

# **FRAMEWORK DOCUMENT**

between

**DG ECONOMY**

and

**VISITSCOTLAND**



Revised March 2024

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## Introduction

1. This framework document is agreed between VisitScotland (VS) and the Scottish Ministers. It summarises how VS (and its subsidiaries) and Scottish Government (SG) will work together, and the key roles and responsibilities of:

- the Board
- the Chief Executive and Accountable Officer of VS;
- the Scottish Ministers; and
- the Portfolio Accountable Officer within the SG whose remit includes VS.

While this document does not confer any legal powers or responsibilities, it forms a key part of the accountability and governance framework and as a live document it should be reviewed by SG and VS regularly, and at least every 2-3 years. Any changes will be agreed between the Board and the Scottish Ministers.

2. Any question regarding the interpretation of the document will be determined by the SG after consultation with VS. Legislative provisions take precedence over any part of the document.

3. A copy of the document will be published on the VS website.

## Purpose

4. VS is established under the [Development of Tourism Act 1969](#) (“the 1969 Act”) and the [Tourism \(Overseas Promotion\) \(Scotland\) Act 1984](#) (“the 1984 Act”). The statutory functions of VS under the 1969 Act and the 1984 Act include the following:

- to encourage people to visit Scotland and people living in Scotland to take their holidays there;
- to encourage the provision and improvement of tourist facilities in Scotland; and
- to give advice to Ministers and public bodies on tourism matters.

5. The 1969 Act gives VS wide discretionary powers with which to discharge these functions. VS has specific powers, the most important of which include:

- to promote or undertake publicity in any form;
- to provide advisory and information services;
- to promote or undertake research; and
- as well as deploying its own resources effectively and efficiently in fulfilment of these functions, VS should also use strong strategic leadership and collaboration with others so that collective resources can support each other’s strategic aims. VS will work in partnership alongside other appropriate government bodies.

## Governance and Accountability

6. VS is established under the 1969 Act. At that time, it was the Scottish Tourist Board. Its powers were amended by the 1984 Act. The name was changed to VisitScotland by the [Tourist Boards \(Scotland\) Act 2006](#). VS does not carry out its functions on behalf of the Crown. For administrative purposes VS is classified as an executive non-departmental public body (NDPB). For national accounts purposes VS is classified to the central government sector.

7. VS is not permitted to establish any subsidiaries or enter into joint ventures without express approval from the Scottish Ministers.

8. The remainder of this section summarises the specific responsibilities and accountabilities of the key people involved in governance of VS.

## The Board

9. Members of the VS Board are non-executives appointed by, and responsible to, the Scottish Ministers in line with the [Code of Practice for Ministerial Public Appointments in Scotland](#). The Chair of the VS Board is accountable to the Scottish Ministers and, in common with any individual with responsibility for devolved functions, may be required to give evidence to Parliamentary Committees.

10. The Board has overall responsibility for the delivery of the functions of VS, as set out at paragraphs 4 and 5 above, in accordance with the aims, policies and priorities of the Scottish Ministers. In fulfilling this responsibility, individual members, under the leadership of the Chair, will:

- a. set strategic and operational plans to deliver the functions of VS, focusing on how the work of VS can most effectively contribute to achievement of the outcomes in the [National Performance Framework](#), the [Programme for Government](#) and [Scotland's National Strategy for Economic Transformation](#) (NSET) in collaboration with the SG and other public bodies;
- b. regularly scrutinise current and projected performance against the aims, objectives and targets set out in plans and take decisions on remedial action where required;
- c. ensure that effective governance is established and maintained, including ensuring that decision-taking is open and transparent and, with support from the Accountable Officer and the Audit and Risk Committee, ensure that key risks are identified and managed;
- d. approve the annual report and accounts and ensure these are provided to the Scottish Ministers to be laid before the Scottish Parliament;
- e. promote the efficient, economic and effective use of resources consistent with the principles of [Best Value](#), and regularly scrutinise financial performance and compliance with financial guidance issued by the SG;
- f. promote the wellbeing, learning and development of staff, provide support and challenge to the Chief Executive on staffing matters and ensure that VS meets the NDPB staff management responsibilities as described in the relevant section below.

