

Meeting	SPA Resources Committee
Date	8 September 2020
Location	Video Conference
Title of Paper	Approach to Financial Planning
Presented By	Chris Brown, Strategic Financial Planning and Budgeting Lead
Recommendation to Members	For Discussion
Appendix Attached	Yes Appendix A – Approach to Financial Planning

PURPOSE

The purpose of this report is to provide Members with details of the proposed financial strategy for consideration.

Members are invited to discuss the content of this paper.

1. BACKGROUND

- 1.1 The SPA has a statutory duty to agree its annual budget for the coming financial year (2021/22) before the end of the current financial year (31 March 2021).
- 1.2 The SPA has a structural deficit. Previous iterations of the long term financial strategy has proposed routes to eliminating the deficit which require a combination of increased Government funding and / or workforce reductions enabled by transformation.

2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 The approach to financial planning is comprised of two interconnected components:
- o budget setting strategy – sets the approach to setting the 2021/22 budgets; and
 - o medium and long term financial strategy – sets the approach to setting the three and ten year financial strategy including plans to address the structural deficit
- 2.2 Budgets for COP26 will be separately considered.
- 2.3 The budget strategy sets out the framework for the annual budget setting exercise. This is the key document to inform Board Members of the overarching approach and initial proposals which will inform the development of the detailed budget.
- 2.4 The long term financial planning strategy outlines the approach to the preparation of three and ten year financial plans including plans to address the structural deficit.
- 2.5 The proposed approach to financial planning document is attached at appendix A.
- 2.6 Detailed work will now progress on the development of the 2021/22 budgets and long term financial strategy.

3. FINANCIAL IMPLICATIONS

- 3.1 The financial implications are set out in detail within the report.

4. PERSONNEL IMPLICATIONS

4.1 There are no direct personnel implications 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 no direct reputational implications associated with this paper.

7. SOCIAL IMPLICATIONS

7.1 There are no direct 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 direct equality implications associated with this paper.

10. ENVIRONMENT IMPLICATIONS

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

RECOMMENDATIONS

Members are invited to discuss the approach to financial planning.



POLICE
SCOTLAND
POILEAS ALBA

FINANCE

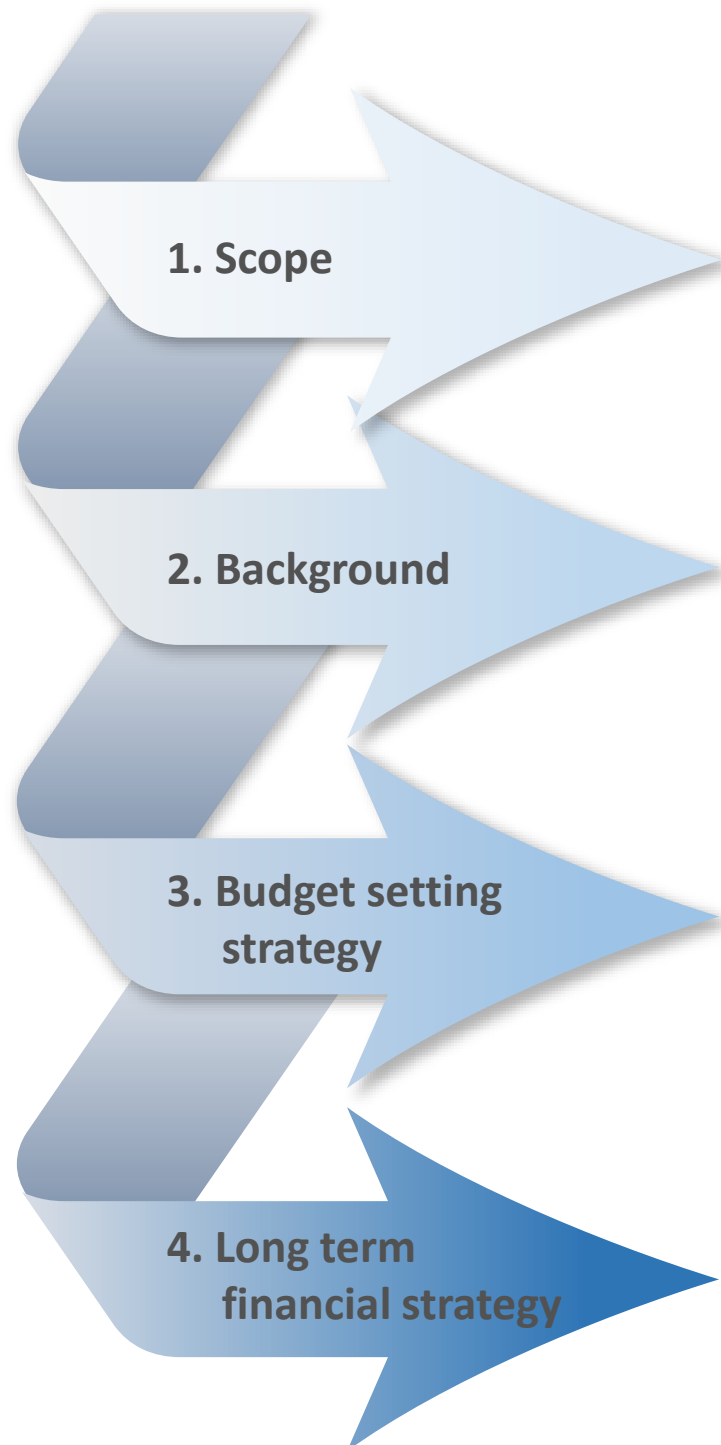
FP&A - Financial planning & analysis team

Approach to financial planning

Incorporating budget setting &
long term financial planning strategies

AUGUST 2020

Executive summary



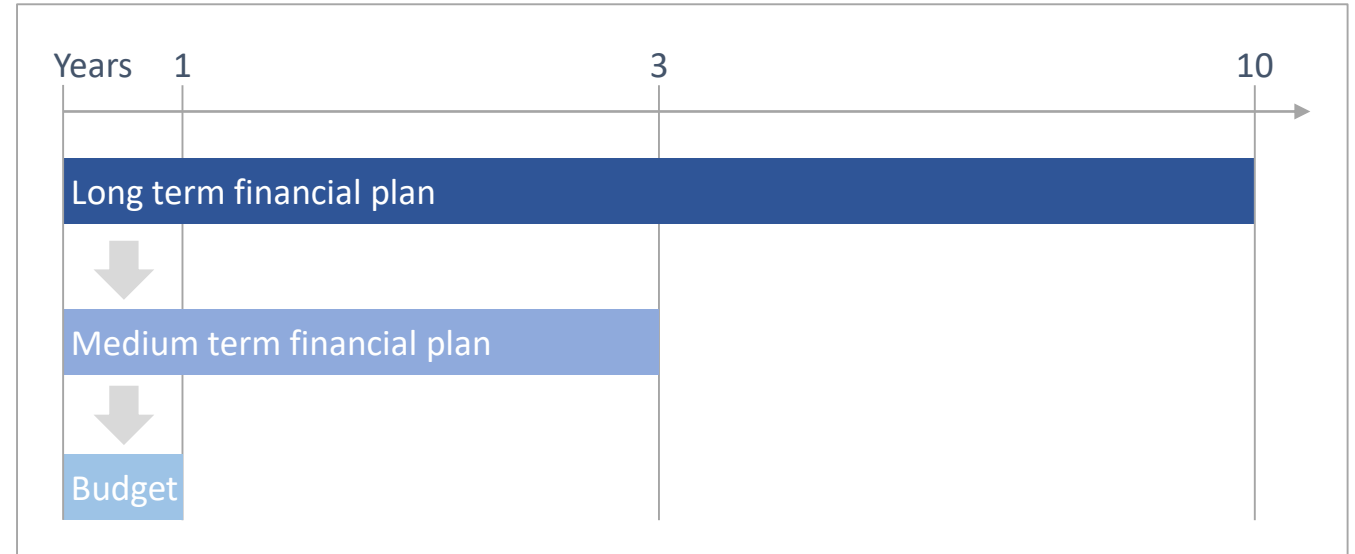
- This report is comprised of two interconnected components:
 - budget setting strategy – sets the approach to setting the 2021/22 budgets; and
 - medium and long term financial strategy – sets the approach to setting the three and ten year financial strategy including plans to address the structural deficit.
 - Budgets for COP26 will be separately considered.
- A recession is forecast in 2020 and there are expected to be significant challenges on public finances; 2021/22 also represents the end of the SG’s current commitment to provide real terms funding protection to the SPA.
 - There will be increased pressure on the SPA to address its deficit with the possibility of funding constraints.
- The budget setting strategy focuses on further enhancing the zero-based budgeting approach introduced in the previous year.
 - The matrix budgeting method will be expanded and pay budget setting will be enhanced, evolving to reflect learning from the strategic workforce plan (SWP), where applicable.
 - The recurring costs and savings from COVID-19 will be incorporated in the bottom up budget requirements. There is expected to be a continued significant impact of COVID-19 on income budgets.
 - A risk based budgeting approach will be adopted with an independent, from finance or budget holders, review of budget risk considered by the services risk function.
- The long term financial planning approach will build on the budget setting work and incorporate organisation wide planning including the overall organisation strategy and enabling strategies.
 - Enabling strategies will require to change to incorporate learning from the COVID-19 pandemic that will influence how the service operates in the future. Furthermore, unlike budget setting, there is a key dependency on delivery of the SWP for long term financial planning to be effective.

Introduction, scope & background

Scope and approach

Scope

- All financial plans will consider: Police Scotland, Forensic services and the SPA's corporate function and incorporate revenue, capital and reform income and expenditure.
- This report is comprised of two interlinked elements.
 1. The budget strategy primarily consider budget setting for the year ahead (2021/21).
 2. The long term financial strategy consider the medium (three year) and long term (ten year) horizon.

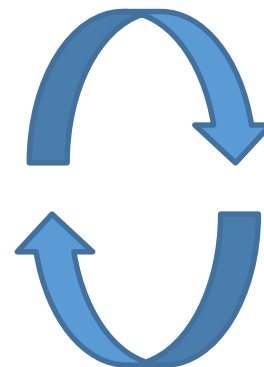


Annual review

- This guidance is applicable to the preparation of the 2021/22 budgets and long term financial planning over the next 12 months. These guidelines will be reviewed on an annual basis.

