



Innovate  
UK

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# Creating Better Places

Ten areas where local innovation can improve lives and unlock growth

Resource pack 08

Building investable pipelines



Delivered by Urban Foresight for Innovate UK's Net Zero Living Programme.

Grounded in insights from the local authorities which participated in Innovate UK's Net Zero Living Programme.

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# The opportunity



# Building investable pipelines

Investable pipelines turn ambition into delivery. When local authorities develop clear, prioritised pipelines of projects, they build confidence among funders, partners and communities. This makes it easier to unlock capital and move at pace. Strong, well-developed pipelines help by focusing limited capacity on the projects that matter most. They reduce delivery risk by clarifying governance, roles and routes to investment, and by making future demand visible to markets and delivery partners.

Innovate UK's Net Zero Living Programme helped participants to move from long lists of aspirations towards structured, investable pipelines.

They did this in three key ways:

- 1. De-risking projects early through feasibility and governance.**  
For example: how Belfast City Council prepared net zero infrastructure projects to attract investment.
- 2. Connecting community priorities to investable propositions.**  
For example: how Bristol City Council and West of England partners explored ways to bridge community-led planning and investable pipelines.
- 3. Strengthening resilience through early financial testing.**  
For example: how Surrey County Council stress-tested its green finance model ahead of local government reorganisation.



# How to use this pack

This pack is part of the [Creating Better Places: Ten areas where local innovation can improve lives and unlock growth](#) series. Through its Net Zero Living Programme, Innovate UK provided funding, insights, and specialist support to local authorities so they could adopt social, cultural, policy, and technical innovation to help their place prosper.

Produced by Urban Foresight for Innovate UK, this series focuses on ten familiar areas of local delivery where participating local authorities and their project partners have done things differently, so that decarbonisation enables better outcomes for people, services and local economies.

The series includes a handbook providing an overview of all ten areas where there are opportunities for local innovation, alongside ten resource packs like this one.

Each pack focuses on a single area where new approaches can improve lives and unlock growth. It brings together insights from places in the Net Zero Living Programme, key concepts, practical tried and tested steps for local authorities and their partners to take, and further resources.



# Who this pack is for

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**This handbook is designed for people working in or alongside UK local authorities who are shaping better local outcomes by delivering projects that could support net zero, including:**

- Officers working in regeneration, housing, infrastructure, economic development or sustainability.
- Colleagues in finance, planning, procurement and governance.
- Partners from business, community organisations and delivery bodies.

It is written for people making real decisions in real places, often under pressure, with limited time and resources.



# What this pack is for

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## Use this pack to:

- Learn what's possible through real examples from other local authorities.
- Build confidence by learning how they navigated familiar challenges.
- Act and make progress using practical steps, tools and prompts you can adapt to your local context.

By changing how local delivery works, places are meeting urgent needs and unlocking warmer homes, better services, lower costs energy, stronger local economies and greater public trust.

Local authorities are leading the way in showing how decarbonisation is a route to better everyday outcomes for resilient places and economic prosperity.



# How this pack is structured

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Each resource pack in the Creating Better Places series follows a consistent structure so you can quickly find what you need:

## Resource pack structure



### The opportunity

Understand why it's worth taking a new approach to improve this area of local delivery.



### Insights from places in the Net Zero Living Programme

Learn how local authorities participating in the Net Zero Living Programme overcame barriers by doing things differently.



### Key concepts

Short explanations of helpful ideas.



### Practical steps

Actions, prompts and checklists.



### Tools and resources

Tried and tested tools and approaches used by places in the Programme.



### Further reading

Recommended reading for those who want more.

# How to use this pack in practice

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This resource pack is designed to be dipped into when needed. You don't need to read it from start to finish. Instead, go straight to the sections most relevant to your role, challenge, or stage of delivery, to:

- **Orient yourself**  
Understand how others approached specific issues and what made progress easier.
- **Align colleagues and partners**  
Use practical tools in team meetings, workshops, or strategy sessions to create shared understanding and momentum.
- **Support delivery**  
Use the practical steps and tools to shape actions, test readiness, inform business cases and governance conversations, and scale implementation and the resulting impact for local people, services and suppliers.
- **Avoid starting from scratch**  
Use the examples and resources to build on what already exists, locally and nationally.

The ten areas where there are opportunities to innovate are interconnected, but you don't need to work through them in a set order. Progress in one area often unlocks progress in others. You're encouraged to move between the resource packs in the Creating Better Places series that are most relevant to your changing needs as your work evolves.

# How this pack fits

## This pack is designed to be used alongside:

- The core [Creating Better Places handbook](#), which provides an overview of where local authorities participating in the Net Zero Living Programme have done things differently in ten familiar areas of local delivery, so that decarbonisation enables better outcomes for people, services and local economies.
- The other resource packs, each exploring one of the remaining nine areas where local innovation can improve lives and unlock growth.



Putting people at the centre of place-based change



Embedding net zero as an enabler of better services



Building local authority capacity



Governance to navigate political and institutional change



Enabling partnerships for place-based innovation



Regional collaboration to scale climate action




Digital platforms for collaboration



Building investable pipelines



Strengthening the supply chain and workforce



Models, approaches and tools ready for real-world scale

# Insights from places in the Net Zero Living Programme



## Insight #1

# From local area energy plan priorities to investable projects

## How Belfast City Council built a pipeline of investable projects by de-risking net zero infrastructure to deliver better outcomes for people and businesses.

### At a glance

Belfast City Council used its Local Area Energy Plan (LAEP) to shape and develop a live pipeline of investable projects to create better outcomes for people and places.

With support from Innovate UK's Net Zero Living Programme, the Council focused on two complex, high-impact areas: rooftop solar power generation and heat networks. It carried out the detailed technical, legal, and commercial work needed to move from strategy to delivery.

By identifying major energy users willing to commit to these projects, such as public buildings, housing developments or businesses, the Council was able to secure 'anchor demand': the guaranteed baseline of usage that makes infrastructure investment viable.

