

**The Scottish Government**  
**and**  
**The Scottish Charity Regulator**  
**Framework Document**

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23 February 2024 s	1.0	As required, but before February 2027	Mary McAllan Director, Public Service Reform Scottish Government  Marieke Dwarshuis Chair OSCR

## **Introduction**

1. The Scottish Charity Regulator is a body corporate established by section 1 of the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act) and which holds the office known as ‘the Office of the Scottish Charity Regulator’ (OSCR). By virtue of the Charities and Trustee Investment (Scotland) Act 2005 (Consequential Provisions and Modifications) Order 2006 that office is to be regarded as one of the offices of the Scottish Administration which are not ministerial offices. It is not part of the Scottish Government and for administrative purposes it is classified as a Non-Ministerial Office. As such, OSCR reports to the Scottish Parliament.

2. This framework document is agreed between OSCR and the Scottish Ministers. It recognises the fundamental independence of OSCR and sets out how the organisation will work with the Scottish Government (SG), and the key roles and responsibilities of:

- the Board of OSCR (Board),
- the Chief Executive and Accountable Officer of OSCR,
- the Scottish Ministers, and
- the Portfolio Accountable Officer within SG whose remit includes liaison with OSCR.

3. This document does not create legal obligations or confer any legal powers or responsibilities, but it is a formal agreement between the Scottish Ministers and OSCR. As a live document it should be reviewed by SG and OSCR if a change is required and at least within each 3 year period after the date of this document.

4. Any question regarding the interpretation of this document will be resolved through discussion between SG and OSCR. Legislative provisions take precedence over any part of this document.

5. OSCR is not permitted to establish any subsidiaries or enter into joint ventures without express approval from Scottish Ministers.

6. This document will be published on the OSCR website.

7. OSCR performs its functions in a way which builds trust and confidence in Scottish charities, holds charities to account and strengthens their ability to positively contribute to society.

## **Key functions of OSCR**

8. OSCR is the independent registrar and regulator of charities in Scotland. It is responsible for its own strategic direction, operational activities and the decisions it takes. Section 1(5) of the 2005 Act sets out OSCR’s general functions. These are:

- a) to determine whether bodies are charities,
- b) to keep a public register of charities,
- c) to encourage, facilitate and monitor compliance by charities with the provisions of the 2005 Act,
- d) to identify and investigate apparent misconduct in the administration of charities and to take remedial or protective action in relation to such misconduct, and
- e) to give information or advice, or to make proposals, to the Scottish Ministers on matters relating to OSCR's functions.

9. Advice offered by OSCR in furtherance of the latter function may be offered as part of an on-going dialogue between it and SG or may take the form of direct advice on particular issues about the functions of OSCR. OSCR may also, as part of its Annual Report, make general recommendations arising from the exercise of its functions in accordance with section 2 of the 2005 Act. Scottish Ministers will endeavour to provide a formal response to these recommendations as soon as is reasonably practicable.

10. In accordance with section 1(9) of the 2005 Act, in performing its functions OSCR must, so far as relevant, have regard to the principles under which regulatory activities should be proportionate, accountable, consistent, transparent and targeted only at cases in which action is needed; and any other principle which appears to OSCR to represent best regulatory practice.

11. The Scottish Ministers are responsible for formulating and implementing third sector policy including the legislative framework for charity regulation, and for wider policy and legislation that may affect charities and charity regulation.

12. OSCR is responsible for setting its own strategic and business priorities.

## **Governance and Accountability**

13. This section summarises the specific responsibilities and accountabilities of the key people involved in the governance of OSCR and in managing its relationship with SG.

### **The Board**

14. The members of OSCR, including the Chair, are non-executives who form the corporate body, which is known colloquially as the Board. They are appointed by the Scottish Ministers in line with the [Code of Practice for Ministerial Public Appointments in Scotland](#). The Chair and other Board Members are accountable to the Scottish Parliament and may be required to give evidence to Parliamentary Committees.

