

# EXECUTIVE NDPB MODEL FRAMEWORK DOCUMENT

## Introduction

1. This framework document has been drawn up by the Scottish Government (SG) in consultation with **sportscotland**. It sets out the broad framework within which **sportscotland** will operate and defines key roles and responsibilities which underpin the relationship between **sportscotland** and the SG. While this document does not confer any legal powers or responsibilities, it forms a key part of the accountability and governance framework and should be reviewed and updated as necessary, and at least every 2-3 years. Any proposals to amend the framework document either by the SG or **sportscotland** will be taken forward in consultation and in the light of SG priorities and policy aims. Any question regarding the interpretation of the document shall be determined by the SG after consultation with **sportscotland**. Legislative provisions shall take precedence over any part of the document.
2. References to **sportscotland** include any subsidiaries and joint ventures owned or controlled by **sportscotland**. **sportscotland** shall not establish subsidiaries or enter into joint ventures without the express approval of the SG.
3. Copies of the document shall be placed in the Scottish Parliament Reference Centre. It shall also be published on the SG and **sportscotland** websites.

## Purpose

4. **sportscotland** is to contribute to the achievement of the SG's primary purpose of increasing sustainable economic growth by aligning its aims and objectives with the National Performance Framework, the Programme for Government, and Scotland's Economic Strategy. **sportscotland** contributes to this through the Active Scotland Outcomes Framework.
5. **sportscotland**'s overarching principle aims and objectives comprise the core objectives as set out in its Royal Charter, the strategic priorities set out in the Strategic Guidance letter, and the National Lottery Policy Directions. The Active Scotland Outcomes Framework provides the policy framework.
6. **sportscotland**'s must take due account of these principal aims and objectives in their Corporate Plan;
7. **sportscotland**'s core objectives as set out in its Royal Charter are:
  - fostering, supporting and encouraging the development of sport and physical recreation among the public at large in Scotland;
  - the achievement of excellence in sport and physical recreation; and
  - the provision of facilities for the objects set out above.
8. The Minister sets out their expectations of **sportscotland** and strategic priorities of the Scottish Government in a Strategic Guidance letter which may span a number of years.

## Relationship between Scottish Government and sportscotland

9. Effective strategic engagement between the SG and **sportscotland** is essential in order that they work together as effectively as possible to maintain and improve public services and deliver improved outcomes. Both the SG and **sportscotland** 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'.

## Governance and accountability

### Legal origins of powers and duties

10. **sportscotland** (at the time, the Scottish Sports Council) was established under Royal Charter on 21 January 1972. The constitution of **sportscotland** is set out in Article 1 of the Charter. **sportscotland** does not carry out its functions on behalf of the Crown. The Scottish Institute of Sport was merged with **sportscotland** on 1 April 2008.

### Ministerial responsibilities

11. Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities of **sportscotland** and its use of resources (including both Grant in Aid and National Lottery income). They are not however responsible for day to day operational matters. Their responsibilities include:

- determining strategic priorities and policy directions to guide investment in National Lottery resource to ensure there is alignment to national policy;
- assuring Parliament, if required, that **sportscotland's** activities are aligned to these priorities and the Programme for Government;
- approving **sportscotland's** Corporate Plan;
- agreeing the budget and the associated grant in aid requirement to be paid to **sportscotland**, and securing the necessary Parliamentary approval
- carrying out responsibilities specified in the Royal Charter, including:
  - Appointing **sportscotland's** Chair;
  - Appointing **sportscotland** Board Members, seeking advice from the Chair on appointments, as well as approving the terms and conditions of Board members;
- reviewing the performance of **sportscotland** on at least an annual basis
- other matters such as approving **sportscotland's** Chief Executive and staff pay remit in line with SG Pay Policy and laying the accounts, including both **sportscotland** Group Accounts and National Lottery Accounts (together with the annual report) before the Parliament.

