



A large, stylized illustration on the left side of the page depicts a sustainable city. A large, multi-colored rainbow arches over a scene containing wind turbines, houses with solar panels, and a tall office building. In the foreground, orange silhouettes of people are shown: two walking and two riding bicycles. The background is a light blue gradient, and the bottom of the page features a solid blue band.

2030 CLIMATE STRATEGY

*Delivering a Net Zero,
Climate Ready Edinburgh*

Draft: June 2021



Investing in change

Development of place-based investment programmes and innovative finance models

Edinburgh is the financial capital of Scotland and a leading global economic hub which is one of only 6 European cities rated among the top 20 centres for finance in the world. London is the only other UK city in the top 20 and Edinburgh has been progressing up the index in recent years, driving Scotland's economic growth and playing a leading role on the global stage.¹

Regulatory changes and consumer pressure in the financial sector mean that investors are increasingly seeking 'impact investment' opportunities - where returns are also measured in terms of social and environmental benefits. This means they are also assessing investment opportunities according to 'ESG investment criteria' (economic, social and governance measures), as well as financial returns, are used to guide investment.

Edinburgh is uniquely placed to accelerate this progress as both the host of one of the most dynamic financial services industries in the world, and as a world leader in research and data innovation.

There are opportunities for Edinburgh to work with Scottish Government to develop **innovative finance models** which lever this private capital and align it with re-configured place-based public sector **investment programmes**. This would ensure risks and rewards are shared more equitably, delivering revenue returns and other co-benefits to communities.

Innovative finance models and investment could prioritise community wealth-building and reduce the financial risks associated with failure to adapt to impacts of climate change, as the costs of not acting far outweigh the costs of acting now.

Managing budget and capacity shortfalls

Cities are experiencing a budget and capacity shortfall crisis, despite access to debt at historically low interest rates. This comes at the same time as the urgent need to decarbonise, and to adapt to the effects of climate change, both of which will require investments of billions of pounds per city. Even with the availability of low-interest finance from the public purse, **the public sector alone will not be able to meet the financial challenge**.

Connecting capital to investible projects

The city faces challenges in raising the level of up-front capital investment urgently required now, to deliver long-term financial returns, significant emissions reductions and wider co-benefits.

We also face challenges in developing 'ready to go' projects and opportunities at the scale needed to attract public and private sector investment into the city. Institutional investors typically require portfolios worth upwards of fifty million pounds to achieve economies of scale with few sources of finance and funding investing in the research and development of investable projects.

Financial decision-making in the city also often prioritises short-term risk and reward, in a way that limits the city's ability to respond to the long-term investments that are needed, if we are to tackle climate change.

Ensuring investment responds to communities' needs

Organisations and businesses across the city are already investing in climate action through their fleets, their buildings, their

¹ [The Global Financial Centres Index 27, Long Finance, March 2020](#)

energy sources and their work practices. But new investment will still be needed and in particular; investment to support access to upfront capital investment in buildings and infrastructure.

National funding streams often focus on very specific objectives that don't always align with city priorities or support more holistic place-based interventions. This means city partners have to invest significant time and resources in 'weaving together' multiple bids to be able to invest in a 'place' in a way that responds to the systemic challenge of net zero and the full range of that communities' needs.

Our Vision

By 2030, Edinburgh's' transition to net zero will mean the city is benefiting from large-scale and co-ordinated **public and private investment** that is designed around the needs of citizens.

Investment will be deployed in a way that supports **place-based approaches** and a just transition to a net zero city. Citizens have **affordable and easy access** to **low carbon technologies** for insulating, heating, and powering their homes, and **returns from investments** are delivering **benefits for Edinburgh's economy**.

Our strategic approach

We can achieve over 60 percent of our emissions target with technology that

currently exists and through investment that would pay for itself over time.

We will align public sector budgets to share risk and maximise efficiency and opportunity in net zero actions.

