

2023 NSS FRAMEWORK DOCUMENT



Framework Document

NHS National Services Scotland (NSS) - November 2023

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Introduction

1. This framework document is agreed between the Common Services Agency for the Scottish Health Service, a statutory body constituted pursuant to the National Health Service (Scotland) Act 1978 commonly known as “NHS National Services Scotland” (NSS) and the Scottish Ministers. It summarises how NSS and the Scottish Government (SG) will work together, and the key roles and responsibilities of:

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

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

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

4. A copy of this document will be published on the NSS website.

Purpose

5. NSS is a statutory body constituted under section 10 of [the National Health Service \(Scotland\) Act 1978 \(the “1978 Act”\)](#). The Agency has the functions conferred on it by, the 1978 Act (which includes functions specified in the National Health Service (Functions of the Common Services Agency) (Scotland) Order 2008 (“2008 Order”), which is made under section 10 of the 1978 Act) and [section 62 of the Public Bodies \(Joint Working\) \(Scotland\) Act 2014](#). The Common Services Agency for the Scottish Health Service was previously constituted under the National Health Service (Scotland) Act 1972.

6. The 2008 Order specifies the following functions:

- to examine, check and price prescriptions for drugs, medicines and appliances supplied under the arrangements for the provision of pharmaceutical services;
- provide 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;
- to procure equipment, supplies and services, including the national procurement of clinical services, in support of the functions of Scottish

Ministers, Health Boards, Special Health Boards and Healthcare Improvement Scotland;

- to exercise the power of Scottish Ministers under section 40(1) of the 1978 Act;
- to provide information, advice and management services in support of the functions of Scottish Ministers, Health Boards, Special Health Boards and Healthcare Improvement Scotland;
- to exercise the functions of Scottish Ministers under section 44 of the 1978 Act;
- to 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;
- to 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 and participation in training;
- to collect and disseminate epidemiological data and participate in epidemiological investigations;
- to provide legal services to Health Boards, Special Health Boards and Healthcare Improvement Scotland;
- to prevent, detect and investigate fraud or other irregularities in relation to the health service;
- exercise the power of the Scottish Ministers under section 47 of the 1978 Act;
- to exercise the powers of 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, Healthcare Improvement Scotland, Health Boards and Special Health Boards and to use for those functions and manage any heritable or moveable property so acquired;
- to exercise the powers of Scottish Ministers under section 79(1A) of the 1978 Act to dispose of land no longer required for the functions of NSS and;
- exercise the functions of Scottish Ministers under section 84B of the Act (power to form companies etc).

7. Under the 1978 Act, NSS is also required to secure the adequate provision of the patient advice and support service described in section 18 of the Patient Rights (Scotland) Act 2011 in relation to Health Boards, Integration Joint Boards and other bodies specified by the Scottish Ministers.

8. Section 62 of the Public Bodies (Joint Working) Scotland Act 2014, makes provision for shared services. Under this provision, NSS can, with the consent of the Scottish Ministers, enter into arrangements with listed persons under which NSS

provides, or secures the provision of, goods or services for the person. Such services include, in particular, administrative, technical, legal, other professional and accommodation services.

9. NSS must also comply with requirements (for example duties) imposed by other legislation.

Governance and Accountability

10. This section summarises the specific responsibilities and accountabilities of the key people involved in governance of NSS.

The Board

11. The Chair and Board Members are accountable to Scottish Ministers and to the Scottish Parliament and may be required to give evidence to Parliamentary Committees.

12. The NSS Board consists of executives and non-executives appointed by Scottish Ministers and in accordance with relevant legislation, and where applicable are appointed in line with the [Code of Practice for Ministerial Public Appointments to Public Bodies in Scotland](#). As set out in [The Blueprint for Good Governance in NHS Scotland - Second Edition](#), Boards are primarily responsible and accountable for setting strategic direction, holding executives to account for delivery, managing risk, engaging with stakeholders, and influencing organisational culture.

