

# **Sponsorship Framework Agreement**

Approved May 2020



# SCOTTISH GOVERNMENT / RISK MANAGEMENT AUTHORITY SPONSORSHIP FRAMEWORK

## Introduction

1. This framework document has been drawn up by the Scottish Government (SG) in consultation with the Risk Management Authority (RMA). It sets out the broad framework within which the RMA will operate and defines key roles and responsibilities which underpin the relationship between the RMA 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 RMA 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 the RMA. Legislative provisions shall take precedence over any part of the document.

2. References to the RMA include any subsidiaries and joint ventures owned or controlled by the RMA. The RMA 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 the RMA websites.

## Purpose

4. The RMA 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 Programme for Government, Scotland's Economic Strategy and National Performance Framework.

5. The RMA's statutory duties, as set out in the Criminal Justice (Scotland) Act 2003, are set out below and concern four main areas, as follows:

### Policy and research

- compile and keep under review information about the provision of services in Scotland and keep under review research and development; The RMA may carry out research and undertake pilot schemes.
- promote effective practice; and give advice and make such recommendations to the Scottish Ministers as it considers appropriate;

### Guidelines and standards

- set and publish Standards and Guidelines in relation to the assessment and minimisation of risk;

### Risk Management Plans

- specify and publish the form of risk management plans and either approve or reject the RMP submitted. The RMA will consider annual reports on implementation may issue guidance or directions as to the preparation, implementation or review of any RMP.

### Accreditation, education and training

- administer any scheme of accreditation of individuals or manners in relation to the assessment and minimisation of risk;
- The RMA may provide education and training in relation to, the assessment and minimisation of risk.

6. The RMA's purpose, strategic aims and objectives, as agreed by the Scottish Ministers, contribute to the Scottish Government's National Outcomes and the Justice in Scotland: Vision and Priorities.

7. The RMA's strategic purpose is to make Scotland safer by setting the standard for risk practice to reduce reoffending and the harm it causes. This is broken down into three strategic aims which outline the three stages of the RMA's work to support risk practice in Scotland. These aims also inform the RMA's objectives which are set out in its annual Business Plan. The strategic aims are as follows:

- To advance evidence-based, effective and ethical risk practice;
- To support partner agencies to deliver evidence-based, effective and ethical risk practice; and
- To work with partner agencies to evaluate the quality and impact of risk practice initiatives.

### **Relationship between Scottish Government and the RMA**

8. Effective strategic engagement between the SG and the RMA 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 the RMA 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](#)'

9. As a minimum, engagement should take place between the Director for Justice and the RMA convenor twice-yearly. In addition, the Deputy Director for Community Justice Division should meet with the RMA chief executive four times per year.

### **Governance and accountability**

#### **Legal origins of powers and duties**

10. The RMA is established by the Criminal Justice (Scotland) Act 2003 (the Act) as a body corporate. The constitution of the RMA is set out in Schedule 2 of the Act. The RMA does not carry out its functions on behalf of the Crown.

#### **Ministerial responsibilities**

11. The Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities of the RMA and its use of resources. They are not however responsible for day to day operational matters and founding legislation prevents them from directing the RMA in relation to specific statutory functions. Their responsibilities include:

- agreeing the RMA's strategic aims and objectives and key targets as part of the corporate planning process
- agreeing the budget and the associated grant in aid requirement to be paid to the RMA, and securing the necessary Parliamentary approval
- carrying out responsibilities specified in the Act such as appointments to the RMA's board, approving the terms and conditions of board members, and appointment of the chief executive; and
- other matters such as approving the RMA's chief executive and staff pay remit in line with SG [Pay Policy](#) and laying the accounts (together with the annual report) before the Parliament

#### **RMA Board Responsibilities**

12. The RMA board, including the convener, consists of non-executives appointed by the Scottish Ministers in line with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland. The role of the board is to provide leadership, direction, support and guidance to ensure the Body 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 convener, for the following:

- taking forward the strategic aims and objectives for the body agreed by the Scottish Ministers