15. The Board has overall responsibility for the organisation's strategic leadership, to ensure OSCR meets its statutory objectives and performs its general functions, as set out at paragraph 8 above. In fulfilling this responsibility, individual Members, under the leadership of the Chair, will:

- a. set strategic plans to perform the functions of OSCR, focusing on how the work of OSCR can most effectively contribute to achievement of the outcomes in the [National Performance Framework](#), in collaboration with SG and other public bodies to the extent that this is possible without compromising its independence,
- b. regularly scrutinise current and projected performance against the aims, objectives and targets set out in plans and take decisions on remedial action where required,
- c. ensure that effective governance is established and maintained, including ensuring that decision-taking is open and transparent and, with support from the OSCR Accountable Officer and the Audit and Risk and Casework Committees, ensure that key risks are identified and managed,
- d. approve the annual report and accounts in conjunction with the Chief Executive/Accountable Officer, and ensure these are copied to the Scottish Ministers and laid before the Scottish Parliament,
- e. promote the efficient, economic and effective use of resources consistent with the principles of [Best Value](#), regularly scrutinise financial performance and scrutinise compliance with the Scottish Public Finance Manual (SPFM), including through collaboration and use of shared services,
- f. exercise collective responsibility for the actions and decisions of OSCR,
- g. encourage the wellbeing, learning and development of staff, provide support and challenge to the Chief Executive on staffing matters and ensure that OSCR meets the NMO staff management responsibilities described in the section on those responsibilities below,
- h. maintain the independence of OSCR from SG.

16. The Chair will:

- a. lead the Board, ensuring that all Board Members have suitable induction to understand the role and their responsibilities, that the skills and experience of all Board Members are used effectively and that the Board undertakes regular self-assessment of its performance,
- b. ensure that the performance of each Board Member is reviewed at least once per year and that the Board and/or individual Board Members undertake development activity when required to ensure the effectiveness of the Board,

- c. ensure that the Board reviews its effectiveness annually,
- d. ensure that a Code of Conduct (aligned to the Model Code of Conduct for Board Members) 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 Ethical Standards Commissioner,
- e. work with the Portfolio Accountable Officer or their delegate(s) and the Public Appointments Team in SG on succession planning for the Board, take action as necessary to fill vacancies as they arise, promote skills requirements and promote diversity by encouraging applications from less represented groups, including younger people, people from minority ethnic backgrounds and people with disabilities,
- f. work with the Portfolio Accountable Officer or their delegate(s) and the Public Appointments Team in SG on the recruitment of the Chief Executive/Accountable Officer.

17. SG will provide specific guidance on how the Chair and Board Members should discharge their duties in their appointment letters and in [On Board – A Guide for Members of Statutory Boards](#). Guidance on governance good practice is available in the SPFM. A list of key aspects of governance to consider is included in the section on Governance and Risk below.

### **The Chief Executive/Accountable Officer**

18. The Chief Executive is a senior civil servant employed and appointed by the Board and is the principal adviser to the Board on the discharge of its functions. The terms and conditions of his or her appointment require the approval of the Scottish Ministers. In accordance with the Public Finance and Accountability (Scotland) Act 2000, the Principal Accountable Officer (who is the Permanent Secretary to the Scottish Government) has designated the Chief Executive of OSCR as its Accountable Officer. The Chief Executive's role is to provide operational leadership to staff working for OSCR 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.

19. The specific duties of the Chief Executive will be set out in a job description, and annual objectives will be agreed between the Chair and the Chief Executive and used in appraisal of the Chief Executive's performance. In addition to any other specific duties, the Chief Executive will:

- a. advise the Board on the discharge of its responsibilities, as set out in the 2005 Act, any other applicable legislation, any relevant guidance issued by or on behalf of the Scottish Ministers, and this document,
- b. implement or oversee implementation of the decisions of the Board,

- c. work with the Board on preparation of the Corporate Strategy, and ensure that operational and business plans are put in place to meet the Corporate Strategy aims, objectives and performance measures,
- d. manage the staff of OSCR, ensuring their wellbeing, learning and development are prioritised, and ensuring that the NMO staff management responsibilities set out in the section below are addressed,
- e. manage the budget for OSCR in line with SG Finance guidance, policies and procedures, including preparing annual accounts which are compliant with the SPFM,
- f. advise the 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),
- g. manage the day-to-day relationship with SG officials, including the Portfolio Accountable Officer and Senior Lead Officer and other key stakeholders, including staff of other public bodies,
- h. promote the efficient, economic and effective use of resources consistent with the principles of Best Value.

