

**RELEASABLE INFORMATION IN RESPONSE TO YOUR FOI**

**Briefings Produced by Civil Servants to Scottish Government Ministers on the SNIB.**

**From:** Anson S (Sam)

**Sent:** 29 August 2017 19:30

**To:** First Minister

**Cc:** Cabinet Secretary for Economy, Jobs and Fair Work; Cabinet Secretary for Finance and the Constitution; DG Economy; DG Scottish Exchequer Mailbox; Gillespie G (Gary); McAllan M (Mary); Director of Financial Strategy; Birt C (Christopher); **[Redacted]**; Khan U (Uzma); Rollison R (Richard); **[Redacted]**; Maxwell S (Stewart) (Special Adviser); McAllister C (Colin); Lloyd E (Elizabeth); Communications First Minister

**Subject:** Submission - National Investment Bank

First Minister (cc as above),

Please find attached a submission providing an update on progress regarding the PfG commitment to establish a National Investment Bank (NIB),

Regards,

Sam

**Sam Anson**

Economic Policy Unit

Sam Anson  
Economic Policy Unit  
29/08/17

First Minister

Copy: Cabinet Secretary for Finance and the Constitution  
Cabinet Secretary for the Economy, Jobs and Fair work

**National Investment Bank**

**Purpose**

1. The purpose of this note is to update you on progress regarding the PfG commitment to establish a National Investment Bank (NIB).

**[Redacted under S.30(b)(i) Free and Frank Provision of Advice.]**

| Copy List:  | For Action | For Comments | For Information    |                  |                   |
|---|------------|--------------|--------------------|------------------|-------------------|
|   |            |              | Portfolio Interest | Constit Interest | General Awareness |
| Cabinet Secretary for Finance and the Constitution    |            |              | X                  |                  |                   |
| Cabinet Secretary for the Economy, Jobs and Fair work |            |              | X                  |                  |                   |

DG Economy  
 DG Scottish Exchequer  
 Gary Gillespie  
 Mary McAllan  
 Director of Financial Strategy  
 Chris Birt  
 [Redacted]  
 Uzma Khan  
 Richard Rollison  
 [Redacted]  
 Stewart Maxwell  
 Colin McAllister  
 Liz Lloyd  
 Comms FM  
 Comms Economy

**From:** McCloskey M (Martin)

**Sent:** 05 September 2017 10:13

**To:** First Minister

**Cc:** Cabinet Secretary for Finance and the Constitution; Cabinet Secretary for Economy, Jobs and Fair Work; DG Scottish Exchequer Mailbox; Gillespie G (Gary); McAllan M (Mary); Birt C (Christopher); [Redacted]; Khan U (Uzma); Rollison R (Richard); [Redacted]; Maxwell S (Stewart) (Special Adviser); McAllister C (Colin); Lloyd E (Elizabeth); Communications First Minister; Communications Economy; [Redacted]; Cabinet Secretary for the Environment, Climate Change and Land Reform; DG Economy; Director of Financial Strategy

**Subject:** FW: National Investment Bank: Appointment of Benny Higgins

[Redacted]

As discussed. Please find attached a revised submission, amended to reflect FM's wish to omit the term commission.

Regards

[Redacted]

[Redacted]

Economic Policy Unit

## Attachment 1

Sam Anson  
Economic Policy Unit  
4<sup>th</sup> September 2017

First Minister

Copy: Cabinet Secretary for Finance and the Constitution  
Cabinet Secretary for the Economy, Jobs and Fair work  
Cabinet Secretary for Environment, Climate Change and Land Reform

### National Investment Bank: Appointment of Benny Higgins

#### Purpose

1. The purpose of this note is to provide you with the Terms of Reference (ToR) for Benny Higgins' commission to deliver the Implementation Plan for the Scottish National Investment Bank, and his associated letter of appointment.

**[Redacted under S.30(b)(i) Free and Frank Provision of Advice.]**

| Copy List:  | For Action | For Comments | For Information    |                  |                   |
|---|------------|--------------|--------------------|------------------|-------------------|
|   |            |              | Portfolio Interest | Constit Interest | General Awareness |
| Cabinet Secretary for Finance and the Constitution                |            |              | X                  |                  |                   |
| Cabinet Secretary for the Economy, Jobs and Fair work             |            |              | X                  |                  |                   |
| Cabinet Secretary for Environment, Climate Change and Land Reform |            |              |                    |                  | X                 |

DG Economy  
DG Scottish Exchequer  
Gary Gillespie  
Mary McAllan  
Director of Financial Strategy  
Chris Birt  
[Redacted]  
Uzma Khan  
Richard Rollison  
[Redacted]  
Stewart Maxwell  
Colin McAllister  
Liz Lloyd  
Comms FM  
Comms Economy

