



CLASP.

Tapping into new and established routes for development investment

Responding to Climate Change
Supported Learning Group seminar
6 July 2010

Public Works Loans Board

- Founded 1793, part of Treasury
- Advances loans to local authorities for wide range of purposes
- Low, fixed and variable rates
- Periods of 1 to 50 years
- Lending limits pre-determined
- Used by some authorities to finance decentralised energy

E.g. Woking/Thameswey

European Investment Bank

Objectives include:

- Assisting measures to tackle climate change mitigation and adaptation
- Environmental protection and sustainable communities
- Sustainable, secure and alternative energy
- Aims to stimulate investment by SMEs

E.g. Venture Capital and Loan Fund, set up to provide risk capital in the North West of England under the JEREMIE initiative (EUR 105 billion)

Local Asset Backed Vehicles (LABVs)

- aka PRPs (Property Regen Prtnrshps)
- Well-established use by RDAs (50%)
- North West - 'Ashtenne Industrial Fund'
- 50/50 PPP
- Comprehensive, area-based regeneration and/or asset renewal
- Public sector assets + Private sector cash = collateral to raise project finance
- Enable uneconomic sites (infrastructure?) to progress on basis of uplift in value of future sites

Tax Increment Financing (TIF)

- Announced autumn 2010 – introduced 2012 (/13?)
- Based on established model for funding regen. in US
- Will be applicable to infrastructure projects where initial investment is required ahead of development
- Enables borrowing against the future uplift in business rates predicted to arise from the scheme for which the infrastructure is needed
- 82 local authorities submitted proposals already

E.g. Aire Valley regeneration scheme - 400ha brownfield site for 8,000 homes and employment space. Development needs £250 million in infrastructure investment, but could raise an extra £900 million in business rates over 30 years, through which the initial £250m borrowing would be paid back

Green Investment Bank (GIB)

- £1 billion to kick-start low carbon economy
 - Green technology start-ups
- OR
- Large scale energy projects e.g. CCS power stations ??
 - Off-shore wind farms/new nuclear/new power grids?
 - Fully operational bank with powers to lend and borrow
- OR
- A fund?
 - May 2011 details, operating by 2012

Community Energy Fund (CEF)

- Announced December 2010
- Developers pay into local carbon reductions fund
- Payments made as part of the 'allowable solutions'
- CIL confirmed as a vehicle for collecting payments into CEF
- Consistent framework for zero carbon homes and non-domestic buildings
- Further definition of allowable solutions 2011