



BRIEFING PAPER

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Green Investment Bank: Proposed Sale

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Summary

This Commons Library Briefing provides background and analysis on the creation of the Green Investment Bank by the Government and the ongoing debate around its proposed privatisation.

The Green Investment Bank (GIB) was set up by the Government to increase the level of green infrastructure investment in the UK following the recommendations of the Green Investment Bank Commission in 2010. The Commission highlighted the “urgent need for a new public financial institution to unlock the investment needed for the UK to deliver a timely transition to a low carbon economy”. The GIB was set up in 2012 with £3bn of Government funding, but after three years of existence its privatisation was announced in June 2015.

Creation of the GIB

The March 2011 Budget included the announcement that the GIB would have an initial investment of £3bn and would not be allowed to raise its own capital until at least 2015. The GIB would carry out a wide range of transactions – including equity, debt and risk mitigation products – which were expected to catalyse an additional £15 billion of investment in green infrastructure by 2014/15.

The headquarters for the GIB, Edinburgh and London, were announced in March 2012. The Government created an interim body to operate while waiting for EU state aid approval, Green Investments UK, which would have £775 million available to invest from April 2012. The European Commission approved state aid for the GIB on 17 October 2012. It was then officially launched in November 2012.

Green Purposes Enshrined in Law

Legislation that would enshrine the ‘green’ purpose of the GIB, providing powers for it to operate including funding, and ensuring its operational independence from Government were announced in the Queen’s Speech in 2012. [The Enterprise and Regulatory Reform Act 2013](#) sets out the statutory basis for the “green purposes” of the GIB and the process by which it could become fully independent of government.

GIB Performance

In November 2015 the GIB announced that it had backed projects with a total value of more than £10bn.¹ The [2015-16 annual report](#) summarised progress to date, including commitments to invest £2.6bn in 79 UK green infrastructure projects, worth a total of £10.6bn. The GIB reported a profit of £9.9m and a projected portfolio return increased to 10% per annum.

¹ GIB, [UK Green Investment Bank helps mobilise £10bn of capital into UK green Infrastructure](#), 25 November 2015

GIB Privatisation

There has been ongoing debate about how the GIB's ability to raise capital should be expanded. Following speculation, the Government announced on 25 June 2015 in a written statement that the GIB would be privatised, with further details to follow in due course. In October 2015 the Government set out that it would have to remove all public sector controls to allow the GIB to raise capital without affecting public sector net debt classification by the National Audit Office. This raised concerns for many about whether the GIB would keep its green purposes in the long term.

The Government subsequently introduced amendments to the [Enterprise Bill](#) in the Lords to this effect. During the Lord's stages a successful opposition amendment created an independent board of trustees who would be responsible for agreeing any changes to the green purposes. A previous December 2015 report from the [Environmental Audit Committee](#) on the GIB privatisation proposals had supported this approach. The amendment was removed but the Government announced the creation of a non-statutory special share instead, aimed at preserving the GIB's green purposes. The GIB also [announced](#) the launch of the privatisation process on its website on 2 March 2016. In October 2016 it announced the nominations of five special [shareholder trustees](#), whose posts would be created once privatisation goes ahead.

Preferred bidder

From October 2016 there was extensive speculation in the press that the preferred bidder would be Macquarie, a global investment GIB, although this was not confirmed by the Government. As a result of there were [concerns raised in Parliament](#) regarding the restrictions that any proposed buyer should have on selling the GIB assets, and whether the proceeds from any sales would continue to be invested in low carbon projects. In response the Secretary of State for Climate Change and Industry, Nick Hurd, made clear that there could not be any restrictions placed on the sale of assets but that one of the Government's priorities is to "protect the integrity of the green purpose of the organisation. What we want to hear from bidders is their plan for future investment." The Environmental Audit Committee also [wrote to Ministers](#) on 17 January 2016, inviting them to give evidence on the sale of the GIB and expressing concern that the registration of several new companies by GIB could lead to the GIB being broken up once sold. Since the Parliamentary debate there have been [reports](#) that the Government may be reconsidering the various options for a sale of the GIB.

1. GIB creation, structure and priorities for investment

The Green Investment GIB Commission was an independent body set up by the Chancellor of the Exchequer to advise government on the creation of a Green Investment GIB (GIB). It produced a report in June 2010 in which it highlighted the “urgent need for a new public financial institution to unlock the investment needed for the UK to deliver a timely transition to a low carbon economy”.²

Despite support from the Government there was widespread speculation that there were insufficient funds available to establish it. However, the Government announced in the Spending Review in October 2010, that GIB would receive £1bn in public funds and proceeds from future asset sales.³ In February 2011 the Government made clear that the £1bn funding allocation would be for investments to be made in 2013/14 and the proposed asset sales would “provide significant additional funding above the £1 billion allocated from departmental budgets”.⁴

According to press reports there was significant debate within Government about how GIB would be structured and what the priorities for investment should be.⁵ The following PQ set out the Government’s intentions for how GIB would be managed:

Mr Prisk: The Green Investment GIB will be run on a commercial basis, employing appropriate private sector skills and expertise and free from ministerial interference in its day-to-day operations.⁶

In the March 2011 Budget, the Government announced that The GIB would begin operating a year early, committing £3bn of investment and setting out how and when it would be allowed to borrow - in or after 2015 depending on debt targets being met:

The Government is committed to ensuring that the Green Investment GIB (GIB) has the resources to help the UK to move towards a low-carbon economy. The Government announces that the initial capitalisation of the GIB will be £3 billion and that the GIB will begin operation in 2012-13, a year earlier than previously anticipated. Government investment alongside private finance should mean that there is in the region of an additional £18 billion of investment in green infrastructure by 2014-15 as a result of the GIB. The Spending Review allocated £1 billion for the GIB and the Government is aiming for the remaining £2 billion to be funded from the sale of assets. This will include the £775 million net proceeds already received from the sale of High Speed I, ensuring that funding is in place to allow GIB investments from 2012-13. The Government will enable the GIB to have borrowing

² Climate Change Capital, [Green Investment Bank Commission Report- CCC-E3G joint announcement](#), 24 June 2010

³ *The Guardian*, [How has Decc fared in the spending review?](#) 20 October 2010

⁴ HC Deb 10 February 2011

⁵ Investors signal appetite for flagship green GIB plan, *Financial Times*, 10 February 2011

⁶ HC Deb 17 Jan 2011 c621W

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powers from 2015-16 and once the target for debt to be falling as a percentage of GDP has been met.⁷

The priority areas for investment – subject to EU approval - were announced in December 2011:

- Offshore wind power generation.
- Commercial and industrial waste processing and recycling.
- Energy from waste generation.
- Non-domestic energy efficiency.
- Support for the Green Deal.⁸

At the same time the creation of UK Green Investment (UKGI) was announced, an interim body that would manage the investment of £100m until GIB became fully operational. UKGI would focus on small scale waste infrastructure, non-domestic energy efficiency and co-investing in offshore wind projects.⁹ These funds would be transferred to the GIB once it became operational. The location of the GIB was announced in March 2012 after an invitation from BIS for interested cities to submit their bids. The headquarters were to be in Edinburgh, with a London office. BIS published a document setting out how the decision was arrived at.¹⁰ There was also a memorandum of understanding signed between the GIB and KfW GIBengruppe, a German promotional GIB, to formalise its ongoing advisory role to the GIB.¹¹

In September 2012, Shaun Kingsbury was appointed as CEO along with six non-executive directors - Professor Dame Julia King, Fred Maroudas, Tom Murley, David Nish, Professor Isobel Sharp CBE and Tessa Tennant.

1.1 Legislation

The Government set out in May 2012 its intention to include legislation in the *Enterprise and Regulatory Reform Bill* to provide new powers for the GIB to operate:

Enshrining the ‘green’ purpose of the GIB, providing powers for it to operate including funding and ensuring its operational independence from Government.¹²

On 25 April 2013, the [Enterprise and Regulatory Reform Act 2013](#) received Royal Assent. Part 1 of the Act makes provision for the GIB.¹³

Green Purposes

The legislation had two main purposes. The first was to ensure that the GIB engaged only in activities that contribute to achieving one or more of the statutory ‘green purposes’ and that its investment activities would, taken as a whole, be likely to contribute to a reduction of global

⁷ BIS, [Plan for Growth](#), March 2011

⁸ BIS, [Next steps for the Green Investment Bank](#), 12 December 2011

⁹ *ibid*

¹⁰ BIS, [Location of the Green Investment Bank](#), 8 March 2012

¹¹ KfW, [KfW and Britain's Green Investment Bank to cooperate](#), 12 April 2012

¹² Cabinet Office, [The Queen's Speech 2012 – Briefing notes](#), 9 May 2012

¹³ [Enterprise and Regulatory Reform Act \(2013\) – Part I](#)

greenhouse gas emissions. The 'green purposes' of the GIB set out in the Act are:

- (a) the reduction of greenhouse gas emissions;
- (b) the advancement of efficiency in the use of natural resources;
- (c) the protection or enhancement of the natural environment;
- (d) the protection or enhancement of biodiversity;
- (e) the promotion of environmental sustainability.¹⁴

There was no definition in the Act of what is meant by the fairly broad term "environmental sustainability" included in the fifth green purpose, although. The [Explanatory Notes](#) provided examples of how the purposes would translate in practice, including investment in energy from waste as promoting environmental sustainability.

These green purposes for the GIB are also set out in its Articles of Association dated 15 May 2012, as part of the "Green Objective" of the GIB:

To carry on the business of the company, making, facilitating, engaging in and encouraging investment, lending and related activities (including (without limitation) by or with respect to (i) the lending of money, (ii) the grant or provision of credit and other financial accommodation, (iii) the investment of money in investments and other financial assets (including (without limitation) securities (whether debt or equity in character)) and to hold sell or otherwise deal with such investments or other financial assets, (iv) the grant or provision of guaranteed security or support or (v) the grant or provision of other financial products (in all of the foregoing cases with or without interest, security or consideration)) which the board considers, will or are reasonably likely to, accelerate, advance or result in the completion, deployment, development, emergence, establishment or expansion of any business, enterprise, industry, infrastructure, project or technology which.¹⁵

Independence from Government

The second purpose was to require the Secretary of State to provide an undertaking to the GIB, in order to facilitate its operational independence. The GIB would be treated for company reporting and accounts purposes as if it were a 'quoted company'. Reporting requirements and disclosure for public quoted companies are more extensive than they are for private ones. The Act required the Secretary of State to lay before Parliament GIB's annual report and accounts, if the Crown owned one share or more.

¹⁴ [Enterprise and Regulatory Reform Act \(2013\) – Part I](#)

¹⁵ Green Investment Bank Incorporation documents

1.2 Rationale for legislation

In June 2013, BIS published a policy paper which set out why the Government undertook the measures contained in the Act.¹⁶ This document highlighted four reasons why the Government considered it necessary to legislate for the GIB:

- To ensure the 'green purpose' of the GIB, regardless of any future potential changes in its ownership;
- To facilitate the GIB's independence from Government;
- To provide a tailored power enabling the Government to fund the GIB on an ongoing basis;
- To ensure that the GIB will be subject to quoted company reporting requirements – strengthening transparency and supporting monitoring of its green performance.¹⁷

The Articles of Association and the Shareholder Relationship Framework Document for GIB are available from Companies House.¹⁸

1.3 Provisions regarding changes in ownership

During the debate for the Bill the Minister set out the intended limitations on any future changes of the objectives of the GIB, which would continue to apply in the event of the GIB not being majority owned by the Government, :

Even if the Government dispose of some or all of their shareholding in the GIB, a future majority shareholder cannot approve a change to the GIB's statement of objects to allow it to invest in activities that are not green.

We consider that it is vital that the UK Green investment Bank always remains a green institution. Clearly it would be contrary to the coalition commitment and to the principle that we have established that the Green investment Bank might one day deviate from that green mandate.¹⁹

1.4 State aid approval

The European Commission gave state aid approval for the GIB on 17 October 2012²⁰. It reviewed whether the GIB breached state aid rules but granted approval with certain restrictions. In particular, projects that apply for funding would have to prove they had attempted to obtain funds from market operators. Wherever possible, finance would come in addition to market lending. The approval set out the structure and operating principles of the GIB.

¹⁶ BIS "[Enterprise and Regulatory Reform Act 2013 policy paper](#)" June 2013

¹⁷ Ibid.

¹⁸ A copy of the Articles is also available in the House of Commons Library. Please call extension 3975.

