

ECONOMY, ENERGY AND FAIR WORK COMMITTEE

SNIB MISSIONS

SUBMISSION FROM Social Enterprise Scotland (SES) and the Scottish Council for Voluntary Organisations (SCVO)

1. Do the proposed missions adequately reflect the 'grand challenges' facing Scotland?

We believe that the three headline 'grand challenges' identified do reflect the very broad, key challenges that Scotland faces in the years ahead.

However, the detail of the missions does not give recognition to the role of charities, voluntary groups, and social enterprises in delivering the required solutions. As the consultation paper notes (p. 4), missions should be cross-disciplinary and cross-sectoral, as well as involve bottom up solutions. The absence of the sector from much of the document runs contrary to this.

Regrettably, the bank seems to have defaulted back to focusing on the needs of traditional private sector business models, despite the Bill (now Act of Parliament) being amended at stage three to ensure, for the avoidance of doubt, that the Bank may provide financial assistance to voluntary sector bodies. It is this lack of parity that now needs to be re-examined.

Charities, voluntary groups [and social enterprises](#) form a significant part of Scotland's economy, and that role will only grow if Scotland is to become a wellbeing-oriented economy. These organisations require financial investment and business support as much as any private business. Long term patient equity and loan finance are essential for their success.

There is a role for the third sector in all three of the 'grand challenges' outlined in the Mission Oriented Framework. As examples:

- Mission One (Net Zero): Third sector organisations provide some of the most creative, innovative, and practical solutions when it comes to active transport, waste, and energy, as well as adopting ways of working with sustainability and community in mind.
- Mission Two (Place): There is a particular specialism of the third sector when it comes to investing in places and regeneration to reduce inequality, and improve opportunities and outcomes for people and communities, such as community centres, social enterprise cafes, local activity clubs and other community assets. The pandemic has also shone a light on the vital role the third sector plays in building strong, active, and connected communities.
- Mission Three (Demographic): Third sector organisations are involved with sport and physical activity, delivering person centred health and social care solutions, and

tackling digital exclusion. We also engage with upwards of one million volunteers whose activity in these roles is vital to their own mental and physical health, and we deliver specialist employability programmes for those furthest from the labour market. The third sector must be a key part of plans to re-build and maintain the emotional and physical wellbeing of socially and economically active citizens across our post-pandemic society.

Some parts of the document have an implicit reference to the role of the social economy. We hope that much of this is about language and that the bank is sincere in its commitment to third sector investment. However, as Members of the Scottish Parliament agreed during the Bill process, implicit language around the social economy and the third sector's vital role does not go far enough to ensure accountability.

To shift to a genuine wellbeing economy means recognising, prioritising, and investing in charities, voluntary groups and social enterprises that invest in people and communities and not the board room. This also means placing equal weight on the needs of these organisations as well as the needs of people, planet, and place, as the former have a direct and indirect effect on the latter

As we saw with the amendment to the Bill, it is essential to have specific mention of charities, voluntary groups, and social enterprises, which are more often than not forgotten about in discussions about Scotland's economy. We need clarity around our inclusion in the core investment activities of the bank and investment cannot be restricted to simply traditional private sector businesses.

The bank should produce a clear definition of its potential customers to include the wide variety of existing business models

2. Have you any suggested changes to the proposed missions? If yes, please detail your reasons.

There has been a plethora of briefings, discussions, and changes to the legislation relating to third sector access to the bank. In light of the pandemic, there is also an increasing understanding within government and parliament of the rapidly growing role of the third sector in Scotland's economy. Therefore, it is remarkable that official papers concerning the development of the bank continue to refer to investment in 'Scotland's businesses' (as evidenced in point 15). This language must be challenged and altered to account for many types of registered entities.

There must be investment in charities, voluntary groups, and social enterprises in order to achieve the ambitions of an inclusive, wellbeing economy. Investments in the third sector and in other forms of ethical business models will greatly assist the bank in achieving its own objectives. Point 31 in the document has the only mention of "third sector" and there is no mention of social enterprise or other types of alternative business models.

While not under the specific missions, point 16 should mention charities, voluntary groups and social enterprises: "The Bank is uniquely placed to work towards addressing these challenges through providing patient capital to support long-term economic growth in tandem with the business community and public sector partners."

Point 40 refers to the 'prosperity of places and the available opportunities in those places, [which] is interdependent on the prosperity of people and business in those places.' We would also say that the role of a vibrant and sustainable third sector in these places is crucial to people and communities realising opportunities, from tailored employability programmes to accessing community assets and support, care, and advice services.

Point 68 in the document refers to the main object of the bank being "investing in commercial activities". While social enterprises often run like private sector businesses, this statement seems to exclude charities and other models. We understand that financial returns are necessary, as is the case with all loan finance, but this language is unnecessarily confusing.

The same point then talks about "Investing to promote social wellbeing" and "Promoting and developing the activities of small and medium-sized enterprises." It is this lack of clarity that needs to be addressed throughout the three missions.

3. Are you satisfied with the proposed role of the missions in supporting Scotland's economic Recovery from the coronavirus crisis?

We agree that the bank should respond and adapt to the changed economic circumstances caused by the pandemic and lockdown. There has never been a more urgent role for the new bank in these circumstances.

4. The Bank will operate independently and will determine how it will invest to meet the proposed missions. Does this mission document provide sufficient direction to the Bank?

There needs to be a balance between having a clear, specific direction for the bank from the outset and allowing the bank to operate independently.

As mentioned, we believe that there needs to be much more clarity, specifically in these early stages, around the inclusion of the third sector and social enterprises and a commitment to their investment needs. This clear direction must be in place before the bank becomes fully operational.

5. Are the proposed missions aligned with Scotland's policy landscape, including the [National Performance Framework](#)? And the activities of the enterprise and skill agencies?

The point we have consistently made in our response about the fair access of the third sector to the bank's finance highlights that the missions and supporting literature must

go further in strengthening the inclusion of the third sector if it is to align with Scotland's policy landscape.

For example, the 2020 Programme for Government states that the Scottish Government's 'approach considers how the financial, land and property assets of our major employers, so-called 'anchor institutions', in communities, whether they are public, private or third sector, can be used to support local economic opportunity.' This type of language supports Mazzucato's Mission Oriented Framework for the bank, which explains that all types of organisations across society should be supported if they are willing and able to support the bank's missions.

The Programme for Government goes onto say: 'Within our communities, the third sector and social enterprises play a crucial role – supporting community development, inclusive growth, and providing lifeline services, facilities, and employment. A thriving third sector and growing volunteering is vital to Scotland. Its economic and social contribution is vast and as such it is an essential partner to Government.' This, however, is not currently represented in the missions and supporting literature surrounding the development of the bank.

When recently asked about whether the bank should incorporate dedicated support for voluntary organisations and social enterprises, the Cabinet Secretary for Local Government and Communities responded to the Local Government and Communities Committee: 'That is a fair request, given the impact that the third sector has had over the past five months, as we have talked about at length, and given that the country's resilience would not have been what it was without the sector.' We agree that our requests for the third sector to be seen as just as important partners as business when it comes to achieving the bank's missions are fair, and ask Members of the Scottish Parliament to ensure this is reflected in the missions of the bank.