11. The Chair will:

- a. lead the Board, ensuring that all Board members have a suitable induction to understand the role and their responsibilities, that the skills and experience of all Board Members are used effectively and that the Board undertakes regular self-assessment of its performance;
- b. ensure that the performance of each Board member is reviewed at least once per year and that the Board and/or individual Board members undertake development activity when required to ensure the effectiveness of the Board;
- c. ensure that the Board reviews its effectiveness annually;
- d. ensure that a Code of Conduct (aligned to the Model Code of Conduct for Board Members) is in place, that corporate actions are taken to implement it as required and that Members understand their responsibilities, using the guidance provided by the Standards Commission;
- e. work with the Portfolio Accountable Officer or their delegate(s) and the Public Appointments Team in SG on succession planning for the Board, action necessary to fill vacancies as they arise, skills requirements and promoting diversity by encouraging applications from less represented groups, including younger people, people from minority ethnic backgrounds and people with disabilities.

12. Specific guidance on how the Chair and Board Members should discharge their duties will be provided in their appointment letters and in [On Board – A Guide for Members of Statutory Boards](#). Guidance on governance good practice is available in the [Scottish Public Finance Manual](#) and from the sponsor team, who may consult the SG Governance and Risk Team. A list of key aspects of governance to consider is included in the section on Governance and Risk below.

### The Chief Executive

13. The Chief Executive is employed and appointed by the Board and is the principal adviser to the Board on the discharge of its functions. The Chief Executive's role is to provide operational leadership to staff working for VS and to ensure that its aims and objectives are met, its functions are delivered, and its targets are met through effective and properly controlled executive action.

14. The specific duties of the Chief Executive will be set out in a job description, and annual objectives will be agreed with the Chair and used in appraisal of the Chief Executive's performance.

15. In addition to any other specific duties, the Chief Executive will:

- a. advise the Board on the discharge of its responsibilities – as set out in this Framework Document, in the founding legislation and in any other relevant instructions and guidance issued by or on behalf of the Scottish Ministers;
- b. implement or oversee implementation of the decisions of the Board;
- c. work with the Board on preparation of the Corporate Plan, including liaising with the Senior Sponsor and/or Sponsor Team on key points which need to be addressed and the timetable for preparation and review, and work with the Board to ensure that business plans are put in place to meet the Corporate Plan aims, objectives and performance measures;
- d. lead and manage the staff of VS, ensuring their wellbeing, learning and development are prioritised, and ensuring that the **VisitScotland staff management responsibilities** set out below are addressed;
- e. manage the budget for VS in line with Scottish Government Finance guidance, policies and procedures, including the Scottish Public Finance Manual, and advise the Board on financial implications of all Board decisions, ensuring that appropriate financial appraisal and evaluation techniques are followed (see the [Appraisal and Evaluation](#) section of the SPFM);
- f. agree with the Board and the Portfolio AO or Senior Sponsor what information is required to enable the Board and SG to scrutinise the performance of VS and progress against overall strategic and business plan aims and objectives, and ensure that the agreed information is provided and that is both accurate and timely;
- g. manage the day-to-day relationship with the Senior Sponsor and/or Sponsor Team, with other SG officials who have an interest in the work of VS and other key stakeholders, including staff of other public bodies.

16. In advising the Board, the Chief Executive will ensure that the key governance issues highlighted in the section on Governance and Risk below are addressed.

### The Accountable Officer

17. The Principal Accountable Officer for the Scottish Administration will designate a senior official in VS as the Accountable Officer. Usually this will be the Chief Executive unless there are specific reasons not to. The Accountable Officer is personally responsible for the propriety and regularity of the public finances of VS and ensuring that its resources are used economically, efficiently and effectively, as required by section 15 of the Public Finance and Accountability (Scotland) Act 2000 and may be called to give evidence to the Public Audit Committee of the Scottish Parliament. The responsibilities of the Accountable Officer are set out in full in the [Memorandum to Accountable Officers for Other Public Bodies](#) in the Scottish Public Finance Manual.

18. It is important for the Chair and Board members to recognise that one aspect of these duties is the requirement under section 15(8) of the Public Finance and Accountability (Scotland) Act 2000, where the Accountable Officer considers that any action they are required to take is not consistent with their Accountable Officer responsibilities, they must obtain written authority from the Board and send a

copy of the written authority to the Auditor General for Scotland as soon as possible and send to the Clerk of the Public Audit Committee. The Accountable Officer should consult the Portfolio Accountable Officer before seeking written authority from the Board in these circumstances and should always notify the Portfolio Accountable Officer when such a written authority has been issued.

19. Where the duties of the Accountable Officer and the Chief Executive are not combined in one person, the Accountable Officer will work closely with the Chief Executive on governance, and in particular to ensure that the key governance issues highlighted in the section on Governance and Risk below are addressed.

#### The Scottish Ministers

20. The Scottish Ministers appoint the Chair and Board Members and hold the Board to account for the performance of VS and its use of resources. Ministers are ultimately accountable to the Scottish Parliament for ensuring that the Board is discharging its duties effectively, although the Parliament will scrutinise the performance of VS directly as it does with all public sector bodies. The Scottish Ministers are not directly responsible for the operation of VS.

