

## Supplementary Papers

### Oxfordshire Growth Board

held in the Virtual meeting viewable by weblink  
on Monday, 22 March 2021 at 2.00 pm

3. **Public participation** (Pages 134 - 135)

To receive a public address from Charlie Maynard on behalf of Witney Oxford Transport Group.

4. **Growth Board Scrutiny Panel update**

(a) **Recommendations from the Growth Board Scrutiny Panel meeting** (Pages 136 - 142)

**For action:** To consider recommendations from the Growth Board Scrutiny Panel meeting held on 16 March 2021.

(b) **Scrutiny Panel Task and Finish Group Report - private investment in infrastructure** (Pages 143 - 158)

**For action:** Following endorsement by the Scrutiny Panel, to consider the report and recommendations from the Task and Finish Group Review which has explored options for securing private investment in public infrastructure projects.

# Public speakers

22 March 2021



## Address

### 1. Charlie Maynard on behalf of the Witney Oxford Transport Group

#### **Update on Building a better-connected West Oxfordshire: the Oxford-Eynsham-Witney-Carterton rail line Witney Oxford Transport Group submission to Oxfordshire Growth Board**

WOT Group is a not-for-profit, cross-party organisation which seeks a fast, sustainable transport solution along the A40 corridor. As you will all be aware, Carterton, Witney and Eynsham and the surrounding villages represent one of the largest populations in the country not currently connected to the rail network. The poor transport links in the district generate many negatives for the local communities. We support the redoubling of the line from Wolvercot Junction to Hanborough, but also recognise that this will make minimal difference to the two largest District communities in Witney and Carterton.

Please see here for a link to [a Google Earth presentation](#) outlining a potential route, with Oxford reachable from Eynsham in 9 minutes, from Witney in 16 and from Carterton in 22. This is a new, previously unresearched route, which sticks very closely to the A40 and which generates reductions of 70% or more compared to peak bus travel times.

Our near-term goal is for a feasibility study covering the key points of a Strategic Outline Business Case, to be completed this year. On March 5<sup>th</sup>, we submitted an application to the DfT's Restoring Your Railways Ideas Fund for a £50,000 grant to fund a feasibility study; we have been advised that the Expert Panel to review the bids will convene in May. We have also conducted a [survey](#) of West Oxfordshire residents. Of the 771 surveyed, 750 (or 97%) supported exploring the potential of restoring the railway. Additionally, we received letters of support for this bid from parties including OCC, OxLEP, Witney Town Council, Carterton Town Council, Eynsham Parish Council, the Lord Mayor of Oxford, the Station Commander of RAF Brize Norton, Oxford University, Grosvenor and GWR. WODC Councillors also voted unanimously in support. The Rail Minister has encouraged a proposal to be submitted to the DfT's Ideas Fund.

WOT Group has two key messages for you today.

1. We have asked that, in looking ahead to a 2050 horizon, the ORCS final report reference both the actions currently being taken and the very strong popular and institutional support for moving quickly forward with a feasibility study. Although we have been informed that this is not possible we think this project is material to Oxfordshire's economic growth and transport plans and therefore we are keen that everyone on the Growth Board is kept informed of the activities going on.

2. One of the biggest risks to this project today is that the A40 dualling project, including the Eynsham Park & Ride, in practice rules out the possibility of a

railway being reinstated. This would be a real opportunity missed for an integrated multi-modal transport corridor, an exemplar of good growth. It is clear that the logical site for an Eynsham railway station is as an integrated part of the planned Eynsham Park & Ride.

We are now working with the OCC team on how a future rail link can be accommodated within all their hard work to date. We ask for support from each of you in this effort to ensure we develop and protect a better, faster, more sustainable transportation solution for our entire community.

**To:** Oxfordshire Growth Board  
**Date:** 22 March 2021  
**Report of:** Growth Board Scrutiny Panel  
**Title of Report:** Recommendations from the Scrutiny Panel meeting on 16 March 2021

<b>Purpose of report:</b>	To present recommendations from the Growth Board Scrutiny Panel meeting held on 16 March 2021 to the Growth Board.
<b>Scrutiny Lead:</b>	Councillor Andrew Gant, Chair of the Oxfordshire Growth Board Scrutiny Panel.
<b>Recommendation:</b>	That the Oxfordshire Growth Board states whether it agrees or disagrees with the recommendations in the body of this report.
<b>Appendix:</b>	1. Growth Board response template to Scrutiny recommendations.

**Introduction and overview**

1. The Scrutiny Panel would like to thank John Disley (Infrastructure Strategy & Policy Manager, Oxfordshire County Council), Andrew Down (Growth Board Executive Officer Group Chair), Paul Staines (Oxfordshire Housing and Growth Deal, Interim Head of Programme), Stefan Robinson (Oxfordshire Growth Board Manager) for presenting and attending the meeting to answer questions.
2. The Panel received a public address and questions from Suzanne McIvor the Chair of the Cherwell Development Alliance concerning the Oxfordshire Growth Needs Assessment (OGNA) and the reasons why it had not yet been published. The Panel discussed at length the need for the OGNA to be published as soon as it is ready which would be useful to inform the public well before the Oxfordshire Plan 2050 Regulation 18 Part 2 Public Consultation begins.

**Recommendation 1: That the Growth Board ensures the Oxfordshire Growth Needs Assessment work is published as soon as that work is completed; or clarify the reasons and timescale for publishing it as part of the Oxfordshire Plan 2050 Regulation 18 Part 2 public consultation.**

3. The Panel also noted from the public address and questions that the Oxfordshire Plan 2050 development need to have a significant focus on environmental issues and there seems to be a lack of representation from groups with environmental concerns in the Growth Board's wider programmes.

