
Report To:	Local Police and Fire Scrutiny Panel	Date:	4 July 2023
Report By:	Corporate Director Education, Communities & Organisational Development	Report No:	P&F/04/23/HS
Contact Officer:	Hugh Scott	Contact No:	01475 715450
Subject:	Police Officer Numbers – National Picture		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 The report informs the panel of the current national picture on the number of police officers in Scotland.

2.0 RECOMMENDATIONS

2.1 That the panel notes the information provided in this report.

Ruth Binks
Corporate Director
Education, Communities & Organisational Development

3.0 BACKGROUND AND CONTEXT

- 3.1 The convener of the Local Police and Fire Scrutiny Panel requested an update on the reported reduction in Police Officer numbers.
- 3.2 Council Officers reviewed publicly available information and consulted with Police Scotland to establish the current national picture in relation to Police Officer numbers and the impact of the 2023-24 budget.

4.0 POLICE OFFICER QUARTERLY STRENGTH STATISTICS

- 4.1 Statistics on police officer strength, which gives the number of full-time-equivalent police officers employed by Police Scotland are published quarterly. These are available to access from this link <https://www.gov.scot/collections/police-officer-quarterly-strength-statistics-scotland/>. The latest statistics were published on 2 May 2023 and cover up to the period of 31 March 2023.
- 4.2 The key findings of the statistics are:
 - there were 16,615 full-time equivalent (FTE) police officers in Scotland on 31 March 2023
 - police officer numbers decreased by 30 FTE officers (-0.2%) in the last quarter from 31 December 2022
 - police officer numbers decreased by 190 FTE officers (-5.0%) in the last year from 31 March 2022 this is an increase of 381 FTE police officers (+2.3%) from the 16,234 FTE police officers recorded at 31 March 2007
- 4.3 The historical trend and numbers for Scotland are presented in the chart and table below.

Figure 1. Number of FTE Police Officers (Scotland)

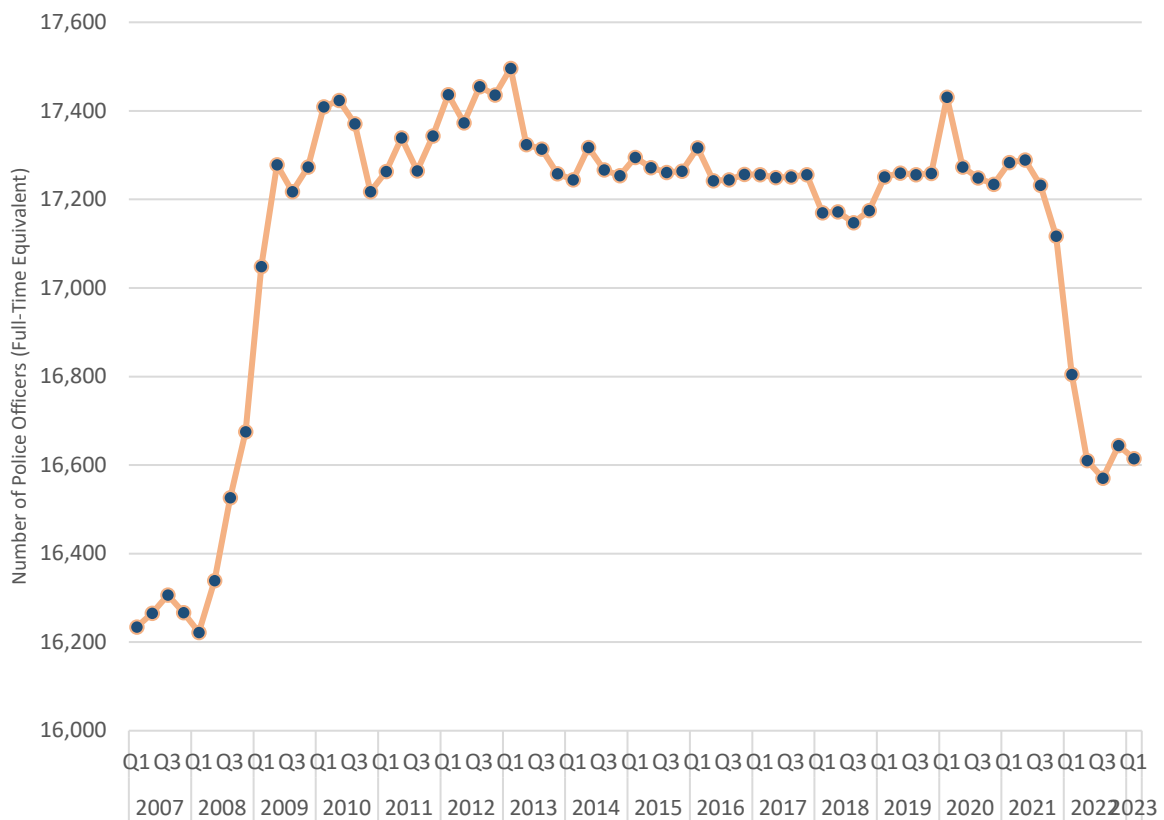


Table 1. Number of FTE Police Officers (Scotland)

Year	Quarter	Scotland	Year	Quarter	Scotland
2007	Q1	16,234	2015	Q1	17,295
	Q2	16,265		Q2	17,272
	Q3	16,306		Q3	17,261
	Q4	16,267		Q4	17,263
2008	Q1	16,222	2016	Q1	17,317
	Q2	16,339		Q2	17,242
	Q3	16,526		Q3	17,245
	Q4	16,675		Q4	17,256
2009	Q1	17,048	2017	Q1	17,256
	Q2	17,278		Q2	17,249
	Q3	17,217		Q3	17,250
	Q4	17,273		Q4	17,256
2010	Q1	17,409	2018	Q1	17,170
	Q2	17,424		Q2	17,172
	Q3	17,371		Q3	17,147
	Q4	17,217		Q4	17,175
2011	Q1	17,263	2019	Q1	17,251
	Q2	17,339		Q2	17,259
	Q3	17,265		Q3	17,256
	Q4	17,343		Q4	17,259
2012	Q1	17,436	2020	Q1	17,431
	Q2	17,373		Q2	17,273
	Q3	17,454		Q3	17,249
	Q4	17,436		Q4	17,234
2013	Q1	17,496	2021	Q1	17,283
	Q2	17,324		Q2	17,289
	Q3	17,313		Q3	17,232
	Q4	17,258		Q4	17,117
2014	Q1	17,244	2022	Q1	16,805
	Q2	17,318		Q2	16,610
	Q3	17,267		Q3	16,570
	Q4	17,254		Q4	16,644
			2023	Q1	16,615

5.0 POLICE OFFICER QUARTERLY STRENGTH STATISTICS

5.1 The meeting of SPA Board was held on the 23 Mar 2023

<https://www.spa.police.uk/meetings/authority-meetings/23-march-2023/> and considered several matters, including the 2023-24 Policing Budget.

5.2 Chief Constable's Report

In addition to a written report, Chief Constable Iain Livingstone provided comment on several other areas, including the budget, service demand and staff:

- Chief Constable Livingstone provided his assessment of the budget, noting the allocation for the year ahead as better than the flat cash settlement suggested earlier, and which he believed was recognition of the improvements, reforms and related savings already made by policing. However, the allocation does not allow for workforce to be maintained at previous levels as well as making a pay award. Recruitment delays and increased retirements have caused officer numbers to fall to around 16,600. The funding allocation for the year

ahead means officer establishment will remain around 16,600 and a service model will be built which reflects that.

- Chief Constable Livingstone confirmed he had contacted partners and stakeholders to advise that Police Scotland seek to engage about how the service is often meeting the demand of other agencies. Police Scotland are actively considering areas of demand; how those on modified duties are aligned with suitable roles; and what services are best delivered at national, regional, and local levels.
- Chief Constable Livingstone advised police officer numbers will be managed through recruitment intakes whilst, over time, police staff will be reduced proportionately to officers, and union colleagues are being consulted on how this can be achieved. A commitment to no compulsory redundancies remains and staff roles will not be inappropriately and inefficiently backfilled by police officers.
- Members sought comment on Police Scotland's approach to dealing with financial challenges and efficiencies and heard that no part of the organisation is immune from efficiencies. Chief Constable Livingstone explained how the strategic approach to ensuring that all business areas were considered against any reduction of staff was being managed by the Resource Prioritisation Strategic Group, jointly chaired by Deputy Chief Officer David Page (DCO Page) and Deputy Chief Constable Malcolm Graham, a tactical group led by Director Miller and an Operational group led by Assistant Chief Constable Gary Ritchie. Chief Constable Livingstone explained that a detailed analysis of capability, capacity and demand will inform the approach, ensuring that key areas including vetting and professional standards are protected.

