

Local authority bonds could deliver the Green New Deal

Published: January 13, 2026, 11:46 am

As some will know, I have been advocating the use of local government bonds to fund local Green New Deals for as long as I have been involved with tax justice campaigning. It was good therefore to note a [new post on the Climate Bonds](#) web site that reports that the French region of Ile de France, which includes Paris, has issued its second green bond for €600 million. Tellingly, it was so popular that more was subscribed than originally expected and the offer had to be closed after an hour because by then it was fully subscribed. The interest rate was 18 basis points (0.18%) over French government bond rate - which is attractive to savers but vastly below the cost of the Public Finance Initiative, which is the only option available in most cases to UK local authorities.

I believe that such bonds are a vital part of the devolution of the powers of government to local authorities. With funds borrowed at relatively modest rates local authorities could once again become major house builders to meet local need - as is so obviously necessary. The rent paid would, of course, service the debt obligation.

But this bond finance could also, of course, be used to regenerate the local economy. It is possible to share the savings resulting from domestic green investment. And it is, of course, with capital investment possible to considerably expand the reach of such schemes whilst investment in local sustainable transport infrastructure would be (and should be) sufficient justification to raise the modest sums needed to service debt through council taxes, but with obvious tangible benefits being visible to justify the payment to local electorates.

The examples could go on, but the point is a simple one. In the UK we are suffering massive regional disparity in economic fortunes. It is only by reinvigorating local economies that this can be done, and capital is needed for that purpose. Local bonds could deliver that capital with local savers investing directly or via ISAs and pension funds in the development of the communities where they live.

Isn't there any better investment option than that?

In that case, why aren't we seeing this in the UK?

PS These bonds could also be used to buy out crippling PFI contracts, I think, and save the burden these are imposing on so many communities.