Consumer Scotland and The Scottish Government
Framework Agreement

Contents

Approved	**Next Review**
28/10/2025	As required, but before 28/10/2028

Introduction

1. Consumer Scotland ("CS"), established by the Consumer Scotland Act 2020 ("the Act"), is a body corporate. Its administrative classification amongst Scottish public bodies is a Non-Ministerial Office with the status of an office-holder in the Scottish Administration, thus ensuring its operational independence. CS is directly accountable to the Scottish Parliament for the delivery of its functions and is funded from the Scottish Consolidated Fund through the annual Budget bill. CS is known in Gaelic as Luchd-Cleachdaidh Alba.
2. Throughout each financial year, CS, as a body independent of government, will work to deliver its priorities set out in its annual workplan ensuring alignment to its wider strategic priorities. CS will use its statutory functions to improve outcomes for current and future consumers and it is CS's ambition that every consumer can participate in a fair and sustainable economy, confident their needs and aspirations will be met.
3. CS is accountable to the Scottish Parliament for the delivery of both its workplan and strategic priorities. Through the delivery of its workplan, CS will work with the Scottish Government (SG) to identify opportunities for collaboration in support of respective strategic priorities, but it is not required to seek the approval of the Scottish Ministers for its workplans. CS will ensure that the workplan and strategic plan, following board consideration and formal approval, are laid before parliament.
4. This framework document is an agreement between CS and the Scottish Ministers. It recognises the fundamental independence of CS and sets out how the organisation will work with the SG, and the key roles and responsibilities of:
   - the Board;
   - the Chief Executive and Accountable Officer of Consumer Scotland;
   - the Scottish Ministers;
   - the Principal Accountable Officer and
   - the Portfolio Accountable Officer (Director General), and Senior Lead Officer (Director of Energy & Climate Change) within the SG whose remit includes liaison with Consumer Scotland.
5. While this document does not confer any legal powers or responsibilities, it is a formal agreement between the Scottish Ministers and CS. Any question regarding the interpretation of the document will be resolved through discussion between the SG and CS. Legislative provisions take precedence over any part of the document.

Review and Publication

6. This Framework Agreement will be reviewed in consultation with the Scottish Ministers at least every three years.

7. It may be reviewed at any other time if either the Scottish Ministers or CS so wish, on the basis of arrangements that they will agree in writing at that time. Any proposals to amend the Framework Agreement either by the Scottish Government or CS will be taken forward in consultation.

8. Copies of this Framework Agreement and of any subsequent editions following amendment, will be published on CS' website. The Framework Agreement will form part of CS's publication scheme under the Freedom of Information (Scotland) Act 2002 provisions.

Purpose

9. As set out in section 2 of the Act, CS has the general function of providing consumer advocacy and advice with a view to:

    a. reducing harm to consumers;

    b. increasing confidence among consumers in Scotland in dealing with businesses that supply goods and services to consumers;

    c. increasing the extent to which consumer matters are taken into account by public authorities in Scotland;

    d. promoting:

        i. sustainable consumption of natural resources; and

        ii. other environmentally sustainable practices in relation to the acquisition, use and disposal of goods by consumers in Scotland.

    e. otherwise advancing inclusion, fairness, prosperity and other aspects of wellbeing in Scotland.

10. Sections 3 to 6 of the Act set out the particular functions CS has in order to exercise its general function, and the actions CS can take to carry out these functions.

11. The Scottish Ministers are responsible for formulating and implementing devolved government policy including the legislative framework for such policy. UK Government Ministers are responsible for formulating and implementing reserved policy including the legislative framework for such policy.

12. CS is responsible for setting its own policy and strategy, and business priorities. It will actively consult, engage and publish information on its activities in line with the terms of the legislation.

Governance and Accountability

13. This section summarises the specific responsibilities and accountabilities of the key people involved in the governance of CS and in managing its relationship with SG.

The Board

14. The members of CS including the Chair, are non-executives who form the corporate body, which is known colloquially as the Board. They are appointed by the Scottish Ministers in line with the Code of Practice for Ministerial Public Appointments in Scotland. The Chair and Board Members are accountable to the Scottish Parliament and may be required to give evidence to Parliamentary Committees. The Board consists of a Chair and between two and four other members appointed by the Scottish Ministers. When required, the Chair and Accountable Officer provide oral evidence to the Economy and Fair Work committee on how CS is delivering its statutory functions and workplans.

15. The CS Board has overall responsibility for the delivery of the organisation's strategic leadership and ensuring the organisation meets its statutory objectives and functions of CS as set out at paragraphs 9 and 10 above.

