

# **Scottish Fire & Rescue Service Governance and Accountability Framework**

**June 2018**



**Scottish Government**  
Riaghaltas na h-Alba  
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# SCOTTISH FIRE AND RESCUE SERVICE FRAMEWORK DOCUMENT

## Introduction

1. This framework document has been drawn up by the Scottish Government (SG) in consultation with the Scottish Fire and Rescue Service (SFRS). It sets out the broad framework within which the SFRS will operate and defines key roles and responsibilities which underpin the relationship between the SFRS 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 SFRS will be taken forward in consultation and in the light of SG priorities and policy aims. Any question regarding the interpretation of the document shall be determined by the SG after consultation with the SFRS. Legislative provisions shall take precedence over any part of the document.

2. This document is distinct from, but linked to, the [Fire and Rescue Framework for Scotland](#), a statutory document made under section 40 of the Fire (Scotland) Act 2005 (as amended), which sets out the Scottish Ministers' strategic priorities for the SFRS.

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

4. Copies of the document shall be placed in the Scottish Parliaments' Information Centre. It shall also be published on the SG and the SFRS websites.

## Purpose

5. The SFRS 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.

6. The SFRS also has a critical role to play in helping to deliver the SG's priorities for the justice sector, as recently formalised in the four outcomes in the Justice in Scotland: Vision and Priorities 2017 -

- We live in safe, cohesive and resilient communities
- Prevention and early intervention improve wellbeing and life chances
- Our system and interventions are proportionate, fair and effective
- We deliver person-centred modern affordable public services

7. The Strategy places the SFRS firmly within the wider family of organisations who work to keep our communities safe and to administer justice in its various forms. The SFRS should seek to build on existing partnerships and forge new ones, coming together with other justice public bodies to engage jointly with the SG on strategic issues, including the scope for improving efficiency across the sector.

8. The National Performance Framework and Strategy for Justice in Scotland also underpin the Fire and Rescue Framework for Scotland 2016, which sets out Scottish Ministers' strategic priorities and ambitions for a SFRS.

**The main purpose of the Scottish Fire and Rescue Service is to work in partnership with communities and with others in the public, private and third sectors, on prevention, protection and response, to improve the safety and wellbeing of people throughout Scotland.**

### **Relationship between Scottish Government and SFRS**

9. Effective strategic engagement between the SG and SFRS is essential in order that they work together as effectively as possible to maintain and improve public services and deliver improved outcomes. The Fire and Rescue Framework for Scotland (2016) sets out the strategic priorities for the SFRS, as determined by the Scottish Ministers. The SFRS Strategic Plan will then describe how the SFRS intends to carry out its functions in order to deliver those priorities. The SFRS's primary statutory functions are set out in the Fire (Scotland) Act 2005 ("the 2005 Act"), as amended by the Police and Fire Reform (Scotland) Act 2012, as well as the Fire (Additional Function) (Scotland) Order 2005 ("the 2005 Order"). As a public body, SFRS will also be subject to a range of other statutory functions, including duties under the Freedom of Information (Scotland) Act 2002 and the Equality Act 2010. The Fire and Rescue Framework for Scotland 2016 also sets 10 strategic priorities across its range of functions, built on a comprehensive Performance Management Framework, and highlights areas for future development for the SFRS.

### **Governance and accountability**

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

10. The SFRS is established under the Police and Fire Reform (Scotland) Act 2012 ("the 2012 Act") as a body corporate. The constitution of the SFRS is set out in schedule 1A to the 2005 Act, inserted by section 101 of the 2012 Act. The 2012 Act amends and transfers the fire and rescue and other functions set out in the 2005 Act to the SFRS, but also augments them with a range of powers and duties commensurate with its public body status. All references to "SFRS functions" within this document include all statutory powers and duties placed on the SFRS under the 2005 Act (as amended by the 2012 Act) and any other enactment. The SFRS does not carry out its functions on behalf of the Crown. The SFRS does not carry out its functions on behalf of the Crown.

