

**EXECUTIVE FRAMEWORK DOCUMENT  
SCOTTISH GOVERNMENT AND THE CARE INSPECTORATE  
ISSUED ~~1~~MONTH, JUNE 2019**

## Introduction

1. This framework document has been drawn up by the Scottish Government (SG) in consultation with the Care Inspectorate (formally known as Social Care and Social Work Improvement Scotland), which is a Non-Departmental Public Body (NDPB) and was established under the Public Services Reform (Scotland) Act 2010 ("the 2010 Act"). It sets out the broad framework within which the Care Inspectorate will operate and defines key roles and responsibilities underpinning the relationship between the Care Inspectorate and the SG.
2. 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 Care Inspectorate 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 the SG after consultation with the Care Inspectorate. Legislative provisions shall take precedence over any part of the document.
3. References to the Care Inspectorate include any subsidiaries and joint ventures owned or controlled by the NDPB. The Care Inspectorate shall not establish subsidiaries or enter into joint ventures without the express approval of the SG.
4. Copies of the document shall be placed in the Scottish Parliament Reference Centre. It shall also be published on the SG and the Care Inspectorate websites.

## Purpose

5. The Care Inspectorate is to contribute to the achievement of the SG's primary purpose of increasing sustainable economic growth by aligning its aims and objectives with the Programme for Government, Scotland's Economic Strategy and National Performance Framework.
6. The work of the Care Inspectorate directly supports the 11 National Outcomes set out in the [National Performance Framework](#). High-quality regulation and effective scrutiny can support improvement and help to ensure that:
  - we have a globally competitive, entrepreneurial, inclusive and sustainable economy;
  - we are open, connected and make a positive contribution internationally;
  - we tackle poverty by sharing opportunities, wealth and power more equally;
  - we live in communities that are inclusive, empowered, resilient and safe;
  - we grow up loved, safe and respected so that we realise our full potential;
  - we are well educated, skilled and able to contribute to society;
  - we have thriving and innovative businesses, with quality jobs and fair work for everyone;
  - we are healthy and active;
  - we value, enjoy, protect and enhance our environment;

- we are creative and our vibrant and diverse cultures are expressed and enjoyed widely; and,
- we respect, protect and fulfil human rights and live free from discrimination.

7. The Care Inspectorate's statutory duties are to:

- Further improvement in the quality of social services.
- Take into account standards and outcomes published under section 50 of the 2010 Act relating to care services and social work services and the Scottish Social Services Council's codes of practice in the performance of its functions.
- Provide information to the public about the availability and quality of social services.
- Provide advice to Ministers about any matter relevant to the functions of the Care Inspectorate.
- Provide advice about any matter relevant to the functions of the Care Inspectorate, when asked to, by:
  - persons who provide, seek to provide, or may seek to provide social services;
  - persons, or groups of persons, representing those who use, or are eligible to use, social services;
  - persons, or groups of persons representing those who care for those who use, or are eligible to use, social services;
  - local authorities;
  - health bodies; and
  - such other persons, or groups of persons, as may be prescribed.
- Prepare in consultation with appropriate persons a plan for carrying out inspections in accordance with best regulatory practice and to keep that plan under review.
- Inspect any social services or the organisation and co-ordination of any social services when requested to do so by Scottish Ministers.
- Conduct joint inspections under section 115 of the 2010 Act with some or all of the bodies listed at section 115(6) at the request of Scottish Ministers and to lead such inspections of services for children and for adults when requested to do so by Scottish Ministers.
- Establish, review and publicise a procedure for complaints about the provision of care services following consultation with the Scottish Public Services Ombudsman (SPSO), local authorities and other relevant parties on that procedure (section 79 of the 2010 Act).
- Establish, review and publicise a procedure for complaints about the exercise by SCSWIS of its functions in accordance with guidance issued by SPSO (section 97 of the 2010 Act).
- Consult with the Scottish Social Services Council on the exercise by SCSWIS of its functions, where appropriate (section 95 of the 2010 Act).
- Consult with the Mental Welfare Commission on the exercise by SCSWIS of its functions, where appropriate (section 96 of the 2010 Act).
- Co-operate with the scrutiny bodies listed in Schedule 20 of the Act in both planning inspection work and undertaking inspections and to share information relating to inspections where appropriate and in the interests of the Care Inspectorate or the other bodies to do so (Section 114 of the 2010 Act).
- Impose fees for registration, continuation, variation or removal of a condition, issuing a new certificate of registration and cancellation with the Care Inspectorate.

