**EXECUTIVE NDPB MODEL FRAMEWORK DOCUMENT**

**Introduction**

# This framework document has been drawn up by the Scottish Government (SG) in consultation with NHS National Services Scotland (formerly known as the Common Services Agency) (NSS). It sets out the broad framework within which NSS will operate and defines key roles and responsibilities which underpin the relationship between NSS 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 NSS 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 NSS. Legislative provisions shall take precedence over any part of the document.

# References to NSS include any subsidiaries and joint ventures owned or controlled by NSS. NSS shall not establish subsidiaries or enter into joint ventures without the express approval of the SG.

# Copies of the document shall be placed in the Scottish Parliament Reference Centre. It shall also be published on the SG and NSS websites.

**Purpose**

# NSS 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.

The Public Bodies (Joint Working) Scotland Act 2014 offers NSS a unique opportunity to be central to the integration of services across the public sector and play a critical role in the Scottish Government’s 2020 Road Map and Vision for improving Scotland’s health and social care.

# NSS’s statutory duties are to:

* examine, check and price prescriptions for drugs, medicines and appliances supplied under the arrangements for the provision of pharmaceutical services;
* the provision of such accommodation of the kind referred to in section 36(1) of the 1978 Act for the functions of NSS, and if so directed by Scottish Ministers, for the functions of Health Boards, Special Health Boards and Healthcare Improvement Scotland;
* provide such services relating to the exercise by Scottish Ministers, Health Boards, Special Health Boards or Healthcare Improvement Scotland of functions under section 36(1) or section 48 of the 1978 Act as they may require;
* procure equipment, supplies and services in support of the functions of Scottish Ministers, Health Boards Special Health Boards and Healthcare Improvement Scotland;
* exercise the power of the Scottish Ministers under section 40(1) of the 1978 Act to make arrangements with medical practitioners for the vaccination or immunisation of persons against yellow fever, either by medical practitioners or by persons acting under their control;
* provide information, advice and management services in support of the functions of Scottish Ministers, Health Boards, Special Health Boards and Healthcare Improvement Scotland other than where the Health Protection Agency (Scottish Health Functions) Order 2006/559;
* exercise the functions of the Scottish Ministers under section 44 of the 1978 Act to provide supplies of human blood for the purposes of carrying out blood transfusion, or provide material which has come from a human body and consists of, or includes, human cells, and provide related services for the purpose of, or in the course of, providing any service in relation to the health service;
* provide staff, accommodation and other facilities required by the Scottish Dental Practice Board to enable the Board to discharge its duties with respect to the approval of estimates of dental treatment and appliances;
* co-ordinate personnel policies, including, to such extent as may be agreed with Health Boards, Special Health Boards and Healthcare Improvement Scotland, arrangements for appointment, training and planned movement of staff and the organisation of participation in training;
* collect and disseminate epidemiological data and participate in epidemiological investigations;
* provide legal services to Health Boards, Special Health Boards and Healthcare Improvement Scotland;
* prevent, detect and investigate fraud or other irregularities in relation to the health service;
* exercise the powers of the Scottish Ministers under section 79(1) of the 1978 Act to take on lease or to purchase by agreement moveable property and land which is required for the functions of NSS and to use for those functions and manage any heritable or moveable property so acquired;
* exercise the powers of the Scottish Ministers under section 79(1A) of the 1978 Act to dispose of land no longer required for the functions of NSS.

6. NSS has set out a vision for the next 5 years, which is:

***“Supporting the transformation of health and care”***

NSS, working with others, will enable the transformation of health and care to help improve the health and wellbeing of the people of Scotland.

We will continue to underpin a sustainable and resilient NHSScotland by providing excellent support services and expertise.

We will assist other public sector organisations where there is value in doing so.

The specific action needed is then identified against 4 strategic objectives:

* Customers at the heart of everything we do
* Increasing our service value
* Improving the way we do things; and
* Become a great place to work.

**Relationship between Scottish Government and NSS**

7. Effective strategic engagement between the SG and NSS 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 NSS 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’](http://www.gov.scot/Topics/Government/public-bodies/pubs/StrategicEngagement).

