

Additional information provided by SNIB following the evidence session on 22 November 2023

The ways in which we can engage and collaborate with local authorities are an important issue for the Bank, and a point on which we continue to reflect. I have, however, set out some current considerations below which we hope are helpful to the Committee's programme of work.

To date the Scottish National Investment Bank has been capitalised through Financial Transactions. The £25 million of additional capital that was provided to the Bank from the Just Transition Fund, in financial year 2023/24, was also provided in the form of Financial Transactions.

While the Bank is capitalised through Financial Transactions we are unable to provide finance directly to Local Authorities. Additionally, as the Committee has heard from stakeholders, we recognise that commercial finance will rarely if ever be sought by Local Authorities themselves, which would limit opportunities for direct financing even in a scenario where the Bank has a different form of capital available to it.

The Bank engages frequently with Local Authorities across a range of topics. In relation to the additional capital provided from the Just Transition Fund, the Bank engaged with the Aberdeen City, Aberdeenshire and Moray Councils, in line with the geographic remit of the Fund, to discuss the Bank's investment role and opportunities for collaboration. Although there is no agreement in place for the Bank to receive further capital through the Just Transition Fund in future years, including in financial year 2024/25, we remain committed to working with the Local Authorities in the North East and Moray going forward. In particular, we see positive opportunities to work with the Regional Economic Partnerships in the region, as well as elsewhere in Scotland, as those continue to develop.

We consider, however, that there may be opportunities to work on commercial terms with vehicles in which Local Authorities have an interest, but which are not classified to the public sector e.g. through majority public sector ownership, and are open to further exploration of this issue. Such vehicles may be active in key sectors such as housing, heat decarbonisation and energy. Beyond potential investment, we also recognise that Local Authorities have valuable knowledge and experience of the strategic opportunities and challenges present within their localities.

I trust this is helpful. As set out above we will continue to consider opportunities for the Bank to work with Local Authorities and we will be happy to remain in touch with the Committee on this issue.

Graham Watson

Public and Government Partnerships