



Agenda Item 8

<b>Meeting</b>	<b>Authority Meeting</b>
<b>Date</b>	<b>24 August 2023</b>
<b>Location</b>	<b>COSLA, Edinburgh</b>
<b>Title of Paper</b>	<b>Financial Performance Quarterly Report</b>
<b>Presented By</b>	<b>James Gray, Chief Financial Officer</b>
<b>Recommendation to Members</b>	<b>For Discussion</b>
<b>Appendix Attached</b>	<b>Appendix A – Quarter 1 Finance Report</b>

**PURPOSE**

The purpose of this report is to provide Members with an update on the financial position of the SPA and Police Scotland for quarter one of the financial year 2023/24.

Members are invited to discuss contents of this paper.

## 1. BACKGROUND

- 1.1 The Board approved the 2023-24 annual budget on 23 March 2023. This budget sets out the spending plans for Police Scotland, Forensic Services and SPA Corporate regarding revenue, capital, and reform for the coming financial year.
- 1.2 The Authority received a core revenue funding increase of £80m (6.4%) in 2023-24, £37m of which was required to meet the additional cost of the 2022-23 pay award, leaving a true figure of £43m for allocation in 2023-24.
- 1.3 A flat capital funding allocation of £53m (including capital receipts) has been confirmed for 2023-24 and reform funding to support change and the transformation has been baselined at £20m, representing a 20% reduction in reform from previous years.

## 2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 High inflation and expectations for 2023-24 pay award has resulted in significant financial challenges for the organisation that require to be managed as part of the annual budget process.
- 2.2 The Head of Finance provides the routine finance report which outlines the year to date and forecast position for the revenue, capital, and reform budgets.
- 2.3 Appendix A provides the detailed quarter one (Q1) finance report.

### **Revenue**

- The Q1 forecast originally presented to SPA Resources Committee on 08 August 2023 highlighted net unfunded pressures of £18.9m, mainly due to overspends relating to pay; police staff costs, police officer overtime and police officer pensions.
- Mitigating actions of £18.9m have now been agreed by Police Scotland Force Executive and results in a revised Q1 net expenditure forecast of £1,333.6m which is in line with the funding receivable.
- The Q1 FC assumes anticipated funding of £5.4m receivable from Scottish Government as part of the Autumn and Spring Budget Reviews.

- It is critical that the mitigating plans included in the forecast are delivered in full to ensure a balanced position in line with funding.
- The year-to-date actual position versus budget is an overspend of £3.5m.

### **Capital**

- The capital forecast at Q1 is £53.7m, £0.7m (fully funded) above the budget position of £53.0m.
- Remaining slippage required at Q1 is £28.7m. Finance review suggests further potential slippage of £14.6m leaving £14.1m still to be identified. The overall position will be reviewed at Q2 with the view of prioritising spend as appropriate.
- Out of the £53.7m Q1 forecast, the spend profile indicates actual spend (£18.4m), committed orders (£20.9m) and expected capitalisation of staff costs (£3.2m) leaving non-committed spend (£11.2m).
- Although there is a year-to-date underspend of £2.7m, the actual spend at Q1 is significantly higher than that in previous years, indicating a shift in the pattern of capital spend.

### **Reform**

- The reform forecast at Q1 of £22.0m is £3.0m under budget, compensated by a reduction in the revenue budget contribution of £3.0m.
- The quarter one reform forecast has resulted in the reduction of FY slippage of £5.7m, bringing the total slippage down to £5.7m from the budgeted amount of £11.4m.
- Out of the £22.0m forecast, the spend profile indicates actual spend (£4.6m) and committed spend (£11.8m) leaving non-committed spend (£5.6m).
- The year-to-date reform spend at Q1 is under budget by £0.1m.

## **3. FINANCIAL IMPLICATIONS**

3.1 The financial implications are set out in detail within the report.

#### **4. PERSONNEL IMPLICATIONS**

4.1 Mitigating actions agreed by Police Scotland Force Executive will impact on police staff recruitment and police officer/staff overtime.

#### **5. LEGAL IMPLICATIONS**

5.1 There are no legal implications in this report.

#### **6. REPUTATIONAL IMPLICATIONS**

6.1 Failure to control costs may lead to operational or financial consequences likely to harm the reputation of Police Scotland and the SPA.

#### **7. SOCIAL IMPLICATIONS**

7.1 There are no social implications in this report.

#### **8. COMMUNITY IMPACT**

8.1 There are no community implications in this report.

#### **9. EQUALITIES IMPLICATIONS**

9.1 There are no equality implications in this report.

#### **10. ENVIRONMENT IMPLICATIONS**

10.1 There are no environmental implications in this report.

### **RECOMMENDATIONS**

Members are asked to discuss contents of this paper.



**POLICE**  
**SCOTLAND**  
POILEAS ALBA

SCOTTISH POLICE  
**AUTHORITY**

**Finance**

Corporate Finance team

# Appendix A

# Finance report

## Quarter 1 2023/24



# Finance dashboard

Q1 2023/24

Year to June 2023

## Revenue

R	R	R
Apr	May	Q1

- YTD £3.5m over budget
- FY Q1 forecast in line with funding

## Capital

G	G	G
Apr	May	Q1

- YTD £2.7m under budget
- FY Q1 forecast £0.7m over budget (fully funded)

