

## **SOUTH OF SCOTLAND ENTERPRISE FRAMEWORK DOCUMENT**

### **Introduction**

1. This framework document has been drawn up by the Scottish Government (SG) in consultation with South of Scotland Enterprise (SOSE) (the NDPB). It has been prepared as an interim document, reflecting the need for a robust governance framework to be in place, but also recognising that the current Covid-19 pandemic presents unprecedented challenges both to the operation of the body and its capacity to agree a fully detailed framework at this point in time. This document is therefore intended to serve as an interim Framework Document, putting in place the immediate governance arrangements required for the body and SG to operate effectively.

2. This interim document sets out the broad, framework within which SOSE will operate and defines key roles and responsibilities which underpin the relationship between the NDPB 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 will be reviewed at a mutually agreed point when the immediate pressures caused by the pandemic have lessened. Any proposals to amend the framework document either by the SG or SOSE will be taken forward in consultation and in the light of SG priorities and policy aims. Any questions regarding the interpretation of the document shall be determined by SG after consultation with the NDPB. Legislative provisions shall take precedence over any part of the document.

3. References to SOSE include any subsidiaries and corporate joint ventures owned or jointly controlled by SOSE. The NDPB shall not establish subsidiaries or enter into joint ventures without the express approval of SG. If such a subsidiary or joint venture is created, SOSE shall notify SG in advance and there shall be a document setting out the arrangements between the subsidiary and SOSE.

4. Copies of the document shall be placed in the Scottish Parliament Reference Centre. It shall also be published on the SOSE website.

### **Purpose**

5. SOSE's primary purpose, as agreed by Scottish Ministers, is to focus its activities on the achievement of SG's purpose of increasing sustainable inclusive economic growth by aligning its aims and objectives with the Programme for Government (Pfg), Scotland's Economic Strategy (SES) and National Performance Framework (NPF).

6. SOSE's statutory duties, as set out in the South of Scotland Enterprise Act 2019 (the Act) are to:

- further the sustainable economic and social development of the South of Scotland; and
- improve the amenity and environment of the South of Scotland.

7. As well as deploying its own resources effectively and efficiently in fulfilment of these functions, SOSE should also use strong strategic leadership and collaboration with others so that collective resources can support each other's strategic aims. So, in fulfilling these functions, SOSE will work in partnership alongside the appropriate bodies, most notably in partnership with agencies contributing to the delivery of its remit. Effective partnership working should take place as appropriate at local, regional and national levels.

8. In addition, SOSE fulfils a series of financial duties and other functions as determined by Scottish Ministers under the Act. It also operates under a range of general and specific powers, set out in full in [sections 5 to 8 of the Act](#).

### **Action Plan**

9. The Act specifies that SOSE should produce an Action plan. This would ordinarily be completed within 6 months of an organisation coming into being. However, recognising the significant pressures

currently placed on the Agency by the COVID-19 situation, and the uncertainty this brings for future planning purposes, it has been agreed that SOSE should look to produce its Action for the beginning of financial year 2021/22, following the requirements outlining the process to be followed as set out in the Act. In the interim, the Agency should focus its efforts on delivering against the overarching aims of the Agency as set out in sections 5 (1) and 5 (2) of the Act, and in line with Ministerial priorities as set out in Letters of Guidance and other communications from Scottish Government. All actions should be consistent with the aims set out in the Scottish Government's National Performance Framework, Programme for Government and Scotland's Economic Strategy.

### **Relationship between Scottish Government and South of Scotland Enterprise**

10. Effective strategic engagement between SG and SOSE is essential in order that they work together as effectively as possible to maintain and improve public services and deliver improved outcomes. Both SG and SOSE 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'](#).

11. In working to achieve its strategic vision, purpose and priorities SOSE should:

- seek to maintain good working relationships with SG and respond to requests from SG – and otherwise provide appropriate information – timeously, comprehensively and accurately;
- participate in any further strategy development as requested by, or agreed with, SG;
- refer to the Scottish Public Finance Manual (SPFM) and any Finance Guidance notes which may be issued from time to time, to provide guidance on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety;
- when programmes or projects are being developed, consult SG officials at an early stage when these are major<sup>1</sup>, novel or contentious<sup>2</sup> and/or where the SG itself delivers complementary forms of support.