¹⁹ PBC Deb 26 June 2012, c219

²⁰ BIS Press Release, [UK Green Investment Bank gets green light from Europe](#) 17 October 2012

Under the terms of the GIB's state aid approval, nuclear power was not in scope for the period to 31 March 2015. The FAQ section which was on the Government website noted that its potential inclusion in the GIB's list of green sectors was subject to state aid approval.²¹ As noted by Matthew Hancock at the Commons Report Stage of the *Enterprise and Regulatory Reform Bill*²², the European Union "strongly discouraged the inclusion of nuclear in our application for state aid" as it would have delayed approval. The state aid approval also stipulated that at least 80% of the value of the GIB's investments must be deployed in the three 'priority sectors':

- Offshore wind
- Waste (treatment and recycling and energy from waste)
- Non domestic energy efficiency

Following the EC decision to grant the GIB state aid approval, the GIB was officially launched in November 2012.²³

2. What has GIB funded?

In the year-end financial reports for 2013/14, the GIB reported that, since it was established in November 2012, it had invested in 27 projects, both directly and indirectly through 5 dedicated funds focusing on different areas.²⁴ This amounted to a direct commitment of £1.3bn from the GIB, which it said would mobilise a total of £4.6bn when fully deployed – crowding in an additional £3 of private capital for every £1 invested by the GIB. In September 2013, Shaun Kingsbury, the GIB's Chief Executive, told the Environmental Audit Committee that, "we think £3 to £1, for example, 25% of the total capital, is a pretty good number."²⁵

Shaun Kingsbury also told the Committee that the GIB was aiming for a balanced portfolio of low risk investments that were unable to find finance; and that the GIB did not speculate on higher risk technologies nor did it attempt to pick early technology winners. Shaun Kingsbury told the Committee:

We are investing against a portfolio of technologies and a portfolio of sectors. We have senior secured debt, mezzanine, equity, geared equity and increasing amounts of risk. When we look across a balanced portfolio, we will undoubtedly, looking back five years from now, have some projects that were huge successes and some that failed to perform to the level we expected. Overall I expect this to be very profitable but it is not that there will not be situations where, frankly, something did not

²¹ BIS, [Green Investment Bank FAQs](#) [on 3 January 2013]

²² HC Deb [17 October 2012](#) c377

²³ [Green Investment Bank officially launched by Vince Cable](#), *Guardian*, 28 November 2012

²⁴ Green Investment Bank, (2014) "[Our Investments](#)"

²⁵ Environmental Audit Committee (2014), "[Green Finance: Twelfth Report of Session 2013–14 – Volume I](#)"

hit the numbers we said it would. We are taking risk, but we are doing it in a very thoughtful, structured and controlled way.²⁶

On 20 December 2012, the GIB announced that it had provided some of the £224m refinancing package for the Walney offshore wind farm, off the coast of Barrow-in-Furness. The GIB also announced, more controversially, it would loan the Drax coal plant £100m to convert it to wood biomass.^{27,28}

In March 2014, the GIB announced two equity investments in the UK offshore wind sector. Alongside Japan's Marubeni Corporation, the GIB jointly purchased a 50% stake in the Westernmost Rough offshore wind farm from DONG Energy – committing £241m to the £500m transaction. Commenting on this announcement UK Business Secretary at the time, Vince Cable, said:

"The Green Investment Bank is playing a game-changing role in financing our transition to a green economy. The GIB has now invested well over £600 million in five offshore wind farms and mobilised £1.3 billion of total funding. This industry has the potential to generate thousands of new skilled jobs and billions in business investment."²⁹

The latest project, announced in August 2015, was a an £8.2m loan to Southend-on-Sea council alongside a £5.1m grant from the Department for Transport to replace up to 14,000 streetlights and 4,000 illuminated signs with greener alternatives.³⁰ In November 2015 the GIB announced that it had backed projects worth with total value of more than £10bn.³¹ Further details of [more recent projects](#) can be found on the GIB website.

2.1 Annual reports and projected returns

The [2015-16 annual report](#) published in July 2016 summarised progress to date, including commitments to invest £2.6bn in 79 UK green infrastructure projects, worth a total of £10.6bn:

Investments ranged from £306m in the first offshore wind farm to be constructed off the south coast of England, to £47m in Northern Ireland's biggest energy from waste facility, to £1.9m in the installation of sewage heat pumps in sites across Scotland.³²

The GIB reported a profit of £9.9m and a projected portfolio return increased to 10% per annum.³³

²⁶ Environmental Audit Committee (2014), "[Green Finance: Twelfth Report of Session 2013–14 – Volume I](#)"

²⁷ BusinessGreen, [Renewables Roadmap reveals path to a greener energy mix](#), 2 January 2013

²⁸ Drax, [Sustainability Policy for Biomass](#), website as of 3 January 2013

²⁹ GIB Press release: [UK Green Investment Bank invests £461m in the UK offshore wind sector](#), 31 March 2014.

³⁰ Business Green, [The only way is LEDs for Southend-on-Sea as it bags £13.3m Green Investment Bank loan](#), 5 August 2015

³¹ GIB, [UK Green Investment Bank helps mobilise £10bn of capital into UK green Infrastructure](#), 25 November 2015

³² [GIB, A record year of green infrastructure investment](#), 14 July 2016

³³ *ibid*

The GIB published its first [annual report](#) for 2013-14 on 24 June.³⁴ This showed that the GIB recorded a loss of £5.7million in 2014, but also that it was on track to reach sustained profitability. In addition, the GIB reported that, once built, its portfolio was projected to earn taxpayers an average return of 8% per annum..

The [annual report for 2014-15](#) was published on 22 June 2015. This set out that the company had made a profit for the first time of £0.1m and that they committed £723m to 22 new projects worth a total of £2.5bn (up on the previous year which was £617m, 17 projects and £2.3bn). The GIB also extended its investment focus to a new sector of the green economy, community-scale renewables, following approval from the EU. It also agreed terms with DECC on a £200m pilot programme to invest in renewable energy and energy efficiency projects in South Africa, East Africa and India.

3. Ability to borrow

The March 2011 Budget set out that the Government would not allow the GIB to borrow until 2015-16, and then only if government debt fell as a percentage of GDP.³⁵ This is because the Treasury was concerned that the GIB's debt would appear on the government's balance sheet and could – on paper – make it look as if the deficit was increasing. By preventing the GIB from borrowing, critics accused the Government of attempting to limit the it's influence.³⁶

Shortly after the Bill was announced in the Queen's Speech in 2012, the CBI said that the GIB needed to deliver certainty for investors if it was going to generate the scale and pace of investment needed to shift the UK to a low-carbon economy:

Mr Cridland warned that the GIB "certainly won't work if it needs the Treasury's permission to blow its nose. The GIB needs to be able to get into the markets itself and do what it's intended to do. And it won't give investors certainty if it's not enshrined in law so I welcome the Deputy Prime Minister's decision on that."³⁷

Greenpeace also commented on GIB's lack of borrowing powers:

GIBs need money, but the Chancellor seems to be applying the same approach to the green economy which has failed the wider economy, hoping that the private sector will step in and do what the government has left undone.

