

**Community Justice Scotland
Governance and Accountability
Framework Document**

As at October 2017

COMMUNITY JUSTICE SCOTLAND GOVERNANCE AND ACCOUNTABILITY FRAMEWORK DOCUMENT

INTRODUCTION

1. This document has been drawn up by the **Scottish Government (SG)** in consultation with **Community Justice Scotland (CJS)**. It sets out the broad framework within which CJS will operate and defines key roles and responsibilities which underpin the relationship between CJS and the SG. While this document does not confer any legal powers or responsibilities, it forms a key part of the **accountability and governance framework** and should be reviewed and updated as necessary, **and at least every 2-3 years**. Any proposals to amend the framework document either by the SG or CJS will be taken forward in consultation and in the light of **SG priorities and policy aims**. Any question regarding the interpretation of the document shall be determined by the SG after consultation with CJS. Legislative provisions shall take precedence over any part of the document.

2. References to CJS include any subsidiaries and joint ventures owned or controlled by CJS. CJS will not establish subsidiaries or enter into joint ventures without the express approval of the Scottish Government.

3. Copies of the Framework shall be placed in the **Scottish Parliament Reference Centre**. It shall also be published on the SG and CJS websites.

PURPOSE, FUNCTIONS AND POWERS.

Legal Origins of powers and duties

4. CJS is established under the **Community Justice (Scotland) Act 2016 (the 2016 Act)** <http://www.legislation.gov.uk/asp/2016/10/contents>. The constitution is set out in Schedule 1 of the 2016 Act. CJS does not carry out its functions on behalf of the Crown.

5. The 2016 Act establishes a new model for the delivery of services which aim to prevent and reduce further offending, offer alternatives to imprisonment and support those who have offended to reintegrate into local communities, as set out in the SG's National Strategy for Community Justice. The Act places duties on a number of partners¹ who will work together with communities and the third sector to realise this ambition. CJS has been established to provide national leadership across the community justice landscape.

6. CJS has four main functions as set out in section 4 of the 2016 Act. These are:

- promote the National Strategy for Community Justice,
- monitor, promote and support improvement in, and keep the Scottish Ministers informed about, performance in the provision of community justice (and in particular, performance in relation to the achievement of the nationally determined outcomes),
- promote and support improvement in the quality and range of provision of community justice (and in particular, improvement in meeting the needs of persons *[with a history of offending behaviour²]* and, making the best use of the facilities, people and other resources available to provide community justice; and,
- promote public awareness of benefits arising from persons who are convicted of offences being sentenced to community disposals rather than imprisonment or detention in penal institutions, and, managing and supporting persons *[with a history of offending behaviour²]* with a view to them not offending in the future or, if that is not realistic, reducing future offending by them.

¹ Local Authorities; Health Boards; Police Scotland; Scottish Fire and Rescue Service; Skills Development Scotland; Integration Joint Boards, the Scottish Courts and Tribunals service

² As defined under the Community Justice (Scotland) Act 2016 – Sections 1(3), (6) and (7), and 4(1) and (2)

7. Community Justice Scotland will fulfil its role by:

- promoting public awareness of benefits arising from community justice, including early intervention, prevention and community sentences;
- monitoring, promoting and supporting improvement in, and keeping Scottish Ministers informed about, performance in the provision of community justice;
- keeping under review the National Outcomes, Performance and Improvement Framework for community justice in Scotland;
- hosting a Hub for innovation, learning and development, including commissioning research if deemed necessary; commissioning, procuring and managing contracts which have been identified and agreed by CJS; SG and, the community justice partners as being best delivered on a national basis;
- reviewing local Community Justice Outcome and Improvement plans and monitoring progress against these plans and against community justice outcomes in order to provide an independent overview of activity to Scottish Ministers and Local Government Leaders;
- identifying and providing advice on how justice and other resources can be better aligned to improve outcomes for community justice;
- making improvement recommendations to community justice partners and to Scottish Ministers as necessary; and,
- preparing and publishing an annual report providing information on the exercise of its functions.

8. CJS's strategic aims should be aligned to support the National Strategy for Community Justice. The **strategic aims and objectives will be set out in CJS's Corporate Plan which must be approved by Scottish Ministers**. CJS should also produce an annual business plan. Further detail on this process is set out at Paragraph 31.

GOVERNANCE AND ACCOUNTABILITY

Relationship Between SG and CJS

9. Effective strategic engagement between the SG and CJS is essential in order that we work together as effectively as possible. Both the SG and CJS 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'.

