



# Oxfordshire County Council Finance Framework

02 December 2024



**OXFORDSHIRE  
COUNTY COUNCIL**

Green  
Loan  
Principle  
Compliant



# Introduction to the Council

The county of Oxfordshire was recorded as a county as early as the 10th century and is located almost entirely within the Thames basin. At the county's centre is the world-famous city of Oxford, renowned for its universities and its "dreaming spires". The county itself remains largely rural, whilst boasting unique areas of interest and importance, including the UNESCO World Heritage site of Blenheim Palace in the north of the county and a world leading hub of science and innovation in the south.

Spanning over 1,000 square miles, Oxfordshire is home to a population of over 700,000.

Oxfordshire County Council provides around 80 per cent of local government services in the county, including libraries, social care for adults and children, public health, highway maintenance, fire and rescue, waste disposal, emergency planning, trading standards and the registration service (births, deaths and marriages). It is also the local education authority. This makes it one of the largest employers in Oxfordshire, with a gross expenditure budget of £1,131 million in 2024–25.



Park and charge site in Bicester



Planting in community garden, East Oxford

# Introduction to Climate Change in Greenwich

Oxfordshire County Council is taking action on the climate. We acknowledged a climate emergency in 2019 and have the ambition to be carbon neutral as a council by 2030, with a further ambition to enable net zero as a county by 2050.

By leading the way and seeking to become net zero significantly ahead of the national 2050 target, we hope to show what can be achieved and inspire residents and local businesses to join us on this rewarding journey.

We published our Climate Action Framework in 2020, which sets out our targets and approach to tackling the climate emergency, outlining what we will do in the short, medium and long term.

In order to reach our 2030 target, we are focusing on:

- Decarbonising our buildings
- Reducing the carbon impact of our street furniture
- Moving to an electrified fleet
- Encouraging active travel and carbon neutral working practices

We'll achieve this by adopting new best practice in building design for a corporate estate to ensure maximum energy efficiency. Meetings will be held virtually as a preference to travel. Our staff are encouraged to and enabled to work from home to reduce travel, and we are increasing the use of active and zero carbon travel options.

Rigorous building energy management practices are being produced, and we are converting lighting on our street furniture to LED. We're continuing to implement our 'electric by default' car and van replacement policy, and we're supporting staff to move to transition from fossil fuel to electric cars.

We are building the business case for solar on our roofs, land and car parks and we're actively seeking to buy green power for our estates.

As well as our corporate climate ambitions, we are also:

- Supporting our schools to take action on energy efficiency
- Working with our supply chain to decarbonise our service delivery
- Taking steps to enable a zero carbon Oxfordshire by 2050



