

# 230711(086) FOI Funding to Laggan Outdoor Ltd

**From:** [Freedom of Information](#)  
**To:** [REDACTED]  
**Cc:** [Freedom of Information](#)  
**Subject:** Freedom of Information Request  
**Date:** 11 July 2023 10:50:00  
**Attachments:** [REDACTED]

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Dear [REDACTED]

Thank you for your freedom of information request of 14 June 2023. We are responding to you under the Freedom of Information (Scotland) Act 2002 [FOISA].

FOI REQUEST (21 June 2023)

It would be helpful if you could please send me a copy of your:

1. Delegated Authority Policy
2. Conflict of Interest Policy
3. Standard Appraisal Process

FOI RESPONSE

## Questions 1 and 2:

Please find attached SOSE's Delegated Authority Policy and Conflicts of Interest Policy. Staff email addresses have been withheld under FOISA section 38 (personal information). Where information has been withheld it has been redacted.

## Question 3:

SOSE's appraisal process documentation is structured as we described previously in relation to your request of 7 March 2023 and is subject to regular review and change as new or updated guidance from Scottish Government or internal guidance changes.

Information on our standard appraisal process was shared with you in our response to your FOI request of 7 March 2023 which is provided below for your ease of reference. We therefore apply FOISA exemption under section 25 (information otherwise accessible) whereby the information you have requested is reasonably accessible.

*"All SOSE grant awards follow our standard appraisal and due diligence processes. Information relating to the organisation and the project is gathered and analysed against standard appraisal criteria:*

- *Strategic case*
- *Economic case (including impact on Place, Inclusive Growth, Fair Work, Net Zero, Natural Capital, Community Wealth Building)*
- *Financial case (including consideration of Value for Money, additionality, displacement)*
- *Management case*
- *Commercial case*

*The approval process follows our Delegated Authority Policy and successful approval is based on project alignment with strategic priorities, appraisal criteria (above) and available budget.*

*A grant offer letter outlining the award terms and conditions is signed by the organisation and SOSE.*

*SOSE standard terms and conditions are available on our website.”*

You have the right to request a review of the way in which this request has been processed. Should you wish to exercise this right, you will need to contact us within 40 working days of receipt of this email.

If you remain dissatisfied on completion of the review, you have the right to appeal to the Office of the Scottish Information Commissioner and thereafter to the Court of Session on a point of law only:

Scottish Information Commissioner

Kinburn Castle

Doubledykes Road

St Andrews

Fife

KY16 9DS

Telephone: 01334 464610

<http://www.itspublicknowledge.info>

or for online appeals:

[www.itspublicknowledge.info/Appeal](http://www.itspublicknowledge.info/Appeal)

Regards,

SOSE Corporate Relations



[www.southofscotlandenterprise.com](http://www.southofscotlandenterprise.com)



# South of Scotland Enterprise

## Conflicts of Interest Policy

Version 1.0 Final – Review March 21

Document Owner

Director of Finance

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# 1. Introduction and Background

## 1.1 Background

The Scottish public has high expectations of the Board members and staff of South of Scotland Enterprise and the way in which they should conduct themselves in undertaking their duties. SOSE expects the conduct of its Board members and staff to be above reproach.

The Ethical Standards in Public Life etc. (Scotland) Act 2000 sets out nine general principles of conduct which underpin public life in Scotland. These nine Scottish principles (which are defined at Annex 1) are as follows:

- Selflessness
- Integrity
- Objectivity
- Accountability and stewardship
- Openness
- Honesty
- Public service
- Leadership
- Respect

The handling of conflicts of interest is a particularly important and sensitive issue for SOSE and is specifically referred to in the Scottish principle on 'honesty':

"You have a duty to act with honesty at all times. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest."

## 1.2 Codes of conduct for board members and staff

SOSE has adopted a Code of Conduct for Board Members which is based on the Standards Commission's Members Model Code of Conduct. Sections 4 and 5 of the Code of Conduct set out the responsibilities of Board members in respect of the registration and declaration of interests.

SOSE has a Code of Conduct for Staff which forms part of the terms and conditions of service for all staff. Paragraph 5 of the Code imposes a duty on staff to comply with SOSE's policies and procedures in respect of conflicts of interest:

"Staff should abide by the rules adopted by SOSE in relation to private interest and possible conflict with public duty; the disclosure of official information; and political activities. They should not misuse their official position or information acquired in their official duties to further their private interests or those of others. Staff working on contracts should ensure that any possible conflicts of interest are identified at an early stage and that appropriate action is taken to resolve them."

### 1.3 Why do we need a conflict of interest policy?

While all Board members and staff have a personal responsibility to observe their (respective) Code of Conduct, it is also incumbent on SOSE to provide advice and guidance to its Board members and staff to ensure that, in discharging their roles, they comply with the law and fulfil their obligations under the Code of Conduct. In addition, SOSE has a duty to avoid placing Board members and staff in positions where they may face a serious conflict of interest.

As part of SOSE's corporate governance arrangements, this document sets out SOSE's Conflicts of Interest policy and the procedures to be followed by Board members and staff when a conflict arises.

### 1.4 Who does this policy cover?

This policy applies to:

- SOSE Chairman and Board members (including co-optees to committees and working groups)
- All SOSE staff
- All SOSE temporary staff (including agency staff and secondees)

### 1.5 Further information and advice

If you have any queries in respect of this Conflicts of Interest policy or need advice in relation to a specific case, please contact SOSE's Director of Finance.

## 2. SOSE's Approach when Handling Conflicts of Interest

### 2.1 Handling conflicts of interest in SOSE

Although this policy provides advice and guidance to Board members and staff on how to handle conflicts of interest, it cannot cover every conceivable situation that may arise. SOSE has identified ten guiding principles which underpin its procedures to handle conflicts of interest appropriately.