5.3 Scottish Police Authority Budget 2023-24

Members considered the report which sought approval for the proposed 2023/24 revenue, capital, and reform budgets. The report highlighted a number of key points, and the following matters were raised in discussion:

- Grant Macrae, Resources Committee Chair, confirmed that following detailed scrutiny, the Committee recommended the report for approval.
- The Chair welcomed the establishment of the budget development group; and reiterated the three tests applied to the budget: developing a balanced budget; prioritising threats and vulnerabilities in Scotland; and maintaining a positive response to 999 calls.
- Members referenced the provision of £5million for justice transformation and blue light collaboration and sought information on what opportunities this would bring. Chief Constable Livingstone responded that the provision shows commitment from Scottish Government on collaborative work, and Police Scotland are looking to collaboratively set out a vision with other emergency services. DCO Page added that benefits would be linked to pace, such as accelerating integration and shared services. Members heard early discussion indicated that money saved will be re-invested into front end services.
- Chief Constable Livingstone confirmed that, despite financial challenges, he was confident that Scotland can be effectively and efficiently policed in the year ahead based on the proposed budget.
- Members sought further information on how specialist national services will be balanced with local policing. Chief Constable Livingstone responded that Police Scotland were committed to creating a holistic single model. Whilst all areas will be invested in, specialist services will take a higher percentage reduction as local policing will be prioritised. As

such, no police service will be cut, and the challenge will be making best use of each service the organisation provides.

- Members heard that there was a high level of stakeholder engagement on the budget and financial issues, to allow better decisions to be made and to allow all staff and partners to take ownership. Members encouraged Police Scotland to undertake a lessons learned exercise, to build on future years' engagement.
- Members questioned whether any aspects of policing performance will suffer as a result of the reduced workforce, such as impacts to 999/101 calls or public confidence. Chief Constable Livingstone confirmed it is a risk, but call handling remains central to public engagement and he guaranteed that response to emergencies will remain high priority. Chief Constable Livingstone emphasised that there is a need for wider recognition

The draft budget report is contained within the appendices to this report.

6.0 IMPLICATIONS

6.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO
Financial		X
Legal/Risk		X
Human Resources		X
Strategic (Partnership Plan/Council Plan)		X
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection		X

6.2 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

6.3 Legal/Risk

There are no legal implications resulting from this report.

6.4 Human Resources

There are no human resource implications resulting from this report.

6.5 Strategic

There are no strategic implications resulting from this report.

7.0 CONSULTATION

7.1 Police Scotland were consulted to ensure the information contained within this report was accurate and current

8.0 BACKGROUND PAPERS

8.1 There are no background papers to this report.



**POLICE
SCOTLAND**
POILEAS ALBA



**SCOTTISH POLICE
AUTHORITY**
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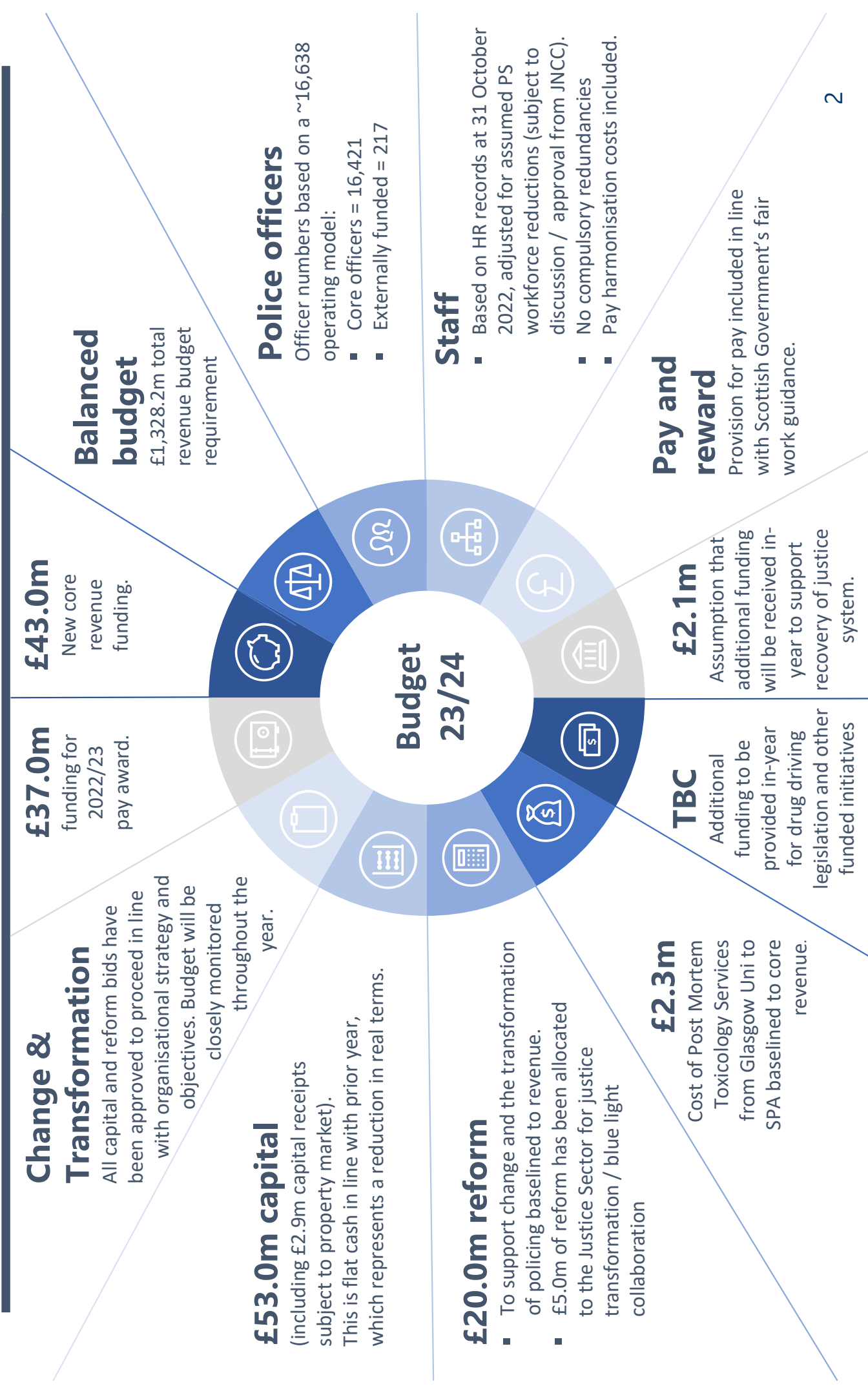
Finance