This approach allowed Belfast to test delivery models and embed net zero ambition into long-term city planning. The result is a scalable, investable programme of clearly articulated, quantified and valued projects that is ready for procurement and investment.

"It's given us that market intelligence to be able to go out to the market and be the city of choice for a developer to come in and bid here."

**Debbie Caldwell, Climate Commissioner, Belfast City Council**

### What they did

The Council coordinated actions that can be replicated by others. It:

- **Prioritised three investable opportunities** from its Local Area Energy Plan: rooftop solar, district heat networks and retrofit. The Council then focused on the two closest to market, rooftop solar and heat networks.
- **Carried out technical feasibility work** to identify viable heat zones, including mapping where heat networks could be deployed. The work focused on public buildings with consistent energy use that could act as anchor loads to underpin investment, assessed rooftop solar capacity of up to 1GW, and explored how these opportunities could be delivered at scale.

- **Mapped anchor demand** using spatial and performance data to identify viable heat zones. By engaging public-sector off-takers early (including the Education Authority, NHS, Northern Ireland Housing Executive, and the city's universities), the Council was able to understand requirements for connecting to a heat network. Engagement highlighted the need for clear, tailored offers that align with how stakeholders procure energy, opportunities for collaborative purchasing models to reduce risk and improve uptake, the importance of positioning heat networks within a wider city decarbonisation strategy, and the value of early, transparent communication to build trust. The Education Authority was particularly interested as it is a cost-effective way to improve the school environment and reduce energy bills.
- **Commissioned economic modelling** to understand costs, delivery phasing, and how projects could stack up commercially over time.
- **Commissioned legal advice** to explore delivery options, governance, and consumer protection. Anchor customers can include public and private sector buildings and other large heat users, depending on the place. This is particularly important given the absence of a heat network regulatory framework in Northern Ireland.
- **Tested market readiness** by holding early discussions with potential investors and delivery partners to understand what they look for in heat network and solar projects. This included risk appetite, preferred delivery models, and pricing mechanisms.
- **Learned that both market timing and procurement approach mattered:** Developers preferred shaping projects early rather than responding to fixed, pre-designed tenders. They used this insight to refine delivery models and ensure that they were investable while retaining local control.
- **Integrated the work into the Belfast Agenda**, the city's overarching community plan and strategic framework. This ensured that activities were embedded in wider city priorities and formed part of a growing pipeline of outcome-led projects, rather than a series of one-off technical schemes.
- **Developed a £250,000 follow-on programme** to take priority projects through to procurement. This includes advancing business cases, refining delivery structures, and preparing for capital funding opportunities.

## Outcomes

- **A pipeline of net zero infrastructure projects** ready for procurement created by prioritising project concepts and developing them through to investment readiness.
- **Clearer investor requirements and reduced delivery risks** through early market engagement and targeted legal or commercial work that clarified routes to market and risk allocation.
- **Projects that align with city plans** and have a defined route to scale by integrating into strategic programmes with agreed funding and governance pathways.



## Key learnings

### 1. Position heat networks within wider place strategies

Heat networks are more viable when they are linked to broader plans for decarbonisation, growth and infrastructure. This helps align investment, strengthen the case for delivery and connect individual projects to longer-term place priorities.

### 2. Engage early and communicate clearly to build trust

Early engagement with potential customers, partners and stakeholders helps identify requirements, surface concerns and shape more credible delivery models. Transparent communication helps build confidence and improves the likelihood of uptake and collaboration.

### 3. Focused, market-relevant development can unlock momentum

By combining strong technical evidence with early market engagement and governance planning, the Council moved beyond isolated projects and built a pipeline with strategic and financial backing.

## Why it matters

With the right funding, commercial expertise and investment readiness support, including financial advice and addressing capacity constraints, local authorities can create a replicable model for any place with a local area energy plan (LAEP) or climate strategy.

Belfast City Council took a new approach to pipeline development, initiating what amounted to a 'call for projects' to source proposals from interested parties through a competitive process.

The outcomes show that a focused, market-relevant approach, supported by modest early-stage funding, can unlock real momentum. By combining strong technical evidence with early market engagement and governance planning, the Council moved beyond isolated projects and built a pipeline with strategic and financial backing.



**Insight #2**

**Community Climate Investment Plans**

**How Mission Net Zero is bridging community planning and investable pipelines in Bristol and the West of England.**

**At a glance**

Bristol City Council has a long-standing climate ambition, beginning with its first Climate Protection and Sustainable Energy Strategy in 2004. Since then, it has led by example, becoming the first UK city to sign the European Covenant of Mayors in 2005, earning the title of European Green Capital in 2015, and declaring a climate emergency in 2019. Over time, the Council has taken on multi-layered roles to

deliver better outcomes for residents and businesses through its net zero agenda.

Funded by Innovate UK's Net Zero Living Programme, Mission Net Zero reflects the scale of this ambition. Taking a multi-stranded approach, the project addressed non-technological barriers to climate action by bringing together community demand, investment and financing, supply chain capacity and data for decision-making.

