



Loch Lomond and The Trossachs National Park Authority Framework Document

Agenda Item 6 – Appendix 1

National Park Authority Board

11 December 2023

Paper for noting

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Approved	Version	Next Review	Signed by
[date]	1.0	As required, but before [date plus 3 years]	[names as signatories]

Introduction

1. This framework document is agreed between Loch Lomond and the Trossachs National Park Authority (LLTNPA) and the Scottish Ministers. It summarises how Loch Lomond and the Trossachs National Park Authority and Scottish Government (SG) will work together, and the key roles and responsibilities of:

- the Members of Loch Lomond and the Trossachs National Park Authority, informally known as “the Board”
- the Chief Executive and Accountable Officer of Loch Lomond and the Trossachs National Park Authority
- the Scottish Ministers; and
- the Portfolio Accountable Officer within the SG whose remit includes Loch Lomond and the Trossachs National Park Authority.

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 LLTNPA regularly, and at least every 2-3 years. Any significant changes will be agreed between LLTPNA and the Scottish Ministers.

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

3. LLTNPA 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 LLTNPA website.

Purpose

5. LLTNPA is established under the National Parks (Scotland) Act 2000 (hereafter referred to as “the 2000 Act”), and the Loch Lomond and the Trossachs National Park Designation, Transitional and Consequential Provisions (Scotland) Order 2002.

6. LLTNPA contributes to the achievement of the Scottish Ministers’ objectives and priorities by aligning its aims and objectives with the [National Performance Framework](#), [National Strategy for Economic Transformation](#) and [Programme for Government](#).

LLTNPA's main statutory duties include:

- under sections 9 to 15 and Schedules 2 and 3 of the National Park (Scotland) Act 2000;
- carrying out the full functions of a planning authority under the Planning Acts, including planning and development management
- operate the powers of an access authority under the Land Reform (Scotland) Act 2003;
- Operating navigation and camping management byelaws under the Loch Lomond & The Trossachs Camping Management Byelaws 2017, Loch Lomond Byelaws 2013, National Parks (Scotland) Act 2000, Land Reform (Scotland) Act 2003 and Civic Government (Scotland) Act 1982;
- Additional functions and duties have also been given to LLTNPA under legislation enacted since its formation. LLTNPA will ensure that these functions, duties and powers and any others subsequently assigned to it are performed in line with statutory requirements. This includes responsibilities under:
 - Part 4 of the Climate Change (Scotland) Act 2009
 - Part 3 of the Public Services Reform (Scotland) Act 2010
 - Section 2A of the Nature Conservation (Scotland) Act 2004 (as inserted by Part 5 of the Wildlife and Natural Environment (Scotland) Act 2011).
 - Parts 2, 3 and 5 of the Community Empowerment (Scotland) Act 2015

LLTNPA's purpose, strategic aims and objectives, as agreed by the Scottish Ministers, are set out in the 2000 Act defining the general purpose for the LLTNPA which is to ensure the National Park aims are achieved in a coordinated way. These aims are supported by a number of objectives set out in the LLTNPA's National Park Partnership Plan, Corporate and Annual Operational Plans.

7. LLTNPA also has a duty under sections 11-14 of the 2000 Act to prepare and have regard to a National Park Partnership Plan (NPPP) and to review the NPPP at least every five years and submit it to Scottish Ministers for approval. The Plan sets out the Board's policy for managing the National Park, and co-ordinating the exercise of the Board's functions in relation to the National Park, and the functions of other public bodies and officeholders which affect the National Park. It also provides strategic direction for the work of the Board, setting key outcomes and policies needed to deliver the aims of the National Park, identifying partners who will help to deliver these outcomes and policies over the coming five year period.

Governance and Accountability

8. LLTNPA is established under the National Parks (Scotland) Act 2000 as a body corporate under the direction of a Board. Loch Lomond and the Trossachs National Park Designation, Transitional and Consequential Provisions (Scotland) Order 2002 ("the Designation Order 2002") (modified in 2010) specifies the individual powers and functions, including in relation to planning, the composition of the Park Authority and the boundary of the National Park. The constitution of LLTNPA is set

out Schedule 1 of the 2000 Act and Article 5 of the Designation Order 2002. LLTNPA does not carry out its functions on behalf of the Crown.

Members of the Loch Lomond and the Trossachs National Park Authority (known as “the Board”)

9. Membership of LLTNPA, informally known as the Board, including the Convener, consists of seventeen members. Six members are directly appointed by Scottish Ministers. in line with [the Code of Practice for Ministerial Public Appointments in Scotland](#). Five members are elected by a poll (in accordance with paragraph 3(2) of schedule 1 to the 2000 Act and The Loch Lomond and The Trossachs National Park Elections (Scotland) Order 2002). Six members are appointed by the Scottish Ministers upon nomination by local authorities. Additionally, four of the members must be local members (in accordance with paragraph 3(5) and (6) of schedule 1 of the National Parks (Scotland) Act 2000 and Article 5(3) of the Designation Order 2002). Like all Non-Departmental Public Body (NDPB) Boards in Scotland, the LLTNPA Board operates on the basis of collective responsibility. Regardless of the means by which members are appointed to the Board, members’ overall purpose individually and collectively is to provide leadership, direction, support, and guidance to ensure that LLTNPA delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers.

