

Framework Document
CROFTING COMMISSION
April 2016 – March 2018

Introduction

1. This framework document has been drawn up by the Scottish Government (SG) in consultation with the [Crofting Commission](#). It sets out the broad framework within which the Crofting Commission will operate and defines key roles and responsibilities which underpin the relationship between the Crofting Commission and the SG. While this document does not confer any legal powers or responsibilities, it forms a key part of the accountability and governance framework and should be reviewed and updated as necessary, and at least every 2-3 years. Any proposals to amend the framework document either by the SG or Crofting Commission will be taken forward in consultation and in the light of SG priorities and policy aims. Any question regarding the interpretation of the document shall be determined by the SG after consultation with the Crofting Commission. Legislative provisions shall take precedence over any part of the document.

2. References to the Crofting Commission include any subsidiaries and joint ventures owned or controlled by the Crofting Commission. The Crofting Commission shall not establish subsidiaries or enter into joint ventures without the express approval of the SG.

3. Copies of the document shall be placed in the Scottish Parliament Information Centre. It shall also be published on the SG and the Crofting Commission websites.

Purpose

4. The Crofting Commission is to contribute to the achievement of the SG's primary purpose of increasing sustainable economic growth by aligning its aims and objectives with the SG's published Economic Strategy and National Performance Framework.

Governance and accountability

5. The Crofting Commission is established under the provisions of the [Crofters \(Scotland\) Act 1993](#) as amended by the [Crofting Reform etc. Act 2007](#), the [Crofting Reform \(Scotland\) Act 2010](#) and the [Crofting \(Amendment\) \(Scotland\) Act 2013](#) as an executive non-departmental public body (NDPB). For national accounts purposes the Crofting Commission is classified to the central government sector. The constitution and general functions of the Crofting Commission are set out in [Section 1 of the Crofters \(Scotland\) Act 1993](#), as amended. The Crofting Commission does not carry out its functions on behalf of the Crown.

The functions, duties and powers of the Crofting Commission

6. The Crofters (Scotland) Act 1993, as amended, (the 1993 Act) gives the Crofting Commission the following:

- Functions of:
 - a) regulating crofting,
 - b) reorganising crofting,
 - c) promoting the interests of crofting, and
 - d) keeping under review matters relating to crofting, and such other functions as conferred on them by the 1993 Act or under any enactment;
- Duties to:
 - a) keep under general review all matters relating to crofts and crofters conditions, including, without prejudice to the foregoing generality, land settlement;
 - b) collaborate so far as their powers and duties permit with any body or person in the carrying out of any measures for the economic development of crofting; and
 - c) advise the Scottish Ministers on any matter relating to crofts and crofting conditions which they may refer to them, or on which they may think fit to submit advice to them;
- Powers: to exercise the powers conferred on them by the 1993 Act, as amended, in such manner as may seem to them in each case desirable.

Overall aims

7. The Crofting Commission's overall aim is to regulate crofting, to promote occupancy of crofts, active land use, and shared management by crofters as a means of sustaining and enhancing rural communities.

8. In doing so the Crofting Commission helps to deliver the Scottish Government's primary purpose of increasing sustainable economic growth and aligns with the [National Outcomes](#). The Crofting Commission contributes many of the outcomes including:

- Our public services are high quality, continually improving, efficient and responsive to local people's needs;
- We have strong, supportive and resilient communities where people take responsibility for their own actions and how they affect others; and
- We realise our full economic potential with more and better employment opportunities for our people.

9. The Crofting Commission also contributes to the Scottish Government's [strategic objectives](#), in particular:

- [Greener](#) - Improve Scotland's natural and built environment and the sustainable use and enjoyment of it; and
- [Safer and Stronger](#) - Help local communities to flourish, becoming stronger, safer place to live, offering improved opportunities and a better quality of life.

10. Through fair, transparent and consistent regulation and enforcement of the crofting duties, the Crofting Commission can support the long-term future of crofting and crofting communities. It can also help to enable the promotion of good crofting practice and of successful working relationships between crofters and landlords.

Objectives and key targets

11. The Crofting Commission's objectives and key targets shall be agreed within the Crofting Commission's corporate planning process, and approved by the Scottish Ministers in light of their wider strategic aims.

Relationship between Scottish Government and Crofting Commission

12. Effective strategic engagement between the SG and Crofting Commission is essential in order that they work together as effectively as possible to maintain and improve public services and deliver improved outcomes. Both the SG and the Crofting Commission 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’](#)

Ministerial responsibilities

13. The Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities and performance of the Crofting Commission and for its use of resources. They are not, however, responsible for day to day operational matters. Scottish Ministers' responsibilities include:

- Agreeing the Crofting Commission's strategic aims, objectives and key targets as part of the corporate planning process;
- Keeping the Scottish Parliament informed about the Crofting Commission's performance;
- Agreeing the budget and the associated grant in aid requirement to be paid to the Crofting Commission, and securing the necessary Parliamentary approval; and
- Carrying out responsibilities specified in the 1993 Act, as amended, including appointments and elections to the Board, approving the terms and conditions of Board members, appointment of the Convener, appointment of the Chief Executive, approval of terms and conditions of staff, and laying of the annual report and accounts before the Scottish Parliament.