21. The Scottish Ministers will:

- a. agree the strategic aims, objectives and key targets of VS as part of the corporate planning process;
- b. agree the budget for VS, and secure the necessary Parliamentary approval;
- c. approve the Code of Conduct of the VS Board;
- d. approve pay remits or proposals and superannuation arrangements for the staff, Chief Executive, Chair and Board members;
- e. lay VS's accounts before the Scottish Parliament.

#### SG Portfolio Accountable Officer

22. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) has designated the Director General for Economy as the Portfolio Accountable Officer (AO) for the SG portfolio budget which will provide funding for VS.

23. The Portfolio AO's duties are to establish a framework for the relationship between SG and a public body, oversee the operation of that framework, ensure the public appointments to the body are made appropriately and ensure that appropriate assurance is provided on the performance and governance of the body. These activities are known collectively as 'sponsorship'. In practice, the Portfolio AO is likely to delegate some or all sponsorship duties to a Director or Deputy Director as Senior Sponsor and/or to other SG officials in a 'Sponsor Team'. The responsibilities of a Portfolio Accountable Officer are set out in detail in the [Memorandum to Accountable Officers for Parts of the Scottish Administration](#).

24. The Portfolio AO will:

- a. make sure the framework document is agreed between the Scottish Ministers and the Board of VS, reviewed regularly and oversee the operation of the roles and responsibilities set out;
- b. ensure that financial and other management controls being applied by VS are appropriate and sufficient to safeguard public funds and conform to the requirements both of propriety and of good financial management;
- c. in line with [Code of Practice for Ministerial Appointments](#), ensure that public appointments are made in good time and secure appropriate skills, experience and diversity amongst Board members, working with the Chair on succession planning; that there is effective induction for new appointees; and ensure that there is regular review and a formal annual appraisal of the performance of the Chair;

- d. support regular and effective engagement between VS and the relevant Scottish Minister(s); and
- e. make sure there is clear, documented delegation of responsibilities to a Senior Sponsor and/or Sponsor Team and that the Board and senior officials of VS are aware of these delegated responsibilities.

25. The Portfolio AO remains personally answerable to the Scottish Parliament for the effectiveness of sponsorship activity.

### **Relationship between Scottish Government and VisitScotland**

26. Strategic engagement between the SG and VS is essential in order that they work together as effectively as possible to maintain, improve and reform public services and deliver improved outcomes. Specific governance and accountability roles are described in the section above, but more generally, both the SG and VS will take all necessary steps to ensure that their relationship is developed and supported in line with the jointly agreed principles set out in the statement on '[Strategic Engagement between the Scottish Government and Scotland's NDPBs](#)'. This emphasises the need for cooperation and good communication, and particularly early notification from either side about any emerging risk or issue with significant implications for the operation or governance of VS.

### Sponsor Team and Scottish Government

27. The Sponsor Team's primary functions are:

- a. to carry out the responsibilities delegated to it by the Portfolio AO, directly or via the Senior Sponsor, as described above;
- b. together with VS, ensure that the arrangements in this framework document operate effectively;
- c. provide assurance to the Portfolio AO in governance and operational matters as necessary;
- d. oversee and help to manage public appointments;
- e. ensure that key actions and decisions agreed for SG and VS are documented and implemented as necessary.

28. In addition, the Sponsor Team and SG will strive to ensure that, notwithstanding "business as usual" activity with individual policy areas across the SG, new strategic and budget decisions, or significant requests and commissions for VS, are communicated in the first instance via the Sponsor Team.

29. There may be occasion where this is not possible, for example where there is an urgent Ministerial or operational deadline to meet. In the interests of brevity and if agreed with VS, SG policy areas can continue to liaise with VS directly where input from the Sponsor Team is not essential.

30. To aid in facilitating this, the Sponsor Team will look to develop a separate 'protocol document' to support SG policy areas and to make clear the preferred and most effective channels of communication and operation.