#### **Ministerial responsibilities**

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

- setting out priorities and objectives for the SFRS in the Fire and Rescue Framework document prepared and brought into effect under section 40 of the 2005 Act (as amended by the 2012 Act);
- approving the SFRS's Strategic Plan under section 41A of the 2005 Act (inserted by the 2012 Act);

- agreeing SFRS performance framework for the SFRS, based on the 10 priorities in the Fire and Rescue Framework for Scotland 2016;
- agreeing the budget and the associated grant in aid requirement to be paid to the SFRS, and securing the necessary Parliamentary approval through the annual Budget Act process;
- carrying out the functions specified in the 2005 Act (as amended by the 2012 Act), such as appointing the SFRS's members, determining the members' terms and conditions, appointing the first Chief Officer, and approving the appointment of each subsequent Chief Officer;
- setting the wider framework for public sector pay in Scotland and considering the affordability of SFRS pay agreements in relation to overall SFRS budgets; and
- approving pay agreements and laying the annual accounts before the Parliament under section 22(5)(a) of the Public Finance and Accountability (Scotland) Act 2000.

### **SFRS Board Responsibilities**

12. References to the SFRS board in this document are intended to relate to the members who are appointed to the SFRS under schedule 1A to the 2005 Act (inserted by the 2012 Act). The SFRS board, including the Chair, consists of non-executives appointed by the Scottish Ministers in line with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland. The board as a whole provides strategic direction, support and guidance to the SFRS, ensuring that it discharges its functions effectively and that Ministers' priorities are implemented. Board members are personally and corporately accountable for the board's actions and decisions. The board scrutinises plans and proposals and holds the Chief Officer and senior management to account. The board is free to establish its own sub-committee structure and delegate responsibilities to such committees as it considers fit.

13. The board, under the leadership of the Chair, has corporate responsibility for:

- producing Strategic and Annual Plans, prepared under sections 41A and 41B of the 2005 Act (inserted by the 2012 Act), to be submitted to the Scottish Ministers for approval;
- producing annual reports, prepared and published under section 41L of the 2005 Act (inserted by the 2012 Act), and ensuring that they are laid before the Scottish Parliament in accordance with that section;
- taking forward the aims and objectives for the SFRS as set out in the approved Strategic Plan;
- determining the steps needed to deal with wider changes which are likely to impact on the strategic aims and objectives of the SFRS, or on the attainability of its operational targets;
- the duty under section 39A of the 2005 Act (inserted by the 2012 Act) to make arrangements to secure Best Value i.e. the continuous improvement in the carrying out of the SFRS's functions, including, where appropriate, participation in shared services arrangements;

- ensuring that effective arrangements are in place to provide assurance on risk management, governance and internal control, setting up an audit committee Chaired by a non-executive member to provide independent advice and assurance on the effectiveness of the internal control and risk management systems;
- (in reaching decisions) taking into account relevant guidance issued by the Scottish Ministers;
- For support staff, ensuring that an effective pay and conditions negotiating framework is in place which allows negotiations to complement the broad principles of the Scottish Government's Public Sector Pay Policy;
- Attend and participate in meetings of the National Joint Council for negotiation of operational staff pay, terms and conditions.
- ensuring that the SFRS's proceedings, including those of its committees and sub-committees, are held in public and that the agendas, papers and reports in relation to those proceedings are published, as well as publishing a statement setting out the circumstances in which proceedings may be held in private and in which documents need not be published, as required by schedule 1A to the 2005 Act (inserted by the 2012 Act);
- appointing, with the approval of the Scottish Ministers, the second and each subsequent SFRS Chief Officer and, in consultation with the SG, setting appropriate performance objectives and remuneration terms linked to these objectives, which give due weight to the proper management and use of resources within the stewardship of the SFRS and the delivery of outcomes; and
- acting consistently with principles of good governance, accountability and transparency, as required by schedule 1A to the 2005 Act (inserted by the 2012 Act).

14. 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](#).

### **SFRS Chair's Responsibilities**

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

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 SFRS 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 and local and central government practice
- succession planning takes place to ensure that the board is diverse and effective, and the Scottish Ministers are advised of the SFRS needs when board vacancies arise
- there is a code of conduct for board members in place, approved by the Scottish Ministers.