**Recommendation 2: That the Growth Board clarifies how it intends to increase the consideration of environmental issues through the development of the Oxfordshire Plan 2050 and wider programmes of work.**

4. The Panel also received the Task and Finish Group report on Private Investment in Public Infrastructure Projects from Councillor Alex Postan, Chair of the group. The Panel then agreed to endorse recommendations from the Task and Finish group to be presented to the Growth Board at its next meeting on the 22<sup>nd</sup> March 2021.
5. The Panel also received a report concerning the Oxfordshire Rail Corridor Study: Completion and Next Steps. The Panel noted that there was no mention of new railway lines because the study's scope was focussed on upgrading and widening the existing railway network in Oxfordshire.
6. The Panel also noted that the study did not include any updates on how changes to local rail services such as the additional line from Bicester to London impacts the modal shift from cars to rail to which the officers indicated that more train journeys were occurring especially from Bicester to Oxford.
7. The Panel discussed in detail and agreed that there is a need look at areas such as the North Cotswolds where the train services have been reduced bringing increasing road traffic to the A40 Oxford – Witney route and also in areas of existing railway lines like Kidlington-Begbroke-Yarnton area where planned large scale developments would benefit from the building of a train station. The Panel agreed that the Oxfordshire Rail Corridor Study needs to be cross referenced with the emerging Local Transport and Connectivity Plan (LTCP).

**Recommendation 3: That the Growth Board undertake further work to understand the impact that changes in local rail services do and may have in the future on modal shift, particularly with regards to personal car use, to help inform the 2022 Local Transport and Connectivity Plan (LTCP) and future business cases for rail investment. There should be cross referencing between the rail study and the LTCP.**

- i. **Especially the A40 Oxford – Witney route should be considered since traffic in these areas will continue to rise with the reduction of services in the northwest of the Cotswolds railway line, bringing in traffic from areas such as Charlbury.**
- ii. **In addition, consideration should also be given to the building of new stations on existing lines especially in areas such as Kidlington-Begbroke-Yarnton where there are large scale development plans.**

8. The Panel received the Oxfordshire's Strategic Vision for Long-Term Sustainable Development from Paul Staines (Oxfordshire Housing and Growth Deal, Interim Head of Programme). The Panel showed concerned with the following extract from the Vision which was perceived to narrow the definition of growth: "*Growth can be defined narrowly in terms of expansion in numbers of homes and jobs and economic output.*" within the Strategic Vision.
9. The Panel also noted that the language used in the Strategic Vision contained jargon that might not be comprehensible by all members of the public and that the literature used must be more user-friendly and summarised to a one-page format.

**Recommendation 4: That the Growth Board take steps to ensure that the Strategic Vision is supported by a communications strategy containing appropriately concise and engaging literature especially summarising the vision in a one-page format and user-friendly language.**

**Recommendation 5: That the Growth Board recognise that the following statement contained within the Strategic Vision could be misunderstood as a justification for using a narrow definition of growth: "Growth can be defined narrowly in terms of expansion in numbers of homes and jobs and economic output." The Panel recommends that this is revised to assert that growth can and should be defined in a more holistic way, as intended through the "good growth" definition set out in the Vision. Consideration should also be given to whether the definition of Good Growth can be moved to an earlier position in the document, and whether mentions of prosperity and clean growth can be more frequently referenced throughout the document.**

10. The Panel received an update from Andrew Down (Growth Board Executive Officer Group Chair) on the Oxford-Cambridge Arc. The Panel agreed that, with the announcements made concerning the Arc Spatial Framework, the Growth Board should make Oxfordshire's voice heard at the Arc level to ensure that local planning decisions remain with Local Authorities and that any proposal from HM government to reduce local democratic accountability should be strongly opposed.

**Recommendation 6: That the Growth Board makes clear through the Oxford to Cambridge Arc Executive Group that local planning decisions should remain as a matter for local planning authorities through the plan making process. Any proposal from HM government to reduce local democratic accountability and oversight with respect to planning would be strongly opposed. Similarly, any future proposals concerning HM Government's plans for the emerging Arc "Growth Body" and the Arc Spatial Framework must have local accountability, oversight and engagement built into its structure.**

#### **Future Work**

4. As well as reviewing the Growth Board's response to these recommendations at its next meeting on 1 June 2021, the Panel will also be considering in detail:

- Regional development updates within the Oxford to Cambridge Arc.
- Oxfordshire Plan 2050 Regulation 18 Part 2 Consultation (provisional)

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## Growth Board Draft response to recommendations of the Growth Board Scrutiny Panel Recommendations made on 16<sup>th</sup> March 2021

The Growth Board is requested to provide a response to the recommendations of the Scrutiny Panel for decision at its meeting on 22 March 2021.

Recommendation	Agree?	Comment
Recommendation 1: That the Growth Board ensures the Oxfordshire Growth Needs Assessment work is published as soon as that work is completed; or clarify the reasons and timescale for publishing it as part of the Oxfordshire Plan 2050 Regulation 18 Part 2 public consultation.		
Recommendation 2: That the Growth Board clarifies how it intends to increase the consideration of environmental issues through the development of the Oxfordshire Plan 2050 and wider programmes of work.		
Recommendation 3: That the Growth Board undertake further work to understand the impact that changes in local rail services do and may have in the future on modal shift, particularly with regards to personal car use, to help inform the 2022 Local Transport and Connectivity Plan (LTCP) and future business cases for rail investment. There should be cross referencing between the rail study and the LTCP.		