**Governance and accountability**

**Legal origins of powers and duties**

# 8. NSS was constituted as the Common Services Agency on 1 April 1974 under the former National Health Service (Scotland) 1972 and now the National Health Service (Scotland) Act 1978 as amended (“**the 1978** Act”). NSS does not carry out its functions on behalf of the Crown.

**Ministerial responsibilities**

# 9. The Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities of NSS and its use of resources. They are not however responsible for day to day operational matters. Their responsibilities include:

* agreeing NSS’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 NSS, and securing the necessary Parliamentary approval
* carrying out responsibilities specified in the founding legislation such as appointments to NSS’s board, approving the terms and conditions of board members,
* other matters such as approving NSS’schief executive and staff pay remit in line with SG [Pay Policy](http://www.gov.scot/publicsectorpay) and laying the accounts (together with the annual report) before the Parliament

**NDPB Board Responsibilities**

# 10. The NSS board, including the chair, normally 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, 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 chair, 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 NSS or on the attainability of its operational targets
* promoting the efficient, economic and effective use of staff and other resources by NSS consistent with the principles of [Best Value](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/BestValue), including, where appropriate, participation in [shared services](http://www.scotland.gov.uk/Topics/Government/PublicServiceReform/efficientgovernment/SharedServicesDecemberPDF) arrangements
* ensuring that effective arrangements are in place to provide assurance on risk management, governance and internal control. (The board must set up an [audit committee](http://www.gov.scot/Topics/Government/Finance/spfm/auditcommittees) 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. The chief executive as the Accountable Officer of the public body is responsible for signing the accounts and ultimately responsible to the Scottish Parliament for their actions
* ensuring that the board receives and reviews regular financial information concerning the management and performance of NSS and is informed in a timely manner about any concerns regarding the activities of NSS
* appointing the NSS chief executive, following appropriate approval of the chief executive’s remuneration package in line with SG [Pay Policy for Senior Appointments](http://www.gov.scot/Topics/Government/public-sector-pay/senior-appointment-pay) 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 NSS and the delivery of outcomes
* demonstrating high standards of corporate governance at all times, including openness and transparency in its decision making.

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](http://www.gov.scot/Resource/0051/00514817.pdf).

**The Chair’s Responsibilities**

# 11. 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 NSS board and Scottish Ministers should normally be through the chair. He or she is responsible for ensuring that NSS’s policies and actions support the Scottish Ministers’ wider strategic policies and that its affairs are conducted with probity.

# 12. 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 NSS business, and in terms of protected characteristics under the Equality Act 2010
* 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 NSS’s needs when board vacancies arise
* there is a code of conduct for board members in place, approved by the Scottish Ministers.

13. 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**

# 14. 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 NSSand 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 NSS by the Scottish Ministers but also any other funds falling within the stewardship of NSS, 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](http://www.gov.scot/Resource/0051/00514817.pdf).

**NSS Chief Executive Responsibilities**

15. The chief executive of NSS is employed and appointed by the board. The chief executive is the board’s principal adviser on the discharge of its functions and is accountable to the board. The chief executive’s role is to provide operational leadership to NSS and ensure that the board’s aims and objectives are met and NSS’s functions are delivered and targets met through effective and properly controlled executive action. The chief executive’s general responsibilities include the performance, management and staffing of NSS. General guidance on the role and responsibilities of the chief executive is contained in [On Board](http://www.gov.scot/Resource/0051/00514817.pdf). 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/appraisal) section of the [Scottish Public Finance Manual](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/Intro) (SPFM), are followed
* ensuring that NSS adheres, where appropriate, to the SG’s [Programme and Project Management (PPM) Principles](http://www.scotland.gov.uk/Topics/Government/ProgrammeProjectDelivery/Principles)
* having robust performance and risk management arrangements - consistent with the [Risk Management](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/risk) section of the SPFM - in place that support the achievement of NSS’s aims and objectives and that facilitate comprehensive reporting to the board, the SG and the wider public
* ensuring that adequate systems of internal control are maintained by NSS, including effective measures against fraud and theft consistent with the [Fraud](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/fraud) section of the SPFM
* establishing appropriate documented internal delegated authority arrangements consistent with the [Delegated Authority](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/delegauth) section of the SPFM
* advising the board on the performance of NSS compared with its aims and objectives
* preparing NSS’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](http://www.gov.scot/Topics/Government/public-sector-pay/staff-pay) and submitted in time and the necessary approvals obtained prior to implementing any annual award.

