



Meeting	Authority Meeting
Date	30 November 2023
Location	COSLA, Edinburgh
Title of Paper	Financial Planning – Budget Proposal 2024/25
Presented By	James Gray, Chief Financial Officer
Recommendation to Members	For Approval
Appendix Attached	Appendix A – Budget Proposal 2024/25

PURPOSE

The purpose of this report is to set out the budget requirement for policing (revenue, capital and reform) for financial year 2024-25.

This report has been discussed in detail by the Authority’s Resources Committee and is recommended for Board approval; and subsequent onward submission to Ministers to inform the Scottish Government’s budget.

Members are invited to approve this report.

1. BACKGROUND

- 1.1 The Scottish Government is expected to announce its budget for the 2024-25 financial year on 19 December 2023. Parliamentary consideration and approval are anticipated by the end of February 2024.
- 1.2 Significant consideration has been given to policing's requirements (revenue, capital and reform) for the financial year 2024-25.

2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 The Scottish Government's Resource Spending Review (May 2022) states that it was "essential to drive reform across public services" and the Government supports "An enhanced focus on delivering efficiency savings across the public sector" through a variety of levers, including:
 - Innovation;
 - efficiency;
 - improvement in procurement;
 - collaboration; and
 - reducing the public sector workforce.
- 2.2 The creation of a single national police service on 1 April 2013 delivered the financial and operational benefits of significant reform which are now being asked of the wider public sector.
- 2.3 As a result, the reform of policing in Scotland (integrating eight separate police services and two supporting bodies into a single national police service) has already delivered substantial cost savings and service improvements. This has been widely recognised as one of the most significant reform programmes in the UK over the last 20 years.
- 2.4 This reform has saved public finances £2bn by removing over £200 million from the annual cost base compared to legacy arrangements, including through significant reductions in chief officer, senior officer and staff numbers, as well as efficiencies and improved working practices.
- 2.5 Delivering these savings has been a significant achievement and an ongoing challenge. As the significant financial benefits from reform and transformation have already been realised through the creation of the single service, it is not possible for policing to deliver substantial savings for a second time through efficiency alone.

- 2.6 Further significant savings can only be achieved through a redesign of the policing model underpinned by a reshaping of the workforce, alongside targeted action to reduce the overall non-pay cost base.
- 2.7 It is recognised and accepted that more can be done to re-shape and re-size policing to ensure the most effective and efficient use of its resources aligned to the policing priorities. This will require initial investment and cannot be achieved should a flat cash settlement be awarded.
- 2.8 This budget ask should therefore be seen as a spend-to-save proposal as the investment would enable policing to move into the next phase of reform and continue to contribute to the redesign of the wider criminal justice sector.

3. 2024-25 BUDGET REQUIREMENT

- 3.1 Police Scotland, supported by the Authority, is committed to developing and delivering a sustainable new model of policing to effectively utilise the available resources, meet the policing priorities and exist in a constrained fiscal environment.
- 3.2 The budget requirements for 2024-25, set out below and in more detail at Appendix A, seek to provide sufficient time for policing to develop a comprehensive 3-year efficiency programme outlining how we will re-shape, re-size and re-invest in policing:
- Revenue ask of £1,402.7m (+£74.5m)
 - Capital ask of £76.5 (+£26.4m)
 - Reform ask of £25m (+£5m)
 - VR/VER ask of £22.6m
- 3.3 It is anticipated that the 3-year efficiency programme can be delivered by Autumn 2024 to feed into the 2025-26 budget cycle and the years beyond.
- 3.4 The programme will maximise efficiency within the service to ensure ongoing sustainability and balanced budgets, and opportunities for the re-investment into new areas of capability. To support this, in addition to the 5% uplift in our resource budget for 2024-25, we would seek;
- A capital allocation of £76.5m to support the roll out of new capabilities such as body worn video and for spend to save initiatives;

- A re-instatement of our reform funding to £25m to allow us extra capacity to bring in resources to drive the changes in our operating model; and
- A non-recurring resource allocation of £23m (for VR/VER) in 2024-25 to allow us to begin to reshape and re-size the organisation to generate efficiency/capacity between years 2025-26 – 2027-28 and to support reinvestment into priority areas of policing and new capabilities.

3.5 The proposed budget request is inclusive of Forensic Services and SPA Corporate. It is assumed that there will be a pause in the roll out of the Forensic Services operating model.

