



**SCOTTISH**  
**FIRE AND RESCUE SERVICE**

Working together for a safer Scotland

<b>Report to:</b>	<b>SCOTTISH FIRE AND RESCUE SERVICE BOARD</b>
<b>Report Number:</b>	<b>B/BS/4-14</b>
<b>Date:</b>	<b>26 JUNE 2014</b>
<b>Report By:</b>	<b>CHIEF OFFICER ALASDAIR HAY</b>

<b>Subject:</b>	<b>GOVERNANCE AND ACCOUNTABILITY FRAMEWORK</b>
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## **1 PURPOSE**

- 1.1 The Board is invited to note the amended Scottish Fire Rescue Service ('the SFRS') Governance and Accountability Framework Document, which sets out the detailed governance arrangements for SFRS, flowing from the Scottish Public Finance Manual (SPFM).
- 1.2 This Governance and Accountability Framework document has been revised by the Scottish Government's in consultation with the SFRS.
- 1.3 Based on a model document developed for public bodies in Scotland, it sets out the broad governance structures within which the SFRS will operate and defines key roles and responsibilities which underpin the accountability relationships between the SFRS and the SG. It is distinct from, but linked to, the Fire and Rescue Framework for Scotland, a statutory document made under section 40 of the Fire (Scotland) Act 2005 (as amended), which sets out Ministers' strategic priorities for the SFRS. While this document is non-statutory and does not confer any legal powers or responsibilities, it forms a key part of the accountability and governance infrastructure.
- 1.4 In particular, the document describes the:
  - Strategic goals, role and functions;
  - Roles, responsibilities and relationships;
  - Accountable Officer arrangements;
  - Financial regime, including counter-fraud arrangements;

- Procedures for accounting, audit, monitoring and reporting;
- Strategic and annual plans;
- Risk management;
- Other management arrangements, including performance management;
- Arrangements for reviewing the Framework Document.

## **2 SFRS GOVERNANCE AND ACCOUNTABILITY FRAMEWORK DOCUMENT**

- 2.1 Fire Board Member's attention is brought to the minor amendments contained within Section 11 Ministerial Responsibilities and Section 20 SFRS Accountable Officer Responsibilities.

## **3 RECOMMENDATION**

- 3.1 The Board is invited to note the amendments with respect to the SFRS Governance and Accountability Framework Document.

**ALASDAIR HAY**  
**Chief Officer**

**26 June 2014**

# SCOTTISH FIRE AND RESCUE SERVICE (SFRS) - GOVERNANCE AND ACCOUNTABILITY FRAMEWORK DOCUMENT

## Introduction

1. This Governance and Accountability Framework document has been drawn up by the Scottish Government ('SG') in consultation with the Scottish Fire and Rescue Service ('the SFRS'). It sets out the broad governance structures within which the SFRS will operate and defines key roles and responsibilities which underpin the accountability relationships between the SFRS and the SG. It is distinct from, but linked to, the [Fire and Rescue Framework for Scotland](#), a statutory document made under section 40 of the Fire (Scotland) Act 2005 (as amended), which sets out the Scottish Ministers' strategic priorities for the SFRS.

2. While this document is non-statutory and does not confer any legal powers or responsibilities, it forms a key part of the accountability and governance infrastructure and should be reviewed and updated as necessary – and at least once every 3 years. Any proposals to amend this framework document, either by the SG or SFRS, 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 the SFRS. Legislative provisions shall take precedence over any part of the document.

3. References to the SFRS include any subsidiaries and joint ventures owned or controlled by the SFRS. The SFRS 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 Information Centre (SPICe). It shall also be published on the SG and the SFRS websites.

## Purpose

5. The Scottish Government's purpose focuses public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. The SFRS is to contribute to the achievement of the SG's purpose by aligning its aims and objectives with the SG's published Economic Strategy and National Performance Framework. The SFRS will make a contribution across all five of the strategic objectives within the SG purpose, although its core contribution is in making our communities safer and stronger. Sixteen national outcomes support these strategic objectives and the work of the SFRS contributes to many of these, although four in particular underpin our shared aspirations:

- we live our lives safe from crime, disorder and danger (National Outcome 9);
- we have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others (National Outcome 11);
- our public services are high quality, continually improving, efficient and responsive to local people's needs (National Outcome 16); and
- we live longer, healthier lives (National Outcome 6).