<p>i. Especially the A40 Oxford – Witney rail corridor should be considered since traffic in these areas will continue to rise with the reduction of services in northwest of the Cotswolds railway line bringing in traffic from areas such as Charlbury.</p> <p>ii. In addition, consideration should also be given to the building of new stations on existing lines especially in areas such as Kidlington-Begbroke-Yarnton where there are large scale development plans.</p>		
<p>Recommendation 4: That the Growth Board take steps to ensure that the Strategic Vision is supported by a communications strategy containing appropriately concise and engaging literature especially summarising the vision in a one-page format and user-friendly language.</p>		
<p>Recommendation 5: That the Growth Board recognise that the following statement contained within the Strategic Vision could be misunderstood as a justification for using a narrow definition of growth: “Growth can be defined narrowly in terms of expansion in numbers of homes and jobs and economic output.” The Panel recommends that this is revised to assert that growth can and should be defined in a more holistic way, as intended through the “good growth” definition set out in the Vision. Consideration should also be given to whether the definition of Good Growth can be moved to an earlier position in</p>		

the document, and whether mentions of prosperity and clean growth can be more frequently referenced throughout the document.

Recommendation 6: That the Growth Board makes clear through the Oxford to Cambridge Arc Executive Group that local planning decisions should remain as a matter for local planning authorities through the plan making process. Any proposal from HM government to reduce local democratic accountability and oversight with respect to planning would be strongly opposed. Similarly, any future proposals concerning HM Government's plans for the emerging Arc "Growth Body" and the Arc Spatial Framework must have local accountability, oversight and engagement built into its structure.

**To:** Oxfordshire Growth Board  
**Date:** 22 March 2021  
**Report of:** Growth Board Scrutiny Panel Task & Finish Group:  
Private Investment in Public Infrastructure Projects  
**Title of Report:** Recommendations from the Private Investment in  
Public Infrastructure Projects Task and Finish Group

<b>Purpose of report:</b>	To present the findings and recommendations from the Scrutiny Panel Task and Finish Group to the Growth Board.
<b>Scrutiny Lead:</b>	Councillor Alex Postan, Chair of the Task and Finish Group.
<b>Recommendation:</b>	That the Oxfordshire Growth Board states whether it agrees or disagrees with the recommendations in the body of this report.
<b>Appendices:</b>	<ol style="list-style-type: none"><li>1. Local Authority Guide - Abundance Investments.</li><li>2. Utility Scale Battery Storage Project - Mannington Depot.</li><li>3. Growth Board response template to Scrutiny Panel Task and Finish Group recommendations</li></ol>

### Introduction and overview

1. In the 19<sup>th</sup> century British railways and canal networks were financed by private investors mainly local capitalists, manufacturers, tradesmen and professionals.<sup>1</sup> Private wealth in the UK is estimated at £10 trillion in 2019 at an average of £150,000 per person by the Office for National Statistics (ONS)<sup>2</sup>. The Chair of the

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<sup>1</sup> Alex Trew, Infrastructure Finance and Industrial Take off in England, Journal of Money, Credit and Banking, Vol. 42, No. 6 (September 2010) Pg. 990  
[https://www.jstor.org/stable/40784873?seq=6#metadata\\_info\\_tab\\_contents](https://www.jstor.org/stable/40784873?seq=6#metadata_info_tab_contents)

<sup>2</sup> National balance sheet estimates for the UK: 2020, 2. Net worth  
<https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/bulletins/nationalbalancesheet/20#non-financial-assets>

Task and Finish Group Councillor Alex Postan in his own experience and research recognises the need for new and revitalised capital infrastructure projects to be funded through a range of appropriate financial instruments – both segregated<sup>3</sup> and commingled (structured funded products<sup>4</sup>), helping to ease pressure on Central and Local government budgets to support much needed areas such as social care and other essential services. Furthermore, exploring infrastructure investment instruments that generate positive rates of return for investors, as well as conferring other acceptable fiscal advantages, would attract public participation and make a difference in covering the funding gap for unfunded or partially funded infrastructure projects.

2. The Scrutiny Panel agreed at its meeting on 17 November 2020 to establish a Task and Finish Group to investigate new ways and opportunities for attracting private investment in public infrastructure projects such as railways, flood defences and solar farms. The Group was tasked with identifying examples of such investments taking place across the UK and locally to see whether such schemes might be transferable and beneficial to Oxfordshire. It was believed that these opportunities might alleviate some of the financial pressures on Local Authorities by sharing some risk and capital requirements with outside investors. The Group also sought to gather information on the legal limitations of developing financial options for securing private investment in infrastructure.
3. It is recognised that the Growth Board itself does not take funding and financing decisions with regards to specific infrastructure schemes, and that this is a role for individual local authorities. The Board does however have an important and influential partnership role in coordinating local efforts to manage infrastructure development in a way that is inclusive and maximises local social and environmental benefits. In this regard, as the first of its kind, the Task and Finish Group hope that the its recommendations and their broader intent can be taken forward through the Growth Board structure, accepting that it will require coordination and engagement with wider partner organisations. In broader terms, it is hoped that the evidence gathered, and recommendations made will be considered a helpful contribution in informing emerging and future joint strategies and plans which the Growth Board oversees.
4. The proposal for the Task and finish Group was submitted by Councillor Alex Postan who chaired the review. The Scrutiny Panel agreed to appoint the following members to the Task and Finish group:
  - Chair - Councillor Alex Postan (West Oxfordshire District Council)
  - Councillor Craig Simmons (Oxford City Council)
  - Councillor John Tanner (Oxford City Council)
  - Councillor Peter Dragonetti (South Oxfordshire District Council)

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<sup>3</sup> Investopedia Segregation  
<https://www.investopedia.com/terms/s/segregation.asp>