## Attachment 2

### National Investment Bank – Implementation Plan Terms of Reference

#### 1. Background

1. The Scottish Government and its Enterprise Agencies have invested significant resources in addressing market failures around access to early stage risk capital via the Scottish Growth Scheme and utilised European funding, through the £40m SME Holding Fund in generating responses in the areas of microfinance, debt and equity with the appointment of delivery Agents (Developing Strathclyde, Business Loan Scotland and Scottish Enterprise) that will disperse by December 2018 £250m to SMEs. The Scottish Government is also investing heavily in our infrastructure with projects valued at more than £6.4 billion in construction or estimated to start in 2017

2. Following advice from the Council of Economic Advisers, who recognised the scale and scope of Scottish Government investment and intervention in infrastructure and business development, the Government now wishes to build on the success of these schemes to establish a Scottish National Investment Bank (SNIB). This bank will become a key cornerstone of the future Scottish Economic development policy landscape.

3. To ensure that the Bank has a strong foundation with the optimum structure to support investment, the Scottish Government has requested an implementation plan be developed. The implementation plan will cover the following areas.

#### 2. Evidence of Market Failure and Business Case

- The implementation plan will be underpinned by analysis of the evidence on market failures, and appraisal of potential solutions to ensure that the Bank has the maximum impact on the Scottish Economy. In particular this should set out how displacement will be minimised and additionality maximised by the proposed approach. This should consider the potential scope of the Bank in the widest sense drawing on this to inform its view on scope.
- The plan will be based on engagement with key stakeholders in finance, the wider business community and civic Scotland to gather views on the merits of potential delivery models and approaches and their likely effectiveness in stimulating additional investment. .
- It will develop the aims and objectives for the Scottish National Investment Bank, drawing on work from the Council of Economic Advisers and elsewhere and seeking to maximise the contribution to the long-term growth of the Scottish economy. This will include whether the activities of the bank should be focused exclusively on the private sector or whether there is also scope to secure value in delivering new approaches to public sector financing.
- The final report should take a wide view of market failure and consider how this can be addressed by the Bank e.g. not just the quantum of business finance but also how the bank's scope of activities, and involvement, both direct or indirect might impact on improving conditions attached to finance for both businesses and infrastructure investment..
- The final report should consider whether the bank should interact directly with business or through intermediaries. It should also consider the market for finance should it be limited to SME's, wider business or include the public sector in which case how would it complement existing sources of public finance.

### **3. Governance**

- Propose a governance model for the SNIB to ensure effective oversight and accountability in the delivery of the aims and objectives, and in particular ensure that the governance addresses the relationship with Scottish Ministers and the Scottish Parliament. Whether or not this is best delivered in the public or private sectors should be considered as part of the plan.
- Working with SG Finance, consider the implications of the proposed governance model for National Accounts classification of the SNIB and consequently any questions that would need to be addressed with UK Government about its operation within budgetary rules.
- Identify how the bank could operate within the current rules setting out what it could do and what it could not do. Make a clear case as to where any existing budgetary rules (DN set out where?) have the unintended consequence of forcing a National Investment Bank to operate in a sub-optimal manner and the advantages that could be gained from any changes.
- Consider how the SNIB would relate to existing bodies, initiatives and funding streams which support infrastructure, business investment and innovation, and if appropriate where these might be consolidated within the SNIB [and on what timetable?]

### **4. Operating Model**

- Develop a Target Operating Model for the SNIB to support recruitment of appropriately experienced staff and establishment of other aspects of the SNIB operations.
- As part of considering the Target Operating Model, set out initial principles for the SNIB to ensure robust management of financial risk.

### **5. Capitalisation**

- Drawing on discussion with SG Finance, the report should propose a capitalisation plan over an appropriate number of years to allow the Bank to operate effectively.

### **6. Resourcing the development of the Implementation Plan**

4. The work will be supported by a secretariat of Scottish Government Officials and Financial sector experts.

### **7. Timelines**

5. Benny Higgins will report in February 2018.

### **8. Outputs**

- A report setting out the recommended structure of the bank in line with the issues identified above and highlighting:
  - The evidence underpinning the implementation plan
  - The optimum governance structure and scope of bank operations
  - The operating model
  - Capitalisation
  - The regulatory timeline
  - Obstacles to delivery
  - The difference that the bank can make
- The implementation plan will also set out the business case for the bank and the relative merits of the options considered.

## Attachment 3

**Rt Hon Nicola Sturgeon MSP**  
First Minister of Scotland



Scottish Government  
Riaghaltas na h-Alba  
gov.scot

St Andrew's House, Regent Road, Edinburgh EH1  
3DG  
T: 0300 244 4000

Benny Higgins

Dear Benny

In the Programme for Government 2017-2018 launched on 5 September 2017 I set out my ambitions and plans to shape the kind of Scotland we all seek - an inclusive, fair, prosperous, innovative country, ready and willing to embrace the future.

The Programme for Government identifies a number of actions we will take over the next year to create the best conditions and infrastructure for business to grow and expand, particularly in key sectors. The Programme outlines our plan to begin work to create a Scottish National Investment Bank (NIB).