Ministerial Responsibilities

10. The Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities of CJS and its use of resources. They are not, however, responsible for day to day operational matters. Scottish Minister's responsibilities include:

- agreeing CJS's strategic aims and objectives and key targets as part of the corporate and business planning processes;
- agreeing the budget for CJS's administrative costs and any associated grant requirements to be paid to CJS, and securing the necessary Parliamentary approval for any grant;
- carrying out responsibilities specified in the 2016 Act including, development of the National Strategy for Community Justice and the Outcomes and Performance Indicators Framework, appointments to the CJS's Board, approving the terms and conditions of Board members, and appointment of the first Chief Executive; and
- other matters such as approving CJS's chief executive and staff pay remit and laying the annual report before the Parliament.

CJS Board Responsibilities

11. The CJS Board will consist of up to eight members, in addition to the Chair, and are all appointed by Scottish Ministers in line with the Code of practice for Ministerial Public Appointments in Scotland.

12. The role of the Board, including the Chair, is to provide leadership, direction, support and guidance to ensure that the body delivers and is committed to delivering its functions effectively and

efficiently with the aims, policies and priorities of Scottish ministers. The Board has corporate responsibility, under the leadership of the Chair, for the following:

- set out **strategic aims and objectives** for CJS to be agreed by Scottish Ministers;
- determining the steps needed to deal with changes which are likely to impact on the strategic aims and objectives of CJS and/or on the attainability of its operational targets;
- within in the context of community justice, the promotion and monitoring of the efficient, economic and effective use of staff and other resources by CJS are consistent with the principles of [Best Value](#), including, where appropriate, participation in [shared services](#) arrangements.
- ensuring that effective arrangements are in place to provide assurance on risk management, governance and internal control. (The Board must set up an Audit and Risk Committee chaired by a non-executive member to provide independent advice and assurance on the effectiveness of the internal control and risk management systems.);
- (in reaching decisions) taking into account relevant guidance issued by Scottish Ministers;
- ensuring that the Board receives and **reviews regular financial information** concerning the management and performance of CJS and is informed in a timely manner about any concerns regarding the activities of CJS;
- appointing with the approval of Scottish Ministers, the Chief Executive of CJS and, in consultation with the Scottish Government, set appropriate performance objectives and remuneration terms linked to these objectives which give due weight to the proper management and use of resources within the stewardship of CJS and the delivery of outcomes;
- demonstrating high standards of **corporate** governance at all times, including openness and transparency in its decision making.

13. Further guidance on how the Board should discharge its duties will be provided in appointments letters as well as in [On Board – A Guide for Members of Statutory Boards](#).

The Chair's Responsibilities

14. The Chair is accountable to the Scottish Ministers and, in common with any individual with responsibility for devolved functions, may also be held to account by the Scottish Parliament. Communications between CJS Board and the Scottish Ministers should normally be through the Chair. The Chair is responsible for ensuring that CJS policies and actions support the Scottish Ministers' wider strategic policies and that its affairs are conducted with probity.

15. In leading the Board the Chair must ensure that:

- the work of the Board is subject to regular self-assessment and that the board is working effectively;
- the Board has a balance of skills appropriate to directing CJS business, in accordance with recognised good practice in corporate governance;
- the Board Members are fully briefed on terms of appointment, duties, rights and responsibilities;
- the Chair, together with the other Board Members, receives appropriate induction training, including on financial management and reporting requirements and, as appropriate, on any differences that may exist between private and public sector practice;
- the Scottish Ministers are advised of CJS requirements when Board vacancies arise;
- there is a code of conduct for Board members, in place and approved by the Scottish Ministers.

16. The Chair will assess the performance of individual Board Members on a continuous basis; and undertake a formal appraisal annually of each member. The Chair, in consultation with the Board as a whole, is **also** responsible for undertaking an **annual appraisal of the performance of the Chief Executive**.

Individual Board Member responsibilities

17. Individual Board Members should act in accordance with the responsibilities of the Board as a whole and comply at all times with the code of conduct adopted by CJS and with the rules relating to the use of public funds and to conflicts of interest. (In this context “public funds” means not only any funds provided to CJS by the Scottish Ministers but also any other funds falling within the stewardship of CJS, including trading and investment income, gifts, bequests and donations.) General guidance on Board Members’ responsibilities is summarised in their appointment letters and is also provided in [On Board – A Guide for Members of Statutory Boards](#).