6. The SFRS also has a critical role to play in helping to deliver the SG's priorities for the justice sector, as recently formalised in the [Strategy for Justice in Scotland](#). In particular, the SFRS will play a pivotal role in contributing to priority 6 of the Strategy, which focuses on **reducing the harm from fires and other emergencies**, and priority 8, on **strengthening community engagement and resilience**. The Strategy places the SFRS firmly within the wider family of organisations who work to keep our communities safe and to administer justice in its various forms. The SFRS, as a new public body within this justice family, should seek to build on existing partnerships and forge new ones,

coming together with other justice public bodies to engage jointly with the SG on strategic issues, including the scope for improving efficiency across the sector.

7. The National Performance Framework and Strategy for Justice in Scotland also underpin the Fire and Rescue Framework for Scotland 2013, which sets out a new purpose for the SFRS, focusing on the achievement of better outcomes for the people and communities throughout Scotland, leading to improved safety and wellbeing, through partnership working and prevention:

**The main purpose of the Scottish Fire and Rescue Service is to work in partnership with communities and with others in the public, private and third sectors, on prevention, protection and response, to improve the safety and wellbeing of people throughout Scotland.**

8. Informed by this purpose, the Fire and Rescue Framework for Scotland sets out the strategic priorities for the SFRS, as determined by the Scottish Ministers. The SFRS strategic plan will then describe how the SFRS intends to carry out its functions in order to deliver those priorities. The SFRS's primary statutory functions are set out in the Fire (Scotland) Act 2005 ("the 2005 Act"), as amended by the Police and Fire Reform (Scotland) Act 2012, as well as the Fire (Additional Function) (Scotland) Order 2005 ("the 2005 Order"). As a public body, SFRS will also be subject to a range of other statutory functions, including duties under the Freedom of Information (Scotland) Act 2002 and the Equality Act 2010. The Fire and Rescue Framework for Scotland 2013 also sets six key performance targets across its range of functions, built on a comprehensive Performance Management Framework, and highlights areas for future development for the SFRS.

## **Relationship between the Scottish Government and the SFRS**

9. Effective strategic engagement between the SG and the SFRS 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 SFRS will take all necessary steps to ensure that their relationship is developed and supported, in line with the 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 SFRS is established under the Police and Fire Reform (Scotland) Act 2012 ("the 2012 Act") as a body corporate. The constitution of the SFRS is set out in schedule 1A to the 2005 Act, inserted by section 101 of the 2012 Act. The 2012 Act amends and transfers the fire and rescue and other functions set out in the 2005 Act to the SFRS, but also augments them with a range of powers and duties commensurate with its public body status. All references to "SFRS functions" within this document include all statutory powers and duties placed on the SFRS under the 2005 Act (as amended by the 2012 Act) and any other enactment. The SFRS does not carry out its functions on behalf of the Crown.

### **Ministerial responsibilities**

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

- setting out priorities and objectives for the SFRS in the Fire and Rescue Framework document prepared and brought into effect under section 40 of the 2005 Act (as amended by the 2012 Act);
- approving the SFRS's strategic plan under section 41A of the 2005 Act (inserted by the 2012 Act);

- agreeing a performance framework with the SFRS, based on the 6 high level targets in the Fire and Rescue Framework for Scotland 2013, which will inform the future strategic planning process for the Service;
- agreeing the budget and the associated grant in aid requirement to be paid to the SFRS, and securing the necessary Parliamentary approval through the annual Budget Act process;
- carrying out the functions specified in the 2005 Act (as amended by the 2012 Act), such as appointing the SFRS's members, determining the members' terms and conditions, appointing the first Chief Officer, and approving the appointment of each subsequent Chief Officer; and
- approving pay agreements and laying the annual accounts before the Parliament under section 22(5)(a) of the Public Finance and Accountability (Scotland) Act 2000.

