

<b>Meeting</b>	<b>Scottish Police Authority Board Meeting</b>
<b>Date</b>	<b>27 September 2018</b>
<b>Location</b>	<b>Stirling Court Hotel, Stirling</b>
<b>Title of Paper</b>	<b>Police Scotland Internal Scheme of Financial Delegation</b>
<b>Reference Number</b>	<b>B 08.2018/58</b>
<b>Presented By</b>	<b>James Gray</b>
<b>Recommendation to Members</b>	<b>For approval</b>
<b>Appendix Attached</b>	<b>Yes: Appendix A: Virement Approval Form Appendix B: CF&amp;I Board Paper</b>

**PURPOSE**

The purpose of this paper is to request that Members consider a proposed revision to the Police Scotland Internal Scheme of Financial Delegation; and to request that Members approve a specific virement in line with the scheme.

This is presented in line with the SPA Governance Framework.

Members are requested to approve this paper.

## 1 BACKGROUND

- 1.1 Following the approval of the annual budget set for the SPA for revenue, capital and reform, the ongoing monitoring and management of the budget is undertaken by Police Scotland. Where re-allocations of budget are considered to be in the operational interests of the SPA this is managed through the processing of a virement.
- 1.2 In line with the Police Scotland Internal Scheme of Financial Delegation ("the Scheme") as currently drafted the authorisation limits for virements are as follows:

	<b>Revenue</b>	<b>Capital / Reform</b>
Head of Business Area	<£100,000	<£50,000
PS CFIB	£100,000 - £1,000,000	£50,000 - £200,000
SPA Board	>£1,000,000	£200,000 - £500,000
Scottish Government	N/A	>£500,000

- 1.3 In practice, it has been established that the existing limits in relation to capital virements are prohibitive to Police Scotland managing the capital and reform budgets effectively in-year due to the delays which would be experienced in obtaining the necessary approvals.

## 2 FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 It is proposed that the limits for capital and reform virements are increased to be aligned to the existing revenue virements limit, noting that all expenditure must be in compliance with other relevant governance processes including the required authorisation of business cases where appropriate.
- 2.2 The proposal as detailed at 2.1 would involve the limits for virements of capital and reform funding being adjusted as shown:

	<b>Existing Limit</b>	<b>Proposed Limit</b>
Head of Business Area	£50,000	£100,000
PS CFIB	£200,000	£1,000,000
SPA Board	£500,000	Unlimited
Scottish Government	Unlimited	-

- 2.3 While the proposal states that the delegated authority for SPA Board is unlimited, any virement made can only be within the existing budgetary allocation for the SPA.
- 2.4 Within Police Scotland, the reallocation of capital and reform funding is managed by the Capital Investment Group (CIG), and governed through the Police Scotland Corporate Finance and Investment Board.
- 2.5 As a result of this process, budgets will be vired from the projects which have been de-prioritised or where progress has slipped. This will be managed through an agreed internal process, with the summary put to Members where the value exceeds £1,000,000.
- 2.6 Following the meeting of the CIG for quarter one of 2018/19, a decision has been taken internally, and noted by the SPA Finance Committee, to reallocate £1.1m to the Mobile Devices project, with this being made up of funding previously allocated to TRCG resources due to a forecast underspend for the full year.
- 2.7 The proposed virement detailed at 2.6 is summarised in Appendix A, and the internal approval is evidenced at Appendix B. As this proposed virement is greater than £1,000,000 Members are requested to approve the virement.

### **3 FINANCIAL IMPLICATIONS**

- 3.1 This paper is not seeking funding.
- 3.2 The financial implications relate to the ability to control the capital and reform budgets. Should the revision to the Scheme be approved, the PS finance department will be able to demonstrate true variances against re-allocated expenditure budgets. This provides clarity on individual SRO / Budget Holder's ability to manage within the budget as agreed by the Force Executive / SPA Board as appropriate.

### **4 PERSONNEL IMPLICATIONS**

- 4.1 There are no personnel implications directly associated with this paper.

### **5 LEGAL IMPLICATIONS**

- 5.1 There are no direct legal implications associated with this paper.

## **6 REPUTATIONAL IMPLICATIONS**

- 6.1 There are reputational implications associated with this paper.
- 6.2 There is a risk to the Police Scotland reputation in relation to the ability to manage financial budgets if a large number of over and under spends are reported where these in fact relate to agreed decisions taken through internal governance processes.
- 6.3 There is a further risk of detriment to reputation should Police Scotland fail to operate within the agreed budget including the agreed operating deficit.

## **7 SOCIAL IMPLICATIONS**

- 7.1 There are no social implications associated with this paper.

## **8 COMMUNITY IMPACT**

- 8.1 There are no community implications associated with this paper.

## **9 EQUALITIES IMPLICATIONS**

- 9.1 There are no equality implications directly associated with this paper.