Ten things you should think of when considering conflicts of interest are:

- **Take personal responsibility:** It is your personal responsibility to ensure that you comply with this Conflicts of Interest policy
- **Put SOSE first:** Your first duty is to give undivided allegiance to SOSE at all times. You must not subordinate your duty to private interests and must not make use of your official position to further outside interests
- **Be open and transparent:** Complete the Register of Interests annually (or bi-annually in the case of Board Members or SLT) and update it as and when you accrue new interests or if your interests change. Be open and transparent about your interests and always take advice

- **Be aware of public perception:** In considering whether an interest is material, you must consider not only whether you will be influenced but also whether a member of the public, acting reasonably, would think that you might be influenced (the public perception test)
- **Declare and play no part:** Where you are deemed to have a material interest (direct or indirect) in any organisation dealing with SOSE, you should declare this interest and take no part in the appraisal, decision making or account management process in relation to that organisation
- **If in doubt, play safe!** If in doubt, even after discussing the matter with your line manager or the SOSE Director of Finance, you should err on the side of caution
- **Declare and refer every time:** You should declare your conflict of interest on each and every occasion that it arises and, if necessary, refer the matter to the appropriate authority (e.g. line manager, Director) for guidance
- **Escalate:** Given the reputational risks to SOSE, complex and/or significant conflicts of interest should be escalated up the management chain (specifically to the SOSE Director of Finance & Director of Enabling Services and, if necessary, SOSE's Chief Executive) as and when appropriate
- **Document everything:** All correspondence relating to the handling of a conflict of interest should be documented. There should be a clear audit trail which will stand up to scrutiny in the event of any challenge
- **Cooling off:** All material interests are deemed relevant for a period of at least 12 months after the interest ceases to exist. After a period of 12 months, the SOSE Director of Finance can determine whether an interest is still relevant after an assessment of any reputational (and other) risks to SOSE

### 3. Registration of Interests

#### 3.1 What is the difference between registration and declaration of interests?

Registration is the formal process of recording all the direct interests of Board members and Staff on an annual (or bi-annual) basis whereas a declaration is made as and when interests arise during the day-to-day duties of Board members/staff.

#### 3.2 Maintaining and updating the Register(s) of Interests

SOSE's Director of Finance will issue guidance annually on what has to be registered:

##### **Board members and executive grade staff**

- All Board members and executive grade staff are required to formally register their own direct (personal) interests twice a year (in March and September). The Executive Support Team will co-ordinate these updates.
- Any new interests or changes to interests must be brought to the attention of the Executive Support Team within one month of the new interest/change occurring.

- Executive Grade staff should also update via HR their register of interest and ensure where appropriate that other colleagues, including line manager, are made aware of these changes.
- The Executive Support Team will maintain and update the register of interests for Board members.
- The register of interests held for all Board members and executive grade staff will be made available for inspection on the SOSE website. The Executive Support Team will ensure that the website is regularly updated.

### **SOSE staff**

- All other SOSE staff are required to formally register their own direct interests annually through the HR.
- Any new interests or changes to interests must be added to the HR register within one month of the new interest/change occurring.
- Ensure where appropriate that other colleagues, including line manager, are made aware of these changes.
- The register of interests will not be published on the SOSE website but may be publicly available upon request.

### **3.3 What has to be registered?**

The following six categories of interests should be registered:

- **Sources of remuneration:** All employment or other contractual arrangements (other than with SOSE) for which you receive remuneration by virtue of being employed, self-employed, the holder of an office, a director of an undertaking, a partner in a firm, or undertaking a trade or profession
- **Related undertakings:** Any directorships of a parent or subsidiary undertaking which are unremunerated
- **Contracts:** Any contracts that you (or any organisation in which you have an interest) have or are currently negotiating with SOSE
- **Houses, land and buildings:** Any houses, land or buildings you own or have any other right to which may be significant to the work and operation of SOSE
- **Shares and securities:** Shares or securities held in a company or organisation which may be significant to the work and operation of SOSE
- **Non-financial interests:** Any non-financial interests that may be significant to the work and operation of SOSE

You do not have to register the value of any interest but rather the name and nature of the organisation in which the interest is held.



Board members and staff may have significant non-financial interests and it is equally important that relevant interests such as membership or holding office in public bodies, companies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.

In this context, non-financial interests are those which members of the public might reasonably think could affect your responsibilities to SOSE and to the public or could influence your actions or decision making.

The registered interests may be used within SOSE to identify relevant interests relating to SOSE activity.

### **3.4 What about the interests of family members?**

Board members and staff are only required to register direct (personal) interests but may also voluntarily register indirect interests. The most common category of indirect interests is likely to be the financial interests of close family members.

Close family is defined within Accounting Standards as “those family members, or members of the same household, who may be expected to influence, or be influenced by, that person in their dealings with [SOSE].” It is intended to include at least those relatives identified as ‘immediate family’, i.e. Spouse, live-in partner, parent, child, brother, sister and the spouses of any of these.

Even if indirect interests are not registered, they should be declared as and when they arise

## **4. Declaration of Interests**

### **4.1 What is a ‘material’ interest?**

Public confidence in SOSE depends on it being clearly understood that decisions are taken in the public interest and not for any other reason. Board members and staff should only play a role in any decision-making process if they can demonstrate objectivity.

In considering whether an interest is material (significant), an individual must consider not only whether he or she will be influenced but also whether any reasonable person would think that he or she might be influenced. The test is whether a member of the public, acting reasonably, might think that a particular interest could influence the decision made (the public perception test).

Interests may be financial or non-financial but there is a particular risk in respect of financial interests. In the case of a financial interest, there should be a presumption that the interest is material and that the conflicted Board/staff member should withdraw from playing any part in the process.

Board/staff members should also be aware of situations when it would be appropriate to declare relevant interests of close family or friends (indirect interests). Close family includes spouse, live-in partner, parent, child, brother, sister and the spouses of any of these.

## **4.2 What do you do if you have a material interest?**

Where a material interest exists, either direct or indirect, objectivity will always be assumed to be impaired. This will be the case irrespective of the category of the organisation that the Board/staff member has the interest in (e.g. Private sector, public sector, voluntary sector or community organisation).