We will invest in the capacity and expertise needed to develop the city's pipeline of projects and maximise opportunities for attractive joint projects for investment.

We will strengthen the city's partnership approach to infrastructure projects to support net zero, to ensure Edinburgh is well placed to successfully access new national public sector funding streams focused on supporting the transition to net zero.

We will test innovative finance models and use learning from innovations to bring forward net zero investment programmes at scale and pace.



Maximising national funding

By strengthening the city's partnership approach to heat and energy infrastructure; public building retrofit; place based development; active travel and EV charging infrastructure, we will make sure that Edinburgh is well placed to successfully access the funding which will be available over the coming years from UK Government, Scottish Government and other funding bodies such as the National Lottery.

We will focus on accessing funding streams that allow us to meet strategic objectives of:

- Adapting to new post-Covid realities, such as repurposing town centres, and enhancing active travel infrastructure.
- Preparing the city for the development of clean energy heat networks.
- Adapting to the effects of climate change by using ecosystem services and enhancing biodiversity.
- Establishing a Climate Transition Lab with partners that allows us to test new financing models for transformational interventions, including the retrofitting of the privately-owned housing stock across Edinburgh



Fostering Edinburgh's investment potential

As the capital city of Scotland, with world class data and innovation centres, and with a long tradition as a hub for the global financial services industry, we are well placed to be a leader in financing the transition to net zero, and in doing so create opportunities for testing long-term approaches to place-based investments that create community wealth, and support rapid decarbonisation and a climate-ready city.

We will foster the investment potential of Edinburgh by working with partners to develop ambitious and attractive projects

and proposals, test innovative finance models, including blended finance, and new approaches to sharing risk and reward.

One strategy output will be a City Investment Prospectus that will enable us to easily match investors to suitable projects in Edinburgh. These projects include responding to major challenges, such as how to retrofit residential properties across the city, and preparing the city for the effects of climate change through adaptation.

Case study: Nature Climate Bonds

We're working with Abundance Investment to develop a pipeline of nature-based projects, using 'Nature Climate Bonds'. These are an approach to financing climate change and biodiversity loss actions by allowing local citizens to invest directly in nature-based projects in Edinburgh.

Citizens will be able to invest via a crowdfunding platform and earn a return on their investments. The first Nature Climate Bond will be launched in Edinburgh in 2021, and will be the first of its kind in the UK.

Source: The City of Edinburgh Council



Creating innovative demonstration projects

We will identify opportunities for Edinburgh to develop demonstrator projects that can pave the way to solving the biggest challenges on the journey to sustainability.

Demonstrator projects will be explicitly designed with citizens to build local skills capability and capacity, and test new financing structures.



Developing large-scale investment projects

Through wider collaboration with city partners, we will develop a pipeline of large-scale/aggregated investible projects that focus on delivering the major heat and energy, transport, EV, greenspace, and energy efficient housing infrastructure projects that are needed to make the transition to net zero. Collaboration will allow us to use our unique position as an innovative capital.

Case study: Collaborating to access investment

Edinburgh is working alongside other ambitious UK cities, through the Edinburgh Climate Change Institute and as part of the Place-Based Climate Action Network (PCAN), to explore how net-zero and resilience goals can be better connected with sources of finance and investment - aiming to scale up

financing within participating cities and regions.

This project aims to better connect place-based climate programmes to the right sources and models for investment. Through this project, we will extend Edinburgh's reach by working as a collective to develop innovative finance models and to engage with large financing bodies.

Source: Edinburgh Climate Change Institute



Unlocking investment

In doing this, we will look to move away from a public sector funding model which has limits to the amount the city can raise and often uses public borrowing to de-risk investments – to a 'city as enabler' model which connects investors to city opportunities, shares risk and reward more equitably, and allows much larger sums of money to be raised through private sector investment.

By working with providers of capital, such as Lothian Pension Fund, we will identify compelling opportunities to match patient finance to large-scale net zero projects which will benefit both investors and citizens.