The National Investment Bank will provide an important resource for the Scottish economy and be a key partner for Government and Business providing patient, long term capital and supporting our overall Economic Strategy.

I am delighted that you have accepted the invitation to lead the work to develop the strategic implementation planning on which this bank will be built and offered to spend 1 day a week to make this project a success. The experience and expertise that you bring will be invaluable to developing the strategic thinking and planning which will underpin the creation of a Scottish National Investment Bank.

Between now and February I would like you to lead a team of officials and industry experts to identify

- The evidence underpinning the implementation planning
- The optimum governance structure and scope of bank operations
- The operating model
- Capitalisation
- The regulatory timeline
- Obstacles to delivery
- The difference the bank can make
- The business case to support delivery of the bank

As you will understand any information and data received around this work must be kept confidential.

You will be supported in your work by a secretariat of Scottish Government officials led by the head of our Economic Policy Unit, Sam Anson. I would be grateful if you would confirm your decision on the appointment at your earliest convenience by signing and returning the attached letter of acceptance to Sam Anson. If you have any further queries please engage directly with Sam (sam.anson@gov.scot).

I look forward to meeting you to discuss your initial thoughts on creating this plan and to reading the plan itself in due course.

**NICOLA STURGEON**

**LETTER OF ACCEPTANCE**

I accept the First Minister’s invitation dated .....to lead work to progress the 2017-18 Programme for Government (launched on 5 September) commitment to create a Scottish National Investment Bank (NIB). .

I will develop the strategic thinking and implementation planning on which this bank will be built and I commit to spend 1 day a week to make this project a success.

Between now and February I will lead a team of officials and industry experts to identify

- The evidence underpinning the implementation planning
- The optimum governance structure and scope of bank operations
- The operating model
- Capitalisation
- The regulatory timeline
- Obstacles to delivery
- The difference the bank can make
- The business case to support delivery of the bank

I agree that all information and data received around this work will be kept confidential.

I confirm I accept the First Minister’s invitation to lead the strategic implementation planning to create a Scottish National Investment Bank

Signed

Date

.....  
.....

Print Name

.....

**From:** [Redacted]

**Sent:** 20 September 2017 13:08

**To:** Cabinet Secretary for Economy, Jobs and Fair Work

**Cc:** Cabinet Secretary for Finance and the Constitution; Ditchburn L (Liz); Anson S (Sam); [Redacted]; McAllan M (Mary); Rollison R (Richard); [Redacted]; Maxwell S (Stewart) (Special Adviser); Lloyd E (Elizabeth); Cabinet Secretary for Finance and the Constitution; [Redacted]; Stafford A (Alyson); Wales G (Gordon); Emberson E (Eleanor); Gillespie G (Gary); Khan U (Uzma); Birt C (Christopher); [Redacted]

**Subject:** Briefing- Benny Higgins Meeting - 21 September - Immediate

**Importance:** High

Cabinet Secretary for Economy, Jobs and Fair Work

cc : As above

Please find attached briefing to support your meeting with Benny Higgins on Thursday 21 September to discuss implementation planning for the Scottish National Investment Bank.

Regards

[Redacted]

#### **MINISTERIAL ENGAGEMENT BRIEFING: KEITH BROWN**

Copied to: Cabinet Secretary for Finance and the Constitution, Liz Ditchburn, Sam Anson, [Redacted], Mary McAllan, Richard Rollison, [Redacted], Stewart Maxwell, Liz Lloyd, Alyson Stafford, Gordon Wales, Eleanor Emberson, Gary Gillespie, Uzma Khan, Christopher Birt, [Redacted]

|   |  |
|---|--|
| <i>Engagement Title</i>                                       | Scottish National Investment Bank meeting with Benny Higgins   |
| <i>Timing</i>   | Immediate  |
| <i>Organisation/Venue and full address including postcode</i> | Room T4:03 Scottish Parliament   |
| <i>Date and Time of Engagement</i>                            | Date(s): 21 September<br>Time(s): 16.30-17.15  |
| <i>Background/Purpose</i>                                     | Purpose/Invitation History: Benny Higgins, the retiring CEO of Tesco Bank has accepted an invitation from FM to lead in developing an implementation plan to create a Scottish National Investment Bank. |
| <i>Relevance to Core Script</i>                               | Providing Investment for Growth  |



|   |  |
|---|--|
| <p><i>Summary Page (key issues, lines to take if pressed and issues to avoid)</i></p> | <p><b>Annex: A – Summary Page</b><br/> <b>Annex B – Background / Terms of Reference</b><br/> <b>Annex C – Case for a Scottish National Investment Bank</b><br/> <b>Annex D - Capitalisation</b><br/> <b>Annex E – Learning from Previous Policy Development</b><br/> <b>Annex F – Project Board and Resourcing</b></p> |
| <p><i>Official Support</i></p>  | <p>Official :</p> <p>Liz Ditchburn – [Redacted]<br/> Sam Anson – [Redacted]</p>  |

## **ANNEX A**

### **SUMMARY PAGE**

#### **Purpose of meeting:**

- To thank Benny Higgins for accepting FM's invitation to lead in developing an Implementation Plan to create a Scottish National Investment Bank, and discuss initial thinking around implementation planning

[Redacted under S.30(b)(i) Free and Frank Provision of Advice.]