Budget setting approach

- ✓ Zero-based budgeting approach, where possible.
- ✓ Refine & build on experience from 2020/21.
- ✓ Incorporate developments in key supporting strategies.
- ✓ Link budget setting to medium and long term financial planning.



Medium & long term financial planning approach

- ✓ Link to current and future budget proposals.
- ✓ Brings together all known factors impacting on the financial position and models uncertainty in key factors.
- ✓ Key reliance on bringing together key supporting strategies
- ✓ Balances financial objectives ie our deficit reduction goal with organisation wide objectives.

COVID-19

- There is ongoing uncertainty around the short and longer term impact of COVID-19 on all organisations.
- Supporting strategies and financial plans will continue to be reviewed in light of COVID-19 learning. The situation will be closely monitored and continually reassessed to determine financial impacts in the short and longer term.

COP26

- All costs will be separately budgeted by the COP26 finance / planning team which are expected to be fully funded by the UK Government.

Economic forecast

- ❑ Following the 2008 banking crisis there was a long period of austerity and public sector reform including the creation of the SPA and reductions to police funding.
- ❑ A **recession is forecast in 2020** and the broader challenges on public finances will put pressure on the **SPA's funding movements and deficit**.

Gross domestic product (GDP)

- 2019 the Scottish economy grew by 0.7%.
- GDP growth is forecast at -9.2% in 2020 (technical recession) and 6.5% in 2021.
- The Bank of England has warned this is likely to be the sharpest recession on record and not all economic activity will recover.
- Historically increases in the SPA's funding have been linked to GDP deflator.

Inflation⁴

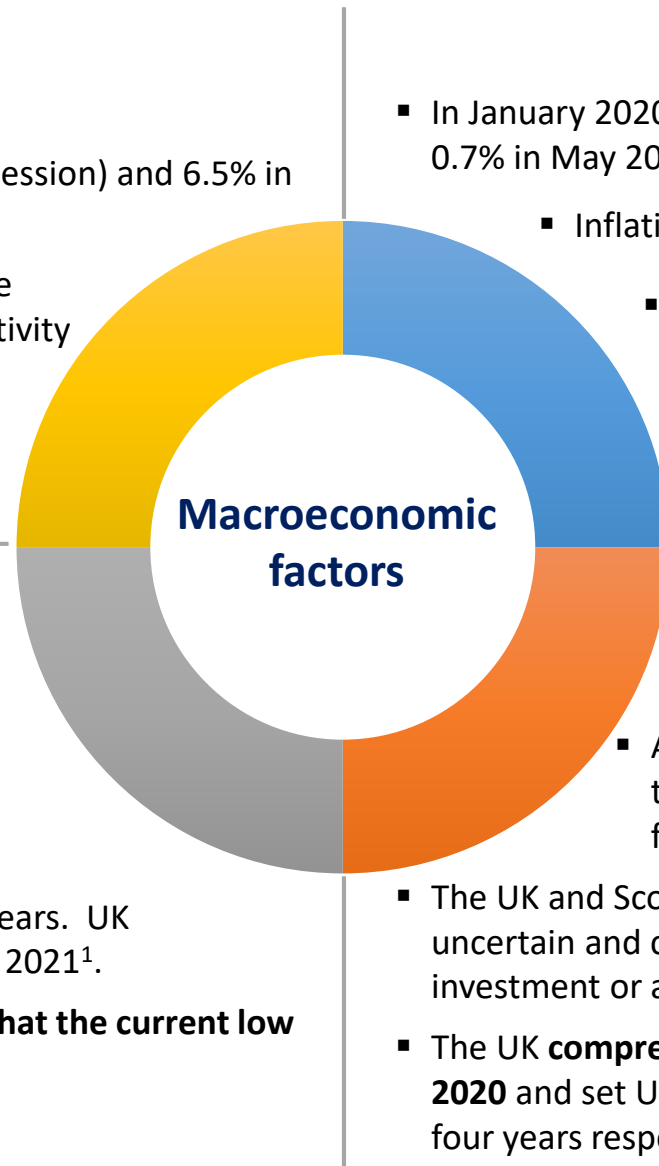
- In January 2020 inflation (CPIH) was 1.8% but has since reduced to 0.7% in May 2020. This is the lowest observed inflation since 2016.
 - Inflation is forecast at 0.7% for 2020 increasing to 1.6% in 2021.
- **The change in the cost of living ie CPIH inflation is a key factor for pay awards.**

Unemployment²

- 2019: Scotland's unemployment rate was close to a record low of 4%.
- Annual growth in median pay is reducing and was 1.4% for Scottish employees for the three months to April 2020.
- Unemployment is forecast to rise over the next two years. UK unemployment could reach 7.9% in 2020 and 6.6% in 2021¹.
- **Given the job security offered by the SPA it is likely that the current low staff turnover will continue.**

Public sector debt

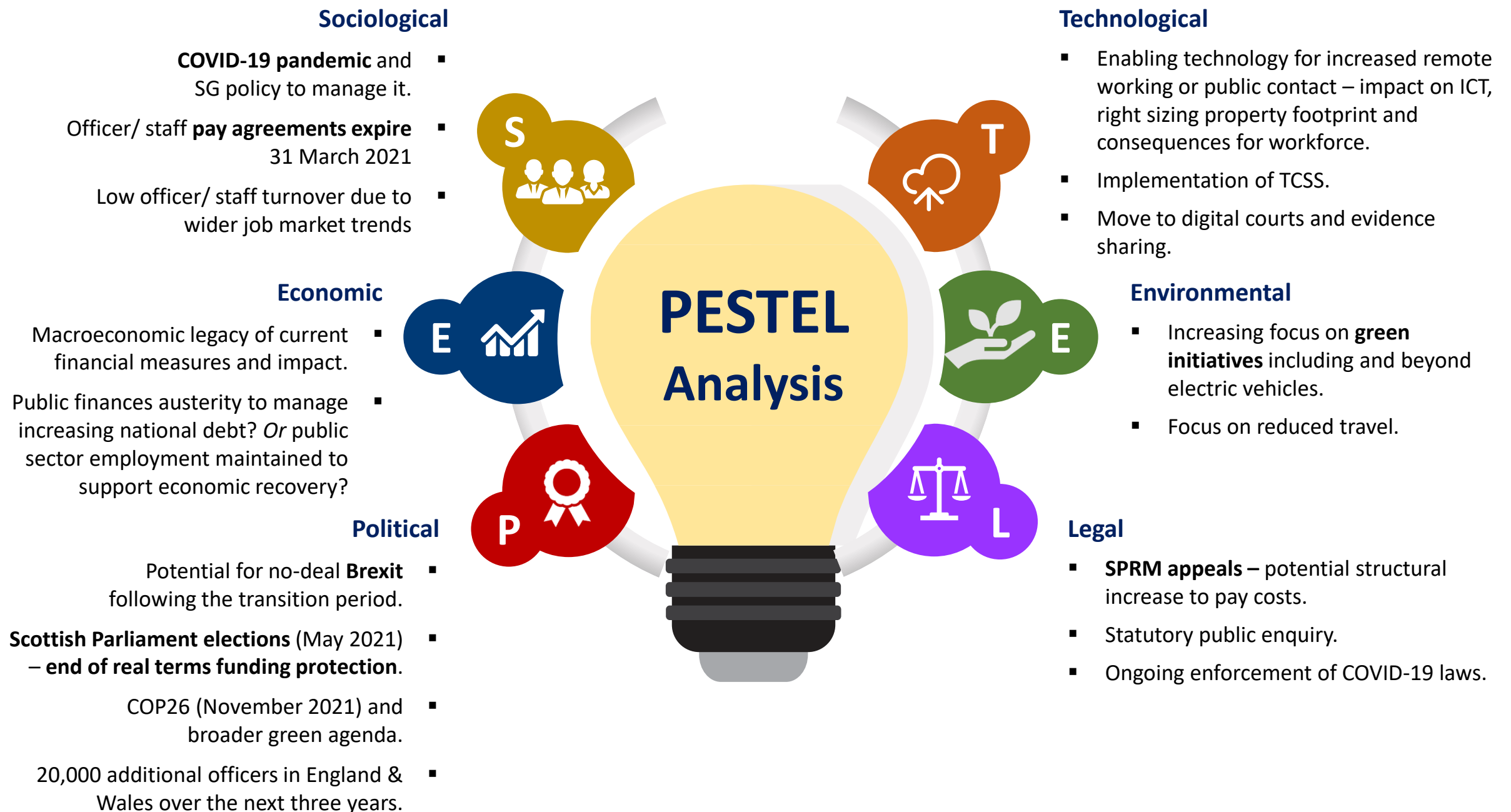
- Public sector net debt is estimated to have topped 100% GDP for the first time since the early 1960s.
- At the Scottish summer budget revision (May 2020), there is pressure from HM Treasury for bodies to party fund the costs of COVID-19 from existing budgets.
- The UK and Scottish Governments response to the economic crisis is uncertain and could involve: tax reform/ changes; infrastructure investment or a period of budget constraint / austerity
- The UK **comprehensive spending review** will be published in **November 2020** and set UK resources and capital budgets for the next three and four years respectively. The SG's plans have not been published.



1. HM Treasury, "Forecast for the UK economy: a comparison of independent forecast" (May 2020)
 2. Scottish Government – a national statistics publication for Scotland, "Scotland's labour market trends", (June 2020)
 3. Officer for budget responsibility "Monthly public finance briefing", June 2020
 4. The consumer price index including owner occupiers housing costs (CPIH – 12 month rate) is the most comprehensive measure of inflation and the rate advocated by the SG and ONS.

Environmental risk analysis

- There are a number of external factors that will impact on long term financial planning. More so than ever we are entering a **period of significant and increasing uncertainty**.

