

<b>Meeting</b>	<b>Authority Meeting</b>
<b>Date</b>	<b>23 March 2022</b>
<b>Location</b>	<b>Video Conference</b>
<b>Title of Paper</b>	<b>Scottish Police Authority Budget 2022/23</b>
<b>Presented By</b>	<b>James Gray, Chief Financial Officer</b>
<b>Recommendation to Members</b>	<b>For Approval</b>
<b>Appendix Attached</b>	<b>Appendix A – 2022/23 Draft Budget Appendix B - Schedule of Rates for Events and Other Services 2022/23</b>

**PURPOSE**

The Scottish Police Authority has a legal obligation, before the beginning of each financial year, to provide details of how it intends to allocate the financial resources it expects to have available.

The purpose of this paper is to present the proposed 2022/23 revenue, capital and reform budgets for approval by the Authority.

This paper is submitted to Members for approval.

## **1. BACKGROUND**

- 1.1 The SPA has a statutory duty to agree its annual budget for the coming financial year (2022/23) before the end of the current financial year (31 March 2022).
- 1.2 CFPB and Resources Committee approved the budget strategy in July 2021 which continues the Zero Based Budgeting (ZBB) approach of the previous few years.
- 1.3 The Scottish Government draft budget was announced on 9 December 2021 and the 2022/23 Scottish Budget Bill was passed by MSPs in February 2022.
- 1.4 Details of the 2022/23 budget requirement and agreed funding are included in the proposed 2022/23 budget report at Appendix A.

## **2. FURTHER DETAIL ON THE REPORT TOPIC**

- 2.1 The Scottish Government's 2022/23 draft budget was announced on 9 December 2021, confirming that an additional £40.5m of core revenue funding will be provided in line with the commitment to protect the police resource budget in real terms for the entirety of the Parliament. The budget also includes £6.6m of one-off additional funding to support the in-year impact of COVID - this mainly relates to lost income (£4.6m) and recovery of the justice system (£2.0m).
- 2.2 In addition to the above, revenue funding will be provided in-year to support the transfer of post mortem toxicology services to the Authority (£2.5m) and drug driving legislation (£0.3m). When combined with the core revenue funding and additional COVID support, this allows a balanced revenue budget to be presented for 2022/23.
- 2.3 Officer and staff pay budgets are based on the current size and mix of the workforce and this represents 86% of our annual revenue budget. Pay award has been assumed in line with the 2022/23 Public Sector Pay Policy (PSPP) which is consistent with the funding provided by Scottish Government. However, pay award is still subject to consultation and negotiation with staff associations.
- 2.4 The cost of living is on track to be at its highest in over 30 years. A significant year-on-year pressure has been recognised in the 2022/23 utilities budget largely as a result of changes in the global

## **OFFICIAL**

market for gas and electricity. Other pressures include transport costs and supplies & services.

- 2.5 Core capital and reform funding allocations have been proposed at flat cash for 2022/23 which represents a real terms reduction given the current impact of inflation.
- 2.6 An indicative 5 year capital funding allocation is presented alongside the 2022/23 draft budget to enable business areas to develop a rolling sustainable capital programme for continual investment. By following a 5 year plan, we should achieve the same outcomes whilst reducing the risk of not utilising all capital funding in a financial year, as well as introducing a smoother profile of expenditure.
- 2.7 The full budget report is attached at appendix A.
- 2.8 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.
- 2.9 The charge out rates have been increased for 2022/23 in line with the budgeting assumptions approved by the SPA Board. 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).
- 2.10 Details of the proposed charges for events and other Services are included at Appendix B.
- 2.11 This paper was presented to the SPA Resources Committee on 10 March 2022 where members made a recommendation to the Authority to approve its contents.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The financial implications are set out in detail within Appendix A and Appendix B.

### **4. PERSONNEL IMPLICATIONS**

- 4.1 There are no personnel implications associated with this paper.

**5. LEGAL IMPLICATIONS**

5.1 There are no legal implications associated with this paper.

**6. REPUTATIONAL IMPLICATIONS**

6.1 There are no reputational implications associated with this paper.

**7. SOCIAL IMPLICATIONS**

7.1 There are no social implications associated with this paper.

**8. COMMUNITY IMPACT**

8.1 There is no community impact associated with this paper.

**9. EQUALITIES IMPLICATIONS**

9.1 There are no equalities implications associated with this paper.

**10. ENVIRONMENT IMPLICATIONS**

10.1 There are no environmental implications associated with this paper.

**RECOMMENDATIONS**

Members are asked to approve the:

- Scottish Police Authority Draft Budget 2022/23; and
- Schedule of Rate for Events and Other Services 2022/23.



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

SCOTTISH POLICE  
**AUTHORITY**

Finance

# 2022/23 Draft Budget

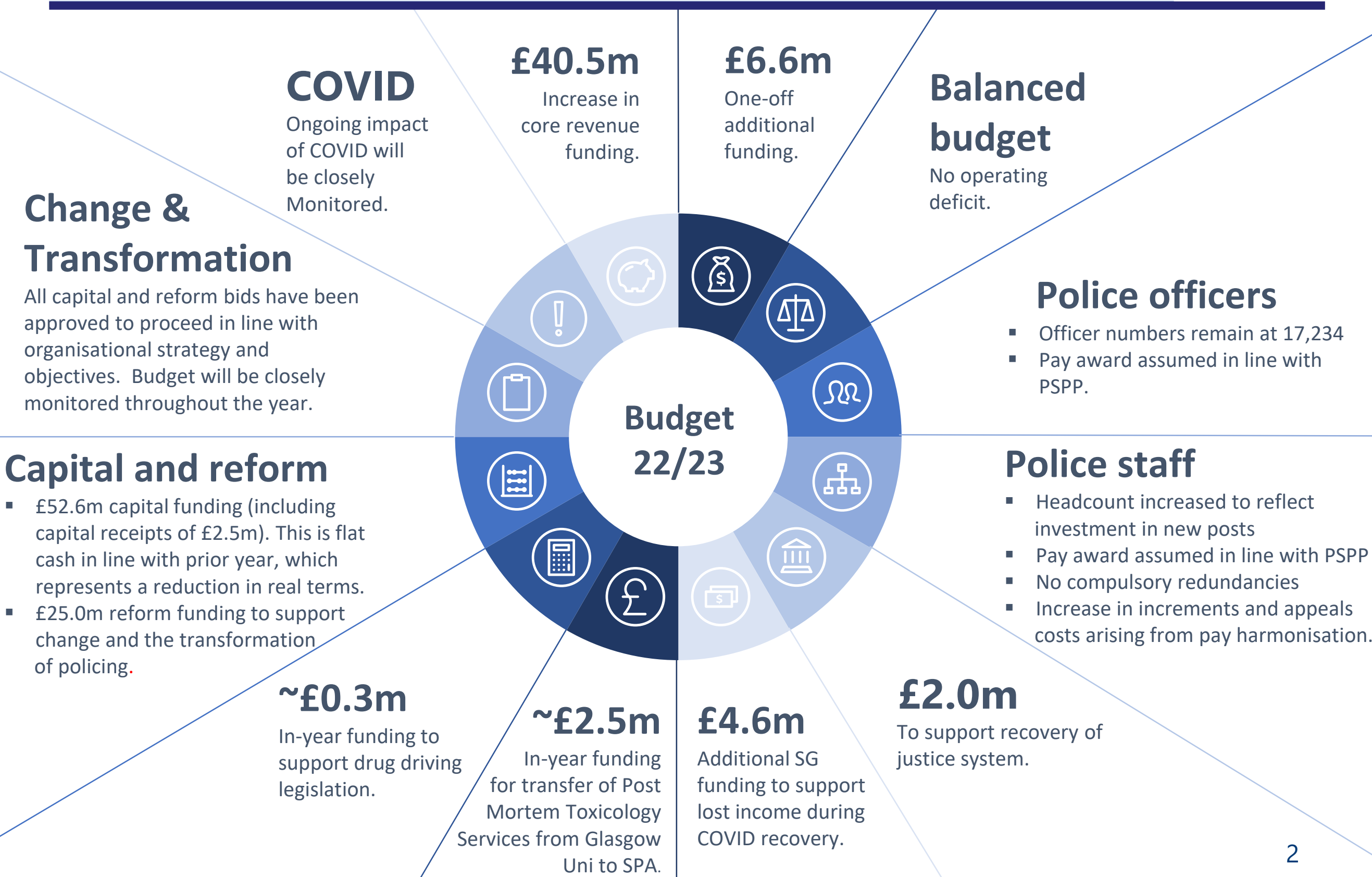
**SPA Board**

**23 March 2022**





# 2022/23 budget highlights



# Operational context

The challenges to operational policing (stability), what investment has achieved and what is still required are set out below:

<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Stability</b></p>	<p>There are many <b>risks to the stability</b> of the organisation.</p> <p>In order to preserve and protect the <b>conditions for stability</b>, ongoing maintenance, development and further investment in policing capacity and capability is essential</p> <p>It is also key to <b>enabling the environment</b> that will allow Scottish Government to achieve its ambitions, public policy priorities and its future vision for a society that is thriving across economic, social and environmental dimensions.</p>		
<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Investment in policing</b></p>	<p><b>Investment in policing is currently ensures:</b></p> <ul style="list-style-type: none"> <li>• <b>Stability</b></li> <li>• <b>Value for money</b> – policing is now on track to deliver total <b>cumulative savings of £2.2 billion</b> by 2026</li> <li>• Policing picks up <b>complex and changing demand</b> from across society and continues to respond and support people where <b>other services step away</b></li> <li>• Since 2013 we have delivered both <b>efficiency and service improvement</b> through successful delivery of strategic change</li> <li>• Leading on further public sector reform across the Public Sector through <b>Blue Light Collaboration</b>.</li> <li>• <b>Leading work with Public Health Scotland and Local Authorities</b> on complex mental health, vulnerabilities and poverty related crime and adverse childhood experiences.</li> <li>• Ongoing <b>delivery of a highly effective and UK &amp; globally recognised policing service</b> dealing compassionately and effectively with major public order challenges eg COP 26, the COVID pandemic.</li> <li>• Policing is also critical to the <b>wider Justice Recovery programme</b></li> </ul>		
<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Current requirements</b></p>	<p>To meet complex and increasing demands on policing as we ensure a safe, protected and resilient Scotland we need:</p> <ul style="list-style-type: none"> <li>• Maintenance of <b>‘real terms protection’</b></li> <li>• Further <b>capital &amp; reform investment</b> per five year capital plan</li> <li>• <b>Ongoing reform allocation</b> to enable ongoing transformation, ring fenced specifically for transformation purposes.</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing <b>drive for efficiency and internal savings</b></li> <li>• Ongoing focus on <b>workforce skills, mix, attraction and retention</b>.</li> <li>• Ongoing drive for <b>collaboration Blue Light and across Local Authority’s</b></li> <li>• Ongoing <b>focus on innovation &amp; transformation</b> to meet current unmet demand.</li> </ul>	<p>We <b>lack the resource to fully achieve our potential of building the modern policing workforce</b> we need, supported and enabled by the right technology. Our ability to fund transformation from our core budget settlement has been limited, and <b>investment per head for officers and staff remains amongst the lowest in the UK.</b></p>

# Summary

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# Executive Summary

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## 01

An **additional £40.5m** of core revenue funding will be provided in 2022/23, plus **£6.6m of one-off additional funding** to support the in-year impact of COVID. This will be closely monitored throughout the year.