Chief Executive responsibilities

18. While the first Chief Executive is appointed by Scottish Ministers, they are employed by the CJS. Subsequent Chief Executives of CJS are appointed and employed by the Board with the approval of the Scottish Ministers. The Chief Executive is the Board’s principal adviser on the discharge of its functions and is accountable to the Board. Their role is to provide operational leadership to CJS and ensure that the Board’s aims and objectives are met and CJS functions are delivered and targets met through effective and properly controlled executive action. The Chief Executive’s general responsibilities include the performance, management and staffing of CJS. General guidance on the role and responsibilities of the Chief Executive is contained in [‘On Board – A Guide for Members of Statutory Bodies](#). Specific responsibilities to the Board include:

- advising the Board on the discharge of its responsibilities - as set out in this document, in the founding legislation and in any other relevant instructions and guidance issued by or on behalf of the Scottish Ministers - and implementing the decisions of the Board;
- ensuring that financial considerations are taken fully into account by the board at all stages in reaching and executing its decisions, and that appropriate financial appraisal and evaluation techniques, consistent with the [Appraisal and Evaluation](#) section of the [Scottish Public Finance Manual \(SPFM\)](#) are followed;
- ensuring that CJS adheres, where appropriate, to the Scottish Government’s Programme and Project Management (PPM) Principles;
- having robust performance and risk management arrangements - consistent with the Risk Management section of the SPFM - in place that support the achievement of CJS aims and objectives and that facilitate comprehensive reporting to the Board, the SG and the wider public;
- ensuring that adequate systems of internal control are maintained by CJS, including effective measures against fraud and theft consistent with the [Fraud](#) section of the SPFM;
- establishing appropriate documented internal delegated authority arrangements consistent with the [Delegated Authority](#) section of the SPFM;
- advising the board on the performance of CJS compared with its aims and objectives;
- preparing CJS corporate and business plans, in the light of the strategic aims and objectives agreed by the Scottish Ministers;
- ensuring effective relationships with SG officials; and ensuring that timely forecasts and monitoring information on performance and finance are provided to the SG; that the SG is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the SG in a timely fashion.

CJS Accountable Officer responsibilities

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

- ensuring the propriety and regularity of CJS finances and that there are sound and effective arrangements for internal control and risk management;
- ensuring that the resources of CJS 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.

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

Portfolio Accountable Officer responsibilities

21. The Principal Accountable Officer for the Scottish Administration will designate the Director-General for Learning and Justice as the Accountable Officer for the SG portfolio budget for CJS. Withdrawal of the Accountable Officer designation would also be a matter for the Principal Accountable Officer. The responsibilities of a Portfolio Accountable Officer are set out in detail in the [Memorandum to Accountable Officers for Parts of the Scottish Administration](#). She/he is personally answerable to the Scottish Parliament for ensuring that:

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

Scottish Government Director and Deputy Director

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

Sponsor unit responsibilities

23. The SG Sponsor Unit for CJS is the Community Justice Strategy and Sponsorship Unit. The Unit, under the direction of both the Director for Justice and Deputy Director of Community Justice, is the primary source of advice to the Scottish Ministers on the discharge of CJS responsibilities and undertakes the responsibilities of the Portfolio Accountable Officer on her/his behalf. Specific responsibilities include:

- discharging sponsorship responsibilities in line with the principles and framework set out in the document '[Strategic Engagement between the Scottish Government and Scotland's NDPBs](#)' and ensuring that sponsorship is suitably flexible, proportionate and responsive to the needs of the Scottish Ministers and CJS;
- ensuring that appointments to the CJS 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 CJS activities through an adequate and timely flow of appropriate information, agreed with CJS, on performance, budgeting, control and risk management;
- addressing in a timely manner any significant problems arising in CJS, alerting the Portfolio Accountable Officer and the responsible Minister(s) where considered appropriate;
- ensuring that the objectives of CJS and the risks to them are properly and appropriately considered in the SG risk assessment and management systems; and
- inform CJS of relevant SG policy in a timely manner.

Internal audit

24. CJS 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 Chief Executive in their capacity as CJS Accountable Officer;
- forward timeously to the SG the audit charter, strategy, periodic audit plans and annual audit assurance report, including CJS Head of Internal Audit opinion on risk management, control and governance and other relevant reports as requested; and
- keep records of, and prepare and forward timeously to the SG an annual report on fraud and theft suffered by CJS and notify the SG at the earliest opportunity of any unusual or major incidents.