10. The Board has overall responsibility for the delivery of the functions of LLTNPA, as set out at paragraphs 5, 6 and 7 above, in accordance with the aims, policies and priorities of the Scottish Ministers. The Board has corporate responsibility, under the leadership of the Convener, to:

- a. set strategic plans to deliver the functions of LLTNPA, focusing on how the work of LLTNPA can most effectively contribute to achievement of the outcomes in the [National Performance Framework](#), the [Programme for Government](#) and other key national strategies, such as, Scottish Biodiversity Strategy, Climate Change Plan, National Planning Framework, National Strategy for Economic Transformation etc 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 LLTNPA meets the [LLTNPA staff management responsibilities](#) described in the section below.

11. **The Convener** 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.

12. Specific guidance on how the Convener 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

13. The Chief Executive is employed and appointed by the Board, with the approval of the Scottish Ministers; 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 LLTNPA and to ensure that LLTNPA's aims and objectives are met, its functions are delivered, and its targets are met through effective and properly controlled executive action.

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

15. 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 LLTNPA, ensuring their wellbeing, learning and development are prioritised, and ensuring that the [LLTNPA staff management responsibilities](#) set out in the section below are addressed;
- e. manage the budget for LLTNPA in line with Scottish Government 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 of LLTNPA and progress 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 LLTNPA and other key stakeholders, including staff of other public bodies.

16. 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

17. The Principal Accountable Officer for the Scottish Administration will designate a senior official in LLTNPA, 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 LLTNPA 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 Other Public Bodies](#) in the Scottish Public Finance Manual.

18. It is important for the Convener 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 ensure a copy is 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.

19. 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

20. The Scottish Ministers hold the LLTNPA to account for the performance of LLTNPA and its use of resources. Ministers are ultimately accountable to the Scottish Parliament for ensuring LLTNPA is discharging its duties effectively, although the Parliament will scrutinise the performance of LLTNPA directly as it does with all public sector bodies. The Scottish Ministers are not directly responsible for the operation of LLTNPA [and founding legislation prevents them from directing LLTNPA in relation to specific statutory functions].

21. The Scottish Ministers will:

- a. agree the strategic aims, objectives, and key targets of LLTNPA as part of the corporate planning process;
- b. agree the budget for LLTNPA, and secure the necessary Parliamentary approval;
- c. approve the Code of Conduct of the LLTNPA Board;
- d. approve pay remits or proposals and superannuation arrangements for the staff, Chief Executive, Convener and Board members;
- e. Lay the accounts of the LLTNPA before the Scottish Parliament;
- f. carrying out responsibilities specified in the National Parks (Scotland) Act 2000 such as appointments to LLTNPA's board, approving the terms and conditions of board members, and approving the appointment of the chief executive;
- g. in accordance with section 16 of the 2000 Act, giving guidance and directions of a general or specific character as to the exercise of

LLTNPA's functions with which LLTNPA must comply, but before giving such directions the Scottish Ministers must consult the LLTNPA;

- h. in accordance with section 17 and 18 of the 2000 Act, making arrangements for any of their functions, so far as exercisable in relation to a National Park, to be exercised on their behalf by LLTNPA. This does not affect the responsibility of the Scottish Ministers for the exercise of their functions

SG Portfolio Accountable Officer

22. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) has designated the Director General for NetZero as the Portfolio Accountable Officer (AO) for the SG portfolio budget which will provide funding for the LLTNPA.

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

24. The Portfolio AO will:

- a. make sure the framework document is agreed between the Scottish Ministers and LLTNPA, is reviewed regularly and oversee the operation of the roles and responsibilities set out in that document;
- b. ensure that financial and other management controls being applied by LLTNPA 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 Convener 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 Convener;
- d. support regular and effective engagement between LLTNPA 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 LLTNPA are aware of these delegated responsibilities.

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

Relationship between Scottish Government and LLTNPA

26. Strategic engagement between the SG and LLTNPA 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 LLTNPA 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 LLTNPA.

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

28. Specific responsibilities include:

- proportionate monitoring of LLTNPA's activities through an adequate and timely flow of appropriate information, agreed with LLTNPA, on performance, budgeting, control, and risk management;
- addressing in a timely manner any significant problems arising in LLTNPA, alerting the Portfolio Accountable Officer and the responsible Minister(s) where considered appropriate;
- ensuring that the objectives of LLTNPA and the risks to them are properly and appropriately taken into account in the SG's risk assessment and management systems;
- informing LLTNPA of relevant SG policy in a timely manner.