## Reform

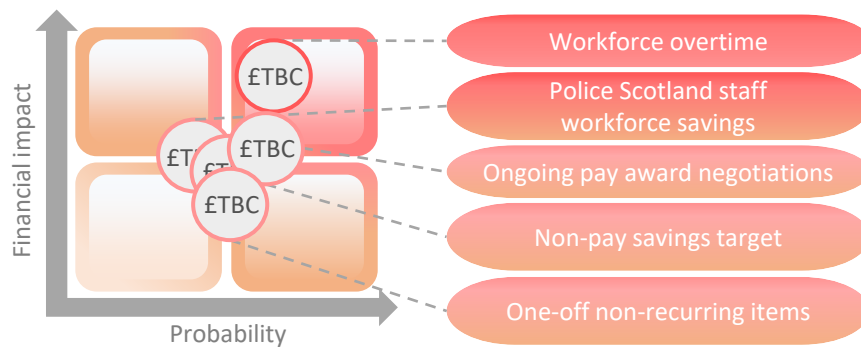
G	G	G
Apr	May	Q1

- YTD £0.1m under budget
- FY Q1 forecast £3.0m under budget but in line with 2 funding

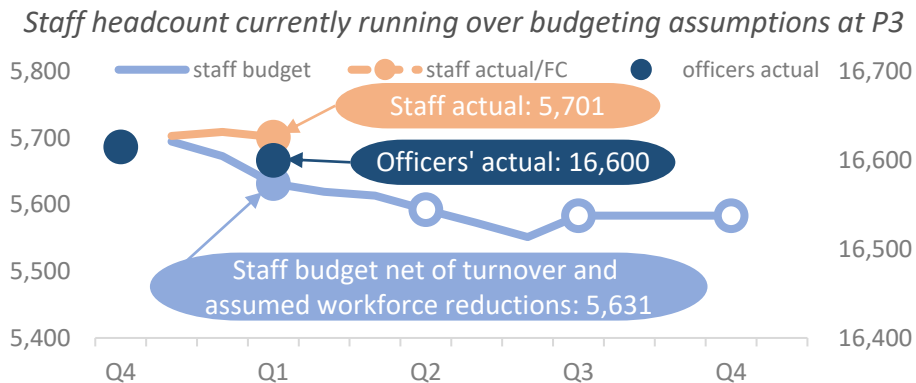
## Revenue variance (£m)

	YTD actual v budget	FY Q1 FC v Budget
Police Scotland	-3.5	-5.1
Forensic Services	-0.1	-0.3
SPA corporate	0.1	0.0
<b>Total</b>	<b>-3.5</b>	<b>-5.4</b>
Funding		5.4
<b>Q1 FC in line with funding</b>		<b>0.0</b>

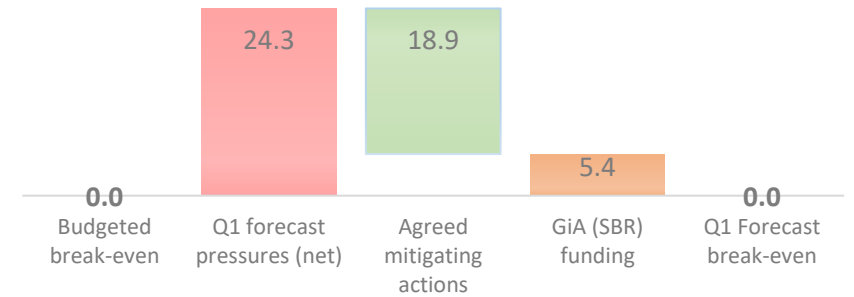
## Threats



## People numbers (FTE) – Revenue Budget

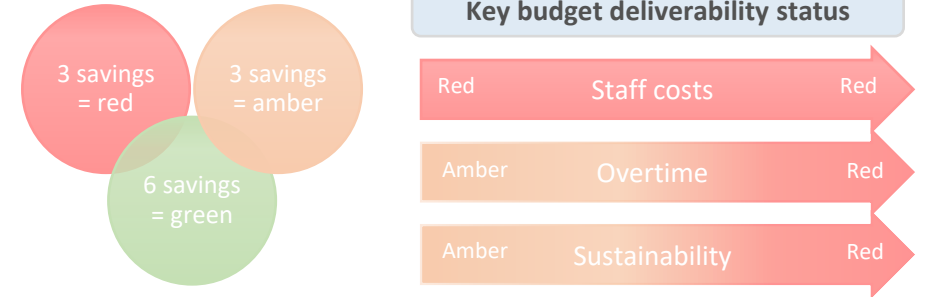


## Revenue: Q1 FC in line with funding



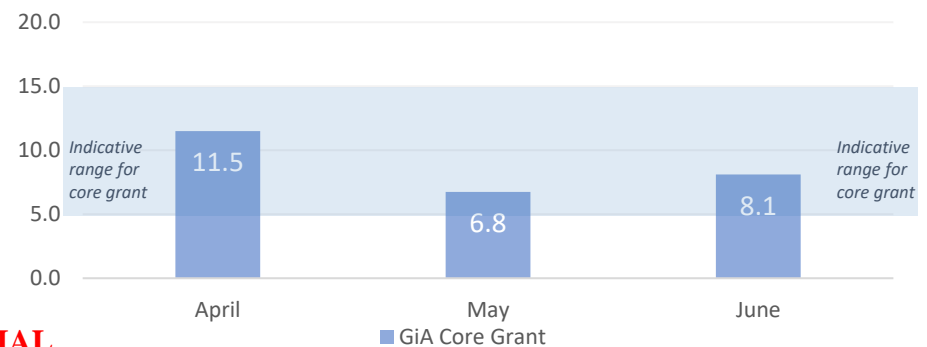
## Savings tracker

Savings must be delivered to ensure the balanced budget position can be maintained



## Cash flow management (£m)

Maintaining cash balances at a moderate level demonstrates effective cash management



# Revenue

## (service area)

Budget / Forecast deliverability status remains at red due to the significant challenge of delivering against the agreed mitigating actions.

