**Note of the economics group meeting 22 November 2017**

**Apologies:** David Downie (WWFS), Bruce Wilson (SWT).

**Present:** Matthew Crighton (FoES, Convenor), Denis Mollison (HWDT), Ric Lander (FoES), Lloyd Austin (RSPB), Daphne Vlastari (LINK Advocacy Manager), Phoebe Cochrane (LINK Climate Policy Officer), Alice Walsh (LINK Development Officer).

**2. Minutes of the last meeting and matters arising**

City Region Deal: Indications are that the barrage proposal for the Forth will not be pursued. LINK had made a submission about the CRD. There have been several evidence sessions held by the Local Government and Communities Ctte since April. There is a lot of money going into new infrastructure with limited sustainability impact. **Action**: Group will keep watching brief.

National Performance Framework: Daphne attended the last meeting. New draft outcomes will come before Parliament in March 2018, includes cultural heritage, though enhancing the environment is not as clear. Will be looking into indicators to ensure they match the new outcomes. It was intended to hold workshops in December, this has not happened; Daphne will follow up. Then we will coordinate our involvement and position. She is in touch with Clive Mitchell SNH. Sue Mars SNH is also good contact on Indicators.

Alignment with the SDGs is related to the outcomes. It is questionable how this is done, very aspirational, broad brush. The SDGs are fairly strategic with subgoals; the NPF meeting discussed how to bridge the gap. It was felt there the way the indicators were previously drafted was too technical. That may be why the workshops were postponed. In principle it would be nice if the wording is relatable to the public. We need to find that in-between stage about how we measure against those aspirations. The Roundtable is to be convened. Claudia Beamish is pushing to see how Scottish Parliament will be responding to it, so we can be prepared. One problems is that the NPF is not owned by anyone. There is a commitment to it in September’s Programme for Govt. The First Minister has been speaking about it. It is the only thing Scotland is doing on the SDGs, but is it delivering? For our part, we should remember it is there, continue to use and refer to it. Phoebe’s notes for the Economy and Fair Work Cttee referred to it, and it has been useful around FoES’s advocacy around the Scottish National Investment Bank.

Speakers at future meetings: We should identify these in relation to the work programme.

SEPA meeting on innovations panel: Matthew reported on the meeting he attended. It seems of limited use to the Group, and he will keep a watching brief.

Air Passenger Duty: Proposals were shelved. We won!

FPF application: was submitted end October for decision by w/b 18 December. If successful we will have capacity to influence the proposed Circular Economy bill and related work.

**3. Just Transition Commission, Scottish Investment Bank, Government-owned Energy Company.**

FoES is happy SGovt is interested in these and is now in the process of helping develop them. FoES would be meeting STUC later on the JTC, and then civil servants. Trying to advocate that it has a remit which scrutinises Govt, that it cannot report to just one Cab Sec, that its not just about climate change policy. Offering it as a means in which it extends their influence over Scot Enterprise, etc; and scrutinise Govt around progress for a just transition, and galvanising action outside of Govt. It is a good step forward. Sharing of costs and benefits of changing to a low carbon society. Outcome of the COP 23, discussions on JT were very positive, a good partnership between FoEI and the unions. Scotland is ahead of this across the EU. It is still just words, and FoES are trying to ensure strong linkages between the three initiatives (JTC, SNIB, G-OEC).

On the JTC, civil servants have a blank sheet. If it is not capacitised there are serious concerns about whether it’s worth it. Whatever its status, it will be interesting to see how it will give Govt advice. Thinking not just energy and carbon, but across wider environmental targets too. Lloyd was discussing this in terms of Coul Links, the love of big bang developments for all the usual reasons, without being upfront the unsustainability of the approach is. Smaller investments across regions would be more sustainable. STUC are thinking of it as low carbon, that is the basis of the alliance. FoES wrote to Keith Brown, resulted in a meeting with Roseanna Cunningham. There is a overlap with some developments (like Coul Links) creating massive demands for travel. How to ensure the advice is taken into account. From Brexit discussions, looking at how ECCLR Ctte was looking at the budget, seeing how their advice meets the NPF desired outcomes. If it rests with one minister it is their baby. But If it is to have a champion in Govt, probably cannot avoid it being under one minister. There is no right answer if you get into a cabinet clash. Other point is how to involve parliament? On Brexit, we have been in the thick of finding the right governance mechanisms. In Bonn picked up they want to promote a debate in Parliament about a JTC. Maybe we need to apply to a trust to have capacity to input to it and help it along. (JRCT?).

SNIB: Ric has been working on this. It has moved from being a good idea in August to being in the PfG in September - great. In October, the FM gave a speech at a conference on inclusive growth which gave a bit more detail. The short consultation closed on Monday. Benny Higgins of Tesco Bank has been appointed to head it up, to bring proposals by end February. He has an advisory group of 8 people which has been meeting for several weeks. This does not include the private financial sector. It is mainly consultants and representatives of public bodies like Scottish Enterprise and the Scottish Futures Trust. The only non-govt person is Marianna Mazzucato, professor at UCL, and the person most responsible for the policy. She is on the Council of Economic Advisors. FoES has been working on for a few years. Laurie McFarlane, ex NEF, now works with her.