The Crofting Commission Board's Responsibilities

14. The Crofting Commission Board, including the Convener, normally consists of 2-3 members appointed by the Scottish Ministers and 6 members elected by an electorate of registered crofters, as set out in Schedule 1 of the 1993 Act. All appointments are made in line with the [Commissioner for Ethical Standards in Public Life in Scotland Code of Practice](#).

15. The role of the Board is to provide leadership, direction, support and guidance to ensure the Crofting Commission delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers.

16. Crofting legislation prescribes that the Board will have at least 5 and a maximum of 9 members, including the Convener. At least 2 Board members will be Ministerial appointments with at least 5 elected directly by crofters. The next crofting elections are due to take place in March 2017.

17. It has corporate responsibility, under the leadership of the Convener, for the following:

- Taking forward the strategic aims and objectives for the body as agreed by the Scottish Ministers;
- Ensuring that the Scottish Ministers are kept informed of any changes which are likely to impact on the strategic direction of the Crofting Commission or on the attainability of its targets, and determine the steps needed to deal with such changes;
- Promoting the efficient, economic and effective use of staff and other resources by the Crofting Commission consistent with the principles of Best Value, including, where appropriate, participation in shared services arrangements and ensuring that effective arrangements are in place so that the NDPB acts corporately in accordance with the priorities set out in the Scottish Government's statement of corporate expectations
- Ensuring that any statutory or administrative requirements for the use of public funds (i.e. all funds falling within the stewardship of the Crofting Commission) are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor Directorate, in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account relevant guidance issued by the Scottish Ministers;
- Ensuring that effective arrangements are in place to provide assurance on risk management, governance and internal control. (The board must set up an audit committee chaired by a non-executive member to provide independent advice and assurance on the effectiveness of the internal control and risk management systems- in accordance with the guidance on Audit Committees in the SPFM. Specific details of arrangements at the Crofting Commission in this regard are set out at para 17);
- Ensuring that the Board receives and reviews regular financial information concerning the management of the Crofting Commission; is informed in a timely manner about any concerns regarding the activities of the Crofting Commission; and provides positive assurance to the sponsor Directorate that appropriate action has been taken on such concerns; and
- Demonstrating high standards of corporate governance at all times, including openness and transparency in its decision making.

18. Specific details about the Crofting Commission's Audit and Finance (AFC) Committee are as follows:

- The Board has established an AFC as a Committee of the Crofting Commission Board to support it in its responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge. The AFC will also provide support to the Board by detailed scrutiny of financial statements, budgets and other financial proposals.
- The AFC will comprise a minimum of three non-executive Board Members with a quorum of two. The Commission Convener or nominee shall Chair the AFC. Appointments to the AFC will be made by the Commission. The AFC will be provided with a secretariat function by the Chief Executive.
- Having the Convener in the Chair of the AFC, while in accordance with legislation, is directly against good practice, as the AFC should feel free to review the governance of the organisation as a whole. To address this conflict the AFC will therefore elect a Vice-Chair. The Convener offers a standing apology for non-attendance and nominates the Vice-Chair to chair all meetings.
- The AFC meet formally four times a year and will also agree subsequent additional meetings throughout the year based on need. This will be in accordance with the AFC work programme. AFC meetings will normally be attended by the Accountable Officer and the Finance Manager. External Audit has the right to attend any meeting of the Board or its Committees if it so requires.

19. Further guidance on how the board should discharge its duties is provided in appointment letters and in ['On Board- A guide for Board Members of Public Bodies in Scotland'](#).

The Convener of the Crofting Commission

20. The Convener is appointed by Scottish Ministers, or Scottish Ministers delegate selection of the Convener to the full Board, as set out in Schedule 1 of the 1993 Act. The appointment/selection is made in line with the [Commissioner for Ethical Standards in Public Life in Scotland Code of Practice](#).

21. The Convener is responsible to the Scottish Ministers and, in common with any individual with responsibility for devolved functions, may also be held to account by the Scottish Parliament. The Convener shall ensure that the Crofting Commission's policies and actions support the wider strategic policies of the Scottish Ministers; and that the Crofting Commission's affairs are conducted with probity. The Convener shares with other Board members the corporate responsibilities set out in paragraph 17.

22. The Convener has a particular leadership responsibility on the following matters:

- Ensuring that the Crofting Commission fulfils the aims and objectives set by the Scottish Ministers;
- Formulating the Board's strategy;
- Ensuring that the Board, in reaching decisions, takes proper account of guidance issued by the Scottish Ministers;
- Promoting the efficient and effective use of staff and other resources;
- Encouraging high standards of propriety and regularity;
- Representing the views of the Board to the general public; and
- Promoting diversity throughout the organisation

23. The Convener shall also:

- Ensure that the work of the board is subject to regular self-assessment and that the board is working effectively;
- Ensure that all members of the Board, as part of their induction, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- Advise the Scottish Ministers of the needs of the Crofting Commission when Board vacancies for appointed members arise, with a view to ensuring a proper balance of skills appropriate to directing the Crofting Commission business, in accordance with recognised good practice in corporate governance;
- Assess the performance of individual Board members on a continuous basis and undertakes a formal appraisal at least annually Support Board members in accessing any additional development or training identified as part of this process .