## **10 ENVIRONMENT IMPLICATIONS**

- 10.1 There are no environmental implications directly associated with this paper.

## **RECOMMENDATIONS**

Members are requested to:

- (i) Approve the revision of the Police Scotland Internal Scheme of Financial Delegation; and
- (ii) approve the specific virement proposed.

**Virement Authorisation Form**

<b>Reference</b>	ND-81999-1			
<b>Requestor Name</b>	Michael Steele			
<b>Requestor Role</b>	Business Investment Lead			
<b>Budget Holder Name</b>	Neil Dickson			
<b>Budget Holder Role</b>	Director of Change			
<b>Value of Virement</b>	1,100,000			
<b>Cumulative value of previous virements</b>	N/A			
<b>Original Cost Centre</b>	81999			
<b>Amended Cost Centre</b>	81072			
<b>Original Account Code</b>	see below table			
<b>Amended Account Code</b>	487002			
<b>Original Job Code</b>	see below table			
<b>Amended Job Code</b>	TR0072			
	<b>Original cost center</b>	<b>Original account code</b>	<b>Original job code</b>	<b>Amount to move out</b>
	81999	487002	TR0999	-1,048,616.00
	81999	412001	TR0020	-13,540.00
	81999	412020	TR0020	-1,674.00
	81999	412050	TR0020	-2,614.00
	81999	412080	TR0020	-68.00
	81999	412014	TR0020	-33,488.00
				-1,100,000.00
	<b>Amended cost center</b>	<b>Amended account code</b>	<b>Amended job code</b>	<b>Amount to move in</b>
	81072	487002	TR0072	1,100,000.00
<b>Rationale</b>	<p>Mobile Devices – reform funding is required to execute the Mobile Devices project in 2018/19 in line with the business case. This reform funding is to be reallocated from the Transformation Resource cost centre, as an underspend is expected in 2018/19. This reallocation was considered and approved by the Capital Investment Group, and ratified by CFIB on the 09/08/2018. It was also noted by Finance Committee on 14/08/18.</p>			
<b>Sign offs:</b>				
Evidence of Budget Holder Approval	See attached Appendix B - CF&I Board Paper			
Evidence of Finance Business Partner Approval	See attached Appendix B - CF&I Board Paper			
Evidence of CFIB Approval (if >£100,000)	See attached Appendix B - CF&I Board Paper			
Evidence of SPA Board Approval (if >£1,000,000)				

## Reporting Template

<b>Report to:</b>	Corporate Finance & Investment Board
<b>Meeting Date:</b>	Thursday 09/08/2018
<b>Location:</b>	McClure Room, Tulliallan
<b>Title of Paper:</b>	Capital Investment Group Summary
<b>Agenda Item Number:</b>	5.3
<b>Classification:</b>	Approval
<b>Appendix Attached:</b>	Yes Appendix A – Capital Investment Group Presentation

### Submission to the SPA (where appropriate) [\(Note 2\)](#)

Finance Committee – 14 August

### Links to Strategic Priorities [\(Note 3\)](#)

## Governance Route for Report

The governance routes for reports should be discussed with line managers to enable the most appropriate route to be followed for noting information or decision making, thereby ensuring effective corporate governance. If applicable, list the meetings/forums to which the report will be presented. See example below:

Meeting/Forum	Meeting Date	Comment	Decision
Capital Investment Group	27 July	-	Capital and reform funding notionally reallocated pending approval of CFIB and SPA Finance Committee
CFIB	9 August	-	-
SPA Finance Committee	14 August	-	-

### 1. Purpose (Note 4)

- 1.1 The purpose of this report is to provide a summary of the decisions made at Capital Investment Group on 27 July on the reallocation of capital and reform funding for approval by CFIB.

### 2. Background (Note 5)

2.1

The role and responsibilities of the Capital Investment Group (CIG) is set out in the 2018/19 Police Scotland Capital Strategy. The purpose of the meeting of the CIG on the 27 July 2018 was as follows:

- Review Q1 performance
- Note key risks associated with the capital and reform plans in 2018/19
- Reallocate funding where underspends have been identified
- Note the capital outlook for future years

### 3. Main Report (Note 6)

3.1

A summary of the key discussion points were as follows:

- Capital: Year to date performance shows a £2.1m actual spend versus a £3.9m budget. The majority of this slippage relates to Estates and Fleet, however this is a timing issue and both are forecast to come in on budget by year end.
- Reform: Summary of Q1 performance indicates a £1.5m underspend for the full year forecast. This is predominantly due to delays in filling vacant transformation posts.
- A summary of key statistics for 2018/19 and 2019/20 transformation resource was provided. This highlighted risks of underspend in 2018/19 and provided an overview of the business areas which were carrying transformation vacancies. It also highlighted the forecast impact of transformation resource salary costs on both reform and core revenue budgets in 2019/20.
- A summary of projects from which funding (reform and capital) could potentially be reallocated was presented and discussed. The final recommendations on funding reallocation are noted below in Section 3.2
- Discussion took place in relation to the implications of approving business cases now on the funding requirements for future years (as outlined on page 13) and how an increase in capital funding will be required if all of the projects within the transformation portfolio are to be funded.
- Key activities to take place before the Q2 and Q3 CIG meetings were noted, which will include the production of a prioritisation matrix to include categorisation and scoring. This will support more informed capital investment prioritisation.