## 02

In-year revenue funding will be received to support the transfer of **post mortem toxicology services to the Authority (est. £2.5m)** and **drug driving legislation (est. £0.3m)**.

## 03

Officer and staff pay budgets are based on the **current size and mix of the workforce**. Pay award has been assumed in line with the 2022/23 Public Sector Pay Policy (PSP) which is still subject to consultation and negotiation with staff associations.

## 04

The budgets for non-pay, ill-health retirements, injury benefit and non-core overtime have been developed using the agreed **zero-based budgeting (ZBB) and matrix budgeting approach**.

## 05

There is a **significant year-on-year pressure on the utilities budget**, largely as a result of high-profile challenges in the global market for gas and electricity. Energy requirements are purchased by Scottish Procurement on behalf of the Scottish Public Sector (including Police Scotland).

## 06

A **balanced budget is presented for 2022/23**. This can be sustained in future years if funding increases in line with **unavoidable pay pressures** and if **non-pay pressures are managed within existing budgets**.

## 07

Core capital and reform funding allocations have been proposed at flat cash for 2022/23. It is recommended all **capital bids are approved to proceed in 22/23**.

## 08

An indicative **5 year capital funding allocation** is presented alongside the 2022/23 draft budget to enable business areas to develop a rolling sustainable capital programme for continual investment.

# Funding

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# Funding

The table below shows the funding position following confirmation of the funding settlement announced on 9 December 2021. The 2022/23 Scottish Budget Bill was passed by MSPs in February.

This includes £40.5m of additional core revenue funding for Policing, £4.6m one-off additional funding to support lost income, a further £2.0m to support recovery of the justice system, £2.5m for the transfer of post mortem toxicology services and £0.3m to support drug driving legislation.

Core capital and reform funding has been proposed at flat cash for 2022/23.

	2021/22	2022/23	Movement	
	Budget £m	Budget £m	£m	%
Core revenue funding	1,205.3	1,245.8	40.5	3.4%
COVID support	15.0	6.6	-8.4	-56.0%
Post mortem toxicology services	0.0	2.5	2.5	-
Drug driving legislation	0.0	0.3	0.3	-
<b>Total revenue</b>	<b>1,220.3</b>	<b>1,255.2</b>	<b>34.9</b>	<b>2.9%</b>
BAU capital	45.0	45.5	0.5	1.1%
Additional funding for specific initiatives	0.5	0.0	-0.5	-100.0%
Capital reform	4.6	4.6	0.0	0.0%
Capital receipts (NBV)	3.6	2.5	-1.1	-30.6%
<b>Total capital</b>	<b>53.7</b>	<b>52.6</b>	<b>-1.1</b>	<b>-2.0%</b>
<b>Total reform</b>	<b>25.0</b>	<b>25.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Total</b>	<b>1,299.0</b>	<b>1,332.8</b>	<b>33.8</b>	<b>2.6%</b>

There is a balanced budget for FY 22/23 as planned expenditure has not exceeded the total funding value of £1,332.8m.

**NOTE: For the purposes of this paper DESC has been excluded from the funding values, as the costs will be met in year by Scottish Government as per the terms of the Memorandum of Understanding.**

# Revenue

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# Budget assumptions

The following assumptions have been as part of the 2022/23 budget build:

## IFRS16 – lease accounting

All leases have been accounted for using pre IFRS16 rules. A central adjustment will be made mid year.

## Police Officers

- Officer numbers remain at 17,234.
- Pay progression assumed to be self-funded by succession savings.

## Funding

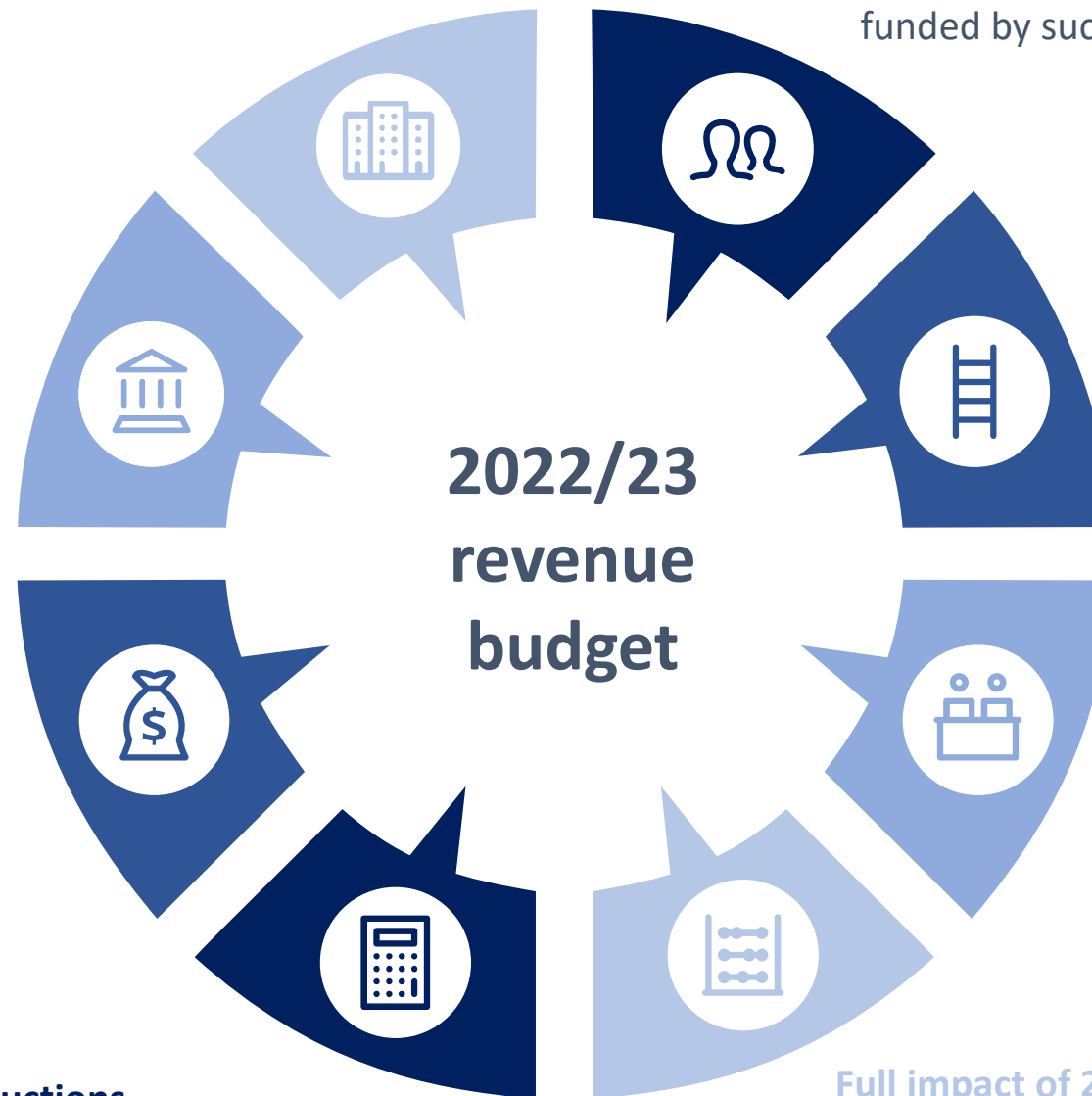
- £40.5m uplift in core revenue funding.
- £6.6m COVID funding to support lost income and recovery of the justice system.
- In-year funding for post mortem toxicology and drug driving legislation.

## Income

- Income budgets assume a continued recovery around events and football.
- A central income challenge of £4.0m has been included based on 2021/22 over recovery levels.

## Pressures and reductions

Recognise revenue pressures and reductions as determined from the zero-based budget build.



## Staff budgets

Based on HR records at 31 October 2021. Increments in line with pay modernisation and vacancy and reduced pay savings applied.

## Pay award

Assumed in line with available funding which equates to Public Sector Pay Policy (PSP)

## Full impact of 2022/23 PSP included

- £775 for salaries less than £25k
- £700 for salaries between £25k and £40k
- £500 for salaries over £40k

