

Scottish Legal Complaints Commission


Governance and Accountability Framework

July 2025

Governance and Accountability Framework Document

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Alison Dewar	Final	As required, but before end 2028	

Introduction

1. This framework document is agreed between the Scottish Legal Complaints Commission (“the SLCC”) and the Scottish Ministers. It summarises how the SLCC and Scottish Government (SG) will work together, and the key roles and responsibilities of:

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

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 should be reviewed by SG and the SLCC regularly, and at least every 2-3 years. Any significant changes will be agreed between the Board and the Scottish Ministers.

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

3. The SLCC is not permitted to establish any subsidiaries or enter into joint ventures without express approval from Scottish Ministers.

4. Copies of the document will be published on the SLCC’s website.

Purpose

5. The SLCC is established under section 1(1) of the [Legal Profession and Legal Aid \(Scotland\) Act 2007](#) (“the 2007 Act”). The constitution of the SLCC is set out in Schedule 1 of the 2007 Act. The SLCC does not carry out its functions on behalf of the Crown. In terms of status, the SLCC is:

- (i) a body corporate;
- (II) a legal entity incorporated pursuant to an Act of the Scottish Parliament;
- (ii) not to be regarded as a servant or agent of the Crown, or having any status, immunity or privilege of the Crown, nor are its members or its employees to be regarded as civil servants, nor its property as property of, or held on behalf of, the Crown.

6. Under the 2007 Act, the SLCC’s purpose, strategic aims and objectives as an independent complaints body, as agreed by the Scottish Ministers, are to:

- provide a single point of contact for all complaints against legal practitioners operating in Scotland;
- investigate and resolve complaints about inadequate professional service;
- refer conduct complaints to the relevant professional organisation and have oversight of complaint handling across the profession;
- promote and advise on good complaint handling across the legal profession, making recommendations to contribute to the development of good professional legal practice in Scotland;
- oversee indemnity arrangements in the sector;
- publish trend reports;
- build trust as a highly visible, independent, fair and respected body in Scotland;
- promote strong relationships between consumers and their lawyers;
- deliver early resolution and redress when issues haven’t been resolved by the lawyer;
- drive improvement through a learning culture, education, and our influence in the sector, develop as a high performing organisation; and
- support the statutory ‘Consumer Panel’.

The SLCC is funded by a statutory levy on lawyers and presently receives no public funding. Priorities and objectives must, therefore, relate to the sector, the statutory purposes, and to other tasks to facilitate those purposes, but not to wider responsibilities of government.

The SLCC is an independent adjudicative body and regulator. In dispensing these functions, through policy and individual decision making, the SLCC has complete independence of decision making.

Governance and Accountability

7. This section summarises the specific responsibilities and accountabilities of the key people involved in governance of the SLCC.

The Board

8. Members of the Board of the SLCC, including the Chair, are non-executives appointed by the Scottish Ministers in line with the [Code of Practice for Ministerial Public Appointments in Scotland](#). The Chair and Board Members are accountable to the Scottish Ministers and also to the Scottish Parliament and may be required to give evidence to Parliamentary Committees.

9. The Board has overall responsibility for the delivery of the functions of the SLCC set out at paragraphs 5 to 6 above, in accordance with the aims, policies and priorities of the Scottish Ministers. The Board has corporate responsibility, under the leadership of the Chair, and it will:

- a. set strategic plans to deliver the functions of the SLCC, focusing on how the work of the SLCC can most effectively contribute to achievement of the outcomes in the [National Performance Framework](#), the [Programme for Government](#) and [Scotland's Economic Strategy](#) in collaboration with the SG and other public bodies;
- 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 Accountable Officer and the Audit and Risk Committee, ensure that key risks are identified and managed;
- d. approve the annual report and accounts and ensure these are provided to the Scottish Ministers to be laid before the Scottish Parliament;
- e. promote the efficient, economic and effective use of resources consistent with the principles of [Best Value](#), and regularly scrutinise financial performance and compliance with financial guidance issued by the SG;
- f. promote the wellbeing, learning and development of staff, provide support and challenge to the Chief Executive on staffing matters and ensure that the SLCC meets the **NDPB staff management responsibilities** described in the section below.

10. 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 Standards Commission;
- e. work with the Portfolio Accountable Officer or their delegate(s) and the Public Appointments Team in SG on succession planning for the Board, 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.

11. 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

12. The Chief Executive is employed and appointed by the Board with the approval of the Scottish Ministers and is the principal adviser to the Board on the discharge of its functions and is accountable to the Board. The Chief Executive role is to provide operational leadership to staff working for the SLCC 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.

13. 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.

