communications

**>300** councils  
have declared a  
climate emergency<sup>1</sup>

**82%** of all UK  
emission fall within  
scope of local  
authority influence<sup>2</sup>

**£4bn** of capital  
held per 100k UK  
citizens<sup>3</sup>

**23%** of LCB  
investment  
generated by local  
residents<sup>4</sup>

## ... and what LCBs have achieved so far...

**8**

LCB issuances to date with a **developing pipeline**

**£6.5  
million**

£6.5 million of **private finance mobilised**  
towards local decarbonisation solutions

**>23%**

Funds raised from **local investors**

**>100**

The GFI has already engaged with **more than 100 local authorities** across the UK

The GFI has engaged with >100 councils since the launch of the LCB Campaign and is committed to the long-term development of the LCB market.

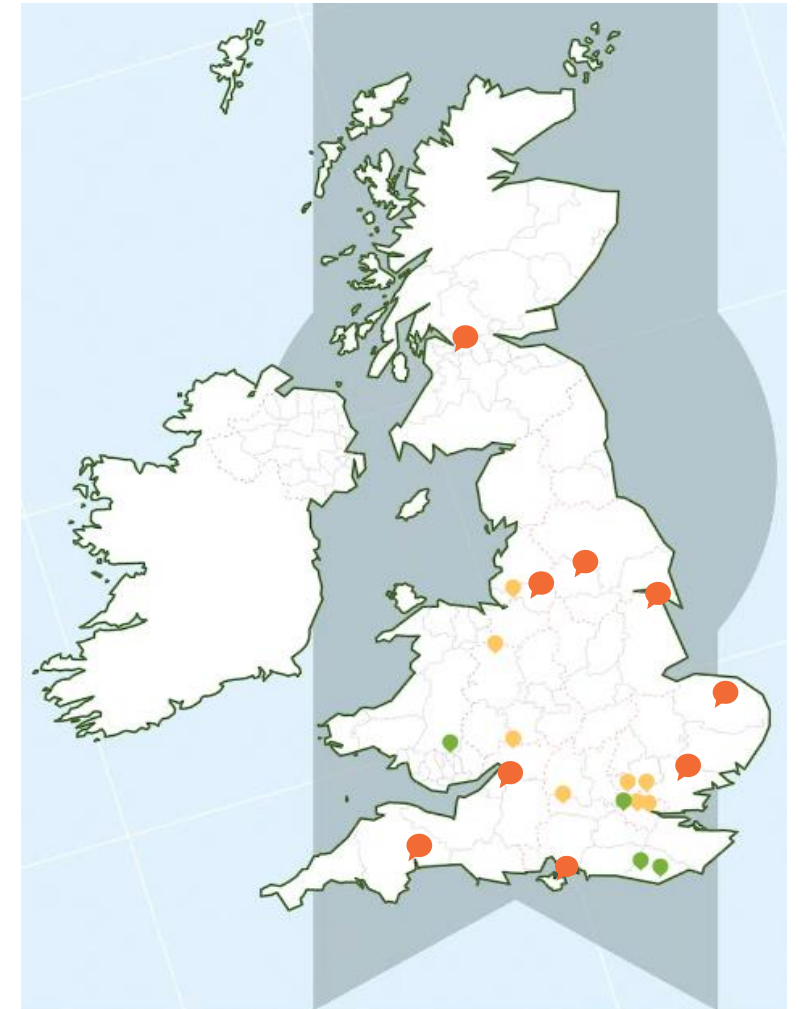


**LOCAL  
CLIMATE  
BOND  
CAMPAIGN**

*Launched in the summer of 2021 by the GFI and Abundance, supported by UK100, Local Partnerships and Innovate UK*

*Aiming to raise awareness and support LAs in the issuance*

-  **Past issuances**
-  **Further pledge signatories**
-  **Selected ongoing "warm" conversations**



Councils have the opportunity to sign the GFI's LCB Pledge which publicly communicates the council's intention to issue an LCB within 18-months of signing the Pledge.

## Why sign the GFI's LCB Pledge?

- Build the narrative around the council's climate action plans
- A useful comms tool to engage with residents and citizen investors ahead of an LCB issuance
- Demonstrate the council's leadership and commitment to local net-zero plans
- The GFI is the UK's principal forum on green innovative finance and can support by amplifying the council's messaging around the Pledge



is proud to be signing up to the Local Climate Bond Pledge.

The local climate bond will help us meet our plans to tackle climate change.

Signature:

Job title:

Signature:

Job title:

Date:

### We pledge to:

1. Explore the launch of a Local Climate Bond or related Community Municipal Investment within 18 months of signing this Pledge, aiming to raise funding for a specific local net zero project(s)
2. Set and share publicly the target dates for completion of the project(s)
3. Provide public updates on the measurable positive impacts – eg. environmental, financial, economic and social – of our funded project(s), including any learnings for the future.

## LOCAL CLIMATE BOND PLEDGE



The Green Finance Institute is not in any way affiliated with any finance providers and makes no statement as to the sustainability of any finance providers or the particular Local Climate Bonds issued. The Green Finance Institute does not recommend any particular financial product. This communication is not intended for retail investors.





**Date:** July 2020  
**Amount:** £1m  
**PWLB discount:** 0.49%  
**Investor return:** 1.20%  
**Investors:** 640  
**Projects:** Solar, tree planting, wildlife restoration



**Date:** August 2020  
**Amount:** £1m  
**PWLB discount:** 0.50%  
**Investor return:** 1.20%  
**Investors:** 523  
**Projects:** Solar and battery storage



**Date:** October 2021  
**Amount:** £1m  
**PWLB discount:** 0.10%  
**Investor return:** 1.55%  
**Investors:** 661  
**Projects:** EV fleet conversion, EV charging, healthier schools, air quality



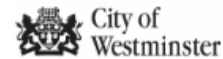
**Date:** March 2022  
**Amount:** £1m  
**PWLB discount:** 0.01%  
**Investor return:** 1.75%  
**Investors:** 398  
**Projects:** EV charging, recycling, solar



**Date:** April 2022  
**Amount:** £0.5m  
**PWLB discount:** 0.27%  
**Investor return:** 2.10%  
**Investors:** 455  
**Projects:** EV charging, council building retrofit



**Date:** May 2022  
**Amount:** £0.3m  
**PWLB discount:** 0.05%  
**Investor return:** 2.10%  
**Investors:** 410  
**Projects:** Grants, social housing retrofit, EV fleets



**Date:** March 2023  
**Amount:** £1m  
**PWLB discount:** 0.30%  
**Investor return:** 4.20%  
**Investors:** 485  
**Projects:** Council assets retrofit, community projects, energy efficiency projects



**Date:** May 2023  
**Amount:** £0.7m  
**PWLB discount:** 0.40%  
**Investor return:** 4.30%  
**Investors:** 612  
**Projects:** EV charging, green transport hubs, natural capital

# Questions


# And finally...

1. Thank you for your time today
2. We expect to have a future Local Authority Green Finance event in the early part of next year. This will be free. We would like to contact you to let you know the details of the event. Let us know if you are not happy to receive this information – either in the chat or by email
3. We would be very interested in anyone willing to attend two one hour sessions to co-design this event – please let us know if you are interested
4. We will be making the recording of today available on our website and on the website of other Hubs to share learning on this topic
5. Please do consider signing up to our newsletter (every two months): [South West Net Zero Hub Newsletter](#)

# Contact us

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