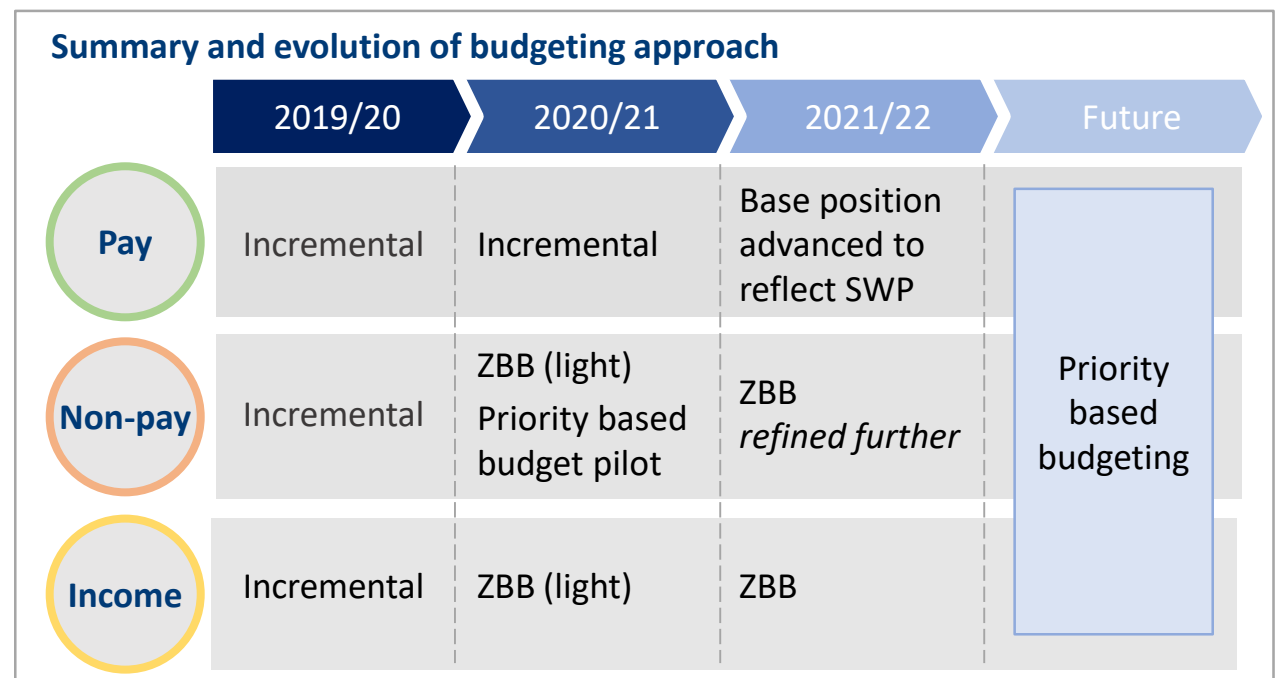
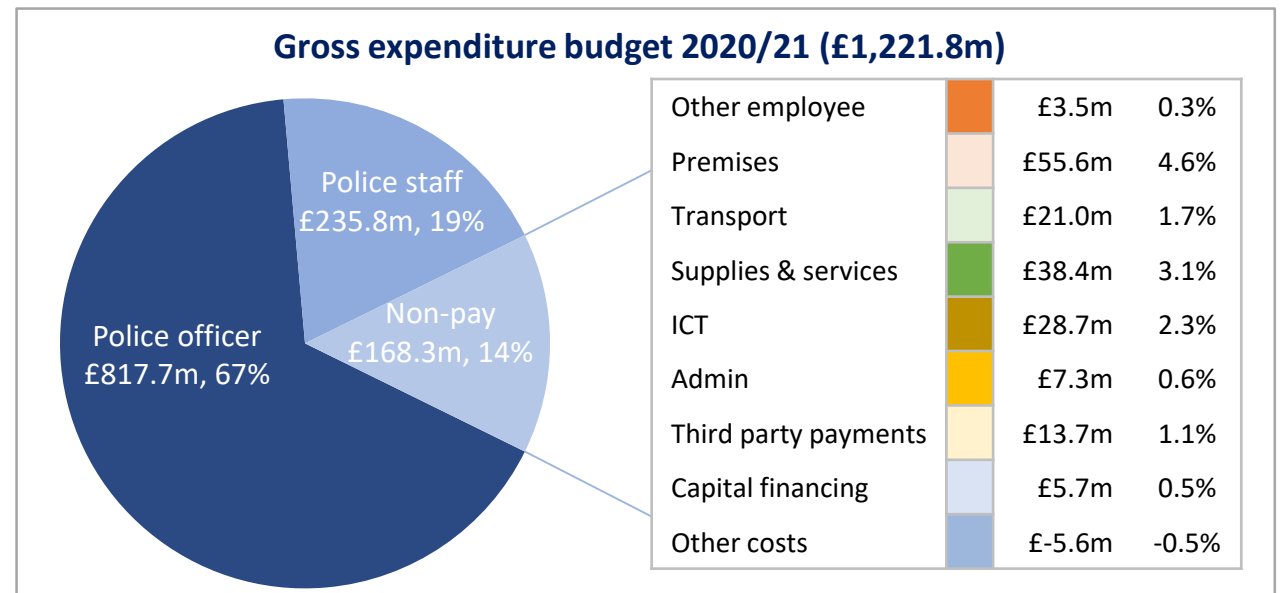


Budget setting approach (2021/22)

Budget setting approach

- ❑ The budget setting approach continues to evolve and build on developments from previous years.
- ❑ In 2021/22, budget developments will focus on enhancing the budgeting of pay related costs.

- A zero-based budgeting approach was implemented in 2020/21 which requires budget holders to analyse the needs and costs of each function and allocate resources regardless of how much has been budgeted in previous years.
- As resources are not allocated in accordance with previous patterns of spend, expenditure has to be fully justified by the benefits expected each budget cycle. This approach was focused on non-pay expenditure and was the first stage of a transition to full zero-based budgeting.
- In addition to this, ICT was part of a pilot exercise of priority based budgeting in 2020/21. Priority based budgeting is an extension of zero-based budgeting which allocates financial resources to support the organisation’s key priorities and outcomes. Whilst useful, this approach is extremely time consuming and was considered to not provide enough benefits by solely looking at non-pay priorities.
- The transition toward priority based budget will be revisited when both pay and non-pay costs can be part of the priority based setting process.
- The zero-based approach will continue to be refined for non-pay taking account of the learning from the 2020/21 budget setting exercise.
- Budgeting for pay costs will take a baseline position using actual payroll data and augment the data with findings from the strategic workforce plan (SWP), where applicable.



Budget setting principles

- There are five key principles that underpin the budget setting exercise.

2. Realistic budgets

- Budget holders will start the year with an income and expenditure budget that allows them to deliver against agreed service objectives.
- The usefulness of budgets as a tool for both monitoring and managing performance is diluted if budgets do not accurately reflect spending plans. However, this aim is often constrained by the requirement to submit a balanced budget.

1. Strategic alignment

- Financial resources should align to the organisation's strategic priorities as far as possible.
- The financial plan should focus on the allocation of appropriate level resource to achieve these priorities over the planning horizon concerned (annual, three or ten year plan timeframes).

3. Appropriate devolvement & accountability

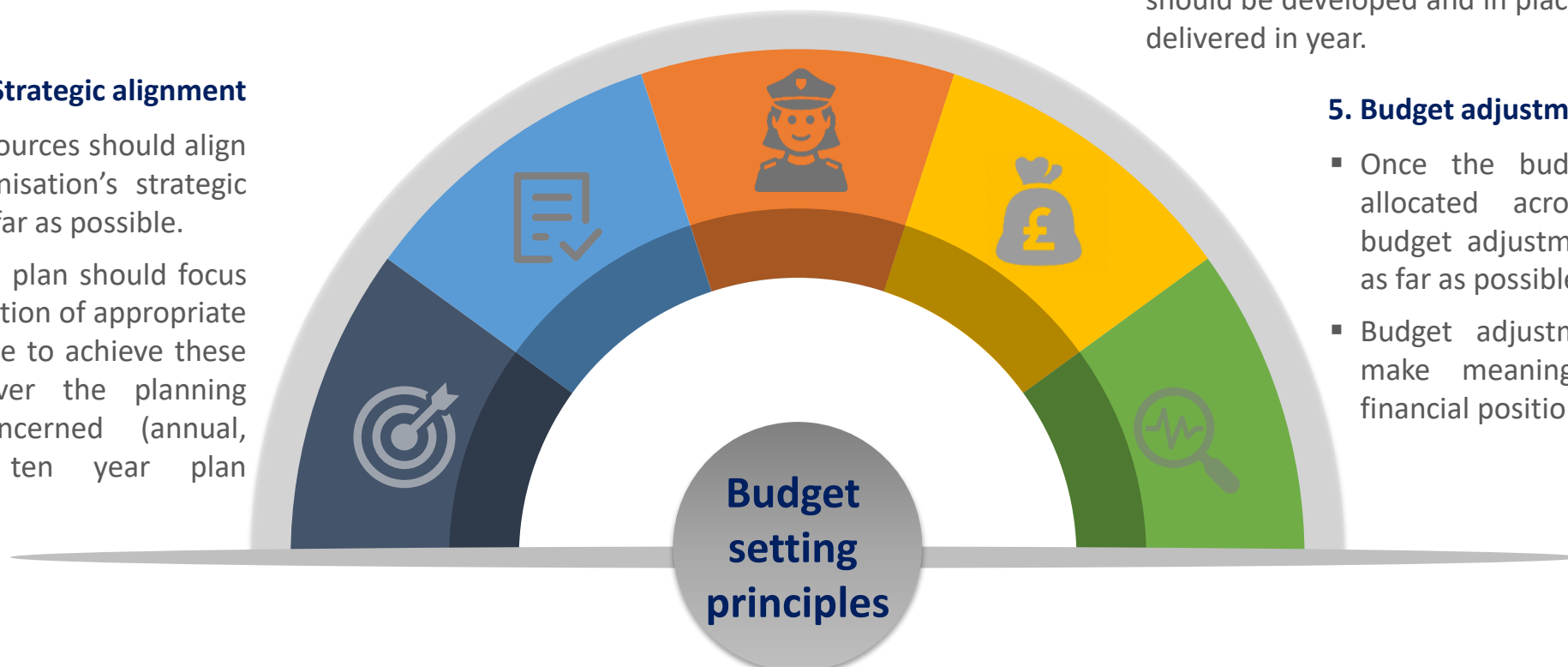
- One of the aims of budget setting is to ensure that budget holders are accountable for an income and expenditure target that is consistent with the planned activity levels.
- Budget holders have realistic targets and can be held to account for performance against those targets. Accountability does not sit with Finance.