Where a person is deemed to have a material interest, he or she should declare this interest and take no part in the discussion or decision-making process in relation to this matter. This includes:

- Not being present at the relevant part of a Board, Committee or other meeting and not participating in discussions or having any kind of involvement or influence
- Not receiving any relevant papers (including minutes) in relation to that matter. If papers have been received inadvertently, they should be returned intact at the earliest opportunity
- Not being copied in on any e-mails or other correspondence in relation to this matter
- Not using his or her position to try and improperly influence a decision by, for example, asking or directing another person to represent his/her interests or views at the meeting
- Not making any public comment about the matter at any time, inside or outside meetings (including to the Press)

Where the member of staff is Executive Grade any activity related to account management or financial assistance should not normally be dealt with by the business unit within which the individual sits. For all other staff the activity related to account management or financial assistance should not be dealt with by the same team in which the individual sits. In addition to the normal SOSE delegated authority arrangements the relevant Executive Grade member of staff should have oversight of the activity. In certain situations, it may be considered appropriate to pass the activity to another business unit.

## **4.3 What if you are unsure as to whether you have a material interest?**

Where a Board/staff member is unsure as to whether or not an interest is material or what action to take in a given situation, he or she should seek the advice of the appropriate authority (Board member = Chairman/ Executive Support/Director of Finance; staff = line manager/SOSE Director of Finance). Executive Support Team and the SOSE Director of Finance may consult with the Director of Business Improvement and Internal Audit. However, ultimately, it is for each Board/staff member to make his or her own decision and to take personal responsibility for that decision.

If a Board/staff member is still in doubt as to whether or not to declare an interest, even after discussing the matter with the appropriate authority and/or the Director of Finance, he or she should err on the side of caution. A Board/staff member cannot be accused of behaving improperly by declaring an interest which does not exist or by leaving the meeting upon declaring a material interest which a reasonable person would not have considered material. However, Board/staff members do run the risk of serious criticism and possible sanction if they do not declare an interest and act appropriately in respect of an interest that does exist. To protect the objectivity of SOSE's processes SOSE may remove the individual from the process.

#### **4.4 When do you declare an interest?**

Any Board/staff member should declare an interest to the appropriate authority as soon as possible after they become aware of it. In the case of a member of staff, this notification should be in writing and a copy of the notification should be sent to the Director of Finance.

It is not enough to declare an interest once and assume that this declaration covers any subsequent occasion that the interest arises. You should declare your conflict of interest on each and every occasion that it arises and, if necessary, refer the matter to the appropriate authority (e.g. line manager, Director of Finance) for guidance.

Where you are attending a meeting and have a material interest in one or more items on the agenda, declaration of the interest must be made as early as possible and certainly well before the particular item on the agenda is discussed. Ideally, the declaration should be made at the beginning of the meeting and provide enough information to allow those present to understand the nature of the interest. You should then withdraw from the meeting for the relevant part of the meeting.

#### **4.5 What should be documented and when?**

All correspondence relating to the handling of a conflict of interest should be documented. This includes the notification of the conflicted issue by, and the advice given to, the conflicted individual, any advice/instruction provided by senior management, and the action that was subsequently taken. The relevant file should have a clear and complete audit trail which will stand up to scrutiny in the event of any challenge.

At meetings, all declarations of interest and actions taken as a result (e.g. leaving the room) should be recorded in the minutes or other appropriate record of the meeting.

### **5. Board Member Protocols**

The promotion of and adherence to high standards in public life is essential to ensure and reinforce public confidence in the activities and responsibilities of public bodies

As ministerial appointments SOSE Board members are required to comply with the Codes of Conduct which exist within SOSE. The Standard Commission is responsible for the enforcement of this Code.

SOSE has in place code of conduct for Board Members which follows the Model Code of Conduct for members of devolved public bodies issued by Scottish Ministers. This code complements the SOSE conflict of interest policy and both reference the 9 key principles which underpin public life in Scotland.

While all SOSE Board members have specific strengths and skills they have not been appointed to represent any particular interest group, geographic or otherwise, and Board members need to be particularly aware that they must act in the interest of SOSE at all times. It is essential that SOSE decision making is underpinned by objective due diligence which will stand up to appropriate scrutiny. Executive staff are responsible for undertaking appropriate due diligence.

The responsibility for making decisions regarding the existence of conflicts of interest is a personal one for the member. However, in recognition that some board members will have interests which may have potential to create actual or perceived conflicts of interest a pro-

forma protocol has been drafted (Annex 2) to enable such issues to be considered and documented (this protocol can also be used for staff interests).

## **6. Other Issues**

### **6.1 Significant or complex cases**

In certain cases, there could be a reputational risk to SOSE as a result of significant conflicts of interest. These situations include:

- A Board member or senior member of staff having an interest in an organisation which is a regular recipient of financial assistance from SOSE or is in an ongoing commercial relationship with SOSE
- Where more than one SOSE Board/staff member has an interest in a particular [client/supplier] organisation
- Where a Board/staff member has an interest and the transaction is considered significant

It is important that potentially significant conflicts of interest that pose a reputational risk to SOSE should be identified at an early stage and consideration given at the outset as to how to handle these conflicts should they arise:

- The line manager (for staff) and the Chairman (for Board members) should be made aware of the interests in question and put in place any additional controls/monitoring arrangements that he/she deems appropriate. The Director of Finance and Director of Enabling Services should also be notified and consulted.
- It may be appropriate for staff in the same team, unit or division to be informed of the interest of their colleague in the particular organisation if it is likely to be an ongoing issue.
- Complex and/or significant conflicts of interest should be escalated to senior management (specifically SOSE's Director of Finance, Director of Enabling Services and, if necessary, the SOSE Chief Executive) at an early stage (and on subsequent occasions, as necessary) for advice and direction.
- A 'red flag' approach should be applied to all 'transactions' involving the conflicted Board/staff member. The robustness and objectivity of the assessment process in such cases should be beyond reproach and, if necessary, an independent element introduced into the assessment process. See guidance on prior approval process for Board Member and Executive Grade staff interests.
- Where an application for financial assistance or grant is concerned and the interest involves a senior manager (Area Manager upwards), it may be appropriate to transfer the case/matter to another division under supervision of the SOSE Director of Finance

A Board/staff member should not seek or accept membership of any Committee, sub-Committee, working group or panel if it would involve declaring a material interest so often that he or she would be of little value to that Committee etc. Or if it would damage public confidence in SOSE, the Committee etc.