If it's going to be more than an empty gesture, the GIB's got to have the borrowing powers necessary to support the green shoots of the UK's renewables industry.³⁸

³⁴ GIB, [GIB announces 2013-14 results and plans to raise a new £1bn fund](#), 24 June 2014.

³⁵ Treasury, [Budget 2011](#), HC 836, para 2.2

³⁶ Business Green, [Green Investment Bank articles](#)

³⁷ CBI, [Green Investment Bank must have teeth to galvanise low-carbon investment - CBI Chief](#), 23 May 2011

³⁸ Energy and Environmental Management, [Green Investment Bank lending conditions laid before Parliament](#), 24 May 2012

Concerns about the lack of borrowing power were echoed by other commentators:

[London School of Economics' Dimitri] Zenghelis maintained the government was failing to adequately communicate its commitment to investors, arguing that anti-green rhetoric from some ministers and the watering down of key policies such as the Green Investment GIB, which will not be able to borrow before 2015-16, and only then if the coalition delivers on its debt reduction targets, were damaging confidence.³⁹

Speaking to the *Guardian* in May 2013, the GIB's Chief Executive, Shaun Kingsbury, said it was imperative for him to prepare for the possibility of being able to borrow money within two years, which he strongly supported as a way of expanding the GIB's impacts.⁴⁰

Similarly, in April 2013, the Energy Minister, Michael Fallon, reiterated the Government's support for the GIB being given borrowing powers stating that:

The level of funding after 2014/15 will be determined at the next spending review in the context of wider value for money and affordability considerations. The focus of the GIB's management team is on building a well-run organisation with a good track record worthy of the injection of more capital or of borrowing money in capital markets.⁴¹

However, the 2013 Autumn Statement noted that the target for reducing UK debt had slipped from 2015/16 to 2016/17 at the earliest, leading to concerns about the GIB's future.⁴² In March 2014, the Environmental Audit Committee's report on Green Finance cautioned:

The Government must make an early and clear statement about the Green Investment GIB's long-term future, beyond the 2015–16 horizon of its Spending Review funding settlement. The Government should declare in Budget 2014, on the basis of the flat projections for Government debt in the last Autumn Statement remaining valid, that the GIB will be permitted to borrow in 2015–16.⁴³

Speaking to the *Guardian* on 19 June 2014, Shaun Kingsbury again expressed his hope that the GIB would, in the future, be able to secure somewhere between £10bn and £15bn of private sector capital:

"We are not cash constrained at the moment and there has been a good deal of debate around should the GIB borrow ... At the moment we are 100% public owned. I hope to move to a position of raising private capital and eventually we have some government capital and some private capital and we are publicly and privately owned – some kind of mixed model."⁴⁴

³⁹ Business Green, [Treasury urged to boost green economy through Clegg's infrastructure drive](#), 24 May 2011

⁴⁰ Fiona Harvey, ["Green Investment Bank's chief plans to borrow and raise debt"](#) *The Guardian* 9 May 2013

⁴¹ [HC Debate](#) 17 April 2013 c490W:

⁴² Treasury, [Autumn Statement 2013](#), paras 1.82, 1.84

⁴³ Environmental Audit Committee (2014), ["Green Finance: Twelfth Report of Session 2013–14 – Volume I"](#)

⁴⁴ Terry Macallister, ["Green Investment Bank boss calls for his borrowing restrictions to be lifted"](#) *Guardian*, 19 June 2014

4. Privatisation

When the GIB was set up by the Coalition Government there was very little discussion of the option of moving it entirely into private ownership. Instead, as set out in previous sections the debate was focused when the GIB would be given borrowing powers, with reassurances from Ministers that, even if the Government disposed of some or all of their shareholding in the GIB, no future majority shareholder could invest in activities that are not green.⁴⁵

However, following ongoing press speculation the Government announced in June 2015 its intention to attract private capital into the Green Investment GIB, moving the GIB into private ownership. The Government's plans were set out in a [Written Statement](#) by the Secretary of State for Business, Innovation and Skills, Sajid Javid:

In the debate on the Budget in March, the then Secretary of State for Business updated Parliament about work to explore options for bringing in additional capital into the Green Investment GIB (GIB) as a way to ensure it is an enduring institution and has the operational freedom for investment across the green economy.

[...]

We have concluded that the best approach is to move GIB into private ownership subject to ensuring we achieve value for money. This should bring a number of important benefits, giving GIB greater freedom to operate across a wider range of green sectors in accordance with its green purposes, which are enshrined in legislation.

It has always been our intention that GIB should leverage the maximum amount of private capital into green sectors for the minimum amount of public money. Moving the company into private ownership is a natural development for GIB that further delivers this aim. Our aim is that a transaction should result in GIB no longer being classified as a public sector body. This would mean GIB would be free to borrow capital so as to achieve its business ambitions without this having an effect on public sector net debt.⁴⁶

The Secretary of State provided further detail on the Government's plan to introduce private capital in to the GIB in a speech at Gibson Hall, London on 25 June.⁴⁷ However, there was no mention on the size of the stake that the Government intended to sell. An article in the *Financial Times* stated that according to government figures "the business secretary was eyeing selling a 70 per cent stake, depending on market appetite".⁴⁸

A [response](#) to a written question on 8 July 2015 provided some further details of the Government's plans, making clear that the intention was

⁴⁵ PBC Deb 26 June 2012, c219

⁴⁶ [25 June 2015 | House of Commons | HCWS54](#)

⁴⁷ Secretary of State, BIS speech at Gibson Hall, London 25 June 2015 [The Business Secretary announces plans to support the world-leading Green Investment Bank by moving it into the private sector.](#)

⁴⁸ Financial Times, [UK poised to offload big stake in Green Investment Bank](#), 25 June 2015

that a majority of shares would be held by private investors, although no decision on timing or the size of the stake to be sold was given.

4.1 Reaction to the proposed sale

There was an immediate reaction at Oral Questions to the Secretary of State for Energy and Climate Change. Julie Elliot asked:

The green investment GIB is a vital tool for boosting our clean energy generation. Thus far, the GIB has used £2 billion of investment to leverage a further £6 billion of private capital. However, it has been shackled by the Government's refusal to grant crucial borrowing powers. The Minister has confirmed that the Government will privatise the GIB. What reassurances can the Secretary of State give that the Chancellor is not simply raiding the GIB's capital reserves and, in so doing, robbing the UK of a unique tool to power the clean energy sector?

