

SCOTTISH PRISON SERVICE

Framework Document

2024



Foreword

This Framework Document outlines the Scottish Prison Service (SPS) relationship with the Scottish Ministers and the Scottish Government. It outlines the broad basis on which SPS operates, setting out our vision and objectives, our accountabilities, our approach to our people and other organisational matters.

As an Executive Agency of the Scottish Government, SPS recognises its role in contributing to the wider justice community and ultimately a Safer Scotland. We will discharge our roles with the utmost professionalism, driven by our core organisational values of Belief, Respect, Integrity, Openness, Courage and Humility.

Teresa Medhurst
Chief Executive, Scottish Prison Service
July 2024



Contents

Purpose	3
The Chief Executive	4
The Accountable Officer	5
The Scottish Ministers	6
SG Portfolio Accountable Officer	6
SG Senior Lead Officer	7
Agency staff management responsibilities	7
Broad responsibilities for Agency staff	7
Pay and conditions of Service	8
SPS Governance Structure	8
Complaints and the Ombudsman	9
Role of HM Chief Inspector of Prisons	10
Role of Independent Prison Monitors	10
Corporate and Business Plans	10
Annual Report and Accounts	11
Risk Management	11
Internal Control	12
Major Investment and Managing the Prison Estate	12
Environmental Sustainability and Net Zero Targets	13
External audit	13
Internal Audit	13
Budget management and delegated authority	14
Budget and Finance	14
Remuneration	16
Banking and cash management	17
Annex A: Specific Delegated Financial Authorities – Still to be updated.	18

Introduction

1. This framework document is agreed between the Scottish Prison Service (SPS) and the Scottish Ministers. It summarises how SPS, and the Scottish Government (SG) will work together, and the key roles and responsibilities of:

- the Scottish Ministers.
- the Chief Executive and their Accountable Officer role at SPS.
- the Portfolio Accountable Officer within the SG whose remit includes SPS.
- the Senior Lead Officer role and responsibilities.

2. While this document does not confer any legal powers or responsibilities, it forms a key part of the accountability and governance framework and as a live document it should be reviewed by SG and SPS regularly, and at least every 3-4 years. Any significant changes will be agreed by the Scottish Ministers.

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

4. SPS is not permitted to establish any subsidiaries or enter joint ventures without express approval from the Scottish Ministers.

5. Copies of the document will be placed in the Scottish Parliament Information Centre (SPICe) and published on the SPS website.

Purpose

6. The Scottish Prison Service (SPS) is an Executive Agency of the Scottish Government and was first established in April 1993. This Framework Document sets out the policy and resources framework set by Scottish Ministers within which the SPS operates.

7. The SPS is responsible for those who are committed to its care by the Courts and is accountable to the Scottish Parliament for the delivery of custodial care in accordance with The Prisons and Young Offenders Institutions (Scotland) Rules 2011.

8. There are 14 publicly managed prisons, 2 Custody Care Units and one privately managed prison (HMP Addiewell). We directly employ around 4,500 staff and on a daily basis accommodate over 7,900 individuals in our care.

9. Status as an Executive Agency means that SPS has autonomy in carrying out its Executive functions within the terms of this framework, whilst remaining directly accountable to the Scottish Ministers for the standards of its work.

10. SPS also has responsibility for providing honest, impartial and objective advice to the Scottish Ministers on policy in relation to all aspects of Scottish Prisons and operational matters therein.

11. The remainder of this section summarises the specific responsibilities and accountabilities of the key people involved in the governance of SPS.

The Chief Executive

12. The Chief Executive is a civil servant who is personally accountable to the Scottish Ministers for the economic, effective, and efficient operation of SPS. The Chief Executive is the Accountable Officer for the Agency and is appointed by the Permanent Secretary, who themselves are the Principal Accountable Officer for the Scottish Administration. The responsibilities of the Chief Executive are set out below.