25. The SG Internal Audit Directorate has a right of access to all documents held by CJS internal auditor, including where the service is contracted out. Through the Internal Audit Directorate, SG has a right of access to all NDPB records and personnel where there is a review, monitoring or reporting requirement.

External audit

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

27. The AGS, or examiners appointed by the AGS, may carry out examinations into the economy, efficiency and effectiveness with which CJS has used its resources in discharging its functions. The AGS may also carry out examinations into the arrangements made by CJS to secure Best Value. For the purpose of these examinations the examiners have a statutory right of access to documents and information held by relevant persons. In addition, CJS will provide, in contracts and any conditions to grants, for the AGS to exercise such access to documents held by contractors and sub-contractors and grant recipients as may be required for these examinations; and shall use its best endeavours to secure access for the AGS to any other documents required by the AGS which are held by other bodies.

Annual report and accounts

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

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

30. The draft report should be submitted to the SG for comment, and the draft accounts for information, **by 31 July** each year (or date as otherwise agreed). The final version should be available for Scottish Ministers to issue to the AGS **by 30 September** (or date as otherwise agreed). If a decision is taken for CJS to voluntarily lay the accounts before the Scottish Parliament, these must not be laid before they have been formally sent by the AGS to the Scottish Ministers. CJS will be responsible for the publication of this document e.g. on the CJS website but must liaise with the

sponsor area before arranging a publication date. The Annual Report and Accounts must not be put into the public domain until it has been laid before the Scottish Parliament.

MANAGEMENT RESPONSIBILITIES

Corporate and business plans

31. CJS must ensure that a **corporate plan**, agreed with the Scottish Ministers, is in place and published on the CJS website. CJS will agree with the SG the issues to be addressed in the plan and the timetable for its preparation and review. The finalised plan will reflect CJS strategic aims and objectives as agreed by the Scottish Ministers, indicative budgets and any priorities set by the Scottish Ministers. It will demonstrate how CJS's work aligns with the SG's [National Performance Framework](#). The corporate plan for CJS must include:

- the purpose and principal aims of CJS;
- an analysis of the environment in which CJS operates;
- key objectives and associated key performance targets for the period of the plan, the strategy for achieving those objectives and how these will contribute towards the achievement of the SG's primary purpose and alignment with the National Performance Framework;
- indicators against which performance can be judged;
- details of planned efficiencies, describing how CJS proposes to achieve better value for money, including through collaboration and shared services; and
- other matters as agreed between the SG and CJS.

32. The corporate plan must inform the development of a separate business plan for each financial year. The business plan for CJS must include key targets and milestones for the year immediately ahead, aligned to the National Performance Framework, and be linked to budgeting information so that resources allocated to achieve specific objectives can be identified. A copy of the CJS business plan must be provided to the sponsor unit prior to the start of the relevant financial year.

33. In accordance with Sections 10(9) and (10) of the 2016 Act, CJS must review the plan as soon as reasonably practicable after the publication of a revised National Strategy or may review the plan at any other time. CJS are required to submit the revised plan to Scottish Ministers for approval.

Budget management

34. Each year, in the light of decisions by the Scottish Ministers on the allocation of budgets for the forthcoming financial year, the SG will send to CJS **by 31 March** a formal statement of its budgetary provision, a note of any related matters and details of the budget monitoring information required by the SG.

35. Transfers of budgetary provision between the different classifications would require the prior approval of the SG Finance Directorate. Any proposals for such transfers should therefore be submitted to the sponsor unit. CJS should complete and send relevant budget monitoring returns to SG, as requested during each budget year. The SG should also be advised in the event that budget provision is forecast to be higher than estimated net expenditure.

36. Subject to the above, transfers of provision within the classifications may be undertaken without reference to the SG, subject to any constraints on specific areas of expenditure e.g. the approved pay remit.

37. If the trading and other resource income realised (including profit or loss on disposal of non-current assets) – scored as negative RDEL, or the net book value of disposals of non-current assets – scored as negative CDEL is less than included in the agreed budget CJS will, unless otherwise agreed with the SG, ensure a corresponding reduction in its gross expenditure. (The extent to which CJS exceeds agreed budgets will normally be met by a corresponding reduction in the budgets for the following financial year.) If income realised is more than included in the agreed budgets, CJS must consult and obtain the prior approval of the SG before using any excess to fund additional expenditure or to meet existing pressures. (Failure to obtain prior approval for the use of excess income – to fund additional expenditure will result in corresponding reductions in budgets for the following financial year. The only exception is where the income is from gifts, bequests and donations but this must be

spent within the same financial year as the receipt, otherwise additional budget allocation will be required. In any event, income from all sources and all planned expenditure should be reflected in the monthly budget monitoring statement.