<sup>4</sup> Investopedia An Introduction to Structured Products  
[https://www.investopedia.com/articles/optioninvestor/07/structured\\_products.asp#what-are-structured-products](https://www.investopedia.com/articles/optioninvestor/07/structured_products.asp#what-are-structured-products)

5. The Task and Finish Group benefitted from the input of several officers principally from Oxfordshire County Council. The Task and Finish Group would like to thank the following officers and councillors for their role in providing evidence and contributing to the Group's work:

- Councillor Dan Levy (West Oxfordshire District Council)
- Owen Jenkins (Director of Growth and Economy, Oxfordshire County Council)
- Hannah Doney (Head of Corporate Finance, Oxfordshire County Council)
- Eric Owens (Asst. Director, Growth and Place Oxfordshire County Council)
- Christian Smith (Principal Solicitor, Oxfordshire County Council)
- Charles Maxlow-Tomlinson (Investment & Development Surveyor, Consultant for Oxfordshire County Council)

6. The Task and Finish Group would also like to thank external industry experts for presenting case studies on their successful Green Energy Infrastructure Projects funded through private investment:

- Karl Harder (Abundance Investments)
- Richard Sansom (Public Power Solutions)

7. The group met on 1<sup>st</sup>, 8<sup>th</sup> and 23<sup>rd</sup> February 2021. The first meeting sought to explore the scope of the review in further detail, establish a baseline of relevant information and context to the issue, and agree next steps for evidence gathering. The next meeting involved consideration of Oxfordshire County Council's infrastructure programme to assess what opportunities might exist for private investment. This meeting also considered wider examples of private investment in public infrastructure in the UK. The final meeting considered remaining evidence before consensus was reached on the recommendations to be put forward.

8. Whilst efforts have been made to engage with a range of views in this review, the time limited nature of the work has meant that not all groups impacted by the recommendations in this report have been involved in the report's development. For example, the Oxfordshire Local Enterprise Partnership (OxLEP) published the Local Industrial Strategy (LIS) in July 2019<sup>5</sup> which provides a long-term framework against which private and public sector investment decisions can be assessed. With the support of the LIS, OxLEP have worked with the Department for International Trade to produce a joint delivery plan<sup>6</sup> bringing together developers, commercial agents and landowners to explore investment opportunities in Oxfordshire. For example, investment in a cycle scheme at Bicester Garden Town<sup>7</sup>.

## **Background**

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<sup>5</sup> Oxfordshire Local Industrial Strategy July 2019

[https://www.oxfordshirelep.com/sites/default/files/uploads/Oxfordshire-SINGLE-PAGE\\_1.pdf](https://www.oxfordshirelep.com/sites/default/files/uploads/Oxfordshire-SINGLE-PAGE_1.pdf)

<sup>6</sup> Oxfordshire Internationalisation Delivery Plan 2019-2022

<https://www.oxfordshirelep.com/sites/default/files/uploads/Oxfordshire%20Internationalisation%20Delivery%20Plan%202019%20V7.2%20110619.pdf>

<sup>7</sup> Bicester Garden Town

<https://news.oxfordshire.gov.uk/cycle-scheme-for-bicester/>

9. There are many ways in which local councils can fund local infrastructure projects, but some of the most frequently used options include:<sup>8</sup>
- a) **Loans / debt funding:** Local councils can borrow to fund major capital investments, such as through the Public Works Loan Board (PWLB), which typically offers long term lending profiles up to 50 years at below market rates.
  - b) **Grants:** subsidies or finance awards offered to local councils, most often from HM Government, which are not expected to be paid back. The grant offering typically includes conditions that must be met.
  - c) **Income from existing assets and services:** Councils may invest their own money into capital projects based on funds secured through their own income
  - d) **Private investment:** In some circumstances the provision of finance from private institutions, businesses, and organisations (private wealth) can be sought on a commercial basis to fund infrastructure projects; offers which are often bespoke in nature. Investors expect financial returns such as fees or interest payments.

### **The Public Works Loan Board (PWLB)**

10. The PWLB is a HM Government department that makes available low-cost loan finance to public authorities and councils to fund capital projects. It is operated by the UK Debt Management Office on behalf of HM treasury and is the main lender to local government, accounting for around two thirds of local authority debt. PWLB products are designed to maximise capital investment and minimise costs to the public sector.
11. The purpose of the PWLB is to support the construction and maintenance of public capital assets.<sup>9</sup> PWLB's below market interest rates, long lending terms and HM Government backing means borrowing is relatively low risk and value for money, making it a threshold standard for which to test alternative funding mechanisms against. Borrowing can be for a maximum of £100 million to deliver infrastructure such as transport, energy, flood defences, water, waste and digital communications.

### **Private investment**

12. Whilst PWLB is a mainstream option for funding infrastructure, a recent Infrastructure Finance Review Consultation Paper issued by HM Treasury in March 2019 highlighted that £600 billion of infrastructure investment over the next

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<sup>8</sup> LGA. 2019 Attracting Investment for Local Infrastructure: A guide for councils. Available at: [https://www.local.gov.uk/sites/default/files/documents/5.54\\_Supporting\\_Councils\\_14.pdf](https://www.local.gov.uk/sites/default/files/documents/5.54_Supporting_Councils_14.pdf)

<sup>9</sup> HM Treasury. 2019. Public Works Loan Board: Future Lending Terms. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/884986/Public\\_Works\\_Loan\\_Board\\_future\\_lending\\_terms\\_consultation.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/884986/Public_Works_Loan_Board_future_lending_terms_consultation.pdf)

10 years is likely to come from the private sector.<sup>10</sup> It is considered in some circumstances that PWLB and other lending vehicles are less suitable for certain types of investment. The LGA suggests that private and institutional finance might be more suitable if a large amount of capital for large-scale or complex projects is needed. "A project may be too big, too risky, or the returns may take too long (e.g. over 50 years) to be suitable for PWLB funding."<sup>11</sup> There are various options to create special purpose vehicles, including council-owned companies, earning revenue from sources such as toll road payments, ticket sales etc. These options could generate returns for external private investors, either through issuance of equity or debt instruments.