LLTNPA staff management responsibilities

Broad responsibilities for LLTNPA 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 pay and 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 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. LLTNPA will comply with 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. LLTNPA 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. LLTNPA staff will normally be eligible for a pension provided by PCSPS. 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. [Note that there is an exception for LLTNPA's coverage by the PCSPS partnership arrangement, and for PCSPS by-analogy versions]

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

35. The corporate plan will include LLTNPA's:

- purpose and principal aims;
- contribution to the National Park Partnership Plan including how it will help to achieve the national outcomes set out in the [National Performance Framework](#), the [Programme for Government](#) and other key national strategies, such as, Scottish Biodiversity Strategy, Climate Change Plan, National Planning Framework, National Strategy for Economic Transformation etc in collaboration with the SG and other public bodies;
- analysis of the environment in which it operates;
- key objectives and associated key performance targets for the period of the plan, and the strategy for achieving those objectives;
- indicators against which its performance can be judged;
- details of planned efficiencies, describing how better value for money will be achieved, including through collaboration and use of shared services; and
- other key points agreed with the Sponsor Team as described above.

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

Annual report and accounts

37. As set out in section 26(3) to (5) of the National Parks (Scotland) Act 2000, LLTNPA will submit a copy of an annual report of its activities together with its audited accounts to the Scottish Ministers after the end of each financial year. The Scottish Ministers must lay a copy of the report before the Parliament and publish the report. The annual report and accounts will cover the activities of any corporate, subsidiary, or joint ventures under the control of LLTNPA. 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 Team should receive a copy of the annual report for comment, and a copy of the draft accounts for information, by 30 September. LLTNPA is responsible for the publication of the annual report and accounts after they have been laid by the Scottish Ministers. Whilst the statutory deadline for laying and publishing accounts audited by the AGS is 31 December after the end of the relevant financial year, the Scottish Ministers expect that accounts will be laid before the Scottish Parliament and published as early as possible.

External audit

40. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, LLTNPA'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 body has used its resources in discharging its functions and/or carry out examinations into the arrangements made by LLTNPA 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, including any contractors to or recipients of grants from LLTNPA. LLTNPA 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. LLTNPA 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 (or equivalent agreed with the appointed internal auditors), 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 LLTNPA and notify the Portfolio AO or Senior Sponsor immediately of any unusual or major incidents.

43. The SG's Internal Audit and Assurance Directorate has an expectation of cooperation and access to relevant material when required, the parameters for which would be set out in an engagement document before information was shared. LLTNPA 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. Each year the Sponsor Team will send the Board a Budget Allocation and Monitoring letter, notifying LLTNPA of the budget provision, any related matters and details of the budget monitoring information required. LLTNPA will comply with the format and timing of the monitoring information requested and with any requests for further information.

45. 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) – and, where applicable, Annually Managed Expenditure (AME). These categories are explained in [Annual Budget Processing](#) in the SPFM, and LLTNPA will not transfer budgetary provision between the categories without the prior approval of the SG Finance Directorate, which should be sought via the Sponsor Team. Transfers within the categories are at the discretion of the 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.

Where budgetary provision includes projected income, including any income from disposal of non-current assets, the Chief Executive will ensure that the SG Finance Directorate and Sponsor Team are made aware promptly of any forecast changes in

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

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

Governance and Risk

47. 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](#)

48. If in any doubt about a governance issue, the Convener 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.

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

Risk management

50. LLTNPA 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.

51. 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

52. 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.

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

54. 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 SG's Office of the Chief Information Officer.

55. LLTNPA 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. LLTNPA 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

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

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

58. 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.

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

60. Borrowing cannot be used to increase LLTNPA'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.

61. 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 LLTNPA must not lend money, charge any asset, give any guarantee or indemnity or letter of comfort, or incur any other contingent liability (as defined in the [Contingent Liabilities](#) section of the SPFM), whether or not in a legally binding form, without the prior approval of sponsors, SG Finance and where necessary the relevant committee of the Scottish Parliament. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.

62. 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. LLTNPA 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.

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

64. 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.

65. Unless covered by a specific delegated authority, prior approval from sponsors and SG Finance is required before making gifts or special payments or writing off losses. Special payments and losses are subject the guidance in the [Losses and Special Payments](#) section of the SPFM. Gifts by management to staff are subject to the guidance in the [Non-Salary Rewards](#) section of the SPFM.

66. Unless covered by a specific delegated authority LLTNPA 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 DEL provision in the budget allocation for finance leases and other transactions which are in substance borrowing.

67. 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

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

69. LLTNPA 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.

70. Unless covered by a specific delegated authority LLTNPA 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.

71. 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 LLTNPA 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 the current position will be subject to change when the new regime comes into force.

Remuneration

72. Remuneration, allowances, and any expenses paid to the Convener 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.

73. 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.

74. 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

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

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

Helpful information

75. 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

		(proposed) Delegated Limit
Incurring Expenditure, under exceptions set out in SPFM		£250,000*
External business consultancies and/or management consultancies		£100,000
Non-competitive action		£50,000
Operating leases – other than property/ accommodation related leases		£100,000
Gifts		£5,000
Special payments		£5,000
Claims waived or abandoned		£5,000
Write-off of bad debt and/or losses		£5,000
Third party grants		£100,000
Major investment programmes/ projects		N/A (incurring expenditure limit above applies)

* To assist the Scottish Government in managing overall DEL commitment levels, prior approval is currently required by SG Finance for any incurring expenditure commitment over £250,000