16. In fulfilling this responsibility, individual Members, under the leadership of the Chair, will:

    a. set strategic and forward work plans to deliver the functions of CS focusing on how the work of CS can most effectively contribute to achievement of the outcomes in the National Performance Framework, in collaboration with the SG and other public bodies to the extent that this is possible without compromising its independence;

    b. regularly scrutinise current and projected performance against 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-making is open and transparent and, with support from the Accountable Officer and the Audit and Risk Committee, ensure that key risks are identified and managed;

    d. approve the annual report and accounts and ensure these are laid before the Scottish Parliament;

    e. promote the efficient, economic and effective use of resources consistent with the principles of Best Value, regularly scrutinise financial performance and scrutinise compliance with the Scottish Public Finance Manual, including through collaboration and use of shared services;

    f. be collectively responsible for the actions and decisions of the CS board and accountable to the Scottish Parliament;

    g. promote the wellbeing, learning and development of staff, provide support and challenge to the Chief Executive on staffing matters and ensure that CS meets the CS staff management responsibilities described in the section below; and

h. maintain the independence of CS from SG.

17. The Chair will:

a. lead the Board, ensuring that all Board members have suitable induction to understand the role and their responsibilities, that the skills and experience of all Board Members are used effectively and that the Board undertakes regular self-assessment of its performance;

b. ensure that the performance of each Board member is reviewed at least once per year and that the Board and/or individual Board members undertake development activity when required to ensure the effectiveness of the Board;

c. ensure that the Board reviews its effectiveness annually;

d. ensure that a Code of Conduct (aligned to the Model Code of Conduct for Board Members) is in place, that corporate actions are taken to implement it as required and that Members understand their responsibilities, using the guidance provided by the Standards Commission;

e. work with the Portfolio Accountable Officer or their delegate(s) and the Public Appointments Team in SG on succession planning for the Board, action necessary to fill vacancies as they arise, skills requirements and promoting diversity by encouraging applications from less represented groups, including younger people, people from minority ethnic backgrounds and people with disabilities.

18. Specific guidance on how the Chair and Board Members should discharge their duties will be provided in their appointment letters and in On Board – A Guide for Members of Statutory Boards. Guidance on governance good practice is available in the Scottish Public Finance Manual. A list of key aspects of governance to consider is included in the section on Governance and Risk below.

The Chief Executive

19. The Chief Executive of CS is a senior civil servant employed and appointed by the Board, with the approval of the Scottish Ministers. The Chief Executive is the Board's principal adviser on the discharge of its functions and is accountable to the Board.

20. The Chief Executive will also provide operational leadership to CS and ensure that the Board's aims and objectives are met and CS's functions are delivered and targets met through effective and properly controlled executive action. Their general responsibilities include the performance, management and staffing of CS. General guidance on the role and responsibilities of the Chief Executive is contained on the On Board website.

21. Specific responsibilities of the Chief Executive towards the Board include:

a. advising the Board on the discharge of its responsibilities (as set out in this Agreement, in the founding legislation and in any other relevant guidance issued by or on behalf of the Scottish Ministers) and implementing the decisions of the Board

b. in line with Scottish Public Finance Manual (SPFM) ensure that:

   i. financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions;

   ii. appropriate financial appraisal and evaluation techniques are followed;

   iii. robust performance and risk management arrangements are in place which support the achievements of CS aims and objectives and that facilitate comprehensive reporting to the Board and Scottish Parliament are in place (risk management arrangements should include full consideration of organisational resilience to physical, personnel and cyber risks/threats/hazards);

   iv. adequate systems of internal control are maintained by CS, including effective measures against fraud and theft; and

   v. appropriate documented internal delegated authority arrangements are established.

22. The Chief Executive must also ensure:

a. that CS adheres, where appropriate, to the SG's programme and project management principles;

b. the Board is kept fully up to date on the performance of CS compared with its aim(s) and objectives, as set out in its corporate and business plans;

c. effective relationships with SG officials are maintained;

d. that timely financial forecasts and monitoring information 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;

e. that staff pay proposals are in line with SG Pay Policy and submitted in time and the necessary approvals obtained prior to implementing any annual award and

f. appropriate delegated authority, counter-fraud and anti-bribery, IT and information security and whistle-blowing policies are in place and rigorously applied.

Consumer Scotland Accountable Officer

23. The Chief Executive is designated as the Accountable Officer by the Principal Accountable Officer for the Scottish Administration, in accordance with sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000. As Accountable Officer, the Chief Executive is personally responsible for safeguarding the public funds for which they have charge and for ensuring propriety and regularity in the handling of those public funds. The Accountable Officer has a duty to obtain Value for Money and Best Value in the operational performance of the organisation and for ensuring that effective governance and operational arrangements are in place to secure internal control and risk management. The Accountable Officer is also responsible for signing the annual statement of accounts and associated governance statements.

24. Accountable Officers are personally answerable to the Scottish Parliament for the exercise of their functions, as set out in the Memorandum to Accountable Officers for parts of the Scottish Administration.