Oxford zero emission zone

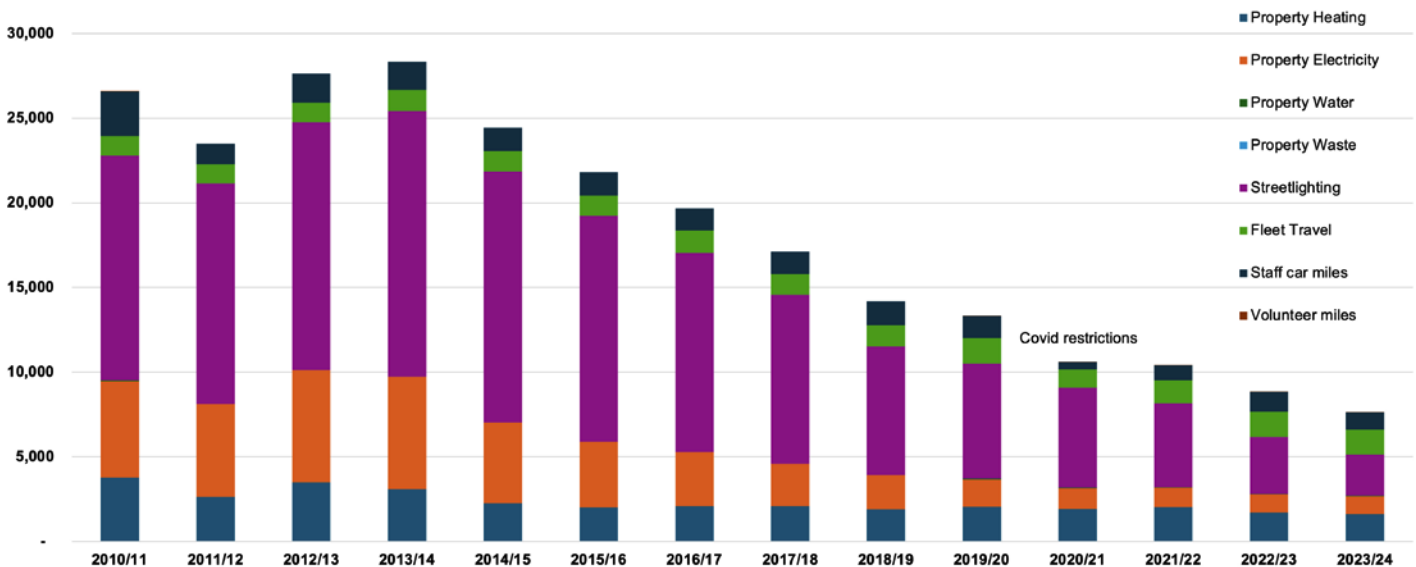
# Council track record on climate

Oxfordshire County Council has quantified the emissions of both residents and its own activities. The Council's carbon emissions from its own estate and operation have reduced from 26,000 tonnes per annum in 2010/11 to 7,638 tonnes per annum in 2023/24 (This represents a 71% reduction from 2010/11).

Key past projects and initiatives to decarbonise our estate and operations:

- 96 per cent of approximately 60,000 street lighting assets replaced with LEDs.
- LED replacement programme at two Park & Ride sites completed at the end of 2020/21 resulted in a 54% reduction in site electricity consumption.
- Awarded £2.1m for heat decarbonisation and energy efficiency measures at seven corporate buildings and four schools through the Public Sector Decarbonisation Scheme (PSDS) round 1.
- Further £856k of funding attained under PSDS round 3a and £3.1 million under PSDS 3c for heat decarbonisation, improving building thermal envelop and insulation measures and on-site renewable generation at 27 corporate site and five schools.

Chart: Oxfordshire County Council Annual Carbon Emissions (tCO<sub>2</sub>)



# Green Finance Framework

The Council has prepared this Green Finance Framework (the framework) with the intention of raising capital via the issuance of:

- Green Municipal Investments (GMI) in the form of bonds and P2P Loan Agreements to (re)finance Eligible Green Projects).

The framework provides overarching criteria and guidelines as to how the Council will issue the above products and manage them on an ongoing basis. The Council has developed the framework in line with various applicable market standards as below:

- GMI align to the International Capital Market Association (ICMA) 2021 Green Bond Principles (GBP) and Loan Market Association (LMA) 2020 Green Loan Principles (GLP) or as these principles may be subsequently amended.

The principles referenced within the framework are voluntary process guidelines and, at the date of this publication, are globally accepted as the standard guidelines. They also follow the principles underpinning the UK Government's Green Gilt and Green NS&I saving bond products.

Abundance Investment Ltd will provide assurance that the projects funded by Use of Proceeds are Eligible Green Projects and that all the Use of Proceeds are spent on Eligible Green Projects.

The Council's Section 151 Officer, with assistance from the Director for Communities, Environment and Central, Homes and Economy, is responsible for ensuring that all borrowing and investment will be in line with the council's standing orders.

The Council is committed to following best practice and appreciates any feedback from market participants on the approaches set out in this framework.

This framework may be updated from time to time to ensure continued alignment with voluntary market best practices and emerging standards. For instance, these documents may be amended to align with the UK Government Green Taxonomy when it is published. Any updated version of this framework will either maintain or improve the current levels of transparency and reporting disclosures, including the corresponding external review.