### **Ministerial responsibilities**

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

- agreeing SOSE's strategic aims and objectives and key targets as part of the action planning process;

---

<sup>1</sup> **Major** "major investment projects" are those with a total budget of £5m+ inclusive of fees and VAT. However, it is recognised that there are circumstances where a project's total budget is more than £5m, but the project is being led by a 'Project partner'. In those circumstances, provided SoSE's contribution is below the £5m threshold, the guidance in the SPFM on consultation with SG officials does not apply. However, all other relevant guidance in the SPFM will continue to apply. Information on 'major investment projects' can be found in the Major Investment Projects section of the SPFM, particularly in paragraph 7.

<sup>2</sup> **'Novel'** projects would include proposed expenditure or financial arrangements of a sort not previously undertaken or entered into, or that could not be considered, reasonably, to be standard practice. **'Contentious'** projects would include proposed expenditure or financial arrangements where there is doubt as to the regularity i.e. compliance with relevant legislation, guidance or propriety. Proposed expenditure or financial arrangements that might be considered to be politically sensitive would also be regarded as **'Contentious'**. Information on 'novel or contentious projects' can be found in the Delegated Authority section of the SPFM, particularly in paragraph 13.

- agreeing the budget and the associated grant in aid requirement to be paid to SOSE, and securing the necessary Parliamentary approval;
- carrying out responsibilities specified in the founding legislation such as appointments to SOSE's board, approving the terms and conditions of board members, and appointment of the first chief executive;
- other matters such as approving SOSE's chief executive and staff pay remit in line with SG [Pay Policy](#) and laying the accounts (together with the annual report) before the Parliament.

### **SOSE Board Responsibilities**

13. The SOSE board, including the Chair, normally consists of not less than 5, nor more than 11 non-executives appointed by the Scottish Ministers in line with the Code of Practice for Ministerial Public Appointments in Scotland. The SOSE Chief Executive is also a member as set out in Paragraph 2 (1) (c) of the Act.

14. The role of the Board is to provide leadership, direction, support and guidance to ensure the NDPB delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers. Details outlining the role of an effective Board is set out in the [On Board guidance](#).

### **Chair Responsibilities**

15. The Chair of the SOSE Board is accountable to the Scottish Ministers and, in common with any individual with responsibility for devolved functions, may also be held to account by the Scottish Parliament. Communications between the SOSE Board and the Scottish Ministers should normally be through the Chair, via the Sponsor Team, whilst recognising that the Chief Executive also has a key role to play in this respect. He or she is responsible for ensuring that SOSE's policies and actions support the Scottish Ministers' wider strategic policies and that its affairs are conducted with probity.

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

16. 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 SOSE 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 SOSE by the Scottish Ministers but also any other funds falling within the stewardship of SOSE, 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](#).

### **SOSE Chief Executive responsibilities**

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

### **SOSE Accountable Officer responsibilities**

18. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) will designate the Chief Executive as the Accountable Officer for SOSE. 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](#)

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

### **Portfolio Accountable Officer responsibilities**

20. The Principal Accountable Officer for the Scottish Administration will designate the Chief Executive of SOSE as Accountable Officer for the SG portfolio budget for SOSE. Withdrawal of the Accountable Officer designation is also 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](#).

### **Scottish Government Director and Deputy Director responsibilities**

21. The Director for Economic Development and Deputy Director for Regional Economic Development have responsibility for overseeing and ensuring effective relationships between SG and SOSE which support alignment of SOSE's business to SG's Purpose and National Outcomes and high performance by SOSE. They will work closely with the SOSE Chief Executive and be answerable to the Portfolio Accountable Officer for maintaining and developing positive relationships with SOSE characterised by openness, trust, respect and mutual support.

### **Sponsor Team responsibilities**

22. The SG Sponsor Team for SOSE sits within the Directorate for Economic Development. It is the normal first point of contact for SOSE in dealing with the SG. The 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 SOSE and undertakes the responsibilities of the Portfolio Accountable Officer on his/her behalf.

### **Internal audit**

23. SOSE shall:

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

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

### **External audit**

25. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, SOSE's annual accounts and passes them to the Scottish Ministers who shall lay them before the Scottish Parliament,

together with the auditor's report and any report prepared by the AGS. For the purpose of audit the auditors have a statutory right of access to documents and information held by relevant persons. SOSE shall instruct its auditors to send copies of all management reports (and correspondence relating to those reports) and responses to SG.