### **sportscotland** Board Responsibilities

12. The **sportscotland** Board, including the Chair, consists of non-executives appointed by the Scottish Ministers [in line with the Code of Practice for Ministerial Public Appointments in Scotland]. The role of the Board is to provide leadership,

direction, challenge, support and guidance to ensure **sportscotland** delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers. It has corporate responsibility, under the leadership of the Chair, for the following:

- Ensuring **sportscotland** delivers their principal aims and objectives as set out in paragraph 5 and its Corporate Plan;
- ensuring impact is evidenced as appropriate;
- determining the steps needed to deal with changes which are likely to impact on the strategic aims and objectives of **sportscotland** or on the attainability of its operational targets;
- promoting the efficient, economic and effective use of staff and other resources by **sportscotland** consistent with the principles of Best Value, including, where appropriate, participation in shared services arrangements;
- ensuring that effective arrangements are in place to provide assurance on risk management (including in respect of personnel, physical and cyber risks/threats/hazards), governance and internal control. (The Board must set up an audit committee chaired by a non-executive member to provide independent advice and assurance on the effectiveness of the internal control and risk management systems);
- (in reaching decisions) taking into account any other relevant guidance issued by the Scottish Ministers;
- ensuring Scottish Ministers are provided with the annual report and accounts before they are laid before the Scottish Parliament;
- reviewing regular financial and operational information concerning the management and performance of **sportscotland** on behalf of Scottish Ministers and ensuring **sportscotland** takes the appropriate action based on any concerns;
- appointing (with the approval of the Scottish Ministers) the **sportscotland** Chief Executive, following appropriate approval of the Chief Executive's remuneration package in line with SG Pay Policy for Senior Appointments and, in consultation with the SG, setting appropriate performance objectives which give due weight to the proper management and use of resources within the stewardship of **sportscotland** and the delivery of strategic outcomes;
- demonstrating high standards of corporate governance at all times, including openness and transparency in its decision making.

13. Further guidance on how the Board should discharge its duties is provided in appointment letters and in On Board – A Guide for Members of Statutory Boards.

## **The Chair's Responsibilities**

14. The Chair is accountable to the Scottish Ministers and, in common with any individual with responsibility for devolved functions, may also be held to account by the Scottish Parliament. Communications between the **sportscotland** Board and Scottish Ministers should normally be through the Chair. He or she is responsible for ensuring that **sportscotland's** policies and actions support the Scottish Ministers' wider strategic policies and that its affairs are conducted with probity.

15. In leading the Board the Chair must ensure that:

- the work of the Board is subject to regular self-assessment and that the Board is working effectively;
- the Board, in accordance with recognised good practice in corporate governance, is diverse both in terms of relevant skills, experience and knowledge appropriate to directing **sportscotland** business, and in terms of protected characteristics under the Equality Act;
- the Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- he or she, together with the other Board members, receives appropriate induction training, including on financial management and reporting requirements and, as appropriate, on any differences that may exist between private and public sector practice;
- succession planning takes place to ensure that the Board is diverse and effective, and the Scottish Ministers are advised of **sportscotland's** needs when Board vacancies arise;
- there is a code of conduct for Board members in place, approved by the Scottish Ministers.

16. The Chair assesses the performance of individual Board members on a continuous basis and undertakes a formal appraisal at least annually. The Chair, in consultation with the Board as a whole, is also responsible for undertaking an annual appraisal of the performance of the Chief Executive.

## **Individual Board Members' Responsibilities**

17. Individual Board members should act in accordance with the responsibilities of the Board as a whole and comply at all times with the code of conduct adopted by **sportscotland** and with the rules relating to the use of public funds and to conflicts of interest. (In this context "public funds" means not only any funds provided to **sportscotland** by the Scottish Ministers but also any other funds falling within the stewardship of **sportscotland**, including trading and investment income, gifts, bequests and donations.) General guidance on Board members' responsibilities is summarised in their appointment letters and is also provided in [On Board](#).

## **sportscotland Chief Executive responsibilities**

18. The Chief Executive of **sportscotland** is employed and appointed by the Board with the approval of the Scottish Ministers. They are the Board's principal adviser on the discharge of its functions and are accountable to the Board. Their role is to provide operational leadership to **sportscotland** and ensure that the Board's aims and

objectives are met and **sportscotland**'s functions are delivered and targets met through effective and properly controlled executive action. Their general responsibilities include the performance, management and staffing of **sportscotland**. General guidance on the role and responsibilities of the Chief Executive is contained in On Board. Specific responsibilities to the Board include:

- preparing **sportscotland**'s Corporate and Business Plans;
- ensuring **sportscotland**'s Corporate Plan takes due account of **sportscotland**'s principal aims and objectives as set out in paragraph 5;
- advising the Board on the performance of **sportscotland** in delivering the principal aims and objectives (as set out in paragraph 5) and their impact against the Active Scotland Outcomes Framework
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that appropriate financial appraisal and evaluation techniques, consistent with the Appraisal and Evaluation section of the Scottish Public Finance Manual (SPFM), are followed;
- ensuring that **sportscotland** adheres, where appropriate, to the SG's Programme and Project Management (PPM) Principles;
- having robust performance and risk management arrangements - consistent with the Risk Management section of the SPFM - in place that support the achievement of **sportscotland**'s aims and objectives and that facilitate comprehensive reporting to the Board, the SG and the wider public. Risk management arrangements should include full consideration of organisational resilience to physical, personnel and cyber risks/threats/hazards;
- ensuring that adequate systems of internal control are maintained by **sportscotland**, including effective measures against fraud and theft consistent with the Fraud section of the SPFM;
- establishing appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM;
- ensuring effective relationships with SG officials at all levels through **sportscotland**;
- ensuring that timely, accurate and comprehensive forecasts and monitoring information on performance and finance are provided to the SG; that the SG is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the SG in a timely fashion;
- ensuring staff pay proposals are in line with SG Pay Policy and submitted in time and the necessary approvals obtained prior to implementing any annual award.

## **sportscotland Accountable Officer responsibilities**

19. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) will designate the Chief Executive as the Accountable Officer for **sportscotland**. Accountable Officers are personally answerable to the Scottish Parliament for the exercise of their functions, as set out in the Memorandum to Accountable Officers for Other Public Bodies. These include:

20. ensuring the propriety and regularity of **sportscotland**'s finances and that there are sound and effective arrangements for internal control and risk management;

21. ensuring that the resources of **sportscotland** are used economically, efficiently and effectively, and that arrangements are in place to secure Best Value and deliver Value for Money for the public sector as a whole;

- ensuring compliance with relevant guidance issued by the Scottish Ministers, in particular the SPFM and SG Pay Policy;
- signing the annual accounts and associated governance statements;
- a statutory duty to obtain written authority from the Board/Chair before taking any action which they considered would be inconsistent with the proper performance of the Accountable Officer functions. The Accountable Officer should also notify the relevant Portfolio Accountable Officer.

22. It is incumbent on the Chief Executive to combine his/her Accountable Officer responsibilities to the Scottish Parliament with his/her wider responsibilities to the Board. The Board / Chair should be fully aware of, and have regard to, the Accountable Officer responsibilities placed upon the Chief Executive, including the statutory duty described above.

## **Portfolio Accountable Officer responsibilities**

23. The Principal Accountable Officer for the Scottish Administration will designate the Director-General for Health and Social Care as the Accountable Officer for the SG portfolio budget for **sportscotland**. The responsibilities of a Portfolio Accountable Officer are set out in detail in the Memorandum to Accountable Officers for Parts of the Scottish Administration. They are personally answerable to the Scottish Parliament for ensuring that:

- the financial and other management controls applied by the SG are appropriate and sufficient to safeguard public funds and, more generally that those being applied by **sportscotland** conform to the requirements both of propriety and of good financial management;
- the key roles and responsibilities which underpin the relationship between the SG and **sportscotland** are set out in a framework document - and that this document is regularly reviewed;
- effective relationships are in place at Director and Deputy Director level between the SG and **sportscotland** in accordance with the strategic engagement principles;
- there is effective continuous assessment and appraisal of the performance of the Chair of **sportscotland**, in line with the requirements of the Code of Practice for Ministerial Public Appointments in Scotland.

## Scottish Government Director and Deputy Director

24. The Director of Population Health and Deputy Director for Active Scotland have responsibility for overseeing and ensuring effective relationships between the SG and **sportscotland** at all levels which support alignment of **sportscotland**'s business to the SG's Purpose and National Performance Framework and high performance by **sportscotland**. They will work closely with **sportscotland**'s Chief Executive and be answerable to the Portfolio Accountable Officer for maintaining and developing positive relationships with **sportscotland** characterised by openness, trust, respect and mutual support. They will be supported by Active Scotland Division in discharging these functions. The Director of Population Health shall be responsible for assessing the performance of **sportscotland** Chair at least annually.