13. Municipal Bonds are another debt finance option for local government, where private investors can purchase units which in turn pay either a regular interest return or a one-off fixed sum on maturity. The UK Municipal Bonds Agency exists primarily to reduce councils' capital long term financing costs. The LGA explains that it allows councils to diversify funding sources and borrow at a lower cost than is available from HM Government via PWLB. The agency sells bonds on the capital markets, raising funds that it will then lend to councils.
14. Private Public Partnerships and some of the investment models discussed later in this report have previously been outlined in the 2017 Oxfordshire Infrastructure Strategy (OxIS).<sup>12</sup> For example, Local Authority Bonds were issued by Warrington Council amounting to £150 million with a 40-year repayment period for redeveloping its town centre, with the returns coming from the business rates revenue, or the sale and rental of properties.

## **Recommendations**

15. The group discussed at length the different infrastructure projects that could be considered for private investment such as railways, toll roads, bridges and utilities. The group discussed issues faced by some toll roads in places like the Birmingham M6 and also the problems with other privately funded roads in Spain which had to be rescued by government due to lower than forecast traffic volume, and high maintenance expenditures, leading to inadequate net income generation or even losses.<sup>13</sup>
16. The group also noted the complex nature of regulatory issues in private investment when compared to PWLB which has easier accessibility and does not require additional specialist advice, saving on overhead expenses. The group

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<sup>10</sup> HM Treasury. 2019. Infrastructure Finance Review. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/785546/infrastructure\\_finance\\_review\\_consultation\\_web\\_version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/785546/infrastructure_finance_review_consultation_web_version.pdf)

<sup>11</sup> LGA. 2019 Attracting Investment for Local Infrastructure: A guide for councils. Available at: [https://www.local.gov.uk/sites/default/files/documents/5.54\\_Supporting\\_Councils\\_14.pdf](https://www.local.gov.uk/sites/default/files/documents/5.54_Supporting_Councils_14.pdf)

<sup>12</sup> Oxfordshire Infrastructure Strategy 2017. Pg.64-67  
[https://www.oxfordshiregrowthboard.org/wp-content/uploads/2018/04/oxis\\_stage2.pdf](https://www.oxfordshiregrowthboard.org/wp-content/uploads/2018/04/oxis_stage2.pdf)

<sup>13</sup> Reuters 2020. News Article  
<https://www.reuters.com/article/instant-article/idUKL5N0J53NO20131128?edition-redirect=uk>

agreed that there was a need to consider whether any projects in areas such as transport, leisure, waste, energy, culture (for e.g. theatres) and green infrastructure within the existing Oxfordshire pipeline might be suited to private investment, where funding does not meet the PWLB criteria for lending.

17. HM Treasury in March 2020 published future lending terms<sup>14</sup> for the PWLB ending access to loans for local authorities who wish to buy commercial assets for yield. The response to a consultation on PWLB future lending terms in November 2020<sup>15</sup> revealed that 84% of local authority responses said they currently borrow or consider borrowing from alternative lenders to finance capital investment. Almost all responses said the main reason for using alternative lenders was getting lower interest rates than the rates offered by PWLB. Most authorities (56%) stated price was the only significant factor, 25% valued flexibility offered such as a low premiums on early repayments.
18. The group over the course of its three meetings discussed in detail and at length the benefits of using public money and institutions like PWLB at affordable interest rates with fewer legislative hurdles over private investment. The group also noted there was an argument for Local Authorities to allocate funds to be invested in private-sector vehicles and the returns to be invested back into public community projects, rather than to invite private investors to benefit.
19. It was agreed by the group that the Growth Board should use its platform of lobbying and influencing to seek encourage local authorities to seek external advice by inviting private investment firms and financial institutions to assess the financial viability of the large-scale pipeline Infrastructure Schemes for private investment. Securing private investment for those projects which do not satisfy the criteria for low interest financing from the PWLB.

**Recommendation 1. That the Growth Board encourage its constituent local authority member organisations to seek external advice on whether any large-scale Infrastructure schemes in the Oxfordshire pipeline might be appropriate for private investment, where funding does not meet the criteria for lending from the Public Works Loan Board (PWLB).**

20. Officers explained that current sources of funding within Local Government such as revenues from existing assets and services, loans and HM Government grants were easily accessible when compared to securing private investment, particularly through complex financial structures. The group also noted that borrowing through private investment also has a cost associated with it where it can be challenging to pay back returns to the private investors if the infrastructure project does not generate enough revenue on completion. The group agreed that pursuing any scheme that involved private investment would require an in-depth assessment of scalability and income generation which was not feasible within the scope and time of this Task and Finish work. The group agreed the need for private investment is a viable option when it brings a desirable outcome that cannot be achieved through traditional funding means.

