



Scottish National Investment Bank Bill Stage 2

SCVO and SES briefing to the Scottish Parliament

18 November 2019

Summary

The Scottish Council for Voluntary Organisations and Social Enterprise Scotland support this bill and welcome the development of a Scottish National Investment Bank that works for the whole of Scotland, in particular investing in organisations that have purpose, impact and who are pursuing societal and environmental change, including charities, social enterprises and other voluntary sector bodies.

This briefing sets out the views of both SCVO and SES on selected amendments to the bill lodged at stage 2.

Our position

Purpose or vision of the Bank

Amendment no. 16 from Derek Mackay MSP

We strongly support the amendment to the bill from the government which defines the vision of the Bank. Defining the vision of the Bank in the bill will be crucial to avoiding mission-creep, remaining true to its public purpose-driven approach to long-term investment in Scotland's economy, and securing the view that profit is not always financial and can mean social and environmental benefits too.

The Bank's objects

Amendments no. 3 and 4 from Derek Mackay MSP

We strongly support the amendments to the bill from the government which acknowledge that social and environmental impact are missing from the bill and the Bank's objects. The Bank's main and ancillary objects must have a stronger focus on socio-economic and environmental outcomes as opposed to the current commercial focus, which we feel is achieved through these amendments.

Amendment no. 28 from Rhoda Grant MSP

SCVO and SES do not support this amendment. This amendment, which singles out 'promoting and developing the activities of Scottish businesses,' would contribute to the narrow 'private sector' and commercially focused narrative that already exists around the Bank. Such

wording is restrictive as picking the right organisations to invest in should not be about only picking businesses. It should not be a matter of size, private, community or third sector – if organisations are willing to help reach the agreed missions of the Bank and deliver for the public purpose then they cannot be ruled out.

Amendments no. 29, 30, 31 from Jackie Ballie MSP

Amendment no. 29: We support this amendment that secures the National Investment Bank as one of the many drivers the Scottish Government will have at its disposal to promote fair and progressive work and active employment policies.

Amendment no. 30: We support this amendment that aligns the objects of the Bank to the Bank's vision (amendment no 16) of a move to an 'inclusive economy.'

Amendment no. 31: We support this amendment that sets down the need for regional investment targets for the Bank. It is vital that the Bank is set up in a way that supports the harmonious development of Scotland's regions and reduces disparities in the level of development across the country.

Amendment no. 18 from Derek Mackay MSP, amendment no. 5 from Jackie Ballie MSP

While both amendments are similar, **we support amendment no. 5** from Jackie Ballie over amendment no. 18 from Derek Mackay. This is due to the clear integration of ambitions to 'advancing equality and eliminating discrimination' into legislation, as opposed to 'promoting of advancement of equality and non-discrimination' in amendment no 18. This additional object will help to integrate equality into all aspects of the Bank, not just lending decisions, ensuring equality is a priority within recruitment, operational processes, internal employment processes and the setting and implementation of missions.

Investment performance: reporting and review

Amendments no. 32 and 68 from Rhoda Grant MSP

We strongly support the amendments to the bill which set down the Bank's use of a 'balanced scorecard' in legislation. The Bank should finance a portfolio of projects and organisations that reflect Scotland's diversity, that are genuinely based on tackling inequalities and the climate emergency, and that deliver new opportunities for groups marginalised from existing arrangements. A 'balanced scorecard' will help keep track of the execution of investment activities by the Bank in terms of its financial and non-financial performance.

Amendment no. 45 from Jackie Baillie MSP

We strongly support the amendment to the bill that sets down the need for the Bank to report on how its investment performance contributes to Scotland achieving its National Outcomes. National investment banks are often most effective when they finance specific missions aligned with government policy, and we believe that the Bank should align its investments with Scotland's National Outcomes.

Amendment no. 46 from Jackie Baillie MSP

We strongly support the amendments to the bill that recognise the critical nature of gathering intersectional gender disaggregated data on its investments, programmes and services to measure success. While we support amendment no. 45, proposals to link evaluation frameworks to the National Performance Framework (NPF) are insufficient in the context of gender equality, as the NPF is not sufficiently gendered.

Minimum ethical standards for investments

Amendment no. 33 from Rhoda Grant MSP

We support the need for minimum standards for organisations and projects seeking finance and equity investment from the Bank.

Provision of financial assistance by the Bank

Amendment no. 36 from Jackie Baillie MSP

While SCVO and SES welcome the focus, we cannot support this amendment at present. The specific mention of social enterprises and co-ops within the bill is unnecessarily limiting and could have the unintended consequence of excluding charities and other voluntary sector bodies. Rather, we urge members of the committee to seek the provision of a definition of the term 'enterprise' in accompanying explanatory notes.

While we agree that there is a need for greater clarity around the scope of the Bank's potential activities, we are of the view that the use of the term 'enterprise' within the bill would suffice if it was to be accompanied with a clear definition, which would include charities, social enterprises, co-ops and other voluntary sector bodies.

A priority for our organisations has been to raise awareness of and changes to the narrow private sector narrative around the Bank. We want to make sure that this National Investment Bank maximises the impact, contributions and values of Scotland's voluntary sector in developing a distinct, national financial institution, one that allows charities, social enterprises and other voluntary bodies to secure finance – where appropriate – as a willing partner.

Committees and advisory group

Amendment no. 67 from Jackie Baillie MSP

We support the amendment to the bill that ensures the existence, role and adequate resourcing of an advisory group is enshrined in legislation. This amendment reflects the Committee's recommendation that the Scottish Government consider how the advisory group could be reflected in the Bill.

Strategic missions: setting and modification

Amendments no. 10 and 11 from Derek Mackay MSP

We strongly support the amendments to the Bill that set down a role for the Scottish Parliament and public in setting, modifying or ending a strategic mission of the Bank. The highest levels of transparency and governance must be a part of the Bank's approach and this approach to mission setting would build on the Scottish Government's commitment to financial transparency.

Equality strategy

Amendments no. 12 and 44 from Jackie Baillie MSP

We strongly support these amendments that require the Bank to produce and maintain an equality strategy which covers every aspect of the Bank's operations, governance and wider societal and economic roles. This strategy will outline how investment impacts men and women differently and how the Bank will take steps to ensure gender equal outcomes and investments. The strategy will also detail how the Bank will take proactive steps to recognise a more gender equal Scotland throughout the Bank's activities and planned activities.