13. The NSS Board has overall responsibility for the delivery of the functions of NSS, as set out in paragraphs 5 to 9 above and in accordance with the aims, policies, and priorities of Scottish Ministers. The NSS Board has corporate responsibility for:

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

NSS meets the [staff management responsibilities](#) described in the section below.

The Chair

14. The Chair of the NSS Board is responsible for:
- a) Leadership of the Board, ensuring that it effectively delivers its functions in accordance with the [NSS Corporate Governance Framework](#);
 - b) Ensuring that a Code of Conduct (aligned to the [Model Code of Conduct](#) for Board Members as provided for under section 3 of the Ethical Standards in Public Life etc. (Scotland) Act 2000)) is in place, that corporate actions are taken to implement it as required and that Members understand their responsibilities, using the guidance provided by the Standards Commission;
 - c) Keeping NSS's governance arrangements and the Board's effectiveness under review;
 - d) Setting the agenda, format and tone of NSS Board activities to promote effective decision making and constructive debate;
 - e) Nominating Board Members to standing committees, and other roles within NSS and partner organisations. The allocation of roles to Board Members, including the Chair of standing committees, is formally approved by the Board;
 - f) Developing the capability and capacity of the Board by contributing to the appointment and induction of Board Members; appraisal and reporting on their performance; identifying appropriate training and development opportunities; and ensuring effective succession planning is in place;
 - g) Providing performance management and identifying development opportunities for the Chief Executive;
 - h) Working with the Portfolio Accountable Officer or their delegate(s) and the Public Appointments Team in SG on succession planning for the Board, taking action necessary to fill vacancies as they arise, skills requirements and promoting diversity by encouraging applications from less represented groups, including younger people, people from minority ethnic backgrounds and people with disabilities;
 - i) Representing the organisation in discussions with Ministers, the Scottish Parliament, the Scottish Government, Local Authorities and other key stakeholders. This is a responsibility shared with the Chief Executive as set out in [The Blueprint for Good Governance in NHS Scotland - Second Edition](#).
15. Specific guidance on how the Chair and Board Members should discharge their duties will be provided in their appointment letters and in [On Board – A Guide for Members of Statutory Boards](#). Guidance on governance good practice is available in the Scottish Public Finance Manual and from the sponsor team, who may consult the SG Governance and Risk Team. A list of key aspects of governance to consider is included in the section on Governance and Risk below.

The Chief Executive

16. The Chief Executive is employed and appointed by the NSS Board [with the approval of Scottish Ministers] and is the principal adviser to the Board on the discharge of its functions and is accountable to the NSS Board. The Chief Executive role is to provide operational leadership to staff working for NSS and to ensure that its aims and objectives are met, its functions are delivered, and its targets are met through effective and properly controlled executive action.

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

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

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

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

The Accountable Officer

20. The Principal Accountable Officer for the Scottish Administration will designate a senior official in NSS as the Accountable Officer. Unless there are specific reasons for the designation of another person, the Chief Executive will be designated as the Accountable Officer.

