

ENTERPRISE & REGULATORY REFORM BILL: GREEN INVESTMENT BANK

Main purpose and benefits of legislation:

The legislation will enshrine the Bank's green purpose, facilitate its operational independence and provide the Government with a specific power to fund the Bank. In addition, it will ensure that the Bank is subject to quoted company reporting requirements.

Legislation is important to ensure that the Bank will continue to accelerate private sector investment in the UK's transition to a green economy over the longer term.

The UK is committed to achieving the successful transition to a green economy and long-term sustainable growth. This challenge will require unprecedented investment in new green infrastructure, requiring investments in excess of £220 billion over the next decade. The Bank is key to help ensure this transition.

The main elements under the Bill are:

- Ensuring that the bank always has a green purpose;
- Enabling the Government to fund the Bank on an ongoing basis;
- Facilitating the Bank's operational independence from Government; and
- Ensuring the Bank is subject to quoted company reporting requirements.

Wider context:

The UK Green Investment Bank was formed as a public company on 15 May 2012, with initial funding of £3 billion to March 2015. The company began full operations, following receipt of state aid approval from the European Commission, on 29 October 2012. Its status as a company with an independent board is crucial to help ensure the Bank will operate at arm's length from Government, its sole initial shareholder. The legislation also ensures that the Bank will always have a green purpose regardless of future ownership and makes funding provision in respect of it.

The Bank is part of a much broader set of measures to move to a green UK economy, including for example the renewable energy obligation, the EU Emissions Trading Scheme and the climate change levy. This combined package of measures is designed to unlock the high levels of investment needed in order to meet the funding gap and set the UK firmly on course towards a green and growing economy.

The initial strategic priority sectors for the Bank to 2015 are offshore wind, commercial and industrial waste, energy from waste, non domestic energy efficiency, and support for the Green Deal.