24. The Convener shall also ensure that, as the Crofting Commission falls within the provisions of the Ethical Standards In Public Life etc (Scotland) Act 2000, there is a Code of Conduct, approved by Scottish Ministers, for Board Members in place; and that Board Members are fully aware of, and abide by, that Code of Conduct.

25. Communications between the Board and the Scottish Ministers shall normally be through the Convener. The Convener shall ensure that the other Board members are kept informed of such communications.

Individual Board Members' Responsibilities

26. Individual board members should act in accordance with the responsibilities of the board as a whole and comply at all times with the code of conduct adopted by the Crofting Commission and with the rules relating to the use of public funds and to conflicts of interest. In this context, "public funds" means not only any funds provided

to the Crofting Commission by the Scottish Ministers but also any other funds falling within the stewardship of the Crofting Commission, including trading and investment income, gifts, bequests and donations. General guidance on board members' responsibilities is summarised in their appointment letters and is also provided in [On Board: A Guide for Board Members of Public Bodies in Scotland](#).

Crofting Commission Chief Executive responsibilities

27. The Chief Executive of the Crofting Commission is employed by the Crofting Commission and appointed by the Scottish Ministers after consultation. He/she is the board's principal adviser on the discharge of its functions and is accountable to the board. His/her role is to provide operational leadership to the Crofting Commission and ensure that the board's aims and objectives are met and the Crofting Commission functions are delivered and targets met through effective and properly controlled executive action. His/her general responsibilities include the performance, management and staffing of the Crofting Commission. General guidance on the role and responsibilities of the chief executive is contained in [On Board: A Guide for Board Members of Public Bodies in Scotland](#). Specific responsibilities of the Chief Executive include:

- Advising the board on the discharge of its responsibilities - as set out in this document, in the 1993 Act (as amended) and in any other relevant instructions and guidance issued by or on behalf of the Scottish Ministers - and implementing the decisions of the board;
- Ensuring that financial considerations are taken fully into account by the board at all stages in reaching and executing its decisions, and that appropriate financial appraisal and evaluation techniques, consistent with the [Appraisal and Evaluation](#) section of the [Scottish Public Finance Manual](#) (SPFM), are followed;
- Ensuring that the Crofting Commission adheres, where appropriate, to the SG's [Programme and Project Management \(PPM\) Principles](#);
- Having robust performance and risk management arrangements - consistent with the [Risk Management](#) section of the SPFM - in place that support the achievement of the Crofting Commission's aims and objectives and that facilitate comprehensive reporting to the board, the SG and the wider public;
- Ensuring that adequate systems of internal control are maintained by the Crofting Commission, including effective measures against fraud and theft consistent with the [Fraud](#) section of the SPFM;
- Establishing appropriate documented internal delegated authority arrangements consistent with the [Delegated Authority](#) section of the SPFM, which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- Establishing a robust performance management framework which supports the achievement of the Crofting Commission's aims and objectives as set out in the corporate and business plans; and which enables full performance reporting to the Board, the sponsor Directorate and the wider public;

- Ensuring that effective human resource management policies are maintained and that strategic human resource planning is related to the Crofting Commission's objectives;
- Preparing the Crofting Commission's corporate and business plans, in the light of the strategic aims and objectives agreed by the Scottish Ministers;
- Ensuring effective relationships with SG officials;
- Informing the sponsor unit of the Crofting Commission's progress in helping to achieve the Scottish Minister's policy objectives and in demonstrating how resources are being used to achieve those objectives; and
- Ensuring that timely forecasts and monitoring information on performance and finance are provided to the sponsor unit; that the sponsor unit is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the sponsor division in a timely fashion.

Crofting Commission Accountable Officer responsibilities

28. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) will designate the Chief Executive as the Accountable Officer for the Crofting Commission. Accountable Officers are personally answerable to the Scottish Parliament for the exercise of their functions, as set out in the [Memorandum to Accountable Officers for Other Public Bodies](#). These include:

- Ensuring the propriety and regularity of the Crofting Commission's finances and that there are sound and effective arrangements for internal control and risk management;
- Ensuring that the resources of the Crofting Commission are used economically, efficiently and effectively and that appropriate arrangements are in place to secure Best Value;
- Ensuring compliance with relevant guidance issued by the Scottish Ministers, in particular the SPFM;
- Signing the annual accounts and associated governance statements;
- A statutory duty to obtain written authority from the Board / Convener before taking any action which he/she considered would be inconsistent with the proper performance of the Accountable Officer functions; and
- Giving evidence when summoned before Committees of the Scottish Parliament on the use and stewardship of public funds by the Crofting Commission.

29. It is incumbent on the Chief Executive to combine his/her Accountable Officer responsibilities to the Scottish Parliament with his/her wider responsibilities to the board. The board / Convener should be fully aware of, and have regard to, the Accountable Officer responsibilities placed upon the chief executive, including the statutory duty described above.

30. The Chief Executive may delegate the day-to-day administration of his/her Accountable Officer responsibilities to other employees in the Crofting Commission. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document and delegation of any responsibility will not amount to a delegation of accountability.

31. The Chief Executive is responsible for informing the Director-General for Enterprise, Environment and Innovation about any complaints about the Crofting Commission accepted by the Scottish Public Services Ombudsman for investigation, and about the Crofting Commission's proposed response to any subsequent recommendations from the Ombudsman.