13. The Chief Executive has overall responsibility for the delivery of the functions of SPS, as set out at paragraphs 24 to 89 below, in accordance with the aims, policies and priorities of the Scottish Ministers. In fulfilling this responsibility, the Chief Executive will lead the Agency and:

- a. set strategic and operational plans to deliver the functions of SPS, focusing on how the work of SPS can most effectively contribute to achievement of the outcomes in the [National Performance Framework](#), the [Programme for Government](#) and [Scotland's Economic Strategy](#) in collaboration with the SG and other public bodies.
- b. lead the activity of SPS to deliver the aims, objectives and targets set out in plans and take decisions on remedial action where required.
- c. ensure that effective governance is established and maintained, including ensuring that decision-taking is open and transparent and, with support from the SPS Advisory Board and Executive Management Group to ensure that key risks are identified and managed.
- d. approve the Annual Report and Accounts and ensure they are laid before the Scottish Parliament timeously.
- e. manage the budget for SPS in line with Scottish Government Finance guidance, policies and procedures, including the Scottish Public Finance Manual (SPFM), the principles of [Best Value](#), and ensure that appropriate financial appraisal and evaluation techniques are followed (see the [Appraisal and Evaluation](#) section of the SPFM) to inform financial decisions.
- f. agree with the Portfolio Accountable Officer or other Senior Civil Servant(s) acting under delegated authority by the Portfolio Accountable Officer what information is required to enable scrutiny of the performance of SPS and progress against overall strategic and business plan aims and objectives and ensure that the agreed information is provided and that it is both accurate and timely.
- g. where appropriate will manage relationships and engage with the Portfolio Accountable Officer, with other SG officials who have an interest in the work of SPS and other key partners and stakeholders in the justice system.
- h. promote the wellbeing, learning and development of staff and ensure that SPS meets the agency staff management responsibilities described in the section below.
- i. ensure that effective arrangements are in place to provide assurance on risk management (including in respect of personnel, physical and cyber risks/threats/ hazards), governance and internal control.

- j. reply to correspondence and Parliamentary questions from MSPs on operational issues within the Agency's responsibilities and supporting the Cabinet Secretary and Ministers by preparing Ministerial briefings and responses to Ministerial correspondence on operational matters.
- k. appear when required before Parliamentary Committees to account for the discharge of his/her responsibilities under the terms of the Framework Document management arrangements.
- l. be a member of and attend relevant strategic, cross-cutting or policy coordination groups within Scottish Government and the wider Justice system as required.

14. The Chief Executive in both their overall leadership role and the specific responsibilities of the Accountable Officer role will pay particular attention to the Key Governance Issues highlighted in the section on Governance and Risk below and will ensure that the Portfolio Accountable Officer is notified as soon as possible if a significant risk or issue is identified relating to any of these matters.

The Accountable Officer

15. The Permanent Secretary is the Principal Accountable Officer for the Scottish Administration and is responsible for designating, under section 15 of the Public Finance and Accountability (Scotland) Act 2000, the relevant Director General as the Portfolio Accountable Officer, and the Agency Chief Executive as the Agency Accountable Officer. These Accountable Officers have personal responsibility to Parliament for the propriety and regularity of public finances for the part of the Scottish Administration for which such Accountable Officers have stewardship.

The roles and responsibilities of Portfolio Accountable Officers and Agency Accountable Officers are set out in the Memorandum to Accountable Officers for parts of the Scottish Administration.

16. The Principal Accountable Officer for the Scottish Administration will designate the Chief Executive of SPS as the Accountable Officer. The Accountable Officer is personally responsible for the propriety and regularity of the public finances of SPS and ensuring that its resources are used economically, efficiently and effectively, as required by section 15 of the [Public Finance and Accountability \(Scotland\) Act 2000 \(legislation.gov.uk\)](#) and may be called to give evidence to the Public Audit Committee of the Scottish Parliament.

17. The responsibilities of the Accountable Officer are set out in full in the [Memorandum to Accountable Officers for Parts of the Scottish Administration](#) in the Scottish Public Finance Manual.

18. The DG Portfolio Officer will approve the appointment of the Chief Executive in accordance with the Scottish Government's resourcing policy and will hold them to account for the performance of SPS and its use of resources. Ministers are ultimately accountable to the Scottish Parliament for the performance of SPS.

