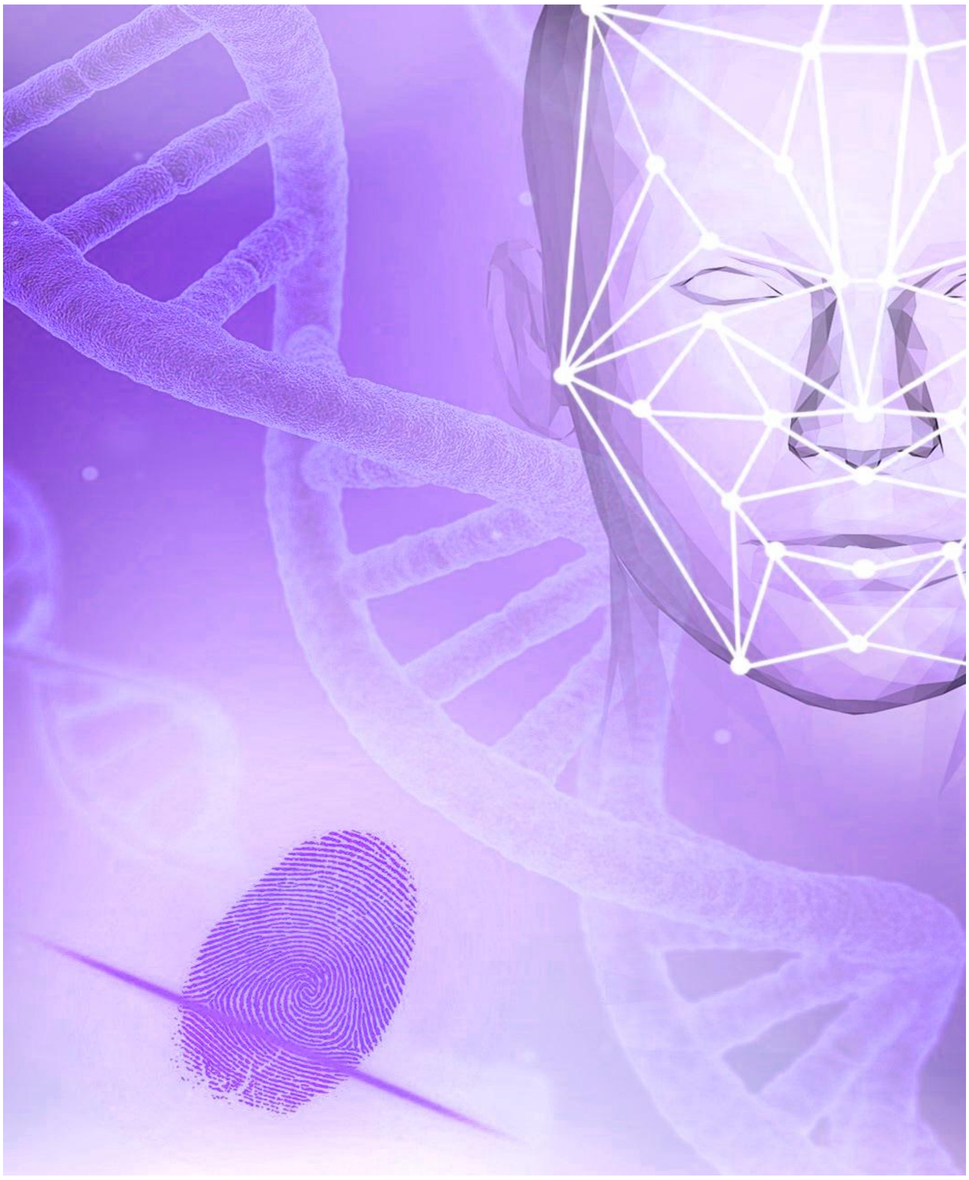
Medium-Term Financial Strategy

2023/24 to 2030/31

July 2026



Safeguarding our biometric future

Document Control

Title	Medium-Term Financial Strategy 2023/24 to 2030/31
Prepared by	Director
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Amendments	▪ Updated budget figures for 2026/27 ▪ Updated budget figures for 2025/26 Outturn (provisional & subject to audit) ▪ Extended to 2030/31 to assist SPCB MTFP ▪ Remodelled to include projections for 2029/30 and 2030/31
Date	July 2026

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Introduction

The Scottish Biometrics Commissioner (SBC) has prepared this Medium-Term Financial Strategy. It covers the seven-year period from fiscal years 2023/24 to 2030/31 to coincide with the remaining term of appointment for the current Commissioner and slightly beyond.[1] As such, it straddles the period of three Strategic Plans.[2] Firstly, the current Commissioner's first four year Strategic Plan covering the period from 01 November 2021 to 30 October 2025, and the period of the current 4-year Strategic Plan covering the period from 01 November 2025 to 30 October 2029, by which time the current Commissioner will have concluded his term of appointment. It also covers most of the first two years in office for the next Commissioner whose budget submission for 2029/30 will have already been submitted in the summer of 2028 by the outgoing Commissioner.

In the current UK and Scottish 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 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. However, it should be noted that the SPCB approach to financial planning is based on 'Going Concern' budgeting. Accordingly, there is no multi-year financial settlement for independent officeholders such as SBC who in turn are required by the SPCB to budget one year at a time.

"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)

[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

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.

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 at least an annual basis.