Cash management

38. Any [grant in aid](#) (i.e. the cash provided to CJS by the SG to support the allocated budget) for the year in question must be authorised by the Scottish Parliament in the annual Budget Act. Grant in aid will be paid by instalments as agreed and on the basis of updated profiles and information on unrestricted cash reserves. Payment will not be made in advance of need, as determined by the level of unrestricted cash reserves and planned expenditure. Unrestricted cash reserves held during the course of the year must be kept to the minimum level consistent with the efficient operation of CJS - and the level of funds required to meet any relevant liabilities at the year-end. Grant in aid not drawn down by the end of the financial year shall lapse. Grant in aid shall not be paid into any restricted reserve held by CJS.

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

Risk management

40. CJS will ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of generally recognised best practice in corporate governance, and develop a risk management strategy, consistent with the [Risk Management](#) section of the SPFM. Reporting arrangements must ensure that the sponsor unit is made aware of relevant risks and how they are being managed. The CJS Audit and Risk Committee is also required, at the earliest opportunity, to notify the relevant SG Audit and Assurance Committee if it considers that it has identified a significant problem which may have wider implications and advise of action taken and proposed to address the issues.

Counter Fraud management

41. CJS must adopt and implement policies and practices to safeguard itself against fraud and theft, in accordance with the [Fraud](#) section of the SPFM. Application of these processes must be monitored actively, supported by a fraud response plan and robust reporting arrangements. This includes the establishment of avenues to report any suspicions of fraud. In addition CJS must take risk-based and proportionate steps to appraise the financial standing of any supplier or other body with which it intends to enter into a contract or to provide funding.

Performance management

42. CJS will operate management information and accounting systems that enable it to review, in a timely and effective manner, its financial and non-financial performance against the strategic aims, objectives, targets and milestones set out in the corporate and business plans. The results of such reviews should be reported on a regular basis to the CJS Board and copied to the SG. The SG will assess CJS performance on a continuous basis and **undertake a formal internal review at least twice a year**. The responsible Cabinet Secretary / Scottish Minister shall meet the CJS Chair at least once a year.

CJS staff management

43. CJS will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- personnel policies, practices and systems comply with employment and equalities legislation, and standards expected of public sector employers;
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness (subject to the SG Pay Policy for Staff Pay Remits);

- the performance of its staff at all levels is satisfactorily appraised and CJS performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve CJS objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle-blowing procedures consistent with the Public Interest Disclosure Act 1998 are in place; and
- a code of conduct for staff is in place based on the [Model Code for Staff of Executive NDPBs](#)

Pay and conditions of service

44. CJS will submit to the SG for approval (normally annually unless a multi-year deal has been agreed) a pay remit in line with the SG Pay Policy for Staff Pay Remits and negotiate a pay settlement within the terms of the approved remit. Proposals on non-salary rewards must comply with the guidance in the [Non-Salary Rewards](#) section of the SPFM. CJS must comply with employment and equalities legislation. The terms and conditions of the Chief Executive are subject to a separate approval exercise in line with the SG Pay Policy for Senior Appointments. Staff employed by CJS are not to be regarded as civil servants.

Pensions, redundancy and compensation

45. Superannuation arrangements for CJS staff are subject to the approval of the SG. CJS staff will normally be eligible for a pension provided by PCSPS. Staff may opt out of the occupational pension scheme provided by CJS but the employers' contribution to any personal pension arrangement, including stakeholder pension, will normally be limited to the national insurance rebate level.

46. Any proposal by CJS to move from existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the SG. Proposals on compensation payments must comply with the [Severance, Early Retirement and Redundancy Terms](#) section of the SPFM. This includes referral to the SG of any proposed compensation payment being considered for an individual outwith any existing approved scheme and *before* the individual is approached and any offer made either orally or in writing or, a business case for a settlement agreement being considered for an individual and before the individual is approached and offer made either orally or in writing.