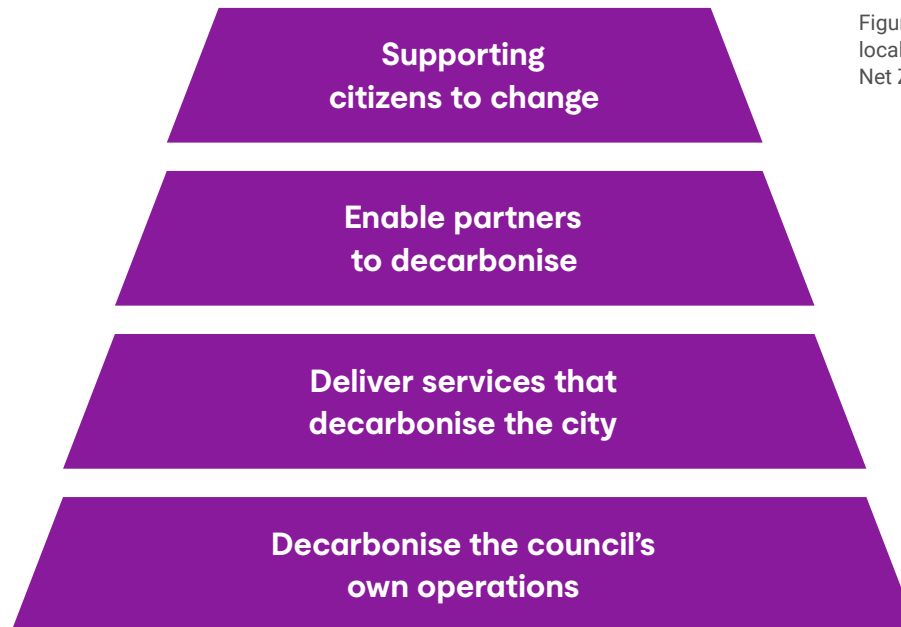


Figure 1: Bristol's multilayered view of the local authority's responsibility towards Net Zero

These elements were developed in parallel, recognising that each depends on the others.

The innovative approach taken by lead partner, Bristol City Council, was to create a structured way to turn community climate action into investable projects, recognising that community priorities and local authority plans should shape each other. By developing community climate investment plans (CCIPs) alongside a regional Climate Investment Strategy, the Council is helping ensure that well-developed community projects can be funded while its investment strategy reflects the climate action communities value most.

## What they did

- **Found new ways to develop community climate investment plans (CCIPs):** Building on community climate action plans, Bristol worked with three neighbourhoods (selected through an Expression of Interest process) to co-create CCIPs and bring forward projects for investment.
- **Commissioned enabling studies to fill key capability gaps:** Community partners brought strong local insight and engagement, but specialist skills such as investment structuring, procurement and risk planning were not typically available within community organisations. The project therefore funded targeted enabling studies and brought in external expertise to

strengthen proposals, test delivery routes and improve investment readiness.

- **Defined ambition and pipeline process for the future:** Community climate investment plans can be used as a basis for future work. They could be accelerated if positioned as foundations for ongoing partnership, supported by a dynamic pipeline process to move opportunities from early-stage concepts to investment readiness.
- **Linked neighbourhood and regional work:** Regional energy planning and pipeline design were developed to reinforce neighbourhood-scale projects and support energy system transformation.
- **Designed a new technical assistance model, regionally resourced and locally focused:** Based on learning from the project, Mission Net Zero designed a technical assistance offer that pairs technical expertise with place-based knowledge. The model aims to guide pipeline implementation from sourcing early ideas through investment readiness to implementation, and is able to be applied after the Net Zero Living Programme should external funding for it become available.

## Outcomes

- A pipeline development approach that starts with community-led origination and aligns priorities with the region's climate investment strategy, enabling investable projects that work for communities, investors and the local authority.
- Any emerging funding will be better able to invest in projects which have community support, based on learning from this project.
- Community ownership and benefit-sharing have been defined for future projects.

## Why it matters

Mission Net Zero's experience in Bristol and the West of England highlights practical steps that other local authorities can apply:

- **Develop community demand and the investment model in tandem** so priorities, project design and the investable offer evolve together.
- **A cross-cutting technical assistance function needs to be put in place** to support both community-scale and infrastructure-scale projects, and to translate local ambition into investor-ready proposals.
- **Stress-test delivery capacity early**, such as governance, skills, resourcing and the delivery route. Strong concepts stall without a credible delivery team and pathway, so identify gaps early and plan targeted support.
- **Build just transition into pipeline governance** by ensuring community voices shape project selection, benefit-sharing and investment decisions, focusing on inclusive and fair outcomes rather than relying on consultation alone.

## Key learnings

### 1. Specialist expertise must complement community strengths

Community organisations bring local trust and delivery capacity, but they rarely hold investment, procurement, or risk-planning expertise. Mission Net Zero proposes an accelerator model which could be funded nationally so that this technical capacity is available and embedded in future systems.

### 2. Community-scale and infrastructure-scale projects need the same support, scaled to fit

Whether projects are community-led or infrastructure-scale, they rely on the same core support: clear governance, technical assistance and dedicated development capacity. The difference is the level of input required, so support should be scaled up or down to match project size, complexity, and risk.

### 3. Iterative, design-led approaches are essential and transferable

Mission Net Zero progressed through repeated cycles of planning, testing, and refinement. This design-led approach produced processes that were fit for purpose, workable in practice, and resilient over time, and provides a replicable model for other local authorities.



## Insight #3

# Finance follows governance

## How Surrey County Council stress-tested its green finance model and built strategic resilience ahead of local government reorganisation.

### At a glance

Surrey County Council focused on strengthening internal understanding of green finance and stress-testing its organisational ability to support a net zero delivery finance vehicle.

This type of vehicle is typically established at a city, regional or local authority level as a mechanism for financing, coordinating and scaling the delivery of net zero projects such as retrofit, renewables or heat networks. It brings together investment, governance and programme delivery within a single structure.

Building on an initial concept developed during the first phase of Surrey County Council's project within Innovate UK's Net Zero Living Programme, the second phase focused on testing how a net zero delivery finance vehicle could work in practice. It examined who would need to approve it, what governance and decision-making processes would be required, and which internal systems might support or constrain delivery.

**"Finance follows governance."**

**Sadam Kiwanuka,  
Surrey County Council**

Through cross-sector workshops and internal deep dives (including finance, legal, procurement, and governance), Surrey identified the practical determinants of investment readiness. These depended less on the technical merits of projects and more on whether the Council had the mandate, decision rights, risk appetite and capacity to act. Put simply, without an agreed delivery governance model, local authorities cannot move straight from plans, including local area energy plan outputs, to investment.