# **NSS Accountable Officer responsibilities**

16. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) will designate the chief executive as the Accountable Officer for NSS. 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/Accountability/aomemoother). These include:

# ensuring the propriety and regularity of NSS’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 Valueand 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](http://www.gov.scot/Topics/Government/public-sector-pay/staff-pay)

# 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.

17. It is incumbent on the chief executive to combine their Accountable Officer responsibilities to the Scottish Parliament with their 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**

# 18. 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 NSS. The responsibilities of a Portfolio Accountable Officer are set out in detail in the [Memorandum to Accountable Officers for Parts of the Scottish Administration](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/Accountability/aomemo). 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 NSS 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 NSS 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 NSS in accordance with the strategic engagement principles

### there is effective continuous assessment and appraisal of the performance of the chair of NSS, in line with the requirements of the Code of Practice for Ministerial Public Appointments in Scotland.

**Scottish Government Director**

19. The Director for Health Finance and Infrastructure has responsibility for overseeing and ensuring effective relationships between the SG and NSS which support alignment of NSS’s business to the SG’s Purpose and National Outcomes and high performance by NSS. They will work closely with NSS chief executive and be answerable to the Portfolio Accountable Officer for maintaining and developing positive relationships with NSS characterised by openness, trust, respect and mutual support. They will be supported by a sponsor unit in discharging these functions. The Portfolio Accountable Officer shall be responsible for assessing the performance of NSS chair at least annually.

**Sponsor unit responsibilities**

# 20. The SG sponsor unit for NSS is the Directorate of Health Finance. It is the normal point of contact for NSS in dealing with the SG. The unit, under the direction of the Director, is the primary source of advice to the Scottish Ministers on the discharge of their responsibilities in respect of NSS 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’](http://www.gov.scot/Topics/Government/public-bodies/pubs/StrategicEngagement) and ensuring that sponsorship is suitably flexible, proportionate and responsive to the needs of the Scottish Ministers and NSS
* ensuring that appointments to NSS board are made timeously and, where appropriate, in accordance with the [Code of Practice for Ministerial Appointments to Public Bodies](http://www.ethicalstandards.org.uk/site/uploads/publications/406ebe2cdaa457e47217d07aaa11f566.pdf) in Scotland
* proportionate monitoring of NSS’s activities through an adequate and timely flow of appropriate information, agreed with NSS, on performance, budgeting, control and risk management
* addressing in a timely manner any significant problems arising in NSS, alerting the Portfolio Accountable Officer and the responsible Minister(s) where considered appropriate
* ensuring that the objectives of NSS and the risks to them are properly and appropriately taken into account in the SG’s risk assessment and management systems
* informing NSS of relevant SG policy in a timely manner.

**Internal audit**

# 21. NSS shall:

* establish and maintain arrangements for internal audit in accordance with the [Public Sector Internal Audit Standards](https://www.gov.uk/government/publications/public-sector-internal-audit-standards) and the [Internal Audit](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/internaud) section of the SPFM
* set up an audit committee of its board, in accordance with the [Audit Committees](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/auditcommittees) section of the SPFM, to advise both the board and the chief executive in their capacity as NSS Accountable Officer
* forward timeously to the SG the audit charter, strategy, periodic audit plans and annual audit assurance report, including NSS 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 NSS and notify the SG at the earliest opportunity of any unusual or major incidents.

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

**External audit**

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

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

# 25. NSS 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 NSS. It should comply with the Government [Financial Reporting Manual](http://www.hm-treasury.gov.uk/frem_index.htm) (FReM) and outline NSS’s main activities and performance against agreed objectives and targets for the previous financial year.