## Sponsor unit responsibilities

25. The SG sponsor unit for **sportscotland** is Active Scotland. It is the normal point of contact for **sportscotland** in dealing with the SG. Active Scotland Division, under the direction of the Deputy Director, is the primary source of advice to the Scottish Ministers on the discharge of their responsibilities in respect of **sportscotland** and undertakes the responsibilities of the Portfolio Accountable Officer on his/her behalf.

26. Specific responsibilities include:

- discharging sponsorship responsibilities in line with the principles and framework set out in the document 'Strategic Engagement between the Scottish Government and Scotland's NDPBs' and ensuring that sponsorship is suitably flexible, proportionate and responsive to the needs of the Scottish Ministers and **sportscotland**;
- ensuring that appointments to the **sportscotland** Board are made timeously and, where appropriate, in accordance with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland;
- setting out reporting expectations in the annual Grant-in-aid letter;
- proportionate monitoring **sportscotland**'s performance as agreed in the Grant-in-aid letter and any additional reporting as required by Scottish Ministers;
- addressing in a timely manner any significant problems arising in **sportscotland**, alerting the Portfolio Accountable Officer and the responsible Minister(s) where considered appropriate;
- ensuring that the objectives of **sportscotland** and the risks to them are properly and appropriately taken into account in the SG's risk assessment and management systems;
- informing **sportscotland** of relevant SG policy in a timely manner.

## Internal audit

27. **sportscotland** shall:

- 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 Chief Executive in his/her capacity as **sportscotland** Accountable Officer;
- forward timeously to the SG the audit charter, strategy, periodic audit plans and annual audit assurance report, including the **sportscotland** Head of Internal Audit opinion on risk management, control and governance and other relevant reports as requested;
- keep records of, and prepare and forward timeously to the SG an annual report on fraud and theft suffered by **sportscotland** and notify the SG at the earliest opportunity of any unusual or major incidents.

28. The SG's Internal Audit Directorate has a right of access to all documents held by **sportscotland's** internal auditor, including where the service is contracted out. The SG has a right of access to all **sportscotland's** records and personnel for any purpose.

### **External audit**

29. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, **sportscotland's** annual accounts and passes them to the Scottish Ministers who shall lay them before the Scottish Parliament, together with the auditor's report and any report prepared by the AGS. For the purpose of audit the auditors have a statutory right of access to documents and information held by relevant persons. **sportscotland** shall instruct its auditors to send copies of all management reports (and correspondence relating to those reports) and responses to the SG.

30. The AGS, or examiners appointed by the AGS, may carry out examinations into the economy, efficiency and effectiveness with which **sportscotland** has used its resources in discharging its functions. The AGS may also carry out examinations into the arrangements made by **sportscotland** to secure Best Value. For the purpose of these examinations the examiners have a statutory right of access to documents and information held by relevant persons. In addition, **sportscotland** shall provide, in contracts and any conditions to grants, for the AGS to exercise such access to documents held by contractors and sub-contractors and grant recipients as may be required for these examinations; and shall use its best endeavours to secure access for the AGS to any other documents required by the AGS which are held by other bodies.

### **Annual report and Accounts**

31. **sportscotland** must publish an annual report together with its audited accounts after the end of each financial year.

32. The annual report must:

- include the activities of any corporate, subsidiary or joint ventures under the control of **sportscotland**;
- comply with the Government Financial Reporting Manual (FReM);
- outline **sportscotland's** main activities and performance against the performance measurement framework.

33. The annual accounts must:

- be prepared in accordance with relevant statutes and the specific accounts direction (including compliance with the FReM) and other relevant guidance issued by the Scottish Ministers;
- report on any financial objectives or targets set by the Scottish Ministers. These will therefore be within the scope of the audit;
- have any subsidiary or joint venture owned or controlled by **sportscotland** consolidated in its accounts in accordance with International Financial Reporting Standards as adapted and interpreted for the public sector context.