21. The Accountable Officer is personally responsible for:

- a) Overseeing the development of an integrated set of policies, strategies and plans that are designed to deliver the organisation's purpose, aims, values, corporate objectives, operational priorities and targets. This includes focusing globally and strategically on developments that will impact upon the provision of health and social care across Scotland, and working collaboratively with Ministers, the Scottish Parliament, the Scottish Government, Local Authorities, Health and Social Care Partnerships, and other key stakeholders to increase alignment and cohesion between government policy and the delivery of health and social care services to local communities;
- b) The propriety and regularity of the public finances of NSS and ensuring that its resources are used economically, efficiently and effectively as may be required by [section 15 of the Public Finance and Accountability \(Scotland\) Act 2000](#) and may be called to give evidence to the Public Audit Committee of the Scottish Parliament. The responsibilities of the Accountable Officer are set out in full in the [Memorandum to Accountable Officers for Other Public Bodies](#) in the Scottish Public Finance Manual. It is important for the Chair and Board members to recognise that one aspect of these duties is the requirement under section 15(8) of the Public Finance and Accountability (Scotland) Act 2000, where the Accountable Officer considers that any action they are required to take is not consistent with their Accountable Officer responsibilities, they must obtain written authority from the Board and send a copy of the written authority to the Auditor General for Scotland as soon as possible. The Accountable Officer should consult the Portfolio Accountable Officer before seeking written authority from the Board in these circumstances and should always notify the Portfolio Accountable Officer when such a written authority has been issued.
- c) Providing leadership and day-to-day management of the organisation and its workforce, shaping desired cultural attributes within the NHS, and ensuring the organisation's policies, strategies and plans are delivered on time and within budgets. This includes building strategic and operational capability and accountability amongst the Executive Leadership Team, ensuring collective responsibility for delivering the organisation's purpose, aims, values, corporate objectives, operational priorities, and targets;
- d) Contributing to the delivery of multiple system-wide interventions at regional and national levels, whilst overseeing local delivery of change initiatives by the EMT. This includes encouraging and supporting research and innovation into new ways of delivering healthcare;
- e) Managing relationships with NHS Board Members, the Scottish Ministers, the Director General for Health and Social Care, Senior Civil Servants and other key stakeholders involved in the delivery of health and social care.

This includes establishing and enabling inclusive and effective networks at local and national level, expanding these beyond NHS Scotland and a purely healthcare focus. This is a responsibility shared with the NSS Board Chair.

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

The Scottish Ministers

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

24. The Scottish Ministers will:

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

SG Portfolio Accountable Officer

25. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) has designated the Director General for Health and Social Care as the Portfolio Accountable Officer (AO) for the SG portfolio budget which will provide funding for NSS.

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

27. The Portfolio AO will:

- a) make sure the framework document is agreed between Scottish Ministers and the NSS Board, reviewed regularly and oversee the operation of the roles and responsibilities set out within it;

- b) ensure that financial and other management controls being applied by NSS are appropriate and sufficient to safeguard public funds and conform to the requirements both of propriety and of good financial management;
- c) in line with [Code of Practice for Ministerial Appointments](#), ensure that public appointments are made in good time and secure appropriate skills, experience and diversity amongst Board members, working with the Chair on succession planning; that there is effective induction for new appointees; and ensure that there is regular review and a formal annual appraisal of the performance of the Chair;
- d) support regular and effective engagement between NSS and the relevant Scottish Minister(s); and
- e) make sure there is clear, documented delegation of responsibilities to a Senior Sponsor and/or Sponsor Team and that the NSS Board and senior officials of NSS are aware of these delegated responsibilities.

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

Relationship between Scottish Government and NHS National Services Scotland.

29. Strategic engagement between 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. Specific governance and accountability roles are described in the section above, but more generally, both 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 [Blueprint for Good Governance in NHS Scotland](#). This emphasises the need for cooperation and good communication, and particularly early warning from either side about any emerging risk or issue with significant implications for the operation or governance of NSS.

30. The Sponsor Team's primary function is to carry out the responsibilities delegated to it by the Portfolio AO, directly or via the Senior Sponsor, as described above. In addition to ensuring that the arrangements in this framework document operate effectively, managing public appointments and providing assurance to the Portfolio AO, the Sponsor Team will usually be the first point of contact for the body on any issue with SG. As part of the assurance they provide to the Portfolio AO, they must ensure that key actions and decisions agreed are documented and implemented. This includes ensuring that SG teams implement any agreed actions.

31. There will be quarterly meetings between Executive Directors of NSS and the Senior Sponsor, regular engagement between the Senior Sponsor and the NSS Chair, as well as other regular ongoing meetings as appropriate. Annual Reviews will also form part of key performance and strategic engagement with NSS and be undertaken by Scottish Ministers or delegated representatives. The aim of the reviews will be to discuss the delivery of services in the preceding year in line with national policy priorities, and exploring developments and challenges over the next year.