4. No central pots

- Budget holders cannot anticipate further budget allocations in the course of the year and are required to manage within the parameters of their total budget allocation, as far as possible.
- Where pressures cannot be managed this should be considered in the context of the wider service areas budget allocation before being forecast as an unmanageable pressure.
- It is not good practice for unidentified savings to be included within the budget. Specific savings plans should be developed and in place to ensure they can be delivered in year.

5. Budget adjustments to be minimised

- Once the budget is approved and allocated across the organisation, budget adjustments will be restricted as far as possible.
- Budget adjustments often serve to make meaningful analysis of the financial position more difficult.



Budgeting approach: *pay*

- ❑ Officers and staff costs represent by a significant margin the greatest cost of the SPA. Our approach to budgeting for pay costs will build on the base payroll data and reflect key variables as outlined below.
- ❑ The strategic workforce plan is expected to be completed in November 2020 and the 2021/22 budget will augment the base budget data with findings from workforce plans, where applicable.

Strategic Workforce Plans

- Augment base budgets with findings from workforce plans, where applicable.
- The end state workforce plans will be phased over time such that the SWP changes in 2021/22 may be limited such that the SWP is not a key dependency for 2021/22 budget setting.

Change programmes

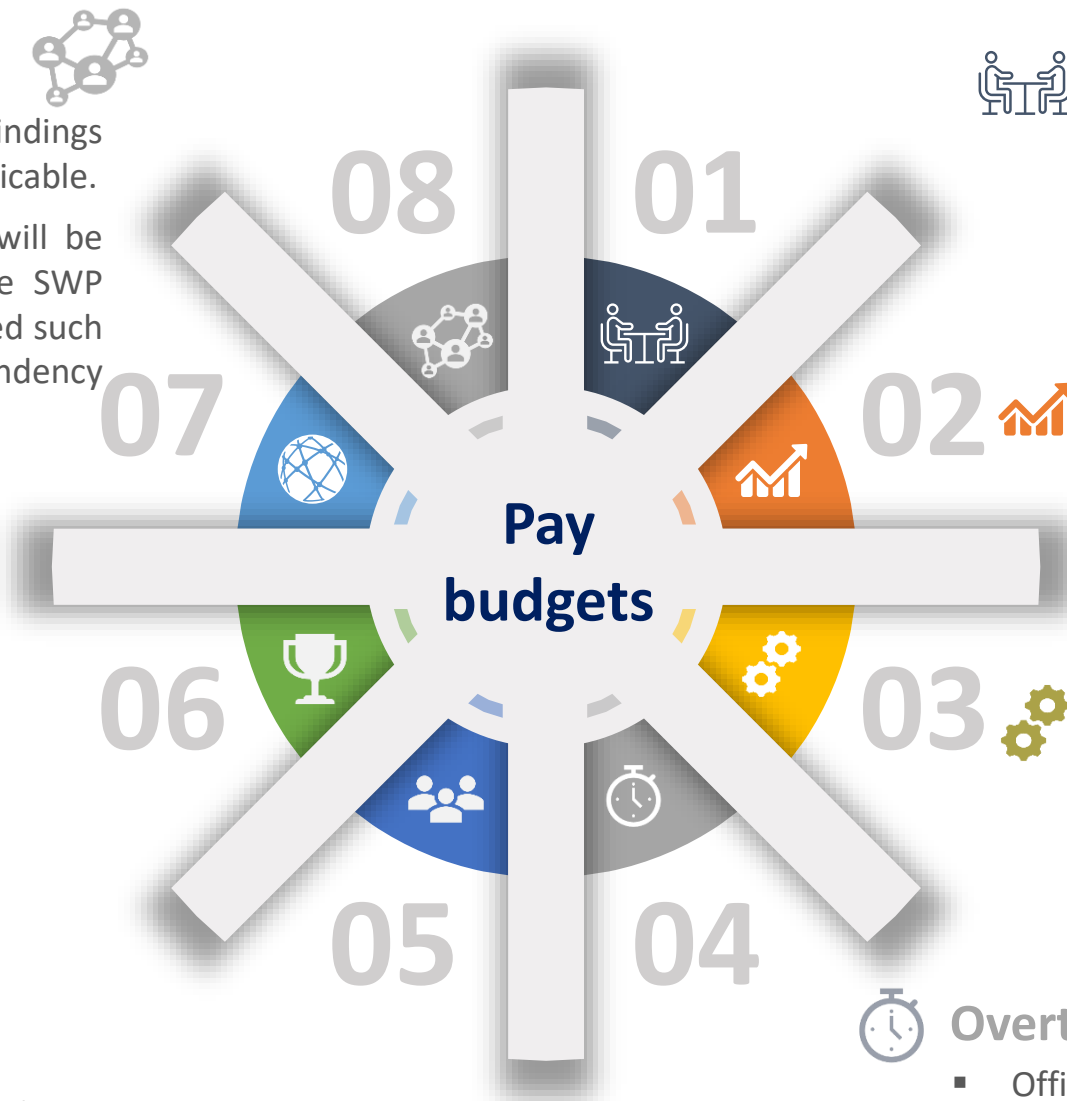
- Impact of cashable staff savings.
- Reform funded posts moving to BAU.

Significant events

- COP26 – assumption on advance recruitment.
- Brexit – potential impact.

Officer numbers

- Budgeting assumption to be agreed.
- Assumed attrition and intakes to be modelled working in P&D to estimate.



Pay awards

- Officer and staff current agreements both expire on 31 March 2021.
- PSCP is unknown and negotiations are ongoing.

Increments

- Officers assumed to be self-funded.
- Staff – SPRM progression built into budgets. Recurring impact will be reflected in budgets.

Turnover

- Current low staff turnover. Estimates required to be made with assumptions agreed through the governance process.

Overtime

- Officers – core overtime to be distributed based on DCC's agreed allocation model and non-core overtime based on zero-based build associated with income.
- Staff – zero-based budget build.

Budgeting approach: *non-pay*

- ❑ Non-pay budgets will continue to be developed using a zero-based budgeting approach with lessons learned from the previous year's exercise including expanding the use of the matrix budgeting method.
- ❑ Whilst this is a zero-based build it is important that the poor economic context is considered and budgets reflect only what is required to deliver current services to agreed standards. In addition the recurring net impact of COVID-19 should also be reflected.

Background

- Non-pay costs represent 14% of the current gross expenditure budget compared with 22% for all UK police forces. Historically, savings have focused on reducing and salami slicing non-pay budgets whilst preserving officer budgets. A large proportion of the remaining non-pay budgets are relatively fixed in the short term.
- In 2020-21 a zero-based budgeting approach was adopted which highlighted an additional £20m of non-pay budget required to begin to address operational issues which was approved. Furthermore, the COVID-19 pandemic has impacted on non-pay costs. Additional cleaning and PPE costs are required, however, there are savings from areas such as reduced travel which are expected to be recurring.

Matrix budgeting approach

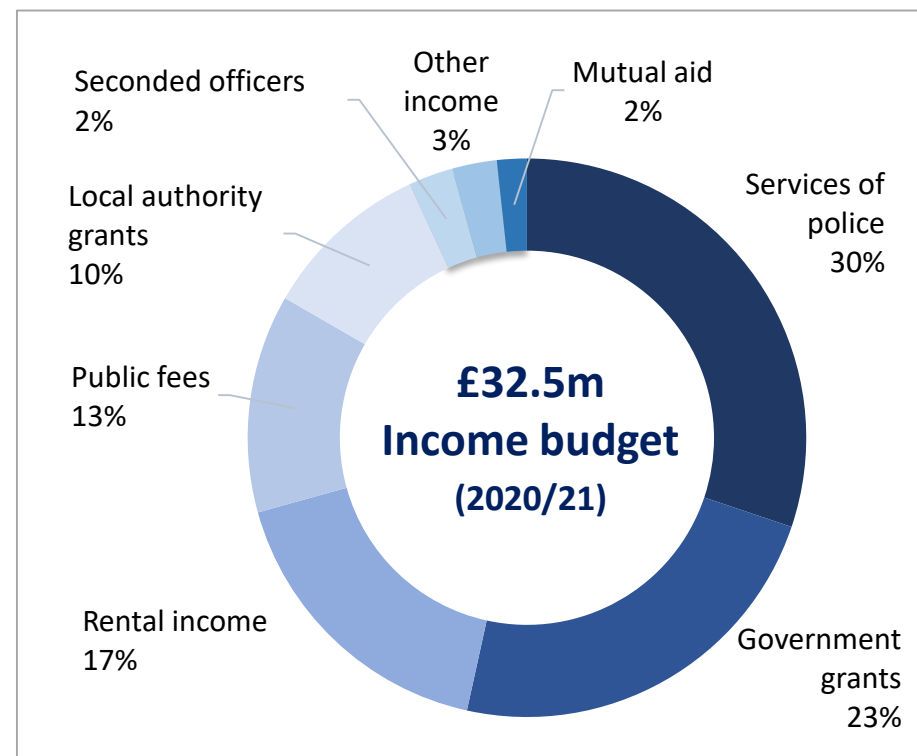
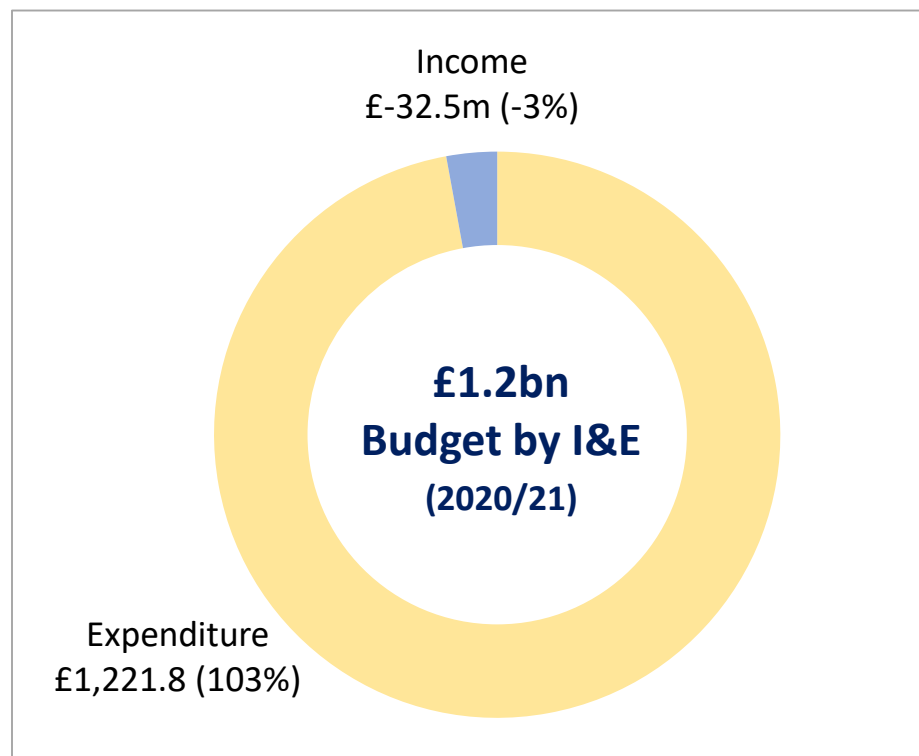
- A matrix approach will be taken for budget lines that are common across the organisation, for example fuel and stationery. Although these budgets are fully devolved to budget holders, one member finance staff will take responsibility for leading on the budget build across the organisation.
- Local finance business partners still have overall responsibility for liaison with budget holders, but they will work with a finance lead who will develop a detailed understanding of that particular expenditure area.
- This approach ensures that budgets are prepared on a consistent basis and avoids duplication of work across finance teams.