- determining the steps needed to deal with changes which are likely to impact on the strategic aims and objectives of the RMA or on the attainability of its operational targets
  - promoting the efficient, economic and effective use of staff and other resources by the RMA 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 relevant guidance issued by the Scottish Ministers
- approving the annual accounts and ensuring Scottish Ministers are provided with the annual report and accounts to be laid before the Scottish Parliament.
- ensuring that the board receives and reviews regular financial information concerning the management and performance of the RMA and is informed in a timely manner about any concerns regarding the activities of the RMA
  - appointing with the approval of the Scottish Ministers the RMA 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 the RMA and the delivery of outcomes
  - demonstrating high standards of corporate governance at all times, including openness and transparency in its decision making.
  - functions as laid out in the Risk Assessment and Minimisation (Accreditation Scheme) (Scotland) Order 2006; and
  - functions as laid out in the Criminal Justice (Scotland) Act 2003

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 Convener's Responsibilities**

13. The convener 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 RMA board and the Scottish Ministers should normally be through the convener. He or she is responsible for ensuring that the RMA's policies and actions support the Scottish Ministers' wider strategic policies and that its affairs are conducted with probity.

14. In leading the board the convener 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 the RMA 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 the RMA needs when board vacancies arise
- there is a code of conduct for board members in place, approved by the Scottish Ministers.

15. The convener assesses the performance of individual board members on a continuous basis and undertakes a formal appraisal at least annually. The convener, 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**

16. 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 the RMA 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 the RMA by the Scottish Ministers but also any other funds falling within the stewardship of the RMA, 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](#).

### **RMA Chief Executive responsibilities**

17. The chief executive of the RMA is employed and appointed by the board with the approval of the Scottish Ministers. He/she is the board's principal adviser on the discharge of its functions and is accountable to the board. His/her role is to provide operational leadership to the RMA and ensure that the board's aims and objectives are met and the RMA's functions are delivered and targets met through effective and properly controlled executive action. His/her general responsibilities include the performance, management and staffing of the RMA. General guidance on the role and responsibilities of the chief executive is contained in [On Board](#). Specific responsibilities to the board include:

- advising the board on the discharge of its responsibilities - as set out in this document, in the founding legislation and in any other relevant instructions and guidance issued by or on behalf of the Scottish Ministers - and implementing the decisions of the board
- 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 the RMA adheres, where appropriate, to the SG's <https://www.gov.scot/publications/programme-and-project-management-principles/>
- having robust performance and risk management arrangements - consistent with the [Risk Management](#) section of the SPFM - in place that support the achievement of the RMA'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 the RMA, 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
- advising the board on the performance of the RMA
- preparing the RMA's corporate and business plans, in the light of the strategic aims and objectives agreed by the Scottish Ministers
- ensuring effective relationships with SG officials
- ensuring that timely 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
- the approval and oversight of any risk management plans that may be delegated to the chief executive or senior officials by the Board.

### **RMA Accountable Officer responsibilities**

18. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) will designate the chief executive as the Accountable Officer for the RMA. 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:

- ensuring the propriety and regularity of the RMA's finances and that there are sound and effective arrangements for internal control and risk management
- ensuring that the resources of the public body 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/convenor 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.

19. 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 / convenor 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**

20. The Principal Accountable Officer for the Scottish Administration will designate the Director-General for Education, Communities and Justice as the Accountable Officer for the SG portfolio budget for the RMA. The responsibilities of a Portfolio Accountable Officer are set out in detail in the [Memorandum to Accountable Officers for Parts of the Scottish Administration](#). He/she is 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 the RMA 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 the RMA 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 the RMA in accordance with the strategic engagement principles
- there is effective continuous assessment and appraisal of the performance of the convenor of the RMA, in line with the requirements of the Code of Practice for Ministerial Public Appointments in Scotland.

## Scottish Government Director and Deputy Director

21. The Director for Justice and Deputy Director for Community Justice Division have responsibility for overseeing and ensuring effective relationships between the SG and RMA which support alignment of the RMA's business to the SG's Purpose and National Outcomes and high performance by the RMA. They will work closely with the RMA chief executive and be answerable to the Portfolio Accountable Officer for maintaining and developing positive relationships with RMA characterised by openness, trust, respect and mutual support. They will be supported by a sponsor unit in discharging these functions. The Director shall be responsible for assessing the performance of the RMA convener at least annually.

### Sponsor unit responsibilities

22. The SG sponsor unit for the RMA is based within Community Justice Division. It is the normal point of contact for the RMA in dealing with the SG. The unit, 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 the RMA and undertakes the responsibilities of the Portfolio Accountable Officer on his/her behalf.