The Scottish Ministers

19. The Scottish Ministers will:

- a. agree the strategic aims, objectives, and key targets of SPS as part of the corporate planning process, and regularly scrutinise progress made towards the aims, objectives, and targets.
- b. agree the budget for SPS, secure the necessary Parliamentary approval and scrutinise the agency's overall financial performance.
- c. approve pay remits or proposals and superannuation arrangements for the Chief Executive and staff of SPS.
- d. Approve the Framework Document and any revisions made to it.

20. In exceptional circumstances, the Chief Executive may seek advice and comment from the Scottish Ministers on operational matters and procedures.

SG Portfolio Accountable Officer

21. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) has designated the Director General (Education and Justice) as the Portfolio Accountable Officer (AO) for the SG portfolio budget which will provide funding to the SPS. The responsibilities of a Portfolio Accountable Officer are set out in detail in the [Memorandum to Accountable Officers for Parts of the Scottish Administration](#).

22. The Portfolio AO is not directly accountable for SPS but is responsible for ensuring that there is an effective framework in place for scrutiny of the operational and financial performance of SPS and the financial and other management controls applied to SPS. This document is the basis of that framework.

23. Where appropriate the Portfolio AO is likely to delegate some or all of their duties in relation to SPS to a Director or Deputy Director as Senior Lead Officer for SPS and other SG officials may support the Portfolio AO and Senior Lead Officer in a liaison role.

24. The Portfolio AO will:

- a. make sure this framework document is reviewed every 3-4 years and subsequently agreed to with the Scottish Ministers and oversee the operation of the roles and responsibilities set out.
- b. ensure that financial and other management controls being applied by SPS are appropriate and sufficient to safeguard public funds and conform to the requirements both of propriety and of good financial management.
- c. ensure that the Chief Executive as Accountable Officer participates fully in Director General (DG) risk assessment and assurance activity, including regular DG assurance meetings.
- d. ensure that the Chief Executive and/or senior agency staff with policy advice responsibility are routinely involved in relevant policy discussions in SG, including ensuring they are members of relevant cross-cutting or policy coordination groups, to ensure the overall coherence of policy advice being provided to the Scottish Ministers.

- e. support regular and effective engagement between SPS and the relevant Scottish Minister(s).
- f. make sure there is clear, documented delegation of responsibilities to a Senior Lead Officer and/or other officials who support the Portfolio AO in managing the relationship with SPS, and that the Chief Executive and senior team in the agency are aware of these delegated responsibilities.
- g. Appoint and performance appraise the Chief Executive.

25. The Portfolio AO remains personally answerable to the Scottish Parliament for the effectiveness of this framework.

SG Senior Lead Officer

26. The Senior Lead Officer for SPS is the Director of Justice in the Scottish Government.

27. The Senior Lead Officer and colleagues in the Justice Directorate will:

- a. develop and advise Ministers on the strategic direction of the Agency in the context of wider departmental or cross-governmental objectives.
- b. agree a framework for strategic performance management.
- c. advise Ministers on their response to strategic performance information.
- d. advise the Chief Executive on steering the Agency's activities to ensure that they most effectively support the delivery of departmental objectives.
- e. ensure that the Agency has the delegations and authorities necessary for effective delivery and continuous improvement.

28. Colleagues in Justice Directorate provide a liaison function between SPS and SG, coordinating correspondence and briefings with SPS and ensuring SPS and prison policy is taken into account in wider policy development in SG.

Agency staff management responsibilities

Broad responsibilities for Agency staff

29. The Chief Executive has responsibility for the recruitment, retention, and motivation of its staff. The broad responsibilities toward staff are to ensure that:

- the Agency's HR policies, practices and systems comply with employment and equalities legislation, and standards expected of public sector employers.
- the level and structure of staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency, and effectiveness.
- the performance of staff at all levels is regularly appraised and performance management systems are reviewed from time to time.
- staff are encouraged to acquire the appropriate professional, management, and other expertise necessary to achieve SPS objectives.
- proper consultation with staff takes place on key issues affecting them, as appropriate, including working in partnership with Trade Unions.