## **ANNEX B**

### **BACKGROUND**

#### **PROGRAMME FOR GOVERNMENT**

Following advice from the Council of Economic Advisers who recognised the scale and scope of Scottish Government investment and intervention in infrastructure and business development the Government now wishes to build on the success of these schemes and establish a Scottish National Investment Bank (SNIB).

In the Programme for Government 17-18 The FM announced that we will now develop a full implementation plan for a Scottish National Investment Bank , including its remit, governance, operating model and approach to the robust management of financial risk. We will discuss the implementation plan with Scottish

Parliament's Finance Committee and UK Government to ensure that it has the full necessary support to allow the bank to operate effectively.

Benny Higgins, the retiring CEO of Tesco Bank has agreed to lead work on developing the bank's precise remit, governance, operating model and its approach to managing financial risk - vital steps that will see this new bank up and running and providing the patient capital investment that the Scottish economy needs for the future.

## **TERMS OF REFERENCE**

A Terms of Reference was published alongside the announcement that Benny would lead this work. As well as stating that the work will report in February 2018, it listed the outputs as follows:

- A report setting out the recommended structure of the bank in line with the issues identified above and highlighting:
  - the evidence underpinning the implementation plan
  - the optimum governance structure and scope of bank operations
  - the operating model
  - capitalisation
  - the regulatory timeline
  - obstacles to delivery
  - the difference that the bank can make
- The implementation plan will also set out the business case for the bank and the relative merits of the options considered.

**ANNEX C**

**THE COUNCIL OF ECONOMIC ADVISERS (CEA) –  
CASE FOR A SCOTTISH NATIONAL INVESTMENT BANK**

[Redacted under S.30(b)(i) Free and Frank Provision of Advice.]

**ANNEX D**

**CAPITALISATION**

[Redacted under S.30(b)(i) Free and Frank Provision of Advice.]

**ANNEX E**

**LEARNING FROM PREVIOUS POLICY DEVELOPMENT**

[Redacted under S.30(b)(i) Free and Frank Provision of Advice.]

**ANNEX F**

**PROJECT BOARD AND RESOURCING**

[Redacted under S.30(b)(i) Free and Frank Provision of Advice.]

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**From:** [Redacted] On Behalf Of First Minister

**Sent:** 12 October 2017 12:50

**To:** [Redacted]

**Cc:** Cabinet Secretary for Economy, Jobs and Fair Work; Cabinet Secretary for Finance and the Constitution; DG Economy; Anson S (Sam); Maxwell S (Stewart) (Special Adviser); Lloyd E (Elizabeth); Wales G (Gordon); FM Policy Team Mailbox; Communications First Minister; [Redacted]

**Subject:** Briefing Request - Benny Higgins, Tesco Bank (COP Monday 20 November)

Hi [Redacted]

The FM is meeting with Mr Higgins on Monday 27<sup>th</sup> November at 1300 in Bute House.

I would be grateful if a briefing document could please be prepared, in line with the First Ministers preferences, and sent to us by COP on Monday 20 November. I would be grateful if you can also ensure that the briefing is copied to everyone shown on the Cc list above. If you have any questions please feel free to contact me.

Please find attached the briefing template and a link to the First Ministers [preferences](#).

Kind regards,

[Redacted]

Assistant Diary Secretary to First Minister

**From:** [Redacted]

**Sent:** 21 September 2017 16:15

**To:** First Minister

**Cc:** Cabinet Secretary for Economy, Jobs and Fair Work; Cabinet Secretary for Finance and the Constitution; DG Economy; Anson S (Sam); [Redacted]; McAllan M (Mary); Rollison R (Richard); [Redacted]; Maxwell S (Stewart) (Special Adviser); Lloyd E (Elizabeth); Stafford A (Alyson); Wales G (Gordon); Director of Financial Strategy; Gillespie G (Gary); Khan U (Uzma); Birt C (Christopher); [Redacted]

**Subject:** FM - Briefing - Meeting with Benny Higgins - 27/09/17

First Minister

cc : As above

Please find attached briefing to support your meeting with Benny Higgins on 27 September to discuss implementation planning for the Scottish National Investment Bank. Please note that a further update will be provided before the 27<sup>th</sup>.