# Considering the Social Co-Benefits of Green Investment

A just transition seeks to ensure that the substantial benefits of a [green economy transition](#) are shared widely, while also supporting those who stand to lose economically – be they, industries, communities, workers, or consumers.

A rapid increase in the speed and scale of actions required to reduce the risks of climate change will create new economic opportunities, but at the same time it may move economic activity away from damaging industries and can carry costs for consumers.

We aim to identify where the challenges will occur and plan the transition, so it minimises the costs to more vulnerable sections of the community. In our reporting we will communicate mitigants that we have put in place when delivering individual eligible green projects to support a just transition.

## GMI: Green Bonds and Green Loans

This section of the framework sets out how the Council proposes to issue and manage its GMI on an ongoing basis. Green bonds and loans are defined in this framework as bonds and loans established to finance Eligible Green Projects. These are projects or assets that deliver positive environmental outcomes or refinance Council debt that supports these projects or assets.

The Council developed the framework in line with the GBP and GLP and therefore the methodology includes the following four key components:

- Use of Proceeds
- Process for evaluation and selection
- Management of proceeds
- Reporting.

# Use of Funds

The Use of Funds is defined in the legal documentation for each GMI issued. It is an amount equivalent to the net proceeds (funding raised after costs) of green bonds and loans issued under the framework and can only be allocated to the financing of Eligible Green Projects. These are projects with positive environmental outcomes, which contributed to a low carbon and climate resilient future), or the refinance of corporate debt that supports Eligible Green Project.

Each GMI will detail which specific projects, asset or project themes the GMI is funding. Where eligible projects and assets are jointly funded between the Council and another party (e.g. central government), funding will be applied only to the Council's share of the eligible scheme.



Locals discussing their harvests at one an allotment

## Eligible Green Projects

The following outline the categories of Eligible Green Projects. The Eligible Green Projects are derived from the categories laid out in the ICMA Green Bond Principles, but for consistency follow the framework established by the UK Government for the countries Green Gilt and Green NS&I savings product scheme as well as the UK Taxonomy objectives.

## Renewable Energy



UK Taxonomy Objective: Climate Change Mitigation

- Schemes generating energy from renewable sources such as wind, solar, geothermal, hydropower (provided environmental and social impact assessments are undertaken and no significant controversies are identified) and bioenergy with lifecycle emissions of less than 100g carbon dioxide equivalent per kilowatt-hour of electricity generated (CO<sub>2</sub>e/kWh), declining to 0g CO<sub>2</sub>e/kWh by 2050 and only second-generation biofuels are used.
- Energy storage facilities
- Schemes for renewable heat such as district heating and heat pumps where energy is derived from renewable sources

## Energy Efficiency



UK Taxonomy Objective: Climate Change Mitigation

- Schemes that reduce the energy use (heat and electricity) and therefore the carbon intensity of buildings used by the Council or buildings owned by the Council but rented out for social housing or commercial purposes.
- Schemes that support or provide services to the private residential or commercial market to encourage or implement energy efficiency measures.
- Schemes that utilise energy more effectively to generate heat or utilise waste heat.

## Transport



UK Taxonomy Objective: Climate Change Mitigation

- Schemes that support low and zero emission mobility, including EV (Electric Vehicle) charging infrastructure, EV fleet conversion, cycle way improvement, car reduction schemes and other schemes that encourage cleaner transportation.



## Pollution Prevention and Control



UK Taxonomy Objective: Climate Change Mitigation; Pollution Prevention & Control and Transition to a Circular Economy

- Schemes that support waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy
- Reduction of air and water emissions and greenhouse gas control
- Schemes that support the circular economy

## Climate Change Adaptation



UK Taxonomy Objective: Climate Change Adaptation

- Schemes that deliver flood protection, resilience, and other risk mitigation programmes
- Schemes that deliver heat protection, resilience, and other risk mitigation programmes
- Engineering activities and technical consultancy dedicated to adaptation to climate change

## Living and Natural Resources



UK Taxonomy Objective: The Protection and Restoration of Biodiversity and Ecosystems; Sustainable use and Protection of Water and Marine Resources; Climate Change Mitigation and Climate Change Adaptation

- Schemes that protect and enhance terrestrial and marine biodiversity, ecosystems and natural capital
- Schemes that support sustainable land use and protection, including environmentally sustainable agriculture
- Schemes that support environmentally sustainable clean water, water storage and wastewater management initiatives
- Funding for environmental activities of third sector partners.

