

SCOTTISH POLICE SERVICES AUTHORITY

May 2008

FINANCIAL MEMORANDUM

SPSA 0009

SCOTTISH POLICE SERVICES AUTHORITY

FINANCIAL MEMORANDUM

PART ONE: INTRODUCTION

1 The Scottish Police Services Authority (“SPSA”) has a vital role in providing expert support and police services to Scotland’s police and criminal justice community. The SPSA also has a duty to establish and maintain the Scottish Crime and Drug enforcement Agency. Working closely with its partners, SPSA will strive to continually enhance the services it provides to policing in Scotland.

2 This financial memorandum has been drawn up by the Scottish Government’s Police & Community Safety Directorate (the sponsor Directorate), in consultation with the Scottish Police Services Authority, an executive Non-Department Public Body, whose head office is currently based at Elphinstone House, 65 West Regent Street, Glasgow.

3 The management statement sets out the broad framework within which SPSA and SCDEA will operate, in particular:

- SPSA’s overall aim, objectives and targets in support of the Scottish Ministers’ wider strategic aims;
- the rules and guidelines relevant to the exercise of SPSA and SCDEA’s functions, duties and powers;
- the conditions under which any public funds are paid to SPSA;
- how SPSA is to be held to account for its performance.

4 The financial memorandum sets out in greater detail certain aspects of the financial framework within which SPSA is required to operate.

5 The financial memorandum, contained in part two of this document, and the associated management statement do not convey any legal powers or responsibilities.

6 The financial memorandum shall be reviewed and updated periodically by the sponsor Directorate, normally at least every 2-3 years.

8 SPSA, or the sponsor Directorate, may propose amendments to the document at any time. Any such proposals by SPSA shall be considered in the light of the Scottish Ministers’ policy aims, operational factors and SPSA’s performance. The guiding principle shall be that the extent of flexibility and freedom given to SPSA shall reflect both the quality of its internal controls and its operational needs. The sponsor Directorate shall determine what changes, if any, are to be incorporated in the financial memorandum. Legislative provisions shall take precedence over any part of the financial memorandum.

9 SPSA will aim to satisfy the conditions and requirements set out in the financial memorandum, together with all relevant requirements in the Scottish Public Finance Manual (SPFM) and such other conditions as the Scottish Ministers may from time to time impose. Any question regarding the interpretation of the financial memorandum shall be resolved by the sponsor Directorate after consultation with SPSA.

10 Copies of the financial memorandum are placed in the Scottish Parliament Reference Centre and published on the Scottish Government website. Copies are made available to members of the public via the Authority's publication scheme which is available on the SPSA's website at www.spsa.police.uk, and on request.

**SCOTTISH POLICE SERVICES AUTHORITY
(SPSA)**

FINANCIAL MEMORANDUM

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1 BUDGETING PROCEDURES

1.1 The Portfolio Expenditure Limit (PEL)

1.1.1 SPSA's resource and capital expenditure form part of the sponsor Directorate's Resource PEL and Capital PEL respectively.

1.2 Setting the annual budget

1.2.1 Each year, in the light of decisions by the Scottish Ministers on SPSA's corporate plan (paragraph 4.1 of the management statement), the sponsor Directorate will send to SPSA:

- a formal statement of the annual budgetary provision allocated by the Scottish Ministers in the light of competing priorities across the Scottish Government and of the associated grant in aid and any approved forecast income;
- a statement of the amount to be allocated to the SCDEA; and
- a statement of any planned change in policies affecting SPSA.

1.2.2 SPSA' and SCDEA's annual business plans will take account both of their approved budgetary provision and of any forecast income, and will include a budget of estimated payments and receipts together with a profile of expected expenditure / consumption of resources and of draw-down of grant in aid and other income over the year. These elements will form part of the business plan for the year in question (paragraph 4.2.1 of the management statement).

1.2.3 Grant in aid provided by the Scottish Ministers for the year in question will be included in the annual Budget Act and will be subject to approval by the Parliament.