Requirements

- A zero-based approach will be used to determine the budget requirement. It is the responsibility of each budget holder to assess, prioritise and plan the budget requirements for their area.
- The zero-based build should provide an estimate of the cost of providing the **current level of service to agreed standards**. This process **is not** a vehicle to seek growth or enhanced service levels.
- Furthermore it is expected that the **recurring impact of COVID-19 is considered as part of the build**. It is expected that recurring savings and costs should be reflected in the zero-based build.
- Budget lines should be constructed in sufficient detail to allow a complete understanding of the overall cost base. This includes rationale for each budget and the operational impact if the proposed budget is not approved. A *de minimus* limit is of £50,000 has been set for providing detailed explanations.
- Finance staff from the business partnering and business intelligence teams, will work closely with budget holders and other key contacts to understand the overall cost base and any issues that may have an impact on the assessment of the budgetary requirement with a matrix approach taken for many budget lines.

Budgeting approach: *income*

- ❑ There are pressures across almost all income budgets due to COVID-19 restrictions or the financial challenges being experienced by partner bodies.
 - ❑ A zero-based budgeting approach will be adopted and developments will continue to be closely monitored throughout the process.
- Income represents 3% of the total budget, £32.5m in 2020/21 reduced by ~£8m net due to COVID-19 cancelled events. Actual income in 2013/14 was £59m which has reduced to £32.5m (equivalent to £40.5m before COVID-19).
 - In 2021/22 significant uncertainties are expected in income budgets:
 - other public bodies, including councils, are under their own significant financial pressures;
 - event income, including sports events, is highly uncertain given COVID-19 restrictions; and
 - airports income is expected to be suppressed for a number of years.
 - Finance will continue to adopt a zero-based approach to setting income budgets linking income budgets with the associated direct costs. Furthermore, a matrix approach will also be adopted for each income stream to ensure consistent assumptions are adopted.
 - It may take some years for income to return to pre COVID-19 levels, if at all. Where there is uncertainty over the continuation of an existing income stream but no confirmation of a change in income the budget should be retained but a risk or threat should be highlighted. As the budget setting process progresses and COVID-19 restrictions evolve, income budgets will be regularly reviewed.



Forensics & SPA corporate

- ❑ Finance will support the budget setting process across Police Scotland, Forensic Services and the SPA's corporate body.
- ❑ Further considerations relating to Forensics and SPA transformation will be considered.

Forensics services

- The forensic services 2026 strategy outlines a phased approach to improve the service.
- The service is completing phase one and moving to phase two (an enhanced operating model). An initial business case has been presented to the July 2020 SPA Forensic Services Committee and a full business case is expected to be presented in Autumn 2020.
- Whilst the FBC is under development, it is expected to seek an option that will require capital and reform investment to deliver an enhanced operating model. Whilst changes are expected in the composition of the revenue budget, it is **not anticipated** that there will be a **material change in the overall revenue budget requirement** (excluding BAU pay awards / progression).

SPA corporate

- Work to establish a strategic, assertive and outward facing SPA structure has been ongoing for a number of months and a proposal for a new structure, was supported by the Board in May 2020.
- The function is currently going through the formal consultation process which is expected to be fully completed and implemented by the end of the current financial year. The proposals are expected to be affordable and **cost neutral compared with the current budget**, however, reform funding will be required to fund any VR VER upon completion of the process.
- Whilst the move will lead to an increase in staff numbers this is effectively filling current vacancies or roles currently filled by temporary appointments and secondments.

Forensic Services 2026 strategy phases

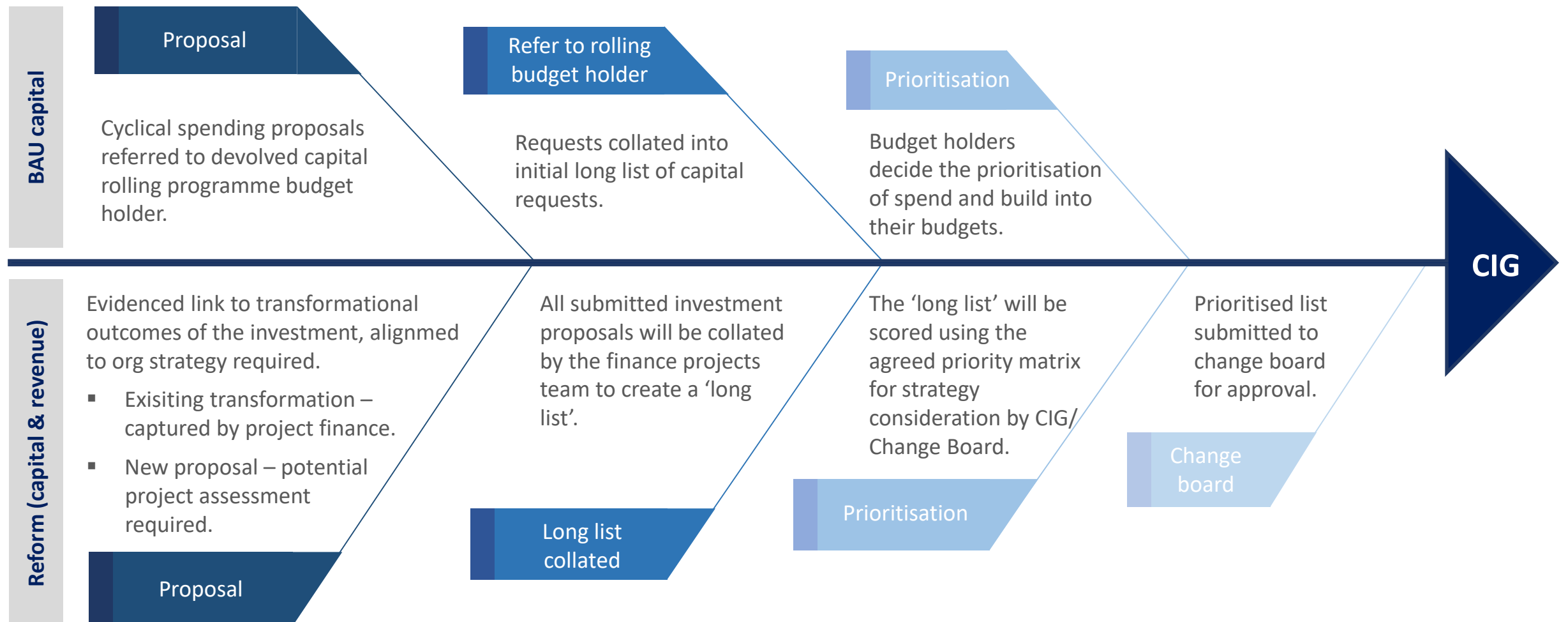
1 ➤ **2018-20:**
Increasing capacity, improving utilisation and demonstrating value (ends April 2020)

2 ➤ **2020-23:**
Transitioning to an enhanced operating model and enabling infrastructure

3 ➤ **2023-26:**
Investment and innovation, introducing new forensic science techniques

