

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	8 th February 2012	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2373
TITLE:	Green Investment Bank	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
None		

1. THE ISSUE

- 1.1 The West of England Local Enterprise Partnership (LEP), the business community and Bristol City Council are submitting a bid to Government for the Green Investment Bank (GIB) to be located in Bristol
- 1.2 The Green Investment Bank will be the World's first investment bank dedicated solely to greening the economy
- 1.3 Capitalised with an initial £3 billion of Government money the Green Investment Bank will play a key role in addressing market failures affecting green infrastructure projects
- 1.4 The Government is currently running a competitive process to choose the optimum location for the Bank
- 1.5 Given the key economic strengths of the area, if the Bank is located in Bristol, the West of England is uniquely positioned to make it a success
- 1.6 Having the Bank in the West of England will also provide a significant boost to the international profile of the area, attract inward investment and stimulate the economy locally building on its existing strengths
- 1.7 For Bath and North East Somerset, it would particularly support our leading finance and professional business services sector, our growing environmental goods and services sector and build on our excellent further and higher education pedigree

2. RECOMMENDATION

2.1 The Cabinet:

- Supports the bid for the GIB to be located in Bristol
 - Works with the LEP, the business community and Bristol City Council to promote the opportunities afforded by locating the Bank in Bristol

3. FINANCIAL IMPLICATIONS

3.1 There are no financial implications to the Council

4. CORPORATE PRIORITIES

- Sustainable growth

5. THE REPORT

5.1 The Government is establishing a new financial institution, the Green Investment Bank, to accelerate investment in the UK's transition to a green economy, with funding of £3 billion to 2015

5.2 The primary role of the GIB will be to undertake investment activities aimed at delivering the following functions:

- Pre-transaction: The GIB will be involved in screening the market in order to identify potential deals and partnerships with other investment institutions
- Transaction execution: The GIB will be involved in structuring deals, conducting due diligence and negotiating final terms and conditions
- Post transaction: The GIB will close deals and perform monitoring and reporting, including the management of its investments

5.3 The Government expects the GIB to need to draw talent from and support the growth of financial and professional business services and green economy sectors where it is located.

5.4 These are both particular strengths of the West of England and Bath and North East Somerset economies, which makes the sub region the best possible location for the Bank

Providing the right skills for the Green Investment Bank

5.5 **Financial and business services:** The financial and professional business services sector in Bath and North East Somerset makes a hugely (and overly) significant contribution to its economy; it is responsible for 14% of the entire Gross Value Added output (£590 million per annum), 18% of its businesses (1,700 businesses) and 11% of its employment (11,000).

5.6 The Sector is one of the most productive sectors in Bath and North East Somerset (in terms of added value per worker) and is predicted to continue to grow strongly into the future and increase its overall share of employment

5.7 The District also has the highest proportion of professional business services businesses (and output) as a percentage of all businesses (and output) in the South West (amongst the region's 15 Principal Authority areas)

5.8 The professional business services sub-sector in Bath and North East Somerset is also a significant contributor to the District's self-employment (and overall total employment). It has a total of almost 2,200 self-employed people, equivalent to 15% of all self-employment, and is quite significantly higher than regionally and

nationally. In fact, within the South West region, Bath and North East Somerset is ranked in 1st position. Self-employment represents the very smallest of enterprises in an economy and, in the District, self-employment in professional business services is an important characteristic of the local economy

5.9 Environmental good and services: The West of England's most competitive Environmental Goods and Services sub sectors are renewable energy, building technologies and environmental planning services

5.10 Bath and North East Somerset has a growing green economy as well. For example it is estimated that there are around 1,300 people employed in developing environmental technologies. It is also a particularly highly productive sector

5.11 Specifically the District is home to 75 low carbon environmental goods and service companies working in consultancies, solar installation and construction

5.12 In addition a range of organisations, who can facilitate and support the interaction with different market participants operate within Bath and North East Somerset, such as Low Carbon South West. Through their extensive networks they can support the interaction with key organisations in the low carbon supply chain

5.13 Having the Green Investment Bank based in Bristol should help improve access to related Venture Capital for this sector, both through proximity to the Bank and also through increased profile and visibility with other institutions. Networks such as Low Carbon South West and the Environmental Technologies INet will be central to this

5.14 As well as this, the District is focussed on developing future skills to make the most of a low carbon economy. For example Norton Radstock College and City of Bath College are key partners in delivering the Regional Growth Fund green jobs programme. Their focus is on developing skills in sustainable building materials and insulation and heritage masonry

