



NORWICH City Council

Committee name: Scrutiny

Committee date: 19/01/2023

Report title: Green financing

Portfolio: Councillor Hampton, Cabinet member for climate change and digital inclusion

Report from: Executive director of community services

Wards: All wards

OPEN PUBLIC ITEM

Purpose

To consider options for green financing to support the council to achieve its target of carbon neutrality by 2030.

Recommendation:

To consider any relevant recommendations to make to cabinet.

Policy framework

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the 'People live independently and well in a diverse and safe city' and the 'Norwich City Council is in good shape to serve the city' corporate priorities.

Report details

1. The Scrutiny committee agreed to invite UK100 to talk to the committee to explore options in relation to green financing in recognition that investment was required if the council were to achieve its aim of carbon neutrality by 2030.
2. The Committee are seeking to explore what opportunities exist for the council to access finance to support its corporate objectives especially addressing climate change and fuel poverty.
3. The Senior Committee Officer contacted UK100 who provided some information in relation to green financing which is attached as Appendix A.
4. After reviewing the Scrutiny Topic form attached as Appendix B, UK100 advised that they considered the Green Finance Institute a more relevant organisation to attend committee to answer member questions.
5. The [Green Finance Institute](#) (GFI) have agreed to attend committee virtually and therefore this meeting of the scrutiny committee will be an informal, online discussion. Matt Ferretti, head of partnerships for the GFI and Alessandra Melis who leads their Local Climate Bond Campaign will be attending committee virtually to give a presentation and answer member questions.
6. The GFI have provided some information in relation to the five solutions to green financing which they offer and this is included as Appendix C.
7. Members were asked to submit any further information for consideration by the Green Financing Institute. The information attached at appendix D was received from Councillor Galvin.

Consultation

8. A consultation is not relevant at this stage.

Implications

Financial and resources

9. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2022-26 and budget.

Legal

10. No legal implications have been considered at this stage.

Consideration	Details of any implications and proposed measures to address:
Equality and diversity	None
Health, social and economic impact	None at this stage.
Crime and disorder	None

Consideration	Details of any implications and proposed measures to address:
Children and adults safeguarding	None
Environmental impact	The council aims to be carbon neutral by 2030 and this item hopes to explore options which can assist with this aim.

Risk management

Risk	Consequence	Controls required
None identified at this stage.	N/a	N/a

Other options considered

11.No alternative options are currently being considered.

Reasons for the decision/recommendation

12.Committee is asked to consider relevant recommendations to cabinet.

Background papers: **None**


Appendices: **A: Reading information from UK100**
B: Initial Scrutiny Topic form
C: GFI info on five solutions
D: Further scoping information received from Councillor Galvin

Contact officer: **Senior Committee Officer**

Name: **Alex Hand**

Telephone number: **01603 989398**

Email address: alexhand@norwich.gov.uk

	<p>If you would like this agenda in an alternative format, such as a larger or smaller font, audio or Braille, or in a different language, please contact the committee officer above.</p>
---	--

Reading information from UK100

In terms of financing renewables and energy efficiency projects I can divert you to a relevant case study from one of our members on our Knowledge Hub which may be of use to you, [West Berkshire Climate Change Bond](#).

Further, a couple weeks ago we hosted the second weekend of our Climate Leadership Academy where we had industry experts from the private finance sector join a panel to discuss what makes a low carbon project investable. Jodie Giles, from UKRI, mentioned a number of examples of innovate local energy financing models which may be of interest to you:

- Local Energy Oxfordshire
- ReFLEX Orkney
- Energy Superhub Oxford
- GreenScies
- Greater Manchester Local Energy Market
- Zero Carbon Rugeley

Their recent joint report with GFI is also useful - [Mobilising local net zero investments](#). <https://www.ukri.org/publications/mobilising-local-net-zero-investments/>

I'd also suggest reading our recent [report on social housing energy efficiency and the energy crisis](#) to see the number of ways UK100 is engaging with national government to advocate for further finance for energy efficiency.