# Process for Evaluation and Selection

For new and existing bonds and loans, the Council will manage the eligible scheme selection process by applying professional judgement, discretion, sustainability knowledge and by considering the following objectives, features and benefits:

- Conformance with the relevant principles
- Conformance with the eligible criteria set
- Alignment with the Council's Carbon Neutral Plan
- Broader environmental and/or social risks associated with the project.

The resultant list of eligible assets and their budgets will be provided in the Use of Funds details associated with an individual GMI.

Before a GMI is launched Abundance will validate that the Use of Proceeds only includes Eligible Green Projects. In cases where Abundance and the Council do not agree on the classification of a project as green, a third-party opinion may be sort.

## Management of Proceeds

To manage the risk of holding unallocated proceeds from GMI, the combined value of the GMI will be less than the total value of the eligible assets and any balance of funding will be met through existing funding sources.

### Tracking of proceeds

The Council tracks the receipt and use of proceeds via its internal reporting systems, ensuring Eligible Green Projects (re)financed are appropriately identified.

In addition, to ensure appropriate earmarking for the purpose of internal monitoring and external reporting of proceeds, the Council has established a register that contains details (including value) of all Eligible Green Projects (re)financed by or able to be (re)financed by green bonds and loans.

The Council will service its debt obligations under green bonds and loans out of general cashflows and not specifically from revenues generated by eligible projects alone. This will also help in minimising risks to the investors. The overall financing cost of CMIs will be met from the same central budget as PWLB debt.

## Unallocated proceeds

To the extent that green bond and loans proceeds have not been allocated to eligible assets at issuance, or if during the life of the green bond and loans proceeds become unallocated (“Unallocated Proceeds”) (for example, because an eligible asset has been sold), the amount of unallocated proceeds shall be:

- held in temporary investment instruments that are cash, or cash equivalent instruments, within a treasury function; or
- held in temporary investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or
- applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to eligible assets.

Should unallocated proceeds arise for any outstanding Green Bond or Loan:

- The Council will disclose this information within the annual use of proceeds reporting
- No contractual right of review or repayment will arise, and no loss of green classification will occur.

The council expects there to be adequate headroom of eligible assets and will endeavour to ensure that funds are disbursed to eligible assets within 36 months of the issuance of the green bonds and loans.



Extended family walking in Oxfordshire woodland

# Reporting

The Council will publish information on the Use of Proceeds as follows:

- Details of the schemes (re)financed and amount of money spent on each project.
- A summary of the environmental outcomes that have been delivered by the projects.

The information will be published as follows:

- Investor Update, this is the digital communication emailed to all investors in a specific GMI.
- Abundance Project Page, the same information will be published on the Council GMI webpage so that any member of the public can view the information.
- Council Website, the same information will be published on the Council Website, or a link provided to the Council page on the Abundance website.

# Assurance

The Council is committed to pursuing the highest standards of integrity relating to its GMI programme. By providing an independent and third-party check Abundance Investment provide confidence that the programme is being delivered in line with the GBP and GLP and that the schemes selected are Eligible Green Projects.

The projects selected to be financed by the Use of Proceeds will be reviewed by Abundance to ensure they qualify as Eligible Green Projects. Where the green credentials of a project are not clear, Abundance might recommend the recruitment of a technical expert to provide an expert opinion on the qualification of a project.

Abundance from time to time will spot check the Council's programme to ensure that the updates provided are accurate and the internal systems and controls remain in place to ensure that ongoing compliance with the framework is assured.



**OXFORDSHIRE  
COUNTY COUNCIL**