14. 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 this Framework Document, in the founding legislation and in any other relevant instructions and guidance issued by or on behalf of the Scottish Ministers;
- b. implement or oversee implementation of the decisions of the Board;
- c. work with the 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 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 the SLCC, ensuring their wellbeing, learning and development are prioritised, and ensuring that the **NDPB staff management responsibilities** set out in the section below are addressed;
- e. manage the budget for the SLCC in line with SG Finance guidance, policies and procedures, including the Scottish Public Finance Manual, and 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);
- f. agree with the Board and the Portfolio AO or Senior Sponsor what information is required to enable the Board and SG to scrutinise the performance and progress of the SLCC against overall strategic and business plan aims and objectives, and ensure that the agreed information is provided and that is both accurate and timely;
- g. the Chief Executive's Executive Team 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 the SLCC and other key stakeholders, including staff of other public bodies.

15. 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

16. The Principal Accountable Officer for the Scottish Administration will designate a senior official in the SLCC, usually this will be the Chief Executive unless there are specific reasons not to, as the Accountable Officer. The Accountable Officer is personally responsible for the propriety and regularity of the public finances of the SLCC 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 for the exercise of their functions. 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. These include:

- ensuring the propriety and regularity of the SLCC's finances and that there are sound and effective arrangements for internal control and risk management;
- ensuring that the resources of the SLCC are used economically, efficiently and effectively and that appropriate arrangements are in place to secure Best Value;
- ensuring compliance, with relevant guidance issued by the Scottish Ministers, in particular the SPFM;
- signing the annual accounts and associated governance statements; and
- a statutory duty to obtain written authority from the Board / Chair before taking any action which he/she considered would be inconsistent with the proper performance of the Accountable Officer functions.

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

17. 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 and sent to the Clerk of the Public Audit Committee. 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.

18. 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

19. The Scottish Ministers appoint the Chair and Board Members and hold the Board to account for the performance of the SLCC 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 the SLCC directly as it does with all public sector bodies. The Scottish Ministers are not directly responsible for the operation of the SLCC and founding legislation prevents them from directing the Board in relation to specific statutory functions.

20. The Scottish Ministers will:

- a. agree the strategic aims, objectives and key targets of the SLCC as part of the corporate planning process;
- b. agree the budget for the SLCC, and secure the necessary Parliamentary approval;
- c. approve the Code of Conduct of the SLCC Board;
- d. approve pay remits or proposals and superannuation arrangements for the staff, Chief Executive, Chair and Board members;
- e. Lay the accounts of the SLCC before the Scottish Parliament;
- f. carrying out responsibilities specified in the Legal Profession and Legal Aid (Scotland) Act 2007 such as appointments to the SLCC's Board, approving both the terms and conditions of Board members, and the appointment of the Chief Executive.

SG Portfolio Accountable Officer

21. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) has designated the Director General for Education and Justice as the Portfolio Accountable Officer (AO) for the SG.

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

23. The Portfolio AO will:

- a. make sure the framework document is agreed between the Scottish Ministers and the Board of the SLCC, reviewed regularly and oversee the operation of the roles and responsibilities set out;
- b. ensure that financial and other management controls being applied by the SLCC 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 the SLCC 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 Board and senior officials of the SLCC are aware of these delegated responsibilities.

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

Relationship between Scottish Government and the Scottish Legal Complaints Commission

25. Strategic engagement between the SG and the SLCC 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 the SG and the SLCC will take all necessary steps to ensure that their relationship is developed and supported in line with the jointly agreed principles set out in the statement on '[Strategic Engagement between the Scottish Government and Scotland's NDPBs](#)'. 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 the SLCC.

26. 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 the 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.

Scottish Government Director and Deputy Director

27. The Director for Justice and Deputy Director for Civil Law and Legal System Division have responsibility for overseeing and ensuring effective relationships between the SG and the SLCC which support alignment, where appropriate and proportionate, of the SLCC's business to the SG's Purpose and National Outcomes and high performance by the SLCC. They will work closely with the SLCC Chief Executive and be answerable to the Portfolio Accountable Officer for maintaining and developing positive relationships with the SLCC characterised by openness, trust, respect and mutual support. They will be supported by a sponsor unit in discharging these functions. The Director for Justice shall be responsible for assessing the performance of the SLCC chair, at least annually. This assessment will not relate to decision making in relation to determination or oversight functions. The role of the Lord President in relation to removal of the chair or of members is as set out in the 2007 Act.