4. FINANCIAL IMPLICATIONS

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

4.2 If we are unable to secure the additional funding required, further workforce reductions will be necessary. To enable this, the VR/VER requested from Scottish Government will need to be significantly higher to make the workforce reductions required.

5. PERSONNEL IMPLICATIONS

5.1 There are personnel implications associated with this report.

5.2 If we are unable to secure the additional funding required, further workforce reductions will be necessary. This will require further prioritisation of policing services to citizens and communities.

6. LEGAL IMPLICATIONS

6.1 At this stage there are no legal implications associated with this report.

7. REPUTATIONAL IMPLICATIONS

7.1 In the event that the budget requirements are not secured, there will be internal and external reputational implications for policing.

8. SOCIAL IMPLICATIONS

8.1 At this stage there are no social implications in this report.

9. COMMUNITY IMPACT

9.1 There will be community implications as a result of the budget requested in this report. These will be clearly set out in any efficiency plan and subsequent organisational redesign proposals.

10. EQUALITIES IMPLICATIONS

10.1 At this stage, there are no equality implications in this report.

11. ENVIRONMENT IMPLICATIONS

11.1 At this stage there are no environmental implications in this report.

RECOMMENDATIONS

Members are asked to discuss the budget proposal as set out in this paper and associated appendix and approve the submission of the proposal to Scottish Government Ministers.



**POLICE
SCOTLAND**
POILEAS ALBA



**SCOTTISH POLICE
AUTHORITY**
ÙGH DARRAS POILIS NA H-ALBA

Finance



Supporting Police Scotland's journey to a new and affordable Operating Model

Budget proposal 2024-25

Version 1.3

30 November 2023

Our proposition

Investing in Police Scotland will enable us to re-shape and re-size the organisation and to re-invest the benefits in fulfilling the Chief Constable's commitment to strengthening the service

- A properly funded police service is critical to the achievement of the Scottish Government's commitments and vision for Justice and wider society. Our ask to the Scottish Government is to fund our pay and non-pay pressures to the value of **£74.5m in 2024-25**.
- This additional investment will **buy us time** to develop a plan for a **3-year efficiency programme by Autumn 2024** to feed into the 2025-26 budget cycle and the years beyond.
- This plan will drive the change to a new operating model for Police Scotland which will enable Chief Constable Farrell's stated priorities for the service:
 - The prioritisation of service delivery against areas of greatest threat, harm and risk;
 - The strengthening of our community policing model to enhance proactivity, problem solving and the prevention of crime and harm; and
 - Appropriate support for the wellbeing of our officers and staff.
- The plan will also maximise efficiency within the service to ensure ongoing sustainability and balanced budgets, and opportunities for the re-investment into new areas of capability. To support this, in addition to the £74.5m uplift in our resource budget for 2024-25, we would seek;
 - A capital allocation of £76.5m to support the roll out of new capabilities such as body worn video and for spend to save initiatives;
 - A re-instatement of our reform funding to £25m to allow us extra capacity to bring in resources to drive the changes in our operating model; and
 - A non-recurring resource allocation of £23m (for VR/VER) in 2024-25 to allow us to begin to reshape and re-size the organisation to generate efficiency/capacity between years 2025-26 – 2027-28 and to support reinvestment into priority areas of policing and new capabilities.
- This investment in our national police service will enable us to embark on the next stage of reform, whereby we can re-shape and re-size the organisation to meet the challenges of the next 10 years of Police Scotland.
- The above request is inclusive of SPA and Forensic Services. It is assumed that there will be a pause in the roll out of the Forensic Services operating model.

2024-25 funding requirement

We can **move in a planned way** from our current operating model towards a **new affordable operating model** (delivering enhanced operational capacity and leaner support & corporate services) with **additional budget support in 2024-25**.

Our ask to Scottish Government is that the anticipated £74.5m pressure in 2024-25 is fully funded to buy us time to establish an efficiency programme to reshape and re-size the organisation.

We need £76.5m to deliver our basic rolling replacement programme, and key digital capability such as Body Worn Video.
Capital plans indicate that we will require ~£100m p.a. in future years..

