



Scottish National Investment Bank Act 2020

2020 asp 3

PART 2

OPERATIONAL MATTERS

Strategic missions

15 Setting missions

- (1) The Scottish Ministers are to set strategic missions for the Bank.
- (2) The Scottish Ministers set the Bank strategic missions by sending it a document—
 - (a) describing the socio-economic or environmental challenges that the Bank is to seek to address, and
 - (b) explaining how, in the Ministers' opinion, addressing those challenges relates to the Bank's main object and ancillary objects as set out in its articles of association.
- (3) The latest document sent to the Bank under this section supersedes the previous one and so, by sending the Bank a new document under this section, the Scottish Ministers can—
 - (a) set a new strategic mission for the Bank,
 - (b) modify a strategic mission, or
 - (c) bring a strategic mission to an end.
- (4) After sending the Bank a document under this section, the Scottish Ministers must—
 - (a) lay before the Scottish Parliament—
 - (i) a copy of the document, and
 - (ii) a statement setting out how the terms of the document sent to the Bank were affected by the responses to the public consultation carried out in accordance with section 16, and
 - (b) make a copy of both the document and the statement publicly available.

16 Requirement to consult in relation to missions

- (1) Before sending the Bank a document under section 15 which would set, modify or bring to an end a strategic mission, the Scottish Ministers must—
 - (a) first consult, and seek to reach agreement with, the Bank’s board about their proposal to do so, and
 - (b) then consult publicly about it.
- (2) A public consultation under subsection (1) must be carried out over a period of at least 40 days beginning on the day that the Scottish Ministers lay before the Scottish Parliament a statement describing their proposal.
- (3) In calculating the period of 40 days mentioned in subsection (2), no account is to be taken of any time during which the Parliament is—
 - (a) dissolved, or
 - (b) in recess for more than 4 days.
- (4) Despite subsection (1)(a), the Bank’s board need not be consulted—
 - (a) where the change that the Scottish Ministers propose making was proposed to them by the Bank under section 17,
 - (b) in relation to the first document sent to the Bank under section 15.
- (5) For the purpose of this section, it is immaterial that anything done by way of public consultation was done before the Bill for this Act was passed or after that but before this section comes into force.

17 Proposals from the Bank about its missions

- (1) Subsection (2) applies when the Scottish Ministers receive from the Bank a valid proposal that they should change the Bank’s strategic missions.
- (2) Within 28 days of receiving the proposal, the Scottish Ministers must write to the chair of the Bank’s board stating—
 - (a) whether the Scottish Ministers will consult under section 16 about making the proposed change, and
 - (b) the reasons for that decision.
- (3) A proposal is valid for the purpose of subsection (1) if it is—
 - (a) in writing, and
 - (b) explains—
 - (i) why the proposal is being made, and
 - (ii) in the case of a proposal to set a new mission or modify one, how that proposed change relates to the Bank’s main object and ancillary objects as set out in its articles of association.

Accountability

18 Report on strategic missions

- (1) The Bank must send a mission report to the Scottish Ministers—
 - (a) within 3 months of receiving a document sent under section 15 (subject to subsection (3)), and

- (b) on the first day of each financial year (subject to subsection (4)).
- (2) A mission report is a report explaining how the Bank intends to respond to the strategic missions that the Scottish Ministers have set for it.
- (3) The Bank need not send a mission report to the Scottish Ministers under subsection (1) (a) in consequence of receiving a document under section 15 if the document's only effect is to bring a strategic mission to an end.
- (4) The Bank need not send a mission report to the Scottish Ministers on the first day of a financial year if, on that day—
 - (a) it has been less than 3 months since the Bank last sent the Ministers a mission report, or
 - (b) the Bank is due to send the Ministers a mission report under subsection (1) (a) within the next 3 months.
- (5) A mission report may be in any form that the Bank considers appropriate and (in particular) may be part of another document.

19 Report on investment performance

- (1) The Bank must, at the end of each financial year, report to the Scottish Ministers on the performance of its investments.
- (2) In addition, the Bank must report to the Scottish Ministers on the performance of its investments at any other time that the Scottish Ministers direct it to do so.
- (3) The Scottish Ministers may require the Bank to—
 - (a) include particular information relating to the performance of the Bank's investments when reporting under this section,
 - (b) report under this section in a particular manner or format.
- (4) A report under this section may be in any form that the Bank considers appropriate and (in particular) may be part of another document; provided that any requirement under subsection (3) is complied with.
- (5) In this section, references to the Bank's investments include any loans it has made.
- (6) In this section, "performance" includes non-financial performance.

20 Report on gender equality strategy

- (1) At least every 2 years, the Bank must prepare and lay before the Scottish Parliament a report evaluating, in relation to the period since the last report was prepared—
 - (a) the extent to which the Bank has fulfilled the commitments in its gender equality strategy,
 - (b) the extent to which the fulfilment of each commitment (insofar as it has been fulfilled) has made the contribution towards advancing gender equality in Scotland that the Bank intended it should, and
 - (c) whether the things that the Bank has done to fulfil the commitments have affected differently women who share a relevant protected characteristic and women who do not share it.

- (2) In subsection (1)(c), “a relevant protected characteristic” is a characteristic mentioned in section 149(7) of the Equality Act 2010.
- (3) A report under this section may be in any form that the Bank considers appropriate and (in particular) may be part of another document.
- (4) The first report under this section—
 - (a) is to be laid before the Parliament within 2 years of the day on which the Bank’s gender equality strategy is first made publicly available, and
 - (b) is to relate to the period beginning on that day.