Regards

[Redacted]

## MINISTERIAL ENGAGEMENT BRIEFING: NICOLA STURGEON

Copied to: Cabinet Secretary for Finance and the Constitution, Cabinet Secretary Economy Jobs and Fair Work, DG Economy, Sam Anson, [Redacted], Mary McAllan, Richard Rollison, [Redacted], Stewart Maxwell, Liz Lloyd, Alyson Stafford, Gordon Wales, Director of Financial Strategy, Gary Gillespie, Uzma Khan, Christopher Birt, [Redacted]

|  |  |
|--|--|
| <i>Engagement Title</i>  | Scottish National Investment Bank – Meeting with Benny Higgins   |
| <i>Timing</i>  | <b>Normal</b>  |
| <i>Organisation/Venue and full address including postcode</i>                  | FM's Office, Scottish Parliament   |
| <i>Date and Time of Engagement</i>   | Date(s): 27/09/2017<br>Time(s): 14.00-14.45  |
| <i>Background/Purpose</i>  | Benny Higgins has accepted your invitation to lead work in developing an implementation plan to create a Scottish National Investment Bank.  |
| <i>Relevance to Core Script</i>  | Providing investment for growth  |
| <i>Summary Page (key issues, lines to take if pressed and issues to avoid)</i> | <b>Annex:A</b> – Summary Page<br><b>Annex:B</b> – Council of Economic Advisers – Case for a Scottish National Investment Bank<br><b>Annex:C</b> – Learning from Previous Policy Development<br><b>Annex:D</b> - Project Board & Resourcing |
| <i>Official Support</i>  | Official<br><br>Liz Ditchburn – [Redacted]<br>Sam Anson – [Redacted]   |

## ANNEX A

### SUMMARY PAGE

#### Purpose of meeting:

- To meet and thank Benny Higgins for accepting your invitation to lead work in developing an Implementation Plan to create a Scottish National Investment Bank
- To discuss initial thinking around implementation planning

[Redacted under S.30(b)(i) Free and Frank Provision of Advice.]

## ANNEX B

### THE COUNCIL OF ECONOMIC ADVISERS (CEA) – CASE FOR A SCOTTISH NATIONAL INVESTMENT BANK

[Redacted under S.30(b)(i) Free and Frank Provision of Advice.]

## ANNEX C

### LEARNING FROM PREVIOUS POLICY DEVELOPMENT

[Redacted under S.30(b)(i) Free and Frank Provision of Advice.]

## ANNEX D

### PROJECT BOARD AND RESOURCING

[Redacted under S.30(b)(i) Free and Frank Provision of Advice.]

### Internal Correspondence Between Scottish Government Ministers And Civil Servants on a Scottish National Investment Bank.

#### First Minister

**From:** [Redacted]

**Sent:** 22 August 2017 11:48

**To:** Director of Financial Strategy; [Redacted]; McAllan M (Mary); [Redacted]; Rollison R (Richard); Henderson G (Gavin); [Redacted]; Nicholson J (John); [Redacted] (Parliamentary Counsel); [Redacted]; Khan U (Uzma); [Redacted]; Gillespie G (Gary)

**Cc:** Birt C (Christopher); [Redacted]

**Subject:** RE: URGENT Scottish National Investment Bank - comments by close on Thursday 17 August (sorry)

Hi all,

Just to give you a heads up that the FM is working up detailed comments on the PfG over the next couple of days but has given some initial feedback on the National Investment Bank which I think will be useful in for the briefing you are working on.

**[Redacted under S.29(1)(a) Formulation or Development of Scottish Government Policy]**

Hope that is helpful,

**[Redacted]**

**From:** Director of Financial Strategy

**Sent:** 14 July 2017 16:58

**To:** First Minister

**Cc:** Birt C (Christopher); DG Scottish Exchequer Mailbox; Rollison R (Richard); DG Economy; DG Economy; **[Redacted]**; Director for Housing and Social Justice; **[Redacted]**; Anson S (Sam);

**[Redacted]**

**Subject:** Official - Sensitive: PfG new Proposal - National Investment Bank

**Importance:** High

First Minister

Attached is a joint note from Economic Development and Finance on the PfG proposal around the National Investment Bank. Please let us know if you need anything else at all.

Eleanor

**Attachment 1**

### **National Investment Bank**

#### **Request**

|   |  |
|---|--|
| <b>Establish a National Investment Bank</b> | The FM is very keen on the principle of a National Investment Bank she would welcome advice on how this could be brought together, the outcomes it would seek to achieve and what other current projects this would replace and improve. |
|---|--|

#### **Response**

**[Redacted under S.30(b)(i) Free and Frank Provision of Advice.]**

**From:** Rollison R (Richard)

**Sent:** 14 July 2017 22:09

**To:** DG Economy; First Minister; Birt C (Christopher)

**Cc:** [Redacted] (Parliamentary Counsel); [Redacted]; Cabinet Secretary for Finance and the Constitution; [Redacted]; Lloyd E (Elizabeth); McAllister C (Colin); Director of Financial Strategy; [Redacted]; Maxwell S (Stewart) (Special Adviser); Permanent Secretary; DG Economy; DG Scottish Exchequer Mailbox; Rollison R (Richard); [Redacted]; Cook C (Colin)