20. In advising the 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 (OSCR Chief Executive)**

21. The Accountable Officer is personally responsible for the propriety and regularity of the public finances of OSCR and ensuring that its resources are used economically, efficiently and effectively, as 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 Parts of the Scottish Administration](#) in the SPFM.

22. The Accountable Officer may consult the SG Portfolio Accountable Officer and/or the Senior Lead Officer on any aspect of accountable officer duties.

23. The Accountable Officer will receive annual certificates of assurance from responsible officers in Scottish Government in respect of shared services including HR, Finance systems and Digital.

### **The Scottish Ministers**

24. The Scottish Ministers appoint the Chair and Board Members in terms of schedule 1 of the 2005 Act, but they do not oversee the performance of OSCR, which is scrutinised by the Scottish Parliament. The Scottish Ministers will work with the Board in line with the Shared Principles set out below.

25. The Scottish Ministers will:

- a. determine the proposed budget, ensuring that this is sufficient for OSCR to carry out its functions and deliver on its Corporate Strategy, and seek to secure the necessary Parliamentary approval for it,
- b. approve pay remits or proposals and superannuation arrangements for the staff, Chief Executive, Chair and Board members in line with the Public Sector Pay Policy in place at the time,
- c. where appropriate approve terms for staff, consent to disposal of land or guarantees and consent to the location of OSCR premises.

### **SG Portfolio Accountable Officer**

26. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of SG) also designates each Director General as the Portfolio Accountable Officer (AO) for particular portfolio areas. The Director General Communities will designate a Senior Lead Officer in managing the relationship between SG and OSCR.

27. The Portfolio AO's duties are to establish a framework for the relationship between SG and OSCR, 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. The responsibilities of a Portfolio AO are set out in detail in the [Memorandum to Accountable Officers for Parts of the Scottish Administration](#).

28. The Portfolio AO will:

- a. make sure the framework document is agreed between the SG and the Board of OSCR, reviewed regularly and oversee the operation of the roles and responsibilities set out in it,
- b. in line with the [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,
- c. support regular and effective engagement between OSCR and the relevant Scottish Minister(s),
- d. make sure there is clear, documented delegation of day-to-day responsibilities to a Senior Lead Officer and that the Board and senior officials of OSCR are aware of these delegated responsibilities,
- e. ensure OSCR is made aware of strategic developments that may impact on the organisation, that the organisation's position is taken into account in SG policy decisions, and ensure that SG has due regard to advice provided by OSCR,
- f. ensure appropriate SG corporate services are available to support and facilitate the work of OSCR,



- g. ensure appropriate arrangements are in place for conducting the Chair's annual appraisal and agreeing their annual objectives,
- h. ensure that the line management of the Chief Executive is carried out in line with SG and SCS HR processes,
- i. meet the Chair of OSCR at least twice annually to discuss SG policy and strategy as they relate to the work of OSCR and, as appropriate, to discuss matters of governance including arrangements for the appointment and appraisal of Board members and other strategic matters.

29. The Portfolio AO remains personally answerable to the Scottish Parliament for the implementation of this framework.

### **SG Senior Lead Officer**

30. The Senior Lead Officer is a member of SG staff at Senior Civil Service level, from the relevant policy area, usually the Deputy Director with responsibility for third sector policy.

31. The Senior Lead Officer will:

- a. advise Ministers on the strategic direction of OSCR in the context of wider departmental or cross-governmental objectives,
- b. establish and maintain effective working relations through regular contact, including regular meetings,
- c. advise the Chair and Chief Executive of OSCR of appropriate points of contact,
- d. maintain effective arrangements for communicating and exchanging information about the charity sector.