This work showed that the proposed delivery and investment model could not be approved or resourced in its current form. Key blockers included unclear decision-making authority, unresolved risk and liability positions, and insufficient capacity to develop and manage a pipeline through procurement and contract management. Surrey County Council therefore chose not to progress a model that the organisation could not support and instead reset priorities.

It shifted course to embed learning into future strategy and strengthen the system foundations for delivery. This included clarifying internal governance and accountabilities, aligning net zero activity with capital and financial planning, and designing support arrangements that match the Council's operational reality.

A further lesson was the need for closer partnership working between external advisers and local government teams, so proposed models reflect statutory powers, internal processes, and resource constraints from the outset.

## What they did

- **Co-led a cross-department capacity-building and knowledge-exchange programme** for 14 local authorities. Workshops brought together climate teams, finance leads, and private sector investors to explore blended finance models, investment risks and project structuring.
  - **Convened targeted sessions to test ideas with peers, partners, and investors:** These sessions included an in-house workshop with project partner EnergyPro, peer-to-peer exchanges, and an investment summit with senior leaders, infrastructure investors, and delivery bodies (for example the UK Infrastructure Bank, the Greater London Authority and the Green Finance Institute).
- Surrey also brought together stakeholders across legal, insurance, retail banking, and asset management, alongside West Sussex County Council, to explore routes to finance regional net zero programmes. Topics included heat networks, retrofit finance, community interest company (CIC) governance, investor decision criteria and revenue-based models.
- **Stress-tested the governance feasibility of a proposed green finance vehicle:** To do this, climate and finance teams mapped decision pathways, approval routes and potential points of failure using live proposals and organisational examples.
  - **Surfaced internal risk** and liability constraints early. Internal reviews clarified that the Council could not underwrite liabilities linked to the proposed delivery model. Without that public sector backing, investor confidence reduced and the model could not progress.
  - **Engaged senior leaders directly with investor feedback** through finance engagement events where they heard investor concerns first-hand and built organisational understanding of investor requirements, delivery risks and the internal conditions needed to support a viable finance model.
- **Tested implications of local government reorganisation** for long-term finance mechanisms, concluding that uncertainty over future authority structures made it difficult to justify long-term vehicles or formal commitments. Instead, the team focused on embedding lessons into Surrey's Climate Change Strategy 2025–2035, which is intended to guide and be adopted by future administrations.

## Outcomes

- **Clearer view of what drives investment readiness inside a council:** Stress testing showed that technical feasibility is not enough. Projects also need a clear route for governance approval, appropriate organisational risk cover, and early engagement from finance, legal and senior leadership teams.
- **Stronger internal relationships and earlier input from finance and legal:** The project strengthened working relationships between climate and finance officers, creating clearer routes for earlier challenge and support.
- **Strategic clarity ahead of local government reorganisation and financial scrutiny:** Surrey County Council made a deliberate shift from launching a new green finance mechanism to embedding climate finance principles into its 2025–2035 strategy, creating a transferable foundation for future delivery bodies.

→ **Better understanding of blended finance options and where they could fit:** The Council explored how blended finance could combine public and private funding to reduce risk and mobilise capital for climate projects. Through this project, Surrey County Council began exploring options drawing on examples such as the London Green Finance Fund and the West of England Green Growth Impact Fund, plus insights from sector events. As local government reorganisation develops, Surrey County Council aims to share its learnings with any new unitary authorities.

## Practical steps

Surrey has developed a checklist for other local authorities, setting out essential steps and considerations when developing green finance mechanisms, with examples to support planning and implementation.

See the **Practical steps** section of this resource pack for Surrey County Council's checklist of actions for developing green finance mechanisms.

## Key learnings

### 1. Finance follows governance

Investment vehicles depend on clear decision rights (the explicit rules and frameworks that define who informs and makes which decisions), risk allocation among the parties in a project and

sustained political backing. Without these foundations, financial mechanisms are unlikely to secure approval or attract investment.

### 2. Start with internal gatekeepers

Early involvement from finance, legal and senior decision-makers helps surface constraints before time and effort are committed. It also reduces the risk of developing models that cannot be approved, resourced or governed in practice.

### 3. Adaptability is an asset

Surrey County Council used the project to build readiness and improve timing, rather than forcing a mechanism in the wrong conditions.

## Why it matters

This work shows why financial innovation cannot be developed in isolation. The main barrier was not the project concept or the funding model, but whether the Council's internal systems, including governance, risk appetite, decision-making pathways and capacity, were ready to support delivery.

This is not unique to Surrey. Across places supported through Innovate UK's Net Zero Living Programme, including those working with the Programme's expert finance partners, City Science and Bankers Without Boundaries, the recurring constraint is organisational. Many local authorities do not yet have internal

consensus on their mandate, decision rights or capacity to act. Without that shared position across senior leadership, finance, legal, procurement, and delivery teams, opportunities stall before they reach procurement or investment.

This is a wider structural issue. In the absence of a clear national framework that links the UK Net Zero Strategy to defined local responsibilities, funding routes, and delivery support, councils are often expected to move from plans to investment without the governance and capability required. Local government reorganisation, political change, and financial pressure can intensify this by creating uncertainty over future accountabilities and limiting long-term commitments.

For other local authorities, the implication is clear: investment readiness depends as much on internal mandate and delivery governance as it does on project design or finance. Building cross-department alignment and securing the right technical assistance early is often the critical first step. Building broad-based buy-in and documenting decision routes can help to sustain progress through periods of political uncertainty, restructuring or staff turnover.

# Key concepts

Four key concepts to understand about what makes a project investable

## Key concept 1

### Identify the role of the local authority

A project becomes investable when the council's role is clear, approvable and resourced. If the role is ambiguous, private capital will price in risk or walk away.