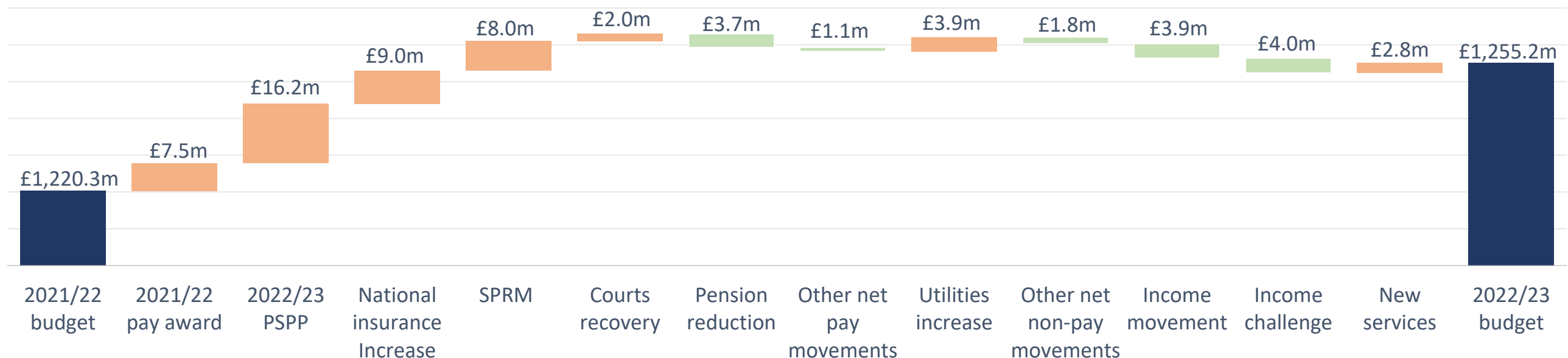
# Proposed 2022/23 revenue budget

		2021/22 Budget £m	2022/23 Budget £m	Movement	
				£m	%
Police Scotland	Police officer costs	827.3	847.5	20.2	2.4%
	Police staff costs	215.1	230.9	15.8	7.3%
	Non pay costs	166.0	168.6	2.6	1.6%
	Income	-29.4	-37.3	-7.9	26.8%
	<b>Police Scotland net expenditure</b>	<b>1,179.0</b>	<b>1,209.7</b>	<b>30.7</b>	<b>2.6%</b>
SPA	Forensic services	36.5	40.8	4.3	11.8%
	SPA corporate	4.8	4.7	-0.1	-2.1%
	<b>SPA net expenditure</b>	<b>41.3</b>	<b>45.5</b>	<b>4.2</b>	<b>10.2%</b>
<b>Total revenue budget</b>		<b>1,220.3</b>	<b>1,255.2</b>	<b>34.9</b>	<b>2.9%</b>
<u>Funded by:</u>					
Grant in aid (core)		1,205.3	1,245.8	40.5	3.4%
COVID support (courts)		0.0	2.0	2.0	0.0%
COVID support (lost income)		15.0	4.6	-10.4	-69.3%
Post mortem toxicology and drug driving		0.0	2.8	2.8	-
<b>Total revenue funding</b>		<b>1,220.3</b>	<b>1,255.2</b>	<b>34.9</b>	<b>2.9%</b>

The table shows the **proposed budget compared to the funding** settlement announced on 9 December 2021.

**A balanced budget is presented for 2022/23** SG funding has increased in line with unavoidable pay pressures and non-pay pressures have been managed within existing budgets.

Post mortem toxicology and drug driving legislation costs have been included in the budget, split across **Police Scotland (£0.8m)** and **Forensics Services (£2.0m)**.





# Revenue detail

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# Police officer costs

	2021/22 Budget £m	2022/23 Budget £m	Movement £m
Police officer pay	782.6	804.3	21.7
Overtime - core	12.9	16.0	3.1
Overtime - non-core (funded)	2.6	3.0	0.4
Allowances	6.3	5.0	-1.3
Pensions (injury benefit and ill health)	22.9	19.2	-3.7
<b>Total</b>	<b>827.3</b>	<b>847.5</b>	<b>20.2</b>

The proposed budget assumes that police officer numbers **remain at 17,234**.

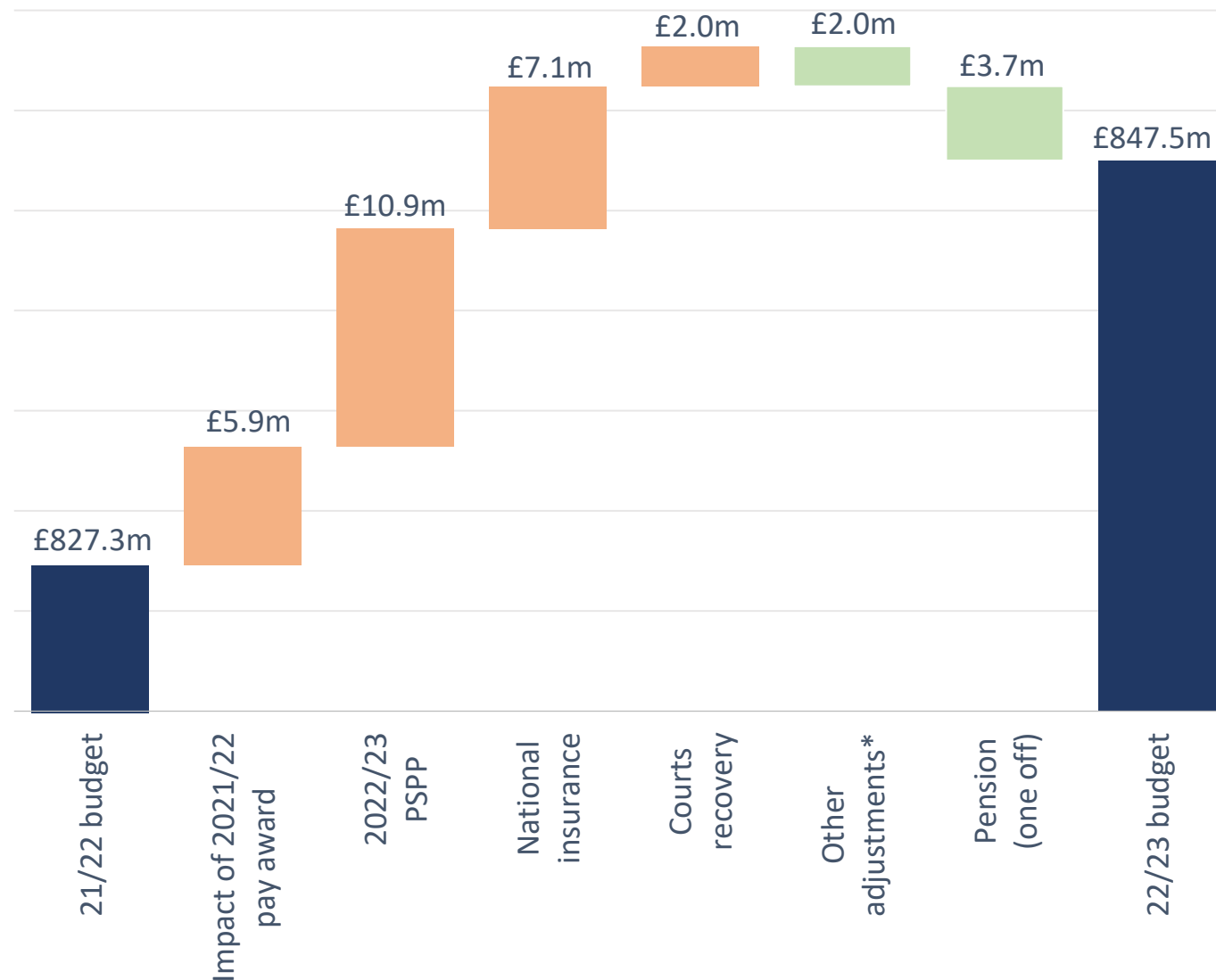
**Pay award assumed to be in line with 2022/23 PSPP**, subject to consultation and negotiation with staff associations.

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

**Core overtime budget has increased slightly** to reflect the increases as a result of the 2021/22 pay agreement.

**£2.0m of non-recurring funding** has been received from SG to support the recovery of the justice system.

**Ill-health and injury pensions budget has been re-profiled based on case volumes**. This is assumed to be a non-recurring financial benefit and the budget will increase in 2023/24.



\*includes transfer of one-off pay underspend to overtime

# Staff costs

	2021/22 Budget £m	2022/23 Budget £m	Movement £m
Salaries, allowances and on costs	246.8	265.8	19.0
Overtime	2.2	2.2	0.0
Special constables	0.4	0.4	0.0
<b>Total</b>	<b>249.4</b>	<b>268.4</b>	<b>19.0</b>
Comprised			
Police scotland	215.1	230.9	15.8
Forensic services	31.0	34.1	3.1
SPA corporate	3.3	3.4	0.1
<b>Total</b>	<b>249.4</b>	<b>268.4</b>	<b>19.0</b>

Budget based on HR records at 31 October 2021 plus additional approved posts.

Pay award assumed to be in line with 2022/23 PSPP, subject to consultation and negotiation with staff associations.

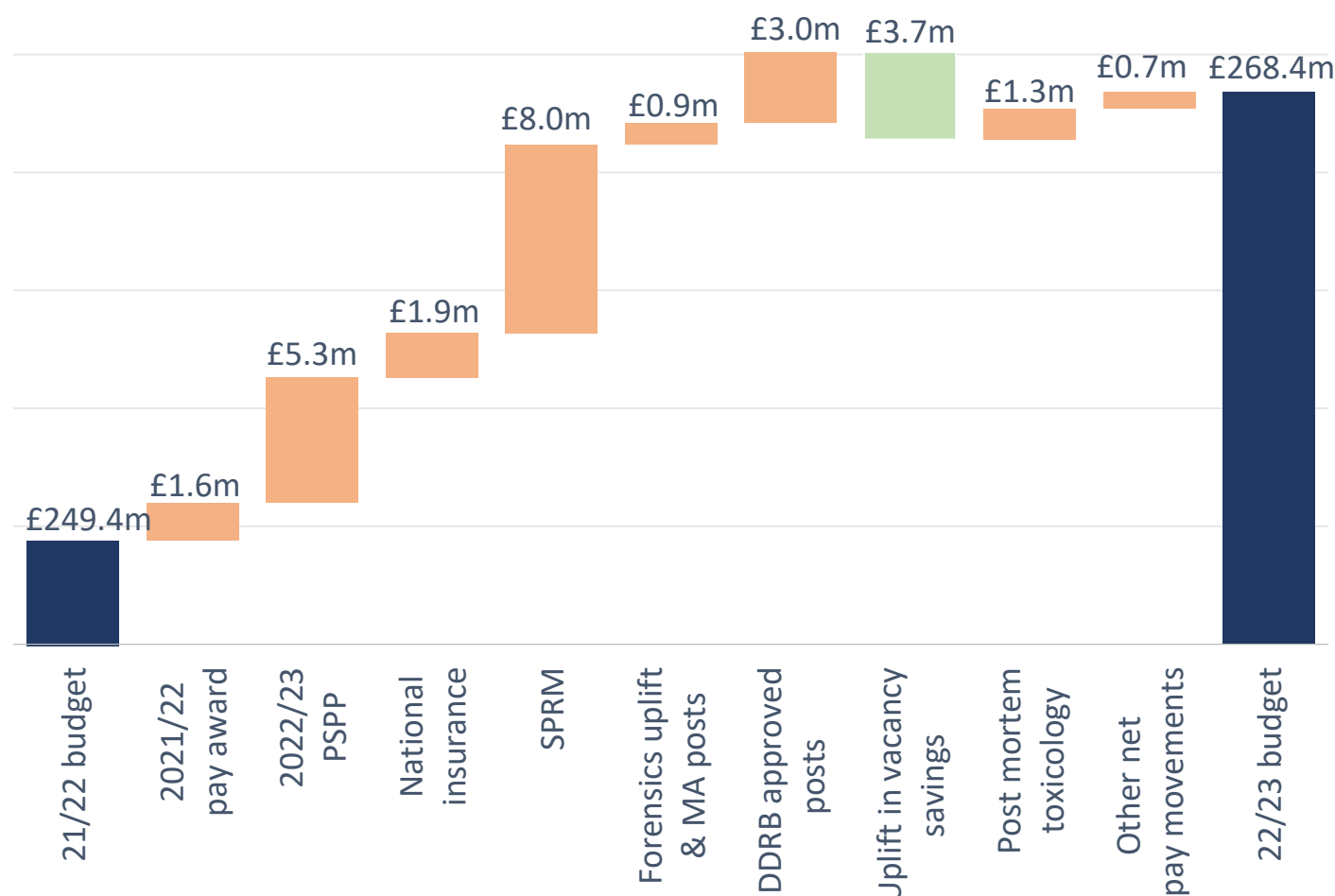
Appropriate vacancy/turnover rates applied to local budgets.