21 Review of performance

- (1) The Scottish Ministers must, at least once every 5 years, appoint a person to carry out a review of the performance of the Bank and (if it has any) its subsidiaries during the review period.
- (2) A person appointed under subsection (1) must, on completion of the review—
 - (a) prepare a report of the review, and
 - (b) send the report to the Scottish Ministers.
- (3) The Scottish Ministers must—
 - (a) lay a copy of the report before the Scottish Parliament, and
 - (b) make the report publicly available.
- (4) For the purposes of subsection (1)—
 - (a) performance includes—
 - (i) in the case of the Bank, performance in relation to—
 - (A) the Bank’s objects as set out in its articles of association,
 - (B) the Bank’s strategic missions,
 - (C) any national performance indicators specified by the Scottish Ministers when appointing a person to carry out the review in question,
 - (ii) in the case of a subsidiary, performance in relation to the subsidiary’s objects as set out in its articles of association,
 - (b) the review period means—
 - (i) in relation to the first review, the period beginning with the day on which the Bank is established and ending with the day on which a person is appointed under subsection (1) to carry out the review,
 - (ii) in relation to each subsequent review, the period beginning with the day after the day of expiry of the previous review period and ending with the day on which a person is appointed under subsection (1) to carry out the review.

22 Equal pay review

- (1) The Bank must, from time to time, conduct a review to ensure that it is providing equal pay for equal work (an “equal pay review”).
- (2) The Bank must report to the Scottish Ministers on the findings of an equal pay review.
- (3) A report under subsection (2) must set out—

- (a) what the scope of the review was,
- (b) how the Bank has collected data to inform the findings of the review,
- (c) whether the review has found any differences in pay between any members of staff of the Bank doing equal work,
- (d) what the reasons are for any such differences, and
- (e) what steps the Bank will take as a result of the findings of the review.

Fair work

23 Fair work direction

- (1) The Bank must comply with the direction issued to it under this section.
- (2) The Scottish Ministers must issue a direction to the Bank about fair work within 1 year of this section coming into force.
- (3) The direction—
 - (a) must—
 - (i) stipulate that the Bank is to seek to promote fair work in exercising its functions,
 - (ii) set out what fair work means for the purpose of the direction, and
 - (b) may contain any other provision which the Scottish Ministers consider appropriate in relation to the promotion of fair work by the Bank.
- (4) Before issuing the direction, the Scottish Ministers must consult—
 - (a) the Bank,
 - (b) persons who appear to the Scottish Ministers to represent the interests of those who work in Scotland, and
 - (c) persons who appear to the Scottish Ministers to represent the interests of employers in Scotland.
- (5) Having issued the direction, the Scottish Ministers must publish it.

Scottish Government financing of the Bank

24 Power to capitalise

- (1) The Scottish Ministers may capitalise the Bank in such manner, and to such extent, as they consider appropriate.
- (2) For the purposes of subsection (1), capitalising the Bank means—
 - (a) taking and paying up shares in the Bank, and
 - (b) giving it loans.
- (3) The Scottish Ministers may attach conditions (including conditions as to repayment or the payment of interest) in respect of any finance provided under this section.

25 Requirement to get State aid approval before significant capitalisation

- (1) The Scottish Ministers may not spend more than the sterling amount of the authorised minimum on capitalising the Bank unless they have obtained any approval which, under State aid rules, they are required to obtain before doing so.
- (2) For the purposes of subsection (1), no account is to be taken of administration costs.
- (3) In subsection (1)—
 - “authorised minimum” has the meaning given in section 763 of the Companies Act 2006,
 - “capitalising the Bank” has the meaning given in section 24(2).

26 Power to finance

- (1) The Scottish Ministers may provide such finance as they consider appropriate to—
 - (a) the Bank, and
 - (b) any relevant subsidiary.
- (2) Finance under this section may be provided—
 - (a) to the Bank in the form of grants, loans and guarantees,
 - (b) to a relevant subsidiary in the form of loans only.
- (3) The Scottish Ministers may attach conditions (including conditions as to repayment or the payment of interest) in respect of any finance provided under this section.
- (4) In this section, relevant subsidiary means a body that—
 - (a) is a subsidiary of the Bank, and
 - (b) provides services on a commercial basis only.

27 Requirement to get State aid approval for financing

The Scottish Ministers may not provide finance to the Bank unless they have obtained any approval which, under State aid rules, they are required to obtain before doing so.

28 Meaning of State aid rules

In sections 25 and 27, State aid rules means—

- (a) Articles 107 and 108 of the Treaty on the Functioning of the European Union, and
 - (b) any regulation made under Article 109 of that Treaty,
- as they form part of the law of Scotland and as modified by the law of Scotland from time to time.

*Miscellaneous provisions***29 Advisory group**

- (1) The Scottish Ministers must establish and maintain an advisory group to provide them with advice on the Bank’s objects, conduct and performance.
- (2) The advisory group is to—

- (a) be provided with sufficient resources by the Scottish Ministers to carry out its functions under this section,
- (b) include at least 1 member appointed to represent the interests of trade unions.

30 Exercise of power to appoint non-executive directors

- (1) In appointing the Bank's non-executive directors, the Scottish Ministers must have regard to the desirability of ensuring that the non-executive directors (as a whole) have experience or knowledge of the issues facing workers and businesses in Scotland.
- (2) In considering, for the purpose of subsection (1), the particular knowledge or experience that the non-executive directors (as a whole) should have, the Scottish Ministers must consult—
 - (a) persons appearing to them to represent trade unions operating in Scotland, and
 - (b) persons appearing to them to represent businesses operating in Scotland.

31 Procedure for modifying entrenched provisions

If the Bank's articles of association provide that a provision of the articles may be amended or repealed only in accordance with this section, the provision may be amended or repealed—

- (a) only by a special resolution of the Bank's members, and
- (b) only if a draft of the special resolution has been laid before, and approved by resolution of, the Scottish Parliament.