



# Greater South East **Net Zero Hub**



Department for  
Energy Security  
& Net Zero



Greater  
South East  
**Net Zero Hub**

# Financing Net Zero: Priorities for Local Authorities

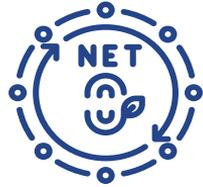
Alexandra Snelling-Day, LNZA Programme Lead

24 February 2026, APSE Energy - The BIG Energy Summit 2026

# What we will cover today



Blending  
Finance  
Sources



Access to  
Finance:  
Readiness



Maximising  
Impact: Thinking  
Beyond NZ



Success Stories  
and Lessons Learned

# The Local Net Zero Accelerator



Department for  
Energy Security  
& Net Zero

Government is providing £19 million to unleash the potential of local government to attract investment for green growth by piloting new approaches in three areas.

1. Two Accelerators: Greater Manchester Combined Authority and West Midlands Combined Authority will develop aggregated bundles of projects to secure long-term sustainable investment.
2. A Replicator: York & North Yorkshire Combined Authority will replicate a similar model to Bristol City Leap, which has established an innovative public-private partnership to secure investment into decarbonising Bristol's council owned estate.
3. Finance Support Service: to provide access to relevant financial skills, knowledge, and experience.

**GMCA** GREATER  
MANCHESTER  
COMBINED  
AUTHORITY



**West Midlands  
Combined Authority**

**YORK  
& NORTH  
YORKSHIRE**  
COMBINED AUTHORITY



**Greater  
South East  
Net Zero Hub**



Greater  
South East  
**Net Zero Hub**

# Blending Finance Sources: Transitioning from Grants to Finance

# Moving from grant-reliance to investment-readiness...



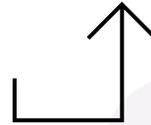
## Grant Funding

- Not repaid
- Supports projects or programmes
- One/few stacked grants
- Finite / time-bound
- Focused data & governance requirements
- Leads to stop-start delivery patterns



## Finance

- Equity – returns expected
- Debt – repayable
- Supports projects, programmes and portfolios
- Often multiple sources
- Higher data & governance requirements
- Demands credible pipeline + commercial skills



# Why does the shift matter...

## Grants won't scale net zero delivery

- Short-term, project-specific funding blocks multi-year planning
- Competitive, politically-driven cycles create stop-start delivery

## Net zero needs portfolio-scale capital

- Grants tend to fund small or standalone projects/programmes
- Loans, bonds, equity and blended finance enable system-level investment

## Investors fund credibility

- Repayable finance forces stronger governance, business cases and modelling
- Investors expect clarity on ownership, assurance and long-term revenue planning

# What are the sources of finance?

|                         | What It Is   | Benefits   | Risks / Limitations  |
|-------------------------|--|--|--|
| <b>Grant funding</b>    | Capital grants from central government to support net zero infrastructure or retrofit.       | <ul style="list-style-type: none"> <li>Reduces need for borrowing and improves viability.</li> <li>Supports early-stage or socially important projects.</li> </ul>                                 | <ul style="list-style-type: none"> <li>Competitive, uncertain, and time-limited.</li> <li>Can distort project design to “fit the fund”.</li> </ul>                           |
| <b>PWLB borrowing</b>   | Standard local authority borrowing at predictable (concessional) rates for capital projects. | <ul style="list-style-type: none"> <li>Low-cost, long-term, stable financing.</li> <li>Full control retained by the authority.</li> </ul>  | <ul style="list-style-type: none"> <li>On-balance sheet exposure affecting prudential indicators.</li> <li>Not suitable for high-risk or innovative projects.</li> </ul>     |
| <b>Concession model</b> | Private partner finances, builds, and operates the asset under a long-term contract.         | <ul style="list-style-type: none"> <li>Shifts financing and delivery risk to private sector.</li> <li>Reduces public borrowing requirements.</li> </ul>  | <ul style="list-style-type: none"> <li>Long-term revenue commitments and potential inflexibility.</li> <li>Private incentives may not align with public outcomes.</li> </ul> |
| <b>Project finance</b>  | Financing based on project cashflows via an SPV, not the authority’s balance sheet.          | <ul style="list-style-type: none"> <li>Off-balance sheet potential with risk sitting in the project company.</li> <li>Attracts specialist lenders comfortable with infrastructure risk.</li> </ul> | <ul style="list-style-type: none"> <li>Complex structuring and due diligence.</li> <li>Requires strong, predictable revenue streams.</li> </ul>                              |
| <b>Blended finance</b>  | Combining grants, debt, and equity to improve project viability.                             | <ul style="list-style-type: none"> <li>Reduces risk for each investor class.</li> <li>Makes marginal projects bankable.</li> </ul>   | <ul style="list-style-type: none"> <li>Complex to coordinate multiple funders.</li> <li>Higher transaction costs.</li> </ul>   |



Greater  
South East  
**Net Zero Hub**

# Accessing Finance: Readiness

# Fit 4 Finance – Seven Pillars

Local authorities need to consider the strength of all seven pillars to achieve a stable foundation upon which to be successful at securing NZ investment at pace and at scale.