Current recruitment and attrition pattern assumed to continue.

An additional £3.0m of posts have been reinvested into high priority areas.

Additional forensics posts (£0.7m) and modern apprenticeship posts (£0.2m) have also been included in the base budget.

Additional staff posts have been included to support the transfer of post mortem toxicology to the SPA (£1.3m).



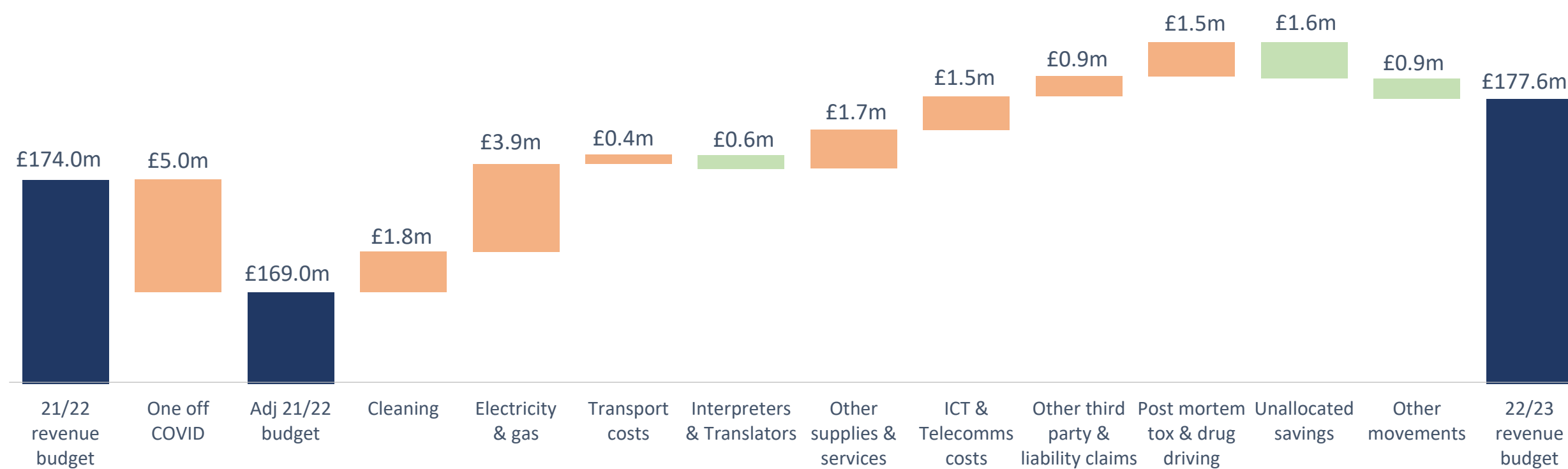
# Non-pay costs

	2021/22 Budget £m	2022/23 Budget £m	Movement £m
Other employee	2.6	3.3	0.7
Premises	53.4	58.3	4.9
Transport	20.0	20.5	0.5
Supplies and services	42.1	39.1	-3.0
ICT	30.6	33.1	2.5
Administration	7.6	6.7	-0.9
Third party payments	13.2	14.7	1.5
Capital financing	5.5	4.4	-1.1
Other	-1.0	-2.5	-1.5
<b>Total</b>	<b>174.0</b>	<b>177.6</b>	<b>3.6</b>
Comprised			
Police scotland	165.9	168.6	2.7
Forensic services	5.5	6.7	1.2
SPA corporate	2.6	2.3	-0.3
<b>Total</b>	<b>174.0</b>	<b>177.6</b>	<b>3.6</b>

Non-pay budgets have been developed using the approved **zero-based budgeting approach**.

The non-pay budget for 2022/23 has **increased by £3.6m** from the previous financial year. Of the increase, **£1.5m relates to post mortem toxicology and drug driving** for which additional funding has been received.

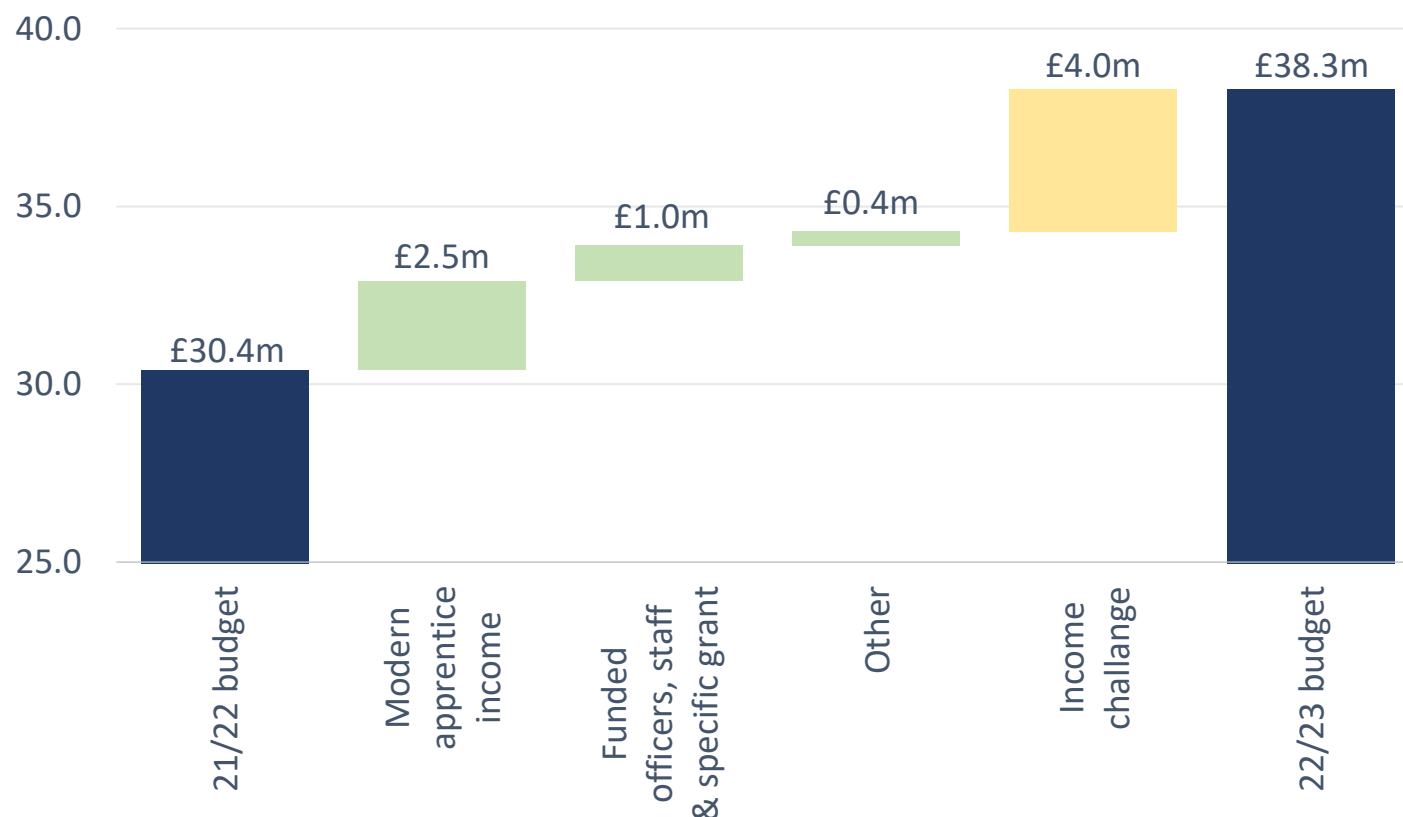
**Transformation impact accounts for £1.2m** of the growth which was recognised in line with the 5 year financial plan.



# Income

	Pre-covid Budget £m	2021/22 Budget £m	2022/23 Budget £m
Specific Grant Funding	8.3	8.0	7.2
Funded Officers and Staff	4.3	3.1	4.9
Public Fees	4.4	4.3	4.6
Rental & Hire	6.0	6.1	6.5
Football matches	1.6	1.3	1.4
Events, Concerts & Other	5.2	3.8	3.5
Airports	5.2	1.3	1.3
Seconded Officers	1.6	0.8	0.7
Other Income	3.1	1.6	4.1
Central Income Challenge	2.1	0.0	4.0
<b>Total</b>	<b>41.8</b>	<b>30.4</b>	<b>38.3</b>

\* £1.0m of rental income relates to SPA Corporate.



Income budget in 2021/22 significantly reduced as a result of COVID.

As the COVID recovery began, income budgets increased from £30.4m to £38.3m as part of the budget setting process.

The uplift in income has resulted from new modern apprenticeship income (£2.6m), other small recoveries and a £4.0m income challenge.

£4.6m of non-recurring funding has been received from SG to support lost income during COVID recovery.

Income budgets assume a continued recovery around events and football, this will be closely monitored via forecast outturns as there is a risk to overall delivery if significant restrictions implemented.

Further risk relating to potential reduction in grant funding.

