

Briefing

House of Commons second reading on the UK Infrastructure Bank Bill November 2022



Overview

The UK Infrastructure Bank (UKIB) has a dual mission to support the UK's net zero and levelling up goals. The government has committed £22 billion to do this. The current mandate will enable the bank to deliver for the environment, while bringing economic opportunities and improvements for communities.

However, while the [UKIB Bill](#) establishes a climate change objective for the bank, it does not specify a broader environmental objective to ensure the bank plays a role in supporting nature's recovery. Earlier versions of the bill adopted a narrow approach to the definition of infrastructure which excluded nature-based solutions, even though the government believes them to be included as indicated by the explanatory notes to the bill. Therefore, we welcome the amendment made in the House of Lords to clarify that infrastructure includes nature-based solutions. **We would be grateful if MPs expressed their support for this being retained in the bill during the second reading debate.**

Furthermore, there are no safeguards or steers to prevent the bank making investments which move the UK further away from the government's environmental targets. A strengthened bill would ensure that the bank is designed and equipped to play a catalytic role in environmental investment from the outset, earning a financial return while improving nature.

The bill can ensure the bank will develop nature-based solutions and solidify government's ambitions for climate and levelling up

The chancellor has said the UKIB would help to deliver a once in a generation investment to 'build back better' across UK regions. **Embedding nature and the circular economy into the bank's founding legislation will be critical in the creation of green jobs, financial returns, and regional and local growth.**

The first [strategy](#) of the bank (published in June 2022) states that the UKIB "does not currently see a pipeline of investable projects" in green infrastructure. However, the bank can play a crucial economic role in establishing a pipeline of nature projects with seed investment. By being more ambitious, the bank can enter the market where the private sector might be more reluctant. By having the luxury of taking more risks, the UKIB can pioneer frontier investments in nature-based solutions to shape the market and encourage more private investment.

- Investing in the circular economy can create skilled jobs across the country. Circular economy infrastructure could support up to [450,000 jobs](#) in reuse, recycling and remanufacturing.
- Nature investments can help to level up areas. Projects to improve woodland, peatland and parks alone could deliver [16,050 jobs](#) in the 20 per cent of UK constituencies with the worst labour market outcomes, such as Copeland, Country Durham, Wolverhampton and Ashfield.
- Nature investments have a [higher cost to benefit ratio](#) than traditional infrastructure, with £4.60 returned for every £1 invested in peatland and £2.80 returned in woodland. Agriculture and nature-based investments could generate financial returns of [£4 billion a year](#) by 2050.
- Restoring the UK’s coastal environment could result in benefits worth [£50 billion by 2050](#), contributing to both mitigation and adaptation, along with creating over 100,000 new jobs.

The strategy document lays out the need to prioritise economic infrastructure whilst appearing to view green investments as an added benefit. But green infrastructure is economic infrastructure. The UKIB is a public interest bank that will help to grow the economy and accelerate progress across government objectives.

Support for nature in the House of Lords

We welcome the House of Lords amendment 6a to include the circular economy and nature-based solutions in the definition of infrastructure. The amendment, which was agreed at the Report stage, makes clear that the infrastructure solutions set out in the indicative list in clause 2(5) include those related to the circular economy and nature.

The importance of ensuring that the bill facilitates UKIB’s support for nature-based solutions was clear from the [House of Lords debates](#). Investments in nature and the circular economy should not come at the expense of the UKIB’s objective to support economic growth but should make it easier to achieve.

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