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 the RMA
- ensuring that appointments to the RMA board are made timeously and, where appropriate, in accordance with the [Code of Practice for Ministerial Appointments to Public Bodies](#) in Scotland
- proportionate monitoring of the RMA's activities through an adequate and timely flow of appropriate information, agreed with the RMA, on performance, budgeting, control and risk management
- addressing in a timely manner any significant problems arising in the RMA, alerting the Portfolio Accountable Officer and the responsible Minister(s) where considered appropriate
- ensuring that the objectives of the RMA and the risks to them are properly and appropriately taken into account in the SG's risk assessment and management systems
- informing the RMA of relevant SG policy in a timely manner to support business planning processes.

### Internal audit

23. The RMA 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 the RMA Accountable Officer
- forward timeously to the SG the audit charter, strategy, periodic audit plans and annual audit assurance report, including the RMA 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 the RMA and notify the SG at the earliest opportunity of any unusual or major incidents.

24. The SG's Internal Audit Directorate has a right of access to RMA records and personnel necessary for the purpose of providing internal audit services to the RMA, where compliant with RMA's obligations in respect of the rights of individuals.

## **External audit**

25. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, the RMA'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. The RMA shall instruct its auditors to send copies of all management reports (and correspondence relating to those reports) and responses to the SG.

26. The AGS, or examiners appointed by the AGS, may carry out examinations into the economy, efficiency and effectiveness with which the RMA has used its resources in discharging its functions. The AGS may also carry out examinations into the arrangements made by the RMA 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, the RMA 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**

27. The RMA must publish an annual report of its activities together with its audited accounts after the end of each financial year. The annual report must cover the activities of any corporate, subsidiary or joint ventures under the control of the RMA. It should comply with the Government [Financial Reporting Manual](#) (FReM) and outline the RMA's main activities and performance against agreed objectives and targets for the previous financial year.

28. The 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. 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. Any subsidiary or joint venture owned or controlled by the RMA shall be consolidated in its accounts in accordance with International Financial Reporting Standards as adapted and interpreted for the public sector context.

29. The draft report should be submitted to the SG for comment, and the draft accounts for information. 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. The RMA shall be responsible for the publication of the annual report and accounts.

## **Management responsibilities**

### **Corporate and business plans**

30. The RMA must ensure that a corporate plan, agreed with the Scottish Ministers, is in place and published on the RMA's website. The RMA shall agree with the SG the issues to be addressed in the plan and the timetable for its preparation and review. The finalised plan shall reflect the RMA's strategic aims and objectives as agreed by the Scottish Ministers, indicative budgets and any priorities set by the Scottish Ministers. It shall demonstrate how the RMA contributes to the achievement of the SG's primary purpose of increasing sustainable economic growth and alignment with the SG's [National Performance Framework](#) (NPF). The corporate plan for the RMA should include:

- the purpose and principal aims of the RMA
- an analysis of the environment in which the RMA operates
- key objectives and associated key performance targets for the period of the plan, the strategy for achieving those objectives and how these will contribute towards the achievement of the SG's primary purpose and alignment with the NPF



- indicators against which performance can be judged
- details of planned efficiencies, describing how the RMA proposes to achieve better value for money, including through collaboration and shared services
- other matters as agreed between the SG and the RMA.

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

## **Budget management**

32. 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 the RMA 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 Budget Allocation and Monitoring 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). The RMA will inform the sponsor unit 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 Business Partner. Any proposals for such transfers should therefore be submitted to the sponsor unit. 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.

33. 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 of disposals of non-current assets – scored as negative CDEL is less than included in the agreed budget the RMA shall, unless otherwise agreed with the SG, ensure a corresponding reduction in its gross expenditure. (The extent to which the RMA 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 the RMA 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**

34. Any [grant in aid](#) (i.e. the cash provided to the RMA 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 quarterly 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 the RMA - 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 the RMA.

35. The banking arrangements adopted by the RMA must comply with the [Banking](#) section of the SPFM.

## **Risk management**

36. The RMA 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 RMA 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**

37. As part of risk management arrangements, the RMA 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 and associated guidance](#)

## **Counter fraud arrangements**

38. The RMA 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**

39. The RMA 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 aims, objectives, targets and milestones set out in the corporate and business plans. The results of such reviews should be reported on a regular basis to the RMA board and copied to the SG. The SG shall assess the RMA's performance, proportionately, on a continuous basis and hold a formal review meeting at least twice a year. The responsible Cabinet Secretary shall meet the RMA convener at least once a year and the RMA Chief Executive at least four times per year.