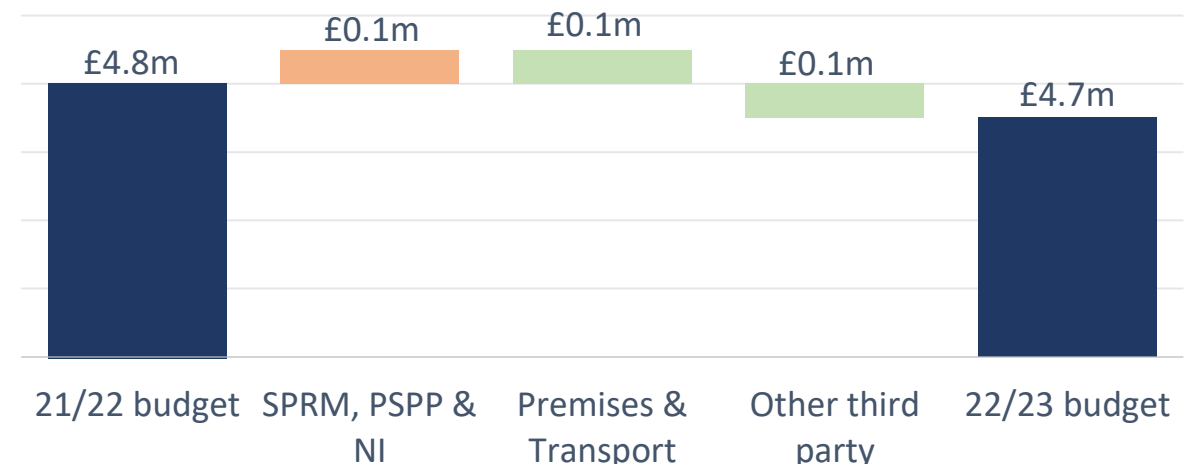
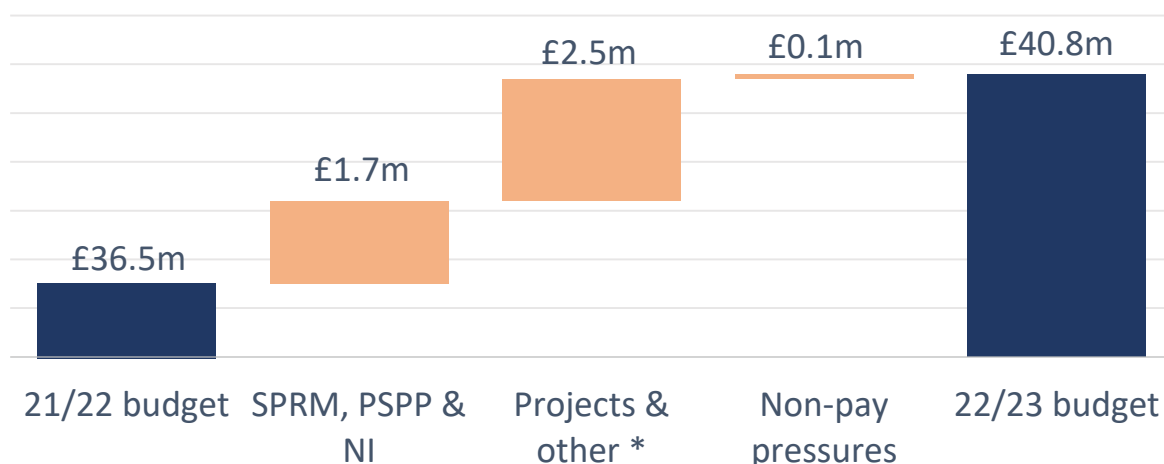
# Forensic services and SPA corporate

Forensic services and SPA Corporate followed the same budgeting process as Police Scotland and adopted a zero-based budgeting approach. This budget setting process was supported by SPA and Police Scotland finance staff and the budget submissions have been approved by the Director of Forensic Services and Acting Chief Executive (Resources).

The police staff budget build was completed centrally for Police Scotland, Forensic Services and SPA corporate following a consistent process and budgeting assumptions. SPA Corporate budget was held flat at the direction of the SPA SMT with all cost pressures internally funded from elsewhere in the SPA corporate budget.

Forensics	2021/22 Budget £m	2022/23 Budget £m	Movement £m
Staff	31.0	34.1	3.1
Other employee	0.1	0.1	0.0
Premises	0.1	0.2	0.1
Transport	0.2	0.2	0.0
Supplies and services	3.9	4.4	0.5
ICT	0.6	0.7	0.1
Administration	0.2	0.2	0.0
Third party payments	0.4	1.1	0.7
Capital financing	0.0	-0.2	-0.2
Income	0.0	0.0	0.0
<b>Total</b>	<b>36.5</b>	<b>40.8</b>	<b>4.3</b>

SPA Corporate	2021/22 Budget £m	2022/23 Budget £m	Movement £m
Staff	3.3	3.4	0.1
Other employee	0.0	0.0	0.0
Premises	0.9	0.8	-0.1
Transport	0.1	0.1	0.0
Supplies and services	0.1	0.1	0.0
ICT	0.0	0.0	0.0
Administration	0.7	0.7	0.0
Third party payments	0.6	0.5	-0.1
Capital financing	0.1	0.1	0.0
Income	-1.0	-1.0	0.0
<b>Total</b>	<b>4.8</b>	<b>4.7</b>	<b>-0.1</b>



\* Forensics project costs include post mortem toxicology, drug driving legislation and 2026 programme.

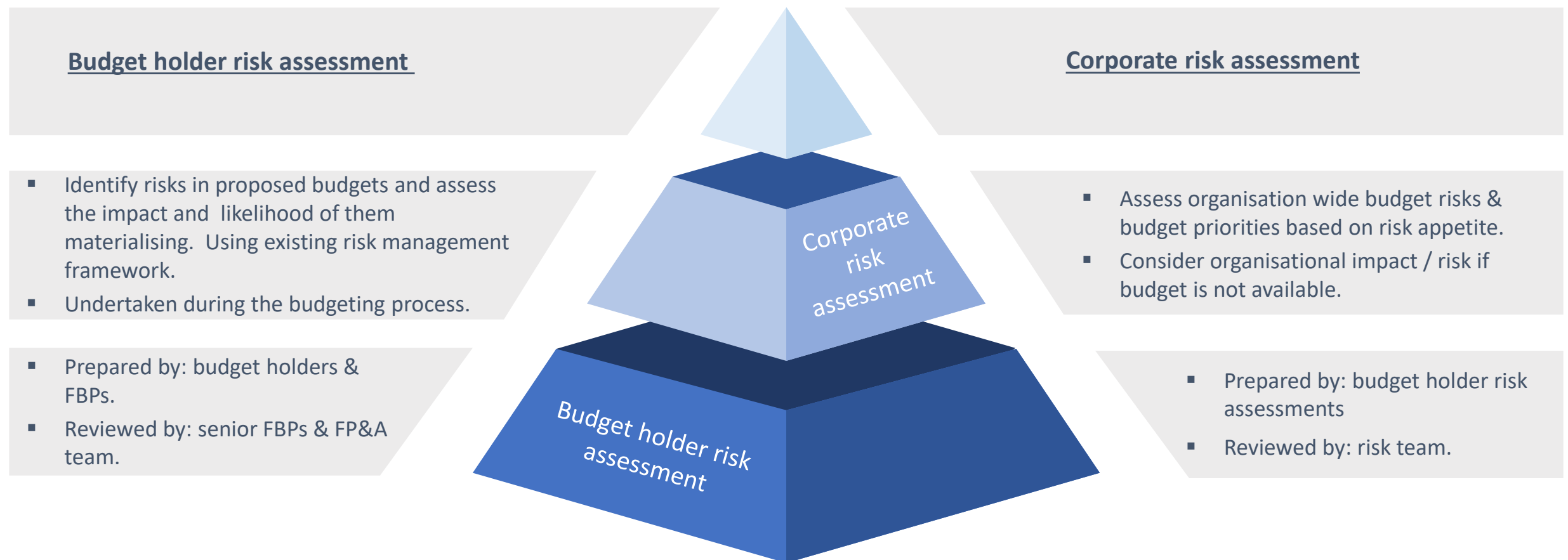


# Risk assessment

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# Budget risk

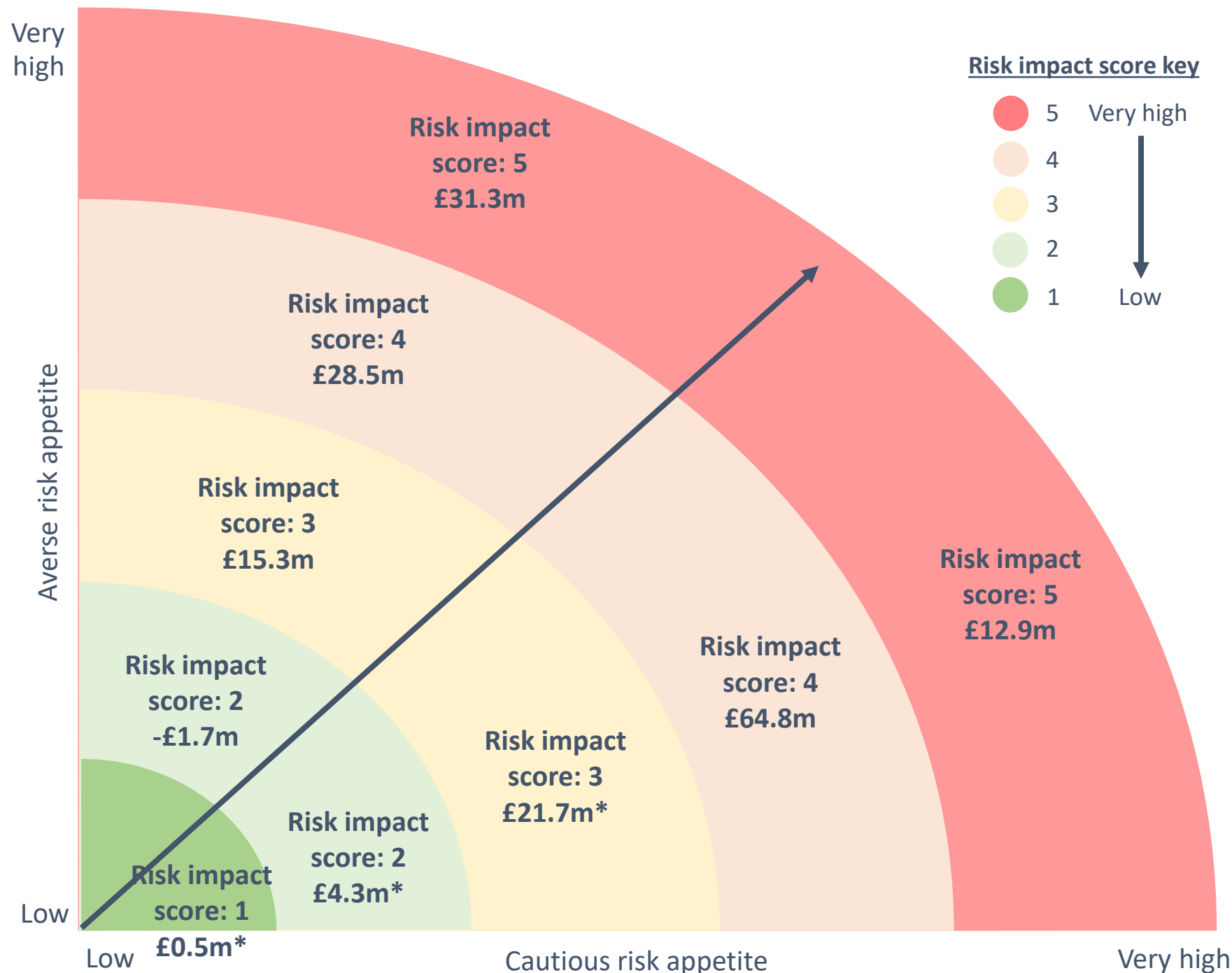
Budget risks have been identified and collated throughout the process including changes to budget assumptions and the potential for additional unbudgeted costs. The aim of this process is to outline the operational consequences if the requested budget is not provided, however, it is important to note 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 findings from the zero-based budget build to independently assess the risk rating for every non-pay expenditure line. The risk assessment results have been mapped on the following slide to show the profile of the budget against the lead risk scores and categories.
- The risk impact assessment highlights that the vast majority of the operating budget falls into the **high/very high risk impact category** across health & safety, public confidence and service delivery.