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<sup>14</sup> Public Works Loan Board: Future Lending Terms March 2020 - Gov.uk Pg.13  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/884986/Public\\_Works\\_Loan\\_Board\\_future\\_lending\\_terms\\_consultation.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/884986/Public_Works_Loan_Board_future_lending_terms_consultation.pdf)

<sup>15</sup> Response to consultation PWLB: Future Lending Terms November 2020- Gov.uk Pg.34  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/940281/Response\\_to\\_consultation\\_Public\\_Works\\_Loan\\_Board\\_future\\_lending\\_terms\\_1.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/940281/Response_to_consultation_Public_Works_Loan_Board_future_lending_terms_1.pdf)

21. The group discussed the role of Oxford City Housing Limited (Oxford City Council's wholly owned company) which has a role in delivering services locally, and building low carbon homes, the profits of which are retained by the Council. The group agreed that this was a good example where the establishment of wholly owned council company provided local benefit. The group also discussed privately developed projects like the East London Emirate Air Line Cable Car<sup>16</sup> which was transferred back to the Local Authority and provides an income.

**Recommendation 2. That the Growth Board encourage its constituent local authority member organisations to identify opportunities where engagement with private sector companies may be justifiable such as:**

- a) **The private sector is bringing an asset into the partnership which is a fundamental pre-requisite for the design and delivery of an infrastructure project for e.g. Land**
- b) **The private sector partner is wholly owned by the local authority such as Oxford City Housing Limited where all profits are retained by Oxford City Council.**
- c) **Privately developed infrastructure assets are transferred back into the public sector after a certain period of time which would provide some benefits to local authorities**

22. The group heard that most private investments and equities sold comes at a higher cost whereas in comparison PWLB interest rates were a lot lower. The Group also considered Green projects like cycle schemes and the challenges of generating sufficient returns to attract private sector investment.

23. Karl Harder from Abundance Investments presented to the group concerning investment bonds. He explained that Abundance Investments had helped raise over £110m of private funding for Councils and private sector organisations to deliver mainly green infrastructure projects. The group noted that Swindon Borough Council at Common Farm Solar<sup>17</sup> was able to fund a solar park by securing investment from residents through Local Authority Infrastructure Bonds at an annual yield of 6% for investors, though this project benefitted from HM Government subsidies which no longer exist. The group also noted that West Berkshire Council issued Community Municipal Investment Bonds<sup>18</sup> to fund green projects such as rooftop solar panels where investors had an option to return interest payments for reinvestment into new investments.<sup>19</sup>

24. The group also noted other investment projects such as United Downs Cornwall Deep Geothermal Project and Warrington Council's climate change Green Energy

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<sup>16</sup> Transport for London  
<https://tfl.gov.uk/modes/emirates-air-line/>

<sup>17</sup> Abundance Investment Common Farm Solar- Swindon Borough Council  
<https://www.abundanceinvestment.com/our-impact/investments/swindon-common-farm-solar>

<sup>18</sup> West Berkshire Community Municipal Investment (CMI)  
<https://info.westberks.gov.uk/wbcmi>

<sup>19</sup> Abundance Investments – West Berkshire 2025  
<https://www.abundanceinvestment.com/our-impact/investments/west-berkshire-2025>

Strategy where they arrange finance by enabling residents to co-invest into projects that are delivered by public private partnerships alongside their councils.<sup>20</sup>

25. In addition, the group appreciated the local authority decision making tool (Appendix 1. Local Authority Guide) presented by Karl on Crowdfunding. Crowdfunding as a source of investment has also been mentioned in the Oxfordshire Infrastructure Strategy (OXIS).<sup>21</sup> This tool enables local authorities to make decisions by assessing the social, environmental and economic benefits of a project funded through different types of investment.
26. The group also received a presentation from Richard Sansom (Public Power Solutions) (Appendix 2. Utility-Scale Battery Storage Project at Mannington Depot) concerning Chapel Farm, Common Farm Solar and Mannington Battery Storage, and noted that in the case of Common Farm Solar in Swindon the Council owned the land asset and invested £3,000,000 along with £1,783,000 from investors many of whom were local residents. 65% of the profits from the solar farm funded local community initiatives, while the remaining 35% went to the council. The group noted that the price of electricity produced through this and other solar farms was lower than other sources, making the region more economically competitive. However, projects like Swindon Common Farm Solar were supported by government incentives which no longer exist, and similar upcoming schemes might now be less viable. Local asset backed vehicles similar to this project, have been previously mentioned in the 2017 Oxfordshire Infrastructure Strategy (OxIS)<sup>22</sup>, and the group believes options for delivery through this mechanism should be more favourably considered going forward.
27. There was an in-depth discussion within the group on how these schemes might operate in Oxfordshire, and they heard that it would require some detailed consideration looking into local planning, high level financial models and detailed feasibility studies to support such discussions. The group noted that energy infrastructure projects could be ideal for council owned former landfill sites. The group also discussed direct marketing channels for attracting investors such as council e-newsletters, supporting activities run by councils, poster advertising and virtual conferences whilst ensuring they are compliant with Financial Conduct Authority advertising legislation and also cover the narrative of green energy.
28. The group also heard that renewable energy projects delivered through the Low-Carbon Hub have worked successfully within Oxfordshire. However, the group also noted that for maximum benefit to be achieved, the issue of scalability i.e. the projects that do not cover a large enough geographic and demographic area to generate returns to make them viable for private investment.
29. The group agreed that the Growth Board should consider the above mentioned projects at Swindon and West Berkshire District Council as case studies to help

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<sup>20</sup> Warrington Council Green Community Investment Scheme  
<https://www.warrington.gov.uk/news/council-launch-green-community-investment-scheme>

<sup>21</sup> Oxfordshire Infrastructure Strategy 2017 - Crowdfunding Pg.68  
[https://www.oxford.gov.uk/download/downloads/id/5770/mov6\\_-\\_oxfordshire\\_infrastructure\\_strategy\\_oxis.pdf](https://www.oxford.gov.uk/download/downloads/id/5770/mov6_-_oxfordshire_infrastructure_strategy_oxis.pdf)

<sup>22</sup> Oxfordshire Infrastructure Strategy 2017 – Local Asset Backed Vehicles Pg.65  
[https://www.oxfordshiregrowthboard.org/wp-content/uploads/2018/04/oxis\\_stage2.pdf](https://www.oxfordshiregrowthboard.org/wp-content/uploads/2018/04/oxis_stage2.pdf)

inform the Oxfordshire Infrastructure Strategy refresh process of its potential to help secure private investment in green infrastructure projects.