The Portfolio Accountable Officer

32. The Director-General for Enterprise, Environment and Innovation is designated by the Principal Accountable Officer for the Scottish Administration as the Portfolio Accountable Officer for parts of the SG including the sponsor Directorate for the Crofting Commission. Withdrawal of the Accountable Officer designation would also be a matter for the Principal Accountable Officer. The responsibilities of a Portfolio Accountable Officer are set out in detail in [the Memorandum to Accountable Officers for Parts of the Scottish Administration](#). He/she is personally answerable to the Scottish Parliament for ensuring that:

- The financial and other management controls applied by the SG are appropriate and sufficient to safeguard public funds and, more generally that those being applied by the Crofting Commission conform to the requirements both of propriety and of good financial management;
- The key roles and responsibilities which underpin the relationship between the SG and the Crofting Commission are set out in a framework document - and that this document is regularly reviewed; and
- Effective relationships are in place at Director and Deputy-Director level between the SG and the Crofting Commission in accordance with the strategic engagement principles;

Scottish Government Director and Deputy Director

33. The Director for Agriculture, Food & Rural Communities (AFRC) and the Deputy Director for Agriculture and Land Reform have responsibility for overseeing and ensuring effective relationships between the SG and the Crofting Commission which support alignment of the Crofting Commission's business to the SG's Purpose and National Outcomes and high performance by the Crofting Commission. They will work closely with the Crofting Commission's Chief Executive and be answerable to the Portfolio Accountable Officer for maintaining and developing positive relationships with the Crofting Commission, characterised by openness, trust, respect and mutual support. They will be supported by a sponsor unit in discharging these functions.

34. The Director AFRC will ensure that there is effective continuous assessment and appraisal of the performance of the Convener of the Crofting Commission, in line

with the requirements of the Code of Practice for Ministerial Public Appointments in Scotland.

35. The Deputy Director for Agriculture and Land Reform shall be responsible for assessing the performance of the Crofting Commission's Chief Executive, with input from the Crofting Commission's Convener, at least annually.

Sponsor unit responsibilities

36. The SG sponsor unit for the Crofting Commission is the Agricultural Development and Crofting Unit. It is the normal point of contact for the Crofting Commission in dealing with the SG. The unit, under the direction of the Deputy Director, is the primary source of advice to the Scottish Ministers on the discharge of their responsibilities in respect of the Crofting Commission and undertakes the responsibilities of the Portfolio Accountable Officer on his/her behalf. Specific responsibilities include:

- Discharging sponsorship responsibilities in line with the principles and framework set out in the document '[Strategic Engagement between the Scottish Government and NDPBs](#)' and ensuring that sponsorship is suitably flexible, proportionate and responsive to the needs of the Scottish Ministers and the Crofting Commission, taking account of the framework set by the [Scottish Public Finance Manual](#) (SPFM);
- Ensuring that appointments to the Crofting Commission board are made timeously and in accordance with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland, and putting arrangements in place, as necessary, for the election of Crofting Commissioners and / or Convener;
- Proportionate monitoring of the Crofting Commission's activities through an adequate and timely flow of appropriate information, agreed with the Crofting Commission, on performance, budgeting, control and risk management;
- Addressing in a timely manner any significant problems arising in the Crofting Commission, alerting the Portfolio Accountable Officer and the responsible Minister where considered appropriate;
- Ensuring that the objectives of the Crofting Commission and the risks to them are properly and appropriately taken into account in the SG's risk assessment and management systems; and
- Informing the Crofting Commission of relevant SG policy in a timely manner.

Internal audit

37. The Crofting Commission shall:

- 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 independent audit committee of its board in accordance with the guidance on [Audit Committees](#) in the SPFM to advise both the board and the chief executive in his/her capacity as the Crofting Commission Accountable Officer;

Arrange for periodic quality reviews of its internal audit in accordance with the [Public Sector Internal Audit Standards](#). The sponsor unit shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. However, the sponsor unit reserves a right of access to carry out/commission independent reviews of internal audit in the Crofting Commission.

- Forward timeously, to the SG, the audit charter, strategy, periodic audit plans and annual audit assurance report, including the Crofting Commission Head of Internal Audit opinion on risk management, control and governance and other relevant reports as requested; and
- Shall forward to the sponsor unit an annual report on fraud and theft suffered by the Crofting Commission; notify any unusual or major incidents as soon as possible; and notify any changes to its internal audit's terms of reference, its audit committee's terms of reference or its Fraud Policy and Fraud Response Plan.

38. The Scottish Government's internal audit service shall also have a right of access to all documents prepared by the Crofting Commission's internal auditor, including where the service is contracted out. The SG has a right of access to all Crofting Commission's records and personnel for any purpose.

External audit

39. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, the Crofting Commission's annual accounts and passes them to the Scottish Ministers who shall lay them before the Scottish Parliament, together with the Crofting Commission's annual report, the auditor's report and any report prepared by the AGS.. For the purpose of audit the AGS has a statutory right of access to documents and information held by relevant persons specified by an Order under Section 24 of the Public Finance and Accountability (Scotland) Act 2000.

40. The Crofting Commission shall instruct its auditors to send copies of all management reports (and correspondence relating to those reports) and responses to the Agricultural Development and Crofting Unit.