2023/24 Draft Budget

**Appendix A
March 2023**



2023/24 budget highlights



Summary

Executive Summary

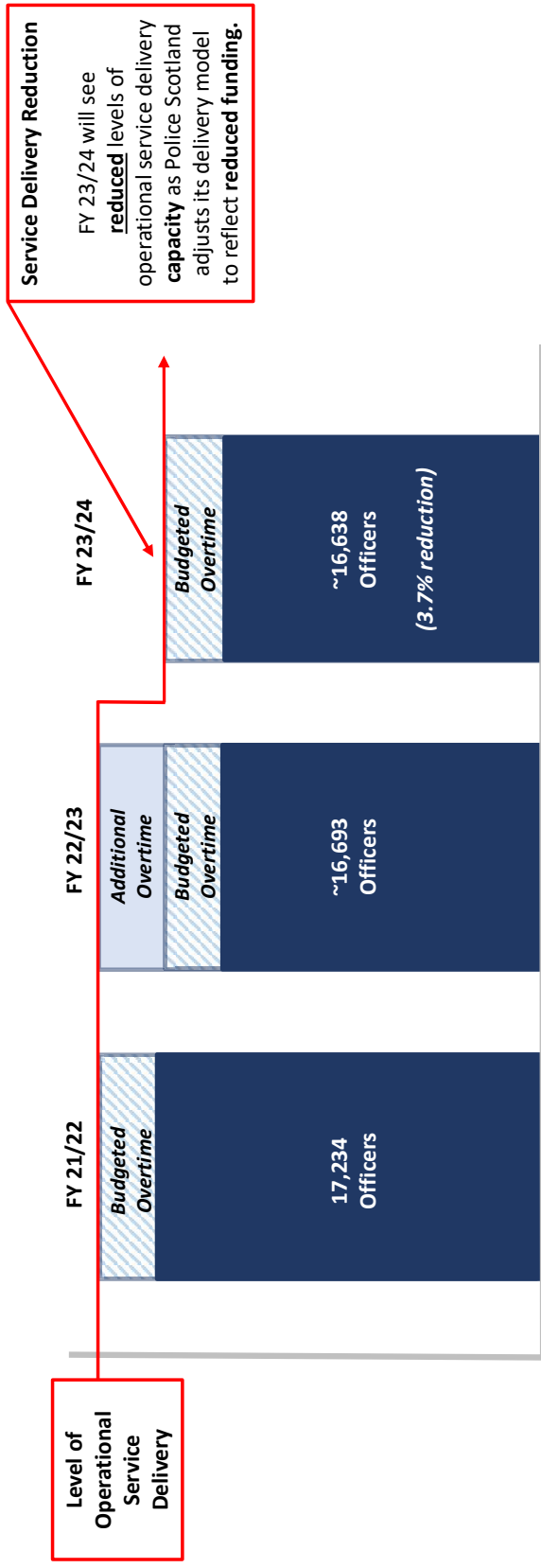
- This report sets out the Scottish Police Authority (“the Authority”) budget for 2023/24.
- The proposed revenue budget for 2023/24 is £1,328.2m. Approximately 96.2% of the annual spending is undertaken by Police Scotland, with the remainder incurred by Forensic Services (3.4%) and the SPA Corporate body (0.4%).
- The Scottish Budget confirmed a £80m core revenue funding uplift for 2023/24, an increase of 6.4% on the previous year.
- Whilst this settlement is an improvement on the flat cash position indicated by the Resource Spending Review (RSR), it is worth noting that £37m of the £80m is required to meet the costs of the current year’s pay award, leaving a **true figure of £43m** for allocation in 2023/24.
- When set against significant inflationary and other cost pressures, including increases in utilities, national non-domestic rates, contract inflation, new technology costs and legal costs, and expectations around 2023/24 pay award, the current funding allocation actually represents a real terms reduction in funding requiring difficult choices to be made across the organisation.
- In order to live within the budget settlement and deliver a balanced budget, over £50m of savings have been proposed in the 2023/24 budget. Plans include reducing the workforce through a reduction in officer and staff numbers and options to reduce non-pay expenditure.
- Flat capital funding of £53m (including capital receipts) has been confirmed for FY 2023/24 and reform funding has been baselined at £20m, representing a 20% reduction in reform funding from previous years.
- Capital and reform demands and requirements are far in excess of the funding available. All capital and reform bids are to proceed in 2023/24, however, the pace of delivery will be limited within the funding available, particularly as spending power has also been eroded by high inflation.
- The spend profile of capital and reform will be actively managed by Finance and Portfolio Management during the year to ensure that actual spend is in line with the funding available.

Operational context

Workforce Reductions

The 2023/24 budget has a core assumption that the overall workforce will be reduced by ~3.7% in order to make the necessary savings required to deliver a balanced budget. Significant work has been undertaken to identify how this will be managed in the forthcoming financial year. The overarching approach undertaken has been to focus on reducing service levels rather than seeking to stop any activity. The diagram below illustrates how the reduction in police officer numbers will reduce operational capacity in 2023/24.

Illustrative Model Showing FY 23/24 Budget Impact on Operational Service Delivery Reduction



Property Repairs

In order to manage significant budget pressures in our estate, we have only been completing statutory, health and safety and security maintenance (known as priority 1 and priority 2 jobs). Those estates budgetary pressures continue into 2023/24 and as a result maintenance will again be restricted to priority 1 and 2 jobs. This is an unsustainable position to take, and as such we are developing proposals to reduce the size of our estate, which could include the closure of police stations in the future.

Further detail on operational risk can be found on page 19.

Funding

Funding

The table below shows the confirmed funding settlement announced on 15 December 2022. The 2023/24 Scottish Budget Bill was passed by MSPs in February.

This includes £80.0m of additional core revenue funding for Policing, £37.0m of which is to be utilised to fund the FY 22/23 pay award, leaving only £43.0m of new funding for 2023/24. In addition, Post Mortem Toxicology Services have been baselined to core revenue.

Core capital funding is flat cash for FY 23/24.

Reform funding has been baselined at £20.0m.

Funding settlement	2022/23 Budget * £m	2023/24 Budget £m	Movement £m	Movement %
Core revenue funding	1,248.2	1,328.2	80.0	6.4%
Reform funding	25.0	20.0	-5.0	-20.0%
Reform baseline adjustment**	-5.0	0.0	5.0	-
Capital funding	50.1	50.1	0.0	-
Capital receipts (NBV)	2.5	2.9	0.4	16.0%
Total	1,320.8	1,401.2	80.4	6.1%

* The FY 22/23 values have been restated to reflect core budget values and baselined services.

** £5.0m of reform has been allocated to the Justice Sector for justice transformation / blue light collaboration

NOTE: In addition to the above, in-year funding is anticipated for Recovery, Renewal and Transformation (RRT) Justice Recovery (£2.1m), Emergency Services Mobile Communications Programme (£0.4m), Drug Driving (TBC), Digital Evidence Sharing Capability (TBC) and other funded initiatives.

For the purposes of this paper in-year funding has been excluded from the proposed revenue budget, on the assumption that these will be funded in-year through Scottish Government Autumn and Spring budget revisions.

Revenue

Budget assumptions

01

Police Officers

- Officer numbers based on a ~16,638 operating model:
 - Core officers = 16,421
 - Externally funded = 217
- Pay progression assumed to be self-funded by succession savings.
- ~16,638 Officers will vary throughout the year based on attrition and probationer intakes

02

Staff budgets

- Based on HR records at 31 October 2022.
- Assumed reduction in posts proportionate to the reduction in Police Officer posts to be discussed / agreed via JNCC.
- Increments in line with pay modernisation, with vacancy and reduced pay savings applied.

03

Overtime

- Core officer overtime to be managed within the £12.9m budget allocation
- In addition, £0.7m has been included in core budget to reflect T&Cs changes.

04

Pay and reward

- Provision for pay included in line with Scottish Government's fair work guidance.

05

Funding

- £80.0m uplift in core revenue funding, £37.0m of which is to fund the FY 22/23 pay award, leaving only £43.0m of new funding for 2023/24.
- Post mortem toxicology funding baselined to core revenue.

06

Income

- Income budgets assume a continued recovery around airports.
- Additional income has been built in based on previous over recovery levels.

07

IFRS16 – lease accounting

- All leases have been accounted for using pre IFRS16 rules. It is assumed both budget and funding will be adjusted in year.

08

Legislation

- No provision included for new legislation – assumed that such pressures will be fully funded.