# Budget risk assessment - scoring

Each of the various spend categories have been assessed as falling within either an averse or cautious risk appetite and scored from 1 to 5, with 1 being low risk impact and 5 being very high risk impact. The results have been plotted below to highlight the areas of significant risk to the organisation. If budget reductions were required they should be identified within a cautious risk appetite and a low impact wherever possible – these are flagged with an \*.



**Averse = £73.4m**

- Health & safety
- Property repairs
- Legal
- Airwave
- Telecomms
- Specialist consum
- Aircraft/helicopter
- Spec ops equipment
- Motor insurance
- Decontamination
- Other fees & charge
- Detainee welfare
- Marine unit
- Soft FM
- Service and maint
- Loan interest
- Medical fees
- Interp & translators
- OSD clothing & uni
- Other S&S
- Equip maintenance
- Operational kits
- Counselling/welfare
- Utilities
- Catering & canteen
- Subsistence
- Securing premises
- Lease dilapidations
- Gain/loss disposal
- Ess users & vehicle costs

**Cautious = £104.2m**

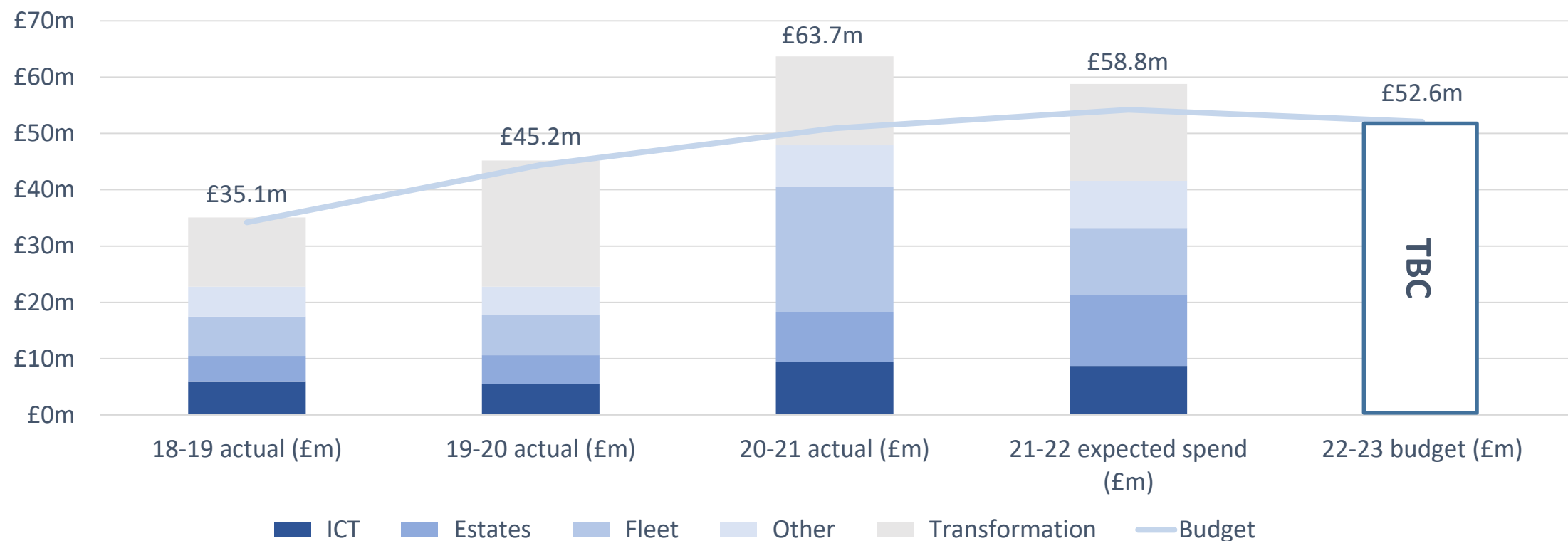
- Rent
- Fuel
- Non domestic rates
- Investigative exps
- Liability claims
- ICT
- PFI charge
- Clothing & uniform
- Accident damage
- Mortuary
- Consultants
- Hotel accom
- Advertising
- Horses & dogs
- Fixtures & fittings
- Training (SCD)
- Third party paymts
- Firearms related
- Local security prem
- Water & sewerage
- CCTV
- Vehicle hires
- Training
- Community pships
- Postage & couriers
- Public transport
- Admin costs
- Recovery of vehicle
- Stray animals
- Casual users

# Capital and reform

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# Capital funding - historic

Over the past 4 years the level of capital funding allocated to Police Scotland has increased. The below chart details the budget allocated each year (including disposals and additional grants), as well as highlighting the level of actual/forecast expenditure. In the past 18 months, 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, it is anticipated that our level of grant-in-aid funding for capital will remain static over the next 5 years, based on the SG Capital Spending Review published in January 2021.

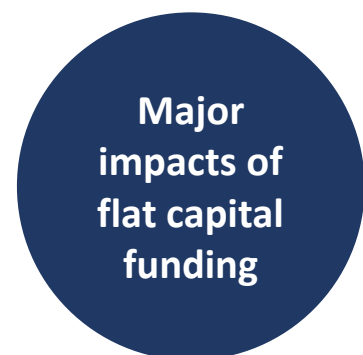


Funding breakdown	18-19	19-20	20-21	21-22	22-23
Grant in aid	23	35	45	45.5	45.5
Other grants	0.2	0.3	0.6	1.3	0.0
Reform capital	4.6	4.6	4.6	4.6	4.6
Proceeds from disposals	6.4	4.5	0.7	2.8	2.5
<b>Sub Total</b>	<b>34.2</b>	<b>44.4</b>	<b>50.9</b>	<b>54.2</b>	<b>52.6</b>
Additional GIA	0.9	0.8	12.8	4.6	0.0
<b>Total</b>	<b>35.1</b>	<b>45.2</b>	<b>63.7</b>	<b>58.8</b>	<b>52.6</b>

# 5 year plan

SG’s Capital Spending Review published in 2021 gives the SPA greater certainty on funding levels over the next 5 years. However, the levels of capital funding proposed in the Spending Review are significantly below that requested. The table below shows, the capital demand (left) and what an indicative 5 year allocation of capital funding could look like in line Spending Review funding levels, which shows a £200m gap over the period.

Capital area	Capital requirement over next 5 years						Prioritisation of capital assuming flat funding over next 5 years					
	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	TOTAL £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	TOTAL £m
Estates	14.0	14.0	14.0	14.0	14.0	70.0	10.0	10.0	10.0	10.0	10.0	50.0
EV Infrastructure	6.0	6.0	6.0	1.0	1.0	20.0	4.0	3.0	2.0	1.0	1.0	11.0
Fleet	11.0	15.0	15.0	15.0	15.0	71.0	9.0	9.0	9.0	9.0	9.0	45.0
Digital Division	14.0	14.0	14.0	14.0	14.0	70.0	10.0	10.0	10.0	10.0	10.0	50.0
Specialist Policing Equipment	5.0	5.0	5.0	5.0	5.0	25.0	3.5	3.5	3.5	3.5	3.5	17.5
Weaponry and Officer Safety	2.5	1.5	1.5	1.5	1.5	8.5	2.5	1.5	1.5	1.5	1.5	8.5
Forensic Services	1.5	3.0	5.0	5.0	5.0	19.5	1.5	1.5	1.5	1.5	1.5	7.5
Change	29.0	28.0	48.0	42.0	32.0	179.0	12.1	14.1	15.1	16.1	16.1	73.5
<b>Total capital investment (in year)</b>	<b>83.0</b>	<b>86.5</b>	<b>108.5</b>	<b>97.5</b>	<b>87.5</b>	<b>463.0</b>	<b>52.6</b>	<b>52.6</b>	<b>52.6</b>	<b>52.6</b>	<b>52.6</b>	<b>263.0</b>
<b>Total capital investment (cumulative)</b>	<b>83.0</b>	<b>169.5</b>	<b>278.0</b>	<b>375.5</b>	<b>463.0</b>		<b>52.6</b>	<b>105.2</b>	<b>157.8</b>	<b>210.4</b>	<b>263.0</b>	



Estates transformation limited, with focus of capital investment on repairs and maintenance.

Fleet strategy limited to less than 50% of vehicles transitioned to ULEVs. Infrastructure network installed over a longer period, with critical mass of chargers not achieved, increasing risk. Limited number of response vehicles could be transitioned.