- effective grievance and disciplinary procedures are in place.
- effective whistle-blowing policy and procedures consistent with the Public Interest Disclosure Act 1998 are in place.
- as staff will normally be civil servants, they will be subject to the Civil Service Code of Conduct.

Pay and conditions of Service

30. SPS will comply with SG Pay Policy in relation to staff and the Chief Executive. The Chief Executive will ensure that a pay remit, in line with the SG [Pay Policy for Staff Pay Remits](#), is submitted to the SG for approval in line with the timetable notified and negotiate a pay settlement within the terms of the approved remit. This should normally be done annually unless a multi-year deal has been agreed.

31. Staff of SPS are eligible for a pension provided by the Principal Civil Service Pension Scheme.

32. Any proposal by SPS to pay any redundancy or compensation for loss of office, requires the prior approval of the Scottish Ministers. Proposals on compensation payments will comply with the [Settlement Agreements, Severance, Early Retirement and Redundancy Terms](#) section of the SPFM. This includes referral to the Scottish Ministers of any proposed severance scheme (for example, a scheme for voluntary exit), business case for a settlement agreement being considered for an individual, or proposal to make any other compensation.

SPS Governance Structure

33. The Executive Management Group (EMG) is chaired by the Chief Executive (CE), bringing together the Deputy Chief Executive and Executive Directors, to advise the Chief Executive on discharging their duties as head of the organisation and Agency Accountable Officer. The EMG focuses on:

- Strategy;
- Performance, including Risk; and
- Finance and Best Value

34. Whilst the EMG will approve decisions and direction, the CE is the ultimate decision-maker, in accordance with Executive Functions and can over-rule any decision of the EMG.

35. The EMG will engage constructively with and seek and take advice from the Advisory Board, however the EMG cannot be directed by the Advisory Board.

36. Non-Executive Directors are selected and appointed by the Chief Executive in accordance with good practice and recommendations in public appointments. The process of appointing Non-Executive Directors should follow good practice. Whilst not

Ministerial appointments; the relevant Cabinet Secretary should be sighted on outcome of appointments.

37. The role of non-executive board members is to provide support and challenge to the Chief Executive and senior leadership team on strategy and key operational issues, Best Value and overall governance and support the SPS Advisory Board in the delivery of its remit.

38. The Chair of the Advisory Board is appointed by the Chief Executive. The Advisory Board is currently chaired by a Non-Executive Director. Adopting such an approach not only constitutes good governance, but it also affords the Chief Executive an opportunity to fully participate in SPS Advisory Board meetings without the responsibilities associated with chairing proceedings.

39. The role of the Chair is to lead the SPS Advisory Board, ensuring that it has the ability to carry out functions effectively and in accordance with the Principles of Public Life.

40. The role of the Advisory Board is to undertake a supportive, advisory, questioning and enabling function to SPS. It supports the Chief Executive in the discharge of his or her role by providing a safe, challenging forum to bring issues to a well-informed group comprising the Deputy Chief Executive, SPS Executive Directors and Non-Executive Directors, to help him or her reach defensible and well-informed decisions.

41. The Advisory Board along with the Executive Management Group have no role in holding the Chief Executive to account for the Agency's performance and cannot issue directions to him or her.

42. The role of Advisory Board may however include:

- a) **Strategy** - constructively challenging and contributing to the development of strategy, suggesting ambitious and customer-focused targets and innovative approaches for delivery as well as advising on development of the SPS corporate plan.
- b) **Performance** - scrutinising the performance of management in meeting goals and objectives and monitoring the reporting of performance.
- c) **Risk** - satisfying themselves of the reliability and integrity of risk management and internal control arrangements. Providing assurance that the framework for organisational governance is operating effectively.

Complaints and the Ombudsman

43. The Chief Executive is responsible for ensuring that effective procedures for handling complaints are established, published, and adhered to. The complaints procedure must be compliant with the statement of principles published by the Scottish Public Services Ombudsman (SPSO). Where complainants are unhappy with the

outcome of their complaint, they will be informed of their right to raise it with the SPSO who will investigate. The Chief Executive will ensure that any actions arising from these investigations are appropriately and promptly addressed.