Q1 net expenditure forecast £5.4m over budget (fully funded)

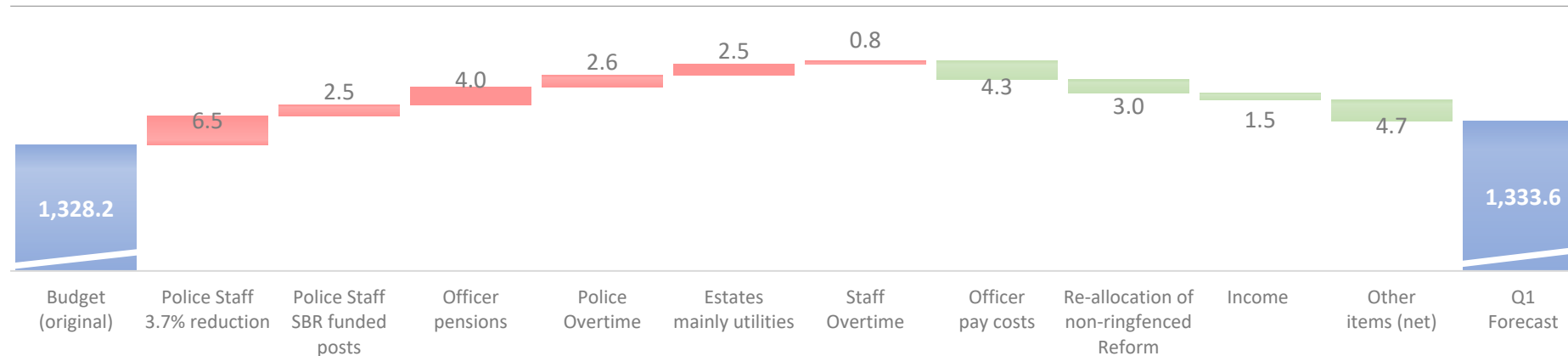
### Total expenditure in line with funding

- Q1 forecast originally highlighted net unfunded pressures of £18.9m, mainly due to overspends relating to pay; police staff costs, police officer overtime and police officer pensions.
- Mitigating actions of £18.9m have now been agreed by Police Scotland Force Executive and results in a revised Q1 net expenditure forecast of £1,333.6m which is in line with the funding receivable.
- The Q1 FC assumes anticipated funding of £5.4m receivable from Scottish Government as part of the Autumn and Spring Budget Reviews.
- It is critical that the mitigating plans included in the forecast are delivered in full to ensure a balanced position in line with funding.

### Revenue variance by area (£m)

	Year to date			Full year		
	Budget £m	Actual £m	Var. £m	Budget £m	Q1 FC £m	Var. £m
Police Scotland	322.6	326.1	(3.5)	1,278.5	1,283.6	(5.1)
Forensic Services	10.8	10.9	(0.1)	44.5	44.8	(0.3)
SPA Corporate	1.3	1.2	0.1	5.2	5.2	0.0
<b>Total expenditure</b>	<b>334.7</b>	<b>338.2</b>	<b>(3.5)</b>	<b>1,328.2</b>	<b>1,333.6</b>	<b>(5.4)</b>
<b>Funding</b>						
GiA - core				1,328.2	1,328.2	0.0
GiA - other				0.0	5.4	5.4
				<b>1,328.2</b>	<b>1,333.6</b>	<b>5.4</b>
<b>Net Q1 FC position</b>				<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Detailed budget to FY Q1 forecast (£m)



- Figures above include £18.9m of agreed mitigating actions to bring Q1 FC back in line with funding
- Figures above also include pressures of £5.4m funded through Autumn and Spring Budget Review