### **Shared Principles**

32. OSCR and the Scottish Ministers confirm that they will adhere to the following shared principles:

- a. OSCR and the Scottish Ministers are committed to good and effective communications with each other, and in particular the Scottish Ministers will keep OSCR informed of any policy changes or issues that may be relevant to its operation,
- b. OSCR will not act in such a way as might compromise, or be seen to compromise, its own independence,
- c. Scottish Ministers will not act in such a way as might compromise, or be seen to compromise, the independence of OSCR,

- d. OSCR will remain politically neutral,
- e. OSCR will carry out its functions with integrity, will promote transparency and will ensure that appropriate summaries of its activity and financial performance are available for scrutiny by the Scottish Parliament and the general public,
- f. OSCR is bound by the confidentiality requirements set out in the Code of Conduct for Members of OSCR and section 24 of the 2005 Act,
- g. OSCR and the Scottish Ministers will both work in ways which support the best principles of corporate governance and financial accountability as set out in the SPFM,
- h. Given the nature and breadth of the charity sector in Scotland, the work of charities reaches across SG Directorates and policy areas. Scotland's charities are key partners in setting the agenda and delivering across the National Outcomes set out in the National Performance Framework. OSCR has particular expertise, knowledge and information that can assist the SG's formulation and implementation of policy. Scottish Ministers and their officials should seek advice from OSCR on legislation, policy and other developments which are likely to significantly affect charities. OSCR will proactively draw relevant issues to the attention of Scottish Ministers and their officials,
- i. OSCR will ensure where appropriate that the relevant SG Directorate is informed in advance of any significant OSCR correspondence, announcements or publications that may have implications for SG. SG Directorates will, in turn, where appropriate inform OSCR in advance of any SG correspondence, announcements or publications which may have significant implications for OSCR or the charity sector,
- j. SG and OSCR will establish and maintain effective working relations through regular contact with each other, including regular meetings at SCS level,
- k. The Chair and Chief Executive of OSCR will meet with the Cabinet Secretary with responsibility for charity law at least once each year.

33. SG and OSCR will review these meeting arrangements and communications from time to time.

## **NMO staff management responsibilities**

### **Broad responsibilities for OSCR staff**

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

- OSCR complies with SG Main HR policies, practices and systems, including grievance, disciplinary and whistleblowing,
- OSCR's HR policies, practices and systems comply with employment and equalities legislation, and standards expected of public sector employers,
- the level and structure of staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness (subject to the SG [Pay Policy for Staff Pay Remits](#)),
- the performance of staff at all levels is regularly appraised and performance management systems are reviewed from time to time,
- staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve OSCR's objectives,
- proper consultation with staff takes place on key issues affecting them, as appropriate, including working in partnership with trade unions.

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

35. Staff of OSCR are on SG Main or Senior Civil Service terms and conditions and pay settlements will therefore be determined through the negotiation process for SG Main staff. Payment of salaries by OSCR will comply with the [Tax Planning and Tax Avoidance](#) section of the SPFM. Proposals on non-salary rewards will comply with the guidance in the [Non-Salary Rewards](#) section of the SPFM.

### **Pensions, redundancy and compensation**

36. OSCR staff will normally be eligible for a pension provided by the Principal Civil Service Pension Scheme (PCSPS). Staff may opt out of the PCSPS, but the employers' contribution to any personal pension arrangement, including stakeholder pension, will normally be limited to the national insurance rebate level in line with SG Main policies.

37. Any proposal by OSCR to pay any redundancy or compensation for loss of office, requires the prior approval of the Scottish Ministers. Proposals on 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 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, OSCR should engage with the Senior Lead Officer prior to proceeding with proposed severance options, and prior to making any offer either orally or in writing.

## **Corporate and business plans**

38. The Chief Executive is responsible for preparing a Corporate Strategy for the Board's approval. This should cover the medium to long term business of OSCR, conform to current guidance and good practice for Scottish public bodies and take appropriate account of the National Performance Framework. The Corporate Strategy will include OSCR's:

- a) purpose and principal aims,
- b) contribution to the national outcomes set out in the [National Performance Framework](#), including any collaboration with other public bodies,
- c) analysis of the environment in which it operates,
- d) key objectives and associated key performance targets for the period of the Corporate Strategy, and the strategy for achieving those objectives,
- e) indicators against which its performance can be judged,
- f) details of planned efficiencies, describing how better value for money will be achieved, including through collaboration and use of shared services

39. The Corporate Strategy will inform the development of a separate business plan for each financial year, which will include key targets and milestones for the year immediately ahead. OSCR will send a copy of the annual business plan to the SG Senior Lead Officer each year for information.