Role of HM Chief Inspector of Prisons

44. The role of HM Chief Inspector of Prisons is set out in the Prisons (Scotland) Act 1989. The Chief Inspector reports to the Scottish Ministers on the treatment of prisoners and conditions in prisons. The Chief Executive is responsible for considering those recommendations of HM Chief Inspector which fall within the matters delegated to SPS and for implementing those which the Scottish Ministers require him or her to implement.

Role of Independent Prison Monitors

45. The role of Independent Prison Monitors holds statutory authority under the Public Services Reform (Inspection and Monitoring of Prisons) (Scotland) Order 2015. From September 2015, Independent Prison Monitors will act on behalf of Scottish Ministers to provide an independent monitoring role within prisons. The role of the Independent Prison Monitor is to help to ensure prisoners' human rights are upheld and that life in prison contributes to their rehabilitation.

Corporate and Business Plans

46. SPS will prepare a strategic or corporate plan every 3-5 years, providing SG and the public with strategic aims, objectives, and targets over that period.

47. When a new plan is to be prepared, the Chief Executive or their delegate will liaise with the Senior Lead Officer or Portfolio AO to agree the key points to be addressed and the timetable for preparation and review. The final, agreed version of the strategic or corporate plan will be published on the SPS website.

48. The corporate plan will inform the development of a separate business plan for each financial year, which will include key targets and milestones for the year immediately ahead, aligned to the NPF, and be linked to budgeting information so that, where possible, resources allocated to achieve specific objectives can be identified. SPS will send a copy of the annual business plan to the Senior Lead Officer before the start of the relevant financial year.

49. The SPS corporate plan will include:

- purpose and principal aims.
- contribution to the national outcomes set out in the [National Performance Framework](#), the Programme for Government and Scotland's Economic Strategy in collaboration with the SG and other public bodies.
- analysis of the environment in which it operates.
- key objectives and associated key performance targets for the period of the plan, and the strategy for achieving those objectives.
- indicators against which its performance can be judged.

- details of planned efficiencies, describing how better value for money will be achieved, including through collaboration and shared services.
- other key points agreed with the Senior Lead Officer and/or Portfolio AO as described above.

Annual Report and Accounts

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

51. The accounts will 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.

52. The Chief Executive is responsible for the laying of the annual report and accounts in the Scottish Parliament. Whilst the statutory deadline for laying and publishing accounts audited by the Auditor General for Scotland (AGS) is 31 December after the end of the relevant financial year, the Scottish Ministers expect that accounts will be laid before the Scottish Parliament and published well before this date, to support the wider consolidation of the SG accounts.

53. SPS have a duty to provide an annual governance statement to the Scottish Government via the Governance and Risk Branch as early as possible to support the SG Consolidated Annual Accounts.

Risk Management

54. SPS must develop an approach to risk management consistent with the [Risk Management](#) section of the Scottish Public Finance Manual and establish reporting and escalation arrangements with the Portfolio AO or Senior Lead Officer. In doing so, they should consider alignment with the SG approach to risk management as appropriate.

55. The Chief Executive and any non-executive advisers should have a clear understanding of the key risks, threats and hazards the Agency may face in the personnel, accommodation and cyber domains, and take action to ensure appropriate organisational resilience, in line with the guidance in: [Having and Promoting Business Resilience](#) (part of the Preparing Scotland suite of guidance) and the [Public Sector Cyber Resilience Framework](#).

56. Guidance on governance requirements is available in several documents referred to earlier in this framework document:

- [the Scottish Public Finance Manual](#) (SPFM)

- [the Audit and Assurance Committee Handbook](#)

57. If in any doubt about a governance issue, the Chief Executive should consult the SG Senior Lead Officer in the first instance, and may also consult the SG Public Bodies Unit, the SG Governance and Risk Branch and/or other teams with relevant expertise.

58. The Chief Executive and any non-executive advisers should pay particular attention to guidance on the following issue:

Internal Control

59. The Chief Executive should establish clear internal delegated authorities for other members of staff and establish an assurance framework consistent with the [internal control framework](#) in the SPFM.

