

Scottish National Investment Bank Consultation response

**Scottish Environment LINK
October 2018**



Scottish Environment LINK is the forum for Scotland's voluntary environment community, with over 35 member bodies representing a broad spectrum of environmental interests with the common goal of contributing to a more environmentally sustainable society. LINK provides a forum for these organisations, enabling informed debate, assisting co-operation within the voluntary sector, and acting as a strong voice for the environment. LINK works mainly through groups of members working together on topics of mutual interest, exploring issues and developing advocacy to promote sustainable development respecting environmental limits.

Main points

Scottish Environment LINK members would like to emphasise the following points:

- Scottish Environment LINK welcomes the proposal to establish a Scottish National Investment Bank as an enduring institution to provide financing leadership.
- The proposed Vision statement rightly acknowledges that a 'step change' in the economy is required. We support this and see the Bank as an opportunity to focus strategic finance to that step change.
- However, it needs to be clarified that the step change required is to an economy that is both low-carbon and circular, with reduced footprints in raw material, water and land.
- Scottish Environment LINK members are concerned about the alignment of the Bank with the Economic Strategy on two fronts. First, the current Economic Strategy needs to be revised because it does not convey this requirement for an urgent shift to a low-carbon and circular economy. Second, alignment to other strategies, particularly the upcoming Environment Strategy, and Climate Change Plan is needed as well.
- We do not support the inclusion of reference to economic growth as an aim, as this should not be an end in itself.
- The vision and principles must not be easily amenable to change by successive Scottish Governments and successive Ministerial appointments.

We would also like to make further specific points relating to some of the consultation questions.

Q2 The vision statement.

The proposed vision statement: *“Provide finance and act to catalyse private investment to achieve a step change in growth for the Scottish economy by powering innovation and accelerating the move to a low carbon, high-tech, connected, globally competitive and inclusive economy.”*

- A ‘step change in growth for the Scottish economy’ should not be the goal. Growth (in certain areas of economic activity) can be a means of delivering wellbeing, but is not an end in itself. The step change needed is in the nature of our economy which needs to be low carbon and more circular with reduced consumption of raw materials.
- We would prefer the following wording:

‘Provide finance and act to catalyse investment to achieve a step change in the development of the Scottish economy, by powering innovation and accelerating the move to a low carbon, circular, connected and inclusive economy.’

Or, more simply: *‘Provide finance and act to catalyse investment to accelerate the move to a low carbon, circular and inclusive economy.’*

Q3 Setting the direction for the Bank and the Strategic Framework

- We agree that Scottish Ministers should set direction of the bank through the Strategic Framework which should be revised every 5 years as suggested. However, this should not affect the overall direction which should be according to the Vision and Principles (discussed below) and should be locked in so that they remain unchanged.
- We generally support the mission-orientated approach. However, it is mentioned that the Strategic Framework would cross reference to the Government’s Economic Strategy, which we think needs revising to incorporate an overall emphasis on decarbonisation and reduction in resource use. Additionally, we would like to see other strategies cross-referenced, particularly the Circular Economy Strategy and the (upcoming) Environment Strategy; and the Climate Change Plan.
- The Strategic Framework should also align with the Sustainable Development Goals and the National Performance Framework Outcomes.

Q4 Missions:

The proposed missions are: *‘transitioning to a low carbon economy; responding to an ageing population and wider population health; and promoting inclusive growth through placemaking and regeneration.’*

- We believe that the missions should be clearly subordinate to the Vision and Purpose of the Bank which do/must incorporate the objective of a low-carbon and circular economy. The missions must therefore refer to additional outcomes sought from the way in which the Vision and Purpose are pursued.

- There are risks in setting up a number of competing demands on the Bank's resources i.e. more investment relating to demographic change reduces investment available for low-carbon. Alternatively, the expectation that each investment must address all of the missions would reduce the pool of potential projects. This is another reason why we argue for the primacy of the Vision and Purpose.
- We would like to propose consideration of two additional missions: *transitioning to a more circular economy with reduced resource consumption, and responding to declines in biodiversity*

Q5 Comments on Investment Strategy

- The Investment Strategy should also mention that the Bank should be proactive and where economic change is needed but market demand for finance does not yet exist, the Bank should seek to create and shape new markets and supply chains.

Q6 Comment on ethical approach

Q7 Comment on the principles approach

- We support the principles approach as described.
- In addition to the principles listed, we would like to see the principle of '*one planet prosperity*'. This would ensure that enterprises and activities are supported that seek to reduce our environmental footprint and reduce our consumption of planetary resources to a fairer share.
- We would expect that adhering to the full list of principles would lead to exclusion of certain sectors or areas, which should be laid out in the ethical framework.

Q 8 – 10

We do not have expertise to comment on the operating model.

Q 11 – 13 Comments on governance

- Scottish Environment LINK members would like to see environmental expertise represented in the Board and Advisory body.
- The input of an advisory body will be necessary for the Bank to make informed, strategic decisions about what to support. We would recommend that members of the Advisory Group have expertise in the relationship between our economy and the environment; the importance and value of healthy and robust ecosystems and the need for the economy to operate within the carrying capacity of the environment. The challenge of '*one planet prosperity*' requires a radical shift in how our economy operates and understanding of material flows, the environmental footprints of different areas of our economy and new models of providing goods and services to consumers.

This consultation response is supported by the following members of Scottish Environment LINK:

Amphibian and Reptile Conservation (ARC)
Association for the Protection of Rural Scotland (APRS)
Buglife
Friends of the Earth Scotland
Froglife Trust (Scotland)
Marine Conservation Society
North East Mountain Trust
Planning Democracy
RSPB Scotland
Scottish Badgers
Scottish Wild Land Group
Scottish Wildlife Trust
Woodland Trust Scotland
WWF Scotland

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Are you responding as in individual or an organisation?

Organisation

What is your organisation?

Scottish Environment LINK

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

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Are you content for the Scottish Government to contact you again in relation to this consultation exercise?

Yes