If a member of staff has a material interest that poses a reputational risk to SOSE, the relevant Director and line manager should monitor that conflict of interest closely. It may be necessary to put Chinese walls in place to create a separation or, if the conflict of interest becomes unmanageable, to move the conflicted staff member from his/her post.

## **6.2 Prior approval process**

Certain interests which SOSE Board members and Executive Grade staff have are regarded as sufficiently high risk to require a prior approval process.

The prior approval process requires that the Chief Executive provides approval of any transaction between SOSE and any organisation in which the SOSE Chairman, SOSE Board members or Executive Grade staff have a significant or potentially high-risk interest. (Hyper link to Prior Approval Process policy). It is the responsibility of the member of SOSE staff initiating the transaction with the organisation to ensure approval from the Chief Executive is sought. Equally, Board members and Executive Grade staff must have in place their own arrangements with the organisations in which they have an interest, in order to be alerted each time there is a transaction with SOSE.

Transactions are defined as decisions (approved or declined) to enter into any form of agreement which could result in SOSE allocating funds to third-party organisations.

## **6.3 Gifts and hospitality**

Board members and staff should exercise extreme care when gifts, gratuities, entertainment, hospitality or honoraria are offered from current or potential suppliers, clients, or grantees or any individual or organisation which stands to gain or benefit from a decision or action of SOSE. Please refer to SOSE's guidance on Gifts and Hospitality.

## **6.4 Outside commitments**

The current SOSE contract of employment states that "full time employees will not engage in other forms of paid or unpaid activity during the course of their employment, whether during or outside working hours, without the prior written approval of their line manager. Approval to undertake outside work will not be unreasonably withheld." Where staff have outside interests, it is a management responsibility to ensure that these interests do not impact on the employee's duties and responsibilities.

Staff must not engage in any external business, any external employment or any external appointment without the prior written consent of their line manager if any of the following circumstances apply:

- Engagement in it would, in the view of SOSE, be detrimental to SOSE's interests
- Engagement in it would, in the view of SOSE, put the member of staff into a position where duty to SOSE and external interests will conflict or be likely to conflict or
- Engagement in it would, in any way, in the view of SOSE, weaken public confidence in the impartiality of SOSE or in the effective conduct of SOSE's work

Staff must not carry out any work for remuneration which may ultimately come before SOSE for approval or decision.

Staff must not be involved in taking a decision if, at the same time, they are having discussions with an organisation on possible employment. Any prospective move to employment that might arouse criticism must be brought to the attention of the SOSE Chief Executive.

## **6.5 Appointments to outside bodies as a representative of SOSE**

SOSE should not appoint any Board member or member of staff to the Board of any organisation without the prior approval of the SOSE Chief Executive.

Where a Board/staff member has a non-financial interest in another organisation as a result of being appointed to represent SOSE, he/she may participate in internal SOSE discussions relating to that organisation. However, he/she should not be involved in the SOSE decision-making process in respect of any related funding application or other commercial transaction.

It is the responsibility of all Board/staff members to take legal and other advice on their responsibilities to SOSE and to the outside body. This will include questions of declarations of interest. SOSE will provide appropriate training and support to all those nominated or appointed to serve on the Boards of outside bodies.

## **6.6 Competitors**

If a Board/staff member has a material interest, he/she should also not take part in any activity directly related to a competitor of the organisation in which an interest is recorded.

## **7. Key Responsibilities and Further Advice**

### **7.1 Who is responsible for handling conflicts of interest within SOSE?**

It is the personal responsibility of each Board/staff member to ensure that he or she complies with this Conflicts of Interest policy. Even if a Board/staff member receives advice that an interest is not material, it is open to him/her to adopt a more conservative approach. However, if advised by the appropriate authority that an interest is material, it is not open to a Board/staff member to adopt a more liberal interpretation and to continue to involve themselves in the matter.

If the Chair of a meeting is aware that a Board/staff member has not declared a material interest or has declared it but not acted in accordance with this policy, the Chair should take appropriate action to ensure that SOSE (and the individual concerned) is not compromised. This may involve asking the conflicted person to leave the room.

If a line manager becomes aware that a member of his/her staff has not declared an interest or has declared it but not taken appropriate action, he/she must intervene to ensure that the appropriate course of action is taken.

Within SOSE, the Director of Finance is responsible for providing general guidance, and advice on specific cases, to managers and staff within SOSE. If in doubt, refer cases to the Director of Finance (through line management).

## **7.2 Further information and advice**

Annex two contains a list of frequently asked questions on the practical application of this policy for SOSE staff.

If you have a question or require advice that is not dealt with in Annex two or in the rest of this policy, please contact SOSE's Director of Finance, [REDACTED].

## **Annex 1: The Nine Scottish Principles of Conduct**

The nine Scottish principles of conduct underpinning public life are as follows:

**Selflessness:** You should take decisions solely in terms of the public interest. You should not do so in order to gain financial or other material benefits for yourself, your family, or other friends

**Integrity:** You should not place yourself under any financial or other obligation to outside individuals or organisations that might influence you in the performance of your official duties

**Objectivity:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, you should make choices on merit

**Accountability and stewardship:** You are accountable for your decisions and actions to the public and must submit yourself to whatever scrutiny is appropriate to your office

**Openness:** You should be as open as possible about all the decisions and actions that you take. You should give reasons for your decisions and restrict information only when the wider public interest clearly demands

**Honesty:** You have a duty to declare any private interests relating to your public duties and to take steps to resolve any conflicts arising in a way that protects the public interest

**Public service:** You have a duty to act in the interests of SOSE and in accordance with the core tasks of SOSE

**Leadership:** You should promote and support these principles by leadership and example

**Respect:** You must respect Board members and staff of SOSE and the role they play, treating them with courtesy at all times



## **Annex 2: Protocols for Board Members Performance**

- Specify the interests which exist
  
- Identify those which have a potential relevance to the activity that SOSE is involved in
  
- Describe the areas of potential relevance to SOSE activity:
  - Identify the nature of the issue
  - Describe for each the areas of potential conflict
  - If appropriate document why a conclusion has been reached that the issue does not have potential to create a conflict in relation to SOSE activity
  
- Describe arrangements to be put in place to avoid conflicts and protect objectivity  
Consider arrangements for within SOSE
  - Consider arrangements which the SOSE Board member has to put in place
  - Distinguish between input to strategy and more operational matters
  
- Agree review periods

## Annex 3: Frequently Asked Questions

This Annex contains a list of questions (and answers) on the practical application of this Conflicts of Interest policy in SOSE.

