

**SUBMITTING EVIDENCE TO A SCOTTISH PARLIAMENT COMMITTEE
DATA PROTECTION FORM**

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Date:	3 May 2019
Organisation: (if required)	Scottish Property Federation
Topic of submission:	The Scottish National Investment Bank Bill

I have read and understood the privacy notice about submitting evidence to a Committee.

I am happy for my name, or that of my organisation, to be on the submission, for it to be published on the Scottish Parliament website, mentioned in any Committee report and form part of the public record.

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ECONOMY, ENERGY AND FAIR WORK COMMITTEE**SCOTTISH NATIONAL INVESTMENT BANK****SUBMISSION FROM SCOTTISH PROPERTY FEDERATION**

The Scottish Property Federation (SPF) is a voice for the real estate industry in Scotland. We include among our members: property investors, including major institutional pension and life funds; developers; landlords of commercial and residential property; and professional property consultants and advisers. In total we number over 185 businesses and organisations with Scottish real estate industry interests.

1. What are the advantages or otherwise in establishing the Bank as a public limited company?

This should allow the Bank to achieve operational independence while allowing Ministers to retain overall strategic direction and mission-setting.

2. What in your view are the fundamental characteristics of a national investment bank?

Long term investment for economic growth, based on working with private investment. In addition, the Bank should retain the ability to intervene where there is in effect market failure due to risk-averse lending climate.

3. Is the level of capitalisation proposed sufficient for the Bank to deliver its desired impact? Please expand.

No – at some £200mn per year this is not enough to make as significant an impact as the Bank could potentially make.

4. What is your view on the proposed costs in the set up and day-to-day running of the Bank?

The proposed start-up costs appear to be a sensible estimate at this stage as we stated in our comments on the Financial memorandum. However, we have also stressed in direct meetings with the Scottish Government that it will be important for the bank to engage the right people to work with the private sector. This may mean going beyond the strictures of public sector pay and remuneration policies. If the Bank is to operate independently and we believe as successful as it has the potential to, then this should be supported.

5. What governance arrangements ought to be in place?

We believe the Bill's proposals are appropriate.

6. How can we ensure the market is ready for the investment opportunities the Bank can offer?

In one sense with access to development finance remaining a challenge, particularly for new entrant developers or SME housebuilders, then SNIB may potentially fill a gap in the market with appropriately considered support, as the Scottish Partnership for Regeneration of Urban Centres (SPRUCE) has achieved in the commercial sector.

A wider goal should be to engage with significant long-term private sector institutional funds, some of whom have invested in significant regeneration funds in other parts of the UK. The Bank should lose no time in reaching out to the market to investigate the appetite for such joint investments.

7. What ethical and equalities considerations do you think should inform the Bank's ethos and decision making?

The same values that exist for major corporate and publicly owned companies, and in line with the Scottish Ministers' values and objectives.

8. It is proposed that the Scottish Government will set the strategic direction of the Bank but the body itself decide on its investment approach. What is your view on this "mission-led" approach?

This is a sensible approach to ensuring operational independence and judgement within the parameters set by Scottish Ministers.

9. Is there any other aspect of the Bill you wish to address? Please elaborate.

If the Bank is to achieve its full potential for engagement in the economy, then it may have to take a certain amount of private risk. We will be interested to see how its freedom to transact with the capital markets and new businesses, or projects, is set.