



Scottish Biometrics
Commissioner
Coimiseanair
Biometrics na h-Alba

Medium-Term Financial Strategy

2023/24 to 2028/29

September 2024 – V3



Safeguarding our biometric future



Document Control

Title	Medium-Term Financial Strategy 2023/24 – 2028/29
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Reviewed by	Dr Brian Plastow
Version	Version 3
Amendments	Updated budget figures for 2024/25 Updated budget figures for 2024/25 following pay award
Date	June 2024 September 2024



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Introduction

The Scottish Biometrics Commissioner (SBC) have prepared this Medium-Term Financial Strategy. It covers the five-year period from fiscal years 2023/24 to 2028/29 to coincide with the remaining term of appointment for the current Commissioner.¹ As such, it will straddle the period of two Strategic Plans.² Firstly the Commissioners current four year Strategic Plan covering the period from 01 November 2021 to 30 October 2025, and most of the period of the subsequent 4-year Strategic Plan which will cover the period from 01 November 2025 to 30 October 2029, by which time the current Commissioner will have concluded his term of appointment.

In the current UK economic climate public fiscal management is more important than ever. Having a thorough understanding of the financial outlook and the associated impact on the organisation's ability to achieve its strategic objectives is an essential starting position for future planning and ensuring sustainability. Resources are becoming scarcer, which coupled with increasing pressures and demands on services, makes it more challenging to ensure that resources are effectively targeted. Against this context, it is essential that the Scottish Biometrics Commissioner uses public funds wisely to achieve both better outcomes for the public in terms of how biometric data and technologies are used for policing and criminal justice purposes in Scotland, and to achieve value for the public purse through the way in which we deploy and manage those finite resources.

The degree and quality of financial planning in public sector organisations throughout the world is variable. A lack of certainty over funding is sometimes cited as a reason for not planning, whereas this should be even more reason to plan. It is much easier to manage and plan for funding fluctuations if potential scenarios are mapped out and their impact on the organisation examined at an early stage.³ Financial planning is one element of effective public fiscal management along with budget preparation, performance management and stakeholder reporting.

At the heart of all four elements is the need for accrual-based information so that public service organisations can accurately assess the economic costs of providing services and manage the assets and liabilities that are being built up for future generations. Accrual information is therefore particularly relevant for financial planning given the need to take a longer-term view of the organisation that goes beyond the current budget period.

“Public financial management (PFM) is the system by which financial resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals.”
(CIPFA, *ibid*, 2016)

Public fiscal management is merely one part of good governance that translates demand for goods and services into outcomes and sustainable social benefit considering the views of stakeholders, institutional frameworks, and key enablers of service delivery.

¹ The Commissioner's term in office concludes no later than 11 April 2029

² It should be noted that the period of the Scottish Biometrics Commissioners 4-year Strategic Plan does not align with the conventional fiscal cycle as an unintended consequential due to an SSI laid by Scottish Government during the 2020 Covid Pandemic which deferred the period of the first Strategic Plan to commence from 01 November 2021

³ [Looking Forward: Medium-Term Financial Strategies in the UK public sector](#)



Objectives of our Medium-Term Financial Strategy

Medium-term financial planning has not been particularly well developed in the public sector, primarily due to ongoing uncertainties about political, economic, and resourcing factors. In the case of the Scottish Biometrics Commissioner, and in common with all officeholders supported by the Parliament Corporation, we must adhere to the annual budget process imposed on us by the Scottish Parliament. In practice, this means that budget requirement ‘bids’ are submitted each summer for the required level of funding in the following budget year. The result of those bids in terms of actual award from the Parliament Corporation is typically not known until around February of the following year.

Despite these difficulties, longer term strategic planning is important in providing a catalyst for future policy and development and provides the framework against which an organisation’s budgets should be produced as well as identifying significant issues at an early stage.

