



Agenda Item 3.2

Meeting	SPA Resources Committee
Date	19 December 2023
Location	MS Teams
Title of Paper	Financial regulations – Post Implementation Review
Presented By	John McNellis, Head of Finance, Audit & Risk
Recommendation to Members	For discussion
Appendix Attached	Yes

PURPOSE

To provide the Committee with a post implementation review of effectiveness of the financial regulations changes, one year after implementation.

This paper is presented in line with the corporate governance framework of the Scottish Police Authority and is submitted for consultation.

1. BACKGROUND

- 1.1 During summer 2022 the SPA undertook an end-to-end review of the Authority's financial regulations. This was the first comprehensive review of these rules since the SPA was created in 2013.
- 1.2 This focused on ensuring financial rules and processes are appropriate for the service of today, and that governance is not an undue barrier to the efficient functioning of policing.
- 1.3 Changes were recommended by the Resources Committee (13 June 2022) and approved by the Authority (25 August 2022) and the Resources Committee requested a review of progress a year after implementation.

2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 This paper outlines the one-year, post-implementation review of the changes. It considers:
 - If the aims of the review have been achieved;
 - If further changes are required; and
 - What lessons have been learned from this work.
- 2.3 **Appendix A** provides full detail of the post implementation review.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no specific financial implications related to this paper, however, these documents are the overarching financial rules of the Authority. The application of these rules has wide ranging financial implications on the Authority.

4. PERSONNEL IMPLICATIONS

- 4.1 There are no specific personnel implications related to this paper, however, these regulations set the roles and responsibilities of key persons within the Authority and all employees' financial responsibilities.

5. LEGAL IMPLICATIONS

5.1 There are legal implications related to this paper. The basis for delegation has been subject to discussions with agreement reached on the approach between SPA and PS legal teams. The regulations also set out the authorisation and delegated authority to settle legal actions and claims.

6. REPUTATIONAL IMPLICATIONS

6.1 There are reputational implications associated with this paper as it is important that the Authority can demonstrate clear financial stewardship of public money. There could be regularity or public confidence issues if these rules are not adhered to.

7. SOCIAL IMPLICATIONS

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

8. COMMUNITY IMPACT

8.1 There are no specific community impact implications associated with this paper.

9. EQUALITIES IMPLICATIONS

9.1 There are no specific equality implications associated with this paper.

10. ENVIRONMENT IMPLICATIONS

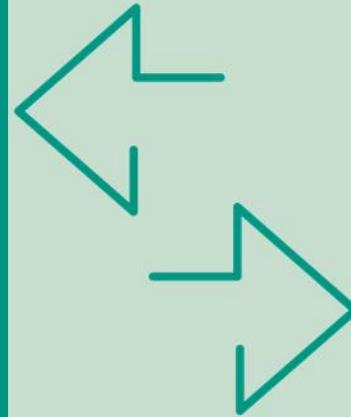
10.1 There are no specific environmental implications associated with this paper.

RECOMMENDATIONS

Members are requested to note the update provided.

Appendix A Financial Regulations Post Implementation Review

December 2023



SCOTTISH POLICE
AUTHORITY
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Background

- During summer 2022 the SPA undertook an end-to-end review of the Authority’s financial regulations. This was the first comprehensive review of these rules since the SPA was created in 2013.
- The aims of the review are replicated on the right. These fundamentally focused on ensuring financial rules and processes are appropriate for the service of today, ensuring that governance is not an undue barrier to the efficient functioning of policing.
- Proposals were subject to significant consultation across Police Scotland, Forensic Services and the Authority, including Board Members.
- The changes ultimately agreed consistent tiering of approval levels on financial grounds, providing a level of pre-approval to Police Scotland with annual reporting to Resources Committee. Changes also gave Resources Committee and the Accountable Officer delegation to approve various commitments without deferral to the full Authority.
- The changes were recommended by Resources Committee (13 June 2022) and approved by the Board (25 August 2022). Resources Committee also requested a review of progress a year after implementation.
- This paper outlines the one-year post-implementation review of the changes. It is focused on considering:
 - i. If the aims of the review have been achieved;
 - ii. If further changes are required; and
 - iii. What lessons have been learned from this work.

