



Combatting  
climate change,  
without costing  
the earth

# The Green Finance Guide



Securing the Finance to build Low Carbon  
Solutions through Nature and Technology.



**HILLSIDE**  
environmental services

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# What is Green Finance?

- Funding to support environmental projects
- Available to Public and Private Sectors
- Aligned to Economic opportunities in
  - Energy
  - Nature Restoration
  - Transport System Changes

## What is Green Finance?

"Accelerating finance to support the delivery of the UK's carbon targets and clean growth, resilience and environmental ambitions"

- The UK Government's Green Finance Strategy

# What is Green Finance?



[greenfinanceinstitute.co.uk](https://greenfinanceinstitute.co.uk)

- Established in 2019
- Backed by the government and led by bankers
- Facilitates collaboration between:
  - The Government
  - The finance industry
  - The real economy
- Aim to unlock investment for environmental projects
- November 2020 – Green Horizon Summit
- Click the image to see the summary video



The Green  
Finance  
Institute

# What is Green Finance



## Quotes from the event

- Andrew Bailey (Governor of the Bank of England)  
*“It was only 5 years ago that boardrooms saw environmental investment as charitable activity. That is no longer the case”*
- Liv Garfield (CEO Severn Trent)  
*“You can’t run sustainability as a side project - this is core to your corporate existence - you will be judged by your actions not just signing up to a carbon commitment”*
- Bill Gates (Founder, Breakthrough Energy)  
*“We need to mobilise the capital to the technologies and businesses we need to build the net zero future”*
- Mark Carney (UN Special Envoy for Climate Action)  
*“Climate Change - a crisis that involves the entire world and from which no one will be able to self isolate”*

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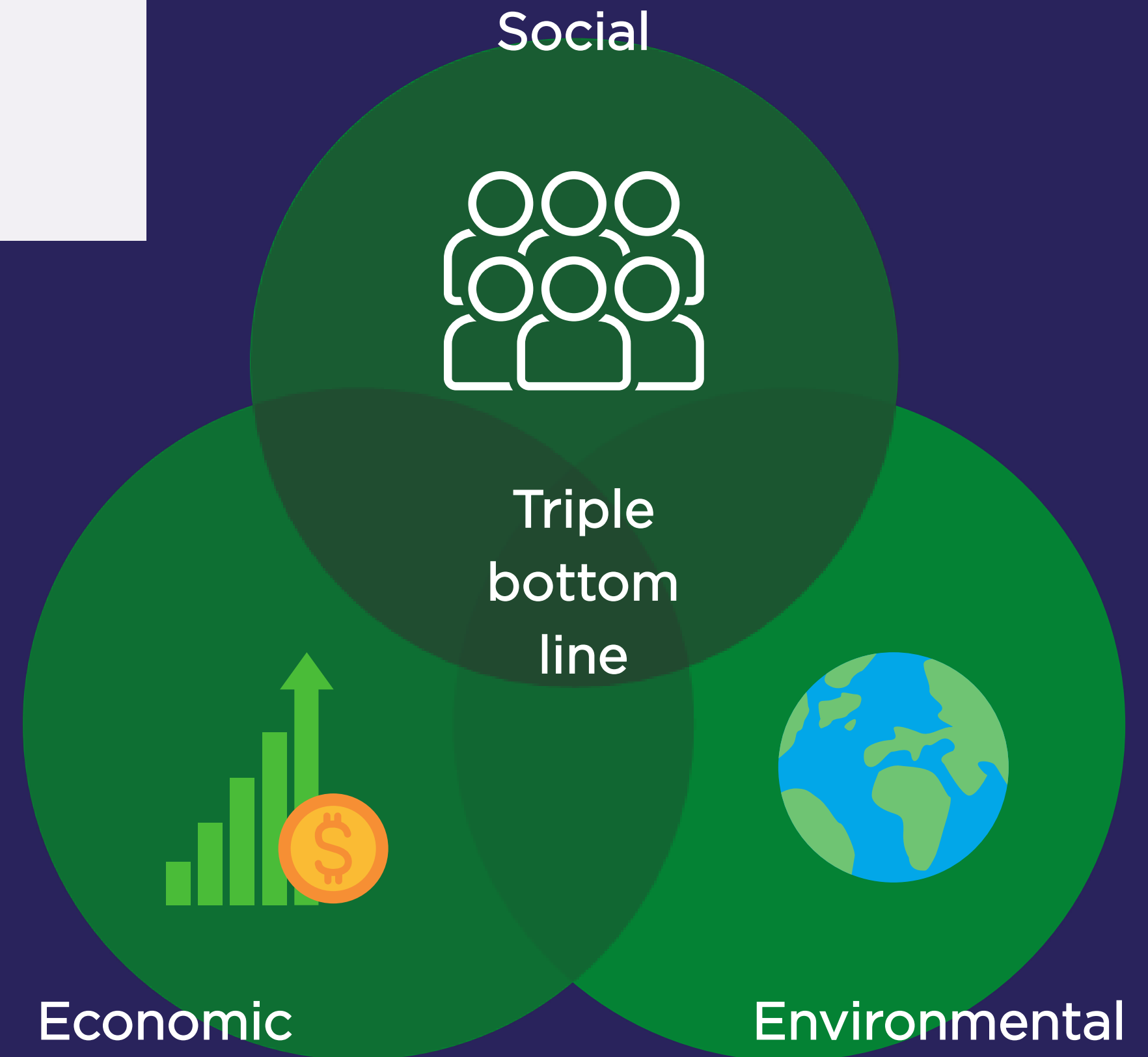
## Part 2 Accessing Finance