Scrutiny TOPIC form

Good governance and scrutiny helps reduce risk, increases resilience, improves decision making and delivers value for money. The information you give on this form will help shape the scrutiny work programme for the civic year 2021-22.

Please tell us what item you would like considered on the work programme and a brief scope.

YOUR ITEM: Financing for renewable energy / energy efficiency

BRIEF SCOPE: Last year the Scrutiny committee agreed to invite UK100 to talk to the committee about options for green financing. As this did not happen, this TOPIC form is an attempt to restart that process.

Your item will be considered for inclusion on the work programme on the following 5 criteria. Please give as much information as possible for each criteria below:

TIME	<p>is this the right time to review the issue and is there sufficient officer time and resource available?</p> <p>Investment is required now if the city council is to achieve its aim of carbon neutrality by 2030.</p>
OPPORTUNITY	<p>what would be the objective of the scrutiny? What difference can scrutiny make?</p> <p>To identify what opportunities exist for Norwich City Council to access finance to support its corporate objectives, especially addressing climate change and fuel poverty.</p>
PERFORMANCE	<p>can performance in this area be improved by scrutiny input?</p> <p>The city council is currently limited in its ability to invest in green projects by financial limits. Scrutiny could identify further opportunities for taking renewable energy and energy efficiency projects forward through identifying funding models.</p>
PUBLIC INTEREST	<p>what would be the public interest in placing this topic onto the work programme?</p> <p>Fuel poverty and the climate emergency are in the public interest.</p>
CONTRIBUTION	<p>will any scrutiny activity on this matter contribute to the council's activities as agreed in the corporate plan?</p>

	Great neighbourhoods, housing and environment
--	---

Please return your form to Emma Webster, scrutiny liaison officer. emmawebster@norwich.gov.uk

Thank you.

Integrated Retrofit Finance

- By incorporating attractive financial options into retrofit programmes in the community, we aim to streamline the customer experience and reduce the risk of dropouts. These initiatives can be implemented in both new and existing retrofit schemes.
- The GFI provides access to our **network of affiliated financial services institutions**, which covers c75% of the market by balance sheet, as well working with leading digital and aggregation retrofitting platforms.

Key Features`

1

Sponsored by a **local authority**: creating trust for consumers

2

Focusses on **'able to pay'** residents

3

Connects consumers to **attractive financial products** to spread out the cost

4

Lowers upfront and **financing costs** for property owners registering in the service

Benefits to Local / Combined Authorities



Supports and incentivises retrofit from residents who may not have large existing cash reserves



Advancement at scale towards Net Zero and retrofit targets



Residents get easier access to trusted information with approved partners



Supports continued demand for retrofit in a geographic region

Green Mortgage Campaign

- Green Mortgage products come in a variety of different forms, but all aim to **incentivise homeowners to invest in improving the energy efficiency of their properties**.
- The GFI will launch a campaign to promote **awareness, engagement, and adoption** of green mortgage options within the residential market.
- The institute has teamed up with **local and national mortgage lenders, brokers, and influencers**. By working together, we aim to make it easier for homeowners to access and choose environmentally-friendly financial products.

Key Features`

1

Builds momentum behind the green mortgage agenda through targeted engagement

2

Stimulates **green mortgage product innovation** and more ambitious products

3

Increases awareness amongst property owners and the construction & developer sector

Benefits to Local / Combined Authorities



Supports and rewards **residential property owners** who make energy efficiency improvements



Supports **lenders** and **local government** meet regulation requirements and mitigate risks associated with their loan books



Enables more homeowners to realise the opportunities to make energy efficient improvements to their homes

- Also known as Community Municipal Investments (CMI), **Local Climate Bonds** (LCBs) are a debt instrument issued by Local Authorities to **raise capital to support their net-zero strategies**.
- The LCBs allows citizens to invest **as little as £5**, and has been shown to be an effective way to raise private investment at a lower borrowing cost than PWLB, while fostering a strong connection with the local community
- **Local Authorities** can use the funds to **support a wide range of projects**, e.g. energy efficiency, transport, and infrastructure improvements.