### **Q1 What questions should I ask myself in considering whether I have a material interest and how to handle it?**

Is my interest financial or non-financial?

If financial, there is a presumption that you should not play any role in the discussion or decision-making process unless the interest is irrelevant or of little significance.

If non-financial, you should ask whether a reasonable person would consider that your interest could potentially affect your responsibilities to SOSE and to the public or could influence your actions or decisions?

Is there any reputational risk for me personally and/or for SOSE in this matter?

Could I defend/justify my actions to a member of the public, the press or a Parliamentary Committee?

Is this an area of sensitivity for SOSE where there has been media attention in the past and/or criticism of SOSE or another public body?

Have I discussed the matter with a more experienced colleague, my line manager or the SOSE Director of Finance?

### **Q2 Can I take part in activity directly related to the organisation in which I have registered/declared an interest? [Activity includes requests for financial assistance and/or an involvement in account management role]**

No.

### **Q3 Can I take part in activity related to a subsidiary or member of the same Group as the organization in which I have registered/declared an interest? [Activity includes requests for financial assistance and/or an involvement in account management role]**

No, unless the interest is so insignificant or remote that no reasonable person would see it as being material. A relative working in a subsidiary could enhance his/her own position by feeding relevant and valuable information to the parent company.

You should refer a case like this to your line manager and through him/her to the Director of Finance before proceeding.

**Q4 Can I take part in any activity directly related to a competitor of the organisation in which I have registered/declared a material interest?**

In most cases, no.

**Q5 Can I take part in wider strategic activity or engagement with the sector in which the organisation (in which I have an interest) operates?**

In most cases, yes. If your role involves looking at generic issues or broad themes, or will involve engagement with the sector generally, that should be fine. However, if (for example) the strategy is focusing on a technology unique to one company that would be problematic.

**Q6 I am aware of a colleague who is clearly in breach of this policy. How should I deal with this situation?**

If the breach appears to be an oversight due to ignorance or poor judgment, you may wish to discuss the matter informally with the individual concerned to enable him/her to rectify the situation. If this is not an acceptable or appropriate course of action (e.g. due to the seriousness of the breach, the seniority or likely reaction of the individual concerned), you should refer the matter to your line manager or the SOSE Director of Finance or Director of Enabling Services.

If the breach is so serious that it might constitute a criminal offence, you should deal with the matter under SOSE's whistleblowing policy which sets out a procedure for handling such concerns.



## Delegated Authority Policy | 2022

Descriptor	Changes made	Date	Version	Approved By
Policy first implemented	New Policy.	2020	1.0	Interim Delegated Authority
Review no.1	Fully Policy Review	1 April 2021	2.0	Board (25/3/21)
Review no.2	<b>Minor Changes:</b> <ul style="list-style-type: none"> <li>• Project change SLT authority</li> <li>• Delegation for absence</li> <li>• SOSE client and project funding approval - Appendix 1</li> <li>• Procurement approvals - Appendix 2</li> <li>• Manual payments - Appendix 4</li> <li>• HR - Appendix 5</li> <li>• Leases - Appendix 6</li> <li>• Reserved matters - Appendix 7</li> </ul>	30 April 2022	3.0	SLT (7/1/22) ARC (2/3/22)
Review no.3	Minor Change: Removal of Director T&D column from Table 5	31 October 2022	3.1	Director F&CR
Review no.4				

Name of policy being superseded (if applicable)	
Related policies	
Related SOPs	
Related Guidance	
Equality Impact Assessment completed	
Intended Audience	All SOSE Staff
Team responsible for policy	Finance and Business Reporting Team
Policy owner contact details (email)	Director F&CR ( )
Approved by	Audit & Risk Committee
Additional points of contact	Business Reporting Manager ( )
Policy due for review (date)	30 April 2024

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## 1.0 Context and Purpose |

- 1.1 South of Scotland Enterprise Agency began operations on 1 April 2020. It is vital for the smooth running of the organisation that there are clear processes and systems in place for business transactions, including appropriate approval hierarchies, in order to safeguard the agency from any unintended consequences.
- 1.2 Appropriate delegation of authority is fundamental to corporate governance arrangements i.e., the way in which organisations are directed and controlled. Authority should however be defined clearly such that decisions are made, and actions taken by the appropriate people. In general, authority should be delegated to the point where decisions can be taken most efficiently.

## 2.0 Introduction |

- 2.1 This document sets out the delegated levels of authority for South of Scotland Enterprise (SOSE) and will be subject to an annual review.
- 2.2 The following documents should be read in conjunction with this policy:
  - Framework Agreement between the Scottish Government and South of Scotland Enterprise
  - South of Scotland Enterprise Act 2019
  - SOSE's Rules and Guidance, including Project Appraisal and Project Delivery guidance
  - Scottish Public Finance Manual
  - HM Treasury Guidance, "Economic Appraisal in Central Government: A Technical Guide for Departments"; The Green Book
- 2.3 The following other guidance/policies are also relevant:

Area of Activity	Relevant Policies/Guidance
Travel and subsistence, including overseas travel	Employee expenses policy
Fraud	Counter fraud policy
Gifts and hospitality	Gift and hospitality policy
Conflicts of interest	Conflict of interest policy
Human resource activities	Human Resources polices and guidance
Finance processing, invoice authorisation and payment release	Accounts payable procedure
Procurement arrangements	Procurement policy and procedure
Legal arrangements	Legal guidance

