

OFFICIAL

Executive NDPB Framework Agreement

between

Zero Waste Scotland Limited

and

Scottish Government

Effective from 1 October 2024

Zero Waste Scotland Framework Document

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Introduction

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

- the Board
- the Chief Executive and Accountable Officer of Zero Waste Scotland;
- the Scottish Ministers; and
- the Portfolio Accountable Officer within the SG whose remit includes Zero Waste Scotland.

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 the SG and Zero Waste Scotland regularly, with an initial interim review within 18 months and a full review at least every 2-3 years thereafter and updated as necessary. Any significant changes will be agreed between the Board and the Scottish Ministers.

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

4. Zero Waste Scotland is not permitted to establish any subsidiaries or enter into joint ventures without express approval from Scottish Ministers.

5. Copies of the document will be published on the Zero Waste Scotland website.

Purpose

6. As an Executive NDPB, Zero Waste Scotland is the public body providing expertise to lead the development of Scotland's Circular Economy.

7. Zero Waste Scotland supports the Scottish Ministers to develop and deliver their objectives and priorities for the circular economy in line with relevant policies and strategies developed under the Circular Economy (Scotland) Act 2024, as well as the National Performance Framework and Programme for Government.

8. Zero Waste Scotland's core aims and objectives are set out below and in the company's Articles of Association and the organisation must take account of these priorities in its Corporate Plan.

9. Zero Waste Scotland will

- a) Provide expert leadership in the identification and development of innovative solutions that help Scotland reduce its demand for virgin material consumption;
- b) Provide advocacy and support to citizens, communities, businesses, and the wider public landscape to undertake more circular and sustainable behaviours;
- c) Advise the Scottish Ministers on circular economy strategy, policy, and targets;

- d) Support collaboration across Scottish Government and the wider Scottish public sector to develop, adopt and embed circular economy principles, policies and targets across all strategy areas and programmes; and
- e) Undertake collaboration with industry and work across boundaries, including working with enterprise bodies where appropriate, to create the right conditions to deliver Scotland's transition to a circular economy.

Governance and Accountability

10. This section summarises the specific responsibilities and accountabilities of the key people involved in governance of Zero Waste Scotland.

The Board

11. Members of the Board of Zero Waste Scotland, including the Chair, are non-executives 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 Ministers and also to the Scottish Parliament and may be required to give evidence to Parliamentary Committees.

12. The Board has overall responsibility for the delivery of the functions of Zero Waste Scotland, as set out at paragraphs 6 to 9 above, in accordance with the aims, policies and priorities of the Scottish Ministers. The Board has corporate responsibility, and under the leadership of the Chair, will:

- a. set strategic plans to deliver the functions of Zero Waste Scotland, focusing on how the work of Zero Waste Scotland 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. 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-taking 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 provided to the Scottish Ministers to be laid before the Scottish Parliament;
- e. promote the efficient, economic and effective use of resources consistent with the principles of [Best Value](#), and regularly scrutinise financial performance and compliance with financial guidance issued by the SG;
- f. promote the wellbeing, learning and development of staff, provide support and challenge to the Chief Executive on staffing matters and ensure that Zero Waste Scotland meets the [Responsibilities for management of Zero Waste Scotland staff](#) described in the section below.

13. 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 of the Board 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 the 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.
14. Each Board member must comply with the legal duties of directors set out in statutory and common law, including without limitation the Companies Act 2006 (as interpreted by relevant case law), including (among others) (a) the duty to act in such a way as he/she considers in good faith would be most likely to promote the success of the company for the benefit of its member(s) and (b) to exercise independent judgement.

15. Specific guidance on how the Chair and Board Members should otherwise 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 and from the Sponsor Team, who may consult the SG Governance and Risk Team. A list of key aspects of governance to consider is included in the section on Governance and Risk below.

The Chief Executive

16. Where the post of Chief Executive is (or is to become) vacant, the Board will identify a suitable candidate to be appointed by Zero Waste Scotland, with the approval of the Scottish Ministers.

17. The Chief Executive is employed and appointed by Zero Waste Scotland with the approval of the Scottish Ministers and is the principal adviser to the Board on the discharge of its functions and is accountable to the Board. The Chief Executive role is to provide operational leadership to staff working for Zero Waste Scotland and to ensure that its aims and objectives are met, its functions are delivered, and its targets are met through effective and properly controlled executive action.