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

61. SPS must comply with the requirements of the [Freedom of Information \(Scotland\) Act 2002](#) and ensure that information is provided to members of the public in a spirit of openness and transparency. SPS is covered by the Scottish Ministers' registration with the Information Commissioner's Office and must ensure compliance with the Data Protection Act 2018 and the General Data Protection Regulations, commonly known as GDPR.

62. Section 10 of the [Freedom of Information \(Scotland\) Act 2002](#) also requires SPS to respond to such requests no later than 20 working days within receiving the request.

63. SPS must reply to Subject Access Requests as defined in [Regulation \(EU\) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data \(United Kingdom General Data Protection Regulation\)](#) without undue delay and at the latest within one month of receiving the request. The time to respond can be extended by a further two months if the request is complex or if a number of requests from the individual is excessive.

Major Investment and Managing the Prison Estate

64. The Chief Executive has delegated authority to develop and manage the prison estate and major projects, subject to the following exceptions:

- Deciding to close a prison.
- Deciding to build a new prison and its location.
- Any significant change (increase or decrease) to prison capacity that would impact on delivery of national justice strategies.
- Initiate any major project which cannot be funded from allocated budgets.

65. Any major investment programmes or projects undertaken should be subject to the guidance in the [Major Investment Projects](#) section of the SPFM and in line with delegated authorities.

66. The Senior Lead Officer and colleagues must be kept informed of progress on such programmes and projects through regular communication and through relevant major project boards and groups.

67. The Scottish Ministers must be alerted to any developments that substantially change circumstances, including budget and timescales, and that could undermine their viability. ICT investment plans must be reported to the SG's Office of the Chief Information Officer.

Environmental Sustainability and Net Zero Targets

68. The global climate emergency is a strategic national priority, recognised by the Scottish Government and public bodies across Scotland. In 2019, the Scottish Government declared "A Climate Emergency" which led to The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which includes an increased ambition to reduce greenhouse gas emissions to net-zero by 2045. SPS has a statutory duty to support the Scottish Government's commitment to tackle climate change.

69. As an executive agency and public body in Scotland, SPS has a range of duties and obligations beyond the delivery of custodial care that are required to be carried out to deliver an effective, transparent, and meaningful public service to contribute to Scotland's Net Zero targets and biodiversity aims.

External audit

70. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, SPS' annual accounts. The AGS, or examiners appointed by the AGS, may also carry out examinations into the economy, efficiency, and effectiveness with which the body has used its resources in discharging its functions and/or carry out examinations into the arrangements made by SPS to secure Best Value.

71. The AGS, or the AGS's appointed auditors or examiners, have a statutory right of access to documents and information held by relevant persons, including any contractors to or recipients of grants from SPS. SPS will ensure that this right of access to documents and information is made clear in the terms of any contracts issued or conditions of any grants awarded and will also use its best endeavours to secure access to any other information or documents required which are held by other bodies.

Internal Audit

72. The Chief Executive as Accountable Officer will:

- establish and maintain arrangements for internal audit in accordance with the [Internal Audit](#) section of the SPFM.

- set up a Risk Management and Audit Committee, chaired by a non-executive (who may be one of the non-executive advisers described above) and with at least one member who has significant financial experience, in accordance with the [Audit Committees](#) section of the SPFM, and pay careful attention to the Audit Committee's advice.
- keep records of and prepare and forward promptly to the SG Governance and Risk Branch an annual report on fraud and theft suffered by SPS and notify the Senior Lead Officer or Portfolio AO immediately of any unusual or major incidents.

Budget management and delegated authority

73. Each year the Senior Lead Officer or their delegate will notify SPS of its budget provision, any related matters and details of the budget monitoring information required. SPS will comply with the format and timing of the monitoring information requested and with any requests for further information.