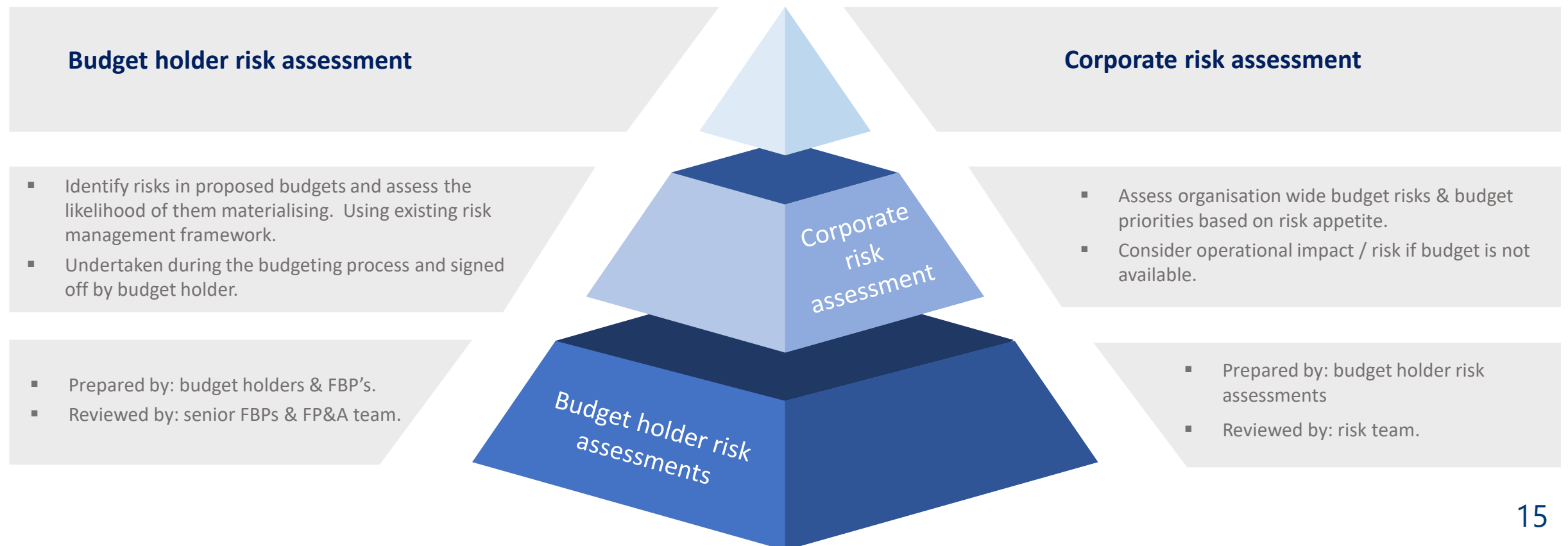
Capital & reform approach

- ❑ The investment budgeting approach considers the BAU capital requirements and transformational reform budgets requirements.
 - ❑ Historically business cases have exceeded the available capital and reform funding and proposals will be scrutinised and prioritised within the available funding.
- In March 2020 we submitted a strategic business case for investment to the SG for the next three to five years. The case outlines the need for **£459.6m investment over five years**. As a result of the ongoing COVID-19 pandemic the investment priorities of the SG are likely to change.
 - The following diagram summarise our investment budgeting approach for 2021/22. Both capital and reform proposals will be presented to the Capital Investment Group for consideration, challenge and approval. The revenue consequences of capital investment decision will also be outlined and incorporated in revenue budget proposals. This prioritisation and approval process is in advance of final internal and SPA approval process.



Risk assessment

- ❑ In addition to service areas budget submission a risk assessment should be provided for all budget areas. This seeks to capture budget risk which will include changes to budget assumptions and the potential for additional unbudgeted costs.
 - ❑ Budget holder risk assessments will be used to inform a service wide corporate risk assessment, independently reviewed by the risk team. This will outline the operational consequences if the requested budget is not provided and can be used to inform decision making.
- Budget assumptions applied in the budget process must be as relevant and accurate as possible at the time the budget is set. In addition to preparing detailed zero-based budgets risk assessments will be undertaken to test the robustness of proposals and to identify key factors which may impact on proposed budgets.
 - There is an element of risk attached to all budgets and the service must accept a degree of risk in its approved budget which is managed throughout the financial year.
 - The purpose of identifying these risks is to assess the likelihood of them materialising and the consequent impact. From these assessments, plans can be developed to manage or mitigate. The operational risk assessment can also be used to inform how budgets are allocated or prioritised where there is finite funding available.



Ownership & accountability

High level responsibility

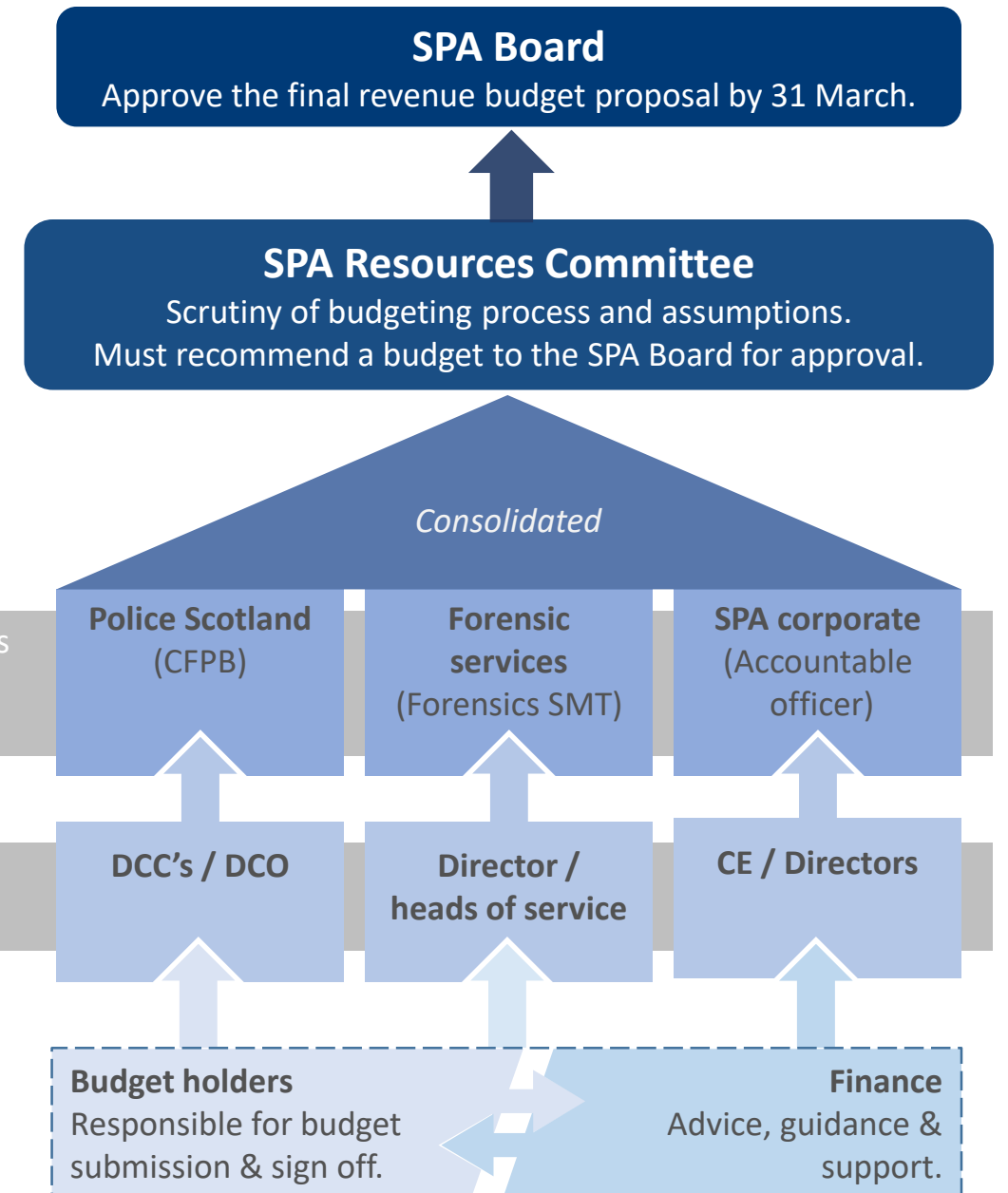
- The SPA Board sets the overall annual budget and holds management to account for delivery.
- Responsibility for developing the budget lies with the Chief Constable, Director of Forensic Services and Accountable Officer. This responsibility is delegated to the Deputy Chief Constables, Deputy Chief Officer and Heads of Service/ Function for the purposes of delivering policing, forensics and support services across the country.
- The organisation operates devolved budget management which places responsibility for the management of resources on those who have control over spending decisions. This means that budget holders are the responsible owners of the budget. Further detail is included in the appendix.

Detailed budgets

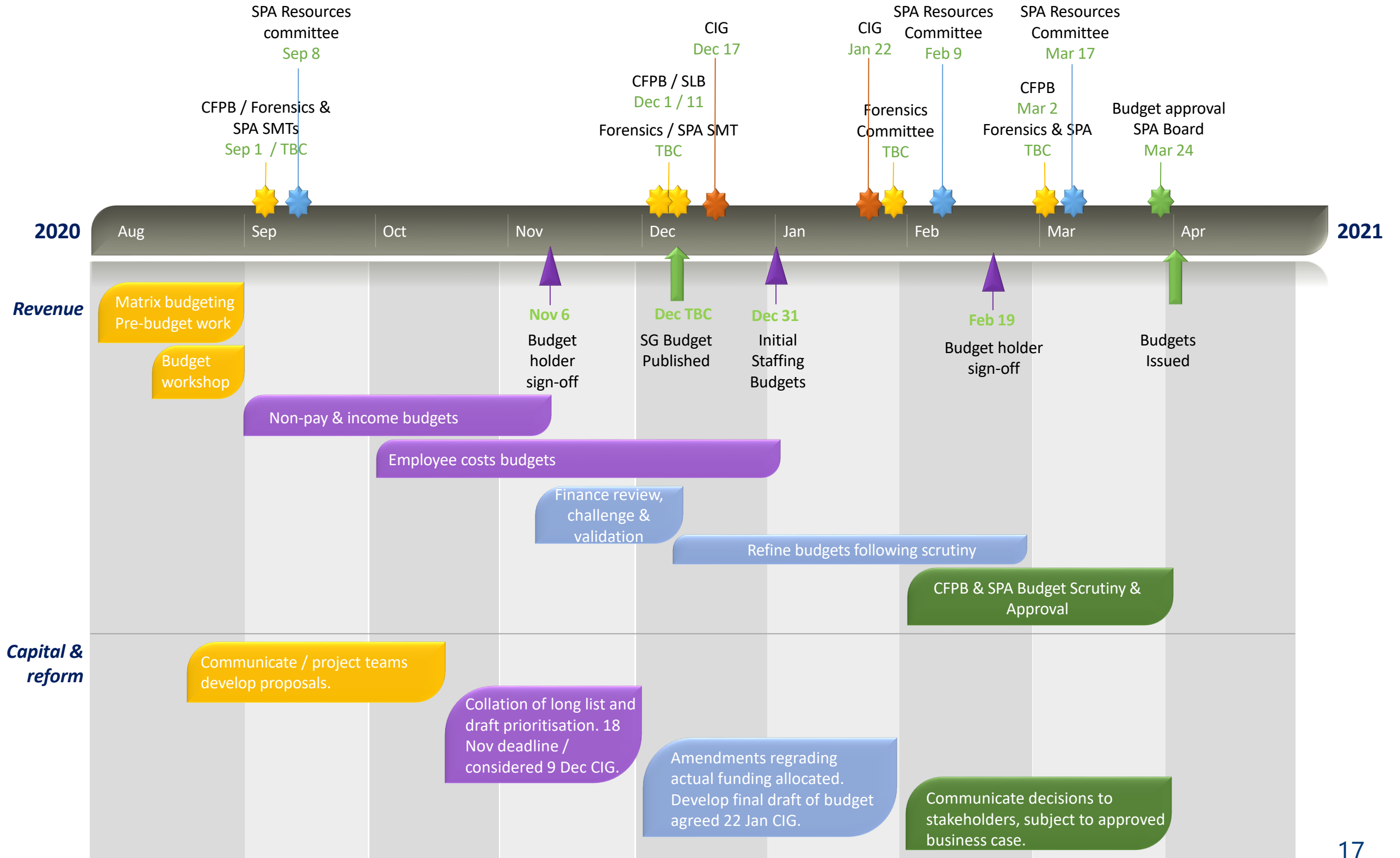
- Detailed budgets are prepared by finance working collaboratively with budget holders.
- Whilst finance staff provide advice, guidance and support to budget holder they are ultimately responsible for their budget submission and are required to **formally sign-off on the budget proposal**.
- Further detail is included in the appendix.