Aims

- Aim of this review is:
 - to simplify and clarify governance arrangements;
 - **consider revising delegations and devolution of decisions to committees** (ie resources).
- Key is to ensure the Authority’s scrutiny and oversight is **appropriate, proportionate and value adding**.
- The Authority should not be an undue barrier to the service operating effectively.
- A key objective of the governance review was also to clarify that the Board operates through its committees and to provide those committees with **appropriate decision-making powers**.

Stakeholder feedback

- The SPA sought feedback from a range of key stakeholders who are primarily impacted by the changes and who were involved in the original revisions. This included discussions with: Board Members, procurement, finance, estates, legal and change staff.
- The feedback was overwhelmingly positive of the impact of the changes.
- The key themes from the feedback are:
 - ✓ Welcome the added clarity on governance and approval levels;
 - ✓ Positive of the pre-approval levels to Police Scotland and Resources Committee. Gave more autonomy and appropriate governance;
 - ✓ Reduced the volume of low value approvals to committees / Accountable Officer;
 - ✓ Overall speeds up governance.

“The new financial regulations have had a marked beneficial effect”

“Approvals now feel pitched at the right level”

Review of aims

This table summarises the original aims of the financial regulations review work and if they have been achieved with supporting evidence.

Aim	How was the aim achieved / supporting evidence	Conclusion – aim met?
Simplify and clarify governance arrangements.	<ul style="list-style-type: none"> ▪ Standard approval levels set for: business cases, contracts and estates decisions. ▪ Stakeholder feedback that new arrangements are both simpler and clearer. 	
Consider revising delegations and devolution of decisions to committees (ie resources).	<ul style="list-style-type: none"> ▪ All delegation levels revised and standardised. ▪ Board delegated financial decision making to Resources Committee. 	
To ensure the Authority’s scrutiny and oversight is appropriate, proportionate and value adding.	<ul style="list-style-type: none"> ▪ Low value / low risk decision making given pre-approval to Police Scotland. ▪ Positive stakeholder feedback on the effectiveness of this measure particularly for estates and procurement. 	
To ensure Authority should not be an undue barrier to the service operating effectively.	<ul style="list-style-type: none"> ▪ Stakeholder feedback that governance now feels at the right level ie the business that comes to Resources Committee is the appropriate strategic business. 	
To clarify that the Board operates through its committees and to provide those committees with appropriate decision-making powers.	<ul style="list-style-type: none"> ▪ Review clarified that Resources Committee is the primary decision-making body for routine financial matters. ▪ The Board agenda is no longer clogged with routine financial matters. ▪ There remains situations and flexibility to defer important decision to the Board. 	

Lessons learned & next steps

Lessons learned



- This exercise highlighted the importance of extensive consultation from a broad range of stakeholders. There were a number of unexpected legal issues that emerged during the work that delayed the process, however, SPA and Police Scotland legal teams were ultimately able to identify a solution.
- In future, the importance of early legal involvement cannot be underestimated.
- Timescales were challenging. A key learning is the extensive time needed to undertake meaningful consultation as well as follow up consultation. In this case whilst consultation was undertaken, changes from legal or other business areas required further follow up discussions.
- Appropriate contingency time should be included for such complex projects.

Sharing our successes



- As important as learning lessons is also sharing success. This paper has **highlighted a successful piece of work for many reasons.**
- The SPA has shared information on this work with other police Authority partners including the British Transport Police Authority and the City of London Police Authority.

Further changes identified



- During this review there some further changes identified that had not been captured in the original review. This included:
 - exempt contracts,
 - clarifications to the novel and contentious process; and
 - permitting Police Scotland / AO to decide how it chooses to delegate internally its pre-approval levels.
- These changes were included and approved in the annual governance review to the Authority on 24 August 2023.
- Furthermore, we now have a process to capture feedback and issues emerging issues which can be revised, if necessary, in the annual governance review. This should negate the need for such a comprehensive review in the future.