Amber Rudd: As the hon. Lady is surely aware, the green investment GIB has been very successful in unlocking private sector investment. It was set up by the Government in the previous Parliament, with £1.8 billion of Government money, and it has successfully become a market leader, located as it is in Edinburgh. In the previous Parliament the Labour party called for the GIB to have more borrowing powers, but we have gone one step further and are now allowing it to raise more capital in order to take advantage of that. I can reassure her and hon. Members that the purpose of the green investment GIB is, and will remain, green investment.⁴⁹

Reactions to the announcement were mixed, with many concerned that a change to private ownership would adversely impact GIB's focus on green investment.⁵⁰

In a [written statement](#) in October 2015 the Government announced that it would be necessary to amend the *Enterprise and Regulatory Reform Act 2013* to remove public sector controls, in order to enable the GIB to raise capital without this affecting public sector debt:

As I said in my previous statement, a key objective in moving the company into the private sector is that it should be free to borrow and raise capital without this affecting public sector net debt. Giving GIB this freedom is essential if the company is to invest in accordance with its ambitious green business plan. It is now clear that to achieve re-classification of GIB as a private sector enterprise, we need to remove the public sector controls imposed on the company by the Enterprise and Regulatory Reform Act 2013. Unless we remove these controls, there is a real risk GIB would remain classified to the public sector even after a sale, so would remain subject to Government control over its capital raising.⁵¹

This was a result of the indication from the National Audit Office that any investment restrictions or directions imposed on the GIB's new owner, by the Government, during a sale could prevent its classification as a private company. This could result in any new debt taken on by the GIB being classified as Government debt.

⁴⁹ [25 June | House of Commons | Column 1032](#)

⁵⁰ Business Green [Green Investment Bank sale: The reaction](#) 25 June 2015

⁵¹ HL Deb, [Written Statement](#), 15 October 2015

Office of National Statistics Classification

The ONS is responsible for classifying bodies as private or public sector, which affects how their debt is viewed in public accounts. This is assessed by looking at whether government exercises significant control over its general corporate policy. In looking at this ONS, have a series of “indicators of government control”, which are listed in section 3.1.1 of [UK national accounts and public sector finances sector and transaction classification: the classification process](#). This states on government control via regulation “if the government restricts a unit from ceasing activities (that is, exiting markets) or from diversifying its activities, this may lead to classification in the public sector”.

A Westminster Hall debate on the [future of the Green Investment GIB](#) was held on 29 October 2015. In introducing the debate Graham Stuart highlighted the cross party support which “reflects the widespread interest in and concern for the Green Investment GIB”.⁵² Mr Stuart referred to the concerns regarding the proposals to remove the statutory basis of the GIB therefore removing any Government control over the GIB including the requirement to abide by its green purposes.⁵³ In his response, the then Under-Secretary of State for Business, Innovation and Skills, George Freeman, made clear that the Government would not commit to giving statutory and legislative guarantees that would constrain the operation of the GIB or result in any debt counting towards public sector debt.⁵⁴

4.2 Green Investment GIB position

The GIB gave [evidence to the Environmental Audit Committee](#), also in October 2015. During the session Shaun Kingsbury, CEO of the GIB, stated that they would have liked a statutory lock (through the green purposes) to remain, and that a statutory lock would be better than a contractual lock, which will continue to exist through the GIB’s articles of association and shareholder agreements. However, they understood that advice from the ONS to Government was that if the statutory lock remained then any future debt would remain on the Government books. He also referred to speculation that the Government aimed to sell a 70% stake of the GIB. During the EAC evidence session other options were put forward by witnesses to increase the finance available to the GIB, and concerns were raised that the move towards privatisation was being rushed.⁵⁵

4.3 Environmental Audit Committee report

The Environmental Audit Committee launched an enquiry into the future of the GIB and [published its report](#) on 19 December 2015.

The Committee was critical of a lack of transparency and consultation. It supported the proposal for creation of a special share but expressed

⁵² [HC Deb 29 Oct 2015](#) c197WH

⁵³ [Ibid](#) c201WH

⁵⁴ [Ibid](#) c233”H

⁵⁵ EAC, [Future of the Green Investment Bank - oral evidence HC 536](#), 26 Nov 2015

concerns over risks of privatisation that would not be addressed by protecting the green purposes of GIB. The report also highlighted that the Minister for Small Business, Industry and Enterprise, Anna Soubry, seemed to indicate at the end of the evidence session that the Government's eventual intention was to sell all shareholdings in the GIB, despite the GIB itself stating that they would prefer it to remain as a stakeholder.⁵⁶ The Committee concluded:

The Government's intention to exit entirely from GIB could send the wrong signals about the Government's commitment to the green economy. We are surprised that the Government's position on this matter was not previously made clear and only specified by the Minister in oral evidence.

If GIB is privatised, then the Government must retain a minority stake in order to ensure the GIB's long-term strength and to demonstrate the Government's commitment to the green economy. Any future sale of Government shares in GIB must be preceded by a period of consultation and evidence-gathering, and accompanied by a report on the success and impact of the initial majority sale.⁵⁷

4.4 Legislating for Privatisation

The Government introduced a short amendment to the [Enterprise Bill](#) in the [Committee stage](#) of the House of Lords on 4 November 2015. This would have completely removed Part 1 of the [Enterprise and Regulatory Reform Act 2013](#), which set out the statutory basis of GIB.

Enterprise Bill: Lords Stages

There was strong criticisms during Lords' Committee stage of the proposals, with many expressing concerns that by removing the statutory requirement to abide by the green purposes they risked being lost in the longer term, as there would be no legal obligation to any subsequent owners to abide by them. The Government withdrew the amendment.⁵⁸

Report Stage Opposition Amendment on Green Purposes

The Government introduced three amendments at Report stage, that would still remove the green purposes of the GIB; but they would also allow the Government to continue providing funding to the GIB as a minority shareholder; and would require the Secretary of State to lay the GIB annual report and accounts in Parliament as long as the Government retains shares. They also set out transitional provisions for the GIB.