Making the most of the Green Investment Bank

5.15 The District is also well placed to take advantage of the Green Investment Bank locating in Bristol, because the research excellence and the green ethos of many of our existing institutions

5.16 For example the University of Bath has significant inter-disciplinary research expertise in relation to energy, sustainability and the environment through its Institute for Sustainable Energy and the Environment (I-SEE), Centre for Sustainable Chemical Technologies, BRE Centre for Innovative Construction Materials and Centre for Sustainable Power Distribution. Research activities span from low carbon building materials to environmental economics and whole systems appraisal of energy technologies. Recent highlights include participation in three Ofgem Low Carbon Network Fund projects to support the development of a lower carbon energy future, the Transitions Pathways to a Low Carbon Economy project and its development of Britain's first local DC computer network within its library

5.17 Bath Spa University is also committed to minimising the impact of its activities on the environment and making its campuses a more sustainable place to work and study.

- 5.18 In 2011, it was recognised for its environmental performance, ranking 7th out of 142 UK universities in the People and Planet Green League. Rankings are based on universities' environmental policy and performance in areas such as carbon emissions, waste recycling, energy efficiency and water consumption.
- 5.19 In 2010, Bath Spa University was also the first UK University to achieve the EcoCampus Platinum award – the highest accolade under the EcoCampus scheme and equivalent to ISO 14001 in recognition of progress in reducing environmental impacts and continuous improvement in environmental issues. EcoCampus covers all aspects of the University's operations, including waste management; energy and water; transport; emissions and discharges; construction and refurbishment; sustainable purchasing; and community involvement.
- 5.20 It also has an ambitious Carbon Management Plan in operation, including projects that will reduce its carbon emissions by 50% by 2020. In the past five years its carbon emissions have fallen by 21%, whereas across universities nationwide they rose by an average of 7.4% over the same period. Its performances on water use, carbon reduction and reduction of waste to landfill have improved by 160% over the past four years.
- 5.21 Environmental and sustainability matters therefore exist at the very core of many of Bath Spa University's teaching and research activities including its Environmental Science and Ecological Impact Assessment undergraduate and postgraduate degree programmes. The University also has research centres focussing on areas including ecocriticism, environmental humanities and role of sustainability in design.

Conclusion

- 5.22 Characterised as a High Knowledge, Low Carbon area, the above shows how Bath and North East Somerset is well placed both to use its economic strengths to make the GIB a success and also to use its location to grow the profile and strength of our key sectors and institutions, which will continue to support the UK's economic recovery
- 5.23 It will provide an enormous boost to the profile of the sub region, which should have positive knock on effects for our thriving financial and professional business service and environmental goods and services sectors
- 5.24 Bristol City Council is coordinating the bid, articulating why Bristol is the natural home of the Green Investment Bank. This focuses on the area's vibrant community of professional advisers in legal, financial, environmental and technical arenas, world class universities active in green research and its excellent communications

6. RISK MANAGEMENT

- 6.1 The report author and Lead Cabinet member have fully reviewed the risk assessment related to the issue and recommendations, in compliance with the Council's decision making risk management guidance.

7. EQUALITIES

- 7.1 The economic benefits of the GIB locating in Bristol should see benefits for all our communities

8. RATIONALE

8.1 As a LEP partner, Bath and North East Somerset stands together with the 3 other Unitary Authorities of Bristol, North Somerset and South Gloucestershire to support this bid. A successful bid will generate economic opportunities for the whole area as well as the District

9. OTHER OPTIONS CONSIDERED

9.1 It is considered important to back the bid against competition from other UK cities and regions in order to bring the benefits of the bank to the sub region

10. CONSULTATION

10.1 *Cabinet members; Bath Spa University, University of Bath, Section 151 Finance Officer; Chief Executive; Monitoring Officer; Business representative bodies, Local Enterprise Partnership, Bristol City Council.*

11. ISSUES TO CONSIDER IN REACHING THE DECISION

11.1 *Social Inclusion; Customer Focus; Sustainability; Human Resources; Young People; Corporate; Impact on Staff.*

12. ADVICE SOUGHT

12.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	John Wilkinson 01225 396593
Sponsoring Cabinet Member	Councillor Paul Crossley
Background papers	No B&NES papers, but see http://www.gibbristol.co.uk/ for more information about the bid
Please contact the report author if you need to access this report in an alternative format	