**Subject:** SENSITIVE - PFG PROPOSALS - DIRECTORATE FOR ECONOMIC DEVELOPMENT

All

I attach proposals for the following 'PfG' ideas requested by the First Minister.

|   |  |
|---|--|
| [Redacted as out of scope]                  | [Redacted as out of scope]   |
| [Redacted as out of scope]                  | [Redacted as out of scope]   |
| <b>Establish a National Investment Bank</b> | The FM is very keen on the principle of a National Investment Bank she would welcome advice on how this could be brought together, the outcomes it would seek to achieve and what other current projects this would replace and improve. |
| [Redacted as out of scope]                  | [Redacted as out of scope]   |
| [Redacted as out of scope]                  | [Redacted as out of scope]   |

**Establish a National Investment Bank** – This has already been provided by Eleanor Emberson but I am providing here again so the proposals are 'all in one place'

Note: Attachment the same as previous email.

Richard Rollison

Deputy Director

**From:** Anson S (Sam)

**Sent:** 04 September 2017 16:54

**To:** First Minister

**Cc:** Cabinet Secretary for Finance and the Constitution; Cabinet Secretary for the Environment, Climate Change and Land Reform; Cabinet Secretary for Economy, Jobs and Fair Work; DG Economy; DG Scottish Exchequer Mailbox; Gillespie G (Gary); McAllan M (Mary); Director of Financial Strategy; Birt C (Christopher); [Redacted]; Khan U (Uzma); Rollison R (Richard); [Redacted]; Maxwell S (Stewart) (Special Adviser); McAllister C (Colin); Lloyd E (Elizabeth); Communications First Minister;



Communications Economy

**Subject:** National Investment Bank: Appointment of Benny Higgins

PS / First Minister,

Further to my note of 29<sup>th</sup> August, please find attached:

- Additional detail regarding the appointment of Benny Higgins to lead the work to develop and Implementation Plan for the Scottish National Investment Bank
- A draft ToR
- A formal letter of appointment

Regards,

Sam

### **Attachments**

Note: All attachments included above.

Note: Attachments provided above in



z419327\_05-09-201  
7\_13-24-49.pdf

Hi **[Redacted]**

The FM is content with the Implementation Plan Terms of Reference and confirm FM is content for a meeting to be arranged with Benny Higgins.

I have attached a copy of the letter sent electronically to Mr Higgins for your records.

Thanks

**[Redacted]**

**[Redacted]**

**Correspondence Secretary**  
**Private Office to the First Minister**

**From:** **[Redacted]**

**Sent:** 05 September 2017 13:40

**To:** First Minister

**Cc:** **[Redacted]**; Anson S (Sam)

**Subject:** FW: National Investment Bank: Appointment of Benny Higgins

Hi **[Redacted]**

As discussed. Please issue an electronic copy of the Letter of Appointment to (Benny Higgins) **[Redacted]**. Grateful if you could also issue a hard copy signed by FM to Benny Higgins on headed notepaper. I'll supply the address later.

Can you also confirm that FM is content with the Implementation Plan Terms of Reference and confirm FM is content for a meeting to be arranged with Benny Higgins to personally discuss his role

Regards  
**[Redacted]**

**[Redacted]**  
Economic Policy Unit

### **Cabinet Secretary for Economy, Jobs and Fair Work**

**From:** Cabinet Secretary for Economy, Jobs and Fair Work  
**Sent:** 06 September 2017 18:43  
**To:** **[Redacted]**; Cabinet Secretary for Finance and the Constitution  
**Cc:** Rollison R (Richard); Anson S (Sam); Perman J (Joe); Gil O (Oonagh); Stevens K (Kevin); Director of Financial Strategy; McAllan M (Mary); **[Redacted]**; Communications Economy; Maxwell S (Stewart) (Special Adviser); **[Redacted]**; Nicolson S (Stuart) Special Adviser; Lloyd E (Elizabeth); **[Redacted]**; Communications Economy; **[Redacted]**  
**Subject:** Re: LINES TO CLEAR :: The Courier :: SNIB / SE

**[Redacted]**

Thanks for this.