09

Additional in-year funding

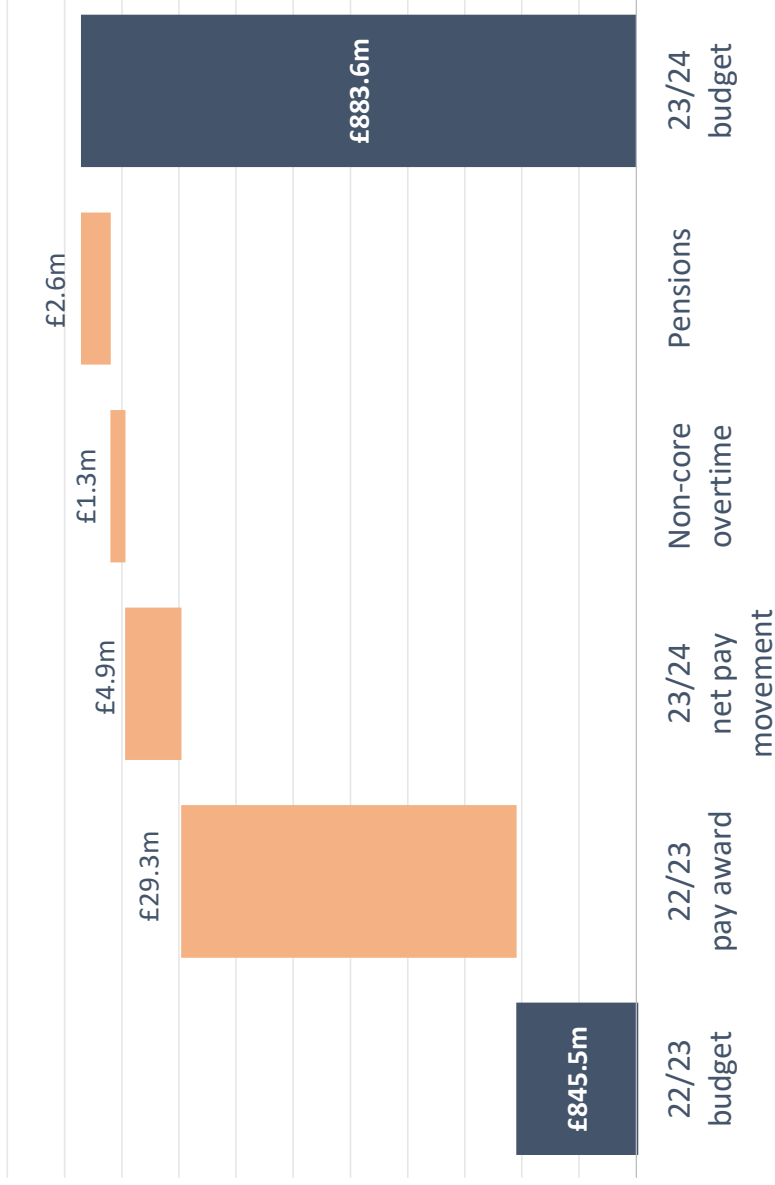
- Assumption that additional funding will be received in-year to support recovery of justice system (RRT), drug driving and other funded initiatives.

Revenue detail

Police officer costs

Police Officer budget	2022/23	2023/24	Movement	
	Budget £m	Budget £m	£m	%
Police officer pay	806.0	839.7	33.7	4.2%
Overtime - core	13.6	13.6	0.0	0.0%
Overtime - non-core (funded)	2.3	3.6	1.3	56.5%
Allowances	5.0	5.5	0.5	10.0%
Pensions (injury benefit and ill health)	18.6	21.2	2.6	14.0%
Total	845.5	883.6	38.1	4.5%

* The FY 22/23 values have been restated to reflect core budget values and baselined services.



Officer numbers are based on a ~16,638 operating model, including externally funded posts. This is in line with the current number of officers the organisation has.

Police officer costs includes provision for pay in line with **Scottish Government's fair work guidance**.

The cost of increments are payable but funded by officer succession savings.

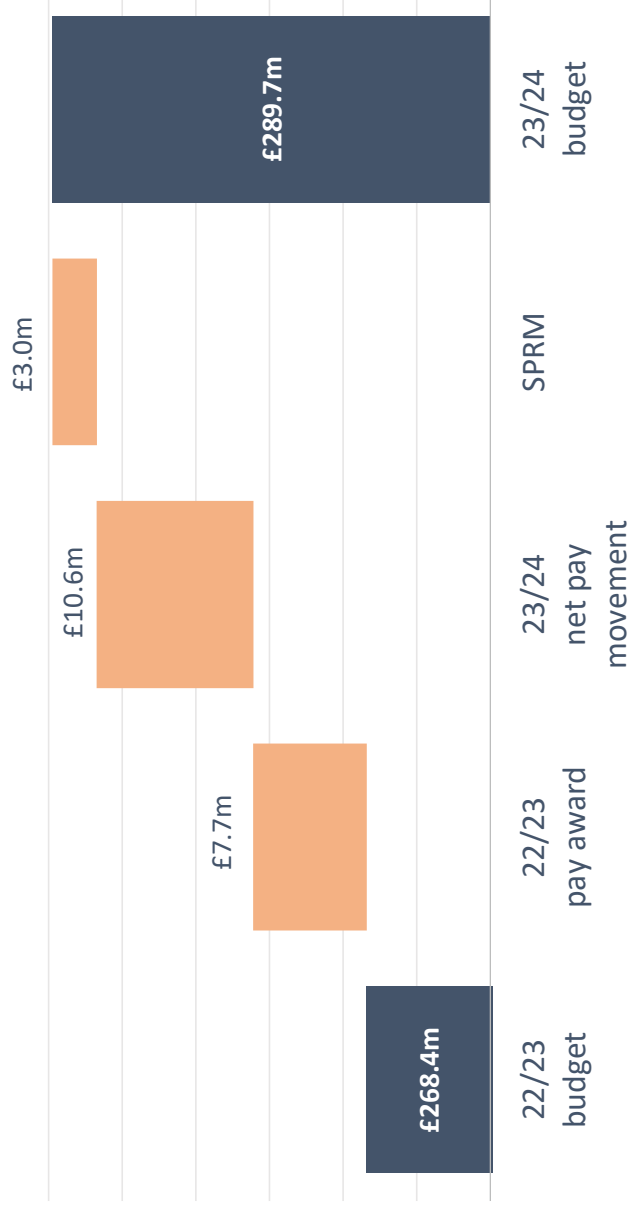
Non-core overtime budget has increased by £1.3m, however this is offset by a corresponding increase in income.

Ill-health and injury pension budgets have been re-profiled based on case volumes. The budget was reduced last financial year however a rise in approved cases has led to the FY 23/24 budget being updated accordingly.

Staff costs

Police Staff budget	2022/23 Budget £m	2023/24 Budget £m	Movement £m	Movement %
Salaries, allowances and on costs	265.8	287.3	21.5	8.1%
Overtime	2.2	2.1	-0.1	-4.5%
Special constables	0.4	0.3	-0.1	-25.0%
Total	268.4	289.7	21.3	7.9%
Comprised				
Police Scotland	230.6	246.9	16.3	7.1%
Forensic Services	34.4	39.1	4.7	13.7%
SPA Corporate	3.4	3.7	0.3	8.8%
Total	268.4	289.7	21.3	7.9%

* The FY 22/23 values have been restated to reflect core budget values and baselined services.



Budget based on HR records at 31 October 2022, adjusted for assumed Police Scotland workforce reductions (part year saving).

Staff costs includes provision for pay in line with **Scottish Government's fair work guidance.**

This is the **final year of the one off incremental impact relating to SPRM**. Going forward increments should be self funded by succession savings.

Appropriate **vacancy/turnover rates applied** to local budgets.

Staff posts have been included to support the continuation of the **transfer of post mortem toxicology to the SPA** – this has been baselined into the core revenue budget.

Forensics staff costs increase mostly relates to **pay and increments (£3.7m)**. There is also the further implementation of the **Forensics operating model (~£1m)** which is **partly offset by non-pay savings** (see slide 14).