74. The statement of budgetary provision will set out the budget within the classifications of resource Departmental Expenditure Limits (RDEL), capital DEL (CDEL) and Ring-fenced (non-cash) (RfDEL) – and, where applicable, Annually Managed Expenditure (AME). These categories are explained in [Annual Budget Processing](#) in the SPFM. SPS will not transfer budgetary provision between the categories without the prior approval of the SG Finance Directorate, and the Senior Lead Officer should be made aware of any such transfers. Transfers within the categories are at the discretion of the Chief Executive, if these do not breach any other constraints, for instance the approved pay remit.

75. Where budgetary provision includes projected income, including any income from disposal of non-current assets, the Chief Executive will ensure that the SG Finance Directorate and Senior Lead Officer are made aware promptly of any forecast changes in income – usually via the monthly budget monitoring statement. The Scottish Ministers expectation is that any shortfall in income will be offset by a matching reduction in gross expenditure, and prior approval from the SG Finance Directorate and the Senior Lead Officer must be sought for any alternative arrangement. Similarly, if income is higher than originally projected, this may only be used for additional spending or to meet pressures with the prior approval of the SG Finance Directorate and Senior Lead Officer. 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.

76. SPS' specific delegated financial authorities are set out in **Annex A**. The Chief Executive will obtain the prior written approval of the Portfolio AO and SG Finance before entering into any undertaking to incur any expenditure that falls outside these delegations, and before incurring expenditure for any purpose that is or might be considered novel, contentious or repercussive or which has or could have significant future cost implications.

Budget and Finance

77. SPS Chief Executive has delegated financial authority as defined in **Annex A**
78. Non-standard tax management arrangements should always be regarded as novel and/or contentious and must therefore be approved in advance by the Portfolio AO and SG Finance. Relevant guidance is provided in the [Tax Planning and Tax Avoidance](#) section of the SPFM. SPS must comply with all relevant rules on taxation, including VAT, recover input tax where it is entitled to do so.
79. An accurate and up-to-date record of current and non-current assets should be maintained, consistent with the [Property: acquisition, disposal and management](#) section of the SPFM. SPS 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.
80. Assets should be recorded on the balance sheet at the appropriate valuation basis in accordance with the FReM. When an asset (including any investment) suffers impairment, when there is significant movement in existing provisions and/or where a new provision needs to be created, this should be communicated to the Senior Lead Officer and SG Finance as soon as possible to determine the implications for the Agency's budget.
81. Any funding for expenditure on assets by a third party should be subject to appropriate arrangements to ensure that they are not disposed of without prior consent and that a due share of the proceeds can be secured on disposal or when they cease to be used by the third party for the intended purpose, in line with the [Clawback](#) guidance in the SPFM.
82. Unless covered by a specific delegated authority, prior approval from the Senior Lead Officer and SG Finance is required before making gifts or special payments or writing off losses. Special payments and losses are subject to 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.
83. Unless covered by a specific delegated authority SPS must not enter into any finance, property or accommodation related lease arrangement – including the extension of an existing lease or the non-exercise of a tenant's lease break - without prior approval from the Senior Lead Officer. Before entering/ continuing such arrangements the Agency must be able to demonstrate that the lease offers better value for money than purchase and that all options of sharing existing public sector space have been explored. Non-property/ accommodation related operating leases are subject to a specific delegated authority. There must be capital DEL provision in the budget allocation for finance leases and other transactions which are in substance borrowing.
84. Procurement policies should reflect relevant guidance in the [Procurement](#) section of the SPFM and any other relevant guidance issued by the SG's Procurement

and Property Directorate. The SG's directory of [SG Framework Agreements](#), is available to support organisations but they should check the Framework Agreement's 'buyer's guide' before proceeding to ensure they are eligible to use the Framework.

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

86. SPS 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 Senior Lead Officer and SG Finance. 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 Agency.

87. Unless covered by a specific delegated authority SPS must not provide grant funding to a third party without prior agreement from the Senior Lead Officer and SG Finance. Guidance on a framework for the control of third party grants is provided as an annex to the [Grant & Grant in Aid](#) section of the SPFM. Subsidy control requirements for any such funding are discussed below.

