

The new NS&I green bond is priced to fail by a governme...

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As many readers here will know, I have been arguing that savings should be redirected to fund the costs of climate transition for some time. The [latest version of my report](#), with Colin Hines, on this issue is out today, although it is merely a Green New Deal Group version of one previously issued. In that case it would be fair to expect me to be celebrating the announcement from NS&I that the new green savings account from them, promised by the Chancellor in March, is now available.

I am not. As [the Guardian](#), amongst others has noted, the rate on offer from this new account is 0.65% and the money must be locked up for three years and no early redemption is possible. An ISA option, which most people wanting to lock up money for that period would be looking for, is not available. As has been pointed out this morning, you can get an instant access account with that rate of interest from the Coventry Building Society right now.

The rate is also lower than that the government is paying on its recent green gilt - which was almost 0.9%.

And as my research has shown, it is about 1% less than the Treasury charges on internal government loans at present through the Public Works Loan Board, which shows that they are offering a rate somewhat lower than they think the cost of capital to be.

So, why has the government made such a paltry offer? There are three reasons, I suggest.

The first is that this idea was first mooted as a spoiler to neuter a Labour proposal, which I think might well have been influenced by the proposals the Green New Deal Group has made. There was never any real government commitment to this idea.

Second, the government does not want this scheme to work. They only believe in private sector solutions, and this scheme could show the public liked state sector ones.

Third, they really do not want to raise too much money. In 2015 George Osborne

offered a bond that raised £15 billion and crashed the NS&I web site, so popular was it. If the 1% we recommended had been made available this time I think that would have happened again. But that might than have also shown the public wanted to save for green projects, and that is a message the government does not want relayed. In that case they have priced this to fail.

This, then, is not good green news. It really is instead indication of a government that does not care about climate change, and that does not want to fund tackling it . And that is very worrying when climate change is the biggest issue that humanity faces.