During Report stage, the Under-Secretary of State, Department for Business, Innovation and Skills, Baroness Neville-Rolfe, reiterated the intention to secure commitments from buyers to protect the GIB green purposes, although these would not be binding:

⁵⁶ [Oral evidence: Future of the Green Investment Bank](#), HC 536
Thursday 26 November 2015, Q136-139

⁵⁷ EAC Report, [Future of the Green Investment Bank](#), 16 December 2015

⁵⁸ [HL Grand Committee 4 Nov 2015](#)

We will secure commitments from investors, including: to protect the green purposes in the GIB's articles of association; to continue to invest in green; and to continue the GIB's high standards of green reporting. We fully expect investors to sign up to those commitments quite willingly because they are a key part of what the GIB does.⁵⁹

Lord Smith of Kelvin, Chair of GIB, spoke in support of the Government's approach and said that it would deliver "maximum possible protection".⁶⁰

However, Lord Teverson speaking for the Liberal Democrats, proposed a new clause following discussions with the ONS and HM Treasury. The clause would create a structure "used in the private sector to make sure an organisation's objectives are kept in the long term". The structure proposed was that of a single share owned by a charitable company with three trustees, selected by the Committee on Climate Change before privatisation. The trustees would have to agree unanimously to any changes to the company objectives, with "no public input whatever". According Lord Teverson, although the ONS would not give a guarantee on whether this would prevent the GIB (and therefore its debt) being classified as public sector, it was a solution "tried and tested in the private sector".⁶¹

The Minister, Baroness Neville-Rolfe, was not confident that the proposals would have the intended effect and invited Peers to work with the Government to test the proposal further, while urging Lord Teverson to withdraw the amendment. However, due to the difficulties of bringing a further amendment forward in time for Third Reading, the amendment was put to a vote and passed with 258 votes for and 212 against.⁶²

Enterprise Bill: Commons Stages

The debate in the Commons during Committee stages focused on the remuneration for senior positions after a sale and how to maintain the green purposes of GIB after any sale, through the mechanism of a special share. The issue of whether the Government would retain any shareholding in the GIB was also raised.

An unopposed Government clause was added to allow for transitional reporting to Parliament and the Lords' successful opposition amendment setting out the objectives of a privatised GIB and provisions for a special share was removed from the Bill. Instead, the Government set out its own non-legislative alternative provisions for the creation of a special share.

⁵⁹ [HC Deb 30 Nov 2015](#) c944

⁶⁰ *Ibid* c945

⁶¹ *Ibid* c948

⁶² *Ibid* c953

Lack of consultation

Throughout the debate of the two clauses, there were concerns raised that the Government had not published an Impact Assessment of the decision to privatise the GIB. Mary Creagh, Chair of the Environmental Audit Committee, expressed the view that “the only robust consultation that the Government can point to, if they do not publish the market testing, is that with the GIB itself. The Government also relied heavily on the support of the Green Investment GIB and its executives for privatisation in evidence and in response to the Committee.”⁶³ The Government position was that an impact assessment was not required, as selling the GIB did not change existing policy goals or involve significant regulatory or cost impacts on business.⁶⁴ The Minister for Small Business, Industry and Enterprise, Anna Soubry, said the Government would not publish the market testing as it was “commercially confidential”.⁶⁵

Throughout the debate there were concerns raised that the Government had not published an Impact Assessment of the decision to privatise the GIB

Leadership Remuneration

The GIB [Remuneration Committee](#) publishes annual reports of its team’s salaries. The [salary ranges for 2015](#) for the leadership team were £131,000 to £325,000. The salary ranges for investment banking and portfolio management, and other roles, are also set out.

Mary Creagh tabled a failed amendment, supported by Labour and the SNP, that would have required continued reporting on remuneration of the GIB’s chair, non-executive directors and the executive teams as currently is provided for in existing legislation. She questioned how objective the leadership team could be if they stood to gain personally from the GIB’s privatisation.⁶⁶ The Minister responded by stating that the GIB would be subject to the usual requirements of non-listed companies as a minimum.⁶⁷

Special Share

Following the completion of Lords stages, the Government responded to the Environmental Audit Committee Report on [the Future of the Green Investment GIB](#), which endorsed the creation of a special share to ensure the maintenance of the green purposes of the GIB after privatisation.

In the [Government response](#) to the EAC report, published 2 February 2016, the Government set out the approach it intended to take:

The Government intends, as part of the sale process, to approve the creation of a special share in GIB, with the right to approve any change to the green purposes of GIB, as set out in the objects clause of GIB’s

Articles of Association. The special share will be held by a separate company, independent of both GIB and Government, created specifically to hold this special share. The Government will provide

⁶³ PB [23 February 2016](#) c169

⁶⁴ Ibid c198

⁶⁵ Ibid c175

⁶⁶ Ibid c169

⁶⁷

further detail on this arrangement as part of our reporting on the sale process at the appropriate time.

In Committee, the Government tabled an amendment to remove the opposition clause, which was inserted by the Lords and provided for a statutory basis of the creation a special share. The Minister, Anna Soubry, set out the need to remove the statutory basis of the special share to avoid the GIB maintaining its public classification by the Office of National Statistics. She quoted from a letter from Lord Smith, chair of the Green Investment GIB to Lord Teverson, who had table the clause in the Lords, setting out the details of the alternative proposed:

Requiring the special share by statute is a key indicator of public control preventing the company's re-classification to the private sector. GIB instead will create a special share in the GIB on a non-legislative basis, to enable the company's re-classification to the private sector. This is essential to give GIB the freedom to borrow without this impacting on public sector net debt and more importantly to allow GIB to raise equity. GIB intends to have in place a clear process detailing how a special share will be created and will set out that process, and show our progress in delivering it, before the Enterprise Bill returns to the Lords. It is my intention to share our progress as transparently as we can, as a means of building confidence that the special share can be put in place without the requirement to do so in law.^{68,69}

In a [letter to Lord Teverson](#) Baroness Neville-Rolfe This stated the Government's absolute commitment to putting the special share model in place and that the Government had tested the model with the Office of National Statistics and was satisfied that the structure proposed by Lord Smith could be put in place "while allowing GIB to move to the private sector".

However during the debate concerns were raised that there was no absolute guarantee that the ONS would accept the measures. In response the Minister offered some assurance:

The ONS is a wholly independent - it is independent of Government - and well-respected organisation. It is, therefore, the organisation that will determine whether the Green Investment GIB is in the private sector or remains in the public sector. Should the clause be taken out of the Bill, we are confident that the ONS will determine that the GIB is part of the private sector. We need to be clear that we want to sell the GIB not only to get a good return on taxpayers' money but to free it up to continue to do the good work it does even better.⁷⁰

Report and Third Reading

The Bill was unchanged during [Report](#) and [Third Reading](#), although several unsuccessful Opposition amendments were tabled during Report stage on 8 March 2016.