Budget monitoring

- The approved budget will be monitored throughout the financial year with regular financial monitoring reports presented to all budget holders and committees charged with financial management.
- The services budget management guidelines provide further detail on the system of budget monitoring and control.



Budget setting timetable



Long term financial planning approach

Long term financial planning

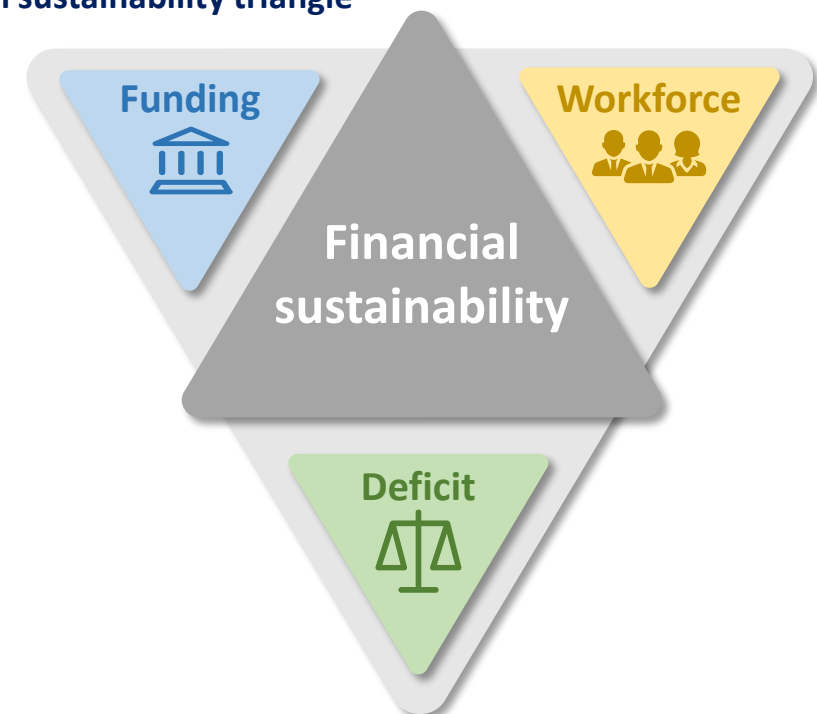
- ❑ Long term financial plans set the context for annual budget setting. The SPA continues to have a structural deficit and does not have an agreed route to achieving financial balance.
- ❑ The long term financial strategy is dependent on the output from the strategic workforce plan and to a lesser extent revisions to other strategies to incorporate learning from the COVID-19 pandemic.

- Previous long term financial plans have provided a route to balancing the revenue budget but all have required both officer and staff reductions.
- To achieve financial sustainability the service must address **both** the **current structural deficit** and also be able to fund **ongoing inflationary pressures**.

- | | |
|---|---|
| i. Address the structural deficit | - <i>One-off funding correction.</i> |
| | - <i>Significant reduction to the workforce.</i> |
| ii. Fund ongoing pressures (mainly pay) | - <i>SG funding to match pay pressures.</i> |
| | - <i>Reduce the workforce to self-fund pressures.</i> |
| | - <i>Reduce pressures ie lower / no pay awards.</i> |

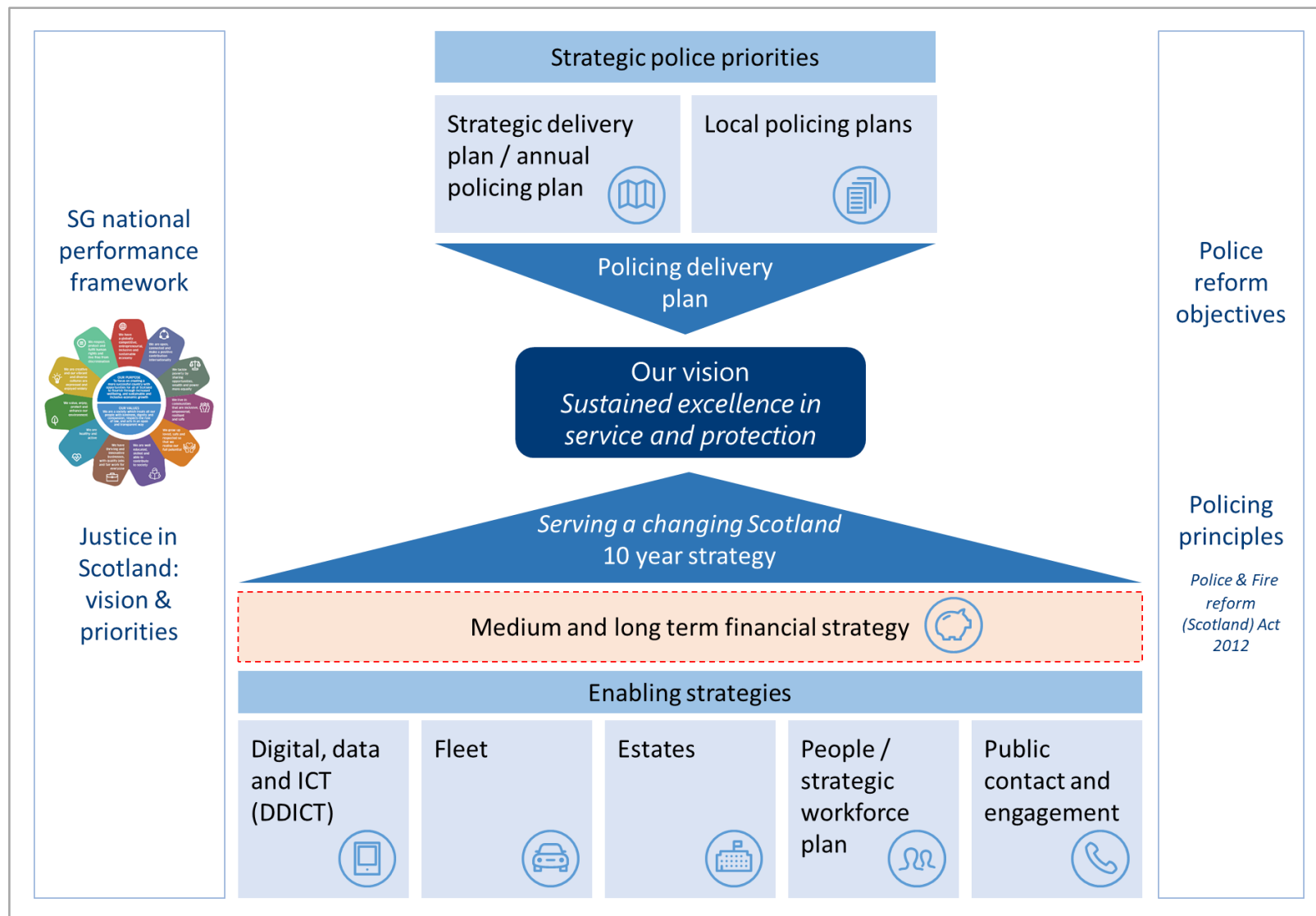
- The financial sustainability triangle illustrates the fundamental trade-off between SG funding, workforce and the deficit. Detailed modelled will be undertaken which outlines the key variables.
- In August 2020 an initial financial planning workshop was undertaken with SPA Members. This will be further developed and presented through internal governance and SPA Resources committee in September 2020 with a revision to the long term financial strategy to be completed by the end of the financial year.

Financial sustainability triangle



Supporting strategies

- The SPA published its long term strategy for policing in Scotland – ‘Policing 2026 – serving a changing Scotland’. This strategy is ambitious and sets out how policing will transform to meet emerging needs and projected demands over the next decade.
- The overall ‘serving a changing Scotland’ strategy has been developed in more detail through a number of key enabling strategies. The financial strategy is required to bring together the level of investment required to deliver the objectives ‘serving a changing Scotland’ as detailed within the key enabling strategies. This includes service improvements, strategic aims and efficiencies required to deliver a balanced budget.
- Medium and long term financial plans rely on the delivery of up to date supporting strategies. In particular there is a fundamental dependency on the strategic workforce plan to provide a long term view of the future size and shape of the workforce. The SWP is not fundamental to the delivery of the 2021/22 budget.



