



Updated scheme of delegation

Purpose

1. This paper provides an updated scheme of delegation for the Scottish Funding Council.

Strategic Plan implications

2. This meets the Strategic plan objective of ensuring good corporate governance.

Background

3. SFC's scheme of delegation covers:
 - the Council's delegated authority to the Chair, its committees and the Chief Executive and outlines the mechanisms for reporting back to Council.
4. The scheme of delegation has been updated, and is attached at the annex, with the following amendments:
 - Addition paragraph 24: The Chair and Chief Executive may jointly approve the issue of directions under paragraph 10 of Schedule 2B to the Further and Higher Education (Scotland) Act 2005. (as agreed at the March Council meeting).
 - Additional paragraph 25: Approve sector requests for consent for the following:
 - Granting requests for the disposal of exchequer funded assets and the retention of sale proceeds.
 - Entering into new borrowing arrangements.
 - Granting security over any grant-funded land or property.
 - Giving a guarantee, indemnity or letter of comfort.
 - Committing expenditure above the delegated limits in the Financial Memorandum between the Council and fundable bodies.

- Removal of the exception relating to approval required under the Financial Memorandum between the Council and fundable bodies – now addressed through the above five points.
- Agreeing the terms of new or amendments to previously approved early severance schemes and the use of Settlement Agreements.
- Removal of reporting mechanism from Quality, Equalities and General Purposes Committee – no longer operates as a committee.
- Addition of requirement to report quarterly on new delegation regarding sector requests.

Risk assessment

5. A failure to respond to developments in, or demonstrate high standards of, corporate governance is likely to undermine the Council's effectiveness, its credibility and reputation. The recommendations in this paper help to mitigate that risk.

Equality and diversity assessment

6. There are no diversity or equality implications arising from this paper.

Recommendations

7. The Board is asked to approve the scheme of delegation.

Financial implications

8. There are no financial implications arising from this paper.

Publication

9. This paper will be published on the Scottish Funding Council website.

Further information

10. Contact: Riona Bell, Director of Finance and Corporate Resources (direct line: 0131 313 6690; email: rbell@sfc.ac.uk).

Updated scheme of delegation

1. The scheme of delegation for the Scottish Funding Council is set out in three parts below: the Council's delegated authority to the Chair, to its committees, and to the Chief Executive. The mechanisms for reporting back to Council are outlined in each section.

Part 1: Council's delegated authority to the Chair

2. The Chair may generally act on behalf of the Council.
3. Delegated authority relating to a particular issue will normally be approved by the Council in advance.
4. From time to time it may be necessary for the Chair to take urgent action, in which case the procedure set out in the *Council's Standing Orders* will apply.

Reporting mechanism

5. The Chair's use of delegated authority will be reported to Council meetings under the Chief Executive's Report standing item on the agenda.

Part 2: Council's delegated authority to its committee

6. Delegated authority for each committee is contained in the remit for each committee as agreed by the Council.
7. Generally committees are expected to take matters as far as appropriate before making recommendations to the Council. The Chair of the Committee will normally have responsibility for judging when it is appropriate to bring recommendations to Council: where items are routine they will stay with the committee until the final stage of decision-making; and where items are novel, unusual or potentially contentious, proposals should be considered by Council at an earlier stage.

Reporting mechanism

8. Each set of committee minutes will come to the next scheduled Council meeting for noting.
9. The Council will receive regular briefing reports on the work of each committee.
10. The Council will receive from each committee an annual report, including an element of self-reflection.

Part 3: Scheme of delegation from the Council to the Chief Executive

Financial delegations

11. The Council has delegated to its executive responsibility for committing funds under a risk-based scheme which is summarised below:

Money	'Risk'	Decided by
Up to £500,000	Low	Senior Director
Up to £500,000	Medium/High	Chief Executive
£500,001 to £5M	Low/Medium	Chief Executive
£500,001 to £5M	High	Council board
Above £5M	All	Council board

12. The Council has approved guidelines on the assessment of risk for the purpose of determining the appropriate level of delegation for a funding decision.
13. Discretion to vary budgets or initiate expenditure within limits specifically established by Council.
14. Unless specifically determined under paragraphs 11 and 13 above:
- i Revision of individual programme budgets for any one year up to a limit of £1 million or 1%, whichever is the higher.
 - ii Within an agreed budget, making or varying grants to any one institution of/by up to the higher of:
 - £5 million.
 - 10% of the institution's total income (per its audited financial statements for the most recent year available).
 - Amending any associated terms as necessary.
 - iii Expenditure from the running costs budget, including acquisition and disposal of property and equipment.
 - iv Varying planned monthly payments to organisations within the total for the grant year.
 - v For grant schemes covering more than one year, varying the timing of grant payments across years.

- vi Varying the general fund and strategic fund split, for both sectors, by up to £2 million in any one academic year.
 - vii Accepting ring-fenced offers of grant from Government and setting up the appropriate budgets, unless a circumstance arises in which he considers such an offer might not be appropriate exercise of Ministerial powers, in which case it will be referred to Council.
 - viii Authorising requests for consent to dispose of fixed assets that are considered low risk up to the value of £20 million.
15. The Council may agree an annual budget from programme funds for the Chief Executive to spend at his/her discretion in pursuit of Council objectives. The use of funds from this budget will be based on the following principles:
- That the expenditure supports activities relating to the Council's aims and objectives.
 - That the expenditure does not readily fit into any other of the programme budgets determined by the Council.

Other delegation

- 16. Implementing decisions taken by Council.
- 17. Provision of advice to the Scottish administration.
- 18. Accountability for the operational effectiveness of the executive.
- 19. Overall organisational structure of the executive (subject to constraints imposed by the Management Statement) and appointment of staff.
- 20. Maintenance of an effective risk management process.
- 21. Management of the pay remit and salary negotiation process within the strategies endorsed by the Remuneration Committee.
- 22. Opening Council bank accounts and making and altering the necessary arrangements for signatories for authorisation of payments.
- 23. Conduct of all other administrative matters pertaining to the Council's activities and operations, except:
 - If they have a direct financial consequence for which authority is not delegated to the Chief Executive under paragraphs 13 to 15 above.

24. The Chair and Chief Executive may jointly approve the issue of directions under paragraph 10 of Schedule 2B to the Further and Higher Education (Scotland) Act 2005.
25. Approve sector requests for consent for the following:
 - Granting requests for the disposal of exchequer funded assets and the retention of sale proceeds.
 - Entering into new borrowing arrangements.
 - Granting security over any grant-funded land or property.
 - Giving a guarantee, indemnity or letter of comfort.
 - Committing expenditure above delegated limits in the Financial Memorandum between the Council and fundable bodies.
 - Agreeing the terms of new or amendments to previously approved voluntary severance schemes and the use of Settlement Agreements.

Reporting mechanism

26. The Chief Executive will report to the Council on a quarterly basis on his use of delegated authority under:
 - Paragraphs 11, 13, 14(i) and 14(vii) above, for amounts greater than £500,000
 - Paragraphs 14(ii), 14 (vi), 14 (viii) and 15 above, for amounts greater than £1 million.
 - Paragraphs 24 and 25 for all approvals.