An amendment was reintroduced which would have provided a statutory basis for the special share proposed by the Government. Kevin

⁶⁸ Ibid c186

⁶⁹ The [letter from Lord Smith to Lord Teverson](#) was deposited by BIS in the House of Commons Library on 3 March 2013

⁷⁰ Ibid c195

Brennan, speaking for the opposition, explained the amendment was necessary because the Government was not able to guarantee that the provisions set out by Lord Smith would satisfy the ONS. He again asked for a guarantee from the Minister during the debate. The Minister was not able to provide this stating instead:

We are confident that if the measure goes into legislation, the ONS will not take this GIB off the books, because it will not be properly in the private sector. If, however, we do it in the way that we are all suggesting—I include the chairman of the GIB in that—there is every chance in the world that this will then become a successful privatisation.⁷¹

Caroline Lucas expressed her concerns at the Government's determination to privatise the GIB despite the issues raised. She tabled an amendment which would have required any purchaser to abide by the GIB's five year plan.⁷²

An amendment tabled by Mary Creagh, Chair of the Environmental Audit Committee, would have required reports to Parliament on the remuneration of the senior team post privatisation. The aim of the amendment was to ensure the "Green Investment GIB would remain accountable to Parliament and taxpayers by reporting annually on the pay of its top team."⁷³

In responding for the Government, Anna Soubry, Minister for Small Business, Industry and Enterprise, did not support the amendments. On the GIB's investment plan the Minister stated that the Government wished the GIB to continue its green investment plans post-privatisation, but as business plans change and evolve, they would not bind new owners to the current plan.

5. Proposed Share Disposal

The GIB [announced](#) the launch of the privatisation process on its website on 2 March 2016. The Government published [Report to Parliament on proposed share disposal of UK Green Investment GIB Plc](#) on 3 March 2016. This set out the kind of disposal intended:

- The Government planned to sell GIB through a two stage sale auction process. This was because "the company is growing rapidly and will require significant new capital annually, necessitating regular cash calls from investors".
- The Government view was that GIB was not yet at a scale that made it suitable for shares to be offered through an Initial Public Offering.
- The size of stake in GIB to be sold would depend on the outcome of confidential commercial discussions with investors.

The Government view was that GIB was not yet at a scale that made it suitable for shares to be offered through an Initial Public Offering.

⁷¹ HC Deb 8 Mar 2016 :c163

⁷² Ibid c149

⁷³ Ibid c152

- The Government expected to complete the transaction in financial year 2016/17 with a call for expressions from interested parties launched on 3 March 2016
- The Government's states the primary objectives for a sale were to achieve value for money for the UK taxpayer and reclassification of GIB to the private sector.

The report also included further details of what the Government expected on commitments on maintaining GIB's green values and the creation of the special share.

The Chief Executive of the Green Investment GIB, Shaun Kingsbury, was quoted in a [BusinessGreen article](#) on 2 March 2016 as stating that the Government planned to sell between 75% and 100% of the GIB, and was considering selling to a single investor or a group of investors.⁷⁴ Mr Kingsley also set out some details of the future plans for the GIB in an [interview with BusinessGreen](#) published on 3 March, stating the GIB "will be as green as ever":

Speaking to BusinessGreen, Kingsbury predicted if the GIB is bought by an international investor, it could open the door for international expansion. "We're not sure who is going to buy us, but we expect that a lot of the people who... would bid on the business are interested in taking the model we have and taking it to other markets," Kingsbury said. He suggested opportunities could range from investment in one or two European countries to the establishment of a GIB "lookalike" in the Asian or North American markets. Kingsbury stressed final plans will depend on the profile of successful investors, but early indications suggest there is clear interest from overseas buyers. Over the past six to 12 months, government officials and GIB executives have been "warming up" prospective purchasers, he said - prospects that include UK and international pension fund providers, overseas life assurance firms, private equity investors, and GIBs⁷⁵

There were [reports](#) in the *Financial Times* in October 2016, unconfirmed by the Government, that it was about to announce the sale of GIB to Australian bank [Macquarie](#) for £2bn, which was preferred over the consortium Sustainable Development Capital, which consisted of the Pension Protection Fund, Japanese trading house Mitsui, General Electric, and an insurer, John Hancock. The article also reported that the Government may not retain any shares as was their original intention, instead selling the GIB completely.⁷⁶

Progress has also been made on the implementation of the special share provision. The [GIB announced](#) on 31 October 2016 that a new company had been created, Green Purposes Company Ltd or GPC, and five trustees with environment and energy expertise had been nominated by an Independent Nominations Committee:

⁷⁴ BusinessGreen, [Sajid Javid kicks off formal sale proceedings for Green Investment Bank](#), 2 March 2016

⁷⁵ BusinessGreen, [Green Investment Bank chief claims sale could open door for international expansion](#), 3 March 2016

⁷⁶ Financial Times, [Macquarie closes in on £2bn Green Investment Bank deal](#), 9 October 2016

The special share will be issued to GPC at the point at which ownership of GIB is transferred from the UK Government to a new owner. The nominated trustees will be formally appointed to their role by that point.⁷⁷

6. Latest Developments

As of 25 January 2017 the Government had not yet made any announcement on the proposed sale. [Macquarie](#), a global investment bank, continued to be identified by press reports as the preferred bidder although this was not confirmed by the Government. Macquarie forms part of a consortium which [purchased](#) of 61% National Grid's gas distribution business for £3.6bn in 2016. It has also been a mayor investor of in Thames Water, where it has been [criticised](#) for the level of debt the company has acquired since the purchase in 2006. Macquarie announced its intention in April 2016 of selling its Thames Water shareholding by the end of the year, but was unable to find a buyer.

The Guardian Financial Editor, Nils Pratley, [summarised](#) the reasons some were expressing concerns as follows:

Macquarie, remember, is a vast financial conglomerate [...] in the end, the money flows to where its managers think the best returns will be made. That may not be green projects, or even the UK. It could prefer to pay its shareholders a special dividend. GIB could be lost within the greater Macquarie empire.⁷⁸

However, an article in the [Financial Times reported](#) that "those familiar with the Australian group's business model say there is nothing unusual about its plan to sell mature assets and recycle the profits into more early-stage green energy schemes".⁷⁹

The speculation increased after [E3G published claims](#) that the GIB registered 10 new companies in recent months. The creation of the companies was [confirmed by the Government](#) in a written response on 16 January 2017.⁸⁰ This raised fears that there were ongoing preparations for a disposal of assets. An article in the *Sunday Times* on 8 January 2017 claimed that Macquarie was already in discussions with potential buyers:

The Australian GIB has already lined up suitors for some of the Green Investment Bank's most valuable assets [...] The GIB typically invests at the early stage of green energy projects. According to infrastructure experts, Macquarie could reap profits of as much as 30% once these investments are offloaded.⁸¹

As a result, there have been increasing calls for the Government to provide further detail on the progress of the sale and assurances obtained from the proposed buyer. Scottish Ministers [wrote to the UK](#)

⁷⁷ GIB, [GIB 'special shareholder' trustees nominated](#), 31 October 2016

⁷⁸ The Guardian, [Green Investment Bank sale should raise red flags for Theresa May](#), 9 January 2017

⁷⁹ Financial Times, [Green Investment Bank will be asset-stripped, warns Cable](#), 9 January 2017

⁸⁰ HC Green Investment Bank, [Written question 60177](#), 16 January 2017

⁸¹ The Sunday Times,

[Government](#) in December 2016 expressing concerns about the progress of the sale and the implications for Scotland:

Mr Brown expressed concerns over reports that the completion of the transaction process will result in the complete break-up of the Bank's current portfolio, and may result in an asset stripping exercise with significant financial rewards for any new owner. He also requested that the previous commitment to protect the 50 jobs supported at the Bank's Edinburgh Headquarters was reconfirmed.

