



T: 0300 244 4000
E: scottish.ministers@gov.scot

Bill Kidd MSP

Our Reference: 202000020241
Your Reference: Scottish National Investment
Bank Appointment

07 April 2020

Dear Bill,

Thank you for your letter of 6 March 2020 to Kate Forbes MSP, Cabinet Secretary for Finance, regarding the appointment of Willie Watt as Chair-designate of the Scottish National Investment Bank (SNIB). I am responding as the Scottish National Investment Bank sits within my portfolio.

As you know, the Scottish Ministerial Code requires public appointments to be made in accordance with the *Code of Practice for Ministerial Appointments to Public Bodies in Scotland*, issued by the Commissioner for Ethical Standards in Public Life in Scotland.

In relation to the appointment of Mr Watt as Chair-designate of the Scottish National Investment Bank (SNIB), my predecessor confirmed to the Economy, Energy and Fair Work Committee by letter dated 8 January 2020 that the Code had been followed in full. I confirmed the same to them in person on 24 March. Appendix 2 sets out the key steps taken in the appointment process.

You have specifically asked for more details about the steps taken to confirm that Mr Watt was a fit and proper person for the position, in line with section E6 of the *Code of Practice*.

To undertake this test we took three steps:

- On application candidates signed a declaration confirming they have not committed any offence or acted in a way incompatible with the role, and that there is nothing in their history which could embarrass Scottish Ministers, the Bank or the Scottish Government;
- At interview candidates were asked 1) if they could meet the time commitment of the role, 2) if they foresaw any conflicts of interests with other roles and 3) to confirm again that there is nothing in their tax history that could be cause of embarrassment; and
- References supplied by the successful candidate were contacted prior to him meeting the Minister.

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Further to this search, consultants Odgers Berndston were asked to carry out additional background checks on those interviewed, taking the 'Fit and Proper Person' test beyond the already rigorous process which is followed during public appointment rounds.

In accepting the appointment, and in line with Scottish Government guidance, Mr Watt signed a further declaration detailing any interests which may have significance or relevance to, or bear upon the work and operation of, the Scottish National Investment Bank.

You also asked us about the announcement of Mr Watt's appointment. This was made through regular Scottish Government media channels and the Appointed for Scotland website. In this we set out the details which are required by Section G of the Code of Practice. A copy of this news release is included as Appendix 3.

In terms of ensuring the *Code of Practice* is followed, best practice is for the Commissioner for Ethical Standards in Public Life in Scotland to oversee the process. This is what is envisaged for the Bank going forward and the Scottish Government recently laid an Order to this effect for the appointment of Non-Executive Directors to the Bank's Board.

In relation to the Chair appointment, however, this was not possible given that the appropriate legislation was not in place at that time and it was important to the development of the Bank to have the Chair-designate in place so that they could start to be involved in key decision making towards establishment of the Bank.

In May 2019 the Economy Finance and Fair Work Committee supported the proposal to proceed on this basis, however, they asked that then Cabinet Secretary for Finance, Economy and Fair Work write to the Commissioner, seeking her oversight of this accelerated timetable. In her response, the Commissioner was quite clear that this was not something she would be able to do as the necessary legislation was not yet in place. All correspondence between Mr Mackay and the Economy, Finance and Fair Work Committee is available on the parliament website (summarised in Appendix 1):

www.parliament.scot/parliamentarybusiness/CurrentCommittees/109855.aspx

The resulting process was therefore unregulated, in that it was not overseen by the Commissioner. It does not mean, however, that it did not follow the *Code of Practice* and any suggestion to the contrary is without basis. The Government went to great lengths to provide assurances to the lead Committee that it could meet the obligations of the Code of Practice; this included the recruitment of an experienced selection panel, chaired by Benny Higgins, Strategic Adviser to the First Minister on the Scottish National Investment Bank, and included Dame Susan Rice, Chair of Scottish Water, Professor Sir Anton Muscatelli, Principal of Glasgow University and Liz Ditchburn, Director-General Economy of the Scottish Government.

The Scottish Government stands fully behind the process that led to the appointment of Willie Watt as Chair-designate of SNIB and the appointment itself. I have already begun working with him and it is clear to me that he was and remains the right person for the job in terms of experience and integrity. Any suggestion to the contrary is unfortunate and unfounded.

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It may also be of interest to note that I appointed him to the Board of the National Galleries of Scotland in 2014 and that was a regulated process. He has, therefore, successfully been through the public appointments process, including the fit and proper person test, twice.

Kind regards
Fiona Hyslop

FIONA HYSLOP

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