### **SFRS board responsibilities**

12. References to the SFRS board in this document are intended to relate to the members who are appointed to the SFRS under schedule 1A to the 2005 Act (inserted by the 2012 Act). The SFRS board, including the chair, consists of non-executives appointed by the Scottish Ministers in line with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland. The board as a whole provides strategic direction, support and guidance to the SFRS, ensuring that it discharges its functions effectively and that Ministers' priorities are implemented. Board members are personally and corporately accountable for the board's actions and decisions. The board scrutinises plans and proposals and holds the Chief Officer and senior management to account. The board is free to establish its own sub-committee structure and delegate responsibilities to such committees as it considers fit.

13. The board, under the leadership of the chair, has corporate responsibility for:

- producing strategic plans, prepared under sections 41A and 41B of the 2005 Act (inserted by the 2012 Act), to be submitted to the Scottish Ministers for approval;
- producing annual reports, prepared and published under section 41L of the 2005 Act (inserted by the 2012 Act), and ensuring that they are laid before the Scottish Parliament in accordance with that section;
- taking forward the aims and objectives for the SFRS as set out in the approved strategic plan;
- determining the steps needed to deal with wider changes which are likely to impact on the strategic aims and objectives of the SFRS, or on the attainability of its operational targets;
- the duty under section 39A of the 2005 Act (inserted by the 2012 Act) to make arrangements to secure Best Value i.e. the continuous improvement in the carrying out of the SFRS's functions, 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, setting 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;
- (in reaching decisions) taking into account relevant guidance issued by the Scottish Ministers;
- ensuring that an effective pay and conditions negotiating framework is in place which allows negotiations to complement the broad principles of the Scottish Government's Public Sector Pay Policy;
- ensuring that the SFRS's proceedings, including those of its committees and sub-committees, are held in public and that the agendas, papers and reports in relation to those proceedings are published, as well as publishing a statement setting out the circumstances in which proceedings

may be held in private and in which documents need not be published, as required by schedule 1A to the 2005 Act (inserted by the 2012 Act);

- appointing, with the approval of the Scottish Ministers, the second and each subsequent SFRS Chief Officer and, in consultation with the SG, setting 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 the SFRS and the delivery of outcomes; and
- acting consistently with principles of good governance, accountability and transparency, as required by schedule 1A to the 2005 Act (inserted by the 2012 Act).

### **SFRS chair's responsibilities**

14. The chair is accountable to the Scottish Ministers for the SFRS's performance and for strategic leadership of the board. In common with any individual with responsibility for devolved functions, the chair may also be held to account by the Scottish Parliament. Communications between the SFRS board and the Scottish Ministers should normally be through the chair. He or she is responsible for ensuring that the SFRS's 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 the SFRS's 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 on any differences that may exist between private and public sector practice, and local and central government practice;
- the Scottish Ministers are advised of the SFRS's needs when board vacancies arise; and
- there is a code of conduct for board members in place, approved by the Scottish Ministers.

16. 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 Officer.

### **Individual board members' 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 the SFRS 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 SFRS by the Scottish Ministers but also any other funds falling within the stewardship of the SFRS, including trading and investment income, gifts, bequests and donations.) Individual board members should accept collective responsibility for decisions of the SFRS, the implementation of those decisions and appropriate standards of corporate governance in the work of the SFRS and SFRS employees. General guidance on board members' responsibilities is provided in [On Board: A Guide for Board Members of Public Bodies in Scotland](#).

## **SFRS Chief Officer's responsibilities**

18. The first SFRS Chief Officer is appointed by the Scottish Ministers. The second and subsequent SFRS Chief Officers are employed and appointed by the board with the approval of the Scottish Ministers. The Chief Officer will be accountable to the board for the performance, management and staffing of the SFRS, and for ensuring that its functions are fulfilled and targets met through effective and properly controlled executive action. Specific responsibilities to the board include:

- advising the board on the discharge of its responsibilities - as set out in this document, in the 2005 Act (as amended) 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 the SFRS 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 SFRS'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 SFRS, 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 SFRS compared with its strategic priorities and objectives;
- preparing the SFRS's strategic plan under section 41A of the 2005 Act (inserted by the 2012 Act), having regard to the Fire and Rescue Framework for Scotland, for the board to agree and submit it to the Scottish Ministers for approval;
- preparing the annual plan for the board's approval (having shared it with the sponsor unit);
- preparing the annual report under section 41L of the 1995 Act (inserted by the 2012 Act), for the board to consider before submitting to Scottish Ministers, and arranging for a copy of it to be laid before the Scottish Parliament in accordance with that section;
- preparing the SFRS's annual statement of accounts under schedule 1A to the 2005 Act (inserted by the 2012 Act), for the board to consider after having provided the sponsor unit with an opportunity to comment, and submitting the statement of accounts to the Auditor General for Scotland for auditing;
- 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 effective relationships with SG officials; and

