Scotland, the natural home for green and sustainable finance

Scottish Taskforce for Green and Sustainable Financial Services

Executive Summary

25 September 2024

GEFI
Scottish Government
Riaghaltas na h-Alba
Scottish Financial Enterprise
SCOTLAND

Financing the just transition to a sustainable economy is both a critical challenge and a huge opportunity.

Financial centres around the world are actively competing to attract capital flows and establish themselves as leading hubs for green finance. Scotland has a unique strength in financial services and is well positioned to develop a competitive advantage in green and sustainable finance. To take advantage of this opportunity, and avoid being left behind, this report makes recommendations to drive ambition and action, ensuring that green and sustainable finance forms an integral part of Scotland's economic strategy, unlocking the investment required for the net zero transition. By fostering local connectivity and collaboration across the financial services ecosystem, Scotland can create a blueprint for green finance that will enhance its global standing and attract talent, institutions and international capital.

The Taskforce concluded in May 2024 and this report presents a total of 31 recommendations (included after this page). Collectively, these can help catalyse Scotland's efforts to become a global centre for green finance. Specific parties have been identified and have agreed to take forward the recommendations and ensure their future success.

The recommendations can be summarised under four strategic priorities:

1. **Policy** – To secure Scotland's place as a high-integrity centre for finance in general, and green and sustainable finance in particular, the Scottish Government must develop a robust national framework for retaining the existing base of financial services, while attracting further financial institutions and senior roles and investment in green and sustainable finance. Scottish Government can demonstrate its commitment to making financial services a cornerstone of its future economy by supporting the Taskforce recommendations.

2. **Promotion** – Scottish Government and the financial services sector should establish a public–private entity to coordinate the delivery of the Taskforce recommendations and support the green and sustainable finance targets in Scotland's sector growth strategy, entitled ***Scotland's new vision for financial services***, published on 27 October, 2023 and led by SFE,[1] to promote Scotland as a green and sustainable finance centre.

3. **Investment** – The finance sector stands ready and willing to mobilise capital if Scotland can deliver a pipeline of investable green projects. Scotland's public sector and the Scottish Government need to ensure that, as recommended by the Investor Panel review,[2] all parties have the capability and competence to deliver those projects in a timely fashion. A "delivery unit" is needed.

4. **Skills** – Stakeholders in Scotland should collaborate to develop and launch a "Sustainable Finance SkillsNet" to support the upskilling and reskilling of financial services professionals in Scotland, in line with international best practice, to underpin the growth and success of this sector.

The Taskforce identified four workstreams as the most important for the development of green and sustainable finance in Scotland.

[1]https://static1.squarespace.com/static/623b6c120a64d02ae34e6b2d/t/6539369eb667c97a2b9612b7/1698248960627/SFE+Sector+Growth+Strategy

[2]https://www.gov.scot/publications/scottish-government-response-investor-panel-recommendations/

Workstream 1:

Promoting Scotland as a centre of green and sustainable finance (see Section 3)

- How can the Scottish finance industry collectively build on its reputation, and become globally recognised as a financial centre with commitment and skill in green and sustainable finance?

Workstream 2:

Finding investment for green projects in Scotland (see Section 4)

- How can the finance industry ensure that funds are available for investable projects in Scotland's just transition?

Workstream 3:

Sustaining a world-class training and education offering (see Section 5)

- How can Scotland benefit from its very real strengths in education, training, qualifications and research?

Workstream 4:

New opportunities (see Section 6)

- How can Scotland best position itself to fund natural capital, both domestically and abroad, as demand for natural capital grows? What other immediate opportunities should be pursued?

For each workstream, the report highlights achievements and provides recommendations to help drive forward green and sustainable financial services in Scotland. None of the Taskforce recommendations are difficult to achieve individually. With coordination, commitment and focus, there is a very considerable opportunity for Scotland.