**[Redacted under S.30(a)(i) Free and Frank Exchange of Views.]**

Thanks  
**[Redacted]**  
Private Office for Keith Brown MSP, Cabinet Secretary for Economy, Jobs and Fair Work

**From:** **[Redacted]**  
**Sent:** Wednesday, 6 September 2017 18:29  
**To:** Cabinet Secretary for Finance and the Constitution; Cabinet Secretary for Economy, Jobs and Fair Work  
**Cc:** Rollison R (Richard); Anson S (Sam); **[Redacted]**; Gil O (Oonagh); **[Redacted]**; Director of Financial Strategy; McAllan M (Mary); **[Redacted]**; Communications Economy; Maxwell S (Stewart) (Special Adviser); **[Redacted]**; Nicolson S (Stuart) Special Adviser; Lloyd E (Elizabeth); **[Redacted]**; Communications Economy; **[Redacted]**  
**Subject:** RE: LINES TO CLEAR :: The Courier :: SNIB / SE

Thanks **[Redacted]**

**[Redacted]** /PO – grateful if you could please put this to Mr Brown for consideration.

Copying Nick who is on duty this evening: once cleared, please can this be sent to [Redacted] on:  
[Redacted]

Ta,  
[Redacted]

---

**From:** [Redacted] **On Behalf Of** Cabinet Secretary for Finance and the Constitution  
**Sent:** 06 September 2017 18:03  
**To:** [Redacted] Cabinet Secretary for Finance and the Constitution; Cabinet Secretary for Economy, Jobs and Fair Work  
**Cc:** Rollison R (Richard); Anson S (Sam); [Redacted]; Gil O (Oonagh); [Redacted]; Director of Financial Strategy; McAllan M (Mary); [Redacted]; Communications Economy; Maxwell S (Stewart) (Special Adviser); [Redacted]; Nicolson S (Stuart) Special Adviser; Lloyd E (Elizabeth); [Redacted]; Communications Economy  
**Subject:** RE: LINES TO CLEAR :: The Courier :: SNIB / SE

[Redacted]

Mr Mackay has requested that Mr Brown clears this given the policy area it is covering.

Thank you

[Redacted]  
**Private Secretary to Derek Mackay MSP, Cabinet Secretary for Finance and the Constitution  
The Scottish Government**

**From:** [Redacted] **On Behalf Of** DG Economy  
**Sent:** 15 September 2017 08:53  
**To:** Anson S (Sam)  
**Cc:** DG Economy; Cabinet Secretary for Economy, Jobs and Fair Work  
**Subject:** RE: National Investment Bank - Portfolio Leads

Sam

I have put a few times for next week to [Redacted] and am awaiting confirmation if any are possible. I will be chasing this morning. If face to face isn't possible then we will pursue a call between KB and BH (as agreed with [Redacted]) next week and a meeting on the 27<sup>th</sup>. I'll keep you posted.

[Redacted]

**From:** [Redacted] **On Behalf Of** Cabinet Secretary for Economy, Jobs and Fair Work  
**Sent:** 15 September 2017 08:48  
**To:** Anson S (Sam); Cabinet Secretary for Economy, Jobs and Fair Work; DG Economy  
**Cc:** DG Economy  
**Subject:** RE: National Investment Bank - Portfolio Leads

I would prefer KB to have been able to speak to Benny before the FM meeting. Just think that's an easy and quick way to signal to her that he's involved and engaged right from the off. But it might come down to a joint meeting given diary challenges.

[Redacted] in Liz's office has been trying to secure a meeting with Benny.

[Redacted]

[Redacted] | Private Secretary to Keith Brown MSP, Cabinet Secretary for Economy, Jobs and Fair Work

**From:** Anson S (Sam)  
**Sent:** 15 September 2017 08:45  
**To:** Cabinet Secretary for Economy, Jobs and Fair Work; DG Economy  
**Cc:** DG Economy  
**Subject:** RE: National Investment Bank - Portfolio Leads

Would it make more sense for him to tag-team with the FM in the same way they met [Redacted]?

**Sam Anson | Economic Policy Unit |**

**From:** Anson S (Sam)  
**Sent:** 14 September 2017 11:14  
**To:** Cabinet Secretary for Economy, Jobs and Fair Work; DG Economy  
**Cc:** DG Economy  
**Subject:** RE: National Investment Bank - Portfolio Leads

His PA is at [Redacted]

Copy also [Redacted]

**Sam Anson | Economic Policy Unit | Scottish Government | 0131 244 0132 | 07399 589201**

**From:** [Redacted] **On Behalf Of** Cabinet Secretary for Economy, Jobs and Fair Work  
**Sent:** 14 September 2017 08:41  
**To:** Anson S (Sam); DG Economy; Cabinet Secretary for Economy, Jobs and Fair Work  
**Cc:** DG Economy  
**Subject:** RE: National Investment Bank - Portfolio Leads

Do you have contact details Sam?

[Redacted]

[Redacted] Private Secretary to Keith Brown MSP, Cabinet Secretary for Economy, Jobs and Fair Work

**From:** Anson S (Sam)  
**Sent:** 13 September 2017 21:19  
**To:** DG Economy; Cabinet Secretary for Economy, Jobs and Fair Work

**Cc:** DG Economy  
**Subject:** Re: National Investment Bank - Portfolio Leads

As soon as possible from next week onwards.

He meets the FM on the 27th.