- designating Local Senior Officers (LSOs) for each local authority area in Scotland (after consultation with the relevant local authority), ensuring that LSOs are adequately equipped, supported and empowered to fulfil their statutory duties, and providing operational direction and control to LSOs.

### **SFRS Accountable Officer responsibilities**

19. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) will designate the Chief Officer as the Accountable Officer for the SFRS. The responsibilities of the SFRS Accountable Officer are set out in detail in the [Memorandum to Accountable Officers for Other Public Bodies](#). These include:

- ensuring the propriety and regularity of the SFRS's finances;
- ensuring that the resources of the SFRS are used economically, efficiently and effectively;
- ensuring compliance with relevant guidance issued by the Scottish Ministers, in particular the SPFM;
- ensuring that arrangements have been made by the SFRS to secure [Best Value](#);
- signing the accounts of the SFRS: 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. The Chief Officer, as Accountable Officer for SFRS, is personally answerable to the Scottish Parliament for ensuring that SFRS resources are used economically, efficiently and effectively. The board/chair should be aware of/have regard to these Accountable Officer responsibilities, including the statutory duty set out in the final bullet point of paragraph 19. It is incumbent on the Chief Officer to serve the SFRS Board to whom he/she is responsible and from whom he/she derives their authority. The Board in turn is responsible to Parliament for its actions and conduct.

### **Local Senior Officer**

21. Section 41J of the 2005 Act (inserted by the 2012 Act) establishes a new statutory role for the Local Senior Officer, who will be designated by and accountable to the Chief Officer, for the purposes of carrying out the following delegated functions on behalf of the SFRS:

- preparing a local fire and rescue plan under section 41E of the 2005 Act (inserted by the 2012 Act) (having regard to the Fire and Rescue Framework and the SFRS strategic plan and consulting on a draft plan) for local authority approval, and reviewing such a plan under section 41F or 41G of that Act (both inserted by the 2012 Act);
- providing information and reports to the local authority as requested;
- participating in community planning within the local authority area; and
- receiving feedback and recommendations from the local authority on the discharge of SFRS's functions within the area.

22. Like all uniformed and non-uniformed staff, Local Senior Officers (LSOs) are SFRS employees, accountable through the Chief Officer to the SFRS board. These remain SFRS functions, *delegated* to LSOs and thus, in carrying out all of these functions, LSOs are acting on behalf of SFRS, under the operational direction of the Chief Officer and ultimately responsible to the SFRS board. Nonetheless, LSOs must be authorised, supported and resourced to discharge these functions

adequately and the need to develop meaningful and productive relationships and partnerships with local authorities should be given due weight.

## **Portfolio Accountable Officer responsibilities**

23. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) will designate the Director-General for Learning and Justice (or the equivalent) as the Accountable Officer for the SG portfolio budget for the SFRS. 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 SFRS 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 SFRS are set out in this framework document - and that this document is regularly reviewed;
- effective relationships are in place with the Director for Safer Communities and Deputy-Director for Fire and Rescue Division (or their equivalents) and the SFRS in accordance with the strategic engagement principles; and
- there is effective continuous assessment and appraisal of the performance of the chair of the SFRS, in line with the requirements of the Code of Practice for Ministerial Appointments to Public Bodies in Scotland.

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

24. The Director for Safer Communities and Deputy Director for Fire and Rescue Division (or their equivalents) have responsibility for overseeing and ensuring effective relationships between the SG and the SFRS, which support alignment of the SFRS's business to the Government's Purpose and National Outcomes and high performance by the SFRS. They will work closely with the SFRS chief officer and are answerable to the Portfolio Accountable Officer for maintaining and developing positive relationships with the SFRS characterised by openness, trust, respect and mutual support. They will be supported by the sponsor unit in discharging these functions. The Portfolio Accountable Officer shall be responsible for assessing the performance of the SFRS's chair, at least once per year.