### VisitScotland

31. In working to achieve its strategic objectives, and taking the above into account, VS will:

- a. maintain good working relationships with the SG and respond to requests from the SG – and otherwise provide appropriate information timeously, comprehensively and accurately;
- b. when programmes or projects are being developed, consult the relevant SG officials and the Sponsor Team at an early stage when these are major, novel or contentious and/or where the SG itself delivers complementary forms of support;
- c. where projects or activity fall under the remit of a subsidiary, or where VS is trading under the name of EventScotland or otherwise, keep relevant SG officials and the Sponsor Team informed and aware as necessary, including on budget and other corporate decisions;



- d. when working with different business areas across the SG (e.g., Culture, Major Events, International Relations, Transport Scotland, Brand Scotland, local government, etc.) keep the Sponsor Team informed as necessary.
- e. VS will send formal letters, invitations, etc. directly to Ministerial Private Offices. In doing so VS is encouraged to copy the Sponsor Team and relevant SG policy team. This is often beneficial in helping to facilitate a quick response or the desired outcome. Regarding the sharing of updates, briefings, and other information provided by VS, it is for the Sponsor Team and/or relevant SG policy team to determine how best to share with the Scottish Ministers.
- f. participate in any further strategy development as requested by, or agreed with, the SG;
- g. be aware of and refer to the [Scottish Public Finance Manual](#) (SPFM) and any Finance Guidance notes, which may be issued from time to time to provide guidance on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

### Regular engagement

32. The Sponsor Team and VS will continue to work together to establish an engagement plan setting out regular meetings over the course of the operational year that are necessary in helping to meet the aims and objectives of VS, and the sponsorship expectations of the SG and Scottish Ministers. This will be agreed and shared separately from this document. Engagements may be rearranged or halted, e.g., for Parliamentary business or in the event of an emergency.

33. At the time of publication of this document (March 2024) the following sponsorship meetings are established. These arrangements can be changed as and when required:

- Minister with relevant portfolio responsibility – monthly
- Cabinet Secretary with relevant portfolio responsibility – quarterly
- Sponsor Team officials at VS Audit and Risk Committee – quarterly
- Sponsor Team officials and VS Corporate Services Directorate – fortnightly
- SG Tourism Policy and Communications officials and VS Corporate Communications – fortnightly

34. On occasion, and where agreed, others may join these meetings where there is an interest, e.g., other SG policy officials, SG Finance Business Partner, SG Directors, other VS leads, etc.

35. VS is encouraged to invite the Minister with sponsorship responsibility to at least one Board meeting each performance year. This provides an opportunity for VS to promote and describe its activity and for the Minister to raise discussion points of interest.

36. Regarding meetings for policy matters that are managed across the SG, it is for VS and each policy area to agree and arrange as necessary. The Sponsor Team will work with VS and SG policy areas to maintain a record of planned policy meetings throughout the operational year. Sponsor Team officials may join these meetings if necessary.

### **VisitScotland staff management responsibilities**

#### Broad responsibilities for VisitScotland staff

37. The Chief Executive, challenged and supported by the Board, has responsibility for the recruitment, retention and motivation of VS's staff. The broad responsibilities toward staff are to ensure that:

- a) HR policies, practices and systems comply with employment and equalities legislation, and standards expected of public sector employers;



- b) the level and structure of staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness (subject to the [SG Pay Policy for Staff Pay Remits](#));
- c) the performance of staff at all levels is regularly appraised and performance management systems are reviewed from time to time;
- d) staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the body's objectives;
- e) proper consultation with staff takes place on key issues affecting them, as appropriate, including working in partnership with trade unions;
- f) effective grievance and disciplinary procedures are in place and ensures that staff know where to access and how to use;
- g) effective whistle-blowing policy and procedures consistent with the Public Interest Disclosure Act 1998 are in place and ensures that staff know where to access and how to use; and
- h) a code of conduct for staff is in place.

#### Pay and conditions of service

38. VS will comply with SG Pay Policy in relation to staff and the Chief Executive. The Chief Executive will ensure that a pay remit, in line with the SG [Pay Policy for Staff Pay Remits](#), is submitted to the SG for approval in line with the timetable notified and negotiate a pay settlement within the terms of the approved remit. This should normally be done annually, unless a multi-year deal has been agreed. Payment of salaries should also comply with the [Tax Planning and Tax Avoidance](#) section of the SPFM. Proposals on non-salary rewards will comply with the guidance in the [Non-Salary Rewards](#) section of the SPFM.

39. VS will also seek appropriate approval under the SG [Pay Policy for Senior Appointments](#) for the Chief Executive's remuneration package prior to appointment, annually or when a new appointment or change to the remuneration package is being proposed.

#### Pensions, redundancy and compensation

40. Superannuation arrangements for staff are subject to the approval of the Scottish Ministers. VS staff are eligible for a pension provided by The British Tourist Boards' Pension Scheme ("BTB") or The Local Government Pension Scheme ("LGPS") or National Employment Savings Trust ("NEST").