34. The draft annual report should be submitted to the SG for comment, and the draft annual accounts for information, by late-August. The final version should be available for laying before the Scottish Parliament by the Scottish Ministers by 31 December. Whilst the statutory date for laying and publishing accounts audited by the AGS is by 31 December, following the close of the previous financial year, there is an expectation on the part of the Scottish Ministers that accounts will be laid and published as early as possible. The accounts must not be laid before they have been formally sent by the AGS to the Scottish Ministers and must not be published before they have been laid. **sportscotland** shall be responsible for the publication of the annual report and accounts.

## Management responsibilities

### Corporate plans

35. **sportscotland** must ensure that a corporate plan, agreed with the Scottish Ministers, is in place and published on **sportscotland**'s website. In advance of developing a new Corporate Plan, **sportscotland** shall agree with the SG the issues to be addressed in the plan and the timetable for its preparation and review.

36. The finalised plan shall reflect how **sportscotland** will deliver its principal aims and objectives as set out in paragraph 5 and its contribution to the Active Scotland Outcomes Framework as well as any other priorities as agreed by the Scottish Ministers. The Corporate Plan for **sportscotland** should include:

- **sportscotland**'s purpose and principal aims and objectives;
- **sportscotland**'s key objectives;
- the strategy for **sportscotland** achieving its objectives;
- a performance measurement framework that demonstrates how principle aims and objectives are being delivered;
- a description of how **sportscotland**'s Corporate Plan relates to:
  - SG's Primary Purpose
  - The National Performance Framework
  - The Strategic Priorities as set out in the Strategic Guidance letter
  - The Active Scotland Outcomes Framework

- other matters as agreed between the SG and **sportscotland**.

37. **sportscotland**'s Corporate Plan shall be published on **sportscotland**'s website.

### **Business Plan**

38. **sportscotland**'s Corporate Plan and the Programme for Government should inform the development of a separate Business Plan for each financial year. This should set out how the Corporate Plan is being operationalized and provide an indication of how activities being delivered contribute to the Corporate Plan.

39. The Business Plan should include:

- descriptions of portfolios and programmes;
- budgeting information;
- activities being undertaken to deliver the Strategic Priorities and Corporate Plan and an indication of how these will contribute to achieving these priorities;
- details of planned efficiencies, describing how **sportscotland** proposes to achieve better value for money, including through collaboration and shared services;

40. A copy of **sportscotland**'s business plan should be provided to Active Scotland at the time of the **sportscotland** Board meeting in April.

### **Budget management**

41. Each year, in the light of decisions by the Scottish Ministers on the allocation of budgets for the forthcoming financial year, the SG will send to **sportscotland** a formal statement of its budgetary provision, and a note of any related matters and details of the budget monitoring information required by the SG. The terms of that letter, referred to as the Grant-in-Aid letter, should be viewed as complementing the content of this document. The monthly monitoring is the primary means of in-year budgetary control across the SG. As such bodies must comply with the format and timing of the monitoring together with any requests for further information. The statement of budgetary provision will set out the budget within the classifications of resource Departmental Expenditure Limits (RDEL), capital DEL (CDEL) and Ring-fenced (non-cash) (RfDEL). **sportscotland** will inform Active Scotland Division at the earliest opportunity if a requirement for Annually Managed Expenditure (AME) budget is identified. The SG should also be advised in the event that estimated net expenditure is forecast to be lower than budget provision. Transfers of budgetary provision between the different classifications require the prior approval of the SG Finance Directorate. Any proposals for such transfers should therefore be submitted to Active Scotland Division. Transfers of provision within the classifications may be undertaken without reference to the SG, subject to any constraints on specific areas of expenditure e.g. the approved pay remit.

42. If the trading and other resource income realised (including profit or loss on disposal of non-current assets) – scored as negative RDEL, or the net book value.

43. of disposals of non-current assets – scored as negative CDEL is less than included in the agreed budget **sportscotland** shall, unless otherwise agreed with the SG, ensure a corresponding reduction in its gross expenditure. (The extent to which **sportscotland** exceeds agreed budgets shall normally be met by a corresponding

reduction in the budgets for the following financial year.) If income realised is more than included in the agreed budgets **sportscotland** must consult and obtain the prior approval of the SG before using any excess to fund additional expenditure or to meet existing pressures. 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, otherwise additional budget allocation will be required. In any event, income from all sources and all planned expenditure should be reflected in the monthly budget monitoring statement.