1.3 Transfers of budgetary provision

1.3.1 All transfers of budgetary provision between resource and capital budgets and between "cash" and "non-cash" headings require the prior approval of the sponsor Directorate. Other transfers between main budget headings may be undertaken without the prior approval of the sponsor Directorate.

1.4 End-year flexibility

1.4.1 Under the Scottish Government's end-year flexibility (EYF) arrangements SPSA may, subject to the approval of the sponsor Directorate, carry forward from one financial year to the next, in part or in full, unused PEL budgetary provision. It is SPSA's under-spending in terms of the use of PEL budgetary provision rather than of grant in aid that will determine the level of EYF available to be carried forward. SPSA must at the earliest opportunity submit to the sponsor Directorate any proposals for carrying forward budgetary provision. Any such proposals shall be considered by the sponsor Directorate in the light of competing priorities.

1.5 Authority to spend

1.5.1 Once SPSA's budget has been approved by the sponsor Directorate and subject to any restrictions imposed by Statute, the Scottish Ministers, the management statement and this financial memorandum, SPSA shall have authority to incur expenditure / consume resources without further reference to the sponsor Directorate, on the following conditions:

- SPSA shall comply with the specific delegations set out in Appendix A. These delegations shall not be altered without the prior agreement of the sponsor Directorate;
- SPSA shall comply with the conditions set out in this financial memorandum regarding novel, contentious or repercussive proposals and with any relevant guidance in the Scottish Public Finance Manual (SPFM);
- inclusion of any planned and approved expenditure in SPSA's budget shall not remove the need to seek formal Portfolio approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and
- SPSA shall provide the sponsor Directorate with such information about its operations, performance, individual projects or other expenditure as the sponsor Directorate may reasonably require.

1.5.2 If SPSA has any doubts about the regularity of proposed expenditure it shall consult the sponsor Directorate before any commitment is made.

2 SPSA's INCOME

2.1 Grant in aid

- 2.1.1 Grant in aid towards SPSA's activities is controlled by the Scottish Ministers from a Portfolio budget on such terms and conditions as are set out in the letter notifying the annual grant-in-aid settlement (see paragraph 1.2.1).
- 2.1.2 Grant in aid will normally be paid to SPSA in monthly instalments, on the basis of a written application from the Authority showing evidence of need. The application shall provide the sponsor Directorate with, as a minimum, information, which will enable the satisfactory monitoring by the sponsor Directorate of:
- SPSA's cash management;
 - actual and forecast outturn of expenditure of grant in aid;
 - actual and forecast outturn of expenditure / consumption of PEL budgetary provision by main budget headings.
- 2.1.3 A template of the claim form to be used by SPSA to claim its monthly grant in aid is shown at Appendix B. This form will normally be submitted to the sponsor Directorate not less than 5 days before the date on which the monthly grant in aid payment is due. The form will be signed by the SPSA's Head of Finance or by the substitutes noted in the delegated authorities outlined at Appendix A.
- 2.1.3 Grant in aid should not be paid out in advance of need. Cash balances accumulated during the course of the year from grant in aid shall therefore be kept at the minimum level consistent with the efficient operation of SPSA. No grant in aid shall be paid into any reserve held by the NDPB.

2.2 Borrowing

- 2.2.1 Borrowing cannot be used to increase SPSA's spending power. All borrowing by SPSA - excluding agreed overdrafts - shall be from the Scottish Ministers in accordance with guidance in the Borrowing, Lending & Investment section of the SPFM.

2.3 Maximising income from other sources

- 2.3.1 SPSA shall seek to maximise income from other sources provided that this is consistent with the Authority's main functions and its corporate plan as agreed by the Scottish Ministers. Proposals for new sources of income or methods of fundraising should be cleared with the sponsor Directorate.

2.4 Receipts from the EC

- 2.4.1 SPSA should ensure that the sponsor Directorate is informed of all potential EU funding so that there can be a full assessment of the implications of such funding for the Scottish Government. Structural Funds claimed by SPSA via the Scottish Government score against the Scottish Government's Portfolio Expenditure Limit (PEL) and any proposals must therefore be considered by the Scottish Ministers together with all other pressures on resources. See the guidance in the EU Funding section of the SPFM.

