



The
Scottish
National
Investment
Bank

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TheBank.Scot

31st October 2025

Dear Convener,

Thank you for your further letter following our attendance at the Committee on 25 June 2025.

The Committee has asked for “any further reflections or comments following that evidence session, including on areas where the Bank has sought support or action from the Scottish Government but has not yet received it” and for our views on whether legislative change is required to support the Bank’s transition to perpetual status, or whether reform of Treasury rules alone would suffice.

Progress towards securing perpetual status for the Bank

Since our meeting in June the Bank has continued to be engaged with HM Treasury as it explores implementation of its Financial Transactions Control Framework. A working group has been established of Public Financial Institution representatives to inform HM Treasury’s application of the Framework, and the Bank now participates in that group.

We have welcomed the positive engagement we have seen so far from the UK Government and HM Treasury. It remains a priority for the Bank to resolve the issues around perpetual status and so we are keen to see the working group maintain momentum, particularly as we look beyond HM Treasury’s finalisation of its approach, towards subsequent decision making on application and implementation, including ongoing review.

The Scottish Government has remained engaged and supportive throughout that process and as discussed in your meeting of 10 September 2025, continues to explore how it can increase the Bank’s flexibility of action, including through the upcoming Spending Review. We are appreciative of that support whilst remaining focussed on timely resolution of the issues in question.

Potential legislative change or rules reform

As we discussed with the Committee, there is potential requirement for legislative change to enable the Bank to act as a perpetual institution. While there remains uncertainty as to the route to delivering on perpetual status we have not yet sought to take a definitive view on the scope or form of those changes.

For clarity, reform of the public finance rules or the development of appropriate exemptions is understood to be a required initial measure and remains primarily for the Scottish Government to lead consideration of in relation to the Bank and its devolved responsibilities.



For the Committee's awareness, the potential legislative changes required relate to the Bank's Articles of Association as set out in the Scottish National Investment Bank Act 2020. As an example, the Act currently prohibits borrowing from anyone other than the Scottish Ministers and this may require to be reconsidered. Any changes would be taken forward in collaboration with the Scottish Government as our sole shareholder. I trust this is helpful to the Committee's work.

Yours sincerely,

Willie Watt
Chair
Scottish National Investment Bank