- Comply with the duty of user focus and related guidance issued by Scottish Ministers as set out in sections 112 and 113 of the 2010 Act.

8. The Care Inspectorate's purpose, strategic aims and objectives are set out in its corporate plan which is agreed with Scottish Ministers at least every 3 years.

### **Relationship between Scottish Government and Care Inspectorate**

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

### **Governance and accountability**

#### **Legal origins of powers and duties**

10. The Care Inspectorate is established under the 2010 Act. The constitution of the Care Inspectorate is set out in Schedule 11 to the 2010 Act. The Care Inspectorate does not carry out its functions on behalf of the Crown.

#### **Ministerial responsibilities**

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

- agreeing the Care Inspectorate's strategic aims and objectives and key targets as part of the corporate planning process;
- agreeing the budget and the associated grant in aid requirement to be paid to the Care Inspectorate, and securing the necessary Parliamentary approval;
- carrying out responsibilities specified in the Act such as approval of the Care Inspectorate's Inspection Plan, appointments to the Care Inspectorate's Board, approving the terms and conditions of Board members, and approving appointment and terms and conditions of the Chief Executive;
- undertaking other matters such as approving the Care Inspectorate's pay remit and laying the accounts (together with the annual report) before the Scottish Parliament.

#### **Care Inspectorate Board Responsibilities**

12. The Care Inspectorate Board, including the Chair, normally comprises non-executive members appointed by the Scottish Ministers. The role of the Board is to provide leadership, direction, support and guidance to ensure the Care Inspectorate delivers and is committed to delivering its functions effectively, efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers. It has corporate responsibility, under the leadership of the Chair, for the following:

- taking forward the strategic aims and objectives for the Care Inspectorate agreed by the Scottish Ministers;

- determining the steps needed to deal with changes which are likely to impact on the strategic aims and objectives of the Care Inspectorate or on the attainability of its operational targets;
- promoting the efficient, economic and effective use of staff and other resources by the Care Inspectorate 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 committee chaired by a non-executive member to provide independent advice and assurance on the effectiveness of the internal control and risk management systems.);
- taking into account relevant guidance issued by the Scottish Ministers when reaching decisions;
- approving annual accounts and ensuring Scottish Ministers are provided with the annual report and accounts to be laid before the Scottish Parliament. The Chief Executive as the Accountable Officer of the public body is responsible for signing the accounts and ultimately responsible to the Scottish Parliament for their actions;
- ensuring that the Board receives and reviews regular financial information concerning the management and performance of the Care Inspectorate and is informed in a timely manner about any concerns regarding the activities of the Care Inspectorate;
- agreeing the remuneration package of the Chief Executive, subject to approval of the Scottish Government;
- appointing, with the approval of the Scottish Ministers, the Chief Executive and, in consultation with the SG, setting appropriate performance objectives and remuneration package in line with the SG Pay Policy for Senior Appointments, linked to these objectives which give due weight to the proper management and use of resources within the stewardship of the Care Inspectorate and the delivery of outcomes; and
- demonstrating high standards of corporate governance at all times, including openness and transparency in its decision making.

Further guidance on how the Board should discharge its duties is provided in appointment letters and in [On Board – A Guide for Members of Statutory Boards](#).

### **The Chair's Responsibilities**

13. 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 the Care Inspectorate Board and the Scottish Ministers should normally be through the Chair. He or she is responsible for ensuring that the Care Inspectorate's policies and actions support the Scottish Ministers' wider strategic policies and that its affairs are conducted with probity.

14. 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 the Care Inspectorate business, in accordance with recognised good practice in corporate governance;

- the Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- he or she, 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 the Care Inspectorate's needs when Board vacancies arise;
- there is a [Code of Conduct](#) for Board members in place, approved by the Scottish Ministers.

15. The Chair assesses the performance of individual Board members on a continuous basis and undertakes a formal appraisal at least annually. 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 and obtaining approval from SG of any associated increases in pay or the Chief Executive's overall remuneration package.

#### **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 the Care Inspectorate 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 the Care Inspectorate by the Scottish Ministers but also any other funds falling within the stewardship of the Care Inspectorate, 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 Board Members of Public Bodies in Scotland](#).