## 3.0 General Principles |

### Principles Applying

- 3.1 All decisions should support delivery of SOSE's Operating Plan, priorities and be in accordance with the South of Scotland Enterprise Act 2019.
- 3.2 It is the responsibility of all employees to ensure that all contracts and formal undertakings covered by the scope of this policy are duly approved and signed in accordance with this policy. Anything out with the scope of this policy should be discussed with the Director of Finance and Corporate Resources for guidance.
- 3.3 This policy applies to all employees within SOSE including agency and seconded staff from 3rd party organisations. Any employee found to have breached this policy may be subject to disciplinary action.
- 3.4 Appropriate budgets (Capital, Revenue, Financial Transactions, non-cash, and cash) should be available to fund any approval.
- 3.5 Project officers should engage in early discussion with the delegated authority to confirm the appropriateness of potential SOSE investment.
- 3.6 The decision maker should consider any opportunity costs associated with the funding decision.
- 3.7 Appropriate and proportionate due diligence should support the decisions made to commit SOSE resources, and SOSE project appraisal processes and templates should be used for this purpose, with appropriate audit trails retained.
- 3.8 Any funding decision should have regard to any policy framework which exists, including any intervention policies, strategic guidance etc.
- 3.9 Decisions made by panel or Board should be supported by meeting minutes and included in project appraisal folder along with all finalised project paperwork as per guidance.
- 3.10 Appropriate segregation of duties should be in place. Specifically for financial approvals, no one person can recommend and approve a project and/or approve and process a payment.
- 3.11 The Framework Agreement provides that certain decisions and proposals must be referred to the Scottish Government. Please refer to the agreement and Appendix Table 7.
- 3.12 SOSE's conflicts of interest policy should apply and no one with a conflict should participate in any SOSE activity to which the interest relates. The exception being where someone is appointed to a role by SOSE, in these circumstances they can participate in activity and discussion to inform decisions but not the decision. Any queries on dealing with interests should be referred to the Director of Finance and Corporate Resources.
- 3.13 Any amendments to approval value should be considered by the delegated authority level appropriate to the new combined total gross approval amount.
- 3.14 Grant in Aid budget agreed for funding costs should not be used to fund business establishment costs.
- 3.15 Transfers of budgetary provision between the different summary classifications as advised by Scottish Government will require the prior approval of the SG Finance Directorate.

- 3.16 Any decision to cease the provision of a SOSE core service, or change the delivery method of any core service, requires the prior written agreement of the Chief Executive.
- 3.17 The financial limits refer to total SOSE contribution to an activity, i.e., includes not solely Grant-in-Aid but also any other funding where SOSE is required to meet the cost initially. This would also include Schemes where SOSE is the applicant but recovers contributions from other funders.
- 3.18 For time critical decisions where it is not practicable to convene a full Board meeting, SOSE will convene an ad hoc Board meeting with a minimum of 4 Non- Executives plus Chair or Deputy Chair and Chief Executive Officer.
- 3.19 Where an activity is regarded as high risk, irrespective of value, early advice should be taken, the issue should be raised and escalated to the Director of Finance and Corporate Resources.
- 3.20 As several transactional functions will be managed through the provision of shared services by SDS, and the Agresso finance system, it is important that the required level of approval is clear and is met within SOSE prior to SDS processing the payment. Required authority levels for various financial functions are outlined in the subsequent sections of this policy.
- 3.21 Approval levels are exclusive of VAT unless noted otherwise.

## 4.0 Approval |

### **Budget Allocation and Annual Operating Costs**

- 4.1 The annual Operating Plan sets out SOSE's key strategic and operational priorities together with planned income and expenditure. Following approval of the Operating Plan by the SOSE Board and noted by Scottish Ministers, members of the Senior Leadership Team will receive a Budget Allocation Statement from the Finance Directorate. This will be used to cover the annual costs of operating the business and providing core services as well as previously approved and new projects.
- 4.2 Directors and other senior staff may commit expenditure on the annual operating costs and core services within their area of responsibility as set out in the Budget Allocation in accordance with their Commitment Authority (see Appendix Tables).
- 4.3 Appendix Tables:
- SOSE Client and Project Funding
  - Procurement
  - Purchase to Pay
  - Banking
  - HR
  - Leases
  - Specific Reserved Matters

### **Expenditure Approval Including Grants and Financial Transactions**

- 4.4 All expenditures, including proposals to deliver grants to companies, new projects, and programmes together with any material changes require a specific approval at the relevant level of delegated Approval Authority.



- 4.5 Where goods and services are being procured, specific authorities are in place for approval to proceed with a procurement and approval to award the contract. See Appendix Table 2 which details the specific considerations related to procurement activity.
- 4.6 Budget allocation does not confer spend approval; the delegated authority level outlined in the appendix tables should be followed.
- 4.7 The following activities also require approval as project:
- New or replacement capital projects / assets
  - Use or disposal of existing assets

### **Subsequent Changes to SOSE Client and Project Funding Approvals**

#### **Value changes:**

- 4.8 Any increase in the funding value, or any significant change to the overall funding package, should be taken at the level of authority relevant to the new total.
- 4.9 Where a decrease in the funding value is proposed, the decision should be made by the original authority level.
- 4.10 Where increase / decrease relates to approval originally made by the Board, the Senior Leadership Team will have authority to approve the lesser of:
- 10% change to original approval amount
  - Up to £50k

#### **Other Changes (Not Value):**

- 4.11 For other changes, which do not impact on the approval value or the funding package, changes should be agreed by the delegated authority relevant to the project value. Where the change relates to a project with a value of over £200k revenue / 350k capital, the Senior Leadership Team will decide whether this requires to be presented for Board approval and/or information.
- 4.12 Examples of such changes include:
- Amendments to security and terms of loan or grant funding
  - Amendment to ownership or nature of organisation
  - Issues relating to ongoing obligations
  - Decisions relating to default or recovery
  - Project timing
- 4.13 Advice should be sought from the Director of Finance and Corporate Resources or Legal on the significance of the change and whether amendments are required to legal documentation. Any changes to standard terms and conditions of legal agreements or contracts requires approval.

### **"Mixed" and "Cumulative" Funding Approvals**

- 4.14 Where projects require funding from more than one SOSE source, such as grants and investment ("mixed funding"), or successive amounts of funding ("cumulative funding") the amounts should generally be aggregated and approved at the relevant level of delegated authority where the same activities are being funded. For the avoidance of doubt, where any company receives additional amounts or types of funding over a period for different projects i.e., where SOSE's

funding is in pursuit of discrete objectives in each case, there is no requirement to aggregate those amounts for the purposes of determining the relevant approval level. In complex cases or where there is any doubt, advice should be sought from the Director of Finance and Corporate Resources.