88. The EU State aid regime was effectively revoked from UK law from 1 January 2021 and subsidy control provisions are now covered by the UK-EU Trade and Cooperation Agreement (TCA). They are also covered by the UK's international obligations, including various Free Trade Agreements and those arising as a consequence of World Trade Organisation membership. Currently, any activity that [Name of Agency] undertakes itself, or funds other bodies to undertake, that can be offered on a commercial market for goods and services, is subject to the TCA subsidy rules. A full assessment is required prior to disbursing any funding, subject to the guidance in the subsidy regime section of the SPFM. The UK Subsidy Control Act received Royal Assent in April 2022 and the current position will be subject to change when the new regime comes into force.

Remuneration

89. Remuneration, allowances, and any expenses paid to any non-executive advisers must comply with the latest SG Pay Policy for Senior Appointments and any specific guidance on such matters issued by the Scottish Ministers.

90. Staff pay, pensions and any severance payments must be in line with the requirements of Public Sector Pay Policy and the responsibilities described in the section on Agency Staff Management Responsibilities.

91. All individuals who would qualify as employees for tax purposes should be paid through the payroll system with tax deducted at source.

Banking and cash management

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

93. Cash management arrangements need to be addressed as well as overall budget management. SPS will liaise with colleagues in the Justice Directorate on cash management processes. The cash provided to SPS by the SG to support the allocated budget for the year in question will be authorised by the Scottish Parliament in the annual Budget Act. SPS will normally receive monthly instalments based on updated profiles and information on unrestricted cash reserves and will not seek any payment in advance of need. SPS is not permitted to hold cash reserves so any budget allocation not drawn down by the end of the financial year will lapse.



Annex A: Specific Delegated Financial Authorities –

Within the agreed overall budgetary provision, and subject to the Scottish Public Finance Manual and Scottish procurement policy handbook, the Chief Executive of the Scottish Prison Service has delegated authority as set out below.

1. Commit expenditure and authorise payments	Apart from the items below, unlimited within the Agency's authorised budget levels, and subject to the limits set out in the in-year management of discretionary spend guidance from the Directorate for Financial Management.
2. Accept receipts	Unlimited, but receipts in excess of those authorised in the Budget Act must be surrendered to the Scottish Consolidated fund.
3. Incur contingent liabilities	Subject to compliance with the guidance on contingent liabilities in the Scottish Public Finance Manual.
4. Commission consultants	The use of business and management consultants can only be justified where the required knowledge and expertise is not available in-house. The SG Consultancy Procedures should be regarded as relevant good practice guidance. Unlimited up to £10,000. Consultancies between £10,000 and £50,000 must be approved by the Chief Executive. Consultancies above £50,000 must be approved by the Cabinet Secretary for Finance and the Economy. Submissions for approval must be endorsed by the Chief Executive and approved by the relevant Finance Business Partner (FBP).

5. Authorise losses, special payments and gifts	<p>Subject to compliance with the guidance on delegated authority and gifts in the Scottish Public Finance Manual.</p> <p>The Chief Executive has authority to authorise losses, write offs and gifts subject to the limits and relevant authority set out below.</p>
<ul style="list-style-type: none"> • Losses under £1,000 	The Chief Executive has the authority to authorise these losses
<ul style="list-style-type: none"> • Losses between £1,000 and £20,000 	The Chief Executive has the authority to authorise losses for between £1,000 and £20,000 to a cumulative value of £100,000 in any financial period
<ul style="list-style-type: none"> • Losses above £20,000 	Agreement with the Scottish Government is required.
<ul style="list-style-type: none"> • Special Payments under £1,000 	The Chief Executive has the authority to authorise special payments under the value of £1,000
<ul style="list-style-type: none"> • Special Payments above £1,000 	Agreement with the Scottish Government is required.
<ul style="list-style-type: none"> • Gifts up to £10,000 	Agreement with the Scottish Ministers and Scottish Government is required.

SCOTTISH
PRISON SERVICE

sps

SCOTTISH PRISON SERVICE

Scottish Prison Service Headquarters, One Lochside, 1 Lochside Avenue,
Edinburgh, EH12 9DJ



0131 330 3500



HQEnquiries@prisons.gov.scot



www.sps.gov.uk