Start by defining your strategic role in the local net zero system. Are you leading delivery, for example, by acting as the developer of a heat network, or are you enabling others to deliver, for example, by convening partners to bring forward renewable energy projects?

Build your project pipeline around that role and a clear sector focus. This helps you target limited resources and makes your offer more credible to investors and delivery partners.

Investment readiness also depends on visible internal backing. Show early support from key internal decision-makers, including the Section 151 Officer (usually a council's Chief Financial Officer or Director of Finance), legal, procurement and senior management. Where sponsorship sits with an individual officer alone, it signals fragility and increases perceived risk. Once that risk is visible to partners or investors, momentum can stall and is hard to rebuild.

## Key concept 2

### Understand investor expectations

Business cases written for internal public sector approval often do not meet investor requirements. A business case alone is not investable.

Convert the business case into an investment case for external capital and delivery partners with clear cash flows, risk allocation and delivery route. Set out who pays, when, on what terms, and what protects the downside.

Investors also invest to a mandate. Impact or climate-mandated investors are more likely to engage, because the project fits their remit. However, City Science and Bankers Without Boundaries, expert partners to the Net Zero Living Programme, found that 'impact' rarely means accepting materially lower returns. It usually means a clearer preference for net zero assets, with commercial discipline still expected.

Different types of investors need different information and assurances:

- **Infrastructure investors:** expect late-stage, bankable projects with contracted revenues, clear counterparties, and low delivery risk.
- **Impact or climate-mandated investors:** still expect market-aligned returns but may have more appetite for net zero sectors and longer-term value if risks are well-managed.
- **Public or catalytic investors (including grant and guarantee providers):** can put in money early to support development and reduce risk, which makes it easier to attract private investment later.

Treat financing as an iterative process. Engage early, test assumptions and refine the offer based on feedback, rather than waiting for a 'finished' case.

### Key concept 3

## Mind the capacity gap

Getting from concept to investor-ready is a major hurdle. Many local authorities (and their implementing partners) face a real capacity constraint.

Capacity is not just relationships and coordination. It is funded time, skills, decision rights and the ability to carry risk through development. Strong working between climate teams and corporate finance is important, but it does not create a budget where none exists. In many places, revenue budgets are already committed to statutory duties and capital is tightly constrained. This limits what teams can resource upfront, even when the long-term case is strong.

Teams are often under-resourced and lack dedicated capability to take projects from idea to procurement or investment. Projects stall without a clear internal mandate from senior leadership, including the Section 151 Officer, a shared view of risk appetite, and a funded, carbon-literate team with time and skills to develop projects.

If you have not had an explicit resourcing discussion with your Section 151 Officer, make that your next step. Focus it on practical questions: what minimum capacity is needed to develop priority projects, what can be funded this year, what external support is available and what governance is needed to take decisions at pace.

There are often two gaps to close: between climate teams and corporate finance internally, and between local authorities and investors externally. Bridging both is essential but neither will progress without a realistic development resourcing plan.

### Key concept 4

## Investment readiness unlocks finance

Investment doesn't respond to ambition alone; it responds to risk and delivery confidence.

Investors back projects that are financially viable, technically mature and supported by a clear delivery route. High-level plans (including many local area energy plan outputs) rarely unlock capital unless they are backed by an approvable delivery model, clear risk ownership, and control of key assets and consents. Bundling weak or vague projects does not make them investable.

Focus on progressing priority projects with strong fundamentals into risk-aligned, bankable propositions. Avoid creating long lists of ideas without the mandate, capacity and delivery arrangements to take them forward.



# Practical steps



# Myth buster

## Common myths that undermine investable net zero pipelines and what to do instead.

Common misconceptions	What's actually true	What you can do
<b>“Our Local Area Energy Plan (LAEP) gives us an investable pipeline.”</b>	LAEPs are strategic tools, not project-ready delivery plans.	Use your LAEP to prioritise where to invest in pre-development work: feasibility, business cases, land, and delivery partners.
<b>“Once we secure finance, delivery will follow.”</b>	Finance follows readiness, not the other way around.	Investors want to see specifics: planning permissions, anchor agreements, ROI modelling, and internal governance. Get this before seeking funding.
<b>“Investors will back bold, innovative ideas.”</b>	Investors fund what fits their mandate, not what is novel.	Match project maturity and return profile to the right investor type: commercial, catalytic or public.
<b>“Bundling small projects will make them investable.”</b>	Bundling only helps if each project is viable and consistent.	Standardise project structures, risks, and returns before bundling. Start with strong fundamentals.
<b>“Community engagement slows things down.”</b>	When structured well, it builds legitimacy, de-risks planning and supports delivery.	Use targeted methods like citizen juries or trusted intermediaries. Avoid open-ended processes. See <a href="#">Resource pack 01: Putting people at the centre of place-based change</a> for more on building public mandate and engagement.

### Reflective questions

Which assumptions about project readiness, investment or delivery might be limiting our progress? How could they be addressed across our teams?

Notes / Actions?

# Getting ready to deliver

Nine steps every local authority should take before pursuing net zero investment.

Step	Key question	Why it matters	What you can do
<b>1. Define your role</b>	What is our role in this net zero project?	Your role (funder, landowner, delivery partner, enabler) determines delivery routes, risks, and funding options.	Use the <a href="#">Unlocking Climate Capital: A Business Case Framework for Local Authority</a> to define your position early, by Net Zero Living Programme expert partner City Science.  Use the Department for Energy Security and Net Zero (DESNZ) / Greater South East Hub <a href="#">Fit4Finance website</a> to get started. Use this diagnostic tool and its associated resources to understand and unlock the investment you need.
<b>2. Secure the mandate</b>	Do we have political and executive support to proceed?	Projects stall without cross-departmental backing. Leadership support unlocks time, risk-taking, and resource.	Ensure you have political and community mandate that aligns with wider council goals (for example growth, health, jobs).  See <a href="#">Resource pack 01: Putting people at the centre of place-based change</a> .  See <a href="#">Resource pack 04: Governance to navigate political and institutional change</a> .
<b>3. Call for projects</b>	Which projects should we develop now?	A transparent selection process focuses effort on projects with clear demand, asset control and a plausible route to delivery.	Run an internal or place-based 'call for projects' to surface investable opportunities, test strategic fit and agree a short list early.
<b>4. Commission feasibility</b>	What is technically and commercially viable?	Feasibility work reduces uncertainty, clarifies scope, and gives investors confidence in costs, revenue, and delivery risk.	Commission technical, legal and commercial feasibility studies early (for example, heat zoning, anchor demand mapping, delivery options or the procurement route).