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

### **Individual Board Members' Responsibilities**

17. Individual board members should act in accordance with the responsibilities of the board as a whole and comply at all times with the code of conduct adopted by SFRS and with the rules relating to the use of public funds and to conflicts of interest. (In this context "public funds" means not only any funds provided to the SFRS by the Scottish Ministers but also any other funds falling within the stewardship of SFRS, 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](#).

### **SFRS Chief Officer's responsibilities**

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

- advising the board on the discharge of its responsibilities - as set out in this document, in the founding legislation and in any other relevant instructions and guidance issued by or on behalf of the Scottish Ministers - and implementing the decisions of the board
- ensuring that financial considerations are taken fully into account by the board at all stages in reaching and executing its decisions, and that appropriate

financial appraisal and evaluation techniques, consistent with the [Appraisal and Evaluation](#) section of the [Scottish Public Finance Manual](#) (SPFM), are followed

- ensuring that the SFRS adheres, where appropriate, to the SG's [Programme and Project Management \(PPM\) Principles](#)
- having robust performance and risk management arrangements - consistent with the [Risk Management](#) section of the SPFM - in place that support the achievement of the SFRS'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 the SFRS, including effective measures against fraud and theft consistent with the [Fraud](#) section of the SPFM
- establishing appropriate documented internal delegated authority arrangements consistent with the [Delegated Authority](#) section of the SPFM
- advising the board on the performance of the SFRS compared with its aim[s] and objectives
- preparing the SFRS'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
- for support staff, ensuring that an effective pay and conditions negotiating framework is in place which allows negotiations to complement the broad principles of the Scottish Government's Public Sector Pay Policy;
- attend and participate in meetings of the National Joint Council for negotiation of operational staff pay, terms and conditions.
- Designating Local Senior Officers (LSOs) for each local authority area in Scotland (after consultation with the relevant local authority), ensuring that LSOs are adequately equipped, supported and empowered to fulfil their statutory duties, and providing operational direction and control to LSOs, in line with Section 41J of the 2005 Act (inserted by the 2012 Act)

### **SFRS Accountable Officer responsibilities**

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

- ensuring the propriety and regularity of the SFRS's finances and that there are sound and effective arrangements for internal control and risk management
- ensuring that the resources of the public body are used economically, efficiently and effectively, and that arrangements are in place to secure Best Value and deliver Value for Money for the public sector as a whole
- ensuring compliance with relevant guidance issued by the Scottish Ministers, in particular the SPFM
- 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.

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

### **Portfolio Accountable Officer responsibilities**

21. The Principal Accountable Officer for the Scottish Administration will designate the Director-General for Education, Communities and Justice as the Accountable Officer for the SG portfolio budget for the SFRS. The responsibilities of a Portfolio Accountable Officer are set out in detail in the [Memorandum to Accountable Officers for Parts of the Scottish Administration](#). He/she is personally answerable to the Scottish Parliament for ensuring that:

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

## Scottish Government Director and Deputy Director

22. The Director for Safer Communities and Deputy Director for Safer Communities have responsibility for overseeing and ensuring effective relationships between the SG and SFRS which support alignment of the SFRS's business to the SG's Purpose and National Outcomes and high performance by the SFRS. They will work closely with the SFRS Chief Officer and be answerable to the Portfolio Accountable Officer for maintaining and developing positive relationships with SFRS characterised by openness, trust, respect and mutual support. They will be supported by a sponsor unit in discharging these functions. The Portfolio Accountable Officer / Director / Deputy Director shall be responsible for assessing the performance of the SFRS Board Chair at least annually.

### Sponsor unit responsibilities

23. The SG sponsor unit for the SFRS is based in Safer Communities Division. It is the normal point of contact for the SFRS in dealing with the SG. The unit, under the direction of the Deputy Director, is the primary source of advice to the Scottish Ministers on the discharge of their responsibilities in respect of the SFRS 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 SFRS](#)' and ensuring that sponsorship is suitably flexible, proportionate and responsive to the needs of the Scottish Ministers and the SFRS
- ensuring that appointments to the SFRS board are made timeously and, where appropriate, in accordance with the [Code of Practice for Ministerial Appointments to Public Bodies](#) in Scotland
- working with the SFRS to ensure alignment of its Strategic and Annual Operating Plans to the National Performance Network
- supporting regular senior level engagement with the SFRS, which ensures a shared understanding of priorities to inform its strategic and annual planning
- promoting the SFRS within the SG and ensuring that it is treated as a key stakeholder in the development of policy
- proportionate monitoring of the SFRS's activities through an adequate and timely flow of appropriate information, agreed with the SFRS, on performance, budgeting, control and risk management
- addressing in a timely manner any significant problems arising in the SFRS, alerting the Portfolio Accountable Officer and the responsible Minister(s) where considered appropriate
- ensuring that the objectives of the SFRS and the risks to them are properly and appropriately taken into account in the SG's risk assessment and management systems
- informing the SFRS of relevant SG policy in a timely manner.