## **Annual report and accounts**

40. OSCR will prepare and publish an annual report of its activities as soon as practicable after the end of each financial year in accordance with section 2 of the 2005 Act, together with its audited accounts. It will comply with the H.M. Treasury [Financial Reporting Manual](#) (FReM) and outline the body's main activities and performance against agreed objectives and targets for the previous financial year.

41. The annual accounts will be prepared in accordance with relevant legislation and the specific Accounts Direction (including compliance with the FReM) and relevant guidance issued by the Scottish Ministers. The annual accounts will be audited by the Auditor General for Scotland (AGS) or by auditors appointed by AGS.

42. Each annual report will explain how OSCR has carried out its statutory functions during the financial year. The annual report will contain an outline of OSCR main activities and performance. In accordance with section 2(2) of the 2005 Act, the

annual report may include any general recommendations which OSCR may have arising from the exercise of its functions during that and any previous financial year. As part of the Scottish Administration, OSCR is subject to the accountability and audit provisions of Part 2 of the Public Finance and Accountability (Scotland) Act 2000, including the duty to prepare annual accounts. For each financial year OSCR will produce accounts of expenditure incurred in the fulfilment of its statutory functions.

43. Each annual report and audited accounts will be laid before the Scottish Parliament and will be published. A copy will be provided to the Senior Lead Officer in advance of publication.

## **External audit**

44. The AGS audits, or appoints auditors to audit, OSCR's annual accounts and the accounts are laid 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 OSCR has used its resources in discharging its functions and/or carry out examinations into the arrangements made by OSCR to secure Best Value.

45. OSCR is required to establish internal audit mechanisms, in accordance with the objectives and standards laid down in the SG Internal Audit Manual and in a way that demonstrates best value for money. The SG Portfolio AO reserves the right to have appropriate representatives (e.g. Internal Audit) undertake any work required to provide independent assurance about OSCR's management and control, if he or she considers it necessary, following appropriate dialogue with the Accountable Officer and/or the OSCR Board.

46. The AGS, or the AGS's 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, OSCR. OSCR 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**

47. OSCR 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

## **Budget management and delegated authority**

48. Each year the Portfolio AO or Senior Lead Officer will engage with OSCR as part of the Directorate finance planning process and will confirm a budget allocation for OSCR and will provide details of the budget monitoring information required. OSCR will comply with the format and timing of the monitoring information requested and with any requests for further information.

49. 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) – and, where applicable, Annually Managed Expenditure. These categories are explained in [Annual Budgeting Process](#) in the SPFM, and OSCR will not transfer budgetary provision between the categories without the prior approval of the SG Finance Directorate, which should be sought directly or via the Senior Lead Officer. Transfers within the categories are at the discretion of the 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.

50. Where budgetary provision includes projected income, any reduction in income will usually need to be offset by an equivalent reduction in spending.

51. SG and OSCR will consider financial contingency arrangements for dealing with any unforeseen costs (including but not restricted to costs of legal action initiated by or against OSCR) associated with the use of OSCR's statutory functions, the use of other provisions of the 2005 Act or other requirements placed on OSCR as a public body.

## **Governance and Risk**

52. 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](#)

53. If in any doubt about a governance issue, the Chair or Chief Executive may consult the Senior Lead Officer who may in turn put them in touch with the SG Public Bodies Unit, the SG Governance and Risk Team and/or other teams with relevant expertise.

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

### **Risk management**

55. OSCR must develop an approach to risk management consistent with the [Risk Management](#) section of the SPFM. Where a risk or issue has wider implications for SG or other public bodies, or where SG may have a role in the management of a risk or issue, the Chief Executive or Chair should ensure that this is brought to the attention of the Senior Lead Officer as early as possible. They should consider alignment with the SG approach to risk management, as appropriate.

56. The 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**

57. The 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.

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

59. 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. ICT investment plans must be reported to the SG's Office of the Chief Information Officer.

60. OSCR 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. OSCR must also register with [Information Commissioners Office](#) and ensure that it complies with the Data Protection Act 2018 and the General Data Protection Regulations, commonly known as GDPR.