### **Cash management**

44. Any grant in aid (i.e. the cash provided to **sportscotland** by the SG to support the allocated budget) for the year in question must be authorised by the Scottish Parliament in the annual Budget Act. Grant in aid will normally be paid in monthly instalments on the basis of updated profiles and information on unrestricted cash reserves. Payment will not be made in advance of need, as determined by the level of unrestricted cash reserves and planned expenditure. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of **sportscotland** - and the level of funds required to meet any relevant liabilities at the year-end. Grant in aid not drawn down by the end of the financial year shall lapse. Grant in aid shall not be paid into any restricted reserve held by **sportscotland**. Where savings are possible, these should be made in order to reduce the need to utilise the full Grant-in-Aid provided to them and alleviate the pressure on the public purse.

45. The banking arrangements adopted by **sportscotland** must comply with the Banking section of the SPFM.

### **Risk management**

46. **sportscotland** shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of generally recognised best practice in corporate governance, and develop an approach to risk management consistent with the Risk Management section of the SPFM. Reporting arrangements should ensure that the sponsor unit is made aware of relevant risks and how they are being managed. The **sportscotland** audit committee is also required, at the earliest opportunity, to notify the relevant SG Audit and Risk Committee if it considers that it has identified a significant problem which may have wider implications.

### **Organisational security and resilience**

47. As part of risk management arrangements, the NDPB shall ensure that it has a clear understanding at Board level of the key risks, threats and hazards it may face in the personnel, physical and cyber domains, and take action to ensure appropriate organisational resilience to those risks/threats/hazards. It should have particular regard to the following key sources of information to help guide its approach:

- Having and Promoting Business Resilience (part of the Preparing Scotland suite of guidance)
- The Scottish Public Sector Action Plan on Cyber Resilience

## Counter fraud arrangements

48. **sportscotland** should adopt and implement policies and practices to safeguard itself against fraud and theft, in accordance with the Fraud section of the SPFM. Application of these processes must be monitored actively, supported by a fraud action plan and robust reporting arrangements. This includes the establishment of avenues to report any suspicions of fraud.

## Performance management

49. The Minister sets out the strategic priorities of the Scottish Government in the Strategic Guidance letter. The annual Grant-in aid letter stipulates the associated Grant-in-aid provided to deliver those strategic priorities and Corporate Plan. The Business Plan describes the activities **sportscotland** undertake to deliver the strategic priorities and Corporate Plan, alongside the resources allocated.

50. **sportscotland** shall operate management information and accounting systems that enable it to review, in a timely and effective manner, its financial and non-financial performance against the Strategic Guidance letter and the performance measurement framework set out in the Corporate and Business Plans. The results of such reviews should be reported on a regular basis to the **sportscotland** Board and copied to the SG.

51. The SG shall assess **sportscotland's** performance, proportionately, on a continuous basis and hold a formal review meeting at least twice a year. The responsible Cabinet Secretary / Scottish Minister shall meet **sportscotland** Chair at least once a year as part of this review process to provide feedback on **sportscotland's** performance and outline their expectations for the next year. Active Scotland will provide advice to the Minister on **sportscotland's** performance in delivering those priorities.

## **sportscotland** staff management

### Broad responsibilities for **sportscotland** staff

52. **sportscotland** will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- HR policies, practices and systems comply with employment and equalities legislation, and standards expected of public sector employers;
- the level and structure of its 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);
- the performance of its staff at all levels is satisfactorily appraised and **sportscotland's** performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve **sportscotland's** objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;

- effective whistle-blowing policy and procedures consistent with the Public Interest Disclosure Act 1998 are in place;
- a code of conduct for staff is in place based on the Model Code for Staff of Executive NDPBs.

### **Pay and conditions of service**

53. **sportscotland** will comply with SG Pay Policy in relation to staff and the Chief Executive. **sportscotland** shall submit to the SG for approval (normally annually unless a multi-year deal has been agreed) a pay remit in line with the SG Pay Policy for Staff Pay Remits and negotiate a pay settlement within the terms of the approved remit. Payment of salaries should also comply with the Tax Planning and Tax Avoidance section of the SPFM. Proposals on non-salary rewards must comply with the guidance in the Non-Salary Rewards section of the SPFM. [Where applicable, **sportscotland** 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**

54. Superannuation arrangements for **sportscotland** staff are subject to the approval of the SG. **sportscotland** staff shall normally be eligible for a pension provided by its own scheme. Staff may opt out of the occupational pension scheme provided by **sportscotland**, but the employers' contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.