## **Sponsor unit responsibilities**

25. The SG sponsor unit for the SFRS is based in the Fire and Rescue Division or its equivalent. It is the normal point of contact for the SFRS in dealing with the SG. The unit, under the direction of the Deputy Director, is the primary source of advice to the Scottish Ministers on the discharge of their responsibilities in respect of the SFRS and undertakes the responsibilities of the Portfolio Accountable Officer on his/her behalf. The unit will be responsible for establishing and maintaining regular dialogue between the Scottish Government and the SFRS at all levels, acting as the main point of day to day contact between Government and the SFRS. 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 SFRS;
- ensuring that appointments to the SFRS board are made timeously and in accordance with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland;
- working with the SFRS to ensure alignment of its strategic and annual plans to the National Performance Framework;
- supporting regular senior level engagement with the SFRS, which ensures a shared understanding of priorities to inform its strategic and annual planning;

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

### **Internal audit**

26. The SFRS shall:

- establish and maintain arrangements for internal audit in accordance with the [Government Internal Audit Standards](#) (GIAS) 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 Officer in his/her capacity as the SFRS Accountable Officer;
- forward timeously to the SG the audit charter, strategy, periodic audit plans and annual audit assurance report, including the SFRS 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 the SFRS and notify the SG at the earliest opportunity of any unusual or major incidents.

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

### **External audit**

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

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

## **Inspectors of the SFRS**

30. The Chief Inspector and Assistant Inspectors will inspect the SFRS and, in doing so, may inquire into certain matters independently, or on the direction of the Scottish Ministers. The Chief Inspector is required to provide reports (or, where applicable, copy reports) of inquiries to the SFRS and, depending on the type of inquiry, to the Scottish Ministers. Copies of certain reports, in particular those relating to the state and efficiency of the SFRS, must be laid before the Scottish Parliament (either by the Chief Inspector or the Scottish Ministers).

## **Annual report and accounts**

31. The SFRS must prepare and publish an annual report of its activities under section 41L of the 2005 Act (inserted by the 2012 Act) and which contains such other information as agreed with the SG. Under statute, the annual report should set out:

- an assessment of the SFRS's performance during the reporting year in acting in accordance with the Fire and Rescue Framework, prepared and brought into effect under section 40 of the 2005 Act (as amended by the 2012 Act);
- an assessment of SFRS's performance during the reporting year in achieving the outcomes set out in the SFRS strategic plan, approved under section 41A or, as the case may be, 41B of the 2005 Act (both inserted by the 2012 Act); and
- such other information as the SFRS thinks fit.

32. The SFRS must also prepare a statement of accounts after the end of each financial year in accordance with relevant statutes and the specific accounts direction (including compliance with the Financial Reporting Manual (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 SFRS shall be consolidated in its accounts in accordance with International Financial Reporting Standards as adapted and interpreted for the public sector context.

33. The report and accounts should both be submitted in draft to the SG for comment by a deadline agreed annually between SFRS and SG. 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 by the Scottish Ministers. The SFRS shall be responsible for the publication of both the report and accounts e.g. on the SFRS's website.

## **Management responsibilities**

### **Strategic and annual plans**

34. The SFRS must prepare a strategic plan in accordance with section 41A of the 2005 Act and, under section 41B of the 2005 Act (both inserted by the 2012 Act), arrange for it to be reviewed at least once every three years. The strategic plans must be submitted to the Scottish Ministers for approval. The finalised plan shall reflect the SFRS's strategic aims and objectives, in light of the Fire and Rescue Framework and as agreed by the Scottish Ministers. The plan shall demonstrate how the SFRS contributes to the achievement of the SG's primary purpose and alignment with the SG's National Performance Framework (NPF) and the purpose of fire and rescue in Scotland as set out in the Fire and Rescue Framework. Under statute, the SFRS strategic plan must:

- set out how SFRS proposes to carry out its functions during the period of 3 years beginning with the day appointed by order (for the first strategic plan) or the plan commencement day (for every subsequent plan);

- identify outcomes by reference to which the carrying out of its functions may be measured; and
- include such other material relating to its functions or to a period, other than the period mentioned above, as SFRS thinks fit.