41. Any proposal by VS to move from existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the Scottish Ministers. Proposals on compensation payments will comply with the [Settlement Agreements, Severance, Early Retirement and Redundancy Terms](#) section of the SPFM. This includes referral to the Scottish Ministers of any proposed severance scheme (for example, a scheme for voluntary exit), business case for a settlement agreement being considered for an individual, or proposal to make any other compensation payment. In all instances, a body should engage with the Sponsor Team prior to proceeding with proposed severance options, and prior to making any offer either orally or in writing.

#### **Corporate and business plans**

42. VS will prepare a draft strategic and/or corporate plan every 2 to 3 years, or aligning with any Spending Review period if appropriate, setting out its strategic aims, objectives and targets over that period for consideration by the Scottish Ministers. When a new plan is to be prepared, the Chief Executive or their delegate will liaise with the Sponsor Team to agree the key points to be addressed and the timetable for preparation and review. SG officials and the Scottish Ministers should have an opportunity to review and approve any draft in advance of publication. The final, agreed version of the strategic and/or corporate plan will be published on the VS website.

43. The corporate plan should include VS's:

- purpose and principal aims;
- contribution to the outcomes set out in the National Performance Framework (NPF), the Programme for Government and NSET in collaboration with the SG and other public bodies;
- plans for how it can best contribute to the wellbeing economy, Scotland Outlook 2030 and other national strategies;
- analysis of the environment in which it operates;
- key objectives and associated key performance targets for the period of the plan, and the strategy for achieving those objectives;
- indicators against which its performance can be judged, which are appropriately linked to the NPF and NSET;
- plans and evidence of how it adopts Fair Work First, both as an employer and through applying Fair Work First criteria to any grant delivery, procurement and other funding; and
- other key points agreed with the Sponsor Team as described above.

44. The corporate plan should inform the development of a separate business plan for each performance year, which will include key targets and milestones for the year immediately ahead, aligned to the NPF and NSET, and be linked to budgeting information so that, where possible, resources allocated to achieve specific objectives can be identified. A copy of the business plan should be provided to the sponsor unit prior to the start of the relevant financial year.

#### **Annual report and accounts**

45. VS will publish an annual report of its activities together with its audited accounts after the end of each financial year. The annual report and accounts will cover the activities of any corporate, subsidiary or joint ventures under the control of VS (including as appropriate, for example: the Annual Sustainability Report; the National Events Strategy, etc.). It will comply with the Government [Financial Reporting Manual](#) (FRoM) and outline VS's main activities and performance against agreed objectives and targets for the previous financial year.

46. The accounts will be prepared in accordance with relevant statutes and the specific accounts direction and other relevant guidance issued by the Scottish Ministers. Any financial objectives or targets set by the Scottish Ministers should be reported on in the accounts and will therefore be within the scope of the audit.

47. The SG Sponsor Team should receive a draft copy of the annual report for comment, and a copy of the draft accounts for information, **by the end of December**. VS is responsible for the publication of the annual report and accounts after they have been laid by the Scottish Ministers. Whilst the statutory deadline for laying and publishing accounts audited by the AGS is **31 December** after the end of the relevant financial year, the Scottish Ministers expect that accounts will be laid before the Scottish Parliament and published as early as possible and taking in to account dates for recess.

#### **External audit**

48. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, VS's annual accounts and passes them to the Scottish Ministers who then lay them before the Scottish Parliament, together with the auditor's report and any report prepared by the AGS. The AGS, or examiners appointed by the AGS, may also carry out examinations into the economy, efficiency and effectiveness with which the body has used its resources in discharging its functions and/or carry out examinations into the arrangements made by VS to secure Best Value.

49. The AGS, or the AGS's appointed auditors or examiners, have a statutory right of access to documents and information held by relevant persons, including any contractors to or recipients of grants from VS. VS will ensure that this right of access to documents and information is made clear in the

terms of any contracts issued or conditions of any grants awarded and will also use its best endeavours to secure access to any other information or documents required which are held by other bodies.

### **Internal audit**

50. VS will:

- establish and maintain arrangements for internal audit in accordance with the [Public Sector Internal Audit Standards](#) and the [Internal Audit](#) section of the SPFM;
- set up an Audit Committee of its Board, in accordance with the [Audit Committees](#) section of the SPFM, to advise both the board and the Accountable Officer;
- ensure that the Sponsor Team and the Portfolio AO/Senior Sponsor receive promptly after they are produced or updated: the audit charter, strategy, periodic audit plans and annual audit assurance report, including the Head of Internal Audit opinion on risk management, control and governance – and provide any other relevant audit reports as requested by sponsors;
- keep records of, and prepare and forward promptly to the SG an annual report on fraud and theft suffered by VS and notify the Portfolio AO or Senior Sponsor immediately of any unusual or major incidents.