FoES worked hard to get people to respond to the consultation. Those who did include LINK, RSPB, SWT, WWF, SCIAF and Christian Aid, Engender, Common Weal, and also some trades unions. Ric will look for a meeting with Keith Brown. There were some civil servants at the meeting on 23/10 which Matthew organised with Adair Turner and M Mazzucato. From the start FoES were pushing for a fully publicly owned bank. This now accepted, which was expected to be more difficult. It now needs to be given the job of investing for environmental sustainability and tackling inequality. Now to push forward on its governance, so it is able to do the right things in the right ways. Ric attributed the fertile ground for this to the good work done under the Flourishing project to establish the grounding on what the bank should be about. The consultation paper does not include the term economic growth. Overall very positive about this development. Do we now want to provide input? We have not had time to think about what happens next. There will be some parliamentary process after February.

Lloyd noted a couple of areas we should be pressing for; those top line things, not about economic growth but abut investment in social and environmental goods. It will be important to provide a range of examples of how it can be done. He would like to see mention of green infrastructure, about climate adaptation, about supporting organisations which are doing this work. Examples of managed re-alignment, peat conservation, decarbonising transport, ecological interventions, all those cited in the LINK response. Also should point out some of the land management bodies in LINK are doing some of these good things, and could be clients of the bank, jointly or individually. Also the idea of actually creating the option for people in Scotland to save through it, green ISAs, etc. Will it be just a corporate lending and investing bank. Denis agreed. Relates to where it gets its money from, will it be from consumer saving, or a block grant from Govt.

There are many different ways they could do it. Capitalisation, it must be a bank, able to create capital. SGovt would subscribe to it via its infrastructure budget. Backed by BoE. May be issues with rules, and balance sheets. It needs to be a public institution, unable to be privatised. Involve bodies with considerable lending powers. Local authority borrowing (not off balance sheet, but have powers to borrow beyond SGovt). There are pitfalls in some of these issues. Would like to see bank have a role in some of other issues, pension funds, disvestment. Model proposing for the SNIB would underpin local banking. That way it would have more of a relationship between people and borrowers.

What about relationship between existing bank like Triodos, but should be lessons from its experience. Getting public involvement could be through issue of ISAs or getting individuals to invest in specific projects eg Edinburgh Solar.

First need to get to the point of the SNIB being an ethical investment bank. So we should hold that part of discussion for the future. We need to take stepped approach. Will it be public, and who governs it are the primary questions for now. Making sure its green and ethical is the first issue.

Issues discussed included the risk that we ask a single central institution to solve problems, so it will be good to unpick what should be centralised, and what localised.

The bank will need to have some flexibility to try things out, not a monolith, and conversely not easily dismantled.

Need for a mix of both national and local. Localness is not always positive (ie Shetland’s amenity fund, versus poor provision for outer isles). Better to even things out between regions.

Discussion of the model we want to emulate. KFW is the best known among those present. FoES cited in its consultation response. Local and regional banks lend within their local areas, tackling regional inequality is inherent. It invests outwith Germany, eg in rainforests for carbon sequestration purposes.

Next steps for LINK? Should we seek to meet Benny Higgins? There was a broad constituency of respondents to the consultation. We may want to talk to them, find out are we strong together. With Scottish Government Gary Gillespie is the contact. Helpful if LINK members who put in responses, could tease out what they would like to see investment in, to pull together a shared list, have a conference. Ric will check if SCVO have been involved.

There may be battle with the Treasury at some point. Could be an interesting component of Brexit. State aid rules etc.

Renewable energy bonds, and state-owned energy company. Agreed we should keep an eye on progress.

**4. World Forum on Natural Capital**

Happening the next week. RSPB will be there. Daphne and Craig Macadam will be attending for LINK. Will get a report afterwards.

**5. Festival of New Economic Thinking**

Denis reported on the 5 days of discussions, the INEC conference of 3 days, and the Young Scholars initiative for 2 days before it. Lots of young people attending, stems from revolt among students around 15 years ago about what they were learning about. INEC was very well prepared, series of papers circulated in advance, good preparation for discussions. Everyone was against neo liberal economics, want to get away from it. Environment came up a lot, but in context of the presentations, (other than Kate Raworth’s on doughnut economics) was 100 different flavours of economics. FM was there, speech included reference to investment and climate change and inclusion. Presentations are online. Wide selection of economists we could involve in future. It would be good to see a more doughnut related conference3 with equal numbers of environmentalists and economists getting together.

Role for people in our sector to reach out. Young Scholars initiative could be the way in. Need to take them a bit beyond their economics zone. Adair Turner’s talk was good, a short version of the one Matthew organised with STUC.

**6. Agree the work plan for 2018.**

Without funding for a post, it will be a reactive agenda. Members will pool resources where we can. The functions of information sharing and discussion are important. We will ensure we continue as a group for these things, even if there is little capacity to do joint work.

May be scope to hold meetings to exchange ideas between environmentalists and economists.

Challenge is to get the new forms of thinking heard by those making the decisions. There are some civil servants open to our thinking, Steven Boyd, Gary Gillespie included.

What needs to be done on behalf of LINK? Topics we will continue to collaborate on are Natural Capital, Circular Economy, SNIB, JTC, NPF. This group will determine where we can contribute as LINK. At this stage we cannot be sure what we will do, and who will do it.

Issues remain of getting the value of nature recognised, and getting resources into green measures. We have to do more on less.

**7. Integration with other LINK groups.**

There may be more to do with the CAP, looking at subsidy post Brexit. Also includes woodlands. What are the public goods for public money.

Next meeting January (if FPF funding bid is successful). Doodle to follow.