### **Annual report and accounts**

26. SOSE 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 SOSE. It should comply with the annual accounts section of the SPFM and the Government [Financial Reporting Manual](#) (FReM) and outline SOSE's main activities and performance against agreed objectives and targets for the previous financial year.

27. The draft report should be submitted to SG for comment, and the draft accounts for information, both by the end of July. However in exceptional circumstances, this timeframe, with the prior approval of the Sponsor Directorate, can be altered. The final version should be available for laying before the Scottish Parliament by the Scottish Ministers by the end of October. Whilst the statutory date for laying and publishing accounts audited by the AGS is by 31 December, following the close of the previous financial year, there is an expectation on the part of the Scottish Ministers that accounts will be laid and published as early as possible. The accounts must not be laid before they have been formally sent by the AGS to the Scottish Ministers and must not be published before they have been laid. SOSE shall be responsible for the publication of the annual report and accounts.

28. SOSE will also be expected to comply with requests for information to enable the Auditor General for Scotland to conduct specific reports into economy, efficiency and effectiveness and, where appropriate, shall also comply with any requirements relating to the audit requirements for European Funding.

### **Budget Management and Cash Management**

29. SOSE shall comply with the budget regulations set out in its annual Budget Allocation and Monitoring Letter. Any queries or uncertainties around the requirements set out in this letter should be directed to the SG Finance Business Partner and Sponsor Team.

### **Risk management**

30. SOSE shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of generally recognised best practice in corporate governance, and develop an approach to risk management consistent with the [Risk Management](#) section of the SPFM. Reporting arrangements should ensure that the Sponsor Team is made aware of relevant risks and how they are being managed. The SOSE audit committee is also required, at the earliest opportunity, to notify the relevant SG Audit and Risk Committee if it considers that it has identified a significant problem which may have wider implications.

In addition, SOSE should 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 provide funding.

### **Organisational security and resilience**

31. As part of risk management arrangements, SOSE shall ensure that it has a clear understanding at board level of the key risks, threats and hazards it may face in the personnel, physical and cyber domains, and take action to ensure appropriate organisational resilience to those risks/threats/hazards. It should have particular regard to the following key sources of information to help guide its approach:

- [Having and Promoting Business Resilience \(part of the Preparing Scotland suite of guidance\)](#)
- [The Scottish Public Sector Action Plan on Cyber Resilience and associated guidance](#)

### **Counter fraud arrangements**

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

### **Performance management**

33. SOSE shall operate management information and accounting systems that enable it to review, in a timely and effective manner, its financial and non-financial performance against its strategic aims, objectives, targets and milestones. Pending development of its Action Plan, SG and SOSE will agree appropriate arrangements to review its performance.

34. The results of such reviews should be reported on a regular basis to the SOSE board and copied to SG. SG shall assess SOSE's performance, proportionately, on a continuous basis and hold a formal review meeting at least twice a year. The responsible Cabinet Secretary / Scottish Minister shall meet the SOSE Chair and Board formally at least once a year to discuss SOSE's performance, its current and future activities and any policy developments related to those activities.

35. SOSE shall take the initiative in informing the Sponsor Directorate of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in its operating plan.

36. The performance measures set by SOSE should show clear links to the PfG, SES and NPF. Where possible, individual measures should be clearly linked to the outcomes in the NPF which they will have an impact on. SOSE, along with other partners, will consider developing work to quantify the impact of their performance targets on the delivery of the NPF and SES.

### **SOSE staff management**

37. SOSE will have responsibility for the recruitment, retention and motivation of its staff. SOSE is responsible for determining the number of staff required and the most appropriate organisational structure to deliver its remit economically, efficiently and effectively with the resources available to it. However, any significant changes in staff numbers or organisational structure must be approved in advance by the Sponsor Directorate.

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

38. Any proposal by SOSE to move from existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of SG. Proposals on compensation payments must comply with the [Settlement Agreements, Severance, Early Retirement and Redundancy Terms](#) section of the SPFM.

### **Asset and property management**

39. SOSE shall maintain an accurate and up-to-date record of its current and non-current assets, and manage any activity around acquisition or disposal of assets in a way that is consistent with the [Property: Acquisition, Disposal & Management](#) section of the SPFM.