25. It is incumbent on the Chief Executive to combine their Accountable Officer responsibilities to the Scottish Parliament with their wider responsibilities to the Board. The Board/Chair should be fully aware of, and have regard to, the Accountable Officer responsibilities placed upon the Chief Executive. When required, the Chief Executive should identify a senior officer within the body who can act on their behalf in line with the SPFM requirements of Annex 1 section 10.1.

26. In practice, the Chief Executive will delegate authority to other employees of CS but they cannot on that account disclaim responsibility. The Chief Executive cannot assign accountability to any other person for any of the responsibilities set out in this Framework Agreement (subject to section 10 of the Memorandum to Accountable Officers for Parts of the Scottish Administration, which covers absence of the Accountable Officer).

27. The Chief Executive is responsible for informing the Principal Accountable Officer for the Scottish Administration about any complaints regarding CS accepted by the Scottish Public Services Ombudsman (SPSO) and, of any subsequent recommendations from the SPSO.

The Scottish Ministers

28. The Scottish Ministers appoint the Chair and two to four other Board Members, in line with paragraph 2(1) of Section 1 of the Act but they do not oversee the performance of Consumer Scotland which will be scrutinised by the Scottish Parliament. The Scottish Ministers will work with the Board in line with the Shared Principles set out below. Paragraph 3(1) of Schedule 1 of the Act sets out persons who may not be appointed as members.

29. All Board appointments are subject to the approval of Scottish Ministers. Appointments to Consumer Scotland are regulated public appointments and subject to the Public Appointments and Public Bodies etc. (Scotland) Act 2003 and the Gender Representation on Public Boards (Scotland) Act 2018.

Appointment decisions should be fair and open and based on merit. The appointments process is a regulated process for Scottish Ministers and is bound by the Ethical Standards Commissioner Code of Practice.

30. In line with the intention that CS operates independently of Scottish Ministers, the Act does not provide for any power of direction or requirement to seek approval for its forward work programme on an annual basis. CS will provide regular updates and sufficient notification of content and timing of statutory publications.

31. The Scottish Ministers determine the Budget proposals to be submitted to Parliament in the Budget Bill, including the proposed budget for CS. Ministers must seek to ensure that this budget is sufficient to enable CS to carry out its remit effectively. The process for agreeing CS's budget allocation is described in paragraph 79 on Budget Management and delegated authority.

32. As CS is not part of the Main Bargaining Unit, but nonetheless analogued to Scottish Government pay and conditions, Scottish Ministers will take into account the impact of its proposals for civil service pay and conditions on CS and communicate these in good time whenever possible to allow CS to take account of these in its budget.

33. The Scottish Ministers will not be accountable through Parliamentary Questions for the operations of CS. Where a Parliamentary Question relates to operational matters of CS, the Ministerial reply will indicate that this is the case and refer the MSP to CS.

34. Should Scottish Ministers receive correspondence about CS' operations from MSPs, members of the public or other stakeholders, this will be forwarded to CS. The Government will inform the correspondent that their letter or email has been passed to CS, and CS will reply to them directly (within its published response timescales).

35. CS's determination of the location of its office premises is subject to the approval of Scottish Ministers, in accordance with paragraph 13 of Schedule 1 of the Act.

<u>SG Portfolio Accountable Officer</u>

36. The Principal Accountable Officer for the Scottish Administration also designates each Director General as the Portfolio Accountable Officer (AO) for particular portfolio areas. The Director General Net Zero will act as the designated Portfolio AO in managing the relationship between SG and CS.

37. The Portfolio AO's duties are to agree a framework for the relationship between SG and a public body, oversee the operation of that framework, ensure the public appointments to the body are made appropriately and ensure that appropriate assurance is provided on the performance and governance of the body. The responsibilities of a Portfolio Accountable Officer are set out in detail in the SPFM.

38. The Portfolio AO can delegate responsibilities to the SG Senior Lead Officer. Through delegation to the Senior Lead Officer, the Portfolio AO will:

    a. agree the framework document between the Scottish Ministers and the Board of CS, and arrangements to ensure that it is reviewed regularly, and oversee the operation of the SG roles and responsibilities set out within it;

b. ensure that the SG works with Consumer Scotland in the application of the principles set out in the SPFM through budget monitoring and cash drawdown procedures, with financial and other management controls appropriate and sufficient to safeguard public funds;

c. in line with Code of Practice for Ministerial Appointments, ensure that public appointments are made in good time and secure appropriate skills, experience and diversity amongst Board members, working with the Chair on succession planning;

d. support regular and effective engagement between CS and the relevant Scottish Minister(s);

e. make sure there is clear, documented delegation of day-to-day responsibilities to a Senior Lead Officer and that the Board and senior officials of CS are aware of these delegated responsibilities;

f. ensure CS is made aware of strategic developments that may impact the organisation, and that the organisation's position and advice is taken into account in SG policy decisions;

g. ensure appropriate Scottish Government corporate services are available to support and facilitate the work of the CS;

h. ensure appropriate appraisal and reporting arrangements are in place for the Chair and Chief Executive; and

i. meet the Chair of CS at least twice annually to discuss SG policy and strategy as they relate to the work of CS and, as appropriate, to discuss matters of governance including arrangements for the appointment and appraisal of Board members.