18. The specific duties of the Chief Executive will be set out in a job description, and annual objectives will be agreed with the Chair and used in appraisal of the Chief Executive's performance.

19. In addition to any other specific duties, the Chief Executive will:

- a. advise the Board on the discharge of its responsibilities – as set out in this Framework Document, in relevant legislation and in any other relevant instructions and guidance issued by or on behalf of the Scottish Ministers;
- b. implement or oversee implementation of the decisions of the Board;
- c. work with the Board on preparation of the Corporate Plan, including liaising with the Senior Sponsor and/or Sponsor Team on key points which need to be addressed and the timetable for preparation and review, and work with the Board to ensure that business plans are put in place to meet the Corporate Plan aims, objectives and performance measures;
- d. lead and manage the staff of Zero Waste Scotland, ensuring their wellbeing, learning and development are prioritised, and ensuring that the [Responsibilities for management of Zero Waste Scotland staff](#) set out in the section below are addressed;
- e. manage the budget for Zero Waste Scotland in line with Scottish Government Finance guidance, policies and procedures, including the Scottish Public Finance Manual, and advise the Board on financial implications of all Board decisions, ensuring that appropriate financial appraisal and evaluation techniques are followed (see the Appraisal and Evaluation section of the SPFM);
- f. agree with the Board and the Portfolio AO or Senior Sponsor what information is required to enable the Board and the SG to scrutinise the performance of Zero Waste Scotland 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. the Chief Executive's Executive Team will manage the day-to-day relationship with the Senior Sponsor and/or Sponsor Team, with other SG officials who have an interest in the work of Zero Waste Scotland and with other key stakeholders, including staff of other public bodies.

20. In advising the Board, the Chief Executive will ensure that the key governance issues highlighted in the section on Governance and Risk below are addressed.

The Accountable Officer

21. The Principal Accountable Officer for the Scottish Administration will designate a senior official in Zero Waste Scotland as the Accountable Officer. Usually this will be the Chief Executive, unless there are specific reasons not to designate the Chief Executive. The Accountable Officer is personally responsible for the propriety and regularity of the public finances of Zero Waste Scotland 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 and may be called to give evidence to the Public Audit Committee of the

Scottish Parliament. The responsibilities of the Accountable Officer are set out in full in the Memorandum to Accountable Officers for Other Public Bodies in the Scottish Public Finance Manual.

22. It is important for the Chair and Board members to recognise that one aspect of these duties is the requirement under section 15(8) of the Public Finance and Accountability (Scotland) Act 2000, which requires the Accountable Officer, if they consider that any action they are required to take is not consistent with their Accountable Officer responsibilities, to obtain written authority from the Board. The Accountable Officer must then send a copy of the written authority to the Auditor General for Scotland as soon as possible, and also send a copy to the Clerk of the Public Audit Committee. The Accountable Officer should consult the Portfolio Accountable Officer before seeking written authority from the Board in these circumstances and should always notify the Portfolio Accountable Officer when such a written authority has been issued.

23. Where the duties of the Accountable Officer and the Chief Executive are not combined in one person, the Accountable Officer will work closely with the Chief Executive on governance, and in particular to ensure that the key governance issues highlighted in the section on Governance and Risk below are addressed.

The Scottish Ministers

24. The Scottish Ministers appoint the Chair and Board Members in accordance with the Code of Practice for Ministerial Public Appointments in Scotland and as described in the articles of association of Zero Waste Scotland. The Scottish Ministers hold the Board to account for the performance of Zero Waste Scotland and its use of resources. Ministers are ultimately accountable to the Scottish Parliament for ensuring that the Board is discharging its duties effectively, although the Parliament will scrutinise the performance of Zero Waste Scotland directly as it does with all public sector bodies. The Scottish Ministers are not directly responsible for the operation of Zero Waste Scotland.

25. The Scottish Ministers will:

- a) agree the strategic aims, objectives and key targets of Zero Waste Scotland as part of the corporate planning process;
- b) agree the budget for Zero Waste Scotland, and secure the necessary Parliamentary approval;
- c) approve the Code of Conduct of the Zero Waste Scotland Board;
- d) approve pay remits or proposals and superannuation arrangements for the staff, Chief Executive, Chair and Board members; and
- e) lay the accounts of Zero Waste Scotland before the Scottish Parliament.

SG Portfolio Accountable Officer

26. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) has designated the Director General for Net Zero as the Portfolio Accountable Officer (AO) for the SG portfolio budget which will provide funding for Zero Waste Scotland.