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# Revenue

## (service area)

Year to date over budget by £3.5m

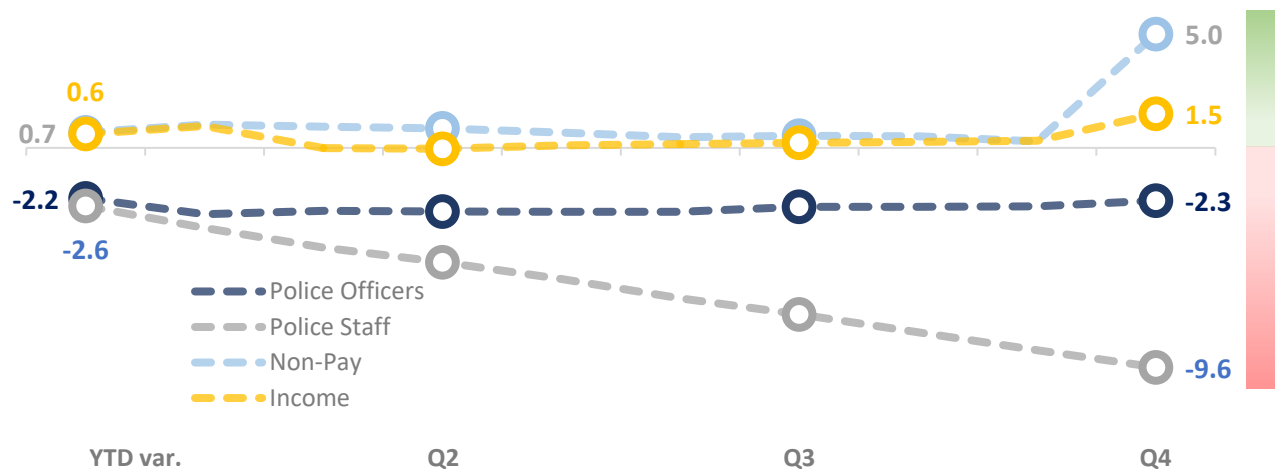
Budgeted savings tracker – see page 8

### Revenue variance by spend type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	%	Bud £m	Q1 FC £m	Var. £m	%
Police officers	223.2	225.4	(2.2)	(1.0%)	883.6	885.9	(2.3)	(0.3%)
Police staff	72.8	75.4	(2.6)	(3.6%)	289.8	299.4	(9.6)	(3.3%)
Non-pay	49.1	48.4	0.7	1.4%	201.5	196.5	5.0	2.5%
Income	(10.4)	(11.0)	0.6	5.8%	(46.7)	(48.2)	1.5	3.2%
<b>Total</b>	<b>334.7</b>	<b>338.2</b>	<b>(3.5)</b>	<b>(1.0%)</b>	<b>1,328.2</b>	<b>1,333.6</b>	<b>(5.4)</b>	<b>(0.4%)</b>

- Figures above include £18.9m of agreed mitigating actions to bring Q1 FC back in line with funding
- Figures above also include pressures of £5.4m funded through Autumn and Spring Budget Review

### Movement: YTD variance to FY FC variance (£m)



### Revenue variances

- Significant savings have been built into the 2023/24 budget which are being actively monitored throughout the year.
- The savings tracker on page 8 shows that the key risk areas in terms of financial deliverability are police officer overtime, police staff costs and sustainability savings.
- This was reflected in the original Q1 FC position along with additional pressures in police officer pensions and police staff overtime.
- Mitigating actions have been agreed to be delivered over the remaining part of the year to bring spend back in line with funding.
- Variances are explained in detail on pages 5 and 6.



# Revenue

(spend type)

## Police officers variance by spend type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	Var. %	Bud £m	Q1 FC £m	Var. £m	Var. %
Police officer pay	210.4	209.5	0.9	0.4%	837.7	833.4	4.3	0.5%
Overtime - core	4.9	5.9	(1.0)	(20.4%)	15.6	17.1	(1.5)	(9.6%)
Overtime – non-core	0.9	1.5	(0.6)	(66.7%)	3.6	4.7	(1.1)	(30.6%)
Allowances	1.4	1.4	0.0	0.0%	5.5	5.5	0.0	0.0%
Pensions	5.6	7.1	(1.5)	(26.8%)	21.2	25.2	(4.0)	(18.9%)
<b>Total</b>	<b>223.2</b>	<b>225.4</b>	<b>(2.2)</b>	<b>(1.0%)</b>	<b>883.6</b>	<b>885.9</b>	<b>(2.3)</b>	<b>(0.3%)</b>

## Police staff variance by spend type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	Var. %	Bud £m	Q1 FC £m	Var. £m	Var. %
Staff pay and allowances	72.3	74.3	(2.0)	(2.8%)	287.4	296.2	(8.8)	(3.1%)
Overtime	0.5	1.1	(0.6)	(120.0%)	2.1	2.9	(0.8)	(38.1%)
Special constables	0.0	0.0	0.0	0.0%	0.3	0.3	0.0	0.0%
<b>Total</b>	<b>72.8</b>	<b>75.4</b>	<b>(2.6)</b>	<b>(3.6%)</b>	<b>289.8</b>	<b>299.4</b>	<b>(9.6)</b>	<b>(3.3%)</b>

## Police officer costs

- Police officers - FY overspends relate to pension costs (£4.0m - injury £2.9m, ill health £1.5m offset by pension sanction charges £0.4m), core overtime (£1.5m) net of agreed mitigating actions, non-core overtime (£1.1m), offset by underspends in officer pay & allowances (£4.3m).

## Police staff costs

- Police staff - relates to vacancy management savings not achieved (£6.5m), staff costs funded at SBR (£2.5m), overspend on staff overtime (£0.8m) offset by other items (£0.2m). The above variances take account of agreed mitigating actions in controlling both overtime and police staff costs.

# Revenue

(spend type)

## Non-pay variance by spend type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	%	Bud £m	Q1 FC £m	Var. £m	%
Other employee	1.1	1.0	0.1	9.1%	5.2	5.3	(0.1)	(1.9%)
Premises	17.2	17.1	0.1	0.6%	68.6	71.1	(2.5)	(3.6%)
Transport	5.5	5.6	(0.1)	(1.8%)	21.4	21.7	(0.3)	(1.4%)
Supplies & Services	9.9	9.0	0.9	9.1%	39.6	38.3	1.3	3.3%
ICT	8.2	8.7	(0.5)	(6.1%)	33.8	35.3	(1.5)	(4.4%)
Administration	2.8	2.6	0.2	7.1%	11.3	11.2	0.1	0.9%
Third party payments	3.5	3.6	(0.1)	(2.9%)	14.5	15.1	(0.6)	(4.1%)
Other	0.9	0.8	0.1	11.1%	7.1	(1.5)	8.6	121.1%
<b>Total</b>	<b>49.1</b>	<b>48.4</b>	<b>0.7</b>	<b>1.4%</b>	<b>201.5</b>	<b>196.5</b>	<b>5.0</b>	<b>2.5%</b>