41. The AGS, or examiners appointed by the AGS, may carry out examinations into the economy, efficiency and effectiveness with which the Crofting Commission has used its resources in discharging its functions. The AGS may also carry out examinations into the arrangements made by the Crofting Commission to secure Best Value. For the purpose of these examinations the examiners have a statutory right of access to documents and information held by relevant persons. In addition, the Crofting Commission shall provide, in contracts and any conditions to grants, for the AGS to exercise such access to documents held by contractors and sub-contractors and grant recipients as may be required for these examinations; and shall use its best endeavours to secure access for the AGS to any other documents required by the AGS which are held by other bodies.

Annual report and accounts

42. After the end of each financial year the Crofting Commission must publish an annual report of its activities together with its audited annual accounts. The report must also cover the activities of any subsidiary or joint venture under the control of

the Crofting Commission. It should comply with the Government [Financial Reporting Manual](#) (FReM) and outline the Crofting Commission's main activities and performance against agreed objectives and targets for the previous financial year and set out in summary form the Crofting Commission's forward plans. The accounts must be prepared in accordance with the Schedule 1 of the 1993 Act 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 shall therefore be within the scope of the audit. Any subsidiary or joint venture owned or controlled by the Crofting Commission shall be consolidated in its accounts in accordance with International Financial Reporting Standards as adapted and interpreted for the public sector context.

43. The draft report and accounts shall be submitted to the sponsor Directorate for comment by 31 July each year and the final version shall be laid before the Parliament by the Scottish Ministers by 31 December in accordance with the statutory requirements contained within Section 2B and Schedule 1, respectively, of the 1993 Act. Whilst this statutory date for laying and publishing accounts audited by the AGS is by 31 December, following the close of the previous financial year, there is an expectation on the part of the Scottish Ministers that accounts will be laid and published as early as possible. The accounts must not be laid before they have been formally sent by the Auditor General for Scotland to the Scottish Ministers and must not be published before they have been laid.

44. The Crofting Commission shall be responsible for the publication of the report and accounts, including on the Crofting Commission's website.

Management responsibilities:

Corporate and business plans

45. The Crofting Commission must ensure that a corporate plan, agreed with the Scottish Ministers, is in place and published on its website. The Crofting Commission shall agree with the SG the issues to be addressed in the plan and the timetable for its preparation and review. The finalised plan shall reflect the Crofting Commission's strategic aims and objectives as agreed by the Scottish Ministers, indicative budgets and any priorities set by the Scottish Ministers. It shall demonstrate how the Crofting Commission contributes to the achievement of the SG's primary purpose of increasing sustainable economic growth and alignment with the SG's [National Performance Framework](#) (NPF).

46. The corporate plan for the Crofting Commission should include:

- The purpose and principal aims of the Crofting Commission;
- An analysis of the environment in which the Crofting Commission operates, including an assessment of key risks to the organisation, mitigating actions and scenario planning;
- Key objectives and associated key performance targets for the period of the plan, the strategy for achieving those objectives and how these will contribute towards the achievement of the SG's primary purpose and alignment with the NPF;
- Indicators against which performance can be judged;

- Details of planned efficiencies, describing how the Crofting Commission proposes to achieve better value for money, including through collaboration and shared services;
- a review of the Crofting Commission's performance in the preceding financial year (together with comparable outturns for the previous 3 years), and an estimate of performance in the current year; and

47. Other matters as agreed between the SG and the Crofting Commission. The main elements of the plan - including the key performance targets - shall be agreed between the sponsor Directorate and the Crofting Commission in the light of the sponsor Directorate's decisions on policy and resources taken in the context of the Scottish Ministers' wider public expenditure plans and decisions.

48. The corporate plan should inform the development of a separate business plan for each financial year. The business plan for the Crofting Commission should 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 Crofting Commission's business plan should be provided to the sponsor unit prior to the start of the relevant financial year.

49. Subject to any commercial considerations the corporate and business plans shall be made available on the Crofting Commission's website. The Crofting Commission may choose to make a summary version available to staff.

Policy Plan

50. The Crofting Reform (Scotland) Act 2010 requires the Crofting Commission to produce a Policy Plan, to be agreed with the Scottish Ministers, within 6 months of the date of a crofting election.

51. The Crofting Commission will liaise with the sponsor unit on preparation of the Policy Plan to facilitate approval by the Scottish Ministers. The Crofting Commission will also liaise with the sponsor unit if any subsequent variations to the Plan are required, either at the request of the Commission or at the request of the Scottish Ministers. Once agreed by the Scottish Ministers, the Policy Plan will be published on the Crofting Commission's website.

Complaints Handling Procedure

52. Other than exceptional circumstances, complaints about the Crofting Commission will be investigated and a response to the complainant provided by the Crofting Commission, overseen by the Chief Executive where appropriate.

53. The sponsor unit will liaise with Crofting Commission on complaints, for example in order to provide information to the Scottish Ministers, if appropriate. There may be occasions, for example when a case involves individual Board members, when the Crofting Commission may require to identify independent external assistance in dealing with a particular grievance or disciplinary case and should discuss with the sponsor unit the potential for support from elsewhere in the public sector. The sponsor unit should approach the Scottish Government's Head of Human Resources for advice as required.