## **Internal audit**

24. The SFRS shall:

- establish and maintain arrangements for internal audit in accordance with the [Public Sector Internal Audit Standards](#) and the [Internal Audit](#) section of the SPFM
- set up an audit committee of its board, in accordance with the [Audit Committees](#) section of the SPFM, to advise both the board and the Chief Officer in his/her capacity as the SFRS Accountable Officer
- forward timeously to the SG the audit charter, strategy, periodic audit plans and annual audit assurance report, including the SFRS Head of Internal Audit opinion on risk management, control and governance and other relevant reports as requested
- keep records of, and prepare and forward timeously to the SG an annual report on fraud and theft suffered by the SFRS and notify the SG at the earliest opportunity of any unusual or major incidents.

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

## **External audit**

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

27. The AGS, or examiners appointed by the AGS, may carry out examinations into the economy, efficiency and effectiveness with which the SFRS has used its resources in discharging its functions. The AGS may also carry out examinations into the arrangements made by the SFRS to secure Best Value. For the purpose of these examinations the examiners have a statutory right of access to documents and information held by relevant persons. In addition, the SFRS 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.

## **Inspectors of the SFRS**

28. Her Majesty's Fire Service Chief Inspector and Assistant Inspectors will inspect the SFRS and, in doing so, may inquire into certain matters independently, or on the direction of Scottish Ministers. The Chief Inspector is required to provide reports (or, where applicable, copy reports) of inquiries to the SFRS and, depending on the type of inquiry, to the Scottish Ministers. Copies of certain reports, in particular those relating to the state and efficient of the SFRS, must be laid before the Scottish Parliament (either by the Chief Officer or the Scottish Ministers).

## **Annual report and accounts**

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

30. The accounts must be prepared in accordance with relevant statutes and the specific accounts direction (including compliance with the FReM) and other relevant guidance issued by the Scottish Ministers. Any financial objectives or targets set by the Scottish Ministers should be reported on in the accounts and will therefore be within the scope of the audit. Any subsidiary or joint venture owned or controlled by the SFRS shall be consolidated in its accounts in accordance with International Financial Reporting Standards as adapted and interpreted for the public sector context.

31. The draft report should be submitted to the SG for comment, and the draft accounts for information, by a deadline agreed by SFRS and SG annually. Whilst the statutory date for laying and publishing accounts audited by the AGS is by 31 December, following the close of the previous financial year, there is an expectation on the part of the Scottish Ministers that accounts will be laid and published as early as possible. The accounts must not be laid before they have been formally sent by the AGS to the Scottish Ministers and must not be published before they have been laid. The SFRS shall be responsible for the publication of the annual report and accounts.

## ***Management responsibilities***

### **Corporate and business plans**

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

- the purpose and principal aims of the SFRS

- identify outcomes by reference to which the carrying out of its functions may be measured and
- include such material relating to its functions or to a period, other than the previously mentioned above, as SFRS thinks fit
- an analysis of the environment in which the SFRS operates
- key objectives and associated key performance targets for the period of the plan, the strategy for achieving those objectives and how these will contribute towards the achievement of the SG's primary purpose and alignment with the NPF
- indicators against which performance can be judged
- details of planned efficiencies, describing how the SFRS proposes to achieve better value for money, including through collaboration and shared services
- other matters as agreed between the SG and the SFRS.