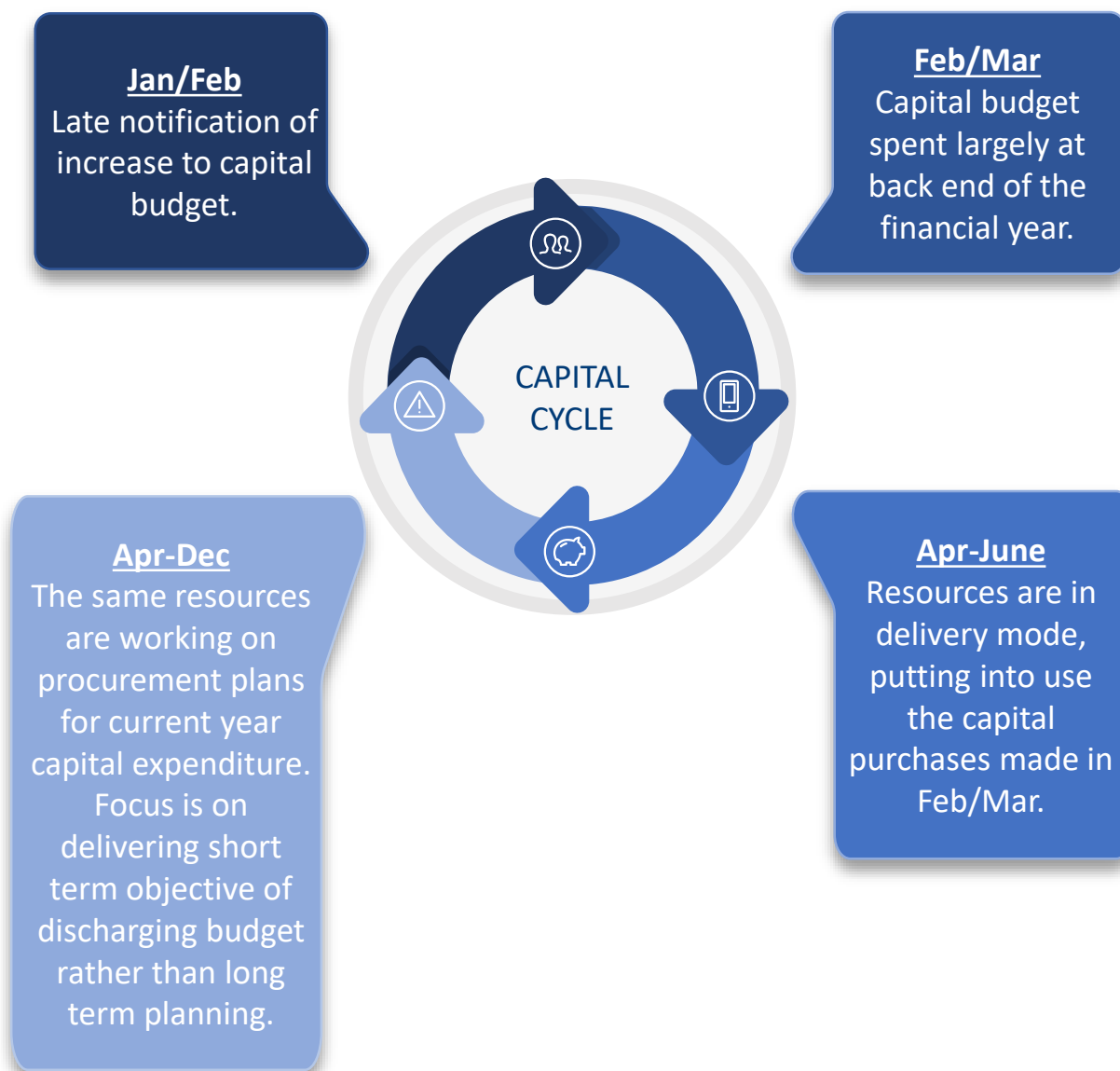
DDICT elongated in timeline for delivery with some projects not able to be delivered.



# The capital cycle

## Capital cycle

The diagram below outlines the cycle experienced by the organisation over the last number of years. Whilst the end result has consistently seen the budget spent in full, the back-ended nature of spending creates risk and is an obstacle to solid longer term planning.



## Key Questions

- How do we increase the likelihood of securing funding in line with Capital demand?
- How do we break the cycle?

## Potential Way Forward

In order to break the cycle, the following solutions are proposed:

- **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. The requirements will be defined by the Capital Review commissioned by the DCO.

# Capital allocation

It is recommended the full **£83.1m list of capital bids is approved to proceed in 22/23**, on the basis that:

- All bids have been assessed as aligned to organisational strategy and objectives.
- The funding request from each area is within the indicative 5 year funding allocation (see table below).
- Rigorous monitoring and managing will be in place to ensure expenditure aligns to budget come year end.
- Proposed investments will continue to follow established governance processes to ensure appropriate scrutiny is applied.

Capital area	Suggested capital allocation based on SG capital spending review						2022/23 proposal £m
	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	TOTAL £m	
Estates	10.0	10.0	10.0	10.0	10.0	50.0	14.2
EV Infrastructure	4.0	3.0	2.0	1.0	1.0	11.0	6.2
Fleet	9.0	9.0	9.0	9.0	9.0	45.0	11.2
Digital Division	10.0	10.0	10.0	10.0	10.0	50.0	14.3
Specialist Policing Equipment	3.5	3.5	3.5	3.5	3.5	17.5	5.3
Weaponry and Officer Safety	2.5	1.5	1.5	1.5	1.5	8.5	2.6
Forensic Services	1.5	1.5	1.5	1.5	1.5	7.5	1.4
Change	12.1	14.1	15.1	16.1	16.1	73.5	27.9
<b>Total capital investment (in year)</b>	<b>52.6</b>	<b>52.6</b>	<b>52.6</b>	<b>52.6</b>	<b>52.6</b>	<b>263.0</b>	<b>83.1</b>
<b>Total capital investment (cumulative)</b>	<b>52.6</b>	<b>105.2</b>	<b>157.8</b>	<b>210.4</b>	<b>263.0</b>		

# Risk and mitigations

There are a number of risks that have been identified during the planning process for 2022/23 budget recommendations. Each of the risks have been considered and potential mitigations are listed below.

Risk	Detail	Mitigation action / next steps
Overspend	As we have over allocated the budget by £30.5m, the risk of overspending increases.	<ol style="list-style-type: none"> <li>1. We will move from quarterly to monthly forecasting.</li> <li>2. Procurement will have involvement in forecast sign off.</li> <li>3. Existing governance arrangements will be followed to maintain control (eg business case &amp; contract approval)</li> </ol>
Lack of resource	Scarcity of resource in key supporting areas which may cause delays and as well as impact current staff.	Develop a comprehensive resource plan which will focus on our near and future staffing requirements.
Speed of spend	The purpose of this plan is to enable budget holders to move forward at pace with investment plans. Some areas will move faster than others due to lower levels of complexity or advantageous procurement arrangements, creating an imbalanced investment portfolio.	Some business areas will be able to move faster, but this should be seen as beneficial to the investment portfolio. Areas that can move faster in the short term should do so, whilst operating within the financial parameters of the 5 year plan. This will mean over a 5 year period, we should achieve the same outcomes whilst reducing the risk of not utilising all capital funding in a financial year, as well as introducing a smoother profile of expenditure.

# 22/23 capital and reform budget allocation

	<i>Capital £m</i>	<i>Reform £m</i>
Estates	14.2	0.0
Fleet (rolling replacement)	11.2	0.0
Electric Vehicle Infrastructure	6.2	0.2
ICT	14.3	0.0
Specialist policing equipment	5.3	0.0
Weaponry & officer safety	2.6	0.0
Forensic services	1.4	0.0
<b>Change:</b>		
Corporate change (incl. EPF and VR/VER)	0.0	5.2
Criminal Justice Service programme	4.9	0.1
Cyber Capabilities Programme	0.2	0.4
Cyber Strategy	2.4	2.7
Data Drives Digital	3.0	0.9
Digital Division Projects	3.0	2.9
Digitally Enabled Policing Programme	4.3	0.0
Estates Transformation	8.4	1.0
Forensics	0.2	0.0
Other	0.1	1.9
People & Development programme	0.0	1.1
Rights and Justice Legislative programme	0.0	0.6
Technical Surveillance	1.4	0.2
Transformation resource	0.0	14.4
Slippage Management	-30.5	-6.6
<b>Total</b>	<b>52.6</b>	<b>25.0</b>
<b>Funding</b>		
Core grant in aid	45.5	25.0
Reform capital	4.6	0.0
Capital receipts	2.5	0.0
<b>Total</b>	<b>52.6</b>	<b>25.0</b>

The **capital and reform 22/23 budget allocations** have been detailed in the table.

Overall **£83.1m of capital budget** has been allocated for 22/23 to be managed as part of a longer term 5 year capital plan.

**£55.2m** has been allocated to **rolling replacement programmes**.

**£27.9m** has been allocated to **Change projects** to deliver transformation change across the organisation.

**£25.0m of reform funding** has also be allocated to deliver Change projects, including staff required for a successful delivery.

