

**SCOTTISH POLICE
AUTHORITY**

Meeting	SPA Board
Date and Time	31 March 2015, 14.30 hrs
Location	Wellshot Halls, Tollcross International Swimming Centre, 350 Wellshot Road, Glasgow, G32 7QR
Title of Paper	SPA 2015/16 Budget Assurance
Item Number	8.3
Presented By	Amy McDonald, Director of Financial Accountability
Recommendation to Members	For noting
Appendix Attached:	N/A

PURPOSE

This paper presents to Board Members the SPA officer review and oversight which has been carried out in preparing the 2015/16 budget, and the work which will be ongoing in delivery of this budget over the coming financial year.

1. BACKGROUND

- 1.1 The SPA must, before the beginning of each financial year, provide to the Chief Constable details of how it intends to allocate the financial resources it expects to have available to it in respect of the financial year, as set out in the Police and Fire Reform (Scotland) Act 2012 (the Act).
- 1.2 The Authority must also hold the Chief Constable to account for the policing of Scotland including the day to day administration for the Police Service, including the allocation and deployment of resources received from the Authority.
- 1.3 The Chief Executive Officer of the Authority is also the Accountable Officer and is directly responsible to the Scottish Parliament for the SPA budget.
- 1.4 The Authority seeks to carry out its function in relation to items 1.1 and 1.2 consistent with the principles of good governance which appears to it to constitute best practice.

2 2015/16 BUDGET – PRIOR SPA CONSIDERATION

- 2.1 Ahead of the Board’s consideration of the 2015/16 Budget SPA officers have sought assurance of the budget setting process which has included

reconciliation of balances and testing of assumptions presented by Police Scotland.

- 2.2 The SPA financial accountability team finds the Budget presented to be consistent with generally accepted accounting principles, and aligns to the current Strategic Police Plan and its strategic aims. The assumptions are based on sound financial methodology and are consistent with those applied over the last two years. The budget is in line with the Governance and Accountability Framework and Scottish Public Finance Manual.
- 2.3 The SPA Finance & Investment Committee(F&IC) have reviewed the budget and discussed both the 2015/16 budget position, and the 2015/16 budget monitoring and in year oversight processes required. Following the 16th of March F&IC meeting the members have recommended the 2015/16 Budget for Board approval. This is a position supported by the SPA financial accountability officers.
- 2.4 Police Scotland has over the past two years demonstrated a successful track record of delivering a balanced budget, guided and tested by the challenge and oversight of the SPA.
- 2.5 In taking forward the 2015/16 budget, the Authority Members require to ensure budget management is subject to sustained oversight and scrutiny during the coming 12 months.
- 2.6 In recommending the 2015/16 budget for Board approval, the F&IC members have done so alongside a proposal that there is a SPA 2015/16 Budget Action Plan. This will assist in the monitoring of the budget savings options and allow oversight of the budget monitoring process by the full Board.
- 2.7 It is intended the SPA Budget Action Plan is presented to the Board for approval at its next meeting on the 29th of April 2015, following development with the F&IC members in the coming weeks.
- 2.8 The SPA Budget Action Plan will be reported to, and assessed, at all future Finance & Investment Committee meetings. The quarter 1 reporting due in August will be expected to include a year end projection. Reporting against 2015/16 budget will be part of the established financial reporting cycle.

3 2015/16 Budget – SPA COMMENTARY

- 3.1 The 2015/16 SPA budget covers the Revenue, Capital and Police Reform Budgets and allocates these across the full organisation in relation to total organisational need and investment requirements.
- 3.2 The SPA will receive over £1bn of Grant in Aid funding in the 2015/16 financial year being; Revenue Cash Budget £985.8m, Revenue Non Cash Budget of £50m, Capital Budget £28.1m and Police Reform Budget of up

to £68.7m. Additionally the Capital Budget will include £7.7m of in year capital receipts which the Scottish Government have authorised for reinvestment in the 2015/16 year.

- 3.3 In assessing the total organisational need for the 2015/16 financial year Police Scotland have identified an initial budget gap of £57.5m of which £46.5m of projected cost reductions have been identified, leaving £10.994m of further cost reductions to be identified within the 2015-16 budget year - or 1.1% of the overall Revenue cash funding.
- 3.4 The 2015/16 unidentified costs reductions is not dissimilar to the previous two financial years at approximately 1% and indeed not dissimilar to the budget position of other public bodies. The 2015/16 financial year is however the third consecutive year of budget reduction. Therefore this represents a further significant challenge for the policing as a whole to deliver on given the efficiencies already realised from the consolidation of the legacy police organisations and supporting infrastructure. Much of the duplication from having 9 individual police organisations has already been removed, and the efficiencies of having combined functions have been realised. Achieving a balanced budget in the 2015/16 year is therefore a considerably more difficult and stretching target.
- 3.5 In this regard the SPA members will require further oversight through the developed SPA Budget Action Plan of all 'in-year' budget management activity to ensure appropriate support and actions can be taken to assist in the 2015/16 budget delivery.

RECOMMENDATIONS

Members are invited to note the contents of this paper and the 2015/16 budget monitoring activity.