Sponsor unit responsibilities

28. The SG sponsor unit for the SLCC is the Access to Justice Unit. It is the normal point of contact for the SLCC in dealing with the SG. The sponsor unit, under the direction of the Director/Deputy Director, is the primary source of advice to the Scottish Ministers on the discharge of their responsibilities in respect of the SLCC 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 SG and Scotland's NDPB's](#)' and ensuring that sponsorship is suitably flexible, proportionate and responsive to the needs of the Scottish Ministers and the SLCC;
- ensuring that appointments to the SLCC Board are made timeously and, where appropriate, in accordance with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland;
- proportionate monitoring of the SLCC's activities through an adequate and timely flow of appropriate information, agreed with the SLCC, on performance, budgeting, control and risk management;
- addressing in a timely manner any significant problems arising in the SLCC, alerting the Portfolio Accountable Officer and the responsible Minister(s) where considered appropriate;
- ensuring that the objectives of the SLCC and the risks to them are properly and appropriately taken into account in the Scottish Government's risk assessment and management systems; and
- informing the SLCC of relevant SG policy in a timely manner.

NDPB staff management responsibilities

Broad responsibilities for NDPB staff

29. 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:

- 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 the SLCC's performance management systems 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;

- effective grievance and disciplinary procedures are in place and ensures that staff know where to access and how to use;
- effective whistle-blowing policy and procedures consistent with the Public Interest Disclosure Act 1998 are in place and ensures that staff know where to access and how to use; and
- a code of conduct for staff is in place.

Pay and conditions of service

30. The SLCC will comply with the SG Pay Policy in relation to staff and the Chief Executive. The Chief Executive will ensure that a pay remit, in line with the SG [Pay Policy for Staff Pay Remits](#), is submitted to the SG for approval in line with the timetable notified and negotiate a pay settlement within the terms of the approved remit. This should normally be done annually, unless a multi-year deal has been agreed. Payment of salaries should also 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.

31. The SLCC 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

32. Superannuation arrangements for staff are subject to the approval of the Scottish Ministers. The SLCC staff will normally be eligible for a pension provided by its own scheme. 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.

33. Any proposal by the SLCC to move from existing pension arrangements, or 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, a body should engage with the Sponsor Team prior to proceeding with proposed severance options, and prior to making any offer either orally or in writing.

Corporate and business plans

34. As set out in section 29(5)(b) of the 2007 Act, the SLCC will prepare a draft strategic or corporate plan setting out its strategic aims, objectives and targets, for consideration by the Scottish Ministers. When a new plan is to be prepared, the SG encourages the Chief Executive or their delegate to liaise with the sponsor unit to agree the key points to be addressed and the timetable for preparation and review to be agreed. The final agreed version of the strategic or corporate plan will be published on the SLCC website.

35. The corporate plan will include the SLCC's:

- purpose and principal aims of the SLCC;
- contribution 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 the SLCC 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 the SLCC propose to achieve better value for money including, where relevant, through collaboration and use of shared services; and
- other key points agreed with the Sponsor Team as described above.

36. 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 National Performance Framework, and be linked to budgeting information so that, where possible, resources allocated to achieve specific objectives can be identified. A copy of the SLCC's business plan will be provided to the sponsor unit prior to the start of the relevant financial year.

Annual report and accounts

37. The SLCC 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 the SLCC. It will comply with the Government [Financial Reporting Manual](#) (FReM) and outline the NDPB's 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.

38. 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.

39. The SG Sponsor Unit should receive a copy of the annual report for comment, and a copy of the draft accounts for information, by 31 October, when possible and in agreement with the Sponsor Unit. Section 22(5) of the [Public Finance and Accountability Act 2000](#) requires Scottish Ministers to lay a copy of the accounts and the auditor's report before the Parliament and to publish the accounts and the auditor's report. The legislation also requires the accounts and auditor's report to be laid no later than 31 December in any given year. The SLCC is responsible for the publication of the annual report and accounts after they have been laid by the Scottish Ministers and shall be published on the SLCC's website.

External audit

40. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, the SLCC's 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 SLCC has used its resources in discharging its functions. The AGS may also and/or carry out examinations into the arrangements made by the SLCC to secure Best Value.

41. The AGS, or the AGS's appointed auditors or examiners, have a statutory right of access to documents and information held by relevant persons, (except those in relation to individual complaints, which may be subject to privilege and client confidentiality, and which would be a criminal offence for the SLCC to disclose under the 2007 Act) including any contractors to or recipients of grants from the SLCC. In addition, the SLCC 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

42. The SLCC 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 the SLCC and notify the SG at the earliest opportunity, namely the Portfolio AO or Senior Sponsor contacts in the Sponsor Unit immediately of any unusual or major incidents.