54. As noted at paragraph 31, the Chief Executive is responsible for informing the Director-General for Enterprise, Environment and Innovation about any complaints about the Crofting Commission accepted by the Scottish Public Services

Ombudsman for investigation, and about the Crofting Commission's proposed response to any subsequent recommendations from the Ombudsman.

Budget management

55. Each year, in the light of decisions by the Scottish Ministers on the allocation of budgets for the forthcoming financial year, the SG will send to the Crofting Commission by 31 March a formal statement of its budgetary provision, a note of any related matters and details of the budget monitoring information required by the SG. Transfers of budgetary provision between the different summary classifications as advised would require the prior approval of the SG Finance Directorate. Any proposals for such transfers should therefore be submitted to the sponsor unit. Transfers of provision within the summary classifications may be undertaken without reference to the SG, subject to any constraints on specific areas of expenditure.

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

Cash management

57. Any [grant in aid](#) (i.e. the cash provided to the Crofting Commission by the SG to support the allocated budget) for the year in question must be authorised by the Scottish Parliament in the annual Budget Act. Grant in aid will normally be paid in monthly instalments on the basis of updated profiles and information on unrestricted cash reserves. Payment will not be made in advance of need, as determined by the level of unrestricted cash reserves and planned expenditure. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of the Crofting Commission - and the level of funds required to meet any relevant liabilities at the year-end. Grant in aid not drawn down by the end of the financial year shall lapse. Grant in aid shall not be paid into any restricted reserve held by the Crofting Commission.

58. The banking arrangements adopted by the Crofting Commission must comply with the [Banking](#) section of the SPFM.

Risk management

59. The Crofting Commission shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of generally recognised best practice in corporate governance, and develop a risk management strategy, consistent with the [Risk Management](#) section of the SPFM. Reporting arrangements should ensure that the sponsor unit is made aware of relevant risks and how they are being managed. The Crofting Commission AFC is also required, at the earliest opportunity, to notify the relevant SG Audit and Risk Committee if it considers that it has identified a significant problem which may have wider implications.

Fraud management

60. The Crofting Commission should adopt and implement policies and practices to safeguard itself against fraud and theft, in accordance with the [Fraud](#) section of the SPFM. Application of these processes must be monitored actively, supported by a fraud response plan and robust reporting arrangements. This includes the establishment of avenues to report any suspicions of fraud. In addition the Crofting Commission should take risk-based and proportionate steps to appraise the financial standing of any supplier or other body with which it intends to enter into a contract or to provide funding.

Performance management

61. The Crofting Commission shall operate management information and accounting systems that enable it to review, in a timely and effective manner, its financial and non-financial performance against the strategic aims, objectives, targets and milestones set out in the corporate and business plans. The results of such reviews should be reported on a regular basis to the Crofting Commission board and copied to the sponsor unit of the SG.

62. The Crofting Commission shall take the initiative in informing the sponsor unit of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the corporate or business plans.

63. The Crofting Commission's performance in helping to deliver Ministers' policies, including the achievement of agreed key objectives, shall be reported to the sponsor unit on a three-monthly basis. Performance will be formally reviewed on a regular basis by the sponsor unit. The appropriate Cabinet Secretary/Scottish Minister shall meet the Board formally each year to discuss the Crofting Commission's performance, its current and future activities and any policy developments relevant to those activities.

64. The Crofting Commission's performance against key targets shall be reported in the Crofting Commission's annual report and accounts. Other forms of reporting performance to the public should also be considered.

Crofting Commission Staff Management

Broad responsibilities for NDPB staff

65. Within the arrangements approved by the Scottish Ministers or set out in the body's legislation, the Crofting Commission shall have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- The recruitment of its staff is based on fair and open competition and equal opportunities. Personnel policies, practices and systems comply with employment and equalities legislation, and standards expected of public sector employers;
- The level and structure of its staffing, including grading and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy (subject to the SG Pay Policy for Staff Pay Remits);
- The performance of its staff at all levels is managed effectively and efficiently; they are satisfactorily appraised; and the Crofting Commission's performance appraisal and promotion systems are reviewed from time to time;
- Its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the Crofting Commission's objectives; Proper consultation with staff takes place on key issues affecting them;
- Adequate grievance and disciplinary procedures are in place;
- Whistleblowing procedures consistent with the Public Interest Disclosure Act 1998 are in place;
- A code of conduct for staff is in place based on the document *Model Code for Staff of Executive Non-Departmental Public Bodies*. Staff supplied to the Crofting Commission by the Scottish Government will be expected to follow the civil service code of conduct – see chapter 5 of [Public Bodies: A Guide for Departments](#).

66. The Crofting Commission is responsible for determining the number of staff required and the most appropriate organisational structure to deliver its remit economically, efficiently and effectively within the resources available to it. However, any significant changes in staff numbers or organisational structure must be approved in advance by the sponsor unit.

67. The sponsor unit ensures direct payment of the salaries to the Scottish Government staff provided to the Crofting Commission; and will recoup the costs of these salaries from the Crofting Commission.

Pay and conditions of service

68. The Scottish Government staff provided to the Crofting Commission will retain the terms and conditions of Scottish Government staff.

69. For staff employed directly by the Crofting Commission, it shall submit to the Scottish Government's Finance Directorate for approval (normally annually unless a

multi-year deal has been agreed) a pay remit within the terms and conditions set out in the Scottish Government's Public Sector Pay Guidance and negotiate a pay settlement within the terms of the subsequently agreed remit.