#### **The Care Inspectorate Chief Executive's responsibilities**

17. The Chief Executive of the Care Inspectorate is employed and appointed by the Board with the approval of the Scottish Ministers. He or she is the Board's principal adviser on the discharge of its functions and is accountable to the Board. His or her role is to provide operational leadership to the Care Inspectorate and ensure that the Board's aims and objectives are met and the Care Inspectorate's functions are delivered and targets met through effective and properly controlled executive action. His or her general responsibilities include the performance, management and staffing of the Care Inspectorate. General guidance on the role and responsibilities of the Chief Executive is contained in 'On Board.' 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;
- using judgement in advising the SG Sponsor Team and Scottish Ministers of any concerns about emerging practice or failings in the planning or delivery of care, social work and child protection services;
- 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;

- adhere to all aspects and requirements in relation to staff and Senior Appointment pay as set out in the [Public Sector in Scotland - Public Sector Pay](#)
- ensuring that the Care Inspectorate adheres, where appropriate, to the SG's [Programme and Project Management Principles](#);
- having robust performance and risk management arrangements - consistent with the [Risk Management](#) section of the SPFM - in place that support the achievement of the Care Inspectorate's 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 the Care Inspectorate, 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 the Care Inspectorate compared with its aims and objectives;
- preparing the Care Inspectorate's 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.
- ensuring staff pay proposals are in line with SG Pay Policy and submitted in time and the necessary approvals obtained prior to implementing any annual award.

#### Care Inspectorate 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 the Care Inspectorate. 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 the Care Inspectorate's finances and that there are sound and effective arrangements for internal control and risk management;
- ensuring that the resources of the Care Inspectorate are used economically, efficiently and effectively and that appropriate arrangements are in place to secure Best Value and deliver Value for Money for the public sector as a whole;
- ensuring compliance with relevant guidance issued by the Scottish Ministers, in particular the SPFM and SG Pay Policy;
- signing the annual accounts and associated governance statements; and
- exercising 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. The Accountable Officer should also notify the relevant Portfolio Accountable Officer.

19. It is incumbent on the Chief Executive to combine their Accountable Officer responsibilities to the Scottish Parliament with their 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 is the Accountable Officer for the SG portfolio budget for the Care Inspectorate. 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](#). He/she 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 the Care Inspectorate 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 the Care Inspectorate 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 the Care Inspectorate in accordance with the strategic engagement principles; and that
- there is effective continuous assessment and appraisal of the performance of the chair of the Care Inspectorate, in line with the requirements of the Code of Practice for Ministerial Public Appointments in Scotland.

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

21. The Director for Health and Social Care Integration and Deputy Director for Care, Support and Rights have responsibility for overseeing and ensuring effective relationships between the SG and the Care Inspectorate which support alignment of the Care Inspectorate's business to the SG's Purpose and National Outcomes and high performance by the Care Inspectorate. They will work closely with the Care Inspectorate Chief Executive and be answerable to the Portfolio Accountable Officer for maintaining and developing positive relationships with the Care Inspectorate characterised by openness, trust, respect and mutual support. They will be supported by the Sponsor Team in discharging these functions. The Director for Health and Social Care Integration and Deputy Director for Care, Support and Rights shall be responsible for assessing the performance of the Care Inspectorate Chair, at least annually.

### **Sponsor unit responsibilities**

22. The SG Sponsor Team for the Care Inspectorate is the normal point of contact for the Care Inspectorate in dealing with the SG. The Team, under the direction of the Director/Deputy Director, is the primary source of advice to the Scottish Ministers on the discharge of their responsibilities in respect of the Care Inspectorate and undertakes the responsibilities of the Portfolio Accountable Officer on his/her behalf. Specific responsibilities include:

- discharging sponsorship responsibilities in line with the principles and framework set out in the document 'Strategic Engagement between the Scottish Government and Scotland's NDPBs' and ensuring that sponsorship is suitably flexible, proportionate and responsive to the needs of the Scottish Ministers and the Care Inspectorate;
- ensuring that appointments to the Care Inspectorate Board are made timeously and, where appropriate, in accordance with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland;
- proportionate monitoring of the Care Inspectorate's activities through an adequate and timely flow of appropriate information, agreed with the Care Inspectorate, on performance, budgeting, control and risk management;
- agreeing a protocol, in conjunction with the Care Inspectorate, for reporting and communication between the Care Inspectorate, SG Sponsor Team and relevant SG policy leads, including the notification of incidents; ~~[protocol to be included in the Annex to this document in due course]~~; arranging meetings with Scottish Ministers as part of the formal reporting arrangements set out at paragraph 11 of this document, and ensuring that any actions following from these meetings are taken forward
- addressing in a timely manner any significant problems arising in the Care Inspectorate, alerting the Portfolio Accountable Officer and the responsible Minister(s) where considered appropriate;
- ensuring that the objectives of the Care Inspectorate and the risks to them are properly and appropriately taken into account in the SG's risk assessment and management systems; and
- informing the Care Inspectorate of relevant SG policy in a timely manner.