Caroline Lucas set in the Huffington Post on 10 January 2016 concerns about the approach a new owner might take:

Any asset sale that Macquarie is involved in will result in one thing for them: big fees and a large profit. It's their well-known business model. The GIB has commitments to 85 projects totalling £2.7billion - so, there's clearly money to be made. This new evidence strongly suggests that the GIB, under Macquarie ownership, will be stripped of its four largest assets, totalling almost £1billion.

It is astounding to think that the GIB itself has been complicit in a future asset-strip, and Ministers and the GIB must now urgently explain why these changes have taken place. The government must also provide details of the assurances they have received from Macquarie of their commitment to the future of the GIB as a significant funder of green projects in the UK.⁸²

Vince Cable, who was Secretary of State for BIS when the GIB was created, was critical of the limited information being made available on the progress of the sale:

Not only has the sale been clouded in secrecy and rumour but it also threatens to have a seriously bad outcome. In October the government selected a preferred bidder and, though this was never announced publicly, the choice was [Macquarie GIB](#). Macquarie has acquired [a bad reputation](#) in Australia and here, through its ownership of Thames Water, after securing very high rates of shareholder return at the expense of long term re-investment of profit. Since the whole process of sale has been opaque we do not know whether the sale is to go ahead and on what terms. But there is a widespread assumption that the GIB wishes to sell off the portfolio and that delays are caused by their valuation exercise.⁸³

In addition, Lord Barker, Energy Minister when the GIB was created was [reported](#) to have written to the Prime Minister, calling for a rethink of the sale of the GIB.

6.1 Parliamentary Questions

An [urgent question](#) on privatisation was tabled in the House of Commons on 11 January. In response to the concerns raised by MPs about the identity of the preferred bidder, the Minister of State for

⁸² Huffington Post, [The Future Of The Green Investment Bank Is In Peril](#), 10 January 2017

⁸³ The Guardian, [Selling off the GIB I founded could be the final nail for green Conservatism](#), 10 January 2017

Climate Change and Industry, Nick Hurd, provided some detail of the Government's priorities:

I can, however, assure him - he is far too experienced to be drawn or influenced too much by media speculation - that we are not being naive in this process. We have set clear criteria for the sale, we have run a genuinely competitive process and we are now evaluating the proposals before us, through the lens of the criteria we have set, which include value for money and reclassification. We are selling a going concern, and what we want to hear about are forward plans for a dynamic, ongoing concern seeking to mobilise more private capital into the green economy.⁸⁴

The main concern raised by MPs from across the house was that the special share created by the Government, whilst able to preserve the green purposes of the GIB, would not prevent any new buyer from disposing of assets as they saw fit or require any proceeds to be reinvested in similar projects. Matthew Pennycook asked:

The Minister has been very clear that the creation of a special share in the governance arrangements will protect the integrity of the GIB's green purpose and future investments, but may I press him for a little more detail on precisely how that special share would prevent successful bidders—Macquarie or others—from offloading current projects?

In his response Mr Hurd made clear the Government did not expect the GIB to hold on to assets indefinitely:

I want to make two points on that. First, the special share is being set up to protect the integrity of the green purpose, which is set out in the articles of association. It is there for all to read. Any proposed changes would need to be approved by the trustees, who have been selected independently. That is the mechanism involved. Secondly, I made the point earlier that I do not think it is sensible for investment institutions to hold on to assets for ever. Part of their role is to manage a portfolio, and if they get attractive offers to divest assets we expect them to look at those offers seriously. We are interested in the plans for future investment, and in what this organisation could become under private ownership. That is what we are evaluating.⁸⁵

In response to a final question, on whether the Government was seeking assurances that 100% of the return on any sales of existing assets would be reinvested in green energy in the UK, the Nick Hurd responded:

I think I have laboured to exhaustion the point that one of our priorities is to protect the integrity of the green purpose of the organisation. What we want to hear from bidders is their plan for future investment.⁸⁶

Following the debate in Parliament, speculation continued in the press. There were reports in the [Sunday Times](#) on 22 January and [BusinessGreen](#) on 23 January that the Government was reconsidering the sale:

⁸⁴ HC Deb, [11 January 2017](#), c318

⁸⁵ Ibid c329

⁸⁶ Ibid c330

Rival bidder SDCL calls for its sale pitch to be reconsidered, as government ministers rumoured to be considering public flotation for the bank rather than controversial sale to Macquarie

The government could U-turn on its controversial move to sell the Green Investment Bank (GIB) to private bidders, according to media reports this weekend that suggest a new plan to float the state-owned bank is being considered by ministers.

Following mounting criticism from a cross-party group of politicians who fear the front-runner to acquire the GIB, Australian bank Macquarie Group, is planning to strip the green bank of its assets, reports in *The Sunday Times* yesterday suggest the government may now be considering a flotation of the bank on the public stock market.

The news comes as rival bidder Sustainable Development Capital (SDCL), which reportedly lost out on becoming the preferred bidder last year, urged the government to reconsider its offer for the bank. SDCL has committed to keeping the bank as a single entity and said it would focus on building up its portfolio of green projects before considering an IPO in 2020.⁸⁷

6.2 Environmental Audit Committee Hearing

Following the debate, the [Environmental Audit Committee](#) published a press release on 17 January 2016 announcing that it had invited Ministers to appear before the Committee. The Chair, Mary Creagh, stated:

The Green Investment Bank (GIB) has had notable successes in investing in green energy infrastructure. The EAC's view is that the retention of the GIB's green identity should be the most important objective of any sale.

New companies have been registered at Companies' House ahead of the sale of the GIB.

We have concerns that this might lead to the GIB being broken up.

We have asked Ministers and UK Government Investments to appear before the Committee and assure us that the Green Investment Bank will continue to exist as a stand-alone investor.

⁸⁷ BusinessGreen, [Government plans rethink over Green Investment Bank sale](#), 23 January 2016

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