UK should treat infrastructure investment with a national security mindset

- Lloyds Banking Group calls for resilience to be built into infrastructure planning, financing and long-term business decisions.
- Public guarantees and private capital could help bring forward more viable projects.
- Projects across water, energy and university buildings show how different financing models are already being used.

22 September 2026: Stronger partnerships and smarter risk-sharing between government, finance, investors and asset owners are crucial to building greater resilience into the UK's ageing infrastructure, according to a new report from Lloyds Banking Group.

The call for action follows estimates from the Climate Change Committee that the UK faces an annual gap of around £11 billion of climate adaption investment needed as extreme heat, flooding and drought place growing pressure on essential infrastructure.

Lloyds says resilience should be built into infrastructure planning and financing from the outset, rather than added after damage or disruption has occurred. It is calling for wider use of public guarantees, private capital and risk-sharing structures to support investment across water, energy and the built environment.

Andrew Walton, Chief Sustainability Officer at Lloyds Banking Group, said: "Ageing infrastructure and competing pressures on public finances are exposing a resilience challenge that the UK cannot afford to ignore. To support long-term prosperity, we should treat resilient infrastructure with a national security mindset.

"Emerging finance models, particularly those that bring together public and private capital, can help unlock the investment required. Our new report highlights three projects across water, energy and the built environment that show how these models can work in practice. We believe they offer a blueprint for the kind of public-private collaboration needed to ensure the critical infrastructure that underpin our society and economy are truly built to last."

Turning resilience needs into investable projects

Climate adaptation investment can reduce future losses and deliver wider economic, social and environmental benefits. However, capital is not yet moving at the pace required.

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Resilience benefits often emerge over long periods and are shared among public bodies, investors, insurers, businesses and communities. This can make individual projects difficult to value, structure and finance.

Lloyds recommends clearer planning frameworks, better data and stronger coordination between the public and private sectors to help overcome those barriers. More consistent ways to assess resilience benefits could also help investors understand the long-term value of projects.

As a leading provider of infrastructure project finance across the UK and US, Lloyds Banking Group plays a key role in funding the assets and networks that support economic growth. Recognising that future infrastructure must be resilient to the impacts of climate change, the Group has committed to more than £100 billion of sustainable and transition finance between 2027 and 2030, including finance supporting climate adaptation and resilience.

The recommendations are set out in Lloyds Banking Group's new paper, *Built to Last: Climate Resilient Infrastructure Needs Transformative Investment*, alongside examples of financing models already being used across water, energy and university buildings.

Three projects show how different financing models can work

Water | North West England: The Haweswater Aqueduct Resilience Programme is a £3bn project renewing critical sections of water infrastructure that supply drinking water to 2.5 million people. It is being delivered through the first transaction under Ofwat's Direct Procurement for Customers framework, combining National Wealth Fund credit enhancement with £120m of debt finance from Scottish Widows, part of Lloyds Banking Group. The replacement tunnels are designed for a 120-year life.

Energy | South East England: Cleve Hill Solar Park in Kent was designed with flood resilience measures including raised solar panels, reinforced sea defences, arrangements for long-term maintenance and to deliver 65% Biodiversity Net Gain. Lloyds and NatWest underwrote £238.5m of project financing, with climate resilience included in the financing requirements. The project is expected to generate enough electricity to power more than 100,000 homes and was the first solar project in the UK to be identified as a Nationally Significant Infrastructure Project.

Built environment | UK-wide: A partnership between Lloyds Banking Group and the National Wealth Fund combines up to £500m of Lloyds lending with up to £350m of public guarantees. The programme is intended to modernise up to 300 university campus buildings, support up to 4,000 skilled jobs and help avoid up to 2.8 million tonnes of CO_2e once fully deployed.

Building a larger pipeline

Lloyds has identified five areas that could support a larger pipeline of climate-resilient infrastructure:

1. Common frameworks to help financial institutions integrate resilience into investment decisions.
2. Greater expertise in adaptation and physical climate risk.

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3. Better data and analytics to assess resilience and measure benefits.
4. Clearer methods for translating long-term resilience benefits into investable returns.
5. Stronger public-private partnerships and risk-sharing mechanisms.

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Notes to Editors

https://www.lloydsbankinggroup.com/sustainability/climate-and-nature.html#resilient

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Our purpose is Helping Britain Prosper. We have served Britain through our products and services for more than 320 years, across every community, and millions of households. Our success is interwoven with the UK's prosperity, and we aim to help Britain prosper by operating as a responsible, sustainable and inclusive Group.

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