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# Strategic Plan and Environmental Objectives

- Establish the purpose
- Be clear on objectives
- Engage the internal stakeholders
- Don't limit your ambition
- Take advice on technical opportunities
- Avoid urban myth – do your research
- Build competitive advantage through:
  - Efficiency
  - Reputation
  - Market engagement
  - Business resilience and more





# SOURCING THE GREEN FINANCE



## Banks

- Traditional banks are often a good place for finance
- Usually term debt, asset finance or project finance arrangements
- Low risk lending
- A great example is Barclays Capital



## Government Funding

The UK Government will provide seed funding to stimulate change.

- Technology support such as FITs
- Grant support such as Public Sector Decarbonisation Scheme (PSDS)
- Interest-free repayable capital for the public sector via activity such as the Salix Energy Efficiency Loan Scheme (SEELS)



## Private Equity

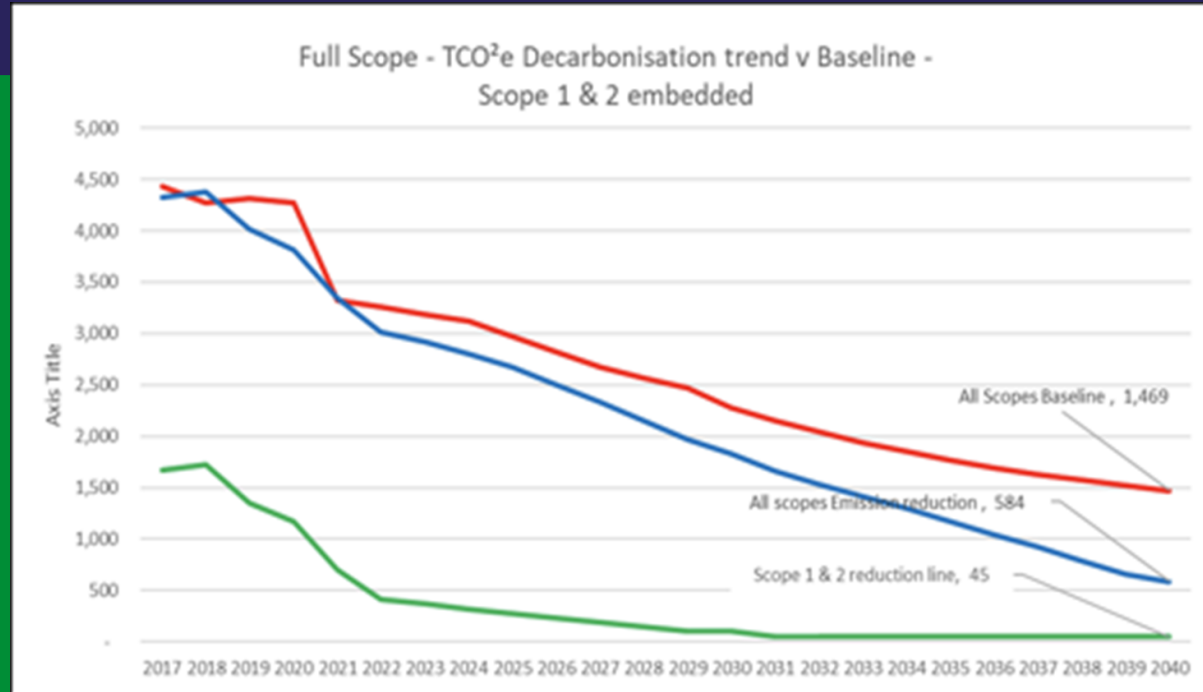
Longer term money for deep energy retrofits or energy infrastructure change is available as equity and debt through hedge funds, venture capitalists, business angels, crowd funding etc.

