



COTSWOLD DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET MEETING: 5 JULY 2021
Report Number	Agenda Item 9
Subject	LOCAL CLIMATE BOND PLEDGE
Wards affected	All
Accountable member	Cllr. Mike Every – Deputy Leader and Cabinet Member for Finance Email: Mike.Every@cotswold.gov.uk
Accountable officer	Jenny Poole (Deputy Chief Executive) Tel: 01285 623313 Email: jenny.poole@cotswold.gov.uk
Summary/Purpose	To consider making a pledge to issue a Local Climate Bond using the Community Municipal Investment (“CMI”) model.
Annexes	None
Recommendation/s	<i>That:</i> <i>(a) Cabinet agrees to pledge that it will issue a Local Climate Bond, using the CMI model</i>
Corporate priorities	Responding to the challenges presented by the climate crisis
Key Decision	No
Exempt	No
Consultees/ Consultation	Head of Climate Action, Chief Executive, Monitoring Officer.

1. BACKGROUND

- 1.1. The Council declared a Climate Emergency in July 2019. As part of this declaration, the Council committed to *“Take a leadership role on the Climate Emergency in the Cotswolds, working with, influencing and inspiring partners across the District, County and region to help deliver a zero-carbon future through all relevant strategies, plans actions and shared resources by developing a series of meetings, events and partner workshops.”*
- 1.2. In the light of the Council’s commitment to taking a Climate Emergency leadership role, it is working with partners on various initiatives which will facilitate reduction of carbon emissions in the District. These initiatives include: the installation of electric vehicle charging points, making improvements to our public buildings to reduce carbon emissions and working with green energy providers to support green energy generation within the District.
- 1.3. The Council’s Recovery Investment Strategy sets out the Council’s strategic aims associated with planned investment of £54 million in social housing, green energy and carbon reduction and delivering infrastructure for jobs and economic growth. The sources of funding for this £54 million investment are set out in the Council’s Treasury Management Strategy and includes traditional borrowing from the Public Works Loan Board but also includes “special purpose companies created to enable local authority bond issues.”
- 1.4. One such bond is a CMI. These bonds enable investors, including individuals living in the District, to invest directly into the Council and to receive a return on their investment. Before issuing a Bond, the Council will specify the projects which will be funded through the CMI. Projects will typically be funded through a mix of CMI and through the Council’s other funding sources such as borrowing, or use of its own reserves.
- 1.5. The use of a CMI will enable the Council to promote the work it is carrying out in relation to the Climate Emergency and will facilitate community buy-in to addressing the Climate Emergency throughout communities in the District.
- 1.6. The Green Finance Institute (“the Institute”) was established in 2019 as a direct response to a policy recommendation made by the Green Finance Taskforce to the UK Government in March 2018. The Institute is an independent, commercially focused organisation backed by the Government but led by experienced bankers. The Institute works with finance practitioners, policymakers, business innovators, academics and non-profit professionals to identify the required policy, technology and financial pathways that will enable the transition to a green economy.
- 1.7. The Institute has approached the Council and requested that the Council considers issuing a pledge that it will issue a Local Climate Bond using the CMI model. If the Council decides to proceed, CDC will be eligible to be included in the Green Finance Institute’s campaign linked to the build up to the COP26 meeting, which will showcase a number of innovative councils that are providing local leadership on tackling the climate crisis

2. FINANCIAL IMPLICATIONS

- 2.1. There are no direct financial implications from this report. The issue of a Local Climate Bond, using the CMI model, will be subject to a further report to the Council.

3. LEGAL IMPLICATIONS

- 3.1. There are no legal implications arising directly from this report.

4. RISK ASSESSMENT

- 4.1. There could be reputation risk if there is a significant time delay between issuing the pledge and the Council issuing a Local Climate Bond. Work on implementation of the Recovery Investment Strategy will mitigate this risk. Officers will also work with specialist advisers in the development of the CMI proposal.

5. EQUALITIES IMPACT

- 5.1. There is no direct equalities impact as a result of this report.

6. CLIMATE CHANGE AND ECOLOGICAL EMERGENCY IMPLICATIONS

- 6.1. There is no direct impact upon climate change or ecological emergency implications as a direct result of this report. However, the proposals in this report support the promotion of the Council's Climate Emergency declaration.

7. ALTERNATIVE OPTIONS

- 7.1. Cabinet could decide not to issue the CMI pledge.

8. BACKGROUND PAPERS

- 8.1. None.

END