39. The Portfolio AO remains personally answerable to the Scottish Parliament for their role in the implementation of this framework.

<u>SG Senior Lead Officer</u>

40. The Senior Lead Officer (Director for Energy and Climate Change) will work closely with the Chair and Chief Executive of CS to ensure effective working relationships are maintained between SG and CS. The Senior Lead Officer will be answerable to the Portfolio Accountable Officer and Scottish Ministers for maintaining and developing positive relationships with CS characterised by openness, trust and respect.

41. In addition to supporting the Portfolio AO with the duties set out at paragraph 38, the Senior Lead Officer will:

a. advise Ministers and Portfolio AO on the strategic direction of CS;

b. advise the PAO and the Portfolio AO on Consumer Scotland's Annual Report and Accounts including the views of external auditors; and

c. advise the Chief Executive on governmental objectives to ensure Consumer Scotland can take account of these as it fulfils its statutory role.

Scottish Government Liaison Team

42. The Liaison Team will have day-to-day responsibility for discharging any functions delegated by the Senior Lead Officer, working with colleagues across the SG as necessary. Specific responsibilities include:

    a. proportionate monitoring of CS' activities through an adequate and timely flow of appropriate information included in budget monitoring returns and audit reports;

    b. through the SLO, alerting the Portfolio Accountable Officer and the responsible Minister(s), where considered appropriate, of any significant issues relevant to the PAO's responsibilities;

    c. ensuring that risks and issues experienced by CS are properly and appropriately taken into account by the Scottish Government; and

    d. informing CS of relevant Scottish Government policy and of any developments within SG policy that impact on CS in a timely manner.

Consumer Scotland and Scottish Government Engagement

43. Consumer Scotland Chair and Chief Executive will meet with the Scottish Government on a quarterly basis. The Senior Lead Officer will attend all four of these meetings and the Portfolio Accountable Officer will attend two. The Consumer Scotland leadership team will meet with the liaison team on a quarterly basis.

Shared Principles

44. CS and the Scottish Ministers confirm that they will adhere to the following shared principles:

    a. CS and Scottish Ministers will work to put consumer rights and interests at the heart of markets, services and policy;

    b. CS will not act in such a way as might compromise, or be seen to compromise, its own independence;

    c. Scottish Ministers will not act in such a way as might compromise, or be seen to compromise, the independence of CS;

    d. CS will remain politically neutral;

    e. CS will carry out its functions with integrity and in such a way as to promote transparency, ensuring that appropriate summaries of its analysis and activity are available for scrutiny by the Scottish Parliament, academic commentators and others, and that records are retained to allow external assessment of its work;

    f. CS and Ministers are committed to good and effective communications with each other, especially where CS is providing advice and making proposals to Ministers;

    g. Ministers wish to ensure that CS has access to all relevant information to be able to consider issues on their merits;

h. CS and Ministers will keep each other informed of developing priorities and working practices through a timetable of quarterly formal meetings in addition to the sharing of information at an official level where deemed appropriate by the respective accountable officers;

i. CS has right of access to any relevant information held by the Scottish Government that CS may reasonably require for the purpose of performing its functions while practicing a responsibility to handle the relevant information in accordance with the relevant data protection laws;

j. CS is bound by the confidentiality requirements set out in the Code of Conduct for members of CS;

k. CS and the Scottish Ministers will both work in ways which support the best principles of corporate governance and financial accountability, as set out in the Scottish Public Finance Manual (SPFM); and

l. CS will seek to work collaboratively with other public bodies, identifying opportunities to enhance understanding of consumers' interests and improve policy delivery across the public sector and where appropriate deliver shared service opportunities.

Reviews and reports

<u>Reports on Investigations</u>

45. Section 15 of the Act requires that CS must, as soon as reasonably practicable after the conclusion of any investigation conducted under section 4(2) of the Act, prepare and publish a report setting out its findings, any recommendations arising out of the investigation and how, in conducting the investigation, CS has had regard to any activities carried on by specified persons and any other persons with the same functions as, or similar functions to, CS. A copy of each report will be sent to Scottish Ministers for information.

<u>Consumer Welfare Report</u>

46. Section 17 of the Act requires that CS must, as soon as reasonably practicable after the end of each reporting period, prepare and publish a report on (a) how well the interests of consumers are being served in Scotland, and (b) where harm is being caused to the interests of consumers in Scotland, the nature and extent of that harm.