## Socio-economic benefits

Community-focused outcomes



## Access to finance

Ensuring funding availability



## Political and public policy alignment

Support from leadership and policy



## Organizational capacity

Internal resources and expertise



## Planning and procurement

Legal and logistical processes



## Place-based factors

Local context and geographical considerations



## Community engagement

Involving stakeholders and residents

# Where is the most challenging?

## Pipeline & Data

- Credible, investable bundled asset/programme visible pipeline
- Integrated short- and long-term strategies
- Robust business cases & financial modelling

## Governance & Assurance

- Strong governance & clear roles
- Meeting investor conditions (timing, clarity, assurance)
- Community engagement and social impact measures

## Commercial & Delivery

- Blended finance & co-funding models
- Harnessing local and community finance
- Innovative, efficient delivery models



# Investment Journey



- ❑ Series of feedback loops
- ❑ Managing a shifting pipeline as ‘bundles’ move forward to stages 4-6
- ❑ Consider pipelines wider than NZ assets
- ❑ Red lines and trade-offs are key early considerations

# Key messages...



Surface your place-based anchor programmes, scope and health check your data through CA:LA relationships.



Confirm governance + decision rights (who approves what, and when).



Define KPIs + assurance (how you'll track performance and manage risk).



Develop capital stacking and asset bundling rationale to balance returns to avoid any stranded assets.



Approach investors when your data and risk appetite are clear.

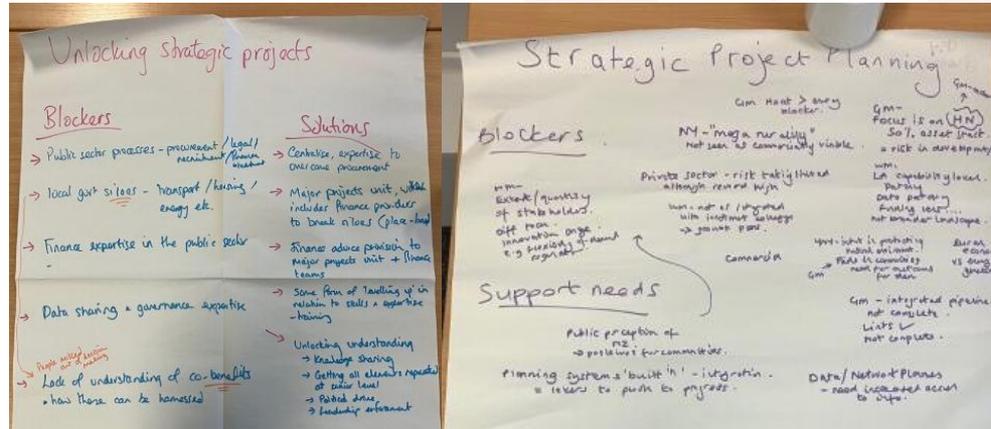


Greater  
South East  
**Net Zero Hub**

# Maximising Performance & Impact

# Investment-ready portfolios can unlock finance faster...

- Build coherent, long-term, system-level portfolios
- Bundle assets to balance risk and performance
- Demonstrate rollout speed and fiduciary discipline
- Tailor projections to investor preferences
- Build investment literacy; align risk; reuse playbooks



# Three levers to unlock finance faster...

## A Standardise

Investment frameworks  
Data and improve quality  
Governance and clarify  
decision rights  
Internal financial &  
investment capability

## B Aggregate

Regional finance  
frameworks to combine  
demand  
Projects into pipelines that  
reach investable scale

## C Accelerate

Innovative finance models  
Procurement tools and  
specialist expertise  
Early access to  
development finance

# Measure outcomes, not just outputs...

- Agree standardized measure across the portfolio
- M&E and risk reviewed in governance
- Real-time dashboards for outcomes and learning
- Stakeholder feedback closes the loop