51. SG's Internal Audit and Assurance Directorate has an expectation of cooperation and access to relevant internal auditor material when required, the parameters for which would be set out in an engagement document before information was shared. VS should make it clear in its own Privacy Notice that internal auditor material may be shared with SG's Internal Audit and Assurance Directorate in certain circumstances.

### **Budget management and delegated authority**

52. Each year the Sponsor Team will send the Board a Budget Allocation and Monitoring letter, notifying VS the budget provision, any related matters and details of the budget monitoring information required. VS will comply with the format and timing of the monitoring information requested and with any requests for further information.

53. The statement of budgetary provision will set out the budget within the classifications of Resource Departmental Expenditure Limits (RDEL), Capital DEL (CDEL) and, where applicable, Annually Managed Expenditure (AME). These categories are explained in [Annual Budget Processing](#) in the SPFM, and VS will not transfer budgetary provision between the categories without the prior approval of the SG Finance Directorate, which should be sought via the Sponsor Team. Transfers within the categories are at the discretion of the Board or, subject to delegated authority, the Chief Executive or relevant senior manager, if these do not breach any other constraints, for instance the approved pay remit.

54. Where budgetary provision includes projected income, including any income from disposal of non-current assets, the Chief Executive will ensure that the SG Finance Directorate and Sponsor Team are made aware promptly of any forecast changes in income – usually via the monthly budget monitoring statement. The Scottish Ministers expectation is that any shortfall in income will be offset by a matching reduction in gross expenditure, and prior approval from the SG Finance Directorate and the Sponsor Team must be sought for any alternative arrangement. Similarly, if income is higher than originally projected, this may only be used for additional spending or to meet pressures with the prior approval of the SG Finance Directorate and Sponsor Team. Failure to obtain prior approval for the use of excess income to fund additional expenditure may result in corresponding reductions in budgets for the following financial year. The only exception is where the income is from gifts, bequests and donations but this must be spent within the same financial year as the receipt.

55. VS's specific delegated financial authorities - as agreed in consultation between the Board and the Scottish Ministers - are set out in **Annex A**. The Board will obtain the prior written approval from the Sponsor Team and SG Finance before entering any undertaking to incur any expenditure that falls outside these delegations, and before incurring expenditure for any purpose that is or might be considered novel, contentious or repercussive or which has or could have significant future cost implications.

56. The Sponsor Team and SG Finance are in agreement with VS to approve a temporary change to delegated financial authorities, including for single source procurement, where there is a justifiable and proportionate need, for example to enable a specific major event or similar short-term programme to be successfully delivered by the VS Group. In doing so, VS must provide a written request and business case for each instance and agree the timeframe for any temporary change with the Sponsor Team and SG Finance.

### **Governance and Risk**

57. Guidance on governance requirements is available in several documents referred to earlier in this framework document:

- [Scottish Public Finance Manual](#) (SPFM)
- [Audit and Assurance Committee Handbook](#)
- [On Board – A Guide for Members of Statutory Boards](#)

58. If in any doubt about a governance issue, the Chair or Chief Executive should consult the Senior Sponsor or Sponsor Team in the first instance, and sponsors may in turn consult the SG Public Bodies Unit, the SG Governance and Risk Branch and/or other teams with relevant expertise.

59. The Board and Chief Executive are advised to pay particular attention to guidance on the following issues.

#### Risk management

60. VS must develop an approach to risk management consistent with the Risk Management section of the Scottish Public Finance Manual and establish reporting and escalation arrangements with the Portfolio AO or Senior Sponsor.

61. The Board should have a clear understanding of the key risks, threats and hazards it may face in the personnel, accommodation and cyber domains, and take action to ensure appropriate **organisational resilience**, in line with the guidance in: [Having and Promoting Business Resilience](#) (part of the Preparing Scotland suite of guidance) and [The Scottish Public Sector Action Plan on Cyber Resilience](#).

#### Internal control

62. The Board should establish **clear internal delegated authorities** with the Chief Executive, who may in turn delegate responsibilities to other members of staff and establish an **assurance framework** consistent with the [internal control framework](#) in the SPFM.

63. **Counter-fraud** policies and practices should be adopted to safeguard against fraud and theft - see the [Fraud](#) section of the SPFM.

64. Any **major investment programmes or projects** undertaken should be subject to the guidance in the [Major Investment Projects](#) section of the SPFM and in line with delegated authorities. The Sponsor Team must be kept informed of progress on such programmes and projects and Ministers must be alerted to any developments that could undermine their viability. **ICT investment plans** must be reported to the SG's Office of the Chief Information Officer.

