



The Scottish Parliament  
Pàrlamaid na h-Alba

## Public Audit Committee

Gregor Irwin  
Director-General Economy  
Scottish Government

6 October 2025

Dear Mr Irwin

### Scottish National Investment Bank

I am writing on behalf of the Public Audit Committee following your attendance [at our meeting on 10 September 2025](#).

Following the session, Members expressed some frustration at the lack of clarity on a number of issues, particularly around timescales. The Committee agreed to follow up on two areas as set out below.

#### Engagement with HM Treasury and the Public Financial Institution (PuFin) framework

The Committee noted that the Bank has asked for additional flexibilities including the ability to reinvest returns across years and operate on a perpetual fund basis. The Scottish Government has acknowledged that these changes cannot be delivered without agreement from the Treasury.

The AGS's report states that the Treasury is undertaking a review of the rules and legislative framework for public financial institutions. However, in evidence you described this as "a process rather than an event" and were unable to set out a clear timetable for its conclusion. You also advised that the PuFin model and the new financial transactions control framework do not currently apply to devolved Administrations. You told us:

"The framework for the PuFins specifically refers to the roles of the National Audit Office and the UK Parliament, Therefore, there are some very specific areas where it is not directly applicable to SNIB. We need to understand what is possible, and that is the process we are engaged in just now."

Audit Scotland recommended that the Scottish Government ensure it can effectively influence the UK Government's review by having clear proposals to support the long-term ambition for the Bank to become a perpetual investment fund. It states that

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Email [publicaudit.committee@parliament.scot](mailto:publicaudit.committee@parliament.scot). We welcome calls through Relay UK and in BSL through Contact Scotland BSL.

“within three months of the UK Government’s review concluding [the Scottish Government should] set out implications for the Bank and a plan for how it will respond to the review’s findings”.

In your evidence, you made reference to an inter-ministerial group on finance meeting planned for October, but beyond that were unable to set out a timescale. The Committee is concerned at the absence of a clear timetable for influencing the Treasury’s review and for its proposed conclusion.

**The Committee would welcome clarity on:**

- **The specific proposals submitted to the Treasury regarding the Bank’s treatment under the PuFin framework,**
- **the steps the Scottish Government is taking to influence the review while it is ongoing and**
- **the timetable the Scottish Government is working to, including when you expect the review to conclude.**

## **Five-year review**

The Committee noted that the Bank is subject to a statutory five-year review of its performance, governance and alignment with its strategic objectives. The AGS’s report states that the advisory group was formed in October 2024 and met for the first time in December 2024.

In evidence, you confirmed the review will be the opportunity to take stock of the Bank’s overall success and future direction, but you were unable to provide a timescale for when it will begin, conclude, and when its findings will be published.

**The Committee would welcome a clearer update on the proposed timescale and terms of reference for the review once agreed.**

## **Financial transaction repayments**

The Committee would also welcome clarity on the treatment of repayments that the Scottish Government makes to HM Treasury in relation to the financial transaction allocations it receives. The Bank confirmed in its evidence session to the Committee that it is not responsible for repayments to HM Treasury, this rests with the Scottish Government. You explained that repayments from lending backed by financial transactions are not passed back immediately but instead form part of a longer-term repayment plan that it negotiates with HM Treasury. However, the Scottish Government does not publish details of when repayments are due, how much must be repaid or the repayment profile. The Committee also noted that not all financial transactions are required to be repaid and that repayment arrangements can extend over the long term.

**The Committee would welcome a more detailed explanation of how these repayment arrangements operate in practice.**

We should be grateful for a response to this letter by **3 November 2025**.

Yours sincerely,

A handwritten signature in black ink that reads "Richard Leonard". The script is cursive and fluid, with the first name and last name clearly distinguishable.

**Richard Leonard MSP**

**Convener**