Step	Key question	Why it matters	What you can do
<b>5. Secure backing</b>	Do we have a transaction mandate and cross-department sign-off?	Projects stall without broad, cross-departmental backing. Leadership support unlocks time, risk-taking and resource.	Seek a transaction mandate that aligns with wider council goals (for example, growth, health, transport and jobs) and is agreed by key decision makers (such as finance, legal, procurement and service leads).
<b>6. Check readiness</b>	Are we internally ready to deliver?	Lack of asset control, legal powers or procurement routes creates risk and delays.  Commission feasibility studies to test whether a proposal is deliverable and investable before committing time and money.	Run a readiness check with your Section 151 Officer, legal and procurement leads.  See <a href="#">page 27</a> of this resource pack.
<b>7. Explore delivery models</b>	What are our funding and delivery options?	Not all models fit every role. Using familiar models improves investor confidence and reduces risk.	Match funding and delivery options to your council's role and capacity. Consider Energy Service Companies (ESCOs), leases and Power Purchase Agreements (PPAs).  See <a href="#">page 25</a> of this resource pack.
<b>8. Build the business case</b>	Can we secure internal approval?	Internal decision makers need a clear rationale, resourcing plan, governance, and alignment with statutory and financial constraints.	Use HM Treasury and Government Finance Function's <a href="#">The Green Book</a> five-case model to build a robust business case.  Start early to protect timelines; internal approvals and procurement lead times can take months.
<b>9. Develop the investment case</b>	Can we attract external capital and partners?	Funders and investors need clarity on returns, risk allocation, governance, procurement route, and the data that underpins delivery.	Translate the business case into an investment case.  Set out the revenue model, how risks are shared, the governance and procurement route, the data pack you will provide and your plan for early market engagement.

**Reflective questions**

Where in our internal systems (such as governance, capacity or business case development) are we least prepared? What is one practical step I can lead to close that gap?

Notes / Actions?

Figure 2: Adapted from City Science presentation, June 2025

# Green finance mechanisms checklist

The following checklist distils Surrey County Council's learning from their Net Zero Living Programme project into an actionable guide for local authorities.

It provides clear steps, critical considerations and examples to help councils design, govern and deliver effective green finance mechanisms.

## What (Action)

## How (Guidance and examples)

### Engage finance and treasury teams early

Involve finance colleagues at the outset to understand borrowing capacity, risk appetite and funding sources. This ensures alignment with the local authority's financial strategy.

### Research market precedents and risks

Review similar schemes in other places. Identify what worked, what failed, and risks encountered. Use this evidence to refine your design and avoid pitfalls.

### Test the viability of low-cost loan products

Assess borrowing costs and admin overheads. Note that loans funded by borrowing often become uncompetitive; successful schemes often rely on capital grants or reserves.

### Ensure FCA compliance before offering loans

Councils directly offering loans must meet Financial Conduct Authority (FCA) requirements, including accreditation and consumer protection.

Non-compliance creates legal and reputational risk.

### Consider external partners for loan delivery

If FCA accreditation isn't feasible, partner with regulated organisations. They bring compliance and delivery expertise.

- Lendology – an FCA-regulated community lender for home retrofit loans.
- London Edge Fund – £100m Greater London Authority and Sustainable Development Capital LLP (SDCL) partnership offering loans to large energy users.
- West of England Combined Authority – £10m Green Growth Impact Fund (aiming for £90m), managed by Amber Infrastructure Group.

What (Action)

**Set up governance for blended finance funds**

How (Guidance and examples)

Create transparent governance structures to build investor confidence, for example, the London Green Finance Fund uses an independent investment committee for project-level decisions.

**Develop a sustainable finance framework for bonds**

Establish a framework aligned with green bond principles to access capital markets. Define eligible projects, the use of funds and reporting.

For example:

- The City of London Corporation’s [Green and Sustainable Financing Framework](#).
- The Greater London Authority’s London [Green Financing Framework](#).

Figure 3: Adapted from Surrey County Council checklist

# Think you're ready to talk to investors?

## First, ask yourself these questions.

Use this checklist to evaluate whether your project pipeline and team are ready to engage with investors and delivery partners.

<div style="background-color: #f0f0f0; padding: 10px; border-radius: 5px;"> <p><b>Internal resources</b></p> <p>Do you have core delivery capacity in place, including monitoring, project development, mobilisation, and contract management?</p> <p style="text-align: right;"><input type="checkbox"/> Ready</p> </div>	<div style="background-color: #f0f0f0; padding: 10px; border-radius: 5px;"> <p><b>Grants and subsidies</b></p> <p>Do you understand the funding landscape and are you maximising available grant and subsidy income?</p> <p style="text-align: right;"><input type="checkbox"/> Ready</p> </div>
<div style="background-color: #f0f0f0; padding: 10px; border-radius: 5px;"> <p><b>Priority projects</b></p> <p>Have you identified and prioritised a clear set of local net zero projects based on strategic value and feasibility?</p> <p style="text-align: right;"><input type="checkbox"/> Ready</p> </div>	<div style="background-color: #f0f0f0; padding: 10px; border-radius: 5px;"> <p><b>Internal relationships</b></p> <p>Do you have internal champions, political support, and credibility to take projects to commercial close?</p> <p style="text-align: right;"><input type="checkbox"/> Ready</p> </div>
<div style="background-color: #f0f0f0; padding: 10px; border-radius: 5px;"> <p><b>Headline information</b></p> <p>Can you clearly articulate project details, including costs, phasing, carbon impact and expected outcomes?</p> <p style="text-align: right;"><input type="checkbox"/> Ready</p> </div>	<div style="background-color: #f0f0f0; padding: 10px; border-radius: 5px;"> <p><b>Business cases</b></p> <p>Have you developed business cases that are convincing for both internal decision-makers and external investors?</p> <p style="text-align: right;"><input type="checkbox"/> Ready</p> </div>
<div style="background-color: #f0f0f0; padding: 10px; border-radius: 5px;"> <p><b>External partners</b></p> <p>Have you tested market interest and confirmed that external delivery partners are willing to engage?</p> <p style="text-align: right;"><input type="checkbox"/> Ready</p> </div>	