## Income variance by type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	%	Bud £m	Q1 FC £m	Var. £m	%
Specific grant funding	(2.1)	(1.7)	(0.4)	(19.0%)	(11.0)	(10.7)	(0.3)	(2.7%)
LA funded officers and staff	(1.1)	(1.5)	0.4	36.4%	(4.6)	(6.1)	1.5	32.6%
Public fees	(1.0)	(1.0)	0.0	0.0%	(4.1)	(3.9)	(0.2)	(4.9%)
Rental and hire	(1.8)	(1.6)	(0.2)	(11.1%)	(7.2)	(7.1)	(0.1)	(1.4%)
Mutual aid	(0.4)	(0.7)	0.3	75.0%	(1.6)	(1.5)	(0.1)	(6.3%)
Services of police	(2.6)	(3.0)	0.4	15.4%	(12.4)	(12.0)	(0.4)	(3.2%)
Seconded officers	(0.3)	(0.4)	0.1	33.3%	(1.3)	(1.5)	0.2	15.4%
Other income	(1.1)	(1.1)	0.0	0.0%	(4.5)	(5.4)	0.9	20.0%
<b>Total</b>	<b>(10.4)</b>	<b>(11.0)</b>	<b>0.6</b>	<b>5.8%</b>	<b>(46.7)</b>	<b>(48.2)</b>	<b>1.5</b>	<b>3.2%</b>

## Non-pay

- Other costs (£8.6m under) - reduction in Revenue contribution to Reform (£3.0m), one-off non-recurring items (£2.0m) and other mitigating actions (£3.6m) to reduce non-pay spend.
- Premises costs (£2.5m over) - full year relates mainly to utilities: sustainability savings not achieved (£1.6m) and increase in unit costs (£1.0m) offset by other items (£0.1m, net).
- Other non-pay costs (£1.1m over, net).

## Income

- Mainly additional local authority funded officers from Lothian & Borders (£1.5m) with several offsetting variances across other income lines.

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# Revenue

## (further business area detail)

Mitigating actions to the value of £18.9m have been devolved to local areas and are reflected in the Q1 Forecast FY variances

### DCC Local Policing

- Overspends in police staff costs (£2.6m), police officer overtime (£0.4m) and staff overtime (£0.6m) offset by an over-recovery of income (£1.9m) and underspend in non-pay (£0.8m).

	£m	FTE
Budget	144.6	2,584.9
Q1 Forecast	145.5	2,589.2
<b>FY variance</b>	<b>(0.9)</b>	<b>(4.3)</b>
<i>YTD variance</i>	<i>(1.4)</i>	<i>(17.5)</i>

### DCC Crime & Op Support

- Underspends in non-pay (£1.4m) and staff costs (£0.6m) offset by under-recovery of income (£1.4m) and overspend in police officer overtime (£0.4m).

	£m	FTE
Budget	52.4	774.3
Q1 Forecast	52.2	739.0
<b>FY variance</b>	<b>0.2</b>	<b>35.3</b>
<i>YTD variance</i>	<i>0.3</i>	<i>24.5</i>

### DCC Professionalism, Strategy and Engagement

- Underspend in non-pay (£0.2m) and over-recovery of income (£0.2m).

	£m	FTE
Budget	41.3	574.2
Q1 Forecast	40.9	556.1
<b>FY variance</b>	<b>0.4</b>	<b>18.1</b>
<i>YTD variance</i>	<i>0.2</i>	<i>7.8</i>

### Deputy Chief Officer

- Overspends in estates costs, mainly utilities (£2.5m), ill health pension costs (£1.5m), offset by underspends in police staff costs (£0.6m) and other non-pay costs (£1.9m, net).

	£m	FTE
Budget	182.7	1,163.1
Q1 Forecast	184.2	1,135.3
<b>FY variance</b>	<b>(1.5)</b>	<b>27.8</b>
<i>YTD variance</i>	<i>(0.9)</i>	<i>8.9</i>

### Corporate centre

- Overspends relates to vacancy management savings not yet achieved (£6.5m), police officer injury pension (£2.5m), staff costs funded at SBR (£2.0m) and other items (£2.1m) offset by underspend in police officers pay costs (£4.3m) and one-off items (£5.5m)

	£m	FTE
Budget	857.5	16,504.1
Q1 Forecast	860.8	16,667.0
<b>FY variance</b>	<b>(3.3)</b>	<b>(162.9)</b>
<i>YTD variance</i>	<i>(1.7)</i>	<i>(84.1)</i>

### Forensics services & SPA corporate

- Forensic Services (£0.3m over) - relates to third party outsourcing costs (£0.7m) offset by underspend in staff costs (£0.4m).
- SPA Corporate (in line with budget) - no material variances.

	£m	FTE
Budget	49.7	644.0
Q1 Forecast	50.0	623.3
<b>FY variance</b>	<b>(0.3)</b>	<b>20.7</b>
<i>YTD variance</i>	<i>0.0</i>	<i>22.5</i>

# Savings tracker

The financial deliverability status of these savings reflect their Q1 FC position. Where these items are proposed to deliver the savings / reductions, they will continue to be monitored and be highlighted as threats if deliverability is in doubt.

Key risk areas in term of financial deliverability are:

- Officer overtime
- Police staff costs
- Sustainability savings

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

Workforce saving	Detail	FY value	YTD value	Budget deliverability	Financial deliverability
Police Officers	~16,638 operating model – assumes that all anticipated external funding will be received.	-	-		
Police overtime	Assumes that core officer overtime will be managed within the core budget allocation	-	-		
Police Staff	Assumed Police Scotland workforce reductions	-	-		
Non-pay saving	Detail	FY value	YTD value	Budget deliverability	Financial deliverability
Property repairs	Statutory, health and safety and security maintenance only	£3.2m	£0.8m		
Sustainability savings	More efficient use of gas and electricity	£1.7m	-		
Digital efficiency	Additional savings to be identified within Digital Division	£0.5m	£0.1m		
Service and maintenance	Switch to ULEV results in lower costs and newer vehicles	£0.6m	£0.1m		
Vehicle hires	Further roll out of car club scheme resulting in less hire cars	£0.3m	£0.0m		
EV fuel savings	Fuel savings realised due to the utilisation of ULEV	£0.3m	£0.0m		
Op Tarn	Change in method of reviewing / charging for costs	£0.7m	£0.2m		
Specialist policing	Reduction of training, clothing and equipment costs	£0.1m	£0.0m		
4% efficiency target	Procurement efficiency target on selected non-pay budgets	£1.1m	£0.3m		
<b>NON-PAY SAVINGS BUILT INTO BASE BUDGET</b>		<b>£8.5m</b>	<b>£1.5m</b>		

