

Local Climate Bonds: overview

A **simple, lower cost, attractive** and **proven** way for Local Authorities (LAs) to finance Net-Zero



SIMPLE

Form of **Community Municipal Investment** where LA raises funds through **crowdfunding platform** directly from the public, investing **as little as £5**.



LOWER COST

Designed to **price below respective PWLB¹** rate at time of issuance, and investors can decide to donate all or part of their **interest payments back to the Council**.



ATTRACTIVE

LAs can create **engagement with their local community** while diversifying their sources of funding.



PROVEN

Nine issuances so far in West Berkshire, Warrington, Islington, Camden, Cotswold, Telford & Wrekin, Westminster, Lewisham, and Hammersmith & Fulham with **more expected**; investments in solar, EV infra, tree planting, wildlife and more.

Key Info





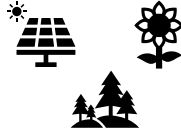


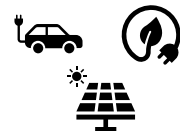
- Priced below PWLB (avg. 20–30 bps)
- Fund raising round open for 3 months
- 5-year term / Interest payable every 6 months
- Hosted and administered by Abundance Investments
- Investors range from residents, businesses, plus national retail investors who use the Abundance platform
- Proceeds to be invested in net-zero / green projects (but the criteria is broad)

Benefits

- ✓Cheaper than public borrowing
- ✓Cost of funding can be improved further via interest payment donations
- ✓Diversifies and future-proofs council funding mix
- ✓Creates strong engagement with local communities
- ✓Visual way of council commitment to the green agenda











Local Climate Bonds: case studies (1/2)

Case studies of past issuances on the Abundance Investment platform

	1	2	3	4
				
Date of issuance	16 July 2020	25 August 2020	29 October 2021	8 March 2022
Sum raised	£1m	£1m	£1m	£1m
Investor return	1.20%	1.20%	1.55%	1.75%
Use of Funds <i>(not exhaust.)</i>	<ul style="list-style-type: none"> • Solar PV roof on council facilities • Urban tree planting • Wildlife improvements 	<ul style="list-style-type: none"> • Co-funded development of ground mounted solar system with addition of battery storage 	<ul style="list-style-type: none"> • Zero carbon recycling • EV charging infrastructure • Initiatives aimed at improving air quality 	<ul style="list-style-type: none"> • EV charging points • Replacing council's fleet with green alternatives • Solar panels 


Local Climate Bonds: case studies (2/2)

Case studies of past issuances on the Abundance Investment platform

	5	6	7	8	9
					
Date of issuance	<u>27 April 2022</u>	<u>19 May 2022</u>	<u>13 March 2023</u>	<u>22 May 2023</u>	<u>15 Nov 2023</u>
Sum raised	£0.5m	£0.3m	£1m	£0.7m	£1m (phase 1), £5m overall
Investor return	2.10%	2.10%	4.20%	4.30%	4.85%
Use of Funds <i>(not exhaust.)</i>	<ul style="list-style-type: none"> • EV charging points • Energy efficiency improvements in the Council's offices 	<ul style="list-style-type: none"> • Grants to local organisations & businesses • EE upgrades to temporary and supported housing • EV minibus fleet 	<ul style="list-style-type: none"> • Decarbonisation of council buildings • Funding for community projects • Solar, LED, and energy efficiency projects 	<ul style="list-style-type: none"> • EV charging points • Green transport hubs incl. pedestrian and cycle upgrades • Natural capital projects 	<ul style="list-style-type: none"> • Decarbonise homes and buildings • Green transport inc. secure mobility hubs and cycle lanes • Adaption projects inc. natural drainage schemes 

Live issuance

9




15 Nov 2023

£1m (phase 1), £5m overall

4.85%

- **Decarbonise** homes and buildings
- **Green transport** inc. secure mobility hubs and cycle lanes
- **Adaption** projects inc. natural drainage schemes



Case studies

West Berkshire – October 2020

£1 million **643 investors** **22% of amount from local people**

- West Berkshire Council aims to make the district carbon neutral by **2030**
- The issuance was the **first of its kind in the UK**
- In April 2021, 1 in 6 investors **donated their returns back to the Council** to be further invested into a Wildflower project
- Planned projects funded with amount raised include:



£520k for six **Solar PV roof-based projects** on a school, leisure centre, care facility and council offices



Wildlife Trust Capital Improvements



Urban Tree Planting



New **footpaths and rural access** schemes



Active **travel infrastructure** improvements



Tree **planting and habitat creation** as part of flood alleviation projects



Energy efficiency upgrades for traffic signals and street lighting



Image credit: West Berkshire Council website

West Berkshire plans to issue a **number of CMI**s over the coming **years** to help fund their future Net-Zero commitments

Case studies

Islington – January 2022

£1 million **661 investors** **21% of amount from local people**








- London Borough of Islington Council aims to make the district carbon neutral by **2030**
- London's **first Community Municipal Investment**
- First instrument to be **eligible to be held in an Innovative Finance ISA**
- The range of pioneering, environmentally-friendly projects as part of **Islington Greener Futures** includes:
 -  Initiatives aimed at improving **air quality** outside schools through traffic and mobility improvements⁽¹⁾
 -  Zero carbon **recycling and waste** collection efforts
 -  **EV charging** points
 -  Improved local **recycling facilities**
 -  Installation of **LED lighting** on public buildings
 -  Installation of **solar panels** on public buildings



Image credit: Islington Council website

(1) Including e.g. widening footpaths; introducing double yellow lines; installing new artwork co-designed by children; new planting including trees
For more information visit <https://www.abundanceinvestment.com/our-impact/investments/islington-greener-futures-2027>



If you want to know more about the work of the GFI or the Local Climate Bond Campaign, please reach out to Miles Ashton: miles.ashton@gfi.green

Or send a message to our dedicated LCB inbox: localclimatebond@gfi.green