Usually, the funds are placed with specialists' operations such as:

- Technology providers (Vendors)
- Energy Service Companies (ESCo's)
- Project Companies (SPVs)
- Community Energy companies



# Building the business plan



## FUNDING MODEL

Your model should include:

- Stable revenue streams
- Traditional revenue e.g. fees
- Economic, social & environmental value should also be monetised where possible

## RISK MANAGEMENT

Limited performance data may increase risks to investors, so it is critical to implement the following measures in your plan:

- Identify risk
- Quantify risk
- Mitigate risk
- Distribute risk



## PERFORMANCE MEASUREMENT

The measurement of key performance metrics and outcomes to determine a project's value.

Investors need to know how you will measure success.



# The Keys to an Investment Ready Proposal

## STAKEHOLDER ENGAGEMENT

Sustainable infrastructure requires new technologies and finance methods, so it's critical to get stakeholders on-board to increase the likelihood of success. In terms of new expertise and upskilling teams.



# Engaging the funders

There is no standard approach when it comes to applying for Green Finance, but building relationships early is an important activity.

- Develop a summary of the project aims (AKA a teaser document) including:
  - Environmental objectives
  - The economics of your plan

This enables investors to gain a good initial understanding of your project

- Identify several relevant funding partners and circulate your plan
- Be prepared to commit time to discuss the opportunity with various parties
- Commit sufficient resource to complete the engagement and application process



# Managing the offer process

You will receive an offer that reflects the level of engagement with funders.

They will have carried out their due diligence to evaluate the project plan.

Their offer should contain no surprises, but you need to carefully evaluate the terms of the offer to ensure they continue to meet your business plan.

Make sure you have factored in time, budget and resource to seek legal or environmental advice on the offer terms and how they feed into the financial model of your project.



# How Hillside Can Help

Supporting your application & securing funding



## Financial Networks

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Our team includes chartered financial experts, with a network of sustainability funds that we can help you to access. Our knowledge of the green finance sector means we can communicate with the fund managers on your behalf.

## Bid Preparation

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We've successfully developed and written bids for privately-owned businesses, local authorities, and educational institutes. We know what makes for a bid that will convince fund managers to invest in you.

## TOTEX Modelling

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Through an evaluation of the environmental, social and financial cost of a project, we use whole life economics (TOTEX) to model the project opportunity and identify the sustainability impact of the investment.

## Risk Management

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Investing in a plan to reduce your carbon footprint doesn't have to pose a budget risk. We manage and mitigate risk in our economic modelling which includes Green Finance support and the cost savings you can make.

## Offer Validation

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Once you receive your funding offer, we can help you to understand if the contract will suit your project needs. Where required, we'll also help you to negotiate preferable terms and seek further legal advice.

# Get in touch



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