

West Berkshire: Climate Change Bond

Wednesday 27 April 2022

Summary

The West Berkshire Council Climate Change Bond is the first Community Municipal Investment (CMI) in the UK. Launched in July 2020 and now fully-funded, this 'climate bond' is an innovative and ground-breaking community investment that will deliver social value by financing schemes laid out in the West Berkshire [Environment Strategy](#). Such schemes will help to achieve the council's district-wide 2030 Net Zero target - 20 years ahead of national government targets. Some schemes successfully implemented from these funds include: a £520k [Solar PV project](#), habitat restoration and afforestation for flood alleviation projects, active travel infrastructure improvements, and street lighting upgrades.

Cllr Lynne Doherty, Leader of the Council, said "West Berkshire Council is pleased to be a member of this national network. By working together, sharing ideas and leading by example, we can support each other to take strong climate action to reach carbon neutrality across the district."

Our problem

With challenges accessing long-term funding for climate action from national government, strict guidelines on borrowing, as well as legal responsibility to maintain a balanced budget, in 2019 West Berkshire Council quickly began exploring various approaches to access funding after declaring a Climate Emergency. The aim was to look for cheaper forms of borrowing which also provided social value. At the same time, [Abundance Investment](#) were seeking pilot authorities for a new Community Municipal Investment (CMI). These two events converged to provide the opportunity for the council to fund the initial aims of the Environment Strategy through a £1million, five year 'climate bond'.

Cllr Lynne Doherty, Leader of the Council
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Overview

Since the launch, we have successfully begun implementing schemes including £520k for six solar PV roof-based projects on council facilities including a school, leisure centre, care facility, and council offices.

The remaining £0.48m has been used for a variety of schemes including:

- Berkshire, Buckinghamshire and Oxfordshire Wildlife Trust Capital Improvements, including bridleways, fencing, and countryside schemes

- 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

This bond demonstrates the Council's dedication to improving the local environment and taking climate action. It has allowed people to directly invest in 'building back better', gaining a return on their investment whilst knowing that their money is being used for sustainable projects.

Timeline / project progress

- 2nd July, 2019 – West Berkshire declares a climate emergency.
- September, 2019 – Initial discussions with Abundance Investment.
- July, 2020 – West Berkshire Council's CMI launched.
- October, 2020 – £1 million raised, CMI fully funded.
- October, 2020 – Dec 2021 - funded projects commenced.
- April, 2021 – 1 in 6 investors donated their returns back into this scheme. Every 6 months investors receive their return along with an update on the projects they helped fund. They are offered the chance to reinvest their returns.
- December, 2021 – All projects funded by the £1 million now complete

Stakeholders

Number of investors	Total investment	Average investment
640	£1,000,000	£1,563
Local investors	Local investment	Average investment
65	£225,832	£3,474

Visits from WestBerks.gov.uk



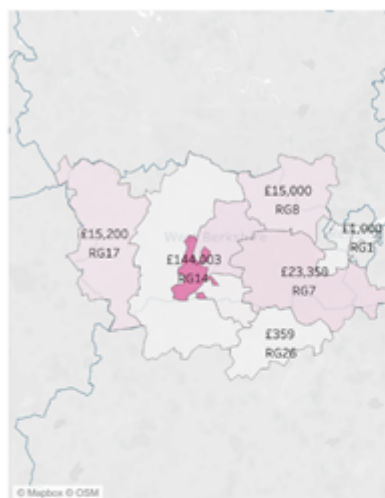
Investment by week



Investment by day



Where has the local investment come from?



Where has the national investment come from?



Investment amounts

	# of customers	Investment
Less than £100	163	£7,312
£100 - £499	199	£44,416
£500 - £999	93	£54,045
£1000 - £4999	192	£355,901
>£5000	55	£541,526
Grand Total	640	£1,000,000

- The CMI was launched through Abundance Investment, a UK-based online investment platform which offers green, ethical and socially beneficial investments.

Local Residents:

- 23% of the total invested amounts came from district residents. On average, each local resident invested more than twice as much money as a non-resident.

Investors:

- As an investor, CMIs allow you to invest directly into councils, giving you a lower risk return that still makes a big impact on the climate emergency. Overall, the investment raised £1 million from 640 investors nationwide, with the minimum investment set at £5. Investment breakdown can be seen above.

Council Internal Project Board:

- The project was overseen by an internal project board composed of various departments at the Council including the Environment Team, Finance, Procurement, Legal Services, and Communications.