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

### **Budget management**

34. Each year, in the light of decisions by the Scottish Ministers on the allocation of budgets for the forthcoming financial year, the SG will send to the SFRS a formal statement of its budgetary provision, and a note of any related matters and details of the budget monitoring information required by the SG. The terms of that letter, referred to as the Budget Allocation and Monitoring letter, should be viewed as complementing the content of this document. The monthly monitoring is the primary means of in-year budgetary control across the SG. As such bodies must comply with the format and timing of the monitoring together with any requests for further information. The statement of budgetary provision will set out the budget within the classifications of resource Departmental Expenditure Limits (RDEL), capital DEL (CDEL) and Ring-fenced (non-cash) (RfDEL). The SFRS 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.

35. If the trading and other resource income realised (including profit or loss on disposal of non-current assets) – scored as negative RDEL, or the net book value of disposals of non-current assets – scored as negative CDEL is less than included in the agreed budget the SFRS shall, unless otherwise agreed with the SG, ensure a corresponding reduction in its gross expenditure. (The extent to which the SFRS exceeds agreed budgets shall normally be met by a corresponding reduction in the budgets for the following financial year.) If income realised is more than included in

the agreed budgets the SFRS 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**

36. Any [grant in aid](#) (i.e. the cash provided to the SFRS 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 the SFRS - and the level of funds required to meet any relevant liabilities at the year-end. Grant in aid not drawn down by the end of the financial year shall lapse. Grant in aid shall not be paid into any restricted reserve held by the SFRS.

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

## **Risk management**

37. The SFRS shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of generally recognised best practice in corporate governance, and develop an approach to risk management consistent with the [Risk Management](#) section of the SPFM. Reporting arrangements should ensure that the sponsor unit is made aware of relevant risks and how they are being managed. The SFRS 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**

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

## **Performance management**

39. The SFRS 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 Strategic and Annual Operating Plan. The results of such reviews should be reported on a regular basis to the SFRS board and copied to the SG. The SG shall assess the SFRS's performance, proportionately, on a continuous basis and

hold a formal review meeting at least twice a year. The responsible Scottish Minister shall meet the SFRS Chair at least once a year.

## **SFRS staff management**

### 40 Broad responsibilities for SFRS staff

The SFRS 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
- the performance of its staff at all levels is satisfactorily appraised and the SFRS'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 the SFRS'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 SFRS - see chapter 5 of [Public Bodies: A Guide for Departments](#)

### Pay and conditions of service

41. The SFRS shall consider the wider principles of SG Pay Policy in relation to support staff and the Chief Officer. Payment of salaries should also comply with the [Tax Planning and Tax Avoidance](#) section of the SPFM. Proposals on non-salary rewards must comply with the guidance in the [Non-Salary Rewards](#) section of the SPFM.

### Pensions, redundancy and compensation

42 Superannuation arrangements for the SFRS staff are subject to the approval of the SG. SFRS staff shall normally be eligible for a pension provided by the Firefighters' Pension Scheme 1992, the New Firefighters' Pension Scheme 2006, The Retained Modified Pension Scheme 2015 or Firefighters' 2015 Pension Scheme or the LGPS. Staff may opt out of the occupational pension scheme provided by the SFRS, but the employers' contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.

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

### **Asset and property management**

44 The SFRS shall maintain an accurate and up-to-date record of its current and non-current assets consistent with the [Property: Acquisition, Disposal & Management](#) section of the SPFM. 'Non-current' assets should be disposed of in accordance with the SPFM. The SG's Property Division should be consulted about relevant proposed disposals of property that the SFRS holds for operational purposes (rather than investment) at the earliest opportunity so it may be advertised internally. An [Internal Advertisement](#) form must be completed and submitted at least one month prior to property being advertised on the open market. Any proposal to acquire land, buildings or other rights in property for accommodation / operational purposes should comply with the SPFM. The SFRS is also subject to the [SG Asset Management Policy](#), including the requirement for acquisition of a new lease, continuation of an existing lease, decision not to exercise a break option in a lease or purchase of property for accommodation / operational purposes, to be approved in advance by Scottish Ministers. The Property Controls Team should be consulted as early as possible in this process. All assets (property, plant and equipment) are to be properly recorded and updated as necessary by the SFRS on the Cabinet Office [electronic Property Information Mapping System](#) (e-PIMS).