Key Features`

1

Innovative and proven form of financing for Local Authorities

2

Designed to **price below respective PWLB rate** at time of issuance

3

Creation of **engagement with local community**

4

Low risk and tax effective investment for citizens

Benefits to Local / Combined Authorities



Allows the diversification of financing options



Low cost for the council while guaranteeing interesting returns for investors



Creates and strengthens the relation between council and its constituency



Possibility to be pioneers of this solution in the area

- A GRA incentivises residential landlords to improve the energy efficiency of their properties before new regulations take effect.
- Solution is designed to **remove barriers for landlords** whose tenants currently pay for energy bills, providing them with a financial incentive to undertake retrofitting
- This gives landlords a transparent way to offer their tenants a "warm rent" – a set amount that covers both rent and energy bills.

Key Features`

1

Enable landlords to install energy efficiency upgrades and **partly recover upfront investment**

2

Supports tenants to live in a more comfortable home at **no additional monthly cost**

3

Promotes **collaboration between landlords and tenants**

Benefits to Local / Combined Authorities



Large potential to strengthen engagement with institutional landlords in the GM area



✓ Strengthens the landlord-tenant dialogue on sustainability → **drive increased retrofitting** and investment



'Shovel-ready' product with low effort required from GMCA

- **Property Linked Finance (PLF)** is a new, innovative financial instrument that is not currently available within the UK market
- PLF enables homeowners to receive financing to support **100% of the upfront costs** for a retrofit project.
- Unlike traditional borrowing that is attached to the individual, the finance is **secured against and attached to the property**. This allows for repayment over extended timescales and the repayment obligation to transfer to successive property owners.

Key Features`

1

Enables homeowners to **receive financing** to cover 100% of the upfront costs for a retrofit project.

2

Secured against the property – allows for **repayment over extended timescales – meaning smaller, more affordable repayments.**

3

Repayment obligation **remains with the property** if there is a change of ownership – so **whoever is benefitting from the retrofit, is responsible for paying for it.**

4

Can be used for a range **measures** e.g. energy efficiency, renewables, EV chargers, flood resiliency.

Benefits to Local / Combined Authorities



Supports and **incentivises retrofit** for residents who may not have large existing cash reserves



Improves **compliance** with energy efficiency requirements and regulations (such as MEES) by giving landlords a mechanism to invest.



Allows **greater uptake** of existing support schemes (such as ECO) which only offer part-funding by providing the rest of the funding.



Facilitates **deeper retrofits** than personal savings or traditional finance may have allowed.

From: [Cllr Galvin, Lucy](#)
To: [Hand, Alex](#); [Cllr Brociek-Coulton, Julie](#); [Cllr Carlo, Denise](#); [Cllr Driver, Keith](#); [Cllr Fulton-McAlister, Matthew](#); [Cllr Huntley, Jacob](#); [Cllr Osborn, Jamie](#); [Cllr Padda, Gurpreet](#); [Cllr Stutely, Ian](#); [Cllr Thomas, Vaughan](#); [Cllr Thomas, Vivien](#); [Cllr Wright, James](#); [Cllr Young, Julie](#)
Cc: [Rawsthorne, Louise](#); [Mickleborough, Leah](#); [Earl, Sam](#); [Stephenson, Claire](#)
Subject: RE: Scrutiny Committee - 19 January 2023
Date: 03 January 2023 21:15:33
Attachments: [image001.jpg](#)

Many thanks Alex.