27. The Portfolio AO's duties are to establish a framework for the relationship between the 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. These activities are known collectively as 'sponsorship'. In practice, the Portfolio AO is likely to delegate some or all sponsorship duties to a Director or Deputy Director as Senior Sponsor and/or to other SG officials in a 'Sponsor Team'. The responsibilities of a Portfolio Accountable Officer are set out in detail in the [Memorandum to Accountable Officers for Parts of the Scottish Administration](#).

28. The Portfolio AO will:

- a. make sure the framework document is agreed between the Scottish Ministers and the Board of Zero Waste Scotland and is reviewed regularly, and will oversee the operation of the roles and responsibilities set out;
- b. ensure that financial and other management controls being applied by Zero Waste Scotland are appropriate and sufficient to safeguard public funds and conform to the requirements both of propriety and of good financial management;
- c. in line with the [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; ensure that there is effective induction for new appointees;
- d. ensure that there is a regular review and a formal annual appraisal of the performance of the Chair against co-agreed objectives.
- e. support regular and effective engagement between Zero Waste Scotland and the Scottish Ministers; and
- f. make sure there is clear, documented delegation of responsibilities to a Senior Sponsor and/or Sponsor Team and that the Board and senior officials of Zero Waste Scotland are aware of these delegated responsibilities.

29. The Portfolio AO remains personally answerable to the Scottish Parliament for the effectiveness of sponsorship activity.

Relationship between Scottish Government and Zero Waste Scotland

30. Strategic engagement between the SG and Zero Waste Scotland is essential in order that they work together as effectively as possible to maintain and improve public services and deliver improved outcomes. Specific governance and accountability roles are described in the section above but, more generally, both the SG and Zero Waste Scotland will take all necessary steps to ensure that their relationship is developed and supported in line with the jointly agreed principles set out in the statement on '[Strategic Engagement between the Scottish Government and Scotland's NDPBs](#)'. This emphasises the need for cooperation and good communication, and particularly early warning from either side about any emerging risk or issue with significant implications for the operation or governance of Zero Waste Scotland.

31. To achieve the purposes described earlier in this agreement, Zero Waste Scotland will disseminate its work broadly across the public sector, to business and economic interests, and to wider civic society. The presumption is that Zero Waste Scotland will publish the outputs and

outcomes of its work as accessible, open-source information wherever possible. Zero Waste Scotland will set out this approach, including any exceptions to be applied to this presumption, in a written publications policy (additional to its freedom of information policy). Zero Waste Scotland will ensure that the Sponsor Team receives timeous advance sight of the Zero Waste Scotland publication schedule.

32. To achieve the purposes described earlier in this agreement, Zero Waste Scotland must work across the Scottish Government, the public sector, the private sector and with communities. Zero Waste Scotland, the Circular Economy Division and the Sponsor Team will work in partnership to support and enable collaboration across the Scottish Government, for example with Finance, Economy, Skills and Education portfolios in support of developing and delivering conditions supporting the accelerated development of the circular economy.

33. The Sponsor Team's primary function is to carry out the responsibilities delegated to it by the Portfolio AO, directly or via the Senior Sponsor, as described above. In addition to ensuring that the arrangements in this framework document operate effectively, managing public appointments and providing assurance to the Portfolio AO, the Sponsor Team will usually be the first point of contact for Zero Waste Scotland on any issue with the SG. As part of the assurance they provide to the Portfolio AO, they must ensure that key actions and decisions agreed are documented and implemented. This includes ensuring that SG teams implement any agreed actions.

34. As delegated by the Portfolio Accountable Officer, and as a minimum, the following specific arrangements will be put in place to support effective strategic engagement between the Scottish Government and Zero Waste Scotland (without prejudice to other arrangements that may also be put in place):

- a. Monthly meetings between the Chief Executive and the Sponsoring Deputy Director;
- b. Annual attendance of the Cabinet Secretary or Minister at a meeting of the Board;
- c. One other meeting per year between the Chief Executive, the Chair and the Cabinet Secretary or Minister with responsibility for Zero Waste Scotland and/or circular economy matters;
- d. Quarterly meetings between the Chair and SG Director (two of which will be joint with the Chief Executive);
- e. Quarterly meetings between the CEO and SG Director (two of which will be joint with the Chair);
- f. Periodic invitations will be issued to senior SG officials to attend Board meetings or parts of such meetings.