# 26. 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 NSS shall be consolidated in its accounts in accordance with International Financial Reporting Standards as adapted and interpreted for the public sector context.

# 27. The draft report should be submitted to the SG for comment, and the draft accounts for information, by 1 June. The final version should be available for laying before the Scottish Parliament by the Scottish Ministers by 30 June. 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. NSS shall be responsible for the publication of the annual report and accounts.

**Management responsibilities**

**Corporate and business plans**

# 28. NSS must ensure that a corporate plan, agreed with the Scottish Ministers, is in place and published on NSS’s website. NSS 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 NSS’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 NSS contributes to the achievement of the SG’s primary purpose of increasing sustainable economic growth and alignment with the SG’s [National Performance Framework](http://www.scotland.gov.uk/Publications/2007/11/13092240/9) (NPF). The corporate plan for NSS should include:

* the purpose and principal aims of NSS
* an analysis of the environment in which NSS 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 NSS proposes to achieve better value for money, including through collaboration and shared services
* other matters as agreed between the SG and NSS.

# 29. The corporate plan should inform the development of a separate business plan for each financial year. The business plan for NSS 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 NSS’s business plan should be provided to the sponsor unit prior to the start of the relevant financial year.

**Budget management**

30. 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 NSS 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). NSS 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 Directorate. 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.

# 31. 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 NSS shall, unless otherwise agreed with the SG, ensure a corresponding reduction in its gross expenditure. (The extent to which NSS 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 NSS 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**

# 32. Any [grant in aid](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/grants) (i.e. the cash provided to NSS 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 NSS - 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 NSS.

# 33. The banking arrangements adopted by NSS must comply with the [Banking](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/banking) section of the SPFM.

**Risk management**

# 34. NSS 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/risk) 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 NSS 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.

**Counter fraud arrangements**

# 35. NSS should adopt and implement policies and practices to safeguard itself against fraud and theft, in accordance with the [Fraud](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/fraud) section of the SPFM. Application of these processes must be monitored actively, supported by a fraud actionplan and robust reporting arrangements. This includes the establishment of avenues to report any suspicions of fraud.

**Performance management**

# 36. NSS 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 NSS board and copied to the SG. The SG shall assess NSS’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 NSS chair at least once a year.

**NSS staff management**

*Broad responsibilities for NSS staff*

# 37. NSS 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](http://www.gov.scot/Topics/Government/public-sector-pay/staff-pay))
* the performance of its staff at all levels is satisfactorily appraised and NSS’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 NSS’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*

38. NSS will comply with SG Pay Policy in relation to staff and the chief executive. NSS 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](http://www.gov.scot/Topics/Government/public-sector-pay/staff-pay) 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](http://www.gov.scot/Topics/Government/Finance/spfm/taxavoidance) section of the SPFM. Proposals on non-salary rewards must comply with the guidance in the [Non-Salary Rewards](http://www.gov.scot/Topics/Government/Finance/spfm/nonsalrewards) section of the SPFM. Where applicable, NSS will also seek appropriate approval under the SG [Pay Policy for Senior Appointments](http://www.gov.scot/Topics/Government/public-sector-pay/senior-appointment-pay) 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*

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

# 40. Any proposal by NSS 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/severanceetcterms) 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**

41. NSS shall maintain an accurate and up-to-date record of its current and non-current assets consistent with the [Property: Acquisition, Disposal & Management](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/PropertyManagement) section of the SPFM. ‘Non-current’ assets should be disposed of in accordance with theSPFM. The SG’s Property Division should be consulted about relevant proposed disposals of property that NSS holds for operational purposes (rather than investment) at the earliest opportunity so it may be advertised internally. An [Internal Advertisement](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/PropertyManagement/InternalAdvertisement) 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. NSS is also subject to the [SG Asset Management Policy](http://www.scotland.gov.uk/Publications/2009/02/26142659/1), 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 NSS on the Cabinet Office [electronic Property Information Mapping System](http://www.ogc.gov.uk/electronic_property_information_mapping_service.asp) (e-PIMS).