## Cheat sheet 1: What you need for an investable project









FINANCING AND GOVERNANCE CHALLENGES WHY ARE LAEPS NOT INVESTIBLE TODAY?		
	Where a LAEP gets you	What you need for an investible project
<b>Energy</b>  Renewable Generation  Heat Networks  Storage and Flexibility	Focus zones based on mapping of renewable energy potential Spatial heat mapping, focus zones based on linear heat density Hourly modelled energy supply and demand per sub-station for a forecast year	Specific sites, developers, costs, grid connection or off-takers, planning CP1 stage 1-3 including anchor loads, feasibility, network routing and phasing, investment structure Behind-the-meter or grid level techno-economic model based on specific site
<b>Domestic Sector</b>  Retrofit	Focus zones based on 2- or 3-level retrofit packages e.g. "deep" and "shallow"	Detailed whole house survey, specific recommendations and designs, costs, preferred financing route
<b>Industrial &amp; Commercial Sector</b>  Building & Process Decarbonisation	Geospatial identification of high energy users, "preferred" energy mix for industrial sites	Feasibility study, detailed design options, preferred option, firm quotes,
<b>Transport Sector</b>  Modal Shift  Alternative Fuel Infrastructure	Where considered broad demand reduction and modal shift targets within the preferred pathway Focus zones based on sub-station level analysis	LCWIP or BSIP, DfT-compliant business case for schemes. Private investment in infrastructure is rare. Network strategy, secure sites, preferred option for local authority involvement, procurement approach
<b>Residual Emissions</b>  Offsetting & Insetting	Not included in a LAEP	Detailed business model including revenue from credit sales and site remediation/maintenance costs



Figure 5: CityScience cohort training slide deck, June 2024

## Cheat sheet 2: Common funding models and sources and key challenges









SHARING AND TESTING TOOLS (LAEPS) NET ZERO MISSIONS AND STEPS		CITY SCIENCE delivering decarbonisation		
		Common Funding / Delivery Models	Existing Grants / Subsidies	Key Challenges
Energy	 <b>Renewable Generation</b>	<ul style="list-style-type: none"> <li>• Direct Investment</li> <li>• Power Purchase Agreement</li> <li>• Energy supply model</li> </ul>	<ul style="list-style-type: none"> <li>• Contracts for Difference</li> <li>• Community Energy Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Grid connections</li> <li>• Planning permissions</li> </ul>
	 <b>Heat Networks</b>	<ul style="list-style-type: none"> <li>• Design, build, operate / energy supply contract</li> </ul>	<ul style="list-style-type: none"> <li>• Green Heat Network Fund (GHNF)</li> <li>• Public Sector Decarbonisation Scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Upfront cost of techno-economic work</li> <li>• Private sector cherry-picking</li> </ul>
	 <b>Storage and Flexibility</b>	<ul style="list-style-type: none"> <li>• Grid-scale (participation in flexibility markets)</li> <li>• Direct investment by site owner or tenant</li> </ul>	<ul style="list-style-type: none"> <li>• VAT relief on storage system</li> </ul>	<ul style="list-style-type: none"> <li>• Upfront cost of techno-economic work</li> <li>• Capital cost of battery / electrification</li> </ul>
Domestic Sector	 <b>Retrofit</b>	<ul style="list-style-type: none"> <li>• Fully grant-funded schemes</li> <li>• Revolving lending programme</li> <li>• Direct investment by homeowner</li> </ul>	<ul style="list-style-type: none"> <li>• Social Housing Decarbonisation Fund</li> <li>• HUG / LAD / ECO4</li> <li>• Boiler Upgrade Scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Stimulating demand within able-to-pay market</li> <li>• Long payback periods / low returns</li> </ul>
	 <b>Building &amp; Process Decarbonisation</b>	<ul style="list-style-type: none"> <li>• ESCO model</li> <li>• Business investment decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Business tax regime</li> <li>• Industrial Energy Transformation Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Upfront cost of techno-economic work</li> <li>• Landlord / tenant split</li> <li>• Complexity of industrial processes</li> </ul>
Transport Sector	 <b>Modal Shift</b>	<ul style="list-style-type: none"> <li>• Revenue-raising measures e.g. ULEZs, Workplace Parking Levies</li> <li>• Government / CIL funding</li> </ul>	<ul style="list-style-type: none"> <li>• Active Travel / BSIP Funds</li> <li>• Various government schemes</li> <li>• Devolution deals</li> </ul>	<ul style="list-style-type: none"> <li>• Limited revenue sources for private capital</li> <li>• Shifting able-to-pay market to improve scheme economics</li> </ul>
	 <b>Alternative Fuel Infrastructure</b>	<ul style="list-style-type: none"> <li>• Charge Point Operator model</li> <li>• Fuel supply model</li> </ul>	<ul style="list-style-type: none"> <li>• LEVI / OZEV / ZEBRA</li> <li>• Hydrogen Business Model (production)</li> </ul>	<ul style="list-style-type: none"> <li>• Private sector cherry-picking</li> <li>• Freight networks at a nascent stage</li> </ul>
Residual Emissions	 <b>Offsetting &amp; Insetting</b>	<ul style="list-style-type: none"> <li>• Sale of verified carbon credits</li> <li>• Corporate purchases</li> </ul>	<ul style="list-style-type: none"> <li>• Woodland Creation Grants</li> <li>• Local Authority Treescapes Fund</li> <li>• Urban Tree Challenge Fund</li> <li>• Nature for Climate Peatland Grant</li> </ul>	<ul style="list-style-type: none"> <li>• Verification</li> <li>• Low cost / low quality credits / Trust</li> <li>• Resilience / Permanence</li> </ul>