Non-pay costs

Non-pay budget	2022/23 Budget £m	2023/24 Budget £m	Movement £m	Movement %	
Other employee	3.3	5.2	1.9	57.6%	Non-pay budgets have been updated to reflect significant inflationary pressures, new contract costs and transformation impact alongside non-recurring pressures.
Premises	58.4	68.6	10.2	17.5%	
Transport	20.5	21.4	0.9	4.4%	
Supplies and services	39.1	39.6	0.5	1.3%	
ICT	33.0	33.8	0.8	2.4%	
Administration	6.7	11.3	4.6	68.7%	The non-pay budget for 2023/24 has increased by £24.4m from the previous FY. Premises costs and anticipated Public Inquiry spend are the biggest drivers for the uplift in budget.
Third party payments	14.2	14.5	0.3	2.1%	
Capital financing	4.4	4.0	-0.4	-9.1%	
Other	-2.4	3.2	5.6	233.3%	In addition, £5.0m has been allocated to support transformational change within the organisation, with a focus on spend to save initiatives and future financial balance.
Total	177.2	201.6	24.4	13.8%	
Comprised					
Police Scotland	168.8	193.5	24.7	14.6%	As part of the budget setting exercise, £8.5m of non-pay savings proposals have been built into the base budget – further detail is provided on slide 19.
Forensic Services	6.2	5.5	-0.7	-11.3%	
SPA Corporate	2.2	2.6	0.4	18.2%	
Total	177.2	201.6	24.4	13.8%	

2022/23 values have been restated to reflect core budget values and baselined services.	£177.2m	£0.6m	£5.5m	£7.1m	£1.4m	£1.6m	£3.1m	£9.0m	£5.0m	£8.5m	£0.4m	£201.6m
Non domestic rates												
Utilities												
Hard FM												
Soft FM												
Fuel												
Telecomms and ICT												
Anticipated public inquiry												
RSR response												
Non-pay savings												
Other movements												
23/24 budget												

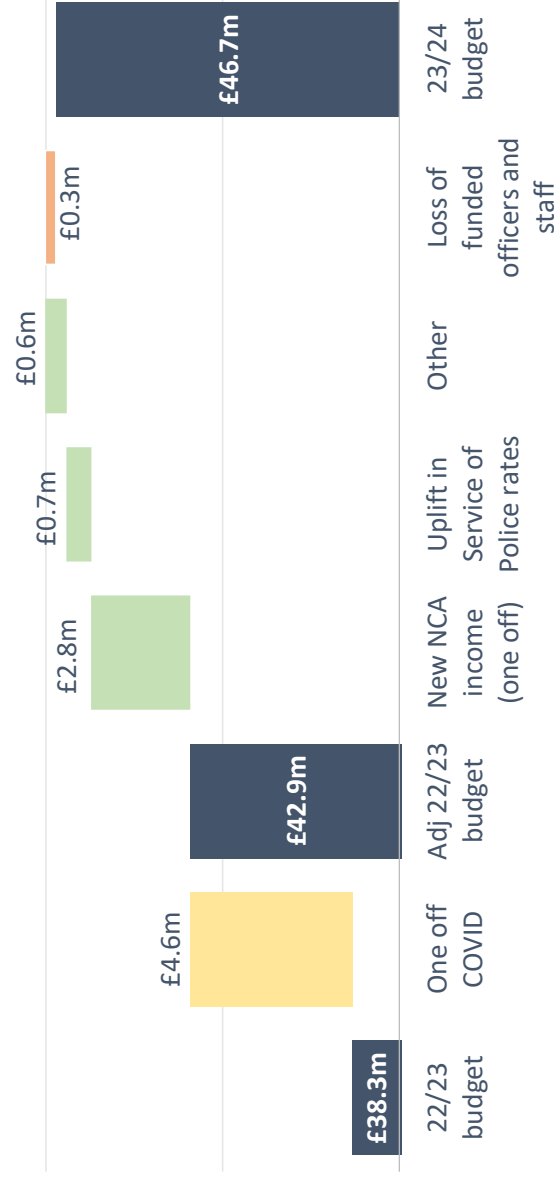
22/23 budget domestic rates Utilities Hard FM Soft FM Fuel Telecomms and ICT Anticipated public inquiry RSR response Non-pay savings Other 23/24 budget

Income

Income	2022/23 Budget £m	2023/24 Budget £m	Movement £m	Movement %
Specific grant funding	-7.7	-11.0	-3.3	42.9%
Local Authority Funded Officers	-3.5	-3.3	0.2	-5.7%
Other Funded Officers and Staff	-1.4	-1.3	0.1	-7.1%
Public fees	-4.6	-4.1	0.5	-10.9%
Rental and hire	-7.1	-7.2	-0.1	1.4%
Mutual aid	-1.2	-1.6	-0.4	33.3%
Services of police	-11.9	-12.4	-0.5	4.2%
Seconded officers	-1.1	-1.3	-0.2	18.2%
Other income	-4.4	-4.5	-0.1	2.3%
Total	-42.9	-46.7	-3.8	8.9%

*The FY 22/23 values have been restated to reflect core budget values and baselined services.

** c£1.0m of income relates to SPA Corporate and Forensic Services



The income budget assumes a **full recovery following COVID**.

Income budgets have increased from the revised income budget of £42.9m to £46.7m as part of the budget setting process.

The uplift in income has resulted from **one off NCA income (£2.8m), an uplift in the Services of Police rates (£0.7m) and other small recoveries.**

In line with previous years **additional income of £3.6m** has been built in based on historic over recovery levels.

Further risk relating to **potential reduction in grant funding**.

Forensic Services and SPA Corporate

Forensic services and SPA Corporate followed the same budgeting process as Police Scotland; supported by SPA /Police Scotland finance with the budget submissions approved by the Director of Forensic Services and Chief Executive. The police staff budget build was completed centrally for all areas following a consistent process and budgeting assumptions.

Forensic Services and SPA Corporate	Forensic Services			SPA Corporate		
	2022/23 Budget £m	2023/24 Budget £m	Movement £m %	2022/23 Budget £m	2023/24 Budget £m	Movement £m %
Staff	34.4	39.1	4.7 13.7%	3.4	3.7	0.3 8.8%
Other employee	0.1	0.1	0.0 0.0%	0.0	0.1	0.1 -
Premises	0.1	0.1	0.0 0.0%	0.8	1.0	0.2 25.0%
Transport	0.2	0.2	0.0 0.0%	0.1	0.0	-0.1 -100.0%
Supplies and services	4.6	3.9	-0.7 -15.2%	0.1	0.1	0.0 0.0%
ICT	0.7	0.6	-0.1 -14.3%	0.0	0.0	0.0 -
Administration	0.2	0.1	-0.1 -50.0%	0.7	0.8	0.1 14.3%
Third party payments	0.5	0.5	0.0 0.0%	0.5	0.5	0.0 0.0%
Other costs	0.0	0.0	0.0 -	0.1	0.0	-0.1 -100.0%
Capital financing	-0.2	0.0	0.2 -100.0%	-0.1	0.1	0.2 200.0%
Income	-0.1	-0.1	0.0 0.0%	-0.9	-1.1	-0.2 22.2%
Total	40.5	44.5	4.0 9.9%	4.7	5.2	0.5 10.6%

* The FY 22/23 values have been restated to reflect core budget values and baselined services.