The aim of our Medium-Term Financial Strategy (MTFS) is to pull together in one place all known factors affecting the financial position and financial sustainability of our organisation over the medium term. The MTFS balances the financial implications of objectives and policies against constraints in resources and provides the basis for decision making. The MTFS should be a living document that forms the basis of fiscal strategy for public bodies. The process of producing and updating the Medium-Term Financial Strategy can be as important as the document itself, in giving a focus to the future implications of policy decisions and discussion of priorities and external influences. Accordingly, we will update our MTFS on an annual basis, with the first review taking place in March 2024, and at twelve monthly intervals thereafter.

To develop an effective MTFS an organisation needs to be aware of its overall financial position including its assets and liabilities on its balance sheet. It can only fully achieve this and understand its financial position by budgeting on an accrual’s basis, matching its expenditure and income to the time periods which they relate.

The more inclusive and the wider the ownership of the MTFS then typically the more successful it is. The MTFS is typically produced by finance teams (which the Scottish Biometrics Commissioner does not have due to our small scale) and is sometimes seen as a finance product, but to be successful the strategy must be owned by the wider organisation and especially by those responsible for decision making. Tough decisions may need to be made to achieve strategic outcomes given funding constraints and a robust, timely and relevant MTFS can provide a solid foundation to use those scarce resources effectively.

Capital investment within the Medium-Term Financial Strategy

The MTFS should not just focus on current income and expenditure. As an exceedingly small public body in Scotland, the Scottish Biometrics Commissioner does not own or lease property and therefore does not have large asset bases related to the delivery of services. Nevertheless, it is vital that assets are maximised in terms of value to the organisation and every opportunity for rationalisation and improved return, whether in terms of improved financial returns or service capacity, is identified and maximised. This ensures that Best Value is embedded within our organisation.

Capital investment should be driven by the Medium-Term Financial Strategy and discussion of objectives and outcomes. The capital strategy should sit alongside the MTFS and contain an assessment of future asset



needs to meet those objectives along with a gap analysis to identify where investment is required. The strategy gives the important context for a longer-term assessment of affordability and sustainability required for longer-term investments.

The impact of timescales on planning certainty

Whilst the purpose of the MTFs is to provide a fiscal forecast beyond the short term, it must be recognised that this forecast becomes more uncertain the further out in time the forecast moves. This risk will be mitigated through annual review of the MTFs as previously stated. As detailed in the introduction, uncertainty is more of a reason to produce a strategy as the identification of potential longer-term revenues and expenses and the key risks associated with those forecasts and income and expense streams should provide valuable insight for the organisation.

The timescale for our MTFs is to some extent dependent upon the environment in which our organisation exists. For example, we have an annual budget award process imposed on us by the Parliament but are required by the Parliament to produce a Strategic Plan covering a four-year period. This is then further complicated by the period of our operations and period of our finances as detailed in Sections [28](#) and [29](#) of the Scottish Biometrics Commissioner Act 2020, currently being misaligned in law.

The relationship between the period of our Strategic Plan, our annual budget award process, and this MTFs is illustrated as follows:

Timescales in financial planning

Years	1	2	3	4	5
4-Year Strategic Plan to 30 October 2025			➔	Then next 4-Year Strategic Plan	
5-Year Medium-Term Financial Strategy to 2028/29					➔
1-Year Budget	➔				

The level of risk and uncertainty associated with the MTFs is often cited as a primary reason for not undertaking the exercise. To deal with uncertainty there are two analyses that we have conducted:

- An **uncertainty analysis** which is an assessment, and where possible, quantification of the uncertainties associated with the parameters of the forecast and data.
- A **sensitivity analysis** which determines the change in the forecast outcomes arising from a change in the forecast parameters.

By conducting and documenting these analyses our key risks have been identified and a series of scenarios produced that illustrate the impact of changes in key variables. These scenarios will be reviewed annually, and an element of judgement applied as to which scenarios are the most realistic and which should form the basis of the core assumptions within the medium-term forecast.



Our funding position for 2022/23

2022/23 was the first full fiscal year of operation of the Scottish Biometrics Commissioner function with the Commissioner's initial determined staffing model in place. That model involves the Commissioner, two managers, and a Business Support Officer:



Following his appointment in 2021, the Commissioner pursued an incremental build to the brand-new function to ensure that a Best Value approach was embedded from the outset to achieve value for the public purse. The Commissioner therefore recruited only three staff during 2021/22, rather than the four members of staff that had been projected in the final financial memoranda that had accompanied the passing of the Bill leading to the Scottish Biometrics Commissioner Act.

