

Briefing

House of Lords second reading UK Infrastructure Bank Bill

May 2022



Overview

The UK Infrastructure Bank (UKIB) has a dual mission to support net zero and levelling up. The government has committed £22 billion to do this. Under the current mandate there is a clear chance for the bank to deliver for the environment, while bringing economic opportunities and improving 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. 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 at the same time as solidifying government ambitions for climate, nature and levelling up.

Building back better

The chancellor has stated that UKIB would help 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, positive financial returns and to drive regional and local growth:**

- 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 also level up. 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 [higher cost to benefit ratio](#) than traditional infrastructure, with £4.60 returned for every £1 invested in peatland, £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.

Investments in nature and the circular economy do not come at the expense of UKIB's objective to support economic growth. They would make it easier to achieve.

How to strengthen the bill

The bill can be strengthened, especially in relation to the bank's objectives which lack a broader environmental focus and explicit reference to nature.

1. Section 2: objectives and activities

- **Include biodiversity loss and the 2030 species abundance target in UKIB's objectives.** UKIB is mandated to drive net zero and level up. Embedding nature in its central aims will support these objectives through carbon sequestration, while communities will benefit from the job creation of nature based investment.
- **Include the circular economy.** UKIB can play a critical role in de-risking the circular economy (reuse, recycling, and remanufacturing,) and proving that revenue streams are viable.
- **Broaden the definition of infrastructure.** Widening the definition of infrastructure to include natural capital projects, such as natural flood defences or establishing markets for ecosystem services, will help to attract nature-based investment.

2. Section 3: strategic priorities and plans

- **Consider both the Climate Change Act 2008 and the Environment Act 2021 in the strategic priorities of the bank.** The bank must ensure any investments made reflect the government's climate and nature objectives, to ensure it is playing its full part in delivering these twin policy priorities.

3. Section 4: directions

- **Include a 'do no harm' principle.** UKIB must not fund projects which impede the delivery of the government's climate change or biodiversity targets. A 'do no harm' principle would prevent investment in high carbon projects which also damage the natural environment, such as airports, incinerators and roads.

For more information, contact:

Zoë Toone, policy adviser, Green Alliance

ztoone@green-alliance.org.uk

020 7630 4566