43. The SG's Internal Audit and Assurance Directorate has an expectation of cooperation and access to all documents held by the SLCC and its internal auditor (except those in relation to individual complaints, which may be subject to privilege and client confidentiality, and which would be a criminal offence for the SLCC to disclose under the 2007 Act), including where the service is contracted out, when required. The parameters for which would be set out in an engagement document before information was shared. The SLCC 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

44. The SLCC consults on a budget each year and has delegated authority to spend within that approved budget. In accordance with section 29(4), (8) and (10) in Part 1 of the 2007 Act, the SLCC must:

- in January each year, consult each relevant professional organisation and its members on its proposed budget for the next financial year;
- no later than 31 March in each year, publish the responses it has received in the consultation carried out in the immediate preceding January;
- lay a copy of the finalised budget before the Parliament no later than 30 April in each year.

45. The SLCC's specific delegated financial authorities - as agreed in consultation between the Board and the Scottish Ministers - are set out in Annex A. The 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. The 2007 Act, paragraph 12, Schedule 1 states that the SLCC can enter into contracts but must seek permission before borrowing money, acquiring/disposing of land and may obtain advice or assistance from any person but must seek the Scottish Ministers permission in respect of fees etc. The SLCC 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 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

46. 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](#)

47. If in any doubt about a governance issue, the 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.

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

Risk management

49. The SLCC 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.

50. 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

51. 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.

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

53. 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. **ICT investment plans** must be reported to the Scottish Government's Office of the Chief Information Officer.

54. The SLCC 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. The SLCC must also register with the [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

55. 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 the SLCC's objectives. Public bodies should not invest in any venture of a speculative nature.

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

57. **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 and the requirements of levy setting in the 2007 Act.

58. **Gifts, bequests or donations** received by the SLCC 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 Model Code of Conduct.

59. **Borrowing** cannot be used to increase the SLCC's 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.

60. 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 the SLCC 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 and SG Finance. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.

61. 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. SLCC 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 the Scottish Ministers. The Property Controls Team should be consulted as early as possible in this process.

62. Assets should be recorded on the balance sheet at the appropriate valuation basis in accordance Government [Financial Reporting Manual](#) (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 the NDPB's budget.

63. 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.

64. 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 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.

65. Unless covered by a specific delegated authority, the SLCC 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 the NDPB 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 capital departmental expenditure limits (DEL provision) in the budget allocation for finance leases and other transactions which are in substance borrowing.

66. **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 Commercial 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.

67. 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 and wherever possible and appropriate within Scottish Ministers' target of payment within 10 working days of their receipt.

68. SLCC 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 the NDPB. The relevant sponsor team will provide a Certificate of Exemption for Employer's Liability Insurance.

69. Unless covered by a specific delegated authority the SLCC 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.

70. The EU State aid regime was effectively revoked from UK law from 1 January 2021. Following this, subsidy control provisions were covered by the UK-EU Trade and Cooperation Agreement (TCA) and the UK's international obligations, including various Free Trade Agreements and those arising as a consequence of World Trade Organisation membership. However, a new UK subsidy control regime came into force on 4 January 2023 as a result of UK Government's Subsidy Control Act 2022 and associated regulations. Currently, any activity that a public body undertakes itself, or funds other bodies to undertake, that can be offered on a commercial market for goods and services, is subject to the regulations made under the Subsidy Control Act 2022. A full assessment is required prior to disbursing any funding, subject to the guidance in the subsidy control section of the SPFM.

Remuneration

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

72. **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 NDPB Staff Management Responsibilities.

73. 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

74. **Banking** arrangements adopted by the SLCC must comply with the [Banking](#) section of the SPFM.

75. **Cash management** arrangements. The SLCC 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.

Helpful information

76. 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

		Delegated Limit
External business and management consultancies (not including legal advisers in relation to the SLCC's core functions)		£100,000
Non-competitive action		£10,000
Operating leases – other than property/ accommodation related leases		£10,000 (Note 1)
Gifts		£1,000
Special payments (e.g. ex-gratia payments)		£1,000
Claims waived or abandoned (not including in relation to the SLCC's adjudicative functions)		£10,000
Write-off of bad debt and/or losses (not including in relation to the SLCC's adjudicative functions and the recovery of 'complaints levies' as defined in the 2007 Act)		£10,000
Others as appropriate e.g.		
Guarantees etc. out with normal course of business		-
Charges on assets		-
Loans		NIL (Note 2)
Grants		NIL
Financial investments and equity shares		- (Note 3)
Major investment programmes/ projects		NIL

Note 1: This figure refers to the total sum of the repayments under a single lease.

Note 2: Lending is restricted to employee related loans for travel season tickets.

Note 3: The SLCC is not authorised to make investments.