2.5 Fees and charges

- 2.5.1 Fees or charges for any services supplied by SPSA shall be determined in accordance with the Fees & Charges section of the SPFM.

2.6 Receipts from sale of goods or services

2.6.1 Receipts from the sale of goods and services, rent of land, and dividends may be used to provide additional spending power subject to them being included in the approved budget.

2.7 Interest earned

2.7.1 Interest earned by SPSA on cash balances may be used to provide additional spending power subject to it being included in the approved budget.

2.8 Proceeds from disposal of assets

2.8.1 Disposals of land and buildings are dealt with in section 7.2 below.

2.9 Gifts, bequests and donations

2.9.1 SPSA is free to retain any gifts, bequests or similar donations. These shall be treated as receipts that, where appropriate, can be used to increase spending power. Note: Donated assets do not attract a cost of capital charge, and a release from the donated assets reserve should offset depreciation in the operating cost statement.

2.9.2 Before proceeding in this way SPSA shall consider if there are any associated costs in doing so or any conflicts of interests arising. The Authority will keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

2.10 Unforecast changes in in-year income used to provide additional spending power

2.10.1 If income realised or expected to be realised in-year is less than estimated, SPSA shall, unless otherwise agreed with the sponsor Directorate, ensure a corresponding reduction in its gross expenditure so that the authorised budget is not exceeded.

2.10.1 If income realised or expected to be realised in-year is more than estimated, SPSA may apply to the sponsor Directorate to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant in aid. The sponsor Directorate shall consider such applications, taking account of competing demands for resources. If an application is refused grant in aid shall be correspondingly reduced.

3 SPSA's EXPENDITURE: GENERAL PRINCIPLES

3.1 Delegated authority

- 3.1.1 SPSA shall not, without prior approval of the sponsor Directorate, enter into any undertaking to incur any expenditure, which falls outside the specific limits on its delegated authority as set out in Appendix A.
- 3.1.2 Submissions for approval of expenditure or projects above delegated limits should be made by the Chief Executive.

3.2 Appraisal and Evaluation

- 3.2.1 All expenditure proposals shall, so far as appropriate, be subject to the guidance in the Appraisal and Evaluation section of the SPFM.

3.3 Procurement

- 3.3.1 SPSA's procurement policies shall reflect relevant guidance in the Procurement section of the SPFM. Procurement should be treated as a key component of achieving the SPSA's objectives, as well as a means of finding the most cost-effective method for securing the quality of assets and/or services. SPSA shall also ensure that it complies with any relevant EU or other international procurement rules.

3.4 Competition

- 3.4.1 All contracts, whether for works, consultancies, goods or services, shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall. SPSA shall establish and maintain internal instructions which ensure that the number of tenders sought for each contract is consistent with best practice in this area of activity.
- 3.4.2 Proposals to let single-tender or restricted contracts above the relevant delegated limit in the attached Appendix must be submitted to the sponsor Directorate for approval.
- 3.4.3 Each year, SPSA shall prepare a report for the sponsor Directorate providing details of its procurement activities including contract tendering.

3.5 Value for money

- 3.5.1 Procurement by SPSA of works, equipment, goods and services shall be based on value for money, i.e. quality (in terms of fitness for purpose) and delivery against price. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.
- 3.5.2 SPSA shall draw up a programme for efficiency improvements across the whole range of its activities. This will be updated each year as part of the corporate and business planning process.

3.6 Timeliness in paying bills

- 3.6.1 SPSA shall pay all matured and properly authorised invoices in accordance with the terms of contracts or within 30 days, as provided for in the Payments section of the SPFM.

3.7 Novel, contentious or repercussive proposals

3.7.1 SPSA shall obtain the approval of the sponsor Directorate before:

- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the sponsor Directorate;
- making any change of policy or practice which has wider financial implications (eg because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required.