35. Unless otherwise agreed between Zero Waste Scotland and the Scottish Ministers in writing and subject to paragraph 36 below, all Intellectual Property Rights which are created, produced or developed by, or on behalf of, Zero Waste Scotland in carrying out its functions as an Executive NDPB after the 1 October 2024 belong to Zero Waste Scotland.

36. Zero Waste Scotland grants to the Scottish Ministers a perpetual, royalty-free, irrevocable, non-exclusive and sub-licensable licence to use, reproduce, modify, develop and maintain all Intellectual Property Rights referred to in paragraph 35 above for any purposes whatsoever.

37. To the extent that a licence of any third party Intellectual Property Rights is required in order to be able to use any of the Intellectual Property Rights referred to in paragraph 35 above, Zero Waste Scotland must use its reasonable endeavours to ensure that the third party owner of any such Intellectual Property Rights grants to the Scottish Ministers a licence (or sub-licence as applicable) on equivalent terms to those granted to Zero Waste Scotland.

38. In respect of any third party owned Intellectual Property Rights that Zero Waste Scotland has acquired a licence or right to use for the purposes of carrying out its functions as an Executive NDPB, the Scottish Ministers may (acting reasonably) request a licence or sub-licence (as applicable), on equivalent terms to those granted to Zero Waste Scotland, for the Scottish Ministers to use those Intellectual Property Rights. Zero Waste Scotland must use reasonable endeavours to facilitate such a request, including if required negotiating with the third-party owner of the Intellectual Property Rights.

39. For the purposes of these paragraphs 35-39, "Intellectual Property Rights" means all copyright, patent, trademark, design right, database right and any other right in the nature of intellectual property whether or not registered, in any materials or works in whatever form (including but not limited to any materials stored in or made available by means of an information technology system and the computer software relating thereto).

Responsibilities for management of Zero Waste Scotland staff

Broad responsibilities for Zero Waste Scotland staff

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

- 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 (subject to the SG Pay Policy for Staff Pay Remits);
- 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 the body's objectives;
- proper consultation with staff takes place on key issues affecting them, as appropriate, including working in partnership with such trade unions as are formally recognised by Zero Waste Scotland (or Zero Waste Scotland considers appropriate in the absence of formal recognition);

- effective grievance and disciplinary procedures are in place and to ensure that staff know where to access and how to use them;
- effective whistle-blowing policy and procedures consistent with the Public Interest Disclosure Act 1998 are in place, and staff know where to access and how to use them; and
- a code of conduct for staff is in place.

Pay and conditions of service

41. Zero Waste Scotland 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. Payment of salaries should also 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.

42. Zero Waste Scotland will also seek appropriate approval under the SG Pay Policy for Senior Appointments for the chief executive's remuneration package prior to appointment, annually or when a new appointment or change to the remuneration package is being proposed.

Pensions, redundancy and compensation

43. Superannuation arrangements for staff are subject to the approval of the Scottish Ministers. Zero Waste Scotland staff will normally be eligible for a pension provided by its own scheme. Staff may opt out of the occupational pension scheme provided, but the employers' contribution to any personal pension arrangement, including stakeholder pension, will normally be limited to the national insurance rebate level. SG has agreed that Zero Waste Scotland is permitted to continue to offer its existing Private Medical Insurance benefits ("the PMI Scheme") to current employees for whom it is a contractual term and to any new entrants who join the scheme prior to its formal closure to new entrants. The formal closure to new entrants will be implemented as part of Zero Waste Scotland's transition to Executive NDPB status in 2024.

44. Any proposal by Zero Waste Scotland to move from existing pension arrangements, or 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 Sponsor Team prior to proceeding with proposed severance options, and prior to making any offer either orally or in writing.

Corporate and business plans

45. Zero Waste Scotland will prepare a draft strategic or corporate plan, at a frequency to be agreed with the Scottish Ministers, setting out its strategic aims, objectives and targets over that period, for consideration by the Scottish Ministers. When a new plan is to be prepared, the Chief Executive or their delegate will liaise with the Sponsor Team 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 Zero Waste Scotland website.