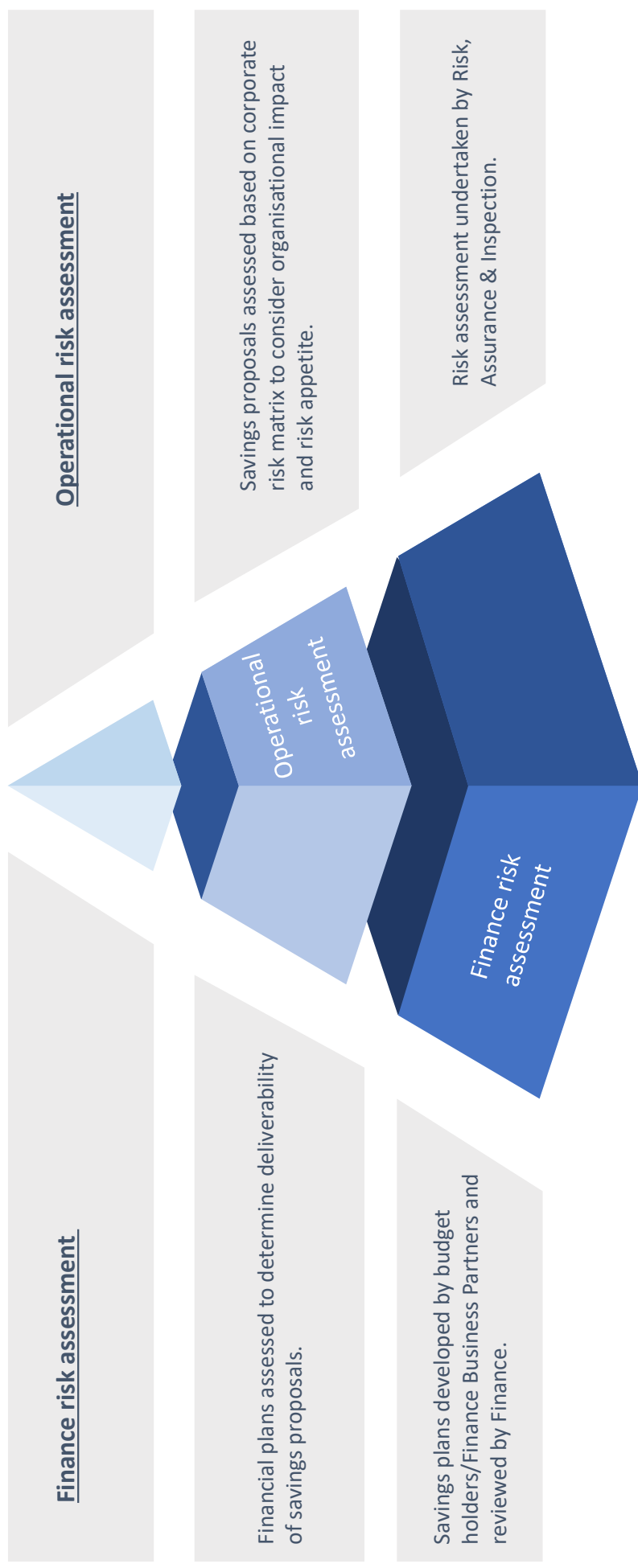
- The majority of the Forensic Services budget growth is related to unavoidable pay award and increments pressures (£3.7m).
- This budget allows for further implementation of the approved new operating model. There is growth in forensics staff and costs, however, these have been largely offset by savings within the non-pay budget. The net budget growth attributable to the new operating model is £0.4m (1.0%).

- The majority of the SPA corporate growth is also related to unavoidable pay award and increments pressure (£0.3m). There is no growth in staff numbers, with a recruitment freeze in place.
- There are other unavoidable cost pressures related to premises costs (£0.2m) and audit costs (£0.1m) incurred on behalf of the entire police service.

Risk assessment

Budget risk

A risk assessment has been undertaken for all savings proposals included in the 2023/24 budget. This review provides an assessment of the operational risk associated with each proposal, alongside the financial risk of achieving the saving and ultimately delivering the 2023/24 budget. It is important to note there is an element of risk attached to all budgets and that the service must accept a degree of risk within risk tolerance.



Police Scotland's risk assessment matrix has been applied to the savings to independently assess the risk rating for every saving proposal. The risk assessment results are detailed on the following slide to show the RAG rating for both the finance and operational risk assessment.

Savings included in the budget

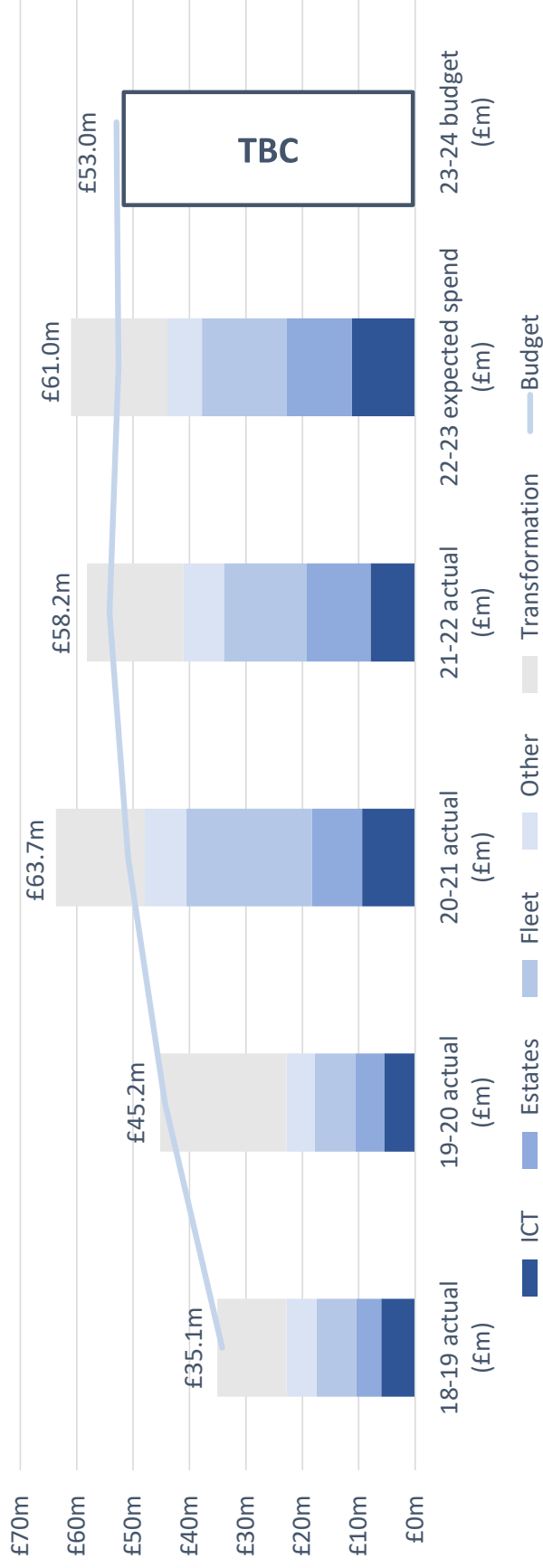
The below savings have been built into the budget and each must be delivered to ensure the balanced budget position can be maintained.
Financial deliverability and operational risk rating included.

Workforce saving	Detail	Value	Risk appetite	Financial deliverability	Operational risk
Police Officers	~16,638 operating model – assumes that all anticipated external funding will be received.	-	Cautious		Public confidence
Police overtime	Assumes that core officer overtime will be managed within the core budget allocation	-	Cautious		Service delivery
Police Staff	Assumed Police Scotland workforce reductions	-	Cautious		Service delivery
Non-pay saving	Detail	Value	Risk appetite	Financial deliverability	Operational risk
Property repairs	Statutory, health and safety and security maintenance only	£3.2m	Averse		Wellbeing
Sustainability savings	More efficient use of gas and electricity	£1.7m	Averse		Wellbeing
Digital efficiency	Additional savings to be identified within Digital Division	£0.5m	Cautious		Finance
Service and maintenance	Switch to ULEV results in lower costs and newer vehicles	£0.6m	Cautious		Finance
Vehicle hires	Further roll out of car club scheme resulting in less hire cars	£0.3m	Cautious		Finance
EV fuel savings	Fuel savings realised due to the utilisation of ULEV	£0.3m	Cautious		Finance
Op Tarn	Change in method of reviewing / charging for costs	£0.7m	Cautious		Finance
Specialist policing	Reduction of training, clothing and equipment costs	£0.1m	Cautious		Service delivery
4% efficiency target	Procurement efficiency target on selected non-pay budgets	£1.1m	Cautious		Finance
NON-PAY SAVINGS BUILT INTO BASE BUDGET		£8.5m			

Capital and reform

Capital funding - historic

The below chart details the budget allocated each year (including disposals and additional grants), as well as highlighting the level of actual/forecast expenditure. For a number of years, we have made submissions to the SG Infrastructure Commission, the SG Capital Spending Review and the SG Low Carbon Fund reinforcing our needs for additional capital funding. However, following the update of the SG Capital Spending Review in May 2022, it has been assumed that our level of grant-in-aid funding for capital will remain static over the next 5 years.