Whole systems approach

The bond launched at a rate of 1.2%; over 50 base points below the prevailing Public Works Loan Board (PWLB) certainty rate at the time and 70 base points beneath the overall PWLB rate. The bond has provided the council with a rate 0.5% lower than their traditional borrowing sources, allowing the council to make a financial saving, whilst simultaneously funding core environmental schemes.

Impact

West Berkshire has already used its CMI to fully or partially finance a number of green projects in the district. These include:

- Solar panels were installed in six West Berkshire locations at a total cost of £520k
- Traffic lights at 17 locations were retro-fitted with LED lights. The bond provided the £80k project cost which will offer energy efficiency benefits of 38,207kWh per year, which equates to 21 tonnes of CO₂. Some subway lighting has also been upgraded to LED.
- 217 steel lighting columns have been replaced with aluminium, costing £200k. The new columns have twice the life span of steel columns, which will save around £20k per year in maintenance costs.
- Developing the council's local walking and cycling infrastructure plan. As part of this the council delivered a £100k upgrade to the Thatcham to Brimpton towpath in October 2020.
- £100k of habitat restoration and capital investment in our country parks through the council's partnership with Berkshire, Buckinghamshire and Oxfordshire Wildlife Trust.
- Tree planting and habitat creation as part of the Dunstan Park and South East Thatcham Flood Alleviation Scheme costing £100k will be completed this year.

The process for calculating emission savings from these projects is currently underway, but we are confident these CMI funded projects have signalled the beginning of a much bigger effort towards delivering climate action and cutting emissions in West Berkshire.

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- Maintaining strong engagement with local groups and communities for public participation was key to this project. However, the ability to do this in person was severely constrained during the COVID-19 pandemic. Flexibly adapting to virtual meetings and briefings was crucial.
- Being the first council in the country to do this meant that there was a lot of educational material that we needed to produce to explain what the bond was, why we were introducing it, and how it would help individuals as well as the environment. However, we factored this into our timeframes and therefore it did not cause a delay.
- Moreover, being the first council meant there was a need for additional due diligence work and building a strong relationship with Abundance who we had not worked with before. However, this relationship only took a few months to form and was facilitated by [Karl Harder](#), Co-founder and Joint Managing Director of Abundance attending our climate conference in October 2019 to see the enthusiasm locally of residents on Net Zero and the Council's ambitions.
- In comparison to the Public Works Loan Board, West Berkshire Council has been able to access a cheaper form of borrowing which is saving money for council taxpayers across the district. Other forms of funding such as income strips, launching our own bond, Municipal Bond Agency were also considered, however they were decided against as;
 1. it was much more time consuming
 2. the council does not have the infrastructure internally to service some
 3. it would require a much larger launch than £1m.
- Ultimately the council were keen to test the concept without too much risk.
- The funding enabled the council to invest in several environmentally focussed projects with a range of impacts; including on energy, transport, buildings and infrastructure, nature and biodiversity. With a range of benefits across the district.
- West Berkshire has many large scale and costly projects expected to begin in the coming years, for example a proposed £10.5m solar farm. Following the success of the initial Climate Change Bond, they are interested in looking into another bond structure to help finance these exciting schemes.

Co-benefits:

This bond has been helpful in building community-buy in and building the narrative around the Environment Strategy. It has allowed people to directly invest in 'building back better', gaining a return on their investment and with knowledge that their money is being put towards good environmental purposes.

There was strong engagement with the local community which enabled the council to harness the local enthusiasm for the scheme and educate residents further as to the need for climate action. The importance of involving local residents and businesses is also evidenced by engaging with a focus group with randomly

selected members of the community. The focus group took place about 4 months before the launch and was run by Abundance independently of us. Presentations were made at the council's district planning conference, with local climate groups, local and national media, through social media channels and through the council's regular COVID-19 newsletter as part of our desire to 'build back better'. As a result of this local engagement, 23% of the total invested amounts came from district residents, with local residents investing more than twice as much as non-residents.

This local engagement and increased awareness of our climate emergency has benefited the environment and our local Berkshire, Buckinghamshire, Oxfordshire Wildlife Trust. At each 6-month interest return period, investors are offered the chance to reinvest their returns in our wildflower verge project run in partnership with the Wildlife Trust. In April 2021, 1 in 6 investors donated their returns back into this scheme.

Contact details

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