55. Any proposal by **sportscotland** to move from existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the SG. Proposals on compensation payments must comply with the Settlement Agreements, Severance, Early Retirement and Redundancy Terms section of the SPFM. This includes referral to the SG 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, **sportscotland** should engage with the SG prior to proceeding with proposed severance options, and prior to making any offer either orally or in writing.

### **Asset and property management**

56. **sportscotland** shall maintain an accurate and up-to-date record of its current and non-current assets consistent with the Property: Acquisition, Disposal & Management section of the SPFM. 'Non-current' assets should be disposed of in accordance with the SPFM. The SG's Property Division should be consulted about relevant proposed disposals of property that **sportscotland** holds for operational purposes (rather than investment) at the earliest opportunity so it may be advertised internally. An Internal Advertisement form must be completed and submitted at least one month prior to property being advertised on the open market. Any proposal to acquire land, buildings or other rights in property for accommodation / operational purposes should comply with the SPFM. **sportscotland** 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. All assets (property, plant and equipment) are to be

properly recorded and updated as necessary by **Active Scotland** on the Cabinet Office electronic Property Information Mapping System (e-PIMS)

## **Specific financial provisions**

### **Delegated authorities**

57. **sportscotland** specific delegated financial authorities - as agreed in consultation between **sportscotland** and the SG - are set out in the attached **Appendix**. **sportscotland** shall obtain the SG's prior written approval before entering into any undertaking to incur any expenditure that falls outside these delegations. **sportscotland** shall also comply with any requirements for prior SG approval included in the SPFM and/or this document. Prior SG approval must always be obtained 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.

### **Income generation**

58. **sportscotland** shall seek to optimise income - grant in aid does not qualify as income - from all sources, including from the European Union, to complement their activities and ensure that the SG is kept informed. This will help to alleviate the pressure on the public purse through a reduction in Grant-in-aid. Novel or contentious proposals for new sources of income or methods of fundraising must be approved by the SG. Fees or charges for any services supplied by **sportscotland** shall be determined in accordance with the Fees & Charges section of the SPFM.

59. Gifts, bequests or donations received by **sportscotland** score as income and should be provided for in the agreed resource DEL and capital DEL budgets, updated as necessary in consultation with the SG. However, **sportscotland** should be able to demonstrate that expenditure funded by gifts etc is additional to expenditure normally supported by grant in aid (i.e. SG core funding) or by trading and other income. Before accepting such gifts etc. **sportscotland** shall consider if there are any associated costs in doing so or any conflicts of interests arising. **sportscotland** shall keep a written record of any such gifts etc. and what happened to them.

### **Financial investments**

60. Unless covered by a specific delegated authority **sportscotland** shall not make any financial investments without the prior approval of the SG. That would include equity shares in ventures which further the objectives of **sportscotland**. **sportscotland** shall not invest in any venture of a speculative nature.

### **Borrowing**

61. Borrowing cannot be used to increase **sportscotland's** spending power. All borrowing by **sportscotland** - excluding agreed overdrafts - shall be from the Scottish Ministers in accordance with guidance in the Borrowing, Lending & Investment section of the SPFM.

### **Lease arrangements**

62. Unless covered by a specific delegated authority **sportscotland** shall 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 the SG's prior approval. Before entering/ continuing such arrangements **sportscotland** 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. **sportscotland** must have capital DEL provision for finance leases and other transactions which are in substance borrowing.

### **Tax arrangements**

63. Non-standard tax management arrangements should always be regarded as novel and/or contentious and must therefore be approved in advance by the SG. Relevant guidance is provided in the Tax Planning and Tax Avoidance section of the SPFM. **sportscotland** must comply with all relevant rules on taxation, including VAT. All individuals who would qualify as employees for tax purposes should be paid through the payroll system with tax deducted at source. It is the responsibility of **sportscotland** to observe VAT legislation and recover input tax where it is entitled to do so. The implications of VAT in relation to procurement and shared services should be considered at an early stage to ensure that financial efficiency is achieved. **sportscotland** must also ensure that it accounts properly for any output tax on sales or disposals.