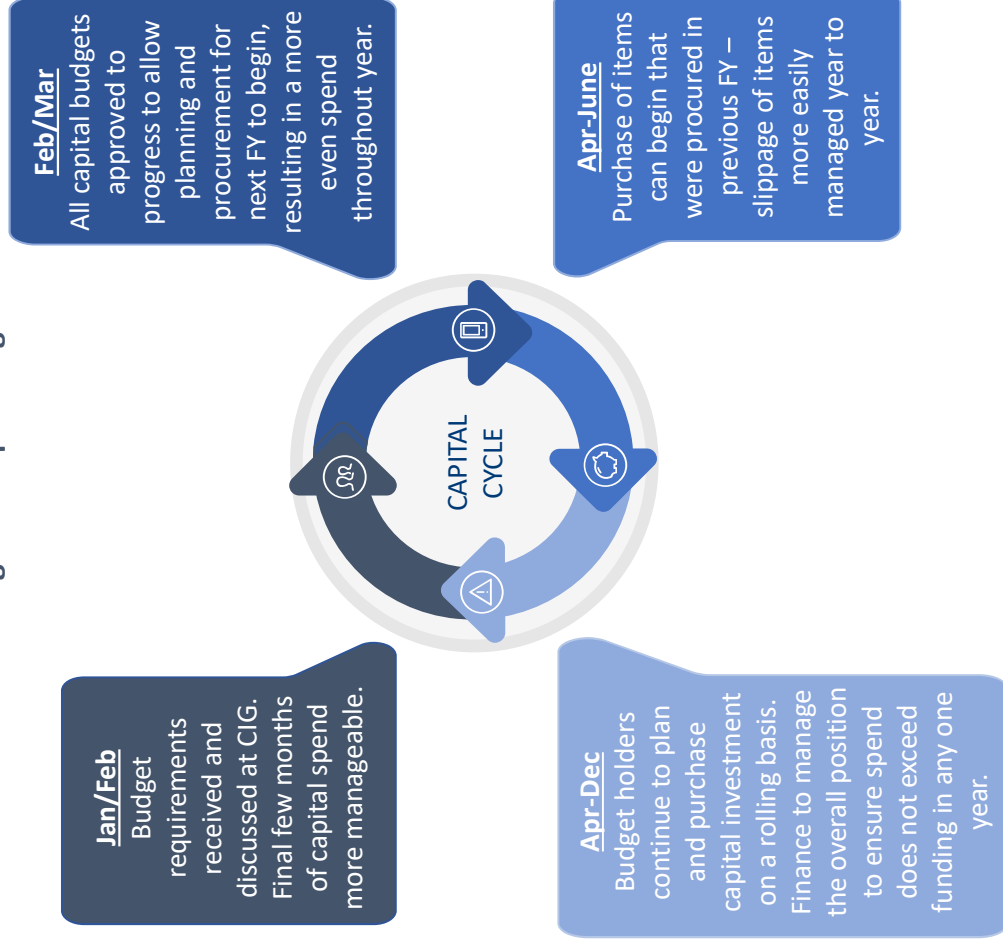


Funding breakdown	18-19	19-20	20-21	21-22	22-23	23-24
Grant in aid	23.0	35.0	45.0	45.5	45.5	50.1
Other grants	0.2	0.3	0.6	1.1	1.6	0.0
Reform capital	4.6	4.6	4.6	4.6	4.6	0.0
Proceeds from disposals	6.4	4.5	0.7	2.4	1.0	2.9
Sub Total	34.2	44.4	50.9	53.6	52.7	53.0
Additional GIA	0.9	0.8	12.8	4.6	8.3	0.0
Total	35.1	45.2	63.7	58.2	61.0	53.0

The capital cycle

Capital cycle

The diagram below outlines the **capital cycle undertaken by the organisation last financial year** which will **continue in 23/24**. This new approach attempts to break the cycle of spend in the last few months of each financial year as this **creates risk and is an obstacle to solid longer term planning**.



A new approach

In order to break the cycle, the **following solutions were implemented for the first time last financial year** (and will continue this financial year), with a focus on how to break the capital cycle and therefore potentially secure more funding.

- **Shift in mind-set** – move away from thinking about capital as single year budget, but rather as a 5 year capital delivery plan.
- **Enabling Budget Holders** – rather than constrain budget holders to a single year capital budget to fit within the SG provided funding levels, we should enable them to spend in line with their total capital bid request.
- **Specialist functions** will continue to work collaboratively with budget holders, providing additional support where required to help expedite capital and reform expenditure.
- **Finance to keep score** – enabling budget holders in this way will mean a capital budget set significantly in excess of the funding we have available. As in previous years, the finance team will manage the corporate position to ensure expenditure meets budget by year end any given financial year
- **Resourcing appropriately** – we need to resource our capital delivery teams relative to our ambition of being an organisation with an annual capital budget of £80-100m.

Lessons learnt from the previous financial year will be applied to ensure there is continuous improvement in processes throughout.

23/24 capital and reform budget allocation

	Capital £m	Reform £m
Rolling replacement		
Estates	12.9	0.0
Fleet (rolling replacement)	14.5	0.0
Electric Vehicle Infrastructure	5.3	0.3
ICT	13.9	0.0
Specialist policing equipment	5.1	0.0
Weaponry & officer safety	2.1	0.0
Forensic services	1.8	0.0
Corporate Change (incl. EPF and VR VER)	0.2	7.7
Cyber Security	0.0	0.5
Data Drives Digital	3.0	0.6
Digital Division Projects	0.9	1.9
Digitally Enabled Policing Programme	4.1	0.4
Body Worn Video	0.6	0.0
Estates Transformation, Review and Rationalise	15.0	5.1
Forensic Service 2026	0.3	1.0
Hate Crime	0.5	0.0
Local Policing Service Delivery	0.0	0.4
Modernised Contact & Engagement	0.5	1.8
Other	0.2	6.1
Policing in a Digital World	1.5	2.8
Rights and Justice Legislative programme	2.3	0.0
Technical Surveillance	0.4	0.0
Transformation resource	0.0	7.8
Slippage Management	-32.1	-11.4
Total	53.0	25.0
Funding		
Core grant in aid	50.1	20.0
Additional revenue funding	0.0	5.0
Capital receipts	2.9	0.0
Total	53.0	25.0

The capital and reform 23/24 budget allocations have been detailed in the table.

Overall **£85.1m of capital budget has been allocated** for 23/24 to be managed as part of a longer term 5 year capital plan. **Slippage of £32.1m** must be managed to remain within funding allocated.

£55.6m has been allocated to **rolling capital replacement programmes**.

£29.5m has been allocated to Change capital projects to deliver transformation change across the organisation.

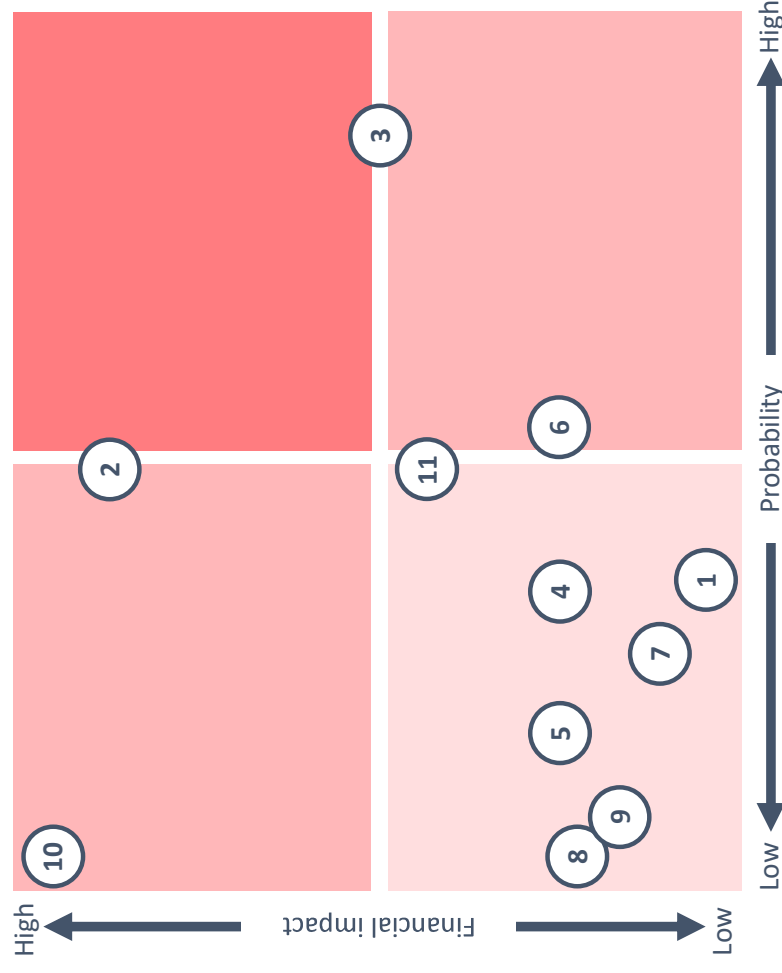
£20.0m of reform funding plus an **additional £5.0m from core revenue** has also been allocated to deliver Change projects, including staff required for a successful delivery. **Slippage of £11.4m** must be managed to remain within funding allocated

Threats and opportunities

Threats

The chart summarises the key threats that could result in a material change to the 2023/24 budget. The threats listed will be monitored throughout next financial year and reflected in the forecast outturn accordingly.

