



SSN Finance Action Group - Funding Guidance

December 2019

| Active travel - Places For Everyone (Sustrans Transport Scotland) | | | | | | |
|--|--------------------------|--|--|-----------------|--|--|
| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
| Up to & inc Construction/ Deployment | Sustrans (Scottish Govt) | Staged, and ongoing. 2020/21 round opens May 2020. | Active travel: Projects should benefit people who are cycling, walking and wheeling. | Grant | Can provide 100% of the funding for approved pre construction costs. | Funding levels are dependent on the type of project. Projects that benefit one mode to the significant detriment of another will not be supported. |

| Community municipal bonds | | | | | | |
|----------------------------------|----------------|--------|------------------|-----------------|----------|------------|
| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
| | | | Public projects | Bond/Loan | | |

| Crowd funding | | | | | | |
|--------------------------|----------------|--------|------------------|-----------------|--|--|
| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
| N/A | Private | Open | Multiple | N/A | <ul style="list-style-type: none"> A wide buy in from lots of people Money from many sources | Lots of stakeholders that could pull money |

| <u>District Heating Loan Fund</u> | | | | | | |
|-----------------------------------|----------------|--------|---|-----------------|--|------------|
| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
| Construction/ Deployment | Scottish Govt | Open | Capital for District Heating; low carbon and renewable heat | Loan | <ul style="list-style-type: none"> Low interest loan, circa 3.5%. Security not required (unsecured loans) Technical support available | Loans only |

Energy Efficient Scotland

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------------------|----------------|-----------------------------|---|----------------------------------|----------|------------|
| Up to & inc Construction/ Deployment | Scottish Govt | To Be Confirmed, from 2020. | Low carbon property improvements & Fuel poverty | Loan, small element of grant TBC | tbc | tbc |

Equity raising

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------|----------------|--------|-----------------------------------|-----------------|--|---|
| Construction/ Deployment | Private | Open | Open - related to domestic assets | Loan | Releases investment opportunity from asset | <ul style="list-style-type: none"> Increases borrowing Borrows against expected savings |

EU Structural Funds - ERDF Scotland

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------------------|----------------|---|---|-----------------|----------|------------|
| Up to & inc Construction/ Deployment | EU Commission | Funding period 2014-2020 (currently closed) | <ul style="list-style-type: none"> Supporting a shift towards a low carbon economy in all sectors Preserving and protecting the environment and promoting resource efficiency | Grant | tbc | Brexit |

Green Bonds

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------|---|--------|--|-----------------|---------------------------|------------|
| N/A | Any organisation with bonding authority may issue green bonds | Open | Any project looking at environmental/ sustainability improvement | Bond | Comes with tax incentives | |

Green Investment Portfolio

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------------------|----------------------------------|--------|---|---------------------------|-------------|------------|
| Up to & inc Construction/ Deployment | Scottish Govt/private investment | Open | Follow the EU Taxonomy guidelines for energy, built environment, transport, rural, industrial, circular economy | Leverages private capital | Competitive | tbc |

Industrial Strategy Challenge Fund

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------------------|----------------|--------|--|-----------------|----------|------------|
| Up to & inc Construction/ Deployment | UK Govt | Open | Energy use of new buildings & carbon industrial clusters | Grant | tbc | tbc |

Low Carbon Infrastructure Transition Programme (LCITP) -Catalyst

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------|--|------------------|------------------|-----------------|---|--|
| Early Feasibility | Scottish Govt/European (ESIF) Launched in 2015, the LCITP is a partnership between the Scottish Government, Scottish Enterprise, Highlands & Islands Enterprise, Scottish Futures Trust and sector specialists. | Until 2021, open | Innovation | Grant / Loan | Designed to create commercial investment in low carbon infrastructure projects. | <ul style="list-style-type: none"> Does not support concept development or options appraisals Onerous financial records to enable payments |

Low Carbon Infrastructure Transition Programme (LCITP) -Development

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------------|-------------------------------|------------------|--|-----------------|--|--|
| Investment Grade Business Plan | Scottish Govt/European (ESIF) | Until 2021, open | Evaluation & analysis of infrastructure project to produce investment grade business proposal. | Grant / Loan | Supports decision-making by detailing strengths and weaknesses, opportunities and threats, & identifying resources required to deliver it. | <ul style="list-style-type: none"> Does not support concept development or options appraisals Onerous financial records to enable payments |