# Capital

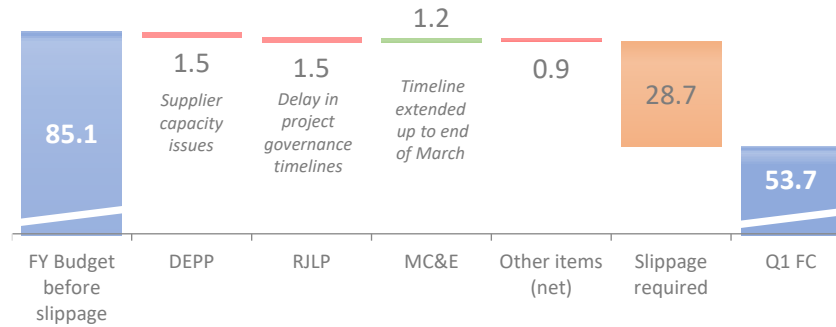
Budget / Forecast deliverability status is green

FY Q1 forecast £0.7m over budget (fully funded) but still requires £28.7m slippage

Finance review suggests further potential slippage of £14.6m leaving £14.1m still to be identified. The overall position will be reviewed at Q2 with the view of prioritising spend as appropriate.

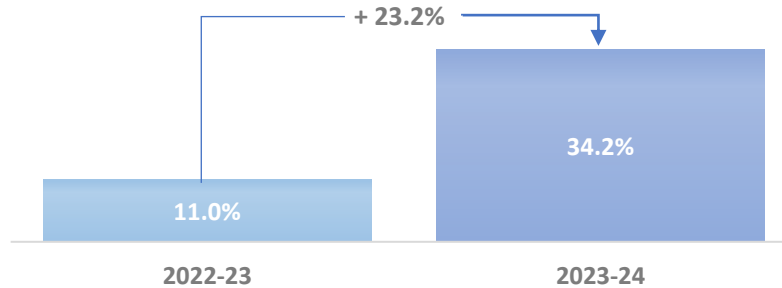
Actual spend at P3 is significantly higher than previous years, indicating a shift in the pattern of capital spend

## Forecast: movement budget to Q1 FC (£m)

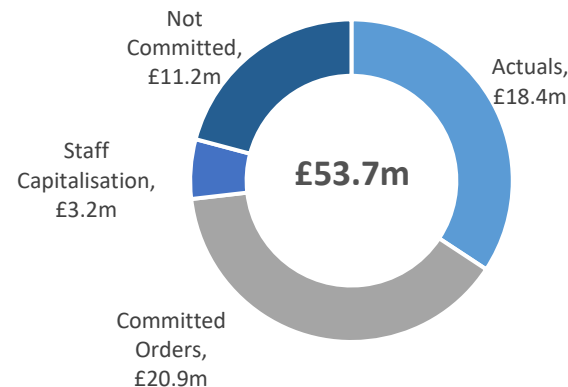


## Year to date : % of forecast spent

Capital spend shows improvement compared to last year



## Forecast: spend profile overview (£m)



## Capital variance by programme (£m)

	Year to date			Full year		
	Budget £m	Actual £m	Var. £m	Budget £m	Q1 FC £m	Var. £m
Fleet	9.8	7.3	2.5	14.5	14.8	(0.3)
Digital Division (ICT)	3.5	3.0	0.5	13.9	13.9	0.0
Estates	4.0	2.6	1.4	12.9	12.9	0.0
EV Infrastructure	1.3	1.2	0.1	5.3	5.3	0.0
SPE	1.0	0.8	0.2	5.0	5.0	0.0
Weaponry	0.4	0.3	0.1	2.2	2.0	0.2
Forensic services	0.2	0.2	0.0	1.8	1.4	0.4
<i>Change: legislative &amp; inflight</i>						
Estates transformation	1.9	1.3	0.6	15.0	15.0	0.0
DEPP ①	1.0	0.6	0.4	4.7	3.2	1.5
DDD ②	0.3	0.4	(0.1)	3.0	3.0	0.0
RJLP ③	0.0	0.1	(0.1)	2.3	0.8	1.5
Policing in a digital world	0.0	0.0	0.0	1.5	1.5	0.0
Digital Division	0.0	0.0	0.0	0.9	0.8	0.1
MC&E ④	0.2	0.4	(0.2)	0.5	1.7	(1.2)
Other projects	0.2	0.2	0.0	1.6	1.1	0.5
Slippage	(2.7)	0.0	(2.7)	(32.1)	(28.7)	(3.4)
<b>Total</b>	<b>21.1</b>	<b>18.4</b>	<b>2.7</b>	<b>53.0</b>	<b>53.7</b>	<b>(0.7)</b>
<b>Funding</b>						
GIA - core				50.1	50.1	0.0
Capital receipts				2.9	2.9	0.0
Other				0.0	0.7	0.7
<b>Total</b>				<b>53.0</b>	<b>53.7</b>	<b>0.7</b>

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① DEPP = Digitally Enabled Policing Programme