46. The corporate plan will include Zero Waste Scotland's:

- purpose and principal aims;
- contribution to the national outcomes set out in the **National Performance Framework ("NPF")**, the Programme for Government and Scotland's National Strategy for Economic Transformation in collaboration with the SG and other public bodies;
- analysis of the environment in which it operates;
- key objectives for the period of the plan, and the strategy for achieving those objectives;
- details of planned efficiencies, describing how better value for money will be achieved, including through collaboration and use of shared services;
- role in providing evidence and insight to be used by Scottish Government to develop appropriate targets for the circular economy as envisaged by the Circular Economy (Scotland) Act 2024;
- role in developing pathways to deliver targets for the circular economy;
- indicators against which its performance can be judged; and
- other key points agreed with the Sponsor Team as described above.

47. The corporate plan will inform the development of a separate annual 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. A copy of the business plan will be provided to the sponsor unit prior to the start of the relevant financial year.

Annual report and accounts

48. Zero Waste Scotland 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 Zero Waste Scotland. It will comply with the Government Financial Reporting Manual (FRoM) and outline Zero Waste Scotland's main activities and performance against agreed objectives and targets for the previous financial year. It is the responsibility of the Chief Executive, as Accountable Officer, to sign the accounts.

49. The accounts will be prepared in accordance with relevant statutes and the specific accounts direction 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.

50. The SG Sponsor Team should receive a copy of the annual report for comment, and a copy of the draft accounts for information, following consideration within Zero Waste Scotland and in any event by November each year. It is the responsibility of the Chief Executive, as Accountable Officer, to sign the accounts following approval of the accounts by the Board. Zero Waste Scotland is responsible for the publication of the annual report and accounts after they have been laid before the Scottish Parliament by the Scottish Ministers. Whilst the statutory deadline for laying and publishing accounts audited by the 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 as early as possible.

External audit

51. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, Zero Waste Scotland's annual accounts and passes them to the Scottish Ministers who then lay them 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 Zero Waste Scotland to secure Best Value.

52. 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 Zero Waste Scotland. Zero Waste Scotland 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. Zero Waste Scotland will also use its best endeavours to secure access to any other information or documents required which are held by other bodies.

Internal audit

53. Zero Waste Scotland will:

- establish and maintain arrangements for internal audit in accordance with the Public Sector Internal Audit Standards and the Internal Audit section of the SPFM;
- set up an Audit Committee of its Board, in accordance with the Audit Committees section of the SPFM, to advise both the Board and the Accountable Officer;
- ensure that the Sponsor Team and the Portfolio AO/Senior Sponsor receive promptly after they are produced or updated: the audit charter, strategy, periodic audit plans and annual audit assurance report, including the Head of Internal Audit opinion on risk management, control and governance – and provide any other relevant audit reports as requested by sponsors;
- keep records of, and prepare and forward promptly to the SG an annual report on, fraud and theft suffered by Zero Waste Scotland and notify the Portfolio AO or Senior Sponsor immediately of any unusual or major incidents.

54. The SG's Internal Audit and Assurance Directorate has an expectation of cooperation and access to relevant material when required, the parameters for which would be set out in an engagement document before information was shared. Zero Waste Scotland should make it clear on their own Privacy Notice that material may be shared with the SG's Internal Audit and Assurance Directorate in certain circumstances.

Budget management and delegated authority

55. Each year the Sponsor Team will send the Board a Budget Allocation and Monitoring letter, notifying Zero Waste Scotland of the budget provision, any related matters and details of the budget monitoring information required. Zero Waste Scotland will comply with the format and timing of the monitoring information requested and with any requests for further information.

56. 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, and Zero Waste Scotland will not transfer budgetary provision between the categories without the prior approval of the SG Finance Directorate, which should be sought via the Sponsor Team. 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.

57. 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 Sponsor Team 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 Sponsor Team 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 Sponsor Team. Failure to obtain prior approval for the use of excess income to fund additional expenditure may result in corresponding reductions in budgets for the following financial year. The exception to these requirements is income from gifts, bequests and donations, which must be spent within the same financial year as the receipt.

58. Zero Waste Scotland's specific delegated financial authorities - as agreed in consultation between the Board and the Scottish Ministers - are set out in Annex A. The Board will obtain the prior written approval from sponsors 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.

Governance and Risk

59. 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](#)

60. If in any doubt about a governance issue, the Chair or Chief Executive should consult the Senior Sponsor or Sponsor Team in the first instance, and sponsors may in turn consult the SG Public Bodies Unit, the SG Governance and Risk Branch and/or other teams with relevant expertise.

61. The Board and Chief Executive are advised to pay particular attention to guidance on the following issues.

Risk management

62. Zero Waste Scotland 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 Sponsor.

63. 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

64. The Board should establish 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.

65. Counter-fraud policies and practices should be adopted to safeguard against fraud, theft, bribery and corruption - see the Fraud section of the SPFM.