Figure 6: CityScience cohort training slide deck, June 2024

# Tools and resources

**Tools and methods index:  
A selection of tools and  
methods referenced in this  
resource pack**



Tool/method	What it can help you do	Used by	Delivered by
<a href="#"><u>Net Zero Finance Options Framework</u></a>	<p>Introduces a framework to help local authorities translate net zero project preparation into a structured approach to choosing funding and delivery options.</p>	<p>Net Zero Living Programme participants</p>	<p>Decarbonisation engineers and Net Zero Living Programme expert partner City Science</p>
<a href="#"><u>The Green Book five case model</u></a>	<p>HM Treasury and Government Finance Function’s five case model is the means of developing proposals in a holistic way that optimises the social / public value produced by the use of public resources.</p>	<p>Net Zero Living Programme participants</p>	<p>HM Treasury and Government Finance Function</p>
<p><b>Green Finance Mechanism Checklist</b> (<a href="#"><u>see page 26</u></a>)</p>	<p>It provides clear steps, critical considerations, and examples to help councils design, govern, and deliver effective green finance mechanisms.</p>	<p>Surrey County Council</p>	<p>Surrey County Council</p>
<p><b>Community Energy Service Company</b> (for example, see <a href="#"><u>Essex Community Energy CIC</u></a>)</p>	<p>To make it as simple as possible for any household, business, community or other organisation to install low carbon energy, with an initial focus on solar PV and battery storage.</p>	<p>Essex County Council</p>	<p>Led by Essex County Council (ECC)</p>
<a href="#"><u>Carbon Track platform</u></a>	<p>Carbon Track is a carbon-accounting platform built for the public sector.</p> <p>It helps councils measure and reduce greenhouse gas emissions across Scopes 1, 2 and 3, using trusted methodologies aligned with the Greenhouse Gas Protocol and Science Based Targets initiative (SBTi).</p>	<p>Portsmouth City Council</p>	<p>City Science</p>
<a href="#"><u>Fit4Finance Diagnostic Tool</u></a>	<p>Assess your organisation’s readiness to build and manage a robust finance portfolio; build financial capability and access tailored guidance to help you define your pipeline and progress projects toward delivery.</p>	<p>West Midlands Combined Authority  (Part of the wider DESNZ Local Net Zero Accelerator programme)</p>	<p>DESNZ</p>

# Further reading



## Net Zero Living Programme resources

### Key Net Zero Living resources on building investable pipelines:

- [Insight document: Unlocking Climate Capital: A Business Case Framework for Local Authority Net Zero Projects](#), City Science
- [Insight document: Blended Finance Regional Funds for Net Zero](#), City Science and Bankers Without Boundaries
- [Workshop video: Fireside chat with investors on Net Zero solutions](#), City Science and Bankers Without Boundaries
- [Case Study: Power Circle Projects: Driving Net Zero in Essex](#), Innovate UK Business Connect
- [Case Study: EP Consultancy, Bridging the gap between local authorities and private finance](#), Innovate UK Business Connect

To find out more about the Net Zero Living Programme, visit:

[iuk-business-connect.org.uk/programme/net-zero-living](https://iuk-business-connect.org.uk/programme/net-zero-living)

## Participant picks

### Key resources that local authorities participating in Innovate UK's Net Zero Living Programme recommend:

- [The Seventh Carbon Budget: Advice for the UK Government](#), Climate Change Committee

# Acknowledgments

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It reflects the collective learning of the places taking part in the Net Zero Living Programme. Insights were gathered from project teams in local authorities and their partners across:

Argyll & Bute, Belfast, Birmingham, Blackpool, Blaenau Gwent, Bristol, Caerphilly, Calderdale, Cambridgeshire (Cambridgeshire, Cambridge, South Cambridgeshire, East Cambridgeshire, Huntingdonshire, Cambridgeshire and Peterborough city region), Cardiff, Coventry, Derbyshire & Nottinghamshire (Nottingham, Nottinghamshire, Derby,

Derbyshire, Rushcliffe, Broxtowe and Gedling), Derry City & Strabane, Devon, Dorset, East Lothian, Essex, Forest of Dean, Gateshead, Greater Manchester (Manchester and Oldham) Gwynedd, Hertfordshire, Isle of Wight, Leicestershire, Liverpool, London (Haringey, Lambeth, Newham and Westminster), Mid & East Antrim, Mid South West Northern Ireland, Norfolk, Northumberland, Outer Hebrides, Oxfordshire (Oxford, South Oxfordshire and Oxfordshire), Perth & Kinross, Peterborough, Portsmouth, Rossendale, Shetland & Orkney, South Downs, South East Scotland (Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian), Southampton, Staffordshire, Surrey (Runnymede and Surrey), Wakefield, Warrington, Westmorland & Furness, and York.

The content of this resource pack reflects the collective insights drawn from the Programme and does not necessarily represent the official position of Innovate UK, participating local authorities or their partner organisations.

# Creating Better Places

Ten areas where local innovation can improve lives and unlock growth



Innovate  
UK



Urban  
Foresight

Delivered by Urban Foresight for Innovate UK's Net Zero Living Programme.

Grounded in insights from the local authorities which participated in Innovate UK's Net Zero Living Programme.