3.2

The table below shows how Capital and Reform funding was proposed to be reallocated by the CIG.

CAPITAL			
Category	Project	Funding Removed (£)	Funding Allocated (£)
Change	Speed Awareness	475,000	
Change	Corporate Services Transformation	500,000	
Change	Procure to Pay	300,000	
Specialist Policing Equipment	Data Storage System		114,012
Specialist Policing Equipment	CCTV		62,436
Change	Mobiles		367,000
Fleet	Public Order Vehicles		331,552
	<b>Sub Total</b>	<b>1,275,000</b>	<b>875,000</b>
	Less: Overspend Forecast	400,000	
	<b>Total</b>	<b>875,000</b>	<b>875,000</b>

### Funding Removed

- *Speed Awareness – Deprioritised*
- *Corporate Services Transformation – Capital not required in 2018/19 per IBC*
- *Procure to Pay – only £100k of £400k budget required per latest iteration of BJC*

### Funding Allocated

- *Data Storage (information sensitive)*
- *CCTV (information sensitive)*
- *Mobile Devices – additional funding for faster roll out of mobile devices*
- *Public Order Vehicles – Replacement of 6 (based on budget available) of 15 public order vehicles.*

REFORM			
Category	Project	Funding Removed (£)	Funding Allocated (£)
Change	Mobile Devices		1,100,000
Change	GDPR Compliance - P&D		400,000
	<b>Sub Total</b>	<b>-</b>	<b>1,500,000</b>
	Less: Underspend Forecast	1,500,000	
	<b>Total</b>	<b>1,500,000</b>	<b>1,500,000</b>

### Funding Removed

- *None – there is currently a full year forecast underspend of £1.5m which was considered for reallocation*
- ### Funding Allocated
- *Mobile Devices – in line with the FBC, additional reform funding (above that previously notionally allocated pre-business case development) is required in 2018/19 in order to progress with the capital spend associated with the mobile*

SPA Board

Appendix B – CFI Board Paper

27 September 2018

*devices project. This includes one-off development, devices registration, installation and first year contract costs.*

*\* GDPR Compliance P&D - funding for temporary staff to support P&D in achieving compliance with GDPR*

<b>4. Key Strategic Implications</b>	
	(Note: These sections are here to prompt the author to consider the implications, and to highlight them even if they are well known or don't require specific action or decision. Therefore Key Strategic Implications sections should only be marked as being, "Nonapplicable", as an exception following due consideration of this guidance)
4.1	<b>Workforce <a href="#">(Note 7)</a></b>
4.1.1	N/A
4.2.	<b>Health &amp; Safety <a href="#">(Note 8)</a></b>
4.2.1	N/A
4.3	<b>Equality, Diversity and Human Rights <a href="#">(Note 9)</a></b>
4.3.1	N/A
4.4	<b>Environmental &amp; Sustainability <a href="#">(Note 10)</a></b>
4.4.1	N/A
4.5	<b>Financial <a href="#">(Note 11)</a></b>
4.5.1	As outlined above, this paper is seeking approval to reallocate funding in line with proposals stated.
4.6	<b>Legal <a href="#">(Note 12)</a></b>
4.6.1	N/A
4.7	<b>Performance <a href="#">(Note 13)</a></b>
4.7.1	N/A
4.8	<b>Timing <a href="#">(Note 14)</a></b>
4.8.1	N/A
4.9	<b>Risk <a href="#">(Note 15)</a></b>

4.9.1	A number of risks associated with the capital and reform plans for 2018/19 are highlighted in Appendix A.
4.10	<b>Communication &amp; Engagement <a href="#">(Note 16)</a></b>
4.10.1	N/A
4.11	<b>Training <a href="#">(Note 17)</a></b>
4.11.1	N/A
4.12	<b>Privacy <a href="#">(Note 18)</a></b>
4.12.1	N/A

<b>5.</b>	<b>Discussion <a href="#">(Note 19)</a></b>
5.1	N/A

<b>6.</b>	<b>Recommendation <a href="#">(Note 20)</a></b>
6.1	The Board are asked to consider and approve the proposal for reallocation of capital and reform funding recommended by the Capital Investment Group.

<b>7.</b>	<b>Core Brief <a href="#">(Note 21)</a></b>
7.1	N/A