

# TAYSIDE JOINT POLICE BOARD

25 June 2001

Joint Report by the Chief Constable and Treasurer No. PB 30/2001

**SUBJECT: POLICE AND FIRE SERVICES (FINANCE) (SCOTLAND) BILL**

**Abstract: This report apprises members of the terms of the Police and Fire Services (Finance) (Scotland) Bill which was introduced in the Scottish Parliament on 31 May 2001**

## 1. RECOMMENDATION

1.1 It is recommended that the Board:

- (a) note the terms of the Police and Fire Services (Finance) (Scotland) Bill which was introduced in the Scottish Parliament on 31 May 2001; and
- (b) support the objectives of the Bill which will assist the Board in making optimal use of its financial resources

## 2. BACKGROUND

- 2.1 Members will be aware that at present Boards are not permitted to carry forward working balances. It had been hoped that necessary legislation to permit Boards to carry forward working balances would have been in place by now, however that has not been possible due to the crowded legislative programme.
- 2.2 Ministers were of the view however that this concept should be put into practice as far as possible and in 1999/2000 and 2000/2001 they agreed in principle that where individual forces underspent, the unused police grant would be returned to them provided a reasonable case could be made.
- 2.3 The Board successfully bid for a return of some £118,000 of unused police grant for 1999/2000. Proposals to bid for approximately £238,000 of unused police grant as part of an estimated £467,000 underspend in 2000/2001 have been approved by the Board. (Report No. PB 21/2001 - "Bid For 2000/2001 Unused Police Grant" refers).

### **3. CURRENT POSITION**

- 3.1 It is recognised that funding of police forces in Scotland is different to that of other local authority services in that each force has a police authority or joint police board with the responsibility for setting force budgets. The Scottish Executive pays a grant of 51% to cover eligible expenditure up to a cash limit and joint police boards then requisition the balance from their constituent local authorities. Should police expenditure exceed the police grant the joint police board must meet the excess in full while any unspent money is returnable to the Scottish Executive and to the Constituent Authorities as appropriate except that since 1999/2000 temporary arrangements have been in place which allow boards and police authorities to bid for any unused police grant, to be paid in the following financial year.
- 3.2 “Credit to the Force : Funding and Financial Delegation in the Police Service” a joint report by HM Inspectorate of Constabulary and Accounts Commission for Scotland which was published in November 1998 recommended amongst other things that police forces should be allowed to carry forward working balances at the end of each financial year. This report recognised the quandary of forces who as an emergency service must keep in hand sufficient reserves to enable them to meet unusual demands yet wish to ensure budgets are spent as wisely as possible and would not wish to rush to spend money at the end of each year. In recognition of these pressures it was recommended that any carry forward might be limited to a maximum of 3% of a force’s police grant and requisition income. This would enable boards and police authorities to accumulate reserves to help them meet future demands that could not easily be met from a single year’s police grant and requisitions.
- 3.3 The objective of the Police and Fire Services (Finance) (Scotland) Bill is to amend the Police (Scotland) Act 1967 to make provision in relation to police authorities for carrying forward working balances at the end of each financial year, with the consent of the Scottish Ministers and up to a predetermined limit. Such working balances are in effect contributions from Constituent Authorities and police grant paid by the Scottish Ministers which are unspent at the end of the financial year. The Bill achieves this objective in two steps, the first by allowing joint police boards to carry forward unspent monies requisitioned from the Constituent Authorities and the second is to permit both joint police boards and unitary police authorities to carry forward from one financial year to the next unspent police grant.
- 3.4 The proposal therefore is to amend the 1967 Act to allow joint police boards and unitary police authorities to carry forward working balances on the following terms:
- to allow joint boards and unitary police authorities to carry forward working balances at year end;

- to make the carry-forward of requisitioned money subject to the consent of the police authority itself, which may elect to carry forward all or some (or none) of the available money subject to an upper limit;
- to make the carry-forward of police grant, and of requisitioned money, subject to the approval of the Scottish Ministers;
- an upper limit to be set (currently to be 3% of a force's police grant and local authority requisitions for a particular year) but to be capable of being varied by a statutory instrument subject to negative resolution. The limit may be changed by varying the percentage limit to another percentage value; and
- to allow the carry-forwards to accumulate year on year without limit

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 Implementation of the Bill would assist in making the financial regime under which forces operate as flexible as possible and enable them to make optimal use of their financial resources

#### **5. CONSULTATION**

- 5.1 The Clerk has been consulted in the preparation of this report

#### **6. CONCLUSION**

- 6.1 The Scottish Executive recognise that the funding of police forces in Scotland is different to that of other local authority services in that each force has a police authority or joint police board with the responsibility of setting force budgets. The Scottish Executive pays a grant of 51% on eligible expenditure up to a cash limit. Arrangements exist whereby if police expenditure exceeds the police grant the police authority or joint board must meet the excess. The provisions of section 19 of the Police (Scotland) Act 1967 preclude the carry forward of unspent requisitions by joint police boards.
- 6.2 As a consequence of this there may be unnecessary inefficiencies and the possibility of a rush to spend at the end of the year rather than the more careful longer term planning of expenditure which the ability to carry forward working balances will encourage. It is recognised that at a time when police resources are having to meet a number of demands, it is sensible to make the financial regime under which forces operate as flexible as possible.

6.3 The Police and Fire Services (Finance) (Scotland) Bill seek to address these anomalies and it is recommended that the Board support the objectives of the Bill which will assist the Board in making optimal use of its financial resources.

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NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.