Taskforce Recommendations

	Recommendations	Responsibility
	Section 2 – Overall position of the Scottish finance industry	
1	There should be a clear role for the FiSGAD to provide connectivity between the SFE-led sector growth strategy and the Scottish Government, with a specific focus on the promotion of Scotland as a location for senior, decision-making roles and activity. Green and sustainable financial services should remain a key pillar of that strategy.	FiSGAD
2	Scottish Government should review how it can incentivise more financial services institutions to set up or build businesses in and / or allocate capital to Scotland in preference to other UK cities and regions.	Scottish Government
3	Scottish Government should ensure that the wider policy agenda is supportive of attracting senior roles to Scotland.	Scottish Government
4	Scottish Government should monitor developments at major financial institutions in Scotland, with a specific focus on senior roles, and ensure due value and regard is applied to maintaining and growing these roles in Scotland.	Scottish Government and SFE
5	The SFE-led sector growth strategy already highlights the importance of retaining "our own domestic talent here in Scotland, as well as attracting talent from elsewhere in the world" and the Taskforce would strongly encourage the Scottish and UK Governments to engage with SFE, as a matter of urgency, on how best to achieve this.	Scottish Government
6	SFE should consider agreeing a formal partnership with GEFI, to work together to deliver the green and sustainable finance component of the sector growth strategy.	SFE and GEFI

	Recommendations	Responsibility
	Section 3 - Promoting Scotland as a centre of green finance – brand narrative	
7	The Scottish Government should disseminate the brand narrative and ensure its international trade and inward investment network is fully apprised of the Scottish green and sustainable finance opportunity.	Scottish Government and Scottish Enterprise
8	A "Team Scotland" approach should be adopted: an informal structure that brings key stakeholders together quarterly to collectively identify and target strategic opportunities for the brand narrative. Indicative activities might include: • Updating financial services pages on Scottish Enterprise website • Sharing messaging through Scottish Enterprise social media channels • Aligning with Brand Scotland annual themes • Developing and sharing case studies • Leveraging global moments and local events (e.g. New York Climate Week, COP, Ethical Finance Global) • Managing an annual refresh of the brand statements/narrative.	Scottish Enterprise, SFE and Scottish Government
9	Design and deliver workshops and toolkits to keep up momentum, and support Scottish financial services stakeholders to engage with the brand narratives.	GEFI
10	To date, the brand outputs document has only been shared confidentially with select Scottish financial service stakeholders. It would be beneficial to develop and publish an external marketing document based around the brand narratives to promote Scotland.	Scottish Enterprise and GEFI
11	The Scottish Government and its agencies should consistently embed the brand narrative across speeches, policy documents and external communications. Meetings and workshops should be arranged to help deliver this.	Scottish Government
12	Scotland should form part of the broader UK financial services proposition and messaging, with representation in future Lord Mayor's overseas and regional visits.	SFE, GEFI and Scottish Government
13	A report mapping the Scottish financial services landscape , and sizing the green and sustainable finance market, should be commissioned to provide robust and dependable baseline numbers. This can help assess whether policy and associated activities are delivering positive results.	FiSGAD and SFE
14	The Scottish Government and financial services sector should establish a Scottish-based public–private entity to coordinate the delivery of the Taskforce recommendations, support the sector growth strategy and its green and sustainable finance targets, and promote Scotland as a financial centre specialising in green and sustainable finance.	GEFI, SFE and Scottish Government

	Recommendations	Responsibility
Section 3 - Promoting Scotland as a centre of green finance – engaging with global initiatives		
15	Scottish Government should write to GFANZ co-founders Mark Carney and Michael Bloomberg, reiterating the commitment of the Scottish finance industry to GFANZ and its various initiatives. It should highlight Scotland's progress in fulfilling its aims, and ask them to emphasise and leverage the Alliance's connection to Glasgow and Scotland.	Scottish Government
16	Edinburgh and Glasgow should continue to be represented in the FC4S network and maintain involvement in FC4S work programmes.	GEFI
17	The GGFI is listed as a strategic metric in the SFE-led sector growth strategy, with a target for Edinburgh to rank 14th or better and for Glasgow to move into the top 30. The Taskforce recommends that SFE assumes responsibility for leading this improvement in rankings, and for reporting progress back to FiSGAD.	SFE
Section 3 - Promoting Scotland as a centre of green finance – engaging with London and the rest of the UK		
18	As part of their partnership agreement, the Scottish Government and the City of London should discuss the potential for some of the City's sustainable finance activities to be located in Scotland.	Scottish Government and the City of London Corporation
19	More focus should be placed on exploring opportunities to align messaging and activities, and develop a co-ordinated approach to promoting the UK's and Scotland's sustainable finance offer. For example: • Foster co-operation between the Scottish Government, Scottish financial institutions and the City of London Corporation in preparing for annual UN Climate Change Conferences (COP). • Scottish Government, SFE and GEFI should work with the City of London Corporation to bring the Net Zero Summit to Glasgow, thereby promoting the "G" in GFANZ. • Scottish Government and/or SFE should petition the Chair of the International Regulatory Strategy Group to ensure that Scotland has a voice in the Joint EU–UK Financial Regulatory Forum. • Conferences and similar joint activities should be organised.	Scottish Government and SFE