### **Approval "Shelf Life"**

- 4.15 Subject to any legal commitments, grants and projects which have not commenced implementation within twelve months from the date of approval require reapproval through the change control process.

### **Asset Disposals and Investment Exits**

- 4.16 Asset disposals require approval at the relevant level of delegated authority based on the market value of the asset(s) in question.

### **Leases to Third Parties**

- 4.17 Collier International Property Consultants Limited (Colliers) are agents working on behalf of SOSE to support the day-to-day delivery of its Investment Property portfolio and occupied buildings. Colliers are engaged in the negotiations but have no authority to act, see Appendix table 6 for the delegated authority internal to SOSE. The value of a lease is defined as the periodic rental multiplied by the lease period.

## **5.0 Commitment |**

- 5.1 Commitment authority is the authority to enter into contracts, tenders, agreements, purchase orders or any commitment by SOSE to expenditure, liability, or obligations (including any signature thereof where required). The power legally to commit SOSE is subject to the activity being within the authorising member of staff's area of responsibility.

### **Levels of Commitment Authority**

- 5.2 General levels of commitment authority and sub-delegation arrangements can be found in the appendix tables.
- 5.3 Authority to commit expenditure may only be exercised when all necessary approvals are in place.
- 5.4 Care must be taken to avoid any express or implied commitment in advance of budget, grant, or project approval. Advice on any documents capable of having a legal effect must be taken from Director of Finance and Corporate Resources or Legal.

### **Framework Agreements**

- 5.5 Approval to proceed and award an overarching SOSE framework follows the delegated authority routes noted above. Specific arrangements for call-offs from these frameworks will be agreed by the Procurement Team and the Framework Owner. Where call-offs are anticipated to be over £50k and/or high risk, approval to proceed and award will be in line with normal delegated authorities.
- 5.6 If the activity is considered to be consultancy, additional consultancy approval will not be required for each individual call-off as this was gained for the overall Framework, unless the process used did not follow the approved Call Off Process.

## **Non-SOSE Frameworks**

- 5.7 Approvals for these contracts will be as per the delegated authorities noted above. If for consultancy it will also need to follow the consultancy approval route.

## **Programmes**

- 5.8 Where approval was given for a programme which covers a range of activities, this does not supersede the need for procurement approvals for each specific requirement within the programme.
- 5.9 Each procurement requirement within the programme will follow the Delegated Authority Levels as above, unless otherwise stated in the overarching programme approval.

## **Collaborative exercises**

- 5.10 Where SOSE are procuring on behalf of other organisations, approval from the other parties involved is required at both the proceed and award stage. This can be in the form of an email confirming participation and budget etc, and it is the other parties' responsibility to ensure this is in line with their own internal delegated approval requirements.

## **Signature of Documents**

- 5.11 Please refer to relevant Appendix table to confirm appropriate signatories. If in any doubt please contact the Director of Finance and Corporate Resources.

## **6.0 Payment |**

- 6.1 Payment authority is the power to authorise payment against valid and due invoices and payment demands. SOSE Finance's accounts payable process should be followed.
- 6.2 Credit notes / reversal of income are akin to expenditure and as such, credit note requests should follow payment delegated authority.

## **Levels of Payment Authority**

- 6.3 General levels of payment authority and sub-delegation arrangements can be found in Appendix 3.

## **7.0 Sub-Delegation for Absence |**

### **Temporary Sub-Delegation of Approval Authority**

- 7.1 Approval authority may be sub-delegated by approvers to named staff members for periods of absence. Such delegation will only operate in the absence of the approver and in respect of decisions which should not be delayed until their return. All contractual or financial commitment delegations must be sideways to the same grade or higher. Where this is not available due to absence / team size please contact Finance to agree alternative delegation.
- 7.2 Commitment and payment authority may be temporarily sub-delegated during periods of absence to named staff members. Such temporary delegations must be notified in writing to SOSE Finance.
- 7.3 In the absence of the Chief Executive for a period anticipated to exceed four weeks, the Chair may appoint one or more Senior Leadership Team members to exercise the Chief Executive's full authority. A notice of CEO sub-delegate will be circulated.

## 8.0 Appendix Tables |

8.1 Note: To read the tables please follow the full column or row for the relevant activity and value. Where more than one person is ticked against an activity EACH person is required to approve unless sole approval is mentioned.

**Table 1: SOSE Client and Project Funding Approval - Including Grants, Loans, Property\* and Strategic Projects**

(i.e., All spend not classified as business as usual for SOSE to operate.)

SOSE Contribution*	All up to £50k**	Revenue > £50k		Capital and FT > £50k	
	<£50,000	£50,001-£199,999	>£200,000	£50,001-£349,999	>£350,000
2 Heads of Team (Grade G)	✓	✓	✓	✓	✓
Panel meeting including 2 members from SLT		✓	✓	✓	✓
To SLT meeting for noting		> £100k	✓	£100k	✓
Board			✓		✓
Offer letter signatory - Any Grade G	✓				
Offer letter signatory - Any SLT member		✓		✓	
Offer letter signatory - CEO on behalf of the Board			✓		✓

\*All property acquisitions and disposals to follow the property strategy for SOSE and comply with SPFM and SG Asset Management Policy

\*\* All spend approved under £50k must follow the small approval process

**Table 2: Procurement**

(Any client / project funding will require appropriate approval following Appendix 1 before entering procurement route.)

Activity	<£50,000	£50,000 - £99,999	£100,000 - £249,999	>£250,000
Project / Programme spend approved within Table 1	Evidence to be provided to Procurement of approval, (e.g., meeting minutes)			
Part of Operating Plan	Procurement to confirm with Finance	Director of Finance and Corporate Resources		
Non-budgeted	Director of Finance and Corporate Resources	Director of Finance and Corporate Resources & CEO		
Approve Consultancy / direct award procurement	Procurement & Property Manager	Director of Finance and Corporate Resources	CEO	
Approve Procurement Strategy	Procurement & Property Manager	Director of Finance and Corporate Resources	CEO & Board	
Approve Contract Award Recommendation Report (CARR)	CARR Not required below £50k	Director of Finance and Corporate Resources	CEO	
Signing of Procurement Contracts	Procurement & Property Manager	Director of Finance and Corporate Resources	CEO	
Terminate Contracts	Procurement & Property Manager	Director of Finance and Corporate Resources	CEO	

**Table 3: Purchase to Pay**

(Purchase requisition to be created once spend has been committed following approval through Appendix Table 1 or Table 2.)