NSS Staff Management Responsibilities

Broad responsibilities for NHS National Services Scotland staff

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

- There is compliance with employment, equalities and other relevant legislation and nationally agreed workforce policies, practices and standards including those that deal with conduct issues, grievance and whistleblowing. This is inclusive of policy and procedures consistent with the [Public Interest Disclosure Act 1998](#), the National Whistleblowing Standards published by the office of the Independent National Whistleblowing Officer and ensuring a code of conduct for staff is in place;
- Staff know where to access workforce policies and how to use them;
- The level and structure of staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness and are compliant with nationally agreed pay and terms and conditions of employment (subject to the SG [Pay Policy for Staff Pay Remits](#));
- The performance of staff at all levels is regularly appraised in line with NSS agreed policy and associated national schemes, depending on their contractual terms and conditions. Implementation and adherence with the schemes are reviewed from time to time;
- Staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the body's objectives;
- Proper consultation with staff takes place on key issues affecting them, as appropriate, including working in partnership with trade unions and professional organisations (MEL59(1999) in compliance with the [Staff Governance Standard](#), published further to the duty in relation to staff governance in section 12I of the 1978 Act. The Staff Governance Standard requires all NHS Boards to demonstrate that staff are:
 - Well Informed
 - Appropriately trained and developed
 - Involved in decisions
 - Treated fairly and consistently, with dignity and respect, in an environment where diversity is valued; and
 - Provided with a continuously improving safe working environment, promoting the health and wellbeing of staff, patients and the wider community.

Pay and conditions of service

33. NSS will pay staff in accordance with pay agreements reached with the Scottish Government for remuneration of staff, as reflected in pay circulars issued by the Scottish Government to NHS Scotland employers, and in accordance with relevant legislation. Any non-salary rewards will comply with the Non-Salary Rewards section of the SPFM. NSS 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

34. Superannuation arrangements for staff are subject to the approval of the Scottish Ministers. NSS staff will normally be eligible for a pension provided by the Scottish Publics Pension Agency; the National Health Service Superannuation Scheme (Scotland) 1995 Section and 2008 Section, and the NHS Scotland Pension Scheme 2015. Staff may opt out of the occupational pension scheme provided, but the employers' contribution to any personal pension arrangement, including stakeholder pension, will normally be limited to the national insurance rebate level.

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

Corporate and Business Plans

36. NSS will prepare a draft strategic or corporate plan every 3 to 5 years, setting out its strategic aims, objectives and targets over that period, for consideration by the Scottish Ministers. When a new plan is to be prepared, the Chief Executive or their delegate will liaise with the Sponsor Team to agree the key points to be addressed and the timetable for preparation and review. The final, agreed version of the strategic or corporate plan will be published on the NSS website.

37. The corporate plan will include NSS's:

- purpose and principal aims;
- contribution, where relevant, to the national outcomes set out in the [National Performance Framework](#), the Programme for Government and Scotland's Economic Strategy in collaboration with the SG and other public bodies;
- analysis of the environment in which it operates;

- key objectives and associated key performance targets for the period of the plan, and the strategy for achieving those objectives;
- indicators against which its performance can be judged;
- details of planned efficiencies, describing how better value for money will be achieved, including through collaboration and use of shared services; and
- other key points agreed with the Sponsor Team as described above.

38. The corporate plan will inform the development of a separate annual business plan for each financial year, which will 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 business plan will be provided to the sponsor unit prior to the start of the relevant financial year.