Asset and property management

47. CJS will maintain an accurate and up-to-date record of its current and non-current assets consistent with the [Management of Assets](#) section of the SPFM. "Fixed" assets should be disposed of in accordance with the [Disposal of Property, Plant & Equipment](#) section of the SPFM. The SG's Property Division should be notified of relevant proposed disposals of property at the earliest opportunity and at least 1 month prior to them being advertised on the open market. Any proposal to acquire land, buildings or other rights in property should comply with the [Acquisition of Property](#) section of the SPFM. CJS is also subject to the [SG Asset Management Policy](#) including the requirement for any new commitments to be signed off in advance by the Scottish Ministers. Information concerning CJS property assets should be accurately recorded and updated as necessary by CJS on the Office of Government Commerce [electronic Property Information Mapping System](#) (e-PIMS).

Specific financial provisions

Delegated authorities

48. CJS specific delegated financial authorities - as agreed in consultation between CJS and the SG - are set out in the attached **Appendix**. CJS will obtain the SG's prior written approval before entering into any undertaking to incur any expenditure that falls outside these delegations. CJS will

also comply with any requirements for prior SG approval included in the SPFM and/or this document. Prior SG approval must always be obtained before incurring expenditure for any purpose that is or might be considered novel, contentious or repercussive or which has or could have significant future cost implications.

Income generation

49. CJS shall seek to optimise income - grant in aid does not qualify as income - from all sources, including from the [European Union](#), and ensure that the SG is kept informed. Novel or contentious proposals for new sources of income or methods of fundraising must be approved by the SG. Fees or charges for any services supplied by CJS shall be determined in accordance with the [Fees & Charges](#) section of the SPFM.

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

Financial investments

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

Borrowing

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

Lease arrangements

53. Unless covered by a specific delegated authority CJS will not enter into any finance, property or accommodation related lease arrangement – including the extension of an existing lease or the non-exercise of a tenant's lease break - without the SG's prior approval. Before entering / continuing such arrangements CJS 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. CJS must have capital DEL provision for finance leases and other transactions which are in substance borrowing. However, Scottish Ministers remain clear that, in considering future office accommodation needs, the presumption should be in favour of suitable solutions from within the Government estate in accordance with the guidance in the [Property Management](#) section of the SPFM.

Tax arrangements

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

Lending and guarantees

55. Any lending by CJS must adhere to the guidance in the [Borrowing, Lending & Investment](#) section of the SPFM on undertaking due diligence and seeking to establish a security. Unless covered by a specific delegated limit CJS must not, without the SG's prior approval, lend money,

charge any asset, give any guarantee or indemnity or letter of comfort, or incur any other contingent liability (as defined in the [Contingent Liabilities](#) section of the SPFM or in International Financial Reporting Standards), whether or not in a legally binding form. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.

Third party grants

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

Impairments, provisions and write-offs

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

Insurance

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

Procurement and payment

59. CJS procurement policies will reflect relevant guidance in the [Procurement](#) section of the SPFM and relevant guidance issued by the SG's Procurement and Commercial Directorate. Procurement should be undertaken by appropriately trained and authorised staff and treated as a key component of achieving CJS's objectives consistent with the principles of [Best Value](#), the highest professional standards and any legal requirements. Unless covered by a specific delegated authority any proposal to award a contract without competition (non-competitive action) must be approved in advance by the SG. All consultancy contracts over the value of £100,000 must be endorsed by the Chief Executive and approved in advance by the Cabinet Secretary for Finance and the Constitution or other Minister as specified in [the SG procurement guidance on Consultancy Services](#).

60. Any major investment programmes or projects undertaken by CJS will be subject to the guidance in the [Major Investment Projects](#) section of the SPFM and may also be subject to a specific delegated authority. The sponsor unit must be kept informed of progress on such programmes and projects and Ministers must be alerted to any developments that could undermine their viability. ICT investment plans must be reported to the SG's Information Services Investment Board.

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

Gifts made, special payments and losses

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

Clawback

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

Board expenses

64. Remuneration, allowances and expenses paid to board members and any pension arrangements must comply with the SG Pay Policy for Senior Appointments and any specific guidance on such matters issued by the Scottish Ministers.

COMMUNITY JUSTICE SCOTLAND FRAMEWORK DOCUMENT: APPENDIX

SPECIFIC DELEGATED FINANCIAL AUTHORITIES

	Delegated Limit (for Vote expenditure)
External business and management consultancies	£100,000
Non-competitive action	£10,000
Operating leases – other than property/ accommodation related leases	£10,000
Gifts	NIL
Special payments	£1,000
Claims waived or abandoned	£2,000
Write-off of bad debt and/or losses	£5,000
Others as appropriate e.g. Guarantees etc. outwith normal course of business Charges on assets Loans Grants Financial investments and equity shares Major investment programmes/ projects	NIL