30. Having considered where these findings fit within the Growth Board's remit, the group felt that the current refresh of the Oxfordshire Infrastructure Strategy would be an ideal opportunity to consider in greater detail where some of these innovative approaches to funding green infrastructure should be explored.

**Recommendations 3. That the Growth Board, through the Oxfordshire Infrastructure Strategy (OxIS) Refresh process, review existing case studies where local authorities have had a leading role in securing private investment in green infrastructure projects, to help inform the Oxfordshire Infrastructure Strategy (OxIS) refresh. Consideration should be given to whether the lessons learnt, and opportunities experienced from other schemes can be transferred to Oxfordshire, where they offer a viable alternative to PWLB borrowing. As a starting point, options to review include:**

- a) **Issuing local authority infrastructure bonds, as undertaken by Swindon Borough Council to support the development of a local solar farm.**
- b) **Issuing community municipal investment bonds to the public to support investment in shared projects that respond to the climate emergency, as undertaken by West Berkshire District Council.**

24. It was agreed by the group that the Growth Board, in considering this report, should explore opportunities for establishing shared plans and strategies which support and focus on the delivery of Green Infrastructure Projects for the production and supply of renewable energy and also to improve access to green space. The group were clear that infrastructure should not just be thought of in traditional terms (e.g. roads and buildings), but also in terms of infrastructure that enhances the environment, access to it, and opportunities to generate renewable energy from it. In this regard, the group would advocate for a shared approach across the Growth Board's membership in making sure that the social and environmental benefits of green infrastructure projects are recognised and planned for through OxIS, or appropriate sub-plans or strategies that complement the OxIS.

**Recommendation 4. That the Growth Board explore opportunities for establishing shared plans and strategies which support OxIS, specifically focusing on delivering green infrastructure, and improving access to green space.**

25. In the recently published National Infrastructure Strategy<sup>23</sup> HM government is setting up a new UK infrastructure bank to co-invest and support private investment in infrastructure. The group noted the bank will lend to local government for key infrastructure projects and provide them with advice on financing infrastructure. The government will look into adapting existing models such as the Regulated Asset Base model and Contracts for difference whilst continuing to develop new revenue support models.

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<sup>23</sup> National Infrastructure Strategy - Supporting private investment in infrastructure Pg.13  
<https://www.gov.uk/government/publications/national-infrastructure-strategy>

26. The group agreed that it would be beneficial for the Growth Board to explore opportunities for how this bank might help local councils and the wider partnership. As the bank is due to be operational later in 2021, it is suggested that the Board should invite a representative to attend one of the sub-group's meetings later in the year.

**Recommendation 5. That the Growth Board invite a representative from the emerging UK Infrastructure bank to attend a meeting of the Growth Board's infrastructure Sub-group to explore new opportunities of funding infrastructure projects.**

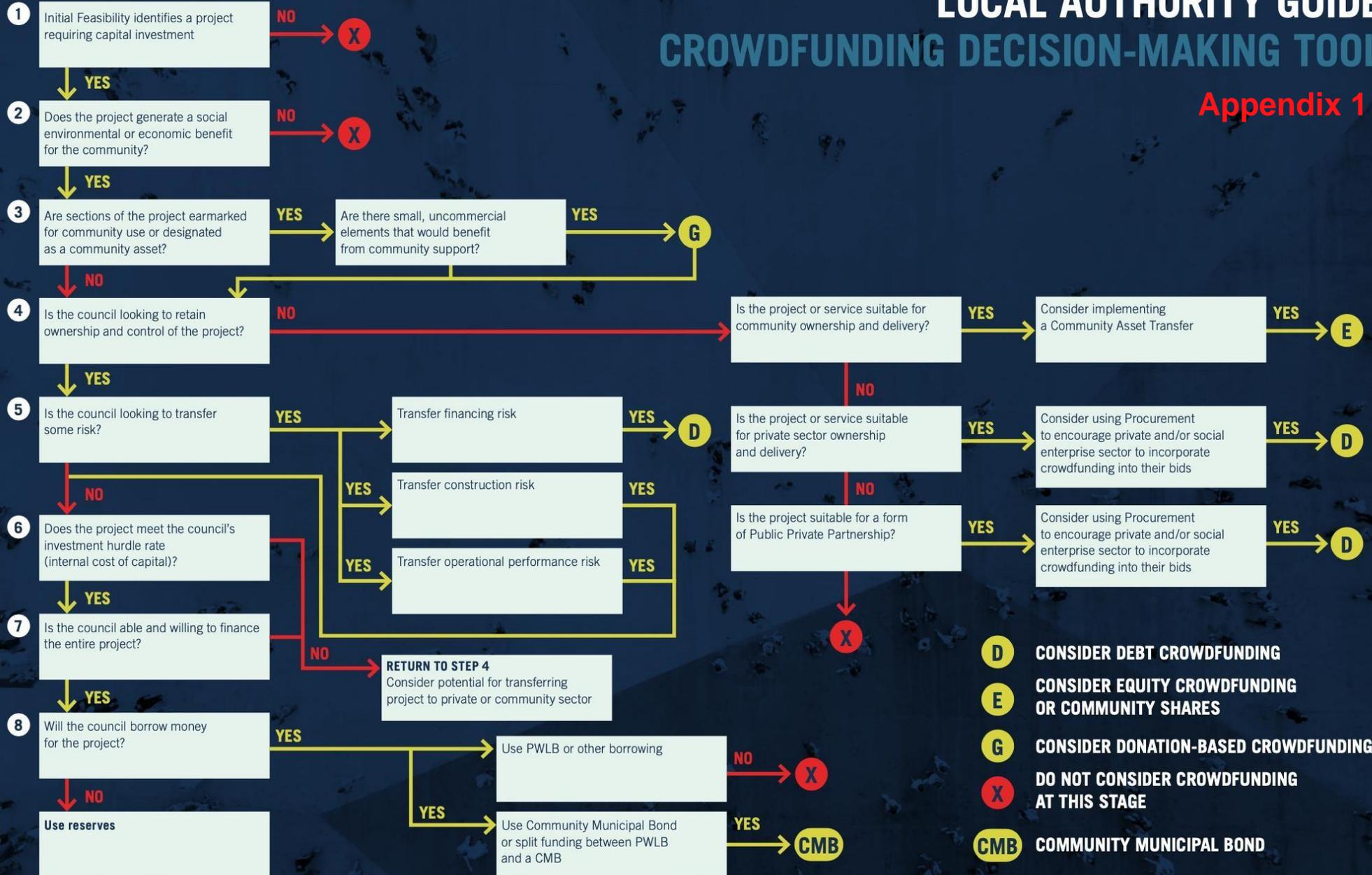
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# LOCAL AUTHORITY GUIDE CROWDFUNDING DECISION-MAKING TOOL