	Recommendations	Responsibility
Section 4 - Finding investment for green projects for Scotland		
20	Priority should be given to scoping the nature, role, authority and skills of the Scottish Government teams involved in helping deliver investable projects for Scotland, most particularly the Investment Strategy and Delivery Unit.	Scottish Government
21	A stronger policy framework is needed to make it attractive to invest in Scotland.	Scottish Government
22	Identify and promote examples of green and sustainable finance innovation, best practice and other relevant case studies to accelerate growth and broaden uptake.	SFE and FinTech Scotland
23	Given Scottish Government's stated ambition of accessing debt capital markets and issuing (sub)sovereign debt. Some, or all, of this should take the form of green/sustainable bonds. This will help finance green projects and, more importantly, send an important message to international financial markets about Scotland's commitment to green finance. This should be subject to due diligence and value-for-money assessments.	Scottish Government
Section 5 - Sustaining a world-class training and education offering		
24	Scottish Government teams should engage with key stakeholders and identify practical and cost-effective ways to support upskilling and reskilling of financial services professionals in Scotland, in line with good practice identified internationally.	SFE and Scottish Government
25	Take forward the "Sustainable Finance SkillsNet" concept and, through consultation with local stakeholders, determine how best to support upskilling and reskilling of financial services professionals in Scotland, in line with good practice identified internationally.	SFE
26	Work with local stakeholders, including universities, professional bodies, and employers to: • identify and promote existing education, training and qualification programmes; and • inform recommendations for future training programmes. These resources should be shared with key stakeholders and used as a tool to promote Scotland's capability in green and sustainable finance.	SFE
27	Request that Universities Scotland engage with employers and professional bodies to determine how best to promote and deliver sustainability education – especially sustainable finance education – in Scottish universities.	Scottish Government and SFE
28	Regularly update Sustainable Finance: A Guide on Education, Qualification, Training Opportunities and the Enabling Scottish Culture[48] to include the latest sustainable finance learning opportunities in Scotland. The guide should be shared with key stakeholders (e.g. Universities Scotland, Scottish Enterprise) for incorporation into their promotional activities.	SFE

[48] https://www.globalethicalfinance.org/wp-content/uploads/2022/09/GEFI077_Report_ETQR-Ethical-Finance_web.pdf

	Recommendations	Responsibility
Section 6 - New opportunities – financing Nature		
29	Through its Private Investment in Natural Capital Programme , Scottish Government should continue to engage with the finance sector with a view to unlocking investment opportunities such as the UK Nature Impact Fund.	Scottish Government
30	Scotland has the potential to develop a "Blue Carbon" market that builds on its maritime legacy and supports the Blue Economy Vision for Scotland. The Scottish Government could accelerate the development of a "Blue Carbon" standard to generate carbon credits from marine ecosystems along the Scottish coastline.	Scottish Government
Section 6 - New opportunities – Great British Energy		
31	Scottish Government should establish a cross-political party parliamentary group tasked with ensuring that once Great British Energy is established, its strategy aligns with related existing activities and programmes in Scotland, including those outlined in this report, and that brings maximum benefit to Scotland and to the rest of the UK.	Scottish Government

Disclaimer

The findings and recommendations presented in this report by the Scottish Taskforce for Green and Sustainable Financial Services are based on extensive research, expert consultation, and analysis of available data. While every effort has been made to ensure accuracy and reliability, neither the Taskforce nor Global Ethical Finance Initiative Ltd guarantees the completeness or precision of the information provided. The content of this report should not be considered as legal, financial, or professional advice. Neither the Taskforce nor Global Ethical Finance Initiative Ltd assumes any liability for any decisions or actions taken based on the information contained herein. Readers should seek independent advice where necessary.