**Specific financial provisions**

**Delegated authorities**

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

# 43. NSS shall seek to optimise income - grant in aid does not qualify as income - from all sources, including from the [European Union](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/eufunding#a9), 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 NSS shall be determined in accordance with the [Fees & Charges](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/feescharges) section of the SPFM.

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

Financial investments

# 45. Unless covered by a specific delegated authority NSS 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 NSS. NSS shall not invest in any venture of a speculative nature.

Borrowing

# 46. Borrowing cannot be used to increase NSS’s spending power. All borrowing by NSS - excluding agreed overdrafts - shall be from the Scottish Ministers in accordance with guidance in the [Borrowing, Lending & Investment](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/borrowingetc) section of the SPFM.

Lease arrangements

# 47. Unless covered by a specific delegated authority NSS 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 NSS 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. NSS must have capital DEL provision for finance leases and other transactions which are in substance borrowing.

**Tax arrangements**

# 48. 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/taxavoidance) section of the SPFM. NSS 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 NSS 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. NSS must also ensure that it accounts properly for any output tax on sales or disposals.

Lending and guarantees

# 49. Any lending by NSS must adhere to the guidance in the [Borrowing, Lending & Investment](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/borrowingetc) section of the SPFM on undertaking due diligence and seeking to establish a security. Unless covered by a specific delegated limit NSS 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/contingentliabs) 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**

# 50. Unless covered by a specific delegated authority NSS 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/stateaidrules) section of the SPFM. Guidance on a framework for the control of third party grants is provided as an [annex](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/grantsannex#top) to the Grant & Grant in Aid section of the SPFM.

Impairments, provisions and write-offs

# 51. 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 NSS’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 NSS’s resource DEL budget classification and is subject to a specific delegated limit.

Insurance

# 52. NSS 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/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 NSS. The SG will provide NSS with a Certificate of Exemption for Employer's Liability Insurance.

**Procurement and payment**

# 53. NSS’s procurement policies shall reflect relevant guidance in the [Procurement](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/procure) 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 NSS’s objectives consistent with the principles of Value for Money, the highest professional standards and any legal requirements. All external consultancy contracts with a yearly value of £100,000 or more must be approved by the Procurement, Commissioning and Facilities’ approvals Board and any proposal to award a contract without competition (non-competitive action) over the value of £100,000 must be endorsed in advance by the Director of Finance.

# 54. Any major investment programmes or projects undertaken by NSS shall be subject to the guidance in the [Major Investment Projects](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/majinvest) section of the SPFM and is also subject to a specific delegated authority. 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*.*

# 55. NSS shall pay all matured and properly authorised invoices relating to transactions with suppliers in accordance with the [Expenditure and Payments](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/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

# 56. Unless covered by a specific delegated authority NSS 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/lossesetc) section of the SPFM. Gifts by management to staff are subject to the guidance in the [Non-Salary Rewards](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/nonsalrewards) section of the SPFM.

**Clawback**

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

**State aid**

58. 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 NSS 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**

# 59. Remuneration (daily fees), allowances and expenses paid to board members must comply with the SG [Pay Policy for Senior Appointments](http://www.gov.scot/Topics/Government/public-sector-pay/senior-appointment-pay) and any specific guidance on such matters issued by the Scottish Ministers.

**EXECUTIVE NDPB MODEL FRAMEWORK DOCUMENT: APPENDIX**

**SPECIFIC DELEGATED FINANCIAL AUTHORITIES**

|  |  |  |
| --- | --- | --- |
|  |  | **Delegated Limit** |
| Operating leases – other than property/ accommodation related leases |  | [**See Standing Financial Instructions**](https://nhsnss.org/media/2527/nss-standing-financial-instructions_june-2017.pdf) |
| Gifts |  |  |
| Special payments |  |  |
| Claims waived or abandoned |  |  |
| Write-off of bad debt and/or losses |  |  |
| Others as appropriate e.g.Guarantees etc outwith normal course of businessCharges on assetsLoansGrantsFinancial investments and equity sharesMajor investment programmes/ projects |  |  |