Annual Report and Accounts

39. NSS will publish an annual report of its activities together with its audited accounts after the end of each financial year. The annual report and accounts will cover the activities of any corporate, subsidiary or joint ventures under the control of NSS noting however that NSS is not permitted to establish any subsidiaries or enter into joint ventures without express approval from Scottish Ministers. It will comply with the Government [Financial Reporting Manual](#) (FReM) and outline its main activities and performance against agreed objectives and targets for the previous financial year. It is the responsibility of the Chief Executive, as Accountable Officer, to sign the accounts.

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

41. The SG Sponsor Team should receive a copy of the annual report for comment, and a copy of the draft accounts for information, by 31 May. NSS is responsible for the publication of the annual report and accounts after they have been laid before the Scottish Ministers. Whilst the statutory deadline for laying and publishing accounts audited by the Auditor General for Scotland is 31 December after the end of the relevant financial year, the Scottish Ministers expect that accounts will be laid before the Scottish Parliament and published as early as possible.

External Audit

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

43. The AGS, or their appointed auditors or examiners, have a statutory right of access to documents and information held by relevant persons, including any contractors to or recipients of grants from NSS. NSS will ensure that this right of access to documents and information is made clear in the terms of any contracts issued or conditions of any grants awarded and will also use its best endeavours to secure access to any other information or documents required which are held by other bodies.

Internal Audit

44. NSS will:

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

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

Budget Management and Delegated Authority

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

47. 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) DEL (RfDEL) and, where applicable, Annually Managed Expenditure (AME). These categories are explained in [Annual Budget Processing](#) in the Scottish Public Finance Manual (SPFM), and NSS will not transfer budgetary provision between the categories without the prior approval of the SG Finance Directorate, which should be sought via the Sponsor Team. Transfers within the categories are at the discretion of the NSS Board or, subject to delegated authority,

the Chief Executive or relevant senior manager, if these do not breach any other constraints, for instance the approved pay remit.

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

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

Governance and Risk

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

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

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

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

Risk management

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

54. The NSS Board should have a clear understanding of the key risks, threats and hazards it may face in the personnel, accommodation and cyber domains, and take action to ensure appropriate organisational resilience, in line with the guidance in:

[Having and Promoting Business Resilience](#) (part of the Preparing Scotland suite of guidance) and the [Public Sector Cyber Resilience Framework](#).

Internal control

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

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

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

58. NSS must comply with the requirements of the [Freedom of Information \(Scotland\) Act 2002](#) and ensure that information is provided to members of the public in a spirit of openness and transparency. NSS must also register with the [Information Commissioner's Office](#) and ensure that it complies with the Data Protection Act 2018, the UK General Data Protection Regulation, commonly known as UK GDPR and any other relevant data protection legislation as appropriate.

Budget and finance

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

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

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

62. Gifts, bequests or donations received score as income and should be provided for in the agreed resource DEL and capital DEL budgets, but should not fund activities or assets normally covered by SG grant-in-aid, trading or fee income, and conflicts of interest must be considered – see the principles in the [Gifts](#) section of the SPFM. Note

that this relates to gifts to the body – gifts to individuals are covered in the NSS Code of Conduct.

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

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

65. An accurate and up-to-date record of current and non-current assets should be maintained, consistent with the [Property: Acquisition, Disposal & Management](#) section of the SPFM. NSS 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.

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

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

68. Unless covered by a specific delegated authority, prior approval from sponsors and SG Finance is required before making gifts or special payments or writing off losses. Special payments and losses are subject 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.

69. Unless covered by a specific delegated authority, NSS must not enter into any finance, property or accommodation related lease arrangement – including the extension of an existing lease or the non-exercise of a tenant's lease break – without prior approval from sponsors. Before entering/continuing such arrangements 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.

70. Non-property/accommodation related operating leases are subject to a specific delegated authority. There must be capital DEL provision in the budget allocation for finance leases and other transactions which are in substance borrowing.