    The Act specifies that "reporting period" means (a) the period of 3 years beginning with 1 April 2022 next following the coming into force of that section, and (b) each subsequent period of 3 years. A copy of the report must be laid before the Scottish Parliament and must also be sent to Scottish Ministers for information, in accordance with section 17 (4)(b) of the Act.

<u>Annual report and accounts</u>

47. CS 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 CS. It will comply with the Government Financial Reporting Manual (FReM) and outline the body's main activities and performance against agreed objectives and targets for the previous financial year.

48. 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. The annual report and audited accounts will be laid before the Scottish Parliament and will be published as soon as practicable, and by 31 December after the end of the relevant financial year at the latest.

49. A copy of the annual report and accounts will be provided to the Senior Lead Officer in advance of publication.

<u>Independent Reviews of Performance</u>

50. Section 19 of the Act requires that CS must, at least once in every review period, appoint a suitable individual or body to review and prepare a report on the performance of its functions during the period. The first review period will be 3 years from commencement of section 1 of the Act, (i.e. 3 years from 01 April 2022) and then the review period will be every 5 years. This Section specifies some details on a Reviewer, and that the report of the Review must be published as soon as practical. In relation to the Reviewer, the Act states that an individual or body is suitable only if:

    a. the individual or body has expertise likely to be relevant to the assessment of the performance of CS's functions, and

    b. the individual or body is not:

        i. a member of CS

        ii. disqualified from appointment such as a member by virtue of paragraph 3 of schedule 1 or

        iii. a member of staff of CS

51. For the avoidance of doubt, CS will plan on the basis that its first Consumer Welfare Report will be prepared and published after the end of each reporting period.

    The reporting period is a period of 3 years beginning with 1 April next following the coming into the force of section 17 and then each subsequent period of 3 years. The first reporting period will end on 31 March 2026.

    This Agreement alongside all other published and any other relevant documents, will be available to the Reviewer to complete their work by the end of 2026.

Consumer Scotland staff management responsibilities

52. The Chief Executive, challenged and supported by the Board, has responsibility for the recruitment, retention and motivation of staff. The broad responsibilities toward staff are to ensure that:

    a. CS's HR policies, practices and systems comply with employment and equalities legislation, and standards expected of public sector employers

    b. the level and structure of staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness (subject to the SG Pay Policy for Staff Pay Remits)

    c. the performance of staff at all levels is regularly appraised and performance management systems are reviewed from time to time

    d. staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the body's objectives

    e. proper consultation with staff takes place on key issues affecting them, as appropriate, including working in partnership with trade unions

    f. effective grievance and disciplinary procedures are in place; and

    g. effective whistle-blowing policy and procedures consistent with the Public Interest Disclosure Act 1998 are in place

53. The Chief Executive will put appropriate workforce planning arrangements in place to ensure that CS can deliver future service requirements.

54. The Chief Executive is responsible for the learning and development of staff, both as individuals and collectively, and for ensuring that all staff have the knowledge, skills and experience required for CS to deliver its functions effectively. The learning and development strategy will pay particular attention to CS's own organisational priorities.

55. Through its Chief Executive, CS is responsible for determining its organisational and management structure and the number and levels of staff below the level of the Senior Civil Service (SCS). The creation of SCS posts, and their reward, is part of a UK-wide scheme and CS will need the agreement of the Scottish Government to create any SCS posts. CS will also need to agree with Scottish Government the means of recruitment, and levels of reward, for any SCS posts, including the post of Chief Executive.

56. CS is committed to effective communication with its staff and staff representatives and will establish and maintain local partnership arrangements with staff representatives. These partnership arrangements will reflect CS's commitment to Scottish Government's Fair Work policy.

57. All staff employed by CS have a duty to the Chief Executive, and through the Chief Executive to CS, to support the efficient and effective operation of CS's functions and the achievement of CS's aims and objectives.

58. CS staff are civil servants and are required to adhere to the standards set out in the Civil Service Code (specifically, the version applicable to staff in non-Ministerial Offices in Scotland) this sets out the framework within which all civil servants work, and the core values and standards of behaviour which they are expected to uphold. Staff are appointed by open and fair competition; and CS is responsible for ensuring that staff recruitment arrangements are fair, open and transparent in line with the Civil Service Commissioners' Recruitment Principles. All recruitment, including for SCS posts, will adhere to the SG's recruitment policies and procedures.

59. CS staff are civil servants, as part of the Scottish Administration, and not the Scottish Government.

60. CS has procured an HR management service independent of Scottish Government (including pay negotiations, pay awards, payroll and pensions) for CS staff. CS will review its HR service provision from time to time to ensure that these arrangements continue to meet its operational needs, in partnership with its recognised Trade Unions.