3.8 Risk Management

3.8.1 SPSA shall ensure that the risks, which it faces, are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Risk Management section of the SPFM.

3.8.2 SPSA shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Fraud section of the SPFM.

3.8.3 SPSA shall take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract.

4 EXPENDITURE ON BOARD MEMBERS

- 4.1 Remuneration, allowances and expenses paid to Board Members must comply with specific guidance on such matters issued by the Scottish Ministers.
- 4.2 Arrangements for payments to Board Members are described in Appendix C.

5 EXPENDITURE ON STAFF

5.1 Staff costs

- 5.1.1 The Chief Executive, as Accountable Officer, is responsible for determining the number of staff required and the most appropriate organisational structure to deliver its remit economically, efficiently and effectively within the resources available to it. However, any major changes in staff numbers or organisational structure must be approved in advance by the sponsor Directorate.

5.2 Pay and conditions of service

- 5.2.1 The SPSA shall submit to the sponsor Directorate for approval (normally annually unless a multi-year deal has been agreed) a pay remit within the terms and conditions set out in the Scottish Government's Public Sector Pay Guidance and negotiate a pay settlement within the terms of the subsequently agreed remit. Proposals on non-salary rewards must comply with the guidance in the Non-Salary Rewards section of the SPFM. SPSA shall comply with the EU directive on contract workers "Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)". The terms and conditions of the Chief Executive are subject to a separate approval exercise.

5.3 Pensions, redundancy / compensation

- 5.3.1 Superannuation arrangements for staff are subject to the approval of the sponsor Directorate. SPSA's staff shall normally be eligible for a pension provided by admittance to the Local Government Pension Scheme (LGPS);
- 5.3.2 Staff may opt out of the occupational pension scheme provided by SPSA. However, the employer's contribution to any personal pension arrangement shall be limited to the national insurance rebate level.
- 5.3.3 Any proposal by SPSA to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the sponsor Directorate. Proposals on severance payments must comply with the guidance in the Severance etc section of the SPFM.

6 NON-STAFF EXPENDITURE

6.1 Capital expenditure

- 6.1.1 Subject to being above SPSA's capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis. Expenditure to be capitalised shall include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.
- 6.1.2 Proposals for large-scale individual capital projects or acquisitions will normally be considered within SPSA's corporate planning process and within the context of its long-term estate strategy. Any such project shall be subject to the guidance in the Major Investment section of the SPFM and, where appropriate, the Construction Procurement Manual published by the Scottish Government's Construction Advice and Policy Division.

6.2 Lending, guarantees, indemnities, contingent liabilities, letters of comfort

- 6.2.1 SPSA shall not, without the sponsor Directorate's prior consent, lend money, charge any asset or security, give any guarantee - excluding a guarantee of a standard type given in the normal course of business - or indemnity or letter of comfort, or incur any other contingent liability (as defined in the Contingent Liabilities section of the SPFM), whether or not in a legally binding form.

6.3 Grant or loan schemes

- 6.3.1 Unless covered by a delegated authority, all proposals to make a grant or loan to a third party, whether one-off or under a scheme, shall be subject to prior approval by the sponsor Directorate, together with the terms and conditions under which such grant or loan is made. Guidance on a framework for the control of third party grants is included in the Grant & Grant in Aid section of the SPFM. See also below under the heading Recovery of grant-financed assets.

6.4 Gifts made, write-offs, losses and special payments

- 6.4.1 Proposals for making gifts or other special payments (including write-offs) outside the delegated limits set out in Appendix A must have the prior approval of the sponsor Directorate. Any such proposals should address the considerations listed in the Losses & Special Payments section of the SPFM. Gifts by management to staff are subject to the guidance in the Non-Salary Rewards section of the SPFM.
- 6.4.2 SPSA shall keep a register of all losses and special payments, as defined in the SPFM, and a register of all gifts, including hospitality, that are not special payments. Both registers will be available for inspection by the sponsor Directorate at any time.
- 6.4.3 The Chief Executive shall have particular responsibility for ensuring that appropriate measures are in place to prevent the occurrence of losses, including those resulting from fraud or from theft.
- 6.4.4 SPSA will ensure that appropriate controls are in place to ensure that approval of write-offs and losses is made independently of those people who made the decision leading to the write-off or special payment.