### **Lending and guarantees**

64. Any lending by **sportscotland** must adhere to 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 **sportscotland** shall not, without the SG's prior approval, 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. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.

### **Third party grants**

65. Unless covered by a specific delegated authority **sportscotland** shall not, without the SG's prior agreement, provide grant funding to a third party. Such funding would be subject to the guidance in the State Aid section of the SPFM. 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.

### **Impairments, provisions and write-offs**

66. Assets should be recorded on the balance sheet at the appropriate valuation basis in accordance with the FReM. Where an asset - and that includes investments - suffers impairment it is important that the prospective impairment and background is communicated to the SG at the earliest possible point in the financial year to determine the implications for **sportscotland's** budget. Similarly any significant movement in existing provisions or the creation of new provisions should be discussed in advance with the SG. Write-off of bad debt and/or losses scores against **sportscotland's** resource DEL budget classification and is subject to a specific delegated limit.

### **Insurance**

67. **sportscotland** 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 the SG. 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 **sportscotland**. The SG will provide **sportscotland** with a Certificate of Exemption for Employer's Liability Insurance.

### **Procurement and payment**

68. **sportscotland's** procurement policies shall reflect relevant guidance in the Procurement section of the SPFM and relevant guidance issued by the SG's Procurement and Commercial Directorate. Procurement should be undertaken by appropriately trained and authorised staff and treated as a key component of achieving **sportscotland's** objectives consistent with the principles of Value for Money, the highest professional standards and any legal requirements. All external consultancy contracts over the value of £100,000 or any proposal to award a contract without competition (non-competitive action) over the value of £100,000 must be endorsed in advance by the Chief Executive.

69. Any major investment programmes or projects undertaken by **sportscotland** shall be subject to the guidance in the Major Investment Projects section of the SPFM [and is also subject to a specific delegated authority]. Active Scotland Division 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.

70. **sportscotland** shall pay all matured and properly authorised invoices relating to transactions with suppliers in accordance with the Expenditure and Payments section of the SPFM and in doing so shall seek wherever possible and appropriate to meet the SG's target for the payment of invoices within 10 working days of their receipt.

### **Gifts made, special payments and losses**

71. Unless covered by a specific delegated authority **sportscotland** shall not, without the SG's prior approval, make gifts or special payments or write-off of losses. Special payments and losses are subject 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.

### **Clawback**

72. Where **sportscotland** has financed expenditure on assets by a third party, **sportscotland** shall make appropriate arrangements to ensure that any such assets above an agreed value are not disposed of by the third party without **sportscotland's** prior consent. **sportscotland** shall put in place arrangements sufficient to secure the repayment of its due share of the proceeds - or an appropriate proportion of them if **sportscotland** contributed less than the whole cost of acquisition or improvement. **sportscotland** shall also ensure that if assets financed by **sportscotland** cease to be used by the third party for the intended purpose an appropriate proportion of the value of the asset shall be repaid to **sportscotland**.

### **State aid**

73. State aid is a European Commission term which refers to forms of public assistance, given to undertakings on a discretionary basis, which has the potential to distort competition and affect trade between Member States of the European Union. Any activity that **sportscotland** undertakes itself, or funds other bodies to undertake, that can be offered on a commercial market for goods and services is subject to state aid rules. A state aid assessment is therefore required prior to disbursing any funding and would be subject to the guidance in the state aid section of the SPFM.

## **Board expenses**

74. Remuneration (daily fees), allowances and expenses paid to Board members [and any pension arrangements] must comply with the SG Pay Policy for Senior Appointments and any specific guidance on such matters issued by the Scottish Ministers.

**EXECUTIVE NDPB MODEL FRAMEWORK DOCUMENT: APPENDIX**

**SPECIFIC DELEGATED FINANCIAL AUTHORITIES**

		<b>Delegated Limit</b>
Single-tender contracts		Below relevant European Official Journal threshold
External management consultancies		
Acquisition of Assets		Unlimited for agreed budget acquisitions £100,000 for non-budgeted acquisitions
Special Payments		£0
Lending		£0
Leases		£500,000
Grants/Loan Schemes		£1.5 million £1 million for individual facilities
Financial Investments		£0
Claims waived or abandoned		£50,000
Write-off of bad debt and/or losses		£50,000