

<b>Meeting</b>	<b>Public SPA Board Meeting</b>
<b>Date</b>	<b>22 June 2017</b>
<b>Location</b>	<b>Carlton Hotel, Edinburgh</b>
<b>Title of Paper</b>	<b>Finance Committee Chair Report</b>
<b>Item Number</b>	<b>13.2</b>
<b>Presented By</b>	<b>Elaine Wilkinson</b>
<b>Recommendation to Members</b>	<b>For Noting</b>
<b>Appendix Attached:</b>	<b>NO</b>

**PURPOSE**

To provide the Board with an update on business progressed through the Finance Committee on the 1<sup>st</sup> June 2017.

The Finance Committee was due to meet at PQ from 10.00am to 14.00pm with the public session being held in the first hour. As Police Scotland attendees were called to attend a Parliamentary Committee the location and timings were changed to Edinburgh and 8.00am to 12noon. HMICS suggested that an 8am start for a public session might draw some adverse comment so we revised the public timings to 9.00am to 10.00am, sandwiched between two closed sessions. Audit Scotland and Internal Audit attended and contributed to the meeting but no members of the public attended.

## **PUBLIC SESSION**

### **Committee Work Plan ONGOING**

The Finance Committee Work Plan has now been populated and will provide a basis for future Committee agendas. At the start of the Public session the document was discussed and an explanation provided for why certain items would be held in closed session. At the end of both sessions the work plan was reviewed to assess what, if any, revisions were required.

### **2016/17 Indicative Out-Turn ONGOING**

Members considered a more detailed document than had been presented to the Board on the 25<sup>th</sup> May 2017. They requested revisions to the layout before it is presented to the Board as navigating through it was difficult especially for non-finance people. In response to issues raised at the 25 May Board meeting on expenditure no longer considered to be reform by Scottish Government, Police Scotland Finance explained how the 17/18 budget had been built with the Gartcosh costs included within the revenue budget. Members were assured that there would be no offset to operational overspends with reform funding. The issue of TUS spend and funding is still to be addressed. The challenges around accelerating reform spend on transformational activity was addressed in the discussion on the 3-year plan in the closed session. Finance Committee will carry out a further review of the 16/17 out-turn at their 28 June meeting.

### **Management Accounting Reporting Templates ONGOING**

Committee Members endorsed, subject to some minor amendments, the suite of templates for reporting monthly and quarterly financial performance and reforecasting going forward. Suggested amendments included documenting any changes to assumptions from the original budget, information on officer and staff numbers including temporary promotions, and details of any virements made during the year. All agreed that following their introduction and use for a few months it was likely that some revisions to format would need to be made so a mid-year review would take place.

### **Investment & Governance Framework for Business Cases NEW**

Members considered the framework and flowcharts for business cases along with templates that will be used at different stages. Members were assured by the proposed process and suggested that the Board would benefit from a briefing session/workshop on the Investment Governance Framework and the proposed

Project Management Office (PMO). It was agreed a general overview would increase understanding of these key business areas with detailed scrutiny of the financial elements to come forward to future Finance Committee meetings.

## **CLOSED SESSION**

### **Draft 3 Year Financial Plan NEW**

Members considered the draft document, the purpose of which is to set out a high level 3-year financial plan from 2017/18 aligned to the Policing 2026 strategy. While recognising that the development of a 3-year financial plan was a significant step forward Members raised a number of issues. A revised version will be considered at the Finance Committee on the 28<sup>th</sup> June. Members were keen to ensure there is a clearer articulation of the key messages for an audience with a less detailed knowledge of the organisation.

### **Staff and Officer Pay Award Financials NEW**

Members considered a paper about the affordability of Staff and Officer Pay proposals.

### **Bad Debt Write-offs NEW**

Members scrutinised the level of bad debt write-off being proposed and the causes for the high amounts. They took some assurance from the work underway within Police Scotland to review what led to these high debts and how they might be avoided in the future along with a review of the current debt recovery processes and what, if any, changes were necessary. It was agreed the findings of the review of debt recovery processes would be brought forward to the committee when the work was complete. Members were content to recommend the bad-debt write-off to the full Board.

### **Commercial Excellence Business Case ONGOING**

Members were provided with an overview of the Commercial Excellence Programme Business Case and a summary of the work that had taken place and was planned in relation to Commercial Excellence. Members welcomed and fully supported the programme, suggesting that further information on the options were drawn out in the presentation planned to the full Board on 7 June. It was agreed there would be a discussion in relation to the proposed Governance of the Commercial Excellence Programme at a future meeting of the Committee.

### **Relocation of Haddington ONGOING**

Members considered the revised terms being proposed and were content to recommend to the Board. They asked for an amendment to the Board paper to highlight that the NPV in the business case had not changed.

**AOB: Pensions Auto-enrolment ONGOING**

Due to a revision to the advice coming from the Pension Regulator the decision made by the Board in March on auto-enrolment needs to be revisited. Members considered the revised advice and options being presented. Members were content to recommend the option that would allow most notice to be given to staff in the event that there was a time delay between the auto-enrolment and the opting out by staff. Members asked that the financial forecast highlighted the potential risk of an increase in the operating deficit for 17/18 in the event that officer and staff affected opted back in to the schemes.

**AOB: Initial Business Case Automatic Number Plate Recognition System ONGOING**

This paper was presented for noting. While the proposed new template for initial business cases had been used Members made a number of observations about the case presented. These included the need for a clearer articulation of all options considered and the criteria against which they were assessed to come up with recommended option, and more information on the benefits of the project including the additional capacity that would be created for officers, a key element of 2026 strategy.

The Finance Committee will next meet on the 28<sup>th</sup> June.