In addition, and during the build phase, and again in pursuit of Best Value, the Commissioner had entered a shared services arrangement with the Scottish Public Sector Ombudsman (SPSO). That arrangement, supported by the Parliament Corporation revolves around a small administrative fee (circa £24,000) being paid to the SPSO. In return, the Commissioner has rent and capital free access to a secure office within Bridgeside House. Under the arrangement, the SPSO also provide the Commissioner with HR and Payroll services for his staff, financial processing, banking and accountancy support, ICT and procurement support, health and safety and facilities management services including reception services and mail handling. This 'lean by design' approach embeds Best Value and efficiencies from the outset.

In 2022/23, the Commissioner received a funding allocation of £421,000 from the Parliament Corporation. From this, we achieved an outturn position of **£415,000⁴** broken down as follows:

- Staffing and pension costs £332,000
- Administration costs including shared services component £82,000
- Capital expenditure £0,000
- Depreciation £14,000
- Movement in working capital £1,000

As can be seen from the financial analysis, in 2022/23 our staffing and pensions costs of £332,000 including the Commissioner accounted for 79% of our total expenditure. Whereas our total administration costs were £82,000, after deducting the mandatory external auditors' fees charged by Audit Scotland (£10,550) and the

⁴ See our audit accounts for 2022/23 within our Section 31 report to Parliament, September 2023



internal auditors fees (£6,800), our residual administration expenditure excluding audit fees was only £65,500.

The 'lean-by-design' staffing model of the Scottish Biometrics Commissioner function has resulted in the lowest combined officeholder and staff combined headcount of all independent bodies currently supported by the Parliament with a full-time officeholder. Furthermore, and with the notable exception of the Standards Commission for Scotland, where the Convenor and four Members are appointed to work 36 and 24 days per year respectively, plus additional days, as and when required, for Hearings, this means that the SBC also has the smallest budget allocation of all the supported bodies with a full-time officeholder.

Funding award for 2023/24

In September 2022, the Commissioner submitted his funding bid to the Parliament Corporation for 2023/24. This took account of the Commissioner's determination to be 'proactive' in the discharge of his legal responsibilities and in the delivery of his Strategic Plan. For example, in 2023/24, we conducted the first of an annual rolling programme of compliance assessments on the Code of Practice over those organisations to whom the Code applies. We also conducted a strategic review of how images are used by Police Scotland, the SPA Forensic Services, and the Police Investigations Commissioner, reporting to Parliament in March 2024.

The funding award to the Commissioner after top-slicing of the shared services cost to the SPSO, was a core budget of **£444,00**. However, the Commissioner was also given permission to access SPCB central contingency funding to support some additional work around Communications and Engagement up to a limit of £50,000. This was requested in support of a new Communications and Engagement Strategy which would also involve several enhancements to our website, securing a corporate communications banner for use at presentations and events, a communications and engagement visit to Brussels part-funded by Scottish Government to extend the reach of our small organisation to European colleagues in the biometrics, policing, and criminal justice landscape, and part-funding a Scottish conference on biometrics in 2024 in partnership with the Scottish Police Authority.

The budget award for 2023/24 was notified to SBC by the SPCB via e-mail in late February 2023 before the Parliament applied the 2023/24 pay award.⁵ For 2023/24, this resulted in a projected under-allocation on officeholder and staff salary costs of £32,000.⁶ At the same time, the SPCB backdated the 2023/24 pay award to February 2023, meaning that there was also an effective under-allocation of budget for salaries in 2022/23.⁷

In summary, the annual budget bidding and award process carries prominent levels of financial uncertainty that make effective financial planning difficult even on an annual basis.