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 uncertainty

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			→ 4-Year Strategic Plan to 30 October 2029		
5-Year Medium-Term Financial Strategy to 2029/30 →					
1-Year Budget setting →					

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 (our first year fully established)

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 involved 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 some HR functions, Payroll services for his staff, financial processing, banking and accountancy 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 **£415,000**[4] 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

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

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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 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.

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

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**. Our Outturn position was **£429,000.**

Funding award for 2024/25

For 2024/25, the SPCB made a funding award to the Commissioner of **£494,000**. In addition, the SPCB 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 was available for this purpose. The Outturn on our core budget was **£473,000.**

Funding award for 2025/26

For 2025/26, the SPCB made a funding award to the Commissioner of **£529,000**. The Outturn on our core budget was **£507,000** excluding secondee costs.

Funding award for 2026/27

For 2026/27, the SPCB made a funding award to the Commissioner of **£562,00.** There was also permission to access contingency funding in connection with a fresh 2-year secondment which commenced in September 2025 and runs to September 2027.

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Salary costs acceleration in new organisations

It should be noted that between 2022/23 and 2025/26 the Commissioner's core budget need grew from £421,000 to £529,000 which is an increase of £108,000 (25.7%). This is due to a combination of factors but mainly because as an entirely new entity in 2021/22, the Commissioner and all staff were appointed at the bottom of their respective salary scales, most of which have five annual incremental points meaning for example that the Commissioner did not reach the top of his salary scale until 2026/27. Over the period there were also inflationary rises and for all staff changes to both SPCB and SPSO salary scales to which SBC staff are aligned.

Furthermore, in 2026/27, the former Corporate Services Manager position became a permanent Director position moving the post from SPSO Grade 5 to SPSO Grade 6. This was to deliver enhanced executive level capacity as deemed necessary by the Commissioner and with an eye to succession planning as the current Commissioner entered his last 3 years in office. This acceleration in SBC salary costs plateaus in 2026/27 and mostly flattens by 2029/30.

Risk analysis

Pay awards

Pay awards and budgeting by the SPCB takes place on a **going concern** basis. This creates risk and uncertainty as decisions to the amount of budget awarded to the SBC are made by the SPCB and not by the Commissioner.

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 would equate to a loss of 33% of staff), then there is no tolerable level of vacancy (beyond sickness and annual leave) in any of the posts.

For the purposes of this MTFS, the Commissioner has determined that any longer-term vacancy factor of 33% or more extending beyond 6 months would be a critical risk to our operations. Anything below 30% 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 3% 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 ICT and website hosting and maintenance and depreciation associated with ICT hardware such as laptops and mobiles, and the replacement of such hardware at 3-to-5-year intervals. An ICT refresh took place in 2025 and the next is assumed in 2030.

For the purposes of this MTFS, we assume that our overall administrative costs for budgeting will grow by less than 3% 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 going concern 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, 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.

Medium-Term Financial Scenarios to 2030/31

Note: Our financial scenario modelling assumes that there will be no expansion of the remit of the Scottish Biometrics Commissioner before 2030

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

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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.

Alternative case
The most likely alternative 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 might 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 (which is also most likely due to SPCB going concern budgetary model)
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 with no permanent increase in FTE establishment.

Financial Modelling 2023 to 2031 (best and most likely)

A summary of the Revenue and Capital Programme Budget Forecast requirement for the five-year period 2026/27 to 2030/31 is set out below. Please note that the Plan reflects the 2025/26 outturn and the already approved 2026/27 Budget.

Note: We only model the best and most likely case financially due to budgeting on a going concern basis

Budget Description	Budget 2025/26 £000	Budget 2026/27 £000	Budget 2027/28 £000	Budget 2028/29 £000	Budget 2029/30 £000	Budget 2030/31 £000
Staffing and pension costs	413	456	465	492	470	490
Administration costs[5]	94	106	107	110	115	115
Capital costs	0	0	0	0	0	0
Budget requirement	507	562	572	602	585	605
Outturn	**507**					
Note: Staffing and pension costs beyond 2026/27 represent projected staff increments with inflation modelled at 3%. Administration costs for 2025/26 included an ICT migration and refresh.						

Technical notes

1. The 2027/28 staff costs onwards are based on a reduction in employer pension costs of 6.65% from 01 April 2027 (EPN:749 dated June 2026)

[5] Figures include depreciation and capital costs

2. The 2027/28 staff costs assume a new Operations Manager starting at the bottom of the SPSO Grade 5 pay scale and the next increment for the Director
3. The 2028/29 staff costs include a final increment for the Director and anticipated re-grading of the Business Support Officer to a Grade 4 managerial post with additional HR managerial responsibilities. They also include the new OM moving to point 2 on the Grade 5 scale.
4. The 2029/30 staff costs include the next Grade 4 increments for the 'Business Support and HR Manager', the next Grade 5 increment for the OM but offset by overall staffing costs reduction associated with a 'new' Commissioner starting at bottom of pay scale. It should be noted that the salary differential (full costs) between 'top of scale' and 'new' Commissioner is in the region of £30K
5. The 2030/31 staff costs include the new Commissioner, the Operations Manager and the Business Support and HR Manager receiving their next increment.
6. The uncertainty of these calculations increases with time
7. Accordingly, this MTFS will be updated annually
8. 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 3.0%
9. 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 seven-year period from 2023/24 to 2030/31, 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 'best case' scenario is that SPCB will continue to appropriately fund SBC as they have done in every year since inception.

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.