#### Internal audit

23. The Care Inspectorate 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 or her capacity as the Care Inspectorate Accountable Officer
- forward timeously to the SG the audit charter, strategy, periodic audit plans and annual audit assurance report, including the NDPB 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 the Care Inspectorate 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 Care Inspectorate internal auditor, including where the service is contracted out. The SG has a right of access to all Care Inspectorate records and personnel for any purpose.

### External audit

25. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, the Care Inspectorate'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. The Care Inspectorate shall instruct its auditors to send copies of all management reports (and correspondence relating to those reports) and responses to the SG.

26. The AGS, or examiners appointed by the AGS, may carry out examinations into the economy, efficiency and effectiveness with which the Care Inspectorate has used its resources in discharging its functions. The AGS may also carry out examinations into the arrangements made by the Care Inspectorate 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, the Care Inspectorate shall 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

27. The Care Inspectorate 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 the Care Inspectorate. It should comply with the Government [Financial Reporting Manual](#) (FReM) and outline the Care Inspectorate's main activities and performance against agreed objectives and targets for the previous financial year.

28. 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 the Care Inspectorate shall be consolidated in its accounts in accordance with International Financial Reporting Standards as adapted and interpreted for the public sector context.

29. The draft Annual Report and Accounts should be submitted to the SG for comment by 30 June. The final version should be made available by Audit Scotland for laying before the Scottish Parliament by the Scottish Ministers by 1 December. 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. The Care Inspectorate shall be responsible for the publication of the annual report and accounts.

## Management responsibilities

### Corporate and business plans

30. The Care Inspectorate must ensure that a corporate plan, agreed with the Scottish Ministers, is in place and published on its website.

31. The Care Inspectorate shall agree with the SG the issues to be addressed in the plan and the timetable for its preparation and review. The finalised plan shall reflect the Care Inspectorate's strategic aims and objectives as agreed by the Scottish Ministers, indicative budgets and any priorities set by the Scottish Ministers. It shall demonstrate how the Care Inspectorate contributes to the achievement of the SG's primary purpose of increasing sustainable economic growth and alignment with the SG's [National Performance Framework](#) (NPF). The corporate plan for the Care Inspectorate should include:

- the purpose and principal aims of the Care Inspectorate;
- an analysis of the environment in which the Care Inspectorate operates;
- outcomes and associated Quality and Key Performance Indicators for the period of the plan, the strategy for achieving those outcomes and how these will contribute towards the achievement of the SG's primary purpose and alignment with the NPF;
- details of planned efficiencies, describing how the Care Inspectorate proposes to achieve better value for money, including through collaboration and shared services; and
- other matters as agreed between SG and the Care Inspectorate.

32. The corporate plan should inform the development of a separate business plan for each financial year. The business plan for the Care Inspectorate should 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 Care Inspectorate's business plan should normally be provided to the Sponsor Team prior to the start of the relevant financial year for approval by the Scottish Ministers.

### Budget management

33. 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 the Care Inspectorate a formal statement of its budgetary provision, and a note of any related matters and details of the budget monitoring information required by the SG. The terms of that letter, referred to as the Budget Allocation and Monitoring letter, should be viewed as complementing the content of this document. The monthly monitoring is the primary means of in-year budgetary control across the SG. As such bodies must comply with the format and timing of the monitoring together with any requests for further information. The statement of budgetary provision will set out the budget within the

classifications of [Fiscal Resource \(previously known as RDEL\)](#), [Direct Capital \(previously known as CDEL\)](#), [Departmental Expenditure Limits \(RDEL\)](#), [capital DEL \(CDEL\)](#) and Ring-fenced (non-cash) [\(previously known as RfDEL\)](#). The Care Inspectorate will inform the sponsor unit at the earliest opportunity if a requirement for Annually Managed Expenditure (AME) budget is identified. The SG should also be advised in the event that estimated net expenditure is forecast to be lower than budget provision. Transfers of budgetary provision between the different classifications require the prior approval of the SG Finance Directorate. Any proposals for such transfers should therefore be submitted to the sponsor unit. 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.