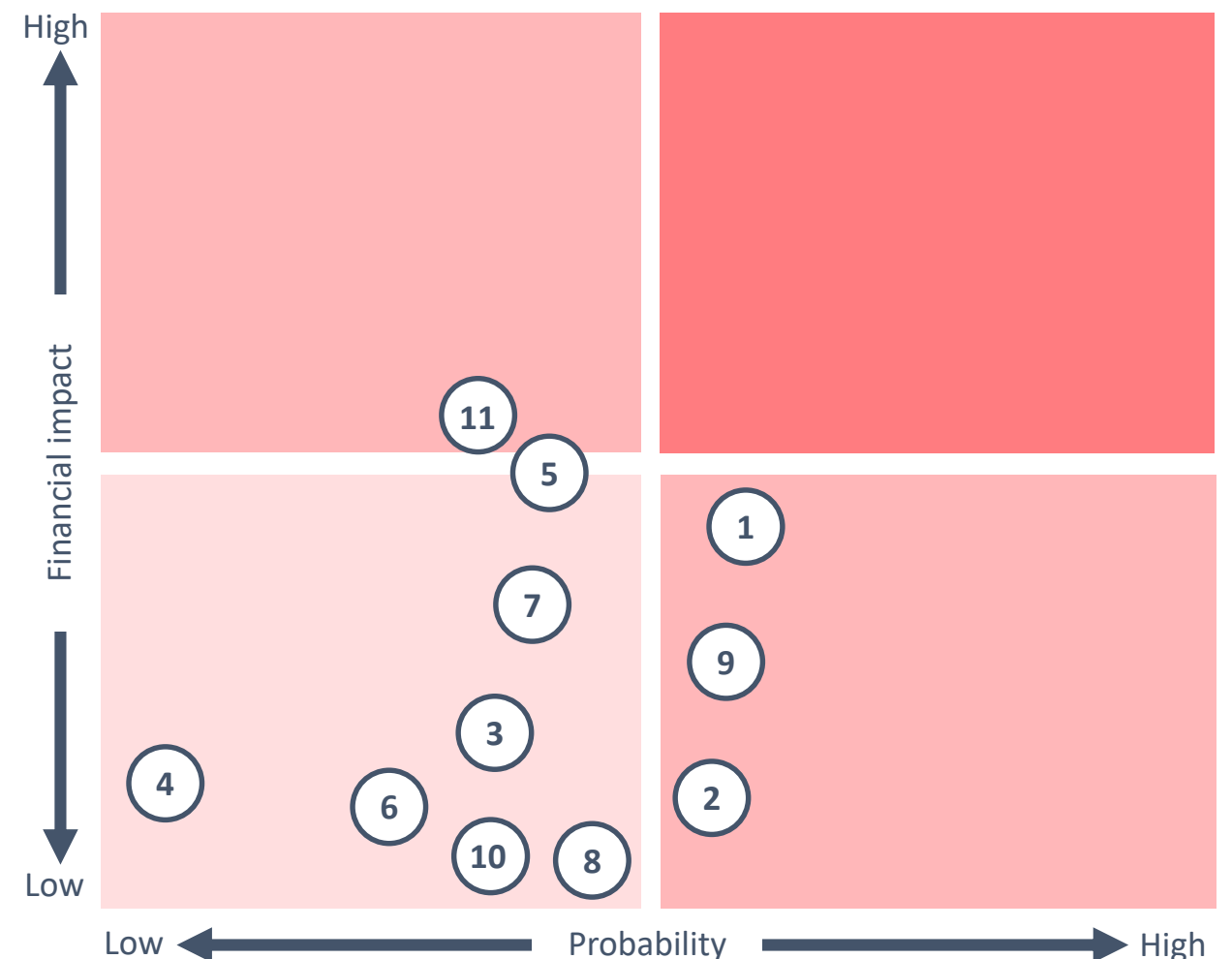
# Threats and opportunities

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# Threats and opportunities

The chart summarises the key threats that could result in a material change to the 2022/23 budget. These threats are **over and above the baseline budget**.

1. Inflation – the cost of living is on track to be at its highest in over 30 years. The most significant revenue impact will be seen non-pay costs, including transport and supplies & services. There is also a specific risk around capital investment which has seen a real terms reduction as a result of a flat cash annual settlement.
2. Ill-health retirals – budget has been reduced based on expected volume of cases, however if this increases the cost may exceed the budget available. A backlog has been created as a result of the COVID pandemic.
3. Pay costs - various pay assumptions have been made with regards to headcount, pay award, attrition and savings. Any variations to these assumptions will have a budgetary impact to be managed throughout the year.
4. Legal claims - potential unbudgeted legal claims and other one-off costs.
5. COVID – financial impact relating to organisational response, workforce absence and reduction of income.
6. External payments – negotiations ongoing with regards to various external payments, if charges increase there would be a budgetary pressure.
7. Income challenge (£4.0m) – based on current over recovery levels.
8. Utilities cost – the potential cost of a significant increase in utilities prices has been included in the budget, however the risk remains that costs will exceed the already increased budget.
9. Savings – various savings have been applied, either as central savings where underspends are anticipated to materialise or as a result of capital investment.
10. New Hard FM contract – the cost of the new contract may exceed the expected value dependent on run rates and service level.
11. Officer numbers – if officer attrition is higher than the budgeted assumption as a result of pension changes then additional savings may be realised which will be managed throughout the year.

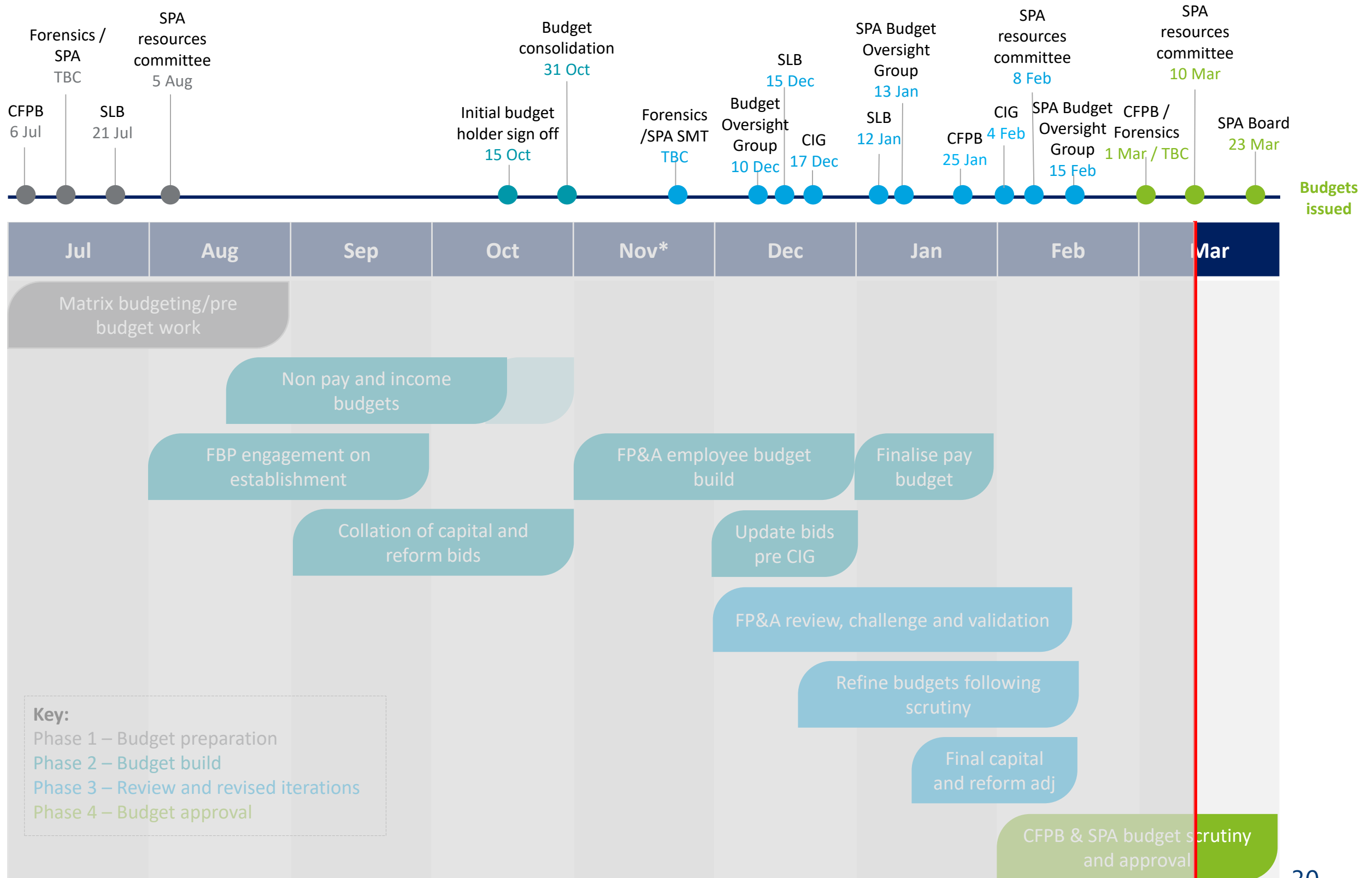


**NOTE: IFRS 16 – leases have been accounted for using the existing rules however the new rules will be effective from April 22. A central adjustment will be processed to reflect the change, impacting the breakdown of revenue and capital funding.**

# Timeline

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# Budgeting approach: timeline





## **APPENDIX B – Schedule of Rates for Events and Other Services**

- 1.1 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.
- 1.2 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 SPM.
- 1.3 This proposal sets 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.

### **Outcome of Annual Review of Schedule of Rates**

- 1.4 The charge out rates have been calculated using the methodology set out in the NPCCs Guidelines on Charging for Police Services (April 2015). 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.
- 1.5 The charge out rates have been increased for 2022/23 in line with the budgeting assumptions approved by the SPA Board.
- 1.6 Both Police Officer and Staff charge out rates for 2022/23 have been updated in line with public sector pay policy for 2022/23, published by the Scottish Government on the 9 December 2021 (£700 for employees earning between £25,000 - £40,000 and £500 for employees earning over £40,000). The charge out rates also include the increase to National Insurance contributions.
- 1.7 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.

#### Schedule of Rates – Officers

<b>Full Economic Rate Per Hour</b>	<b>Rate from 01-Apr-21</b>	<b>Rate from 01-Apr-22</b>
Chief Superintendent	£106.00	£110.50
Superintendent	£93.50	£97.50
Chief Inspector	£75.00	£77.00
Inspector	£71.50	£72.50
Sergeant	£71.50	£73.50
Constable	£61.00	£63.50
Special Constables	£24.00	£26.00

**OFFICIAL**

Schedule of Rates – Staff

<b>Full Economic Rate Per Hour</b>	<b>Rate from 01-Apr-21</b>	<b>Rate from 01-Apr-22</b>
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

Charges to Other Non-statutory Services

- 1.8 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). The most recent published measure, the forecast 2022 CPI, as per the Office for National Statistics is 4%. These charges with the proposed uplift are shown below.

<b>ITEM</b>	<b>Apr-21</b>	<b>Apr-22</b>
Supply of Accident Reports	£104.50	£108.50
Search Fee (where the police have no information)	£104.50	£108.50
Interview (after copy of accident report has been applied)	£171.50	£178.50
<u>Supply of Photographs:</u>		
per Print	£7.50	£8.00
per Photocopy	£5.50	£5.50
CD – per disk	£23.50	£24.50
<u>Supply of Video / DVD:</u>		
½ hour video/DVD	£80.00	£83.00
1 hour video/DVD	£114.00	£118.50
3 hour Video /DVD	£247.00	£257.00
Supply of information about thefts, house breaking and occurrences	£104.50	£108.50
Crash Investigator Accident Report	£493.00	£512.50
Scale Plan (A3)	£136.50	£142.00
Scale Plan (A1)	£272.50	£283.50
3D Construction + preparation time	£681.00	£708.00
Alarm Registration (incl. VAT - £60)	£50.50	£52.50
Supply of Plans – Charges will depend on the type of service provided and equipment used.		

Effective Date

1.9 These revised charge out rates are effective from 1 April 2022.