6.5 Leasing

- 6.5.1 Prior Portfolio approval must be secured for all property and finance leases. SPSA must have capital PEL provision for finance leases and other transactions, which are in substance borrowing. Before entering into any lease (including an operating lease) SPSA must demonstrate that the lease offers better value for money than purchase.

6.6 Public / Private Partnerships

- 6.6.1 SPSA shall seek opportunities to enter into Public/Private Partnerships where this would be more affordable and offer better value for money than conventional procurement. Where cash flow projections may result in delegated authority being breached SPSA shall consult the sponsor Directorate. Any partnership controlled by SPSA shall be treated as part of the Authority in accordance with UK GAAP and consolidated with it, subject to any particular treatment required by UK GAAP. See also the guidance in the Public / Private Partnerships section of the SPFM.

6.7 Subsidiary companies and joint ventures

- 6.7.1 SPSA shall not establish subsidiary companies or joint ventures without the express approval of the sponsor Directorate. In judging such proposals the sponsor Directorate will have regard to the Scottish Ministers' wider strategic aims and objectives.
- 6.7.1 Any subsidiary company or joint venture controlled or owned by SPSA shall be consolidated with it in accordance with UK GAAP for public expenditure accounts purposes, subject to any particular treatment required by UK GAAP. Unless specifically agreed with the sponsor Directorate, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this management statement/financial memorandum.

6.8 Financial investments

- 6.8.1 SPSA shall not make any investments without the prior approval of the sponsor Directorate, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. Equity shares in ventures, which further the objectives of the Authority, shall equally be subject to departmental approval unless covered by a specific delegation. SPSA shall not invest in any venture of a speculative nature.

6.9 Unconventional financing

- 6.9.1 Unless otherwise agreed with the sponsor Directorate, SPSA shall not enter into any unconventional financing arrangement.

6.10 Commercial insurance

- 6.10.1 SPSA shall adhere, having carried out the appropriate risk and options appraisal, to the normal criteria governing insurance by public sector bodies, namely that commercial insurance policies should be taken out where this is a statutory or contractual requirement. SPSA may only take out commercial insurance, without the prior approval of the sponsor Directorate, in accordance with the guidance in the Insurance section of the SPFM eg third party insurance required by the Road Traffic Acts.

- 6.10.2 In the event of losses arising under the Scottish Government's policy of self-insurance the sponsor Directorate shall consider, on a case by case basis, whether or not it should make any additional resources available to SPSA and/or agree adjustments to the targets in the corporate plan.
- 6.10.3 A Certificate of Exemption for Employer's Liability Insurance has been issued to the SPSA.
- 6.10.4 SPSA shall review its insurance needs each year. If it proposes to renew or take out any insurance it shall send a copy of the its options appraisal to the sponsor Directorate, together with a request for approval, generally one month prior to the proposed date of renewal or introduction.

7 MANAGEMENT AND DISPOSAL OF FIXED ASSETS

7.1 Register of assets

7.1.1 SPSA shall maintain an accurate and up-to-date register of its fixed assets.

7.2 Disposal of assets

7.2.1 SPSA shall dispose of assets which are surplus to its requirements and in accordance with its long-term estate strategy. Assets shall be sold for the best price, taking into account any costs of sale and in accordance with the guidance in the Disposal of Tangible Fixed Assets section of the SPFM. Proceeds from the disposal of assets may be retained SPSA subject to them being included in the approved budget.

7.3 Acquisition of assets

7.3.1 SPSA shall not acquire or establish any new or replacement offices or other accommodation without first consulting and receiving the approval of the sponsor Directorate.

7.3.2 For expenditure other than on offices or other accommodation, SPSA shall seek approval from the sponsor Directorate for any acquisition involving capital expenditure in accordance with paragraphs 5 and 7 of Appendix A.