34. If the trading and other resource income realised (including profit or loss on disposal of non-current assets) – scored as negative [RDEL/Fiscal Resource](#), or the net book value of disposals of non-current assets – scored as negative [Direct Capital/CDEL](#) is less than included in the agreed budget the Care Inspectorate shall, unless otherwise agreed with the SG, ensure a corresponding reduction in its gross expenditure. (The extent to which the Care Inspectorate exceeds agreed budgets shall 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 the Care Inspectorate 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 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, 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

35. Any [grant in aid](#) (i.e. the cash provided to the Care Inspectorate 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 normally be paid in monthly instalments 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 should be kept to the minimum level consistent with the efficient operation of the Care Inspectorate 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 the Care Inspectorate.

36. The banking arrangements adopted by the Care Inspectorate must comply with the [Banking](#) section of the SPFM.

#### Risk management

37. The Care Inspectorate 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 unit is made aware of relevant risks and how they are

being managed. The Care Inspectorate 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.

### **Organisational security and resilience**

38. As part of risk management arrangements, the Care Inspectorate 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**

39. The Care Inspectorate 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**

40. The Care Inspectorate 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 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 Care Inspectorate Board and copied to the SG. The SG shall assess the Care Inspectorate's performance on a continuous basis and undertake a formal internal review at least twice a year. The responsible Scottish Minister shall meet the Care Inspectorate Chair at least once a year to set out the SG's policy expectations.

### **Care Inspectorate staff management**

#### *Broad responsibilities for Care Inspectorate staff*

41. The Care Inspectorate 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 the Care Inspectorate's 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 the Care Inspectorate's 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 that
- a code of conduct for staff is in place based on the Model Code for Staff of Executive NDPBs—~~see chapter 5 of [Public Bodies: A Guide for Departments](#)~~.

*Pay and conditions of service*

42. The Care Inspectorate will comply with SG Pay Policy in relation to staff. The Care Inspectorate shall submit to the SG for approval (normally annually unless in the circumstances where 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. The Care Inspectorate shall comply with employment and equalities legislation.

43. Where applicable, the Care Inspectorate 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.

44. Remuneration (daily fees), 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.

*Pensions, redundancy and compensation*

45. Superannuation arrangements for the Care Inspectorate staff are subject to the approval of the SG. Care Inspectorate staff shall normally be eligible for a pension provided by the Tayside Superannuation Fund (a local government pension scheme administered by Dundee City Council). Staff may opt out of the occupational pension scheme provided by the Care Inspectorate, but the Care Inspectorate will not make any employers' contributions to any alternative pension arrangement.

46. Any proposal by the Care Inspectorate 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 [Settlement Agreements, Severance, Early Retirement and Redundancy Terms](#) section of the SPFM. This includes referral to the SG 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 SG prior to

proceeding with proposed severance options, and prior to making any offer either orally or in writing.

### **Asset and property management**

47. The Care Inspectorate shall maintain an accurate and up-to-date record of its current and non-current assets consistent with the [Property: Acquisition, Disposal & Management](#) section of the SPFM. 'Non-current' assets should be disposed of in accordance with the SPFM. The SG's Property Division should be consulted about relevant proposed disposals of property that the Care Inspectorate holds for operational purposes (rather than investment) at the earliest opportunity so it may be advertised internally. An [Internal Advertisement](#) form must be completed and submitted at least one month prior to property being advertised on the open market. Any proposal to acquire land, buildings or other rights in property for accommodation / operational purposes should comply with the SPFM. The Care Inspectorate 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. All assets (property, plant and equipment) are to be properly recorded and updated as necessary by the NDPB on the Cabinet Office [electronic Property Information Mapping System](#) (e-PIMS).

### **Specific financial provisions**

#### **Delegated authorities**

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

#### **Income generation**

49. The Care Inspectorate 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 the Care Inspectorate shall be determined in accordance with the [Fees & Charges](#) section of the SPFM. Registration Fees charged by the Care Inspectorate are subject to Section 76 of the 2010 Act.