② DDD = Data Drives Digital

③ RJLP = Rights & Justice Legislative Programme

④ MC&E = Modern Contact & Engagement

# Reform

Budget / Forecast deliverability status is green

FY Q1 forecast £3.0m underspend against budget

Compensated by a £3.0m reduction in revenue budget contribution to Reform

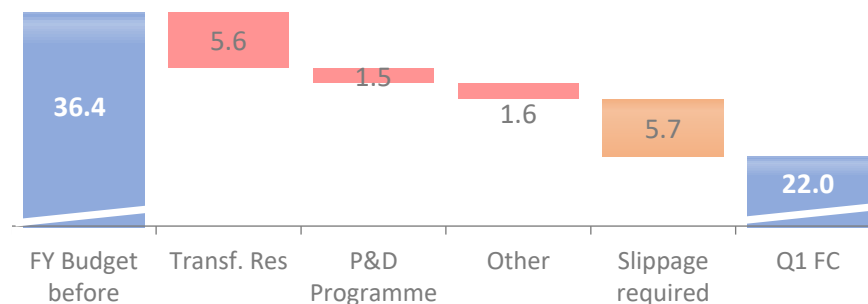
FY forecast requires slippage of £5.7m.

Year to date under budget by £0.1m

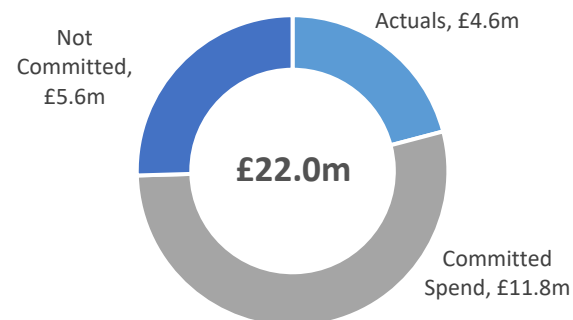
## Q1 Forecast variances

- Transformation resource (£5.6m under) - forecast assumptions updated to exclude bids not yet approved by CDIO and reflects an appropriate success rate % for bids currently approved.
- P&D programme (£1.5m under) - mainly unallocated budget for which no plans have been developed.
- Other projects (£1.6m under) - re-profile of material projects like SERR and NLED.
- Slippage (£5.7m reduction) - as a result of the above, budgeted slippage has moved from £11.4m to £5.7m.

## Forecast: movement budget to Q1 FC (£m)



## Budget: spend profile overview (£m)



## Reform variance by work stream (£m)

	Year to date			Full year		
	Budget £m	Actual £m	Var. £m	Budget £m	Q1 FC £m	Var. £m
Transformation resource	3.6	2.7	0.9	17.1	11.5	5.6
Estates transformation	0.2	0.2	0.0	5.0	4.8	0.2
P&D Programme	0.3	0.0	0.3	2.7	1.2	1.5
MC&E ①	0.8	0.9	(0.1)	1.7	2.0	(0.3)
Policing in a digital world	0.0	0.0	0.0	1.4	1.4	0.0
Digital Division	0.3	0.3	0.0	1.4	1.4	0.0
VR/VER	0.1	0.2	(0.1)	1.3	1.3	0.0
EPF ② (incl. Corporate Change)	0.0	0.0	0.0	0.7	0.7	0.0
DDD ③	0.0	0.0	0.0	0.4	0.4	0.0
Other projects	0.5	0.3	0.2	4.7	3.0	1.7
Slippage	(1.1)	0.0	(1.1)	(11.4)	(5.7)	(5.7)
	<b>4.7</b>	<b>4.6</b>	<b>0.1</b>	<b>25.0</b>	<b>22.0</b>	<b>3.0</b>
Contribution from Revenue Budget				(5.0)	(2.0)	(3.0)
<b>Total</b>				<b>20.0</b>	<b>20.0</b>	<b>0.0</b>
<b>Funding</b>						
GIA - core				20.0	20.0	0.0

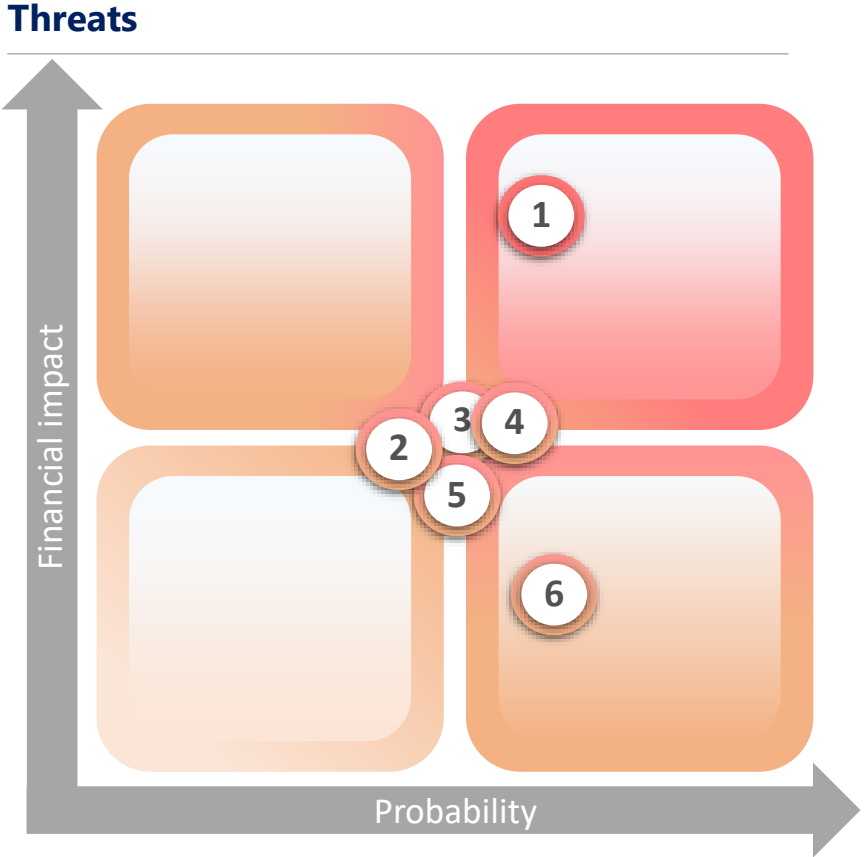
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① MC&E = Modern Contact & Engagement  
 ② EPF = Enabling Policing for the Future  
 ③ DDD = Data Drives Digital