65. VS must comply with the requirements of the **Freedom of Information** (Scotland) Act 2002 and ensure that information is provided to members of the public in a spirit of openness and transparency. VS must also register with [Information Commissioners Office](#) and ensure that it complies with the **Data Protection Act 2018** and the UK General Data Protection Regulation.

#### Budget and finance

66. Unless covered by a specific delegated authority, **financial investments** are not permitted without the prior approval of sponsors and SG Finance. This includes equity shares in ventures which further a body's objectives. Public bodies should not invest in any venture of a speculative nature.

67. Non-standard **tax management** arrangements should always be regarded as novel and/or contentious and must therefore be approved in advance by the Portfolio AO and SG Finance. Relevant guidance is provided in the [Tax Planning and Tax Avoidance](#) section of the SPFM. VS must comply with all relevant rules on taxation, including **VAT**, recover input tax where it is entitled to do so.

68. **Optimising income** (not including grant-in-aid) from all sources should be a priority, and sponsors should be kept informed about any significant projected changes in income. Novel or contentious proposals for new sources of income or methods of fundraising must be approved by sponsors and SG Finance. Fees or charges for any services supplied must be determined in accordance with the [Fees & Charges](#) section of the SPFM.

69. **Gifts, bequests or donations** received score as income and should be provided for in the agreed resource DEL and capital DEL budgets, but should not fund activities or assets normally covered by SG grant-in-aid, trading or fee income, and conflicts of interest must be considered – see the principles in the [Gifts](#) section of the SPFM. Note that this relates to gifts to the body - gifts to individuals are covered in the Model Code of Conduct.

70. **Borrowing** cannot be used to increase VS's spending power. All borrowing - excluding agreed overdrafts - must be from the Scottish Ministers in accordance with guidance in the [Borrowing, Lending & Investment](#) section of the SPFM.

71. Any lending must be in line with the guidance in the [Borrowing, Lending & Investment](#) section of the SPFM on undertaking due diligence and seeking to establish a security. Unless covered by a specific delegated limit VS must not **lend money, charge any asset, give any guarantee or indemnity or letter of comfort, or incur any other contingent liability** (as defined in the [Contingent Liabilities](#) section of the SPFM), whether or not in a legally binding form, without the prior approval of sponsors and SG Finance. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.

72. An accurate and up-to-date record of **current and non-current assets** should be maintained, consistent with the [Property: Acquisition, Disposal & Management](#) section of the SPFM. VS is also subject to the [SG Asset Management Policy](#), including the requirement for acquisition of a new lease, continuation of an existing lease, decision not to exercise a break option in a lease or purchase of property for accommodation/ operational purposes, to be approved in advance by Scottish Ministers. The Property Controls Team should be consulted as early as possible in this process.

73. Assets should be recorded on the balance sheet at the appropriate valuation basis in accordance with the FReM. When an asset (including any investment) suffers **impairment**, when there is significant **movement in existing provisions** and/or where **a new provision needs to be created**, this should be communicated to sponsors and SG Finance as soon as possible to determine the implications for the NDPB's budget.



74. Any **funding for expenditure on assets by a third party** should be subject to appropriate arrangements to ensure that they are not disposed of without prior consent and that a due share of the proceeds can be secured on disposal or when they cease to be used by the third party for the intended purpose, in line with the [Clawback](#) guidance in the SPFM.

75. Unless covered by a specific delegated authority, prior approval from sponsors and SG Finance is required before **making gifts or special payments or writing off losses**. Special payments and losses are subject to the guidance in the [Losses and Special Payments](#) section of the SPFM. Gifts by management to staff are subject to the guidance in the [Non-Salary Rewards](#) section of the SPFM.

76. Unless covered by a specific delegated authority VS must not enter into any **finance, property or accommodation related lease arrangement** – including the extension of an existing lease or the non-exercise of a tenant’s lease break - without prior approval from sponsors. Before entering/continuing such arrangements the NDPB must be able to demonstrate that the lease offers better value for money than purchase and that all options of sharing existing public sector space have been explored. Non-property/ accommodation related operating leases are subject to a specific delegated authority. There must be capital DEL provision in the budget allocation for finance leases and other transactions which are in substance borrowing.

77. **Procurement** policies should reflect relevant guidance in the [Procurement](#) section of the SPFM and any other relevant guidance issued by the SG’s Procurement and Commercial Directorate.

78. All matured and properly authorised **invoices** relating to transactions with suppliers should be paid in accordance with the [Expenditure and Payments](#) section of the SPFM wherever possible and appropriate within Scottish Ministers’ target of payment within 10 working days of their receipt.