50. Gifts, bequests or donations received by the Care Inspectorate 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, the Care Inspectorate

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. the Care Inspectorate shall consider if there are any associated costs in doing so or any conflicts of interests arising. The Care Inspectorate shall keep a written record of any such gifts, etc, and what happened to them.

### **Financial investments**

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

### **Borrowing**

52. Borrowing cannot be used to increase the Care Inspectorate's spending power. All borrowing by the Care Inspectorate - 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, the Care Inspectorate shall 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 the Care Inspectorate 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. The Care Inspectorate must have [Direct](#) capital ~~DEL~~ provision for finance leases and other transactions which are in substance borrowing.

### **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. The Care Inspectorate 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 the Care Inspectorate to observe VAT legislation and recover input tax where it is entitled to do so. The Care Inspectorate must also ensure that it accounts properly for any output tax on sales or disposals.

### **Lending and guarantees**

55. Any lending by the Care Inspectorate 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 the Care Inspectorate shall 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 the Care Inspectorate shall 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 Financial Reporting Manual (FRM). 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 the Care Inspectorate'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 the Care Inspectorate's [Fiscal](#) resource ~~DEL~~ budget classification and is subject to a specific delegated limit.

### **Insurance**

58. The Care Inspectorate 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 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 the Care Inspectorate. The SG will provide the Care Inspectorate with a Certificate of Exemption for Employer's Liability Insurance.

### **Procurement and payment**

59. The Care Inspectorate's procurement policies shall 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 the Care Inspectorate's objectives consistent with the principles of [Value for Money](#), the highest professional standards and any legal requirements. Unless covered by specific delegated authority, any proposal to award a contract without a contract with competition (non-competitive action) must be approved in advance by SG.. All external consultancy contracts over the value of £100,000 must be endorsed in advance by the Chief Executive.

60. Any major investment programmes or projects undertaken by the Care Inspectorate shall be subject to the guidance in the [Major Investment Projects](#) section of the SPFM [and is also 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 Office of the Chief Information Officer.

61. The Care Inspectorate 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 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 the Care Inspectorate shall 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 the Care Inspectorate has financed expenditure on assets by a third party, it shall make appropriate arrangements to ensure that any such assets above an agreed value are not disposed of by the third party without the its prior consent. The Care Inspectorate shall put in place arrangements sufficient to secure the repayment of its due share of the proceeds - or an appropriate proportion of them if it contributed less than the whole cost of acquisition or improvement. The Care Inspectorate shall also ensure that if assets financed by it 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 the Care Inspectorate.

#### **State aid**

64. State aid is a European Commission term which refers to forms of public assistance, given to undertakings on a discretionary basis, which has the potential to distort competition and affect trade between Member States of the European Union. Any activity that the Care Inspectorate undertakes itself, or funds other bodies to undertake, that can be offered on a commercial market for goods and services is subject to state aid rules. A state aid assessment is therefore required prior to disbursing any funding and would be subject to the guidance in the state aid section of the SPFM.

#### **Board expenses**

65. Remuneration (daily fees), 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.

**EXECUTIVE NDPB MODEL FRAMEWORK DOCUMENT: APPENDIX**

**SPECIFIC DELEGATED FINANCIAL AUTHORITIES**

	<b>Delegated Limit (all delegated limits exclude VAT)</b>
External business and management consultancies	<b>£100,000</b>
Non-competitive action	<b>Lower of £30,000 total contract value or £10,000 per annum</b>
Acquisition of Property Plant & Equipment and intangible assets – capital expenditure	<b>£25,000</b>
Operating leases – other than property/ accommodation related leases	<b>Lower of £50,000 over lease period or £10,000 per annum</b>
Gifts	<b>£200</b>
Special payments:	<b>£10,000</b>
Compensation payments (made under legal obligation, i.e. following a pronouncement by a recognised court or tribunal)	<b>£200</b>
Ex-gratia payments	
Extra-statutory and extra-regulatory payments	<b>£0</b>
Claims waived or abandoned	<b>£2,500</b>
Write-off of bad debt and/or losses:	
Loss of cash due to theft, fraud, overpayment of salaries, wages, fees, allowances, other causes	<b>£3,000</b>
Loss of equipment and property, due to theft, fraud, arson, fire, flood, motor vehicle accidents or damage to vehicles	<b>£3,000</b>
Irrecoverable debt (limit refers to accumulated irrecoverable debt for a legal entity)	<b>£10,000</b>