61. The SG has a Partnership Agreement with its recognised trade unions covering all matters relating to the general welfare, terms, conditions and working practices of staff. For the purposes of SGM terms and conditions and collective bargaining the recognised unions are the Public and Commercial Service Union (PCS), Prospect and FDA. Collectively the recognised unions form the Council of 13 Scottish Government Unions (CSGU). A recognition agreement has been signed between Consumer Scotland and the CSGU.

62. Staff health, safety and wellbeing are key priorities for CS as an employer. CS is strongly committed to providing a workplace free from unfair discrimination and from bullying, and to ensuring the fair treatment of all its staff.

63. Responsibility for health and safety management lies with the Chief Executive in line with the requirements of the Health and Safety at Work Act 1974 and other relevant legislation, guidance and/ or best practice. CS is responsible for the health and safety not only of its staff but also of visitors to its premises Pay and Conditions of Service.

Pay and conditions of service

64. CS has decided for now that it will look to analogue to the terms set by the Scottish Government Main (SGM) bargaining unit (including annual pay negotiations). CS staff terms and conditions are aligned with SGM terms and conditions of employment and CS adapt core Scottish Government HR policies and procedures.

65. CS shall submit to the Scottish Government for approval (normally annually, unless a multi-year deal has been agreed) a pay remit in line with the Scottish Government Pay Policy for Staff Pay Remits and negotiate a pay settlement within the terms of the approved remit.

    Payment of salaries should also comply with the Tax Planning and Tax Avoidance section of the SPFM. Proposals on non-salary rewards must comply with the guidance in the Non-Salary Rewards section of the SPFM.

66. Although CS has chosen for now to follow SG Main terms and conditions for its staff, specific elements of those terms and conditions can be discussed centrally with Scottish Government HR and the CSGU, where variation might be in the interests of improved efficiency and effective management and having regard to the need to recruit, retain and motivate staff. Any CS-specific changes to terms and conditions will only be made after discussion and agreement between Scottish Government HR and CS and following consultation with the CSGU.

67. CS mirrors SG Main terms and conditions for its staff, including future pay settlements. The Chief Executive will ensure that required payroll information, including outturns, is provided to the timetable notified by SG.

68. SG will provide CS with early information, about its plans for, and progress on, negotiations over pay and conditions, in order to allow CS to make timely decisions about its policies and resources.

69. Payment of salaries by Consumer Scotland will comply with the Tax Planning and Tax Avoidance section of the SPFM. Proposals on non-salary rewards will comply with the guidance in the Non-Salary Rewards section of the SPFM.

Pensions, redundancy and compensation

70. CS staff will normally be eligible for a pension provided by Principal Civil Service Pension Scheme (PCSPS). Staff may opt out of the PCSPS, but the employers' contribution to any personal pension arrangement, including stakeholder pension, will normally be limited to the national insurance rebate level.

71. Any proposal by CS 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 payment. In all instances, a body should engage with the Senior Lead Officer prior to proceeding with proposed severance options, and prior to making any offer either orally or in writing.

External audit

72. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, CS's annual accounts and the accounts are laid before the Scottish Parliament together with the auditor's report and any report prepared by the AGS. 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 CS to secure Best Value.

73. 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 CS.

CS 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

74. CS will:

   a. establish and maintain arrangements for internal audit in accordance with the Public Sector Internal Audit Standards and the Internal Audit section of the SPFM; and

   b. 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 Accountable Officer.

Budget management and delegated authority

75. CS is directly funded from The Scottish Consolidated Fund and as part of the Scottish Administration and will have its own level 2 and level 3 budget set out in the annual Budget Bill.

76. The SG SLO, supported by the Liaison Team, will engage with CS to identify its budgetary requirements which will be reflected in the Budget Bill which Ministers present to the Scottish Parliament. It is for the Scottish Ministers to determine the budget proposals to be submitted to the Scottish Parliament within the Budget Bill, including the proposed budget for CS.

77. When setting budgets as part of the annual draft Budget process, CS may identify its multi-year resource needs. The Scottish Ministers will subsequently provide a clear indication of funding for the forthcoming financial year (year 1) and, where possible and subject to Spending Review processes, indicative funding for years 2 and 3 which can be reviewed should there be significant changes in circumstances.

78. The process for setting the CS budget is as follows:

   a. CS CEO will send a formal submission to the Senior Lead Officer (SLO);

   b. CS and SG will hold a meeting to discuss the budget requirements set out in the submission; and, where an agreement has been reached

   c. CS CEO will send a formal letter to the Minister for Public Finance setting out its budget requirement, copied to the DG, SLO and Liaison Team.