Activity	< £25,000	£25,001 - £50,000	£50,001 - £249,999	>£250,000
Purchase requisitions	Grade F	Grade G / Finance Manager	Director	Director plus Director of Finance and Corporate Resources / CEO
Invoice approval	Grade F	Grade G / Finance Manager	Director	

**Table 4: Banking**

Activity	<£100,000	£100,001 - £1,000,000	>£1,000,000*
Banking Authority (aggregate value)	Finance Managers Grade F	Director of Finance and Corporate Resources (sole approval), or other Director and Finance Manager.	CEO
Approve actual payment	The BACS file will be approved in line with the bank mandate		
Manual Payment (form approval)	Grade F plus one Finance Manager Grade F	Director of Finance and Corporate Resources plus one other Director or CEO	
Cheque payments	Director of Finance and Corporate Resources and Finance Managers (Grade F)		
Open / Close bank account	Director of Finance and Corporate Resources		

**Table 5: HR, Signing Contracts and Payroll Adjustments**

Activity	HR Manager	Business Reporting Manager	Employee's Line Manager	Employee's Director	Director F&CR	CEO
New start salary minimum pay scale	✓ (sole approval)				✓ (sole approval)	
New start salary above pay scale minimum (email approval)*				✓ (approval by any 2)	✓ (approval by any 2)	✓ (approval by any 2)
Signing employee contract	✓ (sole approval)			✓ (sole approval)	✓ (sole approval)	
Monthly payroll approval - Changes to previous pay standing data		✓ < £10k (sole approval)			✓ > £10k (sole approval)	
Overtime				✓	✓	
Contract amendments including promotions**	✓					
Policy matters and terms concerning employment or dismissal of staff			✓	✓		

\* The director hiring a new start cannot approve a salary above the pay scale minimum.

\*\* Promotions, grade changes and hire cards out with budget approval will be proposed and approved by SLT, grade H requires additional approval by Remuneration, Nominations and Human Resources Committee.

**Table 6: Investment Property Leases and Operational Accommodation Leases**

(All property lease commitments, income, and expenditure, should be managed through Property Board.)

Activity	Approval threshold	Procurement & Property Manager	Director F&CR	CEO	Board
Third Party lease with tenants (Income for SOSE)	< £ 50,000	✓			
	£50,001 - £349,999		✓		
	> £350,000			✓	✓
Operational Lease* (Expenditure for SOSE)	< £ 50,000	✓			
	£50,001 - £349,999		✓		
	> £350,000			✓	✓
Changes to Financial Year			✓		
Significant departure from Heads of Terms			✓		
Non-standard terms and conditions			✓		
Identification of a significant risk to SOSE			✓		

\*Please follow any additional requirements as set out in the Scottish Public Finance Manual (SPFM)– Property: acquisition, disposal management and SG Asset Management Policy in advance of making commitment.

**Lease - Change Control**

Where there is a change in lease value the total accumulated lease value (original value plus change) should be considered and approved in line with the authority threshold for the total value.



**Table 7: Specific Reserved Matters**

(The following specific reserved matters apply, please also refer to SOSE Framework document.)

Reserved matter	Route for approval/ approval authority
Major investment projects, grants, and loans	Approval follows SOSE's normal approval routes.  <b>Notified</b> to the Sponsor Directorate at Scottish Government via the provision of SOSE Board papers and when over £3.5m inclusive of fees and VAT.  (see Framework Document)
Approval of equity investments Equity should not exceed 19.9%	Up to £3.5m (subject to sections 73-75 in SOSE Framework Document)
Creation of new company, subsidiary, associate, or joint venture or equivalent	<b>Approval</b> by Board  <i>Note - Once in existence the DOA policy will be updated for disposal / transfer treatment.</i>
Novel, contentious, or repercussive proposals	Scottish Government
Claims abandoned, waived or write-off of bad debts	Scottish Government (see Framework Agreement, section 91-94 for limits for SOSE decisions)
Property for accommodation/operational purposes – including leases	Scottish Government and business case requirement
Guarantees, indemnities, letters of comfort	Scottish Government (subject to sections 88-89 in SOSE Framework Document)
Transfers of budgetary provision between capital and resource budgets, cash	<b>Notified</b> to Scottish Government through the Operating Plan and budget revision process.
Gifts including presentations to staff	Up to £500 per case
Fruitless payments and constructive losses	Up to £10,000 per case
Losses of assets, stores, and equipment	Up to £10,000 per case
Cash losses	Up to £10,000 per case

Reserved matter	Route for approval/ approval authority
Special payments: <ul style="list-style-type: none"> <li>• Extra-contractual and ex gratia payments to contractors</li> <li>• Other ex gratia payments</li> <li>• Compensation payments</li> </ul>	Up to £2,000 per case
Non-financial documents for SOSE e.g., MOTOs, data sharing, MOU	Chief Executive; or Director of Finance and Corporate Resources (acting as company secretary)
Non-disclosure agreement/ confidentiality agreement	Director of Finance and Corporate Resources (acting as Company Secretary)
Commencement of any legal action	Chief Executive or Senior Leadership Team
Change in method of service delivery	Chief Executive and Board
High risk conflict of interest	Prior approval from Chief Executive
Pay remit	Senior Leadership Team and Nomination Remuneration Committee (subject to Scottish Government pay policy guidelines)
Redundancy, severance, or compensation for loss of office	Scottish Government
Direct debit advance notice letters, set-up in accordance with approved loan offer	Finance Managers (Grade F)
New supplier / customer forms	Finance Managers (Grade F)
Applications for other income for SOSE	Any Director, Director of Finance and Corporate Resources to be notified