Funding the Future

Green Recovery Bonds: Funding green homes for all

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I repost his from the website of the Green New Deal Group, where it was published this morning:

Bringing skills and jobs to all parts of the UK could be achieved by a new proposal from the Green New Deal Group, which calls on the Chancellor Rishi Sunak to unveil a new, market leading ‘Green Recovery Bond’ ISA this summer. The report, *Green Recovery Bonds: Funding green homes for all, by Group members Colin Hines and Richard Murphy suggests that the tens of billions of pounds this could raise should be spent making all the UK’s 30 million buildings energy efficient, creating jobs in every constituency.*

Providing a secure, long term funding stream for energy efficiency and home retrofits is a priority, since buildings generate over a third of the UK’s total greenhouse gas emissions. Green Recovery Bonds would not only be popular with older savers, offer good quality jobs for younger generations, and turbo charge the ‘levelling up’ agenda by creating employment nationwide — they would also show the Government is finally getting serious about delivering on its climate targets in advance of November’s Glasgow Climate Summit in November, due to end six months from today.

Professor Richard Murphy, a member of the Group and co-author of the report said “Simply fulfilling the promise made in this year’s budget to launch an NS&I green savings bond should be seen as building on George Osborne’s bond for retirees that in just five months in 2015 raised nearly £15bn. That bond offered higher returns than most other government backed saving vehicles and such was the demand for it that at one point the NS&I computer crashed. We would predict the same sort of reaction to the Green Recovery Bond that we are proposing.”

The Green New Deal Group’s Green Recovery Bond would be open to all ages and be marketed as a tax-free, maximum £20,000 per year, cash ISA product. It is suggested that it should offer an initial interest rate ofat least1% for the first 5 years, *with increasing rates the longer the funds are kept in the account***.** The Green Recovery Bond would as a result be more attractive than almost all cash ISAs currently available.

These bonds should also be made available to those savings via pension schemes and their existence should be widely publicised. This could prove extremely popular with risk averse pension investors seeking a social and green ESG savings option.

An 'Offspring Green Recovery Bond' for Social Housing

For those wanting to save more than the £20,000 per annum an 'Offspring Green Recovery Bond ISA' would allow savers to gift up to £3,000 per offspring per annum for their children or grandchildren. To help mitigate the increase in inequality between those with access to the 'bank of mum and dad' to buy or rent property, all such 'Offspring Green Recovery Bonds' would be used to improve existing and build more social housing.

Colin Hines, convenor of the Green New Deal group said "Prioritising making all the country's 30 million buildings energy efficient has for far too long been the Cinderella of energy policy. This will be a massive and transformational programme since to meet official UK Government target of net zero emissions by 2050 will require a carbon army of highly trained and managed personal making up to 20,000 properties a week energy efficient for the next 30 years".

Additionally, at present more than 20 million homes are heated with gas and will need to have those heating systems replaced mostly by heat pumps, almost none of which are made in the UK at present. The future need for a million heat pumps installations a year will not only provide jobs in every community but must also be seen as the saviour of the UK steel industry.

Green New Deal Group member, Caroline Lucas MP, said "The potential for Green Recovery Bonds is huge. If the Government were to take up this one novel funding proposal, we could cut carbon emissions, address fuel poverty, gain the support of grateful savers and create jobs in every corner of the country, whilst rebooting manufacturing with a green purpose. This is the kind of climate leadership which will be essential if we are to achieve our emissions reduction targets, and to be credible hosts of the Climate Summit in six months' time".

Read the full report: Green Recovery Bonds: Funding green homes for all