We will work with UK finance and academic experts to develop strategic approaches to mobilising place-based climate finance. This

includes working with the Place-Based Climate Action Network (PCAN) to explore how place-based net-zero and resilience goals can be connected with sources of finance and investment and aiming to scale up financing within the core PCAN cities including Edinburgh.

By working alongside other ambitious UK cities, and drawing on the academic and other expertise available through PCAN, we will aim to extend Edinburgh's reach and engage with large financing bodies as a collective – including, but not limited to, banks, investors, the Green Finance Institute, Impact Investing Institute, and the new Centre for Greening Finance and Investment.

Case study: Community investment bonds

In 2020, Warrington and West Berkshire councils each raised £1m by issuing Community Municipal Investments, which allowed citizens to directly invest in renewable energy infrastructure, the returns from which are repaid to investors over a 5-year period.

The bonds have already paid out the first round of repayments to investors and are designed to be issued multiple times per year to allow cities to quickly raise finance.

Source: [Warrington 2025](#) and [West Berkshire 2025](#)

Investing in change

Outcomes

- City partner budgets are aligned towards net zero place-based investment
- Edinburgh is a centre for global capital investment, supporting the infrastructure projects needed to transition the city
- Investment in Edinburgh is also delivering social and economic benefits for citizens

Action	Next steps and Indicative delivery timeframe	Partners
1. Create a pipeline of investible projects	<ul style="list-style-type: none"> • Increase capacity and resources to develop feasibility studies and business cases that enable the development of a pipeline of investible projects. 2021-2023 	The Scottish Government
2. Providing an evidence base for investment	<ul style="list-style-type: none"> • Develop Edinburgh's Carbon Scenario Tool and wider shared data, especially around mobility and energy, to drive net zero innovation and provide an evidence base for investment. 2021-2023 	Edinburgh's further and higher education sector
3. Developing innovative finance modes	<ul style="list-style-type: none"> • Develop innovative finance models that share risk and reward and deliver economic and social benefits for Edinburgh's citizens, beginning with Nature Climate Bonds and exploring, for example, city investment bonds. 2021-2023 	The Scottish Government, Scottish National Investment Bank, The City of Edinburgh Council, private sector partners
4. Funding scalable tests of change	<ul style="list-style-type: none"> • Seek funding to deliver scalable tests of change which use innovative finance models to deliver place-based net zero projects and build community wealth, beginning with net zero development and community retrofit. 2021-2023 	The City of Edinburgh Council, EIT C-KIC
5. Developing capital investment opportunities	<ul style="list-style-type: none"> • Bring forward a pipeline of capital investment opportunities at scale, to deliver major heat and energy, transport, EV, greenspace, and energy efficient housing infrastructure projects that support the city's transition to net zero. 2024-2027. 	The City of Edinburgh Council, public and private sector partners
6. Delivering place-based investment at scale	<ul style="list-style-type: none"> • Call on the Scottish Government to work with public bodies to develop joined-up funding streams to deliver place-based investment at a scale which supports the transition to net zero. 2024-2027. 	The Scottish Government, The City of Edinburgh Council, public sector partners
7. Partnerships for infrastructure investment	<ul style="list-style-type: none"> • Call on the Scottish Government to work with the City of Edinburgh Council and other public sector partners to invest in and share the risks associated with developing a pipeline of rapid action net zero infrastructure projects. 2021-2023 	The Scottish Government, The City of Edinburgh Council, public sector partners
8. Retaining economic benefits	<ul style="list-style-type: none"> • Call on the Scottish Government to use existing mechanisms, and consider the development of additional measures, to ensure economic benefits resulting from city partner action on climate change and Covid recovery are shared with the city – helping to fund future action. 2021 	The City of Edinburgh Council, The Scottish Government
9. Working with UK partners	<ul style="list-style-type: none"> • Develop strategic approaches to mobilising place-based finance. 	Place-Based Climate Action Network