

Report to:	MSMTM
Report by:	Helen Gardner-Swift, Head of Corporate Services (HOCS)
Meeting Date:	12 July 2023
Subject/ Title: (and VC no)	Medium Term Financial Plan VC190223
Attached Papers (title and VC no)	None

Purpose of report

1. This Committee Report (CR) has the following purposes:
 - to update the Senior Management Team (SMT) on the 2021-22 auditor's recommendation regarding a Medium and Long-Term Financial Plan (MTFP)
 - to recommend a way forward

Recommendation and actions

2. I recommend that the SMT:
 - i. notes the reasons why and agrees that a MTFP should not be put in place
 - ii. agrees that the CR is published in full as set out in paragraph 36.

Executive summary

Background

3. The external audit report for 2021-22 recommended that the Commissioner implement a Medium to Long term financial plan as in the auditor's view there is a risk that robust medium to long term planning arrangements are not in place to ensure that the Commissioner can manage its finances and deliver services.
4. A project to consider this and recommend a way forward was included in the Operational Plan 2022-23. Although I had initially hoped that a MTFP could be put in place, further research and work on this has produced a different conclusion. This CR provides details of the matters I have considered and my recommendation as regards a MFTP.

Scottish Information Commissioner (Commissioner) – funding and budget arrangements, etc

Funding

5. The Scottish Parliamentary Corporate Body (SPCB) is required to fund the salary and allowances of the Commissioner and any expenses incurred by the Commissioner in the exercise of their functions so far as these expenses are not met out of sums received and applied for any services provided by the Commissioner.¹

¹ The Freedom of Information (Scotland) Act 2002 (FOISA), Section 42(11)

Budget

6. Before the start of each financial year, the Commissioner prepares a budget and sends this to the SPCB. As part of this process, the SPCB will provide instructions/guidance on any budget uplift to be applied. The Commissioner may, also, in the course of a financial year, prepare a revised budget for the remainder of the year and send it to the SPCB for approval.²
7. Usually, a budget submission to the SPCB is made in September and the SPCB confirms the budget for the next financial year in the following February or March. During the budget approval process, the SPCB may ask the Commissioner to re-model the budget submission to take account of proposed uplifts in salaries (in accordance with the proposed SPCB's staff pay award).
8. The Commissioner, as Accountable Officer, is required to account for and answer to the Scottish Parliament for the budget allocated to them.

SPCB

9. The Commissioner's funding forms part of the SPCB's budget requirement and, as such, is reported to the Scottish Parliament's Finance and Constitution Committee as part of the SPCB's overall budget submission.
10. The SPCB may require the Commissioner to provide it with supplementary written evidence or invite the Commissioner to meet with it to discuss the budget proposals.
11. If the Commissioner submits a revised budget in the course of a financial year, the SPCB must consider the request. If the request cannot be met from SPCB resources, the SPCB will put forward a Budget Revision to the Finance and Constitution Committee for consideration.
12. The Finance and Constitution Committee will consider the Commissioner's budget proposals as part of the Committee's scrutiny of the SPCB's overall budget. The Commissioner will give evidence in person to the Committee on their budget proposal, if required.

Finance and Constitution Committee

13. The Finance and Constitution Committee will consider the SPCB's request for any in-year budget revision
14. If the SPCB proposes changes to the budget which in the Commissioner's opinion could affect his ability to discharge his functions, the Commissioner is required to notify the Finance and Constitution Committee in writing. The Finance and Constitution Committee is required to consider any such matter and make recommendations for resolution to the Scottish Parliament (SP).

Budget bill

15. Once the Budget Bill is passed by the SP, the SPCB will send the Commissioner a formal written statement advising him of his approved budget provision and a note of any related matters.