### **Specific financial provisions**

#### **Delegated authorities**

45 The SFRS's specific delegated financial authorities - as agreed in consultation between the SFRS and the SG - are set out in the attached **Appendix**. The SFRS shall obtain the SG's prior written approval before entering into any undertaking to incur any expenditure that falls outside these delegations. The SFRS shall also comply with any requirements for prior SG approval included in the SPFM and/or this document. Prior SG approval must always be obtained before incurring expenditure for any purpose that is or might be considered novel, contentious or repercussive or which has or could have significant future cost implications.

#### **Income generation**

46 The SFRS shall seek to optimise income - grant in aid does not qualify as income - from all sources, including from the [European Union](#), and ensure that the SG is kept informed. Such income generation should not be to the detriment of the SFRS's fulfilment of its primary responsibilities and core functions. Novel or contentious proposals for new sources of income or methods of fundraising must be approved by the SG. Fees or charges for any services supplied by the SFRS shall be determined in accordance with the [Fees & Charges](#) section of the SPFM.

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

### **Financial investments**

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

### **Borrowing**

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

### **Lease arrangements**

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

### **Tax arrangements**

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

## **Lending and guarantees**

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

## **Third party grants**

53 Unless covered by a specific delegated authority the SFRS shall not, without the SG's prior agreement, provide grant funding to a third party. Such funding would be subject to the guidance in the [State Aid](#) section of the SPFM. Guidance on a framework for the control of third party grants is provided as an [annex](#) to the Grant & Grant in Aid section of the SPFM.

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

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

## **Insurance**

55 The SFRS is subject to the SG policy of self-insurance. Commercial insurance must however be taken out where there is a legal requirement to do so and may also be taken out in the circumstances described in the [Insurance](#) section of the SPFM - where required with the prior approval of the SG. In the event of uninsured losses being incurred the SG shall consider, on a case by case basis, whether or not it should make any additional resources available to the SFRS. The SG will provide the SFRS with a Certificate of Exemption for Employer's Liability Insurance.

## **Procurement and payment**

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

57 Any major investment programmes or projects undertaken by the SFRS shall be subject to the guidance in the [Major Investment Projects](#) section of the SPFM. The sponsor unit must be kept informed of progress on such programmes and projects and Ministers must be alerted to any developments that could undermine their viability. ICT investment plans must be reported to the SG's Office of the Chief Information Officer.

58 The SFRS shall pay all matured and properly authorised invoices relating to transactions with suppliers in accordance with the [Expenditure and Payments](#) section of the SPFM and in doing so shall seek wherever possible and appropriate to meet the SG's target for the payment of invoices within 10 working days of their receipt.

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

59 Unless covered by a specific delegated authority the SFRS shall not, without the SG's prior approval, make gifts or special payments or write-off of losses. Special payments and losses are subject the guidance in the [Losses and Special Payments](#) section of the SPFM. Gifts by management to staff are subject to the guidance in the [Non-Salary Rewards](#) section of the SPFM.

### **Clawback**

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

### **State Aid**

61 State aid is a European Commission term which refers to forms of public assistance, given to undertakings on a discretionary basis, which has the potential to distort competition and affect trade between Member States of the European Union. Any activity that the SFRS 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**

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

**EXECUTIVE SFRS MODEL FRAMEWORK DOCUMENT: APPENDIX**  
**SPECIFIC DELEGATED FINANCIAL AUTHORITIES**

	<b>Delegated Limit</b>
Non-competitive action contracts	<b>£25,000</b>
Operating leases – other than property/ accommodation related leases	Able to take out lease at market value up to 5 years with a rental up to <b>£15k</b> per annum
Gifts	<b>£1,000</b>
Special payments	<b>£1,000</b>
Claims waived or abandoned	<b>£25,000</b>
Write-off of bad debt and/or losses	<b>£1,000</b>
External Business and Management Consultancies	<b>£100,000</b>



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Any enquiries regarding this publication should be sent to us at  
The Scottish Government  
St Andrew's House  
Edinburgh  
EH1 3DG

ISBN: 978-1-78781-058-7 (web only)

Published by The Scottish Government, June 2018

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA  
PPDAS436186 (06/18)

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