79. Scottish Ministers must seek to ensure that the amount of resources allocated for use by CS is reasonably sufficient to enable it to perform its functions. Where agreement on CS budget cannot be reached between the parties, the following protocol will be used:

   a. in the first instance, there will be a meeting between the Chief Executive, as Accountable Officer, and the SG SLO; and

   b. if agreement cannot be reached at official level, there will be a meeting between the Chair of CS on the one hand and Cabinet Secretary for Finance and Local Government on the other.

80. Every effort will be made by all three parties to ensure agreement. It will ultimately be for the Scottish Ministers to determine the budget allocations within the Budget Bill and for the Scottish Parliament to approve those allocations. Consumer Scotland will keep the Scottish Parliament informed about whether financial allocations for the year ahead are sufficient to enable it to perform its functions. It will also include in its Annual Report and Accounts an assessment on whether the amount of resources allocated for use by it in the financial year to which the Annual Report and Accounts relates was sufficient to enable it to perform its functions.

81. CS is responsible for managing its budget for each financial year to enable it to meet its statutory functions and for ensuring that expenditure does not exceed the budget limits approved by Parliament. Subject to the limits imposed by the budget allocated to CS and other applicable guidance from the Scottish Ministers, CS has full authority to incur expenditure on individual items.

82. 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 Budgeting Process in the SPFM, and CS will not transfer budgetary provision between the categories without the prior approval of the SG Finance Directorate, which should be sought directly or via the Senior Lead Officer. Transfers within the categories are at the discretion of the Board or, subject to delegated authority, the Chief Executive or relevant senior manager, if these do not breach any other constraints, for instance the approved pay remit.

83. CS has established and will maintain appropriate financial procedures in accordance with the principles of, and restrictions within, the SPFM. It will also ensure that appropriate delegated authority, counter-fraud and anti-bribery, IT and information security, and whistle-blowing policies are in place and rigorously applied.

84. CS will, as requested throughout the financial year, provide to the Scottish Government Financial Management Directorate’s Programme Management Division budget and monitoring information on performance and forecast outturn in relation to its budget. The monthly monitoring is the primary means of in-year budgetary control across the Scottish Government. As such bodies must comply with the format and timing of the monitoring together with any requests for further information.

85. Where budgetary provision includes projected income, any reduction in income will usually need to be offset by an equivalent reduction in spending.

86. SG is aware of the financial risks that could arise from CS’s delivery of its statutory investigations function. Should a legal challenge emerge, CS should advise SG as soon as practical and include likely relevant costs in its revised forecasts and budget monitoring return. This provides the opportunity for SG to consider the issue when and if it arises, and if possible look to obtain additional budget.

Shared Services and Contracts

87. In the interests of efficiency, effectiveness and economy, CS and the Scottish Ministers are committed to identifying appropriate opportunities for shared services. Unless agreed otherwise before the next review of this Framework Agreement, the SG will provide corporate support for the following functions: Information Systems and Telephony; Estates and Facilities Management; Internal Audit; and Procurement. These corporate support functions will be kept under review, to ensure they meet the ongoing needs of CS.

88. The SG and CS will seek to agree individual shared service arrangements for each of the corporate functions listed, including costs, service governance and operational arrangements and service standards. In line with the requirements of the SPFM, CS will enter into discussions with the Senior Lead Officer before making any alternative financial or contractual arrangements for the delivery of shared corporate services.

89. The relevant SG officials will provide appropriate assurance to CS's Accountable Officer within the required timeline for CS audit and assurance processes and procedures.

90. CS will continue to have access to contracts placed by the SG - including framework agreements - for the provision of products and services. CS may, however, enter into contracts on its own behalf, if allowable under statutory responsibilities and procurement law, where Board members and the Accountable Officer consider this to be the most efficient and effective option that delivers Best Value in meeting CS's business requirements.

Governance and Risk

91. 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
    - On Board - A Guide for Members of Statutory Boards

92. If in any doubt about a governance issue, the Chair or Chief Executive may consult the Senior Lead Officer who may in turn put them in touch with the SG Public Bodies Unit, the SG Governance and Risk Team and/or other teams with relevant expertise.

93. The Board and Chief Executive recognise the particular importance of guidance on the following issues.

Risk management

94. CS's approach to **risk management** must remain consistent with the Risk Management section of the Scottish Public Finance Manual. Where a risk or issue has wider implications for SG or other public bodies, or where SG may have a role in the management of a risk or issue, the Chief Executive or Chair should ensure that this is brought to the attention of the Senior Lead Officer as early as possible, they should consider alignment with the SG approach to risk management as appropriate.

95. The Board should have a clear understanding of the key risks, threats and hazards it 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.

Internal Control

96. The Board should maintain clear internal delegated authorities with the Chief Executive, who may in turn delegate responsibilities to other members of staff and establish an assurance framework consistent with the internal control framework in the SPFM.

97. Counter-fraud policies and practices must be maintained to safeguard against fraud and theft - see the Fraud section of the SPFM.

