

<b>Meeting</b>	<b>SPA Board Meeting</b>
<b>Date</b>	<b>27 February 2018</b>
<b>Location</b>	<b>Stirling Court Hotel, Stirling</b>
<b>Title of Paper</b>	<b>Finance Committee Chair Report</b>
<b>Item Number</b>	<b>13.3</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 on 7 February through the Finance Committee and in a separate 2018/19 Budget Workshop.

**1. 17/18 MONTHLY FINANCIAL PERFORMANCE REPORT (Q3) – ONGOING**

1.1 Members were assured that Police Scotland were still on track to finish the year at a deficit of £37.8m, approximately £10m under the agreed revenue budget, due to a number of one-off underspends, and at a £46.7m deficit on a recurring basis. Members were concerned that the VR/VER scheme has not been progressed with only around 40/50 people currently forecast to exit this year rather than the 200 originally budgeted. This will impact on the longer term financial plans for Police Scotland. Members will wish to explore with the Senior Leadership team what action they plan to take in light of this non-achievement of a specific commitment in the 2017/18 year.

1.2 Members requested additional information on the governance processes involved in relation to the decision to buy out remaining historic TOIL balances where they have not been utilised by 28 February 2018. The Committee's view was that the plan had been to manage these out over time thereby being able to release the accrual which would have a positive impact on the financial out-turn. While the committee

acknowledged that these balances related to transfers that took place at the merger of the eight forces there was still an opportunity to manage these out through the increased capacity that was being created with the reform programme.

1.3 Members considered the £1.8m projected overspend in Forensic Services and the likelihood of this happening as no spend had yet taken place in relation to this identified pressure. Members were advised that there had been a delay in procuring the additional resources to deal with the backlog in biology services and improve the processes in this area. This was due to Scottish Government not approving the drawdown of reform funds for this initiative and uncertainty over the procurement route. Members took the view that this should be progressed in-year as the overall SPA budget was forecasting an under-spend and it would help reduce the pressures in 2018/19 year.

1.4 In relation to capital and reform projections Members were not assured that spending to the levels predicted could take place by 31 March and asked that consideration be given to bringing forward any planned spend for the 2018/19 year if possible. Members heard that there was a heightened awareness of the need for a more focussed approach within the organisation to monitoring of Capital Spend.

## **2. 2018/19 Budget Update (NEW)**

2.1 Members were assured by the process that was underway to develop the 2018/19 budgets for Revenue, Capital and Reform. The workshop provided Members with the opportunity to consider the current draft of the budget in more detail. The budget assumptions were very clear and the options for reducing the budget gap were still under consideration. Members considered how the budget development process stacked up against the recommendations in the July 2017 Internal Audit Report on 'Budget Setting'. All appeared to have been addressed with the exception of 'lack of savings plans'.

2.2 AS the budget is finalised Members will wish to scrutinise and assess the confidence levels in achieving the savings plans both for the 2018/19 year and their impact on the longer term financial plans.

## **3. Income and Bad Debt Handling Review and Policy Improvement (NEW)**

3.1 Members noted the proposed changes to the policy and provided feedback. It was agreed that Police Scotland colleagues should engage further with the SPA Accountable Officer to develop the policy and that a final draft should be brought forward to the Committee when appropriate.

#### **4. BTP Pensions Update (ONGOING)**

4.1 An update was provided to Members on the BTP pensions proposal. It was outlined that pensions, as part of the wider workforce work stream, was being led by Scottish Government who have set out an option whereby members will maintain membership of their current schemes, but on a segregated fund basis. Members were appraised of the Independent actuarial and legal advices received for SPA on the proposal and the extent of the financial liability and risks that SPA, as the employer, will have responsibility for on and after transfer.

4.2 Discussion on the key financial implications and risks associated with the proposal took place. Finance Committee Members felt that they could not recommend the proposal to the Full Board without the provision of assurances and protections from Scottish Government that they would cover any ongoing liabilities. Members noted that a letter had been sent from the Accountable Officer to Scottish Government to this effect earlier in the week. Members asked that in the meantime further work in relation to mitigating actions be progressed, as highlighted in the independent actuarial and legal advices received for SPA, and were content that this work would be progressed by SPPA on a joint basis with PS.

#### **5. Business Cases**

##### **Automatic Number Plate Recognition (ANPR) (ONGOING)**

5.1. Members considered the revised Automatic Number Plate Recognition (ANPR) Business Case. The award of contract for the systems had been approved by the SPA Board in December 2017 with the caveat that further work would be undertaken by the ANPR Project Team in conjunction with Finance to clearly set out the deliverables and operational benefits and with finances more clearly articulated. Members agreed the additional information provided them with the assurances that the benefits could be tracked and thanked the team for their work.

##### **Transformation Resource Control Group (TRCG) (ONGOING)**

5.2 Members were given a verbal update on how this case was being developed. Members asked that consideration be given to the possibility of making the case to suppress posts that had been vacated by internal candidates filling TRCG posts.

## **6. Collaborative Opportunity – Kirkcaldy Police Station/Scottish Courts & Tribunal Services (SCTS) (NEW)**

Item taken in Private in accordance with SPA Governance Framework, Section 27 (e) – financial and commercial sensitivity

6.1 Members were briefed on a proposal under consideration to relocate Scottish Courts & Tribunal Services (SCTS) into Kirkcaldy Police Station. Members raised a number of issues which they felt would need incorporated into any paper coming to the Board. These included the PS requirements in Kirkcaldy in the medium and longer term, the value of the building in Kirkcaldy, the estimated cost of relocating custody, the break clause proposals and next steps.

## **7. Police Scotland Scheme of Delegation**

Item taken in Private in accordance with SPA Governance Framework, Section 27 (6) – draft being developed

7.1 Members noted the ongoing work to develop a revised Scheme of Delegation and that this would continue in consultation with the SPA Chief Officer. Members provided feedback and agreed the refreshed draft would be brought forward at a future Finance Committee.

**The Finance Committee will next meet on 06 March 2018.**