⁵ Source: e-mail from SPCB Officeholder Services to SBC Corporate Services Manager dated 3/3/2023

⁶ Source: SBC Finance Management report 06 June 2023, received from SPSO Finance on 31/7/2023

⁷ Our audited annual accounts for 2022/23 demonstrate that there was an under-allocation of £19,000 on staffing and pension costs due to the way that the SPCB runs the annual budget bid and award process as compounded by the practices of backdating pay awards and not fully revalorising for the impact of inflation on those pay awards for the forthcoming year



Funding award for 2024/25

For 2024/25, the SPCB have made a funding award to the Commissioner of £494k. In addition, the SPCB has approved contingency funding following a staffing determination by the Commissioner to temporarily second in a Detective Chief Inspector from Police Scotland in the position of 'SBC Director' for a period of 2 years commencing from 22 July 2024. Funding of up to £104,568 will be available for this purpose. At the time of updating this MTFS (June 2024), the SPCB has not yet determined the outcome of the 2024/25 pay award for officeholders or staff.

Notwithstanding, our core budget for 2024/25 (excluding contingency) is broken down as follows:

Staff costs including Commissioner	387,000
Staff related costs	15,000
Professional fees	20,000
Running costs	72,000
Capital expenditure	-
Total	494,000

MTFS Risk Analysis

Pay awards

At the time of updating this MTFS in June 2024, the 2024/25 pay award has not yet been determined by the SPCB. This repeats a pattern from previous years where the SPCB determine that annual budget award before the determination of the pay award. This creates risk and uncertainty.

Vacancy factor

The vacancy factor within an organisation is typically calculated by taking the number of vacant job-specific positions within an organisation, divided by the total number of filled job-specific positions multiplied by 100 equals the vacancy rate.

Because no vacancies could be sustained within the SBC function beyond the short-term (one vacancy under the 2023/24 staffing model would equate to a loss of 33% of staff), then there is no tolerable level of vacancy (beyond annual leave) in any of the posts. From 2024/25 and under the revised staffing model this reduces to 25%.

For the purposes of this MTFS, the Commissioner has determined that any longer-term vacancy factor of 10% or more would be a critical risk to our operations. Anything below 10% is viewed as manageable.

Additional capacity and management contingency

None of the officeholders supported by the Scottish Parliament are permitted to hold contingency funding and any year end under-spend is returned to the Parliament. Instead, officeholders have access to a common pot of contingency funding held by the Parliament Corporation and accessible with the approval of the SPCB. As previously stated, there is no additional capacity within the current staffing model from which significant efficiencies could be abstracted.



Property

The SBC has no direct premises or utilities costs as these form part of the shared services arrangement with the SPSO and are funded directly by the Parliament Corporation.

Travel and Insurance

A 5% year on year increase in travel and insurance costs has been assumed for the purposes of this MTFS.

Information Technology

Our information technology costs feature within our annual administration budget. This includes annual fees for using the Scottish Government SCOTS system, hosting and maintenance of our website, costs and depreciation associated with ICT hardware such as laptops and telephones, and the replacement of such hardware at 3-to-5-year intervals.

For the purposes of this MTFS, we assume that our overall administrative costs for budgeting will grow at 5% year on year, and that we will calculate depreciation costs of around £15,000 each year.

External and internal audit fees

We will assume an overall long-term inflation rate of 3% for the period of this MTFS.

Inflation

We will assume an overall long-term inflation rate of 3% for the period of this MTFS.

Funding and Income

Funding

We will assume that the SBC function will continue to be funded by the Parliament on a needs-based basis for the period of the MTFS.

Income

We have no external income and do not anticipate any.

Achievement of efficiency savings

Because of our 'lean-by-design' operation, the nature and extent of any efficiency savings is restricted to maximising opportunities to work jointly with other officeholders and organisations to achieve the objectives of our Strategic Plan. We assume that the shared services arrangement with the SPSO will continue for the life of this MTFS. As we have done previously with the Scottish Police Authority, we will explore opportunities for further joint working with other organisations to achieve things which we would not have the finance or resource to do on our own.

