Finance Committee

Scottish Futures Trust/ NPD Programme

Submission from Norddeutsche Landesbank

We write in connection with the Finance Committee’s Call for Evidence in relation to the Scottish Futures Trust and the NPD programme of investment and set out below our observations in a number of areas where we believe we can contribute objectively to the pertinent aspects of the Committee’s review.

The SFT’s role in securing additional investment

It is a fact that the global economy, and consequently the UK economy, has been in a precarious state since the onset of the Global Financial Crisis in 2008 with the UK economy only beginning to show positive growth over the course of the last 2 years or so. Noting these circumstances, the public purse has been under significant pressure in terms of budgetary constraints which has limited the scope for traditional forms of public sector investment through the capital investment programme conducted by the UK and Scottish Governments. Within this context, NORD/LB considers that the recommendation by the SFT that the Scottish Government transfer a proportion of the Government’s annual Capital Budget to support ongoing Revenue funding of essential capital projects through the NPD and Hub models represented a step change in thinking and acted as the catalyst which attracted substantial additional investment in support of the Scottish Government’s wider social and economic policies.

The SFT’s role in securing better value for money and improved public services

In our opinion, the establishment of the HUB programme is a prime example of the SFT’s overarching approach to securing value for money and improving public services which is predicated upon a collaborative partnership approach between the Public and Private Sectors. The establishment of extended supply chains on a Territory by Territory basis through a process of competitive procurement has ensured that costs are managed effectively and transparently. Following a competitive financing procurement process, NORD/LB worked, and continues to work, with the SFT to ensure the delivery of optimal financing solutions in support of both the NPD and HUB programmes and have invested c. £165m in the Ayrshire and Arran Mental Health Hospital, the new National Centre for the Scottish National Blood Transfusion Service, Royal Edinburgh Mental Health Facility and Greenfaulds High School in the last 18 months.

Any other comments you might have on the SFT’s work towards achieving its key aims
From our perspective as a well-established long term investor in the social infrastructure and renewable energy sectors, NORD/LB welcomes and recognises the benefits that the SFT brings in terms of providing an overarching strategic focus on the delivery of investments across a range of sectors in support of the Scottish Government’s policy objectives. As a recognised centre of expertise, this provides confidence to investors such as NORD/LB that projects form part of the Government’s strategic agenda and are considered to be an integral part of the socio-economic development of Scotland.

If we can be of any further assistance please do not hesitate to contact us.

Yours Faithfully,

John Hanley
Senior Director
For and On Behalf of NORD/LB