## Appendix 1



# Utility-Scale Battery Storage Project at Mannington Depot

## Site Specifics

- Former depot in Mannington owned by Swindon Council, low grade land
- Just over 1 acre in size and situated adjacent to Toothill Sub Station
- Site specifics were very favourable for utility scale battery storage (grid, planning, wayleaves)

## 3<sup>rd</sup> Party Investment

- At inception, investment in battery storage was very specialized and considered too risky for local authority investment
- Opportunity for sale of the “project rights” to 3<sup>rd</sup> party investor and operator with ongoing land rental for Council.
- Aligned with Climate Change Objectives

## Development and Sales Process

- PPS negotiated the grid connection (30MW) with SSEN and secured planning permission
- Investment Memorandum offered to market and final bidder selected
- Still Waters Green Technology were selected and construction is now ongoing with commissioning expected this summer

Increasing numbers of similar battery projects now coming online driven by greater investor confidence and requirement for greater flexibility on the grid as part of the energy transition.



## Solar Farm joint venture with local community

- Revenue generation opportunity from solar PV that could also help meet Climate Change Objectives
- Council owned assets – 2 sites at Chapel Farm and Common Farm both 5Mw sites c£5m investment each
- SBC looking to share investment risk but also rewards shared with local community 50/50
- PPS developed the projects from origination and now provide asset management
- Tender process to select community investment partner – Abundance Investments
- Swindon Council provided the construction finance – dove-tailed with Abundance's crowd funding platform and marketing services
- Common Farm is structured as a Community Solar Bond, Chapel Farm is the UK's first solar ISA
- Solar power from Chapel Farm now "sleeved" to Swindon Borough Council



## Growth Board Draft response to recommendations of the Growth Board Scrutiny Panel, Task and Finish Group- Private Investment in Public Infrastructure Projects.

### Recommendations endorsed by the Scrutiny Panel on 16<sup>th</sup> March 2021

The Growth Board is requested to provide a response to the recommendations of the Scrutiny Panel, Task and Finish Group for decision at its meeting on 22 March 2021.

Recommendation	Agree?	Comment
Recommendation 1. That the Growth Board encourage its constituent local authority member organisations to seek external advice on whether any large-scale Infrastructure schemes in the Oxfordshire pipeline might be appropriate for private investment, where funding does not meet the criteria for lending from the Public Works Loan Board (PWLB).		
Recommendation 2. That the Growth Board encourage its constituent local authority member organisations to identify opportunities where engagement with private sector companies may be justifiable such as:  a) The private sector is bringing an asset into the partnership which is a fundamental pre-requisite for the design and delivery of an infrastructure project for e.g. Land		

<p>b) The private sector partner is wholly owned by the local authority such as Oxford City Housing Limited where all profits are retained by Oxford City Council.</p> <p>c) Privately developed infrastructure assets are transferred back into the public sector after a certain period of time which would provide some benefits to local authorities.</p>		
<p>Recommendations 3. That the Growth Board, through the Oxfordshire Infrastructure Strategy (OxIS) Refresh process, review existing case studies where local authorities have had a leading role in securing private investment in green infrastructure projects, to help inform the Oxfordshire Infrastructure Strategy (OxIS) refresh. Consideration should be given to whether the lessons learnt, and opportunities experienced from other schemes can be transferred to Oxfordshire, where they offer a viable alternative to PWLB borrowing. As a starting point, options to review include:</p> <p>a) Issuing local authority infrastructure bonds, as undertaken by Swindon Borough Council to support the development of a local solar farm.</p> <p>b) Issuing community municipal investment bonds to the public to support investment in shared projects that respond to the climate emergency, as undertaken by West Berkshire District Council</p>		

Recommendation 4. That the Growth Board explore opportunities for establishing shared plans and strategies which support OxIS, specifically focusing on delivering green infrastructure, and improving access to green space.

Recommendation 5. That the Growth Board invite a representative from the emerging UK Infrastructure bank to attend a meeting of the Growth Board's infrastructure Sub-group to explore new opportunities of funding infrastructure projects.