71. Procurement policies should reflect relevant guidance in the [Procurement](#) section of the SPFM and any other relevant guidance issued by the SG's Procurement and Property Directorate. The SG's directory of [SG Framework Agreements](#), is available to support organisations, but they should check the Framework Agreement's 'buyer's guide' before proceeding to ensure they are eligible to use the Framework.

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

73. 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](#) section of the SPFM - where required with the prior approval of sponsors and their finance business partner subject to the level of inherent financial risk. In the event of uninsured losses being incurred the SG shall consider, on a case-by-case basis, whether or not it should make any additional resources available to NSS. The relevant sponsor team will provide a Certificate of Exemption for Employer's Liability Insurance.

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

75. The Subsidy Control Act 2022 sets out the framework for the UK's domestic subsidy control regime, and the requirements that apply to the giving of subsidies. This is supplemented by related statutory instruments and statutory guidance published by the UK Government. The UK's international obligations, including various Free Trade Agreements and those arising as a consequence of World Trade Organisation membership also continue to apply. Any funding that is given by SG and NSS is subject to these requirements. A full subsidy control assessment is required prior to disbursing any funding, in line with the guidance in the [Subsidy Control section of the SPFM](#). As also set out in this section of the SPFM, the Subsidy Control Team should be consulted on all proposals which may have subsidy implications.

Remuneration

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

77. Staff pay, pensions and any severance payments must comply with nationally agreed terms and conditions and the responsibilities described in the section on Staff Management Responsibilities.

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

Banking and cash management

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

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

Helpful information

81. The Public Bodies Support Unit has produced a register of reporting requirements for devolved public bodies which will help in regard to compliance with certain legislative asks. Copies of the register can be obtained from the [PBSU mailbox](#).

Annex A: Specific Delegated Financial Authorities

The delegated limits are as per SGHSC circular CEL (2010) 10 and as set out in Appendix II of the [Standing Financial Instructions](#) and are as follows:

Item No.	Category	Delegated Authority per case (£)
Theft / Arson / Wilful Damage		
1	Cash	15,000
2	Stores / procurement	30,000
3	Equipment	15,000
4	Contracts	15,000
5	Payroll	15,000
6	Buildings & Fixtures	30,000
7	Other	15,000
Fraud, Embezzlement & other irregularities (including attempted fraud)		
8	Cash	15,000
9	Stores / procurement	30,000
10	Equipment	15,000
11	Contracts	15,000
12	Payroll	15,000
13	Other	15,000
Nugatory & Fruitless Payments		
14	Nugatory & Fruitless Payments	15,000
Claims Abandoned		
15(a)	Private Accommodation	15,000
15(b)	Road Traffic Acts	30,000
15(c)	Other	15,000

	Stores Losses	
16	Incidents of the Service –	
	- Fire	30,000
	- Flood	30,000
	- Accident	30,000
17	Deterioration in Store	30,000
18	Stocktaking Discrepancies	30,000
19	Other Causes	30,000
	Losses of Furniture & Equipment and Bedding & Linen in circulation	
20	Incidents of the Service -	
	- Fire	15,000
	- Flood	15,000
	- Accident	15,000
21	Disclosed at physical check	15,000
22	Other Causes	15,000
	Compensation Payments - legal obligation	
23	Clinical *	250,000
24	Non-clinical *	100,000
	Ex-gratia payments	
25	Extra-contractual Payments	15,000
26	Compensation Payments - Ex-gratia - Clinical *	250,000
27	Compensation Payments - Ex-gratia - Non Clinical *	100,000
28	Compensation Payments - Ex-gratia - Financial Loss *	25,000
29	Other Payments	2,500

	Damage to Buildings and Fixtures	
30	Incidents of the Service	
	- Fire	30,000
	- Flood	30,000
	- Accident	30,000
	- Other Causes	30,000
31	Extra-Statutory & Extra-regulatory Payments	Nil
32	Gifts in cash or in kind	15,000
33	Other Losses	15,000

* This delegated limit was revised as at 1st August 2001 HDL (2001)65