7.3.4 In cases where equipment is to be leased, the total expenditure required to make beneficial use of the asset (i.e. rental and service charges, utilities and other running costs), over the life of the asset should be considered. Approval from the sponsor Directorate should be obtained if this total expenditure is within the limits described in paragraphs 5 and 7 of Appendix A.

8 BANKING

- 8.1 SPSA's Accountable Officer is responsible for ensuring that all the Authority's banking arrangements are consistent with the guidance in the Banking section of the SPFM. In particular he shall ensure that the arrangements safeguard public funds and are carried out efficiently, economically and effectively. These arrangements shall be suitably structured and represent value-for-money, and be reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years.

**SCOTTISH POLICE SERVICES AUTHORITY
(SPSA)**

FINANCIAL DELEGATIONS

Definitions

- 1 For the purposes of this document, the following definitions apply:
 - 1.1 A project is a commitment to a discrete item of expenditure, or to a set of expenditure related in such a way that the benefits of any one of them cannot be fully realised independently of the others. It will then often result in the acquisition of assets by purchase or leasing.
 - 1.2 The cost of a project is the total expenditure which it would commit SPSA to.
 - 1.3 A consultancy project is one involving a contract for the provision of intellectual services other than as part of a contract of employment. It includes research and development projects.

Contracts

- 2 Contracts shall normally be subject to competitive tendering and shall only be let on single tender subject to the rules set out below:
 - 2.1. SPSA shall obtain the prior approval of the sponsor Directorate to let without competition any new external contract estimated to cost £10,000 or over. Projects between £5,000 and £10,000 shall be approved by the Head of Finance who will take all necessary actions to ensure the appropriateness of the approval.
 - 2.2 The sponsor Directorate is content for SPSA to award its own single tender contracts for laboratory goods, services and maintenance contracts if:
 - 2.2.1 Using a different provider would lead to a warranty becoming invalid;
 - 2.2.2 Equipment is so specialised that anyone other than the original supplier carrying out maintenance could raise safety issues;
 - 2.2.3 There is no other accredited supplier of the specialised goods or services available.
- 3 If it is proposed to accept a tender other than the lowest, when the lowest is £50,000 or over, this shall only be done with the prior endorsement of the Chief Executive following approval by the Head of Finance, and shall be reported to the next meeting of the Board.

Project Appraisal

- 4 All proposed projects must be appraised in line with the guidance contained in the SPFM. The appraisal should be appropriate to the size and importance of the project. The sponsor Directorate expects appraisal of all projects costing over £100,000 to consist of thorough and (as far as possible) quantified analyses of all aspects of the project.

Referral to the Department

- 5 SPSA shall submit to the sponsor Directorate an outline of each project estimated to cost between £100,000 and £1,000,000.
- 6 The sponsor Directorate shall decide within 15 working days of receipt whether to delegate approval to SPSA or to ask to see a detailed appraisal with a view to Portfolio approval.
- 7 SPSA shall submit a detailed appraisal for each project estimated to cost £1,000,000 or over to the sponsor Directorate for approval.
- 8 Proposals for projects submitted per paragraphs 5 and 7 should be submitted using the format outlined below. Broadly the same format should be used for both types of submission, but in the former case brief notes will suffice.
 - 8.1 Name of project, location, function or functions to which it relates and proposed start date.
 - 8.2 A description of the project, outcomes to be achieved and why SPSA considers the project necessary.
 - 8.3 Costs including present value of total gross cost, gross cost to SPSA, any income generated as a result of the project and the timing of both cost and income streams. Detailed cost and income breakdowns must be provided in the case of full submissions.
 - 8.4 Alternatives considered, including "do nothing", whether the preferred option is the cheapest in present value terms and if not why it is the recommended choice.
 - 8.5 Details of the internal approvals within SPSA.
- 9 All submissions, whether outline or full, should be accompanied by a certificate signed by the Head of Finance, endorsed by the Chief Executive stating that (a) the information is to the best of their knowledge accurate and (b) whether SPSA has sufficient provision in its budget for the year(s) in question to meet the cost of the project.
- 10 If a project appears to be about to exceed its estimated costs when originally approved by 10% or more it shall be resubmitted for internal approval, and to the sponsor Directorate if the sponsor Directorate approved it originally; and shall be submitted to the sponsor Directorate for scrutiny or approval if the increase brings the cost within the thresholds at paragraphs 5 and 7 above.
- 11 SPSA shall seek the sponsor Directorate's approval before acquiring or otherwise establishing any new or replacement offices or other accommodation.