Low Carbon Infrastructure Transition Programme (LCITP) -Demonstrator

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------|--------------------------------|--------------------|---|-----------------|---|---|
| Construction/ Deployment | Scottish Govt/ European (ESIF) | Until 2021, staged | Capital support to demonstrate commercial viability of unproven technology in Scotland. | Grant / Loan | Provides capital where market does not support full investment, enabling growth of market sector. | <ul style="list-style-type: none"> Does not support concept development or options appraisals Onerous financial records to enable payments Public and/or private sector led projects - minimum ratio of 50% (LCITP): 50%(Project) Community projects -ratio of 80%(LCITP): 20%(Project) |

Non Domestic Energy Efficiency Framework

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------------------|-----------------|---------------------------|--|--|--|---|
| Up to & inc Construction/ Deployment | Public/ Private | Open, to 29 February 2020 | Non-domestic energy efficiency retrofit, public sector and local energy regeneration (including combined heat and power systems and district heating systems). | Procurement Framework & Energy Performance Contract (“EnPC”) or Call-Off Contract under Framework. | <ul style="list-style-type: none"> Transfers risk to installer. Economies of scale and standardised approach. Self-funding (i.e. the costs saved pay for the assets installed). Installers design & build | <ul style="list-style-type: none"> More complex procurement than standard procurement frameworks Complex measurement of savings excludes any change of use or reconfiguration of the space for the duration of the contract |

| Private finance | | | | | | |
|--------------------------|----------------|--------|------------------|-----------------|------------------|---|
| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
| N/A | Private | Open | Varies | Varies | Privately funded | LAs might not accept (borrowing restrictions set per LA, procurement challenge) |

| <u>PWLB</u> | | | | | | |
|--------------------------------------|----------------|--------|--|-----------------|---|--|
| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
| Up to & inc Construction/ Deployment | UK Gov | Open | Focus on capital, for anything of benefit to the area. | Loan | <ul style="list-style-type: none"> • Very low interest rate • Reporting limited to accounting/ financial management | <ul style="list-style-type: none"> • Loans only • Managed by Treasury / Finance within LAs |

| Resilience bonds | | | | | | |
|--------------------------|----------------|--------|---------------------------|-----------------|----------|---|
| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
| N/A | Scot/UK Gov | tbc | Resilience infrastructure | Bond | | Money must be spent specifically on resilience infrastructure |

SALIX

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------|----------------|--------|------------------------|-----------------|--------------------|--|
| Construction/ Deployment | Private | Open | Energy efficiency work | Loan | Interest free loan | <ul style="list-style-type: none"> Investment must be matched Payback less than 10 years Loans only |

Scottish Green Bus fund (Transport Scotland)

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------|----------------|--------|---|-----------------|---|--------------------|
| Construction/ Deployment | Scottish Govt | CLOSED | Encourage more low carbon emission buses onto Scotland's roads. | Grant | Grants will be offered to successful bidders for up to 80% of the price differential between a LCV and its diesel equivalent. | Excludes minibuses |

SP Green Economy Fund

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------------------|----------------|------------------------|---|-----------------|--|----------------------------------|
| Up to & inc Construction/ Deployment | Private | Staged: next round TBC | Impact SP Energy network directly or indirectly & social or environmental impact. | Grant | <ul style="list-style-type: none"> A wide range of organisations eligible to apply Deliver advice, training or technology deployment | Match funding or time essential. |

Strength in Places Fund

| Project stage applicable | Finance source | Timing | Focus of Finance | Type of Finance | Benefits | Challenges |
|--------------------------------------|--------------------------|--------|---|-------------------------------------|----------|--|
| Up to & inc Construction/ Deployment | UK Research & Innovation | Open | <ul style="list-style-type: none"> Place-based approach to research and innovation funding. Research and high quality innovation where activities should make a significant change in rate of growth, relative to the baseline for the place. | Split of capital/revenue activities | tbc | <ul style="list-style-type: none"> Collaborative bids between businesses and research organisations. Bids must demonstrate strong engagement with local leadership partners. |