### **Budget and finance**

61. Public bodies should not invest in any venture of a speculative nature.

62. Non-standard tax management arrangements should always be regarded as novel and/or contentious. Relevant guidance is provided in the [Tax Planning and Tax Avoidance](#) section of the SPFM. OSCR must comply with all relevant rules on taxation, including VAT, and recover input tax where it is entitled to do so.

63. Optimising income (not including grant-in-aid) from all sources should be a priority, and SG Finance 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 SG Finance. Fees or charges for any services supplied must be determined in accordance with the [Fees & Charges](#) section of the SPFM.

64. Gifts, bequests or donations received score as income and should be provided for in the agreed RDEL and CDEL budgets, but should not fund activities or assets normally covered by budget allocation or fee income, and conflicts of interest must be considered – see the principles in the [Gifts](#) section of the SPFM.

65. Borrowing cannot be used to increase OSCR's spending power. All borrowing must be from the Scottish Ministers in accordance with guidance in the [Borrowing, Lending & Investment](#) section of the SPFM.

66. 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 OSCR 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 the sponsor SG Finance or if 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.

67. 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. '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 OSCR holds for operational purposes (rather than investment) at the earliest opportunity so it may be advertised internally.

68. 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 SG Finance as soon as possible to determine the implications for OSCR's budget.

69. 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.

70. As stipulated in Annex 1 of the SPFM, OSCR must ensure that specific sanction for expenditure has been obtained from SG Financial Management Directorate in all cases where it is required. It is required for any expenditure not covered by standing delegated authorities e.g. losses and special payments in excess of specific delegated authorities, novel, contentious or repercussive



expenditure. In cases not covered by the Budget Act, e.g. in connection with a service not contemplated when the Budget Bill was presented, you must ensure that SG Financial Management Directorate is informed in order that appropriate advice can be given, and, if necessary, the parliamentary procedures followed. OSCR is also responsible for the collection and bringing to account in due form of all receipts of any kind connected with the budget and accounts for which you are responsible.

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

72. Before entering into or continuing any finance, property or accommodation-related lease arrangement, OSCR 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. There must be CDEL provision in the budget allocation for finance leases and other transactions which are in substance borrowing.

73. 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.

74. 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 the target of payment within 10 working days of their receipt.

75. OSCR is subject to the 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 SG Finance. 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 OSCR. SG Finance will provide a Certificate of Exemption for Employer's Liability Insurance.

76. The EU State aid regime was effectively revoked from UK law from 1 January 2021 and subsidy control provisions are now covered by the UK-EU Trade and Cooperation Agreement (TCA). They are also covered by the UK's international obligations, including various Free Trade Agreements and those arising as a consequence of World Trade Organisation membership. Currently, any activity that SG undertakes itself, or funds other bodies to undertake, that can be offered on a

commercial market for goods and services, is subject to the TCA subsidy rules. A full assessment is required prior to disbursing any funding, subject to the guidance in the [subsidy regime section of the SPFM](#). The UK Subsidy Control Act received Royal Assent in April 2022 and subsidy control regulation changed significantly from 4 January 2023.

## Remuneration

77. Remuneration, allowances and any expenses paid to the Chair and 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.

78. Staff pay, pensions and any severance payments must be in line with the requirements of Public Sector Pay Policy and the responsibilities described in the section on NMO Staff Management Responsibilities.

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

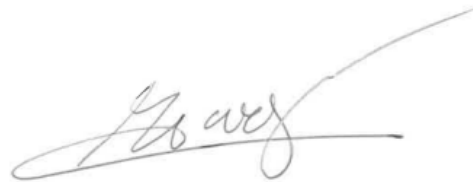
## Cash Management

80. Cash management arrangements need to be addressed as well as overall budget management. Any cash provided to OSCR to support the allocated budget for the year in question will be authorised by the Scottish Parliament in the annual Budget Act. OSCR will normally receive monthly instalments based on updated profiles and will not seek any payment in advance of need. Budget provision not drawn down by the end of the financial year will lapse.

Signed by:



**Mary McAllan**  
**Director, Public Service Reform**  
**Scottish Government**



**Marieke Dwarshuis**  
**Chair**  
**OSCR**