

# TRANSPORT

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## Treasury offers to guarantee project finance

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Borrowing to finance transport infrastructure projects could be underwritten by a new government guarantee announced by ministers this week.

Under UK Guarantees, the government will aim to ensure that where major infrastructure projects are struggling to access private finance because of adverse credit conditions, these projects can go ahead.

Applications can be made from today to Infrastructure UK, the HM Treasury body focused on prioritising and enabling investment in UK infrastructure.



*Mersey Gateway Bridge: could benefit from temporary lending programme for PPPs*

The government says around £40bn of projects including transport, utilities, energy and communications could qualify for the provision of guarantees. However, to be eligible projects must be nationally significant, shovel-ready within 12 months from a guarantee being given, and not otherwise "financeable" within a reasonable timeframe. On Tuesday Danny Alexander refused to name any of the projects that could benefit and the demanding criteria has prompted speculation that few transport schemes are likely to be eligible for the new government guarantee.

A new temporary lending programme has also been launched as part of UK Guarantees and will be available to ensure that around 30 public private partnership infrastructure projects worth an estimated £6bn in the next 12 months can go ahead. The Mersey Gateway Bridge is expected to be one of the schemes to benefit.

Chancellor of the Exchequer George Osborne and Chief Secretary to the Treasury Danny Alexander visited the Crossrail Tottenham Court Road west station worksite on Wednesday to announce the new guarantees. George Osborne said: "The credibility the government has earned through tackling the deficit is already helping millions of British families and businesses through keeping down the cost of borrowing. Now UK Guarantees will use that hard-won fiscal credibility to provide public guarantees of up to £50bn of private investment in infrastructure."

CBI director-general John Cridland welcomed the announcement. "Pension funds and other investors will be encouraged by the government's attempt to reduce risk by using its funding power to boost the investment grade of a range of projects," he said. "While the government's proposals address infrastructure financing, we now need to focus on project models to ensure delivery of the world-class infrastructure this country needs."

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