## **RMA staff management**

### *Broad responsibilities for RMA staff*

40. The RMA 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 the RMA's performance measurement systems are reviewed from time to time
- its staff are encouraged to acquire the appropriate knowledge, skills and experience necessary to achieve the RMA'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*

41. The RMA will comply with SG Pay Policy in relation to staff and the chief executive. The RMA 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, the RMA 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*

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

43. Any proposal by the RMA 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, a body 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**

44. The RMA 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 the RMA 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. The RMA 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 the RMA on the Cabinet Office [electronic Property Information Mapping System](#) (e-PIMS).

### **Specific financial provisions**

#### **Delegated authorities**

45. The RMA's specific delegated financial authorities - as agreed in consultation between the RMA and the SG - are set out in the attached **Appendix**. The RMA shall obtain the SG's prior written approval before entering into any undertaking to incur any expenditure that falls outside these delegations. The RMA 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**

46. The RMA shall seek to optimise income - grant in aid does not qualify as income - from all sources, including from the [European Union](#), and ensure that the SG is kept informed. 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 the RMA shall be determined in accordance with the [Fees & Charges](#) section of the SPFM.

47. Gifts, bequests or donations received by the RMA 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, the RMA 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. the RMA shall consider if there are any associated costs in doing so or any conflicts of interests arising. The RMA shall keep a written record of any such gifts etc and what happened to them.

### **Financial investments**

48. Unless covered by a specific delegated authority the RMA 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 the RMA. The RMA shall not invest in any venture of a speculative nature.

### **Borrowing**

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

### **Lease arrangements**

50. Unless covered by a specific delegated authority the RMA 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 the RMA 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. The RMA must have capital DEL provision for finance leases and other transactions which are in substance borrowing.

### **Tax arrangements**

51. 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. The RMA 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 the RMA 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. The RMA must also ensure that it accounts properly for any output tax on sales or disposals.

### **Lending and guarantees**

52. Any lending by the RMA 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 the RMA 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**

53. Unless covered by a specific delegated authority the RMA 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**

54. 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 the RMA'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 the RMA's resource DEL budget classification and is subject to a specific delegated limit.

### **Insurance**

55. The RMA 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 the RMA. The SG will provide the RMA with a Certificate of Exemption for Employer's Liability Insurance.

### **Procurement and payment**

56. The RMA'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 the RMA'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.

57. Any major investment programmes or projects undertaken by the RMA shall be subject to the guidance in the [Major Investment Projects](#) section of the SPFM. The sponsor unit 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.

58. The RMA 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**

59. Unless covered by a specific delegated authority the RMA 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**

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

## **State aid**

62. 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 the RMA 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**

63. Remuneration (daily fees), allowances and expenses paid to board members 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>
Capital Expenditure		The RMA has delegated authority to spend up to £50,000 on individual capital expenditure items or projects beyond which the SG's prior authority must be obtained before expenditure is incurred.
Gifts		Subject to paragraph 57 the SG's authority to make gifts above £1,000 must be obtained.
Procurement		<p>The RMA's procurement policies shall reflect relevant guidance in the Procurement section of the SPFM. The RMA shall also ensure that it complies with any relevant EU or other international procurement rules.</p> <p>Under the provisions of paragraph 53 the RMA is authorised to spend up to £50,000 on single contracts or projects which are non-capital beyond which the SG's prior authority must be obtained.</p> <p>The RMA is authorised to let single-tender or restricted contracts up to the value of £10,000 beyond which the SG's prior authority must be obtained.</p>
Disposal of assets		The RMA shall seek the prior consent of the SG before disposing of any capital asset or property which has been acquired or improved with grant-in-aid and which has a net book value or realisable value in excess of £10,000.
Write-off of bad debt and/or losses		<p>The RMA shall maintain details of Losses and Special Payments (see paragraph 57 above) whether within delegated limits or not. The RMA will have delegated authority to write off such losses and to make special payments but any case will be referred to the SG for approval which involves £10,000 or more.</p> <p>Any case in which fraud is suspected should be referred to the SG, regardless of the sum.</p>
Grants or loan schemes		The delegated authority which the Board shall have to make grants or loans under a scheme approved under paragraph 51 shall be £20,000.

**Risk Management Authority**

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