70. Proposals on non-salary rewards must comply with the guidance in the Non-Salary Rewards section of the SPFM. The Crofting Commission shall comply with the EU directive on contract workers "Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)."

Pensions, redundancy and compensation

71. Scottish Government staff provided to the Crofting Commission will retain the same pension, redundancy and compensation rights as other Scottish Government staff.

72. Superannuation arrangements for staff directly employed by the Crofting Commission are subject to the approval of the sponsor unit. The Crofting Commission's directly employed staff shall normally be eligible for a pension provided by membership of the Principal Civil Service Pension Scheme (PCSPS).

73. Any proposal by the Crofting Commission to move from existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the SG. Proposals on compensation payments must comply with the [Severance, Early Retirement and Redundancy Terms](#) section of the SPFM. This includes referral to the SG of any proposed compensation payment being considered for an individual outwith any existing approved scheme and before the individual is approached and any offer made either orally or in writing.

Asset and property management

74. The Crofting Commission shall maintain an accurate and up-to-date record of its current and non-current assets consistent with the [Management of Assets](#) section of the SPFM. "Fixed" assets should be disposed of in accordance with the [Disposal of Property, Plant & Equipment](#) section of the SPFM. The SG's Property Advice Division should be notified of relevant proposed disposals of property at the earliest opportunity and at least 1 month prior to them being advertised on the open market. Any proposal to acquire land, buildings or other rights in property should comply with the [Acquisition of Property](#) section of the SPFM. The Crofting Commission is also subject to the [SG Asset Management Policy](#), including the requirement for any new commitments to be signed off by the Scottish Ministers. Information concerning the Crofting Commission should be accurately recorded and updated as necessary by the Crofting Commission on the Office of Government Commerce [electronic Property Information Mapping System](#) (e-PIMS).

Specific financial provisions

75. Many of the provisions included in this section - and other sections - of the framework document highlight specific requirements in the SPFM that are considered of particular relevance to NDPBs. It should be noted however that guidance in the SPFM should always be considered in its entirety as and when relevant issues arise.

Delegated authorities

76. The Crofting Commission's specific delegated financial authorities - as agreed in consultation between the Crofting Commission's and the SG - are set out in the attached **Appendix**. The Crofting Commission's shall obtain the SG's prior written approval before entering into any undertaking to incur any expenditure that falls outside these delegations. The Crofting Commission's shall also comply with any requirements for prior SG approval included in the SPFM and/or this document. Prior SG approval must always be obtained before incurring expenditure for any purpose that is or might be considered novel, contentious or repercussive or which has or could have significant future cost implications.

Income generation

77. The Crofting Commission shall seek to optimise income - grant in aid does not qualify as income - from all sources, including from the [European Union](#), and ensure that the SG is kept informed. Proposals for new sources of income or methods of fundraising must be approved by the SG. Fees or charges for any services supplied by the Crofting Commission shall be determined in accordance with the [Fees & Charges](#) section of the SPFM.

78. Gifts, bequests or donations received by the Crofting Commission score as income and should be provided for in the agreed resource DEL and capital DEL budgets, updated as necessary in consultation with the SG. However, the Crofting Commission should be able to demonstrate that expenditure funded by gifts etc is additional to expenditure normally supported by grant in aid (i.e. SG core funding) or by trading and other income. Before accepting such gifts etc the Crofting Commission shall consider if there are any associated costs in doing so or any conflicts of interests arising. The Crofting Commission shall keep a written record of any such gifts etc and what happened to them.

Financial investments

79. Unless covered by a specific delegated authority the Crofting Commission shall not make any financial investments without the prior approval of the SG. That would include equity shares in ventures which further the objectives of the Crofting Commission. The Crofting Commission shall not invest in any venture of a speculative nature.

Borrowing

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

Lease arrangements

81. Unless covered by a specific delegated authority the Crofting Commission shall 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 the SG's prior approval. Before entering/ continuing such arrangements the Crofting Commission must be able to demonstrate that the

lease offers better value for money than purchase and that all options of sharing existing public sector space have been explored. Non-property/ accommodation related operating leases are subject to a specific delegated authority. The Crofting Commission must have capital DEL provision for finance leases and other transactions which are in substance borrowing.

Tax arrangements

82. Non-standard tax management arrangements should always be regarded as novel and/or contentious and must therefore be approved in advance by the SG. Relevant guidance is provided in the [Tax Planning and Tax Avoidance](#) section of the SPFM. The Crofting Commission must comply with all relevant rules on taxation, including VAT. All individuals who would qualify as employees for tax purposes should be paid through the payroll system with tax deducted at source. It is the responsibility of the Crofting Commission to observe VAT legislation and recover input tax where it is entitled to do so. The Crofting Commission must also ensure that it accounts properly for any output tax on sales or disposals.

Lending and guarantees

83. Any lending by the Crofting Commission must adhere to the guidance in the [Borrowing, Lending & Investment](#) section of the SPFM on undertaking due diligence and seeking to establish a security. Unless covered by a specific delegated limit the Crofting Commission shall not, without the SG's prior approval, lend money, charge any asset, give any guarantee or indemnity or letter of comfort, or incur any other contingent liability (as defined in the [Contingent Liabilities](#) section of the SPFM or in International Financial Reporting Standards), whether or not in a legally binding form. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.