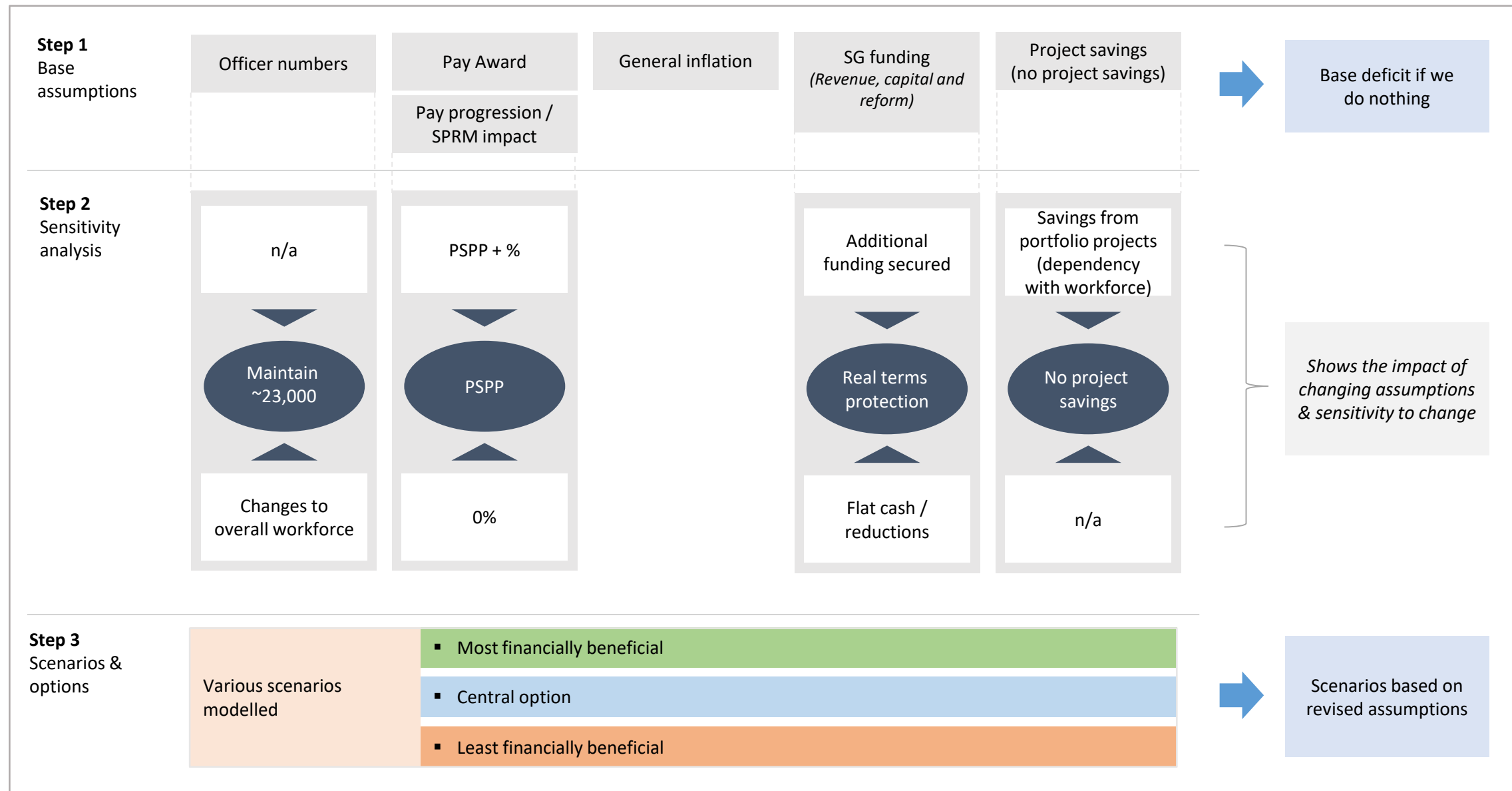
COVID-19 impact

- Changes since the COVID-19 pandemic require the service to reconsider how it operates.
- Key supporting strategies will require to be refreshed to reflect learning from this situation and the ‘new normal’.
- Whilst short term changes have been made to respond to COVID-19, how the service responds and changes how staff work in the long term ie remote working and office requirements has yet to be worked out.

Approach to long term financial modelling

This diagram provides a summary of our approach to medium and long term financial planning. There are broadly three key steps in our modelling process and this diagram aims to provide a high level summary of the approach.

- Step 1 - base assumptions - this illustrates what the deficit would be if we did nothing.
- Step 2 - sensitivity analysis - highlights the financial impact of varying assumptions.
- Step 3 - scenarios & options - brings together scenarios with options showing combinations of different assumptions.



Appendices

Roles & responsibilities

Role	Responsibility in budgeting process	Responsibility in long term financial planning process
Budget Holder	<p>Read and understand the budget strategy and budget setting guidelines (this will be supported by Finance Business Partners).</p> <p>As budget holder, take responsibility for the budget submission with regard to their accountable business area(s), working collaboratively with Finance through the budget planning process. It is the sole responsibility of budget holders for budget submission. The role of finance is to provide advice, guidance and support to budget holders.</p> <p>Agree proposed budget allocation through the formal budget sign off process.</p>	<p>Read and understand the long term financial planning strategy.</p> <p>Ensure that medium and longer term financial considerations are considered and communicated to finance.</p>
Supporting strategies – executive lead	<p>Leading on the entire financial planning process including providing advice, guidance and support to finance staff, budget holders and the SPA.</p> <p>Preparation of the detailed and flexible financial planning tool to underpin all financial plans.</p> <p>Understand and shape the development of supporting strategies ensuring they are integrated into financial planning.</p> <p>Conduct financial modelling based on assessed risks and sensitivities.</p> <p>Ensure that medium and longer term financial planning is closely linked to short term financial plans and operational objectives.</p> <p>Ensure that the financial strategy complies with Scottish Government requirements, Best Value and audit recommendations as appropriate</p> <p>Ensure that key stakeholder are kept informed with the process.</p> <p>Ensure an approach of positive challenge is taken and that value for money is being considered throughout.</p>	
Finance Business Partners, with support from Business Intelligence.	<p>Issue guidelines and timetable which set the requirements for the budget setting process.</p> <p>Provide advice, guidance and support to budget holders in:</p> <ul style="list-style-type: none"> ▪ developing budget plans; ▪ quantifying budget pressures and growth; ▪ formulating savings proposals, and ▪ budget phasing. <p>Deliver a structured programme in respect of the budget setting process.</p> <p>Provide financial information to assist budget holders in developing their budgetary requirements throughout the budget setting process.</p> <p>Ensure an approach of positive challenge is taken and that value for money is being considered throughout.</p> <p>Bring a corporate approach to the exercise, continually raising awareness of the extent of the budget challenge.</p> <p>Business Partners to be satisfied with the final budget submissions and to ensure final sign-off by the budget holders.</p>	<p>Read and understand the long term financial planning strategy.</p> <p>Provide advice, guidance and support to budget holders and continually raising awareness of the extent of the budget challenge.</p> <p>Ensure that medium and longer term financial implications are considered and communicated to the strategic planning finance team.</p> <p>Discuss with budget holder their medium term plans, gaining an understanding of their nature and potential impact communicating this to the strategic financial planning team.</p> <p>Ensure that the effect of all business investment decisions are fully costed (savings and costs) with full detail provided to the strategic planning team.</p>

Roles & responsibilities (*continued*)

Role	Responsibility in Budgeting Process	Responsibility in long term financial planning process
DCC/ DCO	<p>As ultimate budget holders approve all budget submissions.</p> <p>Take ownership for the budget for his/her portfolio by signing off the final proposed budget allocation</p>	<p>As ultimate budget holders approve all budget submissions (including savings, pressures and growth estimates)</p> <p>Take ownership for the budget for his/her portfolio by signing off the final proposed budget allocation</p>
Chief Financial Officer	<p>Ensure structured, controlled framework is in place for developing the budget</p> <p>Provide advice on developing and managing a budget within available resources</p> <p>Issue timely and relevant reports to SPA Resources Committee and Board on the robustness of the budget estimates</p> <p>Set out the financial risks pertaining to the budget</p> <p>Ensure that the budget complies with statute, accounting standards/codes of practice, Scottish Government requirements, Best Value and audit recommendations as appropriate</p>	<p>Ensure structured, controlled framework is in place for developing the financial strategy.</p> <p>Provide advice on developing and managing the financial strategy within available resources.</p> <p>Issue timely and relevant reports to SPA Resources Committee & Board on the robustness of the budget estimates</p> <p>Set out the financial risks pertaining to the financial strategy.</p> <p>Ensure that the budget complies with statute, accounting standards/codes of practice, Scottish Government requirements, Best Value and audit recommendations as appropriate</p>

Roles & responsibilities (*continued*)

Role	Responsibility in Budgeting Process	Responsibility in long term financial planning process
CFPB (Police Scotland) Forensics SMT Accountable Officer (SPAC)	<p>Consider and approve as appropriate:</p> <ul style="list-style-type: none"> ▪ budget approach and timetable; ▪ budget assumptions; ▪ proposed budgets; and ▪ budget reports to SLB and SPA. <p>Recommend a budget to the SPA Resources Committee for approval.</p>	<p>Consider and approve as appropriate;</p> <ul style="list-style-type: none"> ▪ long term financial planning strategy and timeline; ▪ financial planning assumptions; ▪ risk, demand and sensitivities; and ▪ financial strategy reports to the SPA.
SPA Resources Committee	<p>Approval of budgeting assumptions.</p> <p>Scrutiny of the budgeting process and budget assumptions.</p> <p>Review and consideration of budget reports throughout the process.</p> <p>Must recommend a budget to the SPA Board for approval.</p>	<p>Scrutiny of the long term financial planning process.</p> <p>Approval of long term planning assumptions.</p> <p>Must recommend the long term financial strategy to the SPA Board for approval.</p>
SPA Board	<p>Approve the final proposed revenue budget as appropriate.</p> <p>Ensure the process is complete by 31 March.</p>	<p>Approve the final proposed financial strategy as appropriate</p>
Scottish Government	<p>Advise of grant funding for financial year.</p> <p>Review and consider budget reports as appropriate throughout the budget setting process.</p> <p>Agree / underwrite the proposed deficit.</p>	<p>Advise of grant in aid funding and likely future funding scenarios for modelling.</p> <p>Review and consider financial strategy reports as appropriate throughout the process.</p>