35. In addition, the SFRS strategic plan should generally include:

- the purpose and principal aims of the SFRS (reflecting the Fire and Rescue Framework for Scotland);
- an analysis of the environment in which the SFRS operates;
- indicators against which performance can be judged, as set out in the Performance Management Framework;
- details of planned efficiencies, describing how the SFRS proposes to achieve better value for money, including through collaboration and shared services;
- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan, but that cannot be accurately forecast; and
- other matters as agreed between the SG and the SFRS.

36. The strategic plan should inform the development of a separate annual plan for each financial year. The annual plan for the SFRS should generally 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. The SFRS annual plan should be shared in draft with the SG sponsor unit before being submitted to the board for approval.

### **Budget management**

37. 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 SFRS by 28 February 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. Transfers of budgetary provision between the different summary classifications, as advised, would require the prior approval of the SG. Any proposals for such transfers should therefore be submitted to the sponsor unit. Transfers of provision within the summary classifications may be undertaken without reference to the SG, subject to any constraints on specific areas of expenditure.

38. If the trading and other resource income - or the net book value of disposals of non-current assets - realised is less than included in the most up to date agreed budget, the SFRS shall, unless otherwise agreed with the SG, ensure a corresponding reduction in its gross expenditure. The extent to which the SFRS 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 most up to date agreed budgets, the SFRS must obtain the prior approval of the SG before using any excess to fund additional expenditure. Failure to obtain prior approval for the use of excess income - excluding income resulting from gifts, bequests and donations - to fund additional expenditure may result in corresponding reductions in budgets for the following financial year.

### **Cash management**

39. Any [grant in aid](#) (i.e. the cash provided to the SFRS 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 SFRS - 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 SFRS.

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

### **Risk management**

41. The SFRS 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 a risk management strategy, 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 SFRS 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.

### **Fraud management**

42. The SFRS 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 response plan and robust reporting arrangements. This includes the establishment of avenues to report any suspicions of fraud. In addition the SFRS 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 to provide funding.

### **Performance management**

43. The SFRS 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 strategic and annual plans. The results of such reviews should be reported on a regular basis to the SFRS board and copied to the SG. The SG shall assess the SFRS's performance on a continuous basis and undertake a formal internal review at least twice a year. The responsible Scottish Minister shall meet the SFRS chair at least once a year.

### **SFRS staff management**

#### *Broad responsibilities for SFRS staff*

44. The SFRS 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 (with consideration to complement the wider principles of public sector pay policy);
- the performance of its staff at all levels is satisfactorily appraised and the SFRS'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 SFRS'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
- 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*

45. The SFRS shall consider the wider principles of Public Sector Pay Policy when negotiating a pay settlement and submit any proposed settlement to Scottish Ministers for approval. The Scottish Ministers will continue to keep such arrangements under review. Proposals on non-salary rewards must comply with the guidance in the [Non-Salary Rewards](#) section of the SPFM. The SFRS shall comply with employment and equalities legislation. The terms and conditions of the Chief Officer are subject to a separate approval exercise in line with the SG Pay Policy for Senior Appointments.

#### *Pensions, redundancy and compensation*

46. Superannuation arrangements for the SFRS staff are subject to the approval of the SG. SFRS staff shall normally be eligible for a pension provided by the Firefighters' Pension Scheme 1992, or the New Firefighters' Pension Scheme 2006, or the Local Government Pension Scheme subject to scheme eligibility. These pension schemes are likely to be reformed under the proposed UK Government's Public Sector Pensions Bill. Staff may opt out of the occupational pension scheme provided by the SFRS, but the employer's contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.

47. Any proposal by the SFRS to move from existing pension arrangements, or to pay any redundancy or compensation for loss of office, or personal tax liabilities, 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.

#### **Asset and property management**

48. The SFRS shall 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 Advice 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. The SFRS is also subject to the [SG Asset Management Policy](#), including the requirement for any new commitments to be signed off by the Scottish Ministers. Information concerning the SFRS should be accurately recorded and updated as necessary by the SFRS on the Office of Government Commerce [electronic Property Information Mapping System](#) (e-PIMS).