Third party grants

84. Unless covered by a specific delegated authority the Crofting Commission shall not, without the SG's prior agreement, provide grant funding to a third party. Such funding would be subject to the guidance in the [State Aid](#) section of the SPFM. Guidance on a framework for the control of third party grants is provided as an [annex](#) to the Grant & Grant in Aid section of the SPFM.

Impairments, provisions and write-offs

85. Assets should be recorded on the balance sheet at the appropriate valuation basis in accordance with the FReM. Where an asset - and that includes investments - suffers impairment it is important that the prospective impairment and background is communicated to the SG at the earliest possible point in the financial year to determine the implications for the Crofting Commission's budget. Similarly any significant movement in existing provisions or the creation of new provisions should be discussed in advance with the SG. Write-off of bad debt and/or losses scores against the Crofting Commission's resource DEL budget classification and is subject to a specific delegated limit.

Insurance

86. The Crofting Commission is subject to the SG policy of self-insurance. Commercial insurance must however be taken out where there is a legal requirement to do so and may also be taken out in the circumstances described in the [Insurance](#) section of the SPFM - where required with the prior approval of the SG. 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 Crofting Commission. The SG will provide the Crofting Commission with a Certificate of Exemption for Employer's Liability Insurance.

Procurement and payment

87. The Crofting Commission's procurement policies shall reflect relevant guidance in the [Procurement](#) section of the SPFM and relevant guidance issued by the SG's Procurement and Commercial Directorate. Procurement should be undertaken by appropriately trained and authorised staff and treated as a key component of achieving the Crofting Commission's objectives consistent with the principles of [Best Value](#), the highest professional standards and any legal requirements. Unless covered by a specific delegated authority any proposal to award a contract without competition (non-competitive action) must be approved in advance by the SG. Any external consultancy contracts with a value of more than £100,000 must be approved in advance by the Cabinet Secretary for Infrastructure, Investment and Cities and the Cabinet Secretary for Finance, Constitution and Economy.

88. Any major investment programmes or projects undertaken by the Crofting Commission shall be subject to the guidance in the [Major Investment Projects](#) section of the SPFM [and is also subject to a specific delegated authority]. The sponsor unit must be kept informed of progress on such programmes and projects and Ministers must be alerted to any developments that could undermine their viability. ICT investment plans must be reported to the SG's Information Services Investment Board.

89. The Crofting Commission shall pay all matured and properly authorised invoices relating to transactions with suppliers in accordance with the [Expenditure and Payments](#) section of the SPFM, and in doing so shall seek wherever possible and appropriate to meet the SG's target for the payment of invoices within 10 working days of their receipt.

Gifts made, special payments and losses

90. Unless covered by a specific delegated authority the Crofting Commission shall not, without the SG's prior approval, make gifts or special payments or write-off of losses. Special payments and losses are subject the guidance in the [Losses and Special Payments](#) section of the SPFM. Gifts by management to staff are subject to the guidance in the [Non-Salary Rewards](#) section of the SPFM.

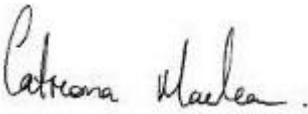
Clawback

91. Where the Crofting Commission has financed expenditure on assets by a third party, the Crofting Commission shall make appropriate arrangements to ensure that any such assets above an agreed value are not disposed of by the third party without

the Crofting Commission's prior consent. The Crofting Commission shall put in place arrangements sufficient to secure the repayment of its due share of the proceeds - or an appropriate proportion of them if the Crofting Commission contributed less than the whole cost of acquisition or improvement. The Crofting Commission shall also ensure that if assets financed by the Crofting Commission cease to be used by the third party for the intended purpose an appropriate proportion of the value of the asset shall be repaid to the Crofting Commission.

Board expenses

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

Signed: 
Catriona Maclean
Chief Executive
Crofting Commission

Date: 23 February 2016

CROFTING COMMISSION FRAMEWORK DOCUMENT: APPENDIX
SPECIFIC DELEGATED FINANCIAL AUTHORITIES

	Delegated Limit
External business and management consultancies	£100,000
Single-tender contracts	£10,000
Capital Expenditure	Within overall limit of its provision and subject to appropriate appraisal the Crofting Commission may approve expenditure on capital purchases and projects up to the following limits:
Capital Goods and Equipment	£25,000
Capital Works	£25,000
Revenue Expenditure	Within overall limit of its provision and subject to appropriate appraisal the Crofting Commission may approve expenditure on revenue purchases and projects up to the following limits:
Items other than those noted below	£100,000
Refund of Monthly Staff Costs to the SG	£250,000
Write-Off of Losses	The Crofting Commission has delegated authority to deal with, and write-off where appropriate, losses up to the following limits:
Cash Losses – Losses of accountable stores, fruitless payments, and constructive losses	£1,000
Claims Waived or Abandoned	£1,000
Special Payments	The Crofting Commission has delegated authority to make payments up to the following limits
Extra-contractual and Ex-gratia payments to contractors	£1,000
Other Ex-gratia payments	£2,000
Compensation payments	£1,000
Extra Statutory and Extra Regulatory payments	£1,000
Gifts of stores and property	£250
Rewards for Return of Lost Public Property	£250