### **Specific financial provisions**

***Many of the provisions included in this section - and other sections - of the framework document highlight specific requirements in the SPFM that are considered of particular relevance to SOSE. It should be noted however that guidance in the SPFM should always be considered in its entirety as and when relevant issues arise.***

### **Delegated authorities**

40. SOSE's specific delegated financial authorities - as agreed in consultation between SOSE and the SG - are set out in the attached **Appendix** and are informed by the guidance set out in the SPFM and FREM. SOSE has authority to carry out its functions under the South of Scotland Enterprise Act 2019. SOSE shall obtain SG's prior written approval before entering into any undertaking to incur any expenditure that falls outside these delegations. SOSE shall also comply with any requirements for prior SG approval included in the SPFM and/or this document. Prior SG approval must always be obtained before incurring expenditure for any purpose that is or might be considered novel, contentious or repercussive or which has or could have significant future cost implications.

41. In addition, prior SG approval must always be obtained before:

- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Sponsor Directorate;
- making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required;
- regardless of whether a project requires the specific approval of the Government, the guidance in the Appraisal and Evaluation and Major Investment Projects sections of the SPFM applies. For construction works projects, the Construction procurement manual should also be consulted;
- a decision on whether the formal approval of the Sponsor Directorate is required on any proposal will be made within three weeks of it being submitted. However, it is noted that in exceptional circumstances this may take longer than three weeks.

### **Capital Expenditure**

42. Subject to being above SOSE's capitalisation threshold, as agreed with the external auditors, all expenditure on the acquisition or creation of non-current assets shall be capitalised on an accruals basis in line with current accounting standards.

43. Proposals for large scale individual capital projects or acquisitions will normally be considered within SOSE action planning process and within the context of its long term estate strategy / asset management plan. Any such project shall be subject to the guidance in the major investment projects section of the SPFM and, where appropriate, the construction procurement manual published by SG's Construction Procurement Policy Team.

### **Income generation**

44. SOSE shall seek to optimise income - grant in aid does not qualify as income - from all sources, including from the [European Union](#), provided that this is consistent with SOSE's main functions. Proposals for new sources of income or methods of fundraising should be cleared with the Sponsor Directorate. Novel or contentious proposals for new sources of income or methods of fundraising must be approved by SG. Fees or charges for any services supplied by SOSE shall be determined in accordance with the [Fees & Charges](#) section of the SPFM.

45. SOSE should seek to optimise its receipts and so should keep all activities under regular review with the aim of identifying surplus assets. The treatment of Income Receivable and Receipts should be in accordance with the guidance in the Income Receivable and Receipts section of the SPFM.

46. Gifts, bequests or donations received by SOSE score as income and should be provided for in the agreed resource DEL and capital DEL budgets, updated as necessary in consultation with SG.

### **Financial investments**

47. SOSE shall not aim to build up cash balances or net assets in excess of what is required for operational purposes. Unless covered by a specific delegated authority (including SOSE's authority to make financial investments in ventures which further the objectives of SOSE), SOSE shall not make any financial investments without the prior approval of SG.

### **Unconventional Financing**

48. Unless otherwise agreed with the Sponsor Directorate, SOSE shall not enter into any unconventional financing arrangements if outwith its normal lending and investment.

### **Borrowing**

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

### **Subsidiary Companies and Joint ventures**

50. In planning and implementing any project or programme (including participation in joint ventures), SOSE must ensure that:

- activities are within SOSE's statutory remit and its delegated powers;
- projects and programmes do not cut across SG policy – SOSE should refer to the Sponsor Directorate for guidance in cases where there is any doubt;
- in developing new programmes, it consults the relevant SG Directorate that has a policy interest and is involved in complementary activity.

51. In judging such proposals the Sponsor Directorate will have regard to the Scottish Ministers' wider strategic aims and objectives. Further information can be found in the [Annual Accounts](#) section of the SPFM.

### **Tax arrangements**

52. 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. SOSE 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 SOSE to observe VAT legislation and recover input tax where it is entitled to do so. The implications of VAT in relation to procurement and shared services should be considered at an early stage to ensure that financial efficiency is achieved. SOSE must also ensure that it accounts properly for any output tax on sales or disposals. SOSE has the authority to appoint external tax advisers for general tax and compliance advice.

