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Green Bank 'faces borrowing delay'

10 September 2012 | By Neil Roberts

The Green Investment Bank (GIB) faces lengthy and "disappointing" delays in gaining crucial borrowing powers and needs to change its lending model, a business group has warned.

A [new report](#) by the Association for Consultancy and Engineering (ACE) said borrowing powers would now be granted to the bank "much later than originally planned" because of the Government's failure to cut the deficit as quickly as it had planned.

Ministers previously stated the GIB would be able to borrow by 2015-16 but this was always dependent on public borrowing falling as a percentage of GDP.

ACE said these criteria are now not expected to be met by 2015-16 because of pressure on public finances and restricted economic growth.

Nelson Ogunshakin, chief executive of ACE, said: "With the UK in recession again, and with the deficit not falling as fast as government hoped, the GIB is unlikely to gain much needed borrowing powers until much later than originally planned.

"This is disappointing for industry.

"Investment is needed to drive growth and raise the standards and sustainability of the UK's infrastructure and the Green Investment Bank's borrowing powers had the potential to leverage significant private investment."

The report is critical of the GIB's lending model.

It says the bank should be able to lend money to projects earlier to enable private lenders to offer better terms reflecting the reduced risk.

Ogunshakin said: "There are real concerns that [the GIB] could achieve far greater outcomes and leverage more private investment if it were free to take a more pro-active rather than reactive approach to lending."

Last week a precursor fund of the GIB, UK Waste Resources and Energy Investments (UKWREI) fund, administered by Foresight Group, [announced it had made its first investment of £2m](#) in central London's first anaerobic digestion (AD) plant.

The Department for Business, Innovation and Skills, which has responsibility for the GIB, has been contacted by MRW for a response.

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