Finance Leases

- 12 SPSA shall not normally enter into finance leases. Any proposal involving finance leases should be discussed at an early stage with the sponsor Directorate.

Requests for Approval to make Special Payments, Gifts and to Write-Off Losses

- 13 The sponsor Directorate's prior approval is required for special payments, gifts and to write-off losses above SPSA's delegated limit, that is:
 - 13.1 Any gifts exceeding £75 in value.
 - 13.2 Special payments other than gifts, exceeding £1,000.
 - 13.3 Write-off losses exceeding £5,000 arising from theft or vandal damage of vehicles or from their destruction or damage by road traffic accident or fire.
 - 13.4 Write-off of losses from other causes exceeding £1,000.
- 14 Requests should follow the guidance contained in the SPFM and the following points should be addressed. These should also be taken into account by SPSA for cases within its delegated limit:
 - 14.1 Their nature and value;
 - 14.2 Their frequency, are they one off or regular, and
 - 14.3 What will they achieve for SPSA, do they represent value for money.
- 15 Requests for approval should be made sufficiently in advance to allow time for consideration by the sponsor Directorate.
- 16 Requests for approval to write-off losses other than those covered under paragraph 13.3 in excess of the delegated limit should include information relating to:
 - 16.1 The amount of the loss;
 - 16.2 How and when it occurred, and who was responsible;
 - 16.3 Was it caused by negligence;
 - 16.4 Can any insurance be claimed;
 - 16.5 What other steps can be taken to recover the loss;
 - 16.6 What steps are necessary to prevent recurrence;
 - 16.7 Any other relevant information;
 - 16.8 Conclusion and recommendation.
- 17 An annual report should be prepared by SPSA following the end of each financial year and submitted to the sponsor Directorate providing summary details against each of the classifications above.

FINANCIAL MEMORANDUM: APPENDIX B

SCOTTISH POLICE SERVICES AUTHORITY

GRANT-IN-AID CLAIM

CASH FLOW FORECAST AS AT

£'000

	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Actual/Forecast													
Ledger Bank Balance													
Receipts													
Operational													
Capital													
Total													
Payments													
Employee Costs													
Property Costs													
Supplies & Services													
Transport Costs													
Administration Costs													
Payments to Others													
Bodies													
Other Expenditure													
Total													
Capital													

SCOTTISH POLICE SERVICES AUTHORITY

BOARD MEMBER REMUNERATION

- 1 The Police, Public Order and Criminal Justice (Scotland) Act 2006 provides for SPSA to pay its lay members such remuneration and travelling and subsistence allowances as may be determined by Scottish Ministers.
- 2 Police Force and Police Authority Members of the Board are entitled to travelling and subsistence allowances as may be determined by Scottish Ministers.
- 3 Remuneration will be paid monthly in arrears and will be based on the number of days worked during each month. Claims to be submitted to SPSA by the 5th working day of the following month to the Chief Executive or a member of staff nominated by the Chief Executive.
- 4 Travelling and Subsistence costs will be paid in accordance with standard Scottish Government arrangements. Members are entitled to claim the following expenses and subsistence:
 - 4.1 Travel expenses to and from home to the meeting venue.
 - 4.2 Travel and subsistence expenses incurred as part of the work of the board away from the normal venue.
 - 4.3 Dependent care costs.
- 5 Members are expected to devote appropriate time to meet the expectations of their role within the level anticipated at appointment.

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