**From:** DG Economy  
**Sent:** Wednesday, 13 September 2017 15:34  
**To:** Anson S (Sam)  
**Cc:** DG Economy  
**Subject:** FW: National Investment Bank - Portfolio Leads

Sam

Are you able to advise on when would be the best time for Mr Brown to meet Liz and Benny Higgins?

Thanks

[Redacted]

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**From:** [Redacted] On Behalf Of Cabinet Secretary for Economy, Jobs and Fair Work  
**Sent:** 12 September 2017 11:47  
**To:** DG Economy  
**Subject:** FW: National Investment Bank - Portfolio Leads

[Redacted] – Mr Brown is keen to have an early meeting with Liz and Benny Higgins to discuss taking this forward.

Can you discuss with Liz to see when might be an appropriate time to do that?

Thanks

[Redacted]

[Redacted] | Private Secretary to Keith Brown MSP, Cabinet Secretary for Economy, Jobs and Fair Work

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**From:** Lloyd E (Elizabeth)  
**Sent:** 11 September 2017 16:45  
**To:** Cabinet Secretary for Economy, Jobs and Fair Work; Cabinet Secretary for Finance and the Constitution; First Minister; DG Economy; DG Scottish Exchequer Mailbox  
**Cc:** Maxwell S (Stewart) (Special Adviser); McCaig C (Callum); McAllister C (Colin)  
**Subject:** National Investment Bank - Portfolio Leads

All

**[Redacted under S.30(a)(i) Free and Frank Exchange of Views.]**

Thanks

Liz

**Elizabeth Lloyd**  
Chief of Staff to the First Minister

### **Cabinet Secretary for Finance and the Constitution**

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**From:** [Redacted]  
**Sent:** 06 September 2017 17:27  
**To:** Cabinet Secretary for Finance and the Constitution  
**Cc:** Rollison R (Richard); Anson S (Sam); [Redacted] ; Gil O (Oonagh); [Redacted] ; Director of Financial Strategy; McAllan M (Mary); [Redacted]; Communications Economy; Maxwell S (Stewart) (Special Adviser); [Redacted]; Nicolson S (Stuart) Special Adviser; Lloyd E (Elizabeth); [Redacted]; Communications Economy  
**Subject:** LINES TO CLEAR :: The Courier :: SNIB / SE

Cab Sec PO,

Alex Bell is writing a column for the Courier on the Scottish National Investment Bank and has asked two specific questions.

Comms propose answering the two questions straight, as below. This has also been cleared by policy and spads.

Alex Bell has also approached Scottish Enterprise, whose response is below for awareness.

Grateful for Mr Mackay's clearance as soon as possible, please.

Thank you,  
[Redacted]

#### **SG Answers**

##### **1) Will Benny Higgins' review include the future of Scottish Enterprise – so could there be a single agency for investment?**

This is not a review of Scottish Enterprise. The Terms of Reference (<https://beta.gov.scot/publications/national-investment-bank-implementation-plan-terms-of-reference/>) state: "It will develop the aims and objectives for the Scottish National Investment Bank, drawing on work from the Council of Economic Advisers and elsewhere and seeking to maximise the contribution to the long-term growth of the Scottish economy. This will include whether the activities of the bank should be focused exclusively on the private sector or whether there is also scope to secure value in delivering new approaches to public sector financing"

**2) Is there not already an investment bank as part of Scottish Enterprise? And if there is, is it not doing a good job?**

Scottish Enterprise operate a range of co-investment equity funds targeted at SME's – the Scottish Investment Bank. The work that Mr Higgins is doing is to understand the opportunities that a much larger Scottish National Investment Bank would bring to the Scottish Economy. The Scottish Investment Bank provides early stage equity risk capital but the terms of reference for the Scottish National Investment Bank Implementation Plan are much wider.

**SE Response**

**A spokesperson for Scottish Enterprise said:**

“Scottish Enterprise welcomes the priority afforded to Patient Capital in the 2017-18 Programme for Government. We have a strong record of supporting Scottish companies to access growth finance, and through our innovative co-investment model delivered in partnership with private sector investors, we are contributing to growing a strong risk capital market in Scotland, and increasing the availability of patient capital.

“We look forward to working with Benny Higgins, CEO of Tesco Bank who has agreed to lead work on developing the Bank's precise remit, governance, operating model and its approach to managing financial risk.”

**Correspondence Between The Scottish Government and Other Political Parties a Scottish National Investment Bank**

At this stage of the Implementation Plan, correspondence with other political parties has been limited to parliamentary questions. Responses to these can be found by using the motions and question search, which can be found here <http://www.parliament.scot/parliamentarybusiness/28877.aspx>.

**Correspondence Between The Scottish Government and Think Tanks a Scottish National Investment Bank**

At this stage of the Implementation Plan there has been no correspondence between The Scottish Government and Think Tanks on the SNIB.

**Correspondence Between The Scottish Government and HMT on a Scottish National Investment Bank**

At this stage of the Implementation Plan there has been no correspondence between The Scottish Government and HMT on the SNIB.