Following discussions on the brief to the GFI, please ask them to:

-->Send links to key reading in advance so councillors can prepare. The GFI is an impressive body in their breadth of knowledge. The report the Coalition for the Energy Efficiency of Buildings published a report 'Financing Energy Efficient Buildings: the path to retrofit at scale'. The summary says: "*the Coalition brings together a powerful multistakeholder group focused on developing market solutions to scale up the finance needed to retrofit UK homes to high standards of energy efficiency, and deliver significant social and environmental benefits. Building on existing research, international best practices, and a focused review of the state of UK market for financing energy performance retrofits, the Coalition puts forward 21 scalable demonstrator projects, designed to overcome the barriers to mobilising capital towards the social-rented, private-rented and owner-occupied residential sectors.*" **So it would be useful if they could present some of their key lessons in the CEEB report, tailored for a district council, and possible pathways forward.**

-->Present financing models for multi-tenure retrofitting at a local level (with a focus on examples of retrofit funding for owner occupied/rented domestic properties) for main discussion so we can come up with some useful recommendations. (This could include information on **community lending** eg. Lendology [About Us | Local Council Home Loans Somerset | Lendology](#) – a growing and successful scheme in the south west looking to expand to local authorities across the country).

With the following areas also woven in to the above:

-->Examples of what other local authorities are doing on green financing including an update on Local Climate Bonds

-->Activities that can raise revenue for the city council **while reducing carbon including in asset management** and future proofing regarding trends in city centres

-->Financing models for biodiversity restoration

-->Any options around pension funds (although this is a county function)

All with the aim to come away with some useful recommendations for council policy and action.

Please confirm receipt and forwarding of the above,
 All the best
 Lucy

From: Hand, Alex <AlexHand@norwich.gov.uk>

Sent: 20 December 2022 15:13

To: Cllr Brociek-Coulton, Julie <j.brociekcoulton@cllr.norwich.gov.uk>; Cllr Carlo, Denise <d.carlo@cllr.norwich.gov.uk>; Cllr Driver, Keith <k.driver@cllr.norwich.gov.uk>; Cllr Fulton-McAlister, Matthew <m.fulton-mcalister@cllr.norwich.gov.uk>; Cllr Galvin, Lucy <l.galvin@cllr.norwich.gov.uk>; Cllr Huntley, Jacob <j.huntley@cllr.norwich.gov.uk>; Cllr Osborn, Jamie <j.osborn@cllr.norwich.gov.uk>; Cllr Padda, Gurpreet <g.padda@cllr.norwich.gov.uk>; Cllr Stutely, Ian <i.stutely@cllr.norwich.gov.uk>; Cllr Thomas, Vaughan <vaughan.thomas@cllr.norwich.gov.uk>; Cllr Thomas, Vivien <vivien.thomas@cllr.norwich.gov.uk>; Cllr Wright, James <j.wright@cllr.norwich.gov.uk>; Cllr Young, Julie <j.young@cllr.norwich.gov.uk>

Cc: Rawsthorne, Louise <LouiseRawsthorne@norwich.gov.uk>; Mickleborough, Leah <LeahMickleborough@norwich.gov.uk>; Earl, Sam <SamEarl@norwich.gov.uk>; Stephenson, Claire <ClaireStephenson@norwich.gov.uk>

Subject: Scrutiny Committee - 19 January 2023

Good afternoon

We updated committee at the last meeting regarding the item on Green Financing scheduled for the 19 January 2023. Members had requested that UK100 attend committee and answer questions on the item but UK100 have advised us that they consider the Green Finance Institute better placed to answer questions on the topic.

The Green Finance Institute is able to attend scrutiny committee virtually on 19 January 2023 and we will have a preliminary conversation with them regarding the information we would like them to cover early in the New Year.

I've attached the topic form for info, can members let me have any other themes they would like the Green Finance Institute to cover by 9am on 4 January 2023.

Alex Hand

Senior committee officer

Corporate and commercial services

Norwich City Council

01603 989398

My working days are Monday to Friday