49. The Scottish Fire Service College and all related responsibilities will transfer to the SFRS on 1 April 2013, but title shall remain in the name of Scottish Ministers. The SFRS is accountable for the Scottish Fire Service College and is expected to keep the property and grounds in good order, managing in accordance with the principles of good estate management.

#### **Specific financial provisions**

##### **Delegated authorities**

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

51. The SFRS 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. Such income generation should not be to the detriment of the SFRS's fulfilment of its primary responsibilities and core functions. 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 SFRS shall be determined in accordance with the [Fees & Charges](#) section of the SPFM, and in line with the requirements of the [Fire \(Charging\) \(Scotland\) Order 2005 \(SSI 2005/343\)](#), as amended.

52. Gifts, bequests or donations received by the SFRS 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 SFRS 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 SFRS shall consider if there are any associated costs in doing so, or any conflicts of interests arising. The SFRS shall keep a written record of any such gifts etc, their estimated value and what happened to them.

### **Financial investments**

53. Unless covered by a specific delegated authority the SFRS 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 SFRS. The SFRS shall not invest in any venture of a speculative nature.

### **Borrowing**

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

### **Lease arrangements**

55. The SFRS shall not enter into any finance or property/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. Non-property/accommodation related operating leases are subject to a specific delegated authority. The SFRS must have capital DEL provision for finance leases and other transactions, which are in substance borrowing. Before entering into any lease arrangement the SFRS must be able to demonstrate that the lease offers better value for money than purchase.

### **Tax arrangements**

56. Non-standard tax management arrangements should always be regarded as novel and/or contentious and must, therefore, be approved in advance by the SG. Relevant guidance is provided in the [Tax Planning and Tax Avoidance](#) section of the SPFM. The SFRS 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 and national insurance deducted at source. It is the responsibility of the SFRS to observe VAT legislation and recover input tax, where it is entitled to do so. The SFRS must also ensure that it accounts properly for any output tax on sales or disposals.

## **Lending and guarantees**

57. Any lending by the SFRS 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 SFRS 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**

58. Unless covered by a specific delegated authority, the SFRS 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**

59. 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 the SFRS'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 SFRS's resource DEL budget classification and is subject to a specific delegated limit.

## **Insurance**

60. The SFRS 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 be taken out in the circumstances described in the [Insurance](#) section of the SPFM - where required with the prior approval of the SG. The SG and SFRS have reached agreement that, for the transition period and to establish a clearer risk profile, a commercial contract will be put in place for an initial three years, before the end of which this approach will be reviewed. The SG has also provided the SFRS with a Certificate of Exemption for Employer's Liability Insurance.

## **Procurement and payment**

61. The SFRS'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 SFRS'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. Any external consultancy contracts with a value of more than £100,000 must be approved in advance by the Cabinet Secretary for Infrastructure, Investment and Cities and the Cabinet Secretary for Finance, Employment and Sustainable Growth.

62. Any major investment programmes or projects undertaken by the SFRS shall be subject to the guidance in the [Major Investment Projects](#) section of the SPFM. 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.

63 The SFRS shall pay all matured and properly authorised invoices in accordance with the [Expenditure and Payments](#) section of the SPFM. The SFRS is subject to the SG target for the payment of invoices within 10 working days of their receipt.

#### **Gifts made, special payments and losses**

64. Unless covered by a specific delegated authority, the SFRS shall not, without the Scottish Government'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**

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

#### **Board expenses**

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

**FRS GOVERNANCE AND ACCOUNTABILITY FRAMEWORK DOCUMENT:  
APPENDIX**

**SPECIFIC DELEGATED FINANCIAL AUTHORITIES**

	<b>Delegated Limit</b>
Non competitive action contracts	<b>£25 000</b>
External business and management consultancies	<b>£100 000</b>
Gifts	<b>£1 000</b>
Claims waived or abandoned	<b>£25 000</b>
Write-off of bad debt and/or losses	<b>£1 000</b>
Special Payments	<b>£1 000</b>
Operating leases – other than property / accommodation related leases	Able to take out lease at market value up to 5 years with a rental up to £15K per annum.

The above table sets the expenditure limits above which SFRS must seek agreement from the Scottish Government. The SFRS is free to set its own internal limits at levels below those set out in the above table.