1. Reduced Officer numbers – the new ~16,638 operating model assumes that income will be received for all externally funded posts.
2. Police Officer overtime - current use of overtime is not sustainable in the long term creating a risk that spend cannot be managed within budget.
3. Assumed Police Scotland workforce reductions – assumed reduction of PS staff through use of a vacancy management and VR/VER.
4. Pay costs - various pay assumptions have been made with regards to pay award, headcount, attrition and savings. Any variations to these assumptions will be managed throughout the year.
5. Non-pay pressures – an assumption has been made within budgets for inflation, price increases and other pressures.
6. Property repairs – it has been assumed only P1 and P2 repairs will be completed, however this creates an additional risk and backlog of repairs. Potential to overspend and increased costs in future years as minor repairs become major.
7. Ill-health retrials – budget has been increased due to higher volume of cases being processed however costs may exceed budget available if cases are processed at a more rapid rate.
8. Income challenge – additional income built in based on historic over recovery levels.
9. Legal – provision included for anticipated legal costs, however due to the demand led nature of this spend, actual costs remain unknown.
10. Legislation – no provision included for new legislation – assumed that such pressures will be fully funded.
11. Capital review – a review is expected to be undertaken by SG.



Financial landscape and financial planning

Financial planning

- Since its creation the Police Authority has undergone significant change, and has already delivered the financial and operational benefits of police reform that the Scottish Government's Resource Spending Review (RSR) now requests of the wider public sector. As a result over £200 million has been removed from the annual cost of policing when compared to legacy arrangements.
- Financial sustainability has been the primary objective of the financial planning strategies developed since 2016, all of which highlighted the significant funding challenges facing the service.
- A balanced budget along with a manifesto commitment to real terms protection provided policing with a stable platform and a route to maintaining financial sustainability over the longer term. These assumptions formed the basis of the latest five year financial plan that was approved by the Authority in September 2021.
- The RSR published in May 2022 removed the real terms protection commitment and instead indicated a flat cash settlement for policing until FY 2026/27.
- Whilst the actual budget settlement for 2023/24 isn't as severe as flat cash, high inflation is reducing the spending power of our budgets, and when considered alongside the expectation for future pay awards, anything below real terms protection represents a real-terms reduction in funding for policing requiring difficult choices to be made.
- Police Scotland's reform journey will continue to focus on developing organisational capability, i.e. Body Worn Video, but also in ensuring that the organisation is as efficient and effective as possible to live within the funding available, i.e. through investment in our digital capability, the roll out of Enabling Policing for the Future (EPF) and the wider roll-out of the Strategic Efficiency Redesign and Reinvestment Review (SERR).
- The Scottish Government Capital Spending Review indicated a flat capital funding settlement of ~£53m per annum over a five year period (including anticipated capital receipts). This level of funding is significantly short than required to deliver a policing service for the 21st century. Flat cash will allow key investments to progress, but the pace of delivery is limited within the funding available.
- The immediate focus of financial planning has been on developing the annual budget for 2023/24. Although there is great value in longer term financial planning, it is very difficult in the current economic environment, both of which need to stabilise to allow reasonable financial planning assumptions to be developed to inform longer term financial planning.
- The organisation will, however, continue to develop scenario modelling to understand the impact of 2023/24 funding settlement and future financial challenges, and continue to work closely with Scottish Government to articulate the capital and revenue requirements over the medium term.

Financial uncertainty

There are a number of areas of uncertainty that continue to be monitored to ensure that any financial or funding implications can be articulated and discussed, both internally and externally with Scottish Government.

01

Funding

- Annual budget settlements
- Funding commitments
- Spending review outcomes

02

Service provision

- Workforce size & mix
- Demand for services
- New legislation
- Service priorities, i.e. new technology

03

Income

- Assumptions based on historic trends / current demands
- Local authority grant funded officers

04

Economic factors

- Global price increases / inflation
- Wage inflation
- Potential recession
- Increasing interest rates

05

Political priorities

- Priorities and commitments
- New legislation
- Public inquires

06

Changing nature of costs

- IFRS 16
- Software as a service - ICT applications moving towards online hosted packages.

Appendix B

Schedule of Rates for Events and Other Services 23/24

Schedule of Rates for Events and Other Services

The Police and Fire Reform (Scotland) Act 2012 (sections 86 and 87), the Scottish Police Authority (Provision of Goods and Services) Order 2013 and other supporting legislation enables the Scottish Police Authority to both provide and charge for goods and services.

At its meeting on 26 August 2013, the SPA Finance and Investment Committee approved a policy of full cost recovery in relation to charging for events and other services where the charges are not already set by statute. The policy is in line with the requirements of the SPFM.

This slide and the next set out the outcome of the annual review of the schedule of rates in line with the budget setting cycle and to ensure that full cost recovery is maintained.

The charge out rates have been calculated using the methodology set out in the NPCCs Guidelines on Charging for Police Services. As such, the basis of the SPA's charges is similar to other UK Forces and is also in line with the full cost recovery model as required in the Police and Fire Reform (Scotland) Act 2012.

The charge out rates have been increased for 2023/24 in line with the budgeting assumptions presented as part of this paper.

The previous rate and proposed rates are summarised in the following tables and are rounded to the nearest £0.50. Note these rates are exclusive of VAT.

Full economic rate per hour	Rate from 01-Apr-22	Rate from 01-Apr-23
Chief Superintendent	£110.50	£119.00
Superintendent	£97.50	£106.00
Chief Inspector	£77.00	£84.50
Inspector	£72.50	£79.50
Sergeant	£73.50	£85.00
Constable	£63.50	£73.50
Special Constables	£26.00	£30.00

Full economic rate per hour	Rate from 01-Apr-22	Rate from 01-Apr-23
Grade 11	£79.00	£82.50
Grade 10	£71.50	£74.00
Grade 9	£62.50	£64.00
Grade 8	£54.50	£55.50
Grade 7	£47.50	£49.50
Grade 6	£53.00	£54.50
Grade 5	£46.00	£48.50
Grade 4	£40.00	£42.00
Grade 3	£36.50	£38.50
Grade 2	£33.50	£35.50
Grade 1	£30.00	£32.00

* These revised charge out rates are effective from 1 April 2023.

Schedule of Rates: other non-statutory services

Any changes to fees which are set by statute will be applied as they occur. The charges for other non-statutory services are proposed to be uplifted in line with the NPCC guidance and the Consumer Price Index (CPI). When calculating rates for 2023, the December 2022 CPI measure of 10.5% has been used, as published by the Office for National Statistics. These charges with the proposed uplift are shown below:

ITEM	Apr-22	Apr-23
Supply of Accident Reports	£108.50	£120.00
Search Fee (where the police have no information)	£108.50	£120.00
Interview (after copy of accident report has been applied)	£178.50	£197.00
<u>Supply of Photographs:</u>		
per Print	£8.00	£9.00
per Photocopy	£5.50	£6.00
CD – per disk	£24.50	£27.00
<u>Supply of Video / DVD:</u>		
½ hour video/DVD	£83.00	£91.50
1 hour video/DVD	£118.50	£131.00
3 hour Video /DVD	£257.00	£284.00
Supply of information about thefts, house breaking and occurrences	£108.50	£120.00
Crash Investigator Accident Report	£512.50	£566.50
Scale Plan (A3)	£142.00	£157.00
Scale Plan (A1)	£283.50	£313.50
3D Construction + preparation time	£708.00	£782.50
Alarm Registration (incl. VAT - £60)	£52.50	£58.00
Supply of Plans – Charges will depend on the type of service provided and equipment used.		

* These revised charge out rates are effective from 1 April 2023.