Drawdown

² FOISA, Schedule 4, Paragraph 2

16. At the start of the financial year,
- the Commissioner is required to complete a forecast funding template setting out how they intend to phase the drawdown of the approved budget
 - funding is paid to the Commissioner in monthly instalments following an application
 - budgeted funding not drawn down by the end of the financial year will lapse

Contingency

17. Contingency funding from the officeholders' contingency fund may be available during the financial year

Income generation

18. The Commissioner has limited powers to generate income.

Leasing

19. The Commissioner may acquire and dispose of land and other property and enter into contracts. The Commissioner's power to acquire and dispose of land is subject to the approval of the SPCB.

Unconventional funding, financial investments, Lending, guarantees, indemnities, letters of comfort

20. The Commissioner does not have powers to enter into any unconventional financing arrangement/s.
21. The Commissioner does not have power to lend money or allow any charges to be taken over assets.

Medium Term Financial Plan (MTFP)

22. Generally, the purpose of a MTFP is to take a longer and more strategic approach to financial planning (as far as possible) as an aid for future policy and development, while providing the framework against which the organisation's budget should be produced.
23. In effect, a longer and more strategic approach to financial planning (as far as possible) is done when:
- the Commissioner's Strategic Plan is reviewed every 4 years – for example, historic information is used to predict likely scenarios
 - any changes to the Commissioner's statutory jurisdiction are approved by the SP (in accordance with funding discussions with the Scottish Government)
24. Developing a MTFP could help bring together all known factors (as far as reasonably possible) affecting our organisation's financial position and its financial sustainability into one place. However, a MFTP should:
- be as wide ranging as possible and include all the assets and liabilities on an organisation's balance sheet
 - provide a clear and concise view of future sustainability and the decisions that need to be made in order to address any gaps in long-term financing
25. In the light of current consultations on FOI in Scotland, future funding requirements are a particular unknown which cannot easily be determined at this point in time
26. As we are required to have in place an annual budgetary process, which does not generally enable us to fluctuate more than the percentage uplift advised by the SPCB and, also, as we are not linked in any way to the SPCB's medium term financial planning, in my view implementing and managing a MTFP is likely to result in limited resources within the Corporate Services Team being used without any real positive benefit.

27. I have discussed the possibility of implementing a MTFP with the SPCB (officeholder services) and they are of the view that such a plan is likely to have little value, taking account of the funding and budgetary approval processes that are in place (see above).
28. Therefore, taking account of the above, I do not recommend the implementation of a MTFP for the following reasons:
- the Commissioner has been created by statute and has a duty to promote good practice and Scottish public authorities' compliance with FOISA, their publication schemes and codes of practice. The Commissioner is also obliged, where they consider it expedient, to disseminate information to the public about the operation of the freedom of information regime.
 - the SPCB is required to provide funding for the Commissioner and their office to enable them to carry out their work – this provides for future sustainability unless the relevant statutory provisions are amended, discontinued
 - an annual budgeting process is in place which is not linked to any medium or longer-term financial planning process
 - the Commissioner is required to have a Strategic Plan (4 years) and the strategic planning process takes account of resources required for the period of the approved Strategic Plan
 - if there any changes to Commissioner's statutory jurisdiction which would require additional resources, there are procedures in place to enable this to be discussed and agreed with the Scottish Government prior to the implementation of any additional statutory requirements

Risk impact

29. This CR helps to mitigate the impact of strategic and operational risks relating to the monitoring of resources. If resources are not monitored effectively this may affect business continuity and, also, result in the inefficient and inappropriate use of resources.

Equalities impact

30. There is no direct equalities impact arising from this CR.

Privacy impact

31. There is no direct privacy impact arising from this CR.

Resources impact

32. There is no additional resource impact as regards the preparation of this CR.

Operational/ strategic plan impact

33. There is no additional impact as regards the preparation of this CR.

Records management impact (including any key documents actions)

34. None – other than the publication requirements as set out in this CR.

Consultation and Communication

35. MSMTM minute.

Publication

36. This CR should be published in full.