### **Settlement, severance, early retirement and redundancy**

53. SOSE shall seek to deliver, and demonstrate, robust governance processes, best practice and value for money when developing and implementing a severance scheme or when developing a settlement agreement, in compliance with current policy, observing all policy limits as set out in the [Settlement, severance, early retirement, redundancy section](#) of the SPFM.

### **Lending and guarantees**

54. Any lending by SOSE 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 SOSE shall not, without 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).

55. Any prospective contingent liability in the form of a guarantee, indemnity or letter of comfort must be cleared by the relevant SG Finance Business Partner (or equivalent) who will advise on any budgetary implications if the contingent liability gives rise to a financial guarantee contract. Further information can be found in the [Contingent Liabilities](#) section of the SPFM.

### **Third party grants or loan schemes**

56. Authority under the normal course of business, as provided for in Section 8 of the Act is provided for all proposals to make grant or loan to a third party, whether one off, or under a scheme except where the proposal is Major, Novel or Contentious. Further Guidance on Major, Novel or Contentious issues can be found in the Major Investment projects section and the Delegated authority section of the SPFM. 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 significant impairment it is important that the prospective impairment and background is communicated to SG by SOSE at the earliest possible point in the financial year to determine the implications for SOSE's budget. Similarly any significant movement in existing provisions or the creation of new provisions should be discussed in advance with SG. Write-off of bad debt and/or losses scores against SOSE's resource DEL budget classification and is subject to a specific delegated limit.

### **Insurance**

58. SOSE 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 SG. In the event of uninsured losses being incurred SG shall consider, on a case by case basis, whether or not it should make any additional resources available to SOSE. SG will provide SOSE with a Certificate of Exemption for Employer's Liability Insurance.

### **Procurement and payment**

59. SOSE's procurement policies shall reflect relevant guidance in the [Procurement](#) section of the SPFM and relevant guidance issued by SG's Procurement and Commercial Directorate. Procurement should be undertaken by appropriately trained and authorised staff and treated as a key component of achieving SOSE's objectives consistent with the principles of [Value for Money](#), the highest professional standards and any legal requirements.

60. Any major investment programmes or projects undertaken by SOSE shall be subject to the guidance in the [Major Investment Projects](#) section of the SPFM. SOSE should develop a mechanism for reporting summary information on major investment projects in order to keep the Sponsor Team 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 SG's Office of the Chief Information Officer.

61. SOSE shall pay all matured and properly authorised invoices relating to transactions with suppliers in accordance with the [Expenditure and Payments](#) section of the SPFM and in doing so shall

seek wherever possible and appropriate to meet 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 SOSE shall not, without 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 SOSE has financed expenditure on assets by a third party, SOSE shall make appropriate arrangements to ensure that any such assets above an agreed value are not disposed of by the third party without SOSE's prior consent.

### **State Aid**

64. SOSE should ensure compliance with the State Aid section in the SPFM.

### **Board expenses**

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

## **SPECIFIC DELEGATED FINANCIAL AUTHORITIES**

	<b>Delegated Limit</b>
Losses of assets, stores and equipment	<b>Up to £10,000 per case</b>
Operating leases – other than property/ accommodation related leases	<b>SOSE to notify SG of all Major investment projects</b>
Cash Losses	<b>Up to £10,000 per case</b>
Gifts, including presentations to staff	<b>Up to £500 per case</b>
Special payments <ul style="list-style-type: none"> <li>• extra contractual and ex gratia payments to contractors</li> <li>• other ex gratia payments</li> <li>• compensation payments</li> </ul>	<b>Up to £2000 per case</b>
Claims waived or abandoned or bad debts written off other than where the debtor has been dissolved, liquidated or otherwise entered into formal insolvency process	<b>Up to £250,000 per case</b>
Approval of Equity Investments	<b>Up to 29.9% or £3,500,000</b>
Property for accommodation / operational purposes	<b>No delegated limit – all commitments to be approved by Scottish Ministers</b>
Guarantees, Indemnities and letters of comfort	<b>No limit where it arises in the normal conduct of business – subject to relevant section in framework doc</b>
Fruitless payments and constructive losses	<b>Up to £10,000 per case</b>