Revenue
£1,402.7m
+£74.5m

Capital
£76.5m
+£26.4m

Reform
£25m
+£5.0m

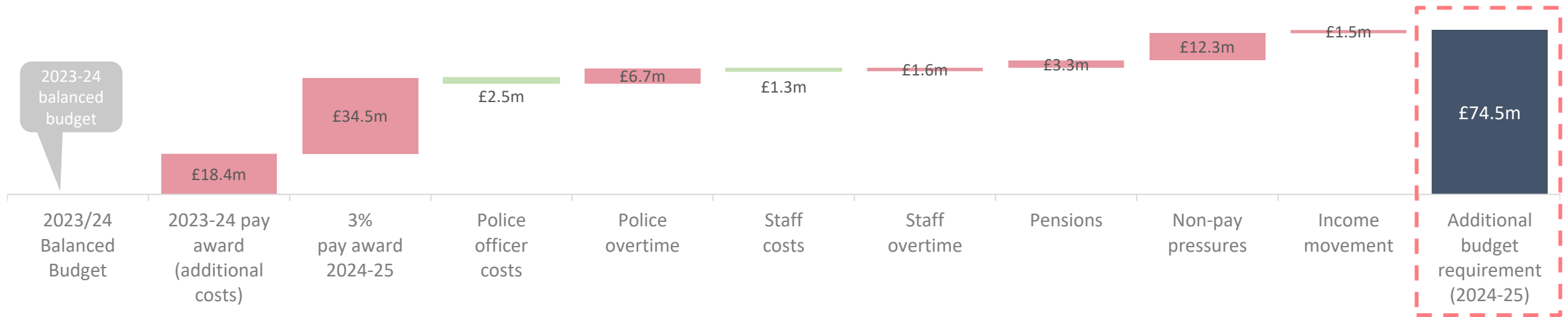
VR/VER funding
+£22.6m

We seek full re-instatement of our reform funding to £25m to increase capacity to drive the changes in our operating model.

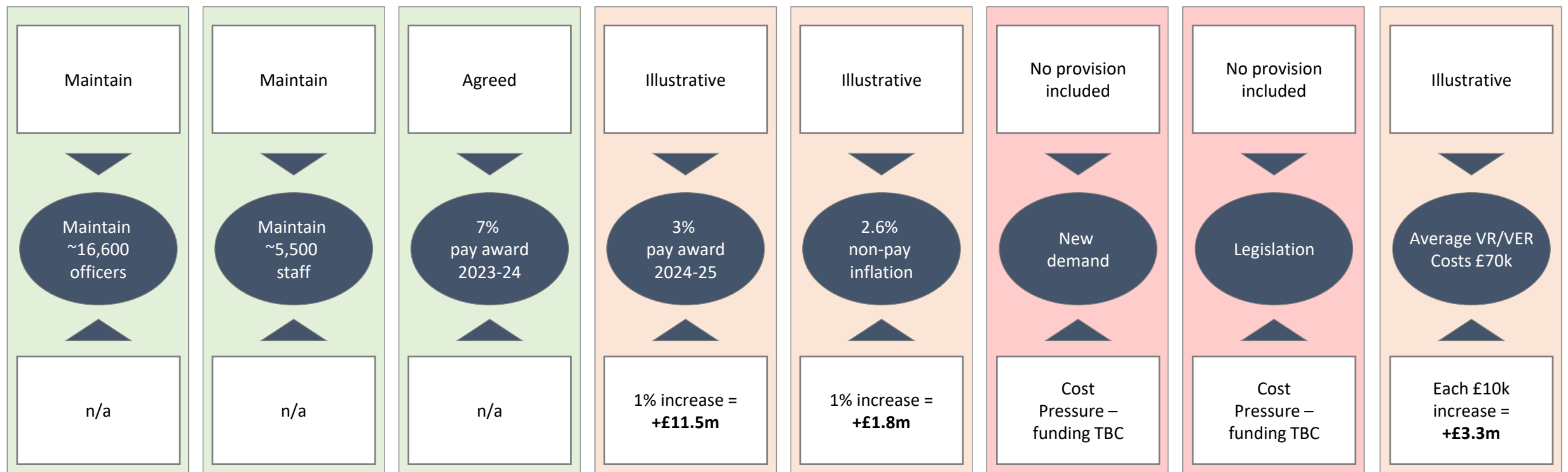
VR/VER funding up to £23m is required to implement the initial 3.7% reduction required as part of the 2023-24 settlement, and to enable us to begin to re-shape and re-size the organisation in 2024-25.

2024-25 revenue budget – assumptions and sensitivity

We require an enhancement to our core revenue budget of approximately £75m next year, along with VR/VER funding up to £23m, to enable us to embark on the next stage of reform, and to begin to significantly re-shape and re-size the organisation.



Key planning assumptions:



Benefits - what will investment in Police Scotland buy?

Investing in Police Scotland will enable us to re-shape and