Greater  
South East  
**Net Zero Hub**

# Success Stories & Lessons Learned

# Success from Local Net Zero Accelerator Areas...

## Oldham Council (Greater Manchester) — District heat enabling works

- **Asset:** District heat network (pre-construction)
- **Route:** Early enabling works to de-risk before financial close
- **Result:** Investor confidence increased; delivery momentum demonstrated
- **Reuse:** ‘Show progress’ to reduce risk and unlock capital



# Success from Local Net Zero Accelerator Areas...

## York City & North Yorkshire Combined Authority — Strategic Energy Partnership

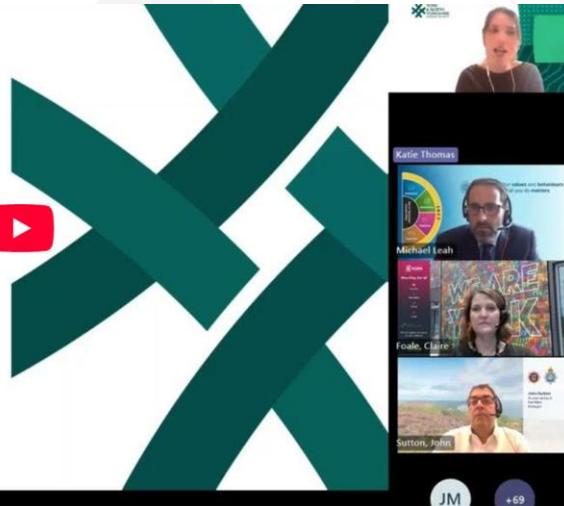
- **Asset mix:** Retrofit + heat + renewables + EV
- **Route:** SEP/JV model
- **Result:** Early market engagement shaped a bankable partnership model
- **Reuse:** Build pipeline, then co-design the route with the market

York and North Yorkshire  
Strategic Energy Partnership  
Local Net Zero Accelerator Pilot Programme  
Market Engagement Webinar

3rd September 2025



OFFICIAL - SENSITIVE



# Success from Local Net Zero Accelerator Areas...

## Solihull Council (West Midlands) — Investment unlocked via DNO collaboration

- **Asset:** District heat network using heat pump managed by Solihull Energy Ltd
- **Route:** DNO partnership + evidence-led requirements alignment
- **Result:** £15m additional investment secured
- **Reuse:** Align early with the DNO to unlock ‘system’ funding



# Top Five LNZA Lessons...

1. Assets mapping relies on well-curated place-based knowledge & nurtured relationships to develop a healthy pipeline.
2. Agreement on decision and ownership rights drives regional blended finance models.
3. Maintaining a costed and stage-gated pipeline is an iterative process requiring regular health checks.
4. Where one asset bundle works in one place, it might not in another.
5. Procurement requires staging, templates and frameworks to move at market speed.

**Your Journeys**

|       | Strategy                             | Pipeline Development   | Commercialisation                                | Build  | Operate                                | Expand                                   |
|-------|--------------------------------------|--|--|--|--|--|
|       | Define Objectives<br>Practice Rep In | Set Data Planning<br>Allocation<br>Identify<br>of Partners<br>Project Assets<br>Investment/Operational<br>Investment | Developing<br>Detailed<br>Feasibility<br>Studies | Finalise<br>Private<br>Investor<br>Contracts | Construction<br>Timeline and<br>Budget | Addressing<br>Regulatory<br>Requirements |
| GMCA  | [Sticky Notes]                       | [Sticky Notes]   | [Sticky Notes]                                   | [Sticky Notes]                               | [Sticky Notes]                         | [Sticky Notes]                           |
| WMCA  | [Sticky Notes]                       | [Sticky Notes]   | [Sticky Notes]                                   | [Sticky Notes]                               | [Sticky Notes]                         | [Sticky Notes]                           |
| YNYCA | [Sticky Notes]                       | [Sticky Notes]   | [Sticky Notes]                                   | [Sticky Notes]                               | [Sticky Notes]                         | [Sticky Notes]                           |



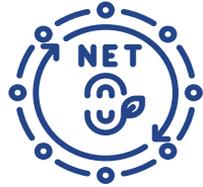
Greater  
South East  
**Net Zero Hub**

# Key Messages

# Key messages



Think  
portfolios,  
not projects



Investors  
finance  
credibility  
Build  
maturity



Think beyond Net  
Zero, place-based  
to leverage  
finance



Balance delivery  
confidence with  
innovation



Greater  
South East  
**Net Zero Hub**

Get in touch with us by emailing  
[info@gsetzerohub.org.uk](mailto:info@gsetzerohub.org.uk)



[www.gsetzerohub.org.uk](http://www.gsetzerohub.org.uk)