98. 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. ICT investment plans must be reported to the SG’s Office of the Chief Information Officer.

99. CS must continue to 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. CS must also register with Information Commissioners Office and ensure that it complies with the Data Protection Act 2018 and the General Data Protection Regulations, commonly known as GDPR.

Budget and finance

100. Public bodies should not invest in any venture of a speculative nature.

101. Non-standard tax management arrangements should always be regarded as novel and/or contentious. Relevant guidance is provided in the Tax Planning and Tax Avoidance section of the SPFM. CS must comply with all relevant rules on taxation, including VAT, recover input tax where it is entitled to do so.

102. Optimising income (not including grant-in-aid) from all sources should be a priority, and SG Finance should be kept informed about any significant projected changes in income. Novel or contentious proposals for new sources of income or methods of fundraising must be approved by SG Finance. Fees or charges for any services supplied must be determined in accordance with the Fees & Charges section of the SPFM.

103. In addition to its funding from the Scottish Budget Act, CS receives income streams from other grant in aid arrangements and partners to support jointly funded workstreams. If CS generates income from additional sources it will keep SG finance directorate and the SLO informed.

104. Gifts, bequests or donations received score as income and should be provided for in the agreed resource DEL and capital DEL budgets, but should not fund activities or assets normally covered by budget allocation or fee income, and conflicts of interest must be considered – see the principles in the Gifts section of the SPFM.

105. Borrowing cannot be used to increase CS's spending power. All borrowing must be from the Scottish Ministers in accordance with guidance in the Borrowing, Lending & Investment section of the SPFM.

106. Any lending must be in line with 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 CS must not 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), whether or not in a legally binding form, without the prior approval of SG Finance. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.

107. An accurate and up-to-date record of current and non-current assets should be maintained, consistent with the Property: Acquisition, Disposal & Management section of the SPFM. 'Non-current' assets should be disposed of in accordance with the SPFM.

108. The SG's Property Division should be consulted about relevant proposed disposals of property that CS holds for operational purposes (rather than investment) at the earliest opportunity so it may be advertised internally.

109. 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 SG Finance as soon as possible to determine the implications for CS's budget.

110. 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.

111. As stipulated in Annex 1 of the SPFM, CS must ensure that specific sanction for expenditure has been obtained from Financial Management Directorate in all cases where it is required. It is required for any expenditure not covered by standing delegated authorities e.g. losses and special payments in excess of specific delegated authorities; novel, contentious or repercussive expenditure.

112. In cases not covered by the Budget Act, e.g. in connection with a service not contemplated when the Budget Bill was presented, CS must ensure that Financial Management Directorate is informed in order that appropriate advice can be given, and, if necessary, the parliamentary procedures followed. CS is also responsible for the collection and bringing to account in due form of all receipts of any kind connected with the budget and accounts for which you are responsible.

113. Unless covered by a specific delegated authority, prior approval from SG Finance is required before making gifts or special payments or writing off 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.

114. Before entering into or continuing any finance, property or accommodation-related lease arrangement, CS 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.

115. 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 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.

116. 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 the target of payment within 10 working days of their receipt.

117. CS is subject to the policy of self-insurance. Commercial insurance must however be taken out where there is a legal requirement to do so and may also be taken out in the circumstances described in the Insurance section of the SPFM, where required with the prior approval of SG 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 CS. SG Finance will provide a Certificate of Exemption for Employer's Liability Insurance.

118. The EU State aid regime was effectively revoked from UK law from 1 January 2021. Following this, subsidy control provisions were covered by the UK-EU Trade and Cooperation Agreement (TCA) and the UK's international obligations, including various Free Trade Agreements and those arising as a consequence of World Trade Organisation membership. However, a new UK subsidy control regime came into force on 4 January 2023 as a result of UK Government's Subsidy Control Act 2022.

119. Currently, any activity that a public body undertakes itself, or funds other bodies to undertake, that can be offered on a commercial market for goods and services, is subject to the regulations set out in the Subsidy Control Act 2022. A full assessment is required prior to disbursing any funding, subject to the guidance in the subsidy control section of the SPFM.

<u>Remuneration</u>

120. Remuneration, allowances and any expenses paid to the Chair and Board Members must comply with the latest SG Pay Policy for Senior Appointments and any specific guidance on such matters issued by the Scottish Ministers.

121. 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 NMO Staff Management Responsibilities.

122. 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

123. Banking arrangements must comply with the Banking section of the SPFM.

124. Cash management arrangements need to be addressed as well as overall budget management. Any cash provided to Consumer Scotland to support the allocated budget for the year in question will be authorised by the Scottish Parliament in the annual Budget Act. Consumer Scotland will normally receive monthly instalments based on updated profiles and will not seek any payment in advance of need. Budget provision not drawn down by the end of the financial year will lapse.

[28 10 2025]