66. 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. The Sponsor Team must be kept informed of progress on such programmes and projects and Ministers must be alerted to any developments that could undermine their viability. ICT investment plans must be reported to the SG's Office of the Chief Information Officer.

67. Zero Waste Scotland 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. Zero Waste Scotland must also register with the [Information Commissioners Office](#) and ensure that it complies with the Data Protection Act 2018 and the General Data Protection Regulation, commonly known as GDPR.

Budget and finance

68. Unless covered by a specific delegated authority, financial investments are not permitted without the prior approval of sponsors and SG Finance. This includes equity shares in ventures which further a body's objectives. Public bodies should not invest in any venture of a speculative nature.

69. 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. Zero Waste Scotland must comply with all relevant rules on taxation, including VAT, recover input tax where it is entitled to do so.

70. Optimising income (not including grant-in-aid) from all sources should be a priority, and sponsors 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 sponsors and SG Finance. Fees or charges for any services supplied must be determined in accordance with the Fees & Charges section of the SPFM.

71. 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 SG grant-in-aid, trading or fee income, and conflicts of interest must be considered – see the principles in the Gifts section of the SPFM. Note that this relates to gifts to the body - gifts to individuals are covered in the Model Code of Conduct.

72. Borrowing cannot be used to increase Zero Waste Scotland's spending power. All borrowing - excluding agreed overdrafts - must be from the Scottish Ministers in accordance with guidance in the Borrowing, Lending & Investment section of the SPFM.

73. 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 Zero Waste Scotland 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 sponsors, SG Finance and where necessary the relevant committee of the Scottish Parliament. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.

74. 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. Zero Waste Scotland 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.

75. 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 sponsors and SG Finance as soon as possible to determine the implications for the NDPB's budget.

76. 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.

77. Unless covered by a specific delegated authority, prior approval from sponsors and 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.

78. Unless covered by a specific delegated authority Zero Waste Scotland 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 sponsors. Before entering/ continuing such arrangements Zero Waste Scotland must be able to demonstrate that the lease offers better value for money than purchase and that any options for sharing existing public sector space have been explored.

79. 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.

80. 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

81. 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.

82. Zero Waste Scotland 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 sponsors and their finance business partner subject to the level of inherent financial risk. 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 NDPB. The relevant sponsor team will provide a Certificate of Exemption for Employer's Liability Insurance.

83. Unless covered by a specific delegated authority Zero Waste Scotland must not provide grant funding to a third party without prior agreement from sponsors 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.

84. The EU State aid regime was effectively revoked from UK law from 1 January. 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 the Subsidy Control Act 2022. Currently, any activity that Zero Waste Scotland undertakes itself, or funds other bodies to undertake, and 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.

Remuneration

85. 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.

86. 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 NDPB Staff Management Responsibilities.

87. 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

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

89. Cash management arrangements need to be addressed as well as overall budget management. Any grant in aid (i.e. the cash provided to Zero Waste Scotland 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. Zero Waste Scotland 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. Zero Waste Scotland will keep its unrestricted cash reserves held during the year to the minimum level needed for efficient operation and any relevant liabilities which have to be met at the year-end. Grant in aid not drawn down by the end of the financial year will lapse. Zero Waste Scotland will not pay Grant-in-Aid into any restricted reserve it holds.

Helpful information

90. The Public Bodies Support Unit has produced a register of reporting requirements for devolved public bodies which will help in regard to compliance with certain legislative asks. Copies of the register can be obtained from the PBSU mailbox.

Annex A

Annex A: Specific Delegated Financial Authorities

LIMITS BELOW ARE CONSISTENT WITH LEVELS AGREED WITH OTHER ENFOR Exec NDPB'S

		(proposed) Delegated Limit
Incurring Expenditure, under exceptions set out in SPFM		£250,000*
External business consultancies and/or management consultancies		£100,000
Non-competitive action		£50,000
Operating leases – other than property/ accommodation related leases		£100,000
Gifts		£5,000
Special payments		£5,000
Claims waived or abandoned		£5,000
Write-off of bad debt and/or losses		£5,000
Third party grants		£100,000
Major investment programmes/ projects		N/A (incurring expenditure limit above applies)

* To assist the Scottish Government in managing overall DEL commitment levels, prior approval is currently required by SG Finance for any incurring expenditure commitment over £250,000