Business Implications: Medium-Term Financial Scenarios from 2024/25 to 2028/29

Note: Our financial scenario modelling assumes that there will be no expansion of the remit of the Scottish Biometrics Commissioner



Worst Case

Our worst-case scenario for SBC is one where the Parliament is unable to meet our annual needs-based budget and requires us to reduce our overall cost or to maintain them at the level for the previous year. Under this scenario, we would move from a ‘proactive’ stance to a ‘reactive’ stance. In other words, we would suspend the proactive assurance activity in our Strategic Plan. This would involve cancelling planned assurance reviews, disengaging from all non-essential activity such as capacity building with partners and cancelling staff training and engagement. As external audit costs imposed on us are ‘mandatory’ and increase year on year, an effective budget cut would make it difficult, if not impossible, for us to function as an organisation. Under this scenario, the Commissioner (and all officeholders) would have to look at sharing more back-office services and to pool staff and resources. However, this would threaten the independence of those officeholders and multiple officeholders competing for access to the same resources would create practical and governance challenges that may be incapable of being resolved. Under this scenario, officeholder and staff retention would be a significant risk.

Most likely case

The most likely case is one where the Parliament supports our annual budget bid in every year of this MTFS, but where the actual award for non-staff related costs is equivalent to a no-growth scenario (stand still) or real term modest reduction of our residual administrative budget. Under this scenario, we could still function as an organisation but would have to cancel some expenditure to achieve the required savings. For example, we would not be able to afford to renew our internal audit programme once the current contract expires and instead accept the risk of not having internal audit. We could also revert to laying in-house versions of reports to Parliament and accept the risks to our professional image and reputation to offset savings in areas such as publishing costs. We could also transition to a 100% remote working model, and as ‘digital nomads’ give up our office accommodation completely and conduct all business online.

Best Case

Our best-case scenario for SBC is one where the Parliament can meet our annual needs-based budget, allowing us to grow and flourish as an organisation.

Financial Modelling 2023 to 2029: Best Case

A summary of the Revenue and Capital Programme Budget Forecast requirement for the five-year period 2023/24 to 2028/29 is set out below. Please note that the first year of the Plan reflects the already approved 2023/24 Budget.

Budget Description	Budget 2023/24 £000	Budget 2024/25 £000	Budget 2025/26 £000	Budget 2026/27 £000	Budget 2027/28 £000	Budget 2028/29 £000
Staffing and pension costs	337	387	417	424	437	479
Administration costs	107	107	146	128	136	141
Capital costs	0	0	0	0	0	0
Budget requirement	444	494	563	568	606	620
Anticipated outturn						

Note: Staffing and pension costs represent projected staff increments with inflation modelled at 2.7%. Administration costs are adjusted to account for an additional staff member on secondment and inflation at 2.7%.



Technical notes

1. The projected staffing and pension costs include known increments and a calculation of 2.7% for inflation from 2025/26 onwards.
2. The uncertainty of these calculations increases with time.
3. Accordingly, this MTFS will be updated annually each March.
4. The projected administration budget requirements include calculations for all non-salary components including external and internal audit, ICT, travel and insurance, and long-term inflation at 2.7%.
5. Worst and likely case scenarios are **not** modelled financially as these would be entirely speculative. There is no reason to suspect that the SPCB will not provide appropriate funding to SBC as they have since its inception.

Conclusion

This medium-term financial strategy (MTFS) has sought to pull together in one place all known factors affecting the financial position and financial sustainability of our organisation over the medium term. By calculating our budget requirement over the five-year period from 2023/24 to 2028/29, and based on a no growth in responsibilities scenario, we have sought to determine future budget needs and then to consider how 'best case', 'worst case', and 'likely case' funding scenarios might impact on our organisation.

What it tells us is that a 'worst case' scenario resulting in a real terms reduction in our overall anticipated budget needs would be a serious risk to our organisation, meaning that we would be unable to discharge our legal obligations.

Our 'anticipated case' and 'best case' scenario is that SPCB will continue to appropriately fund SBC.

As indicated throughout, the financial projections and assumptions in this MTFS come with a high-level of uncertainty, and that uncertainty increases as the timeline extends into the future. For that reason, this MTFS is intended for use solely as a financial planning tool and is indicative rather than definitive. It will remain a living document that will be updated annually in the March of each year as part of the fiscal strategy for our organisation.