79. VS is subject to the SG policy of self-insurance. Commercial **insurance** must however be taken out where there is a legal requirement to do so and may also be taken out in the circumstances described in the [Insurance](#) section of the SPFM - where required with the prior approval of sponsors and their finance business partner subject to the level of inherent financial risk. In the event of uninsured losses being incurred the SG shall consider, on a case by case basis, whether or not it should make any additional resources available to the NDPB. The relevant sponsor team will provide a Certificate of Exemption for Employer’s Liability Insurance.

80. VS must not provide grant funding to a third party without prior agreement from sponsors and SG Finance. Guidance on a framework for the control of third party grants is provided as an annex to the [Grant & Grant in Aid](#) section of the SPFM. Subsidy control requirements for any such funding are discussed below.

#### Subsidy control

81. Any activity that VS undertakes itself, or funds other bodies to undertake, that can be offered on a commercial market for goods and services, is subject to the regulations set out in the Subsidy Control Act 2022. A full assessment is required prior to disbursing any funding, subject to the guidance in the [subsidy control](#) section of the SPFM.

#### Remuneration

82. **Remuneration, allowances and any expenses paid to the Chair and Board Members** must comply with the latest SG Pay Policy for Senior Appointments and any specific guidance on such matters issued by the Scottish Ministers.

83. **Staff pay, pensions and any severance payments** must be in line with the requirements of Public Sector Pay Policy and the responsibilities described in the section on NDPB Staff Management Responsibilities.

84. All individuals who would qualify as employees for tax purposes should be paid through the payroll system with **tax deducted at source**.

#### Banking and cash management

85. **Banking** arrangements must comply with the [Banking](#) section of the SPFM.

86. **Cash management** arrangements need to be addressed as well as overall budget management. Any [grant in aid](#) (i.e. the cash provided VS by the SG to support the allocated budget) for the year in question will be authorised by the Scottish Parliament in the annual Budget Act. VS will normally receive monthly instalments based on updated profiles and information on unrestricted cash reserves and will not seek any payment in advance of need. VS will keep its unrestricted cash reserves held during the year to the minimum level needed for efficient operation any relevant liabilities which have to be met at the year-end. Grant in aid not drawn down by the end of the financial year will lapse. VS will not pay Grant-in-Aid into any restricted reserve it holds.

#### **Annex A: Specific Delegated Financial Authorities**

	<b>Delegated Limit</b>
Single tender contracts	<b>£10,000</b> with dispensation up to <b>£64,000</b> in accordance with reporting criteria (see below #)
Investment projects	<b>Nil</b>
Acquisition of non-property assets	<b>£250,000</b>
New, in-year, unplanned discretionary spend projects (including repurposed use of underspends/slippage from other projects)	<b>Up to £249,999</b>
New grant or loan schemes	<b>Nil</b>
Claims waived or abandoned	<b>£2,000</b> up to an aggregate of <b>£25,000</b> in any financial year
Write-off of losses	
Losses of cash due to theft, fraud, overpayment of salaries, wages, fees, allowances, other causes	<b>£2,000</b> up to an aggregate of <b>£25,000</b> in any financial year
Loss of equipment and property due to theft, fraud, arson, fire, flood, motor vehicle accidents or damage to vehicles	<b>£5,000</b> up to an aggregate of <b>£50,000</b> in any financial year
Trade bad debts written off	<b>£2,000</b> up to an aggregate of <b>£25,000</b> in any financial year  Within this limit the following individuals may approve individual amounts: <ul style="list-style-type: none"> <li>• Director of Corporate Services up to <b>£2,000</b></li> <li>• Head of Finance up to <b>£500</b></li> </ul>
Special Payments	<b>£10,000</b>



Compensation payments (made under legal obligation at a court or tribunal)		
Ex-gratia payments		<b>£500</b> up to an aggregate of <b>£5,000</b> in any financial year
Lending		<b>Nil</b>
Borrowing Bank overdraft		<b>Not appropriate</b>
New property and finance leases		<b>Nil</b>
Investments		<b>Nil</b>
Revenue to Capital budget transfers		<b>By arrangement with the SG</b>
Capital to Revenue budget transfers		<b>Nil</b>
Contracts for good or services		<b>Up to a maximum of 3 years</b>

# VS will submit a summary table of Single Source Tender Justifications on a quarterly basis to its Audit & Risk Committee. The table should include the following information on each single tender contract:

- The date on which the contract was awarded
- The supplier
- The nature of the goods/ services being procured
- The value of the contract
- A brief explanation of the justification for a single tender.