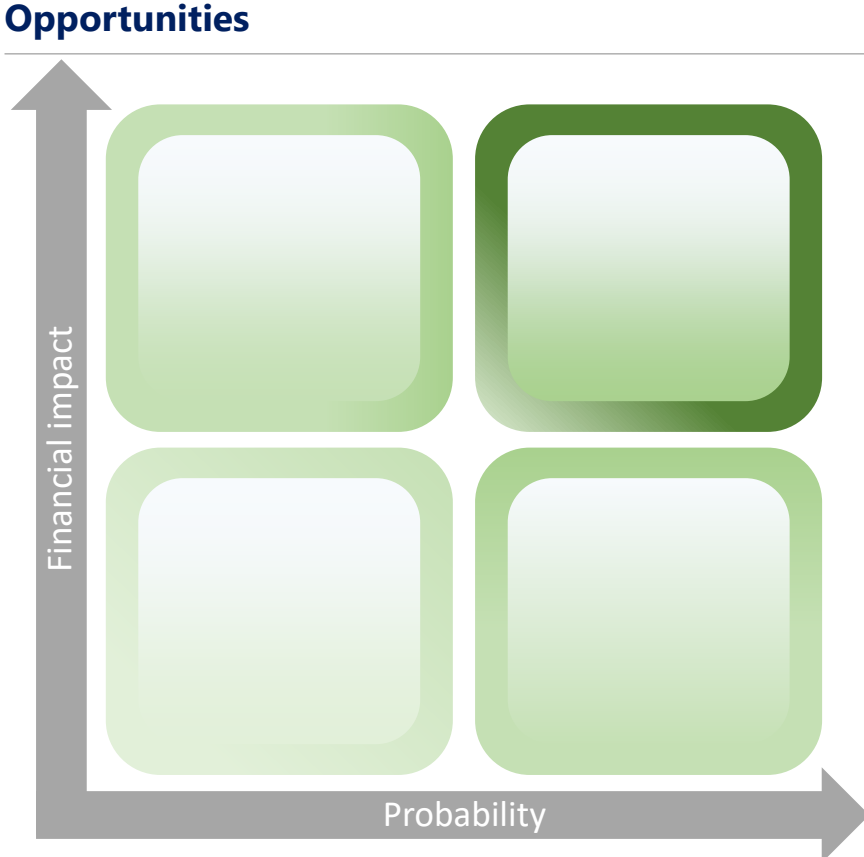
# Risk analysis

The revenue forecast is carrying further risks that may materialise, mainly attached to the deliverability of the agreed mitigating actions of £18.9m

Threats and opportunities risks will continue to be monitored on a weekly and monthly basis for the rest of the year



1. Workforce overtime - current use of overtime is not sustainable in the long-term creating a risk that spend cannot be managed within budget/forecast.
2. Assumed Police Scotland staff workforce savings.
3. 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.
4. Non-pay savings - agreed mitigating targeted savings will need to be delivered throughout the remaining part of the year.
5. One-off non-recurring items - forecast assumes that one-off benefits will happen this year but comes with risk attached.
6. Property repairs - it has been assumed only priority 1 and priority 2 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.



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# Mitigating actions: next steps

Proposal	£m	Timescales	Next steps
Recruitment pause	2.5	Effective from 9 August 2023 until further notice	Continue to develop plans for a sustainable 3.7% staff pay bill reduction.
Reduce core officer overtime activity to bring into line with budget for the remainder of the year.	5.4	Effective from 1 August 2023 and to be maintained into future financial years.	Overtime working group to be stood up to support the development of a sustainable delivery model. Authorisation levels will also be increased.
Reduce staff overtime activity to bring into line with budget for the remainder of the year.	0.9	Effective from 1 August 2023 and to be maintained into future financial years.	Overtime working group to be stood up to support the development of a sustainable delivery model.
Reduce non-pay budgets	3.6	Effective immediately and to be maintained into future financial years.	Savings targets to be allocated to divisional forecasts. FBPs and budget holders to review proposed non-pay spend to “bank” the required savings and ensure that reductions are considered as part of 2024/25 budget build. Estates and statutory payments currently protected due to their uncontrollable nature (i.e. loan interest payments, utility costs, etc.).
Seek additional forms of income generation	1.0	Effective immediately and to be maintained into future financial years.	Income working group to review opportunities for additional income generation and ensure that this is considered as part of the 2024/25 budget build.
Non-recurring items	2.5	TBC – dependent on external events	Continue to monitor external events that will impact on the delivery of any potential one-off benefits.
Reduce the revenue contribution to change and transformation activity	3.0	Effective immediately	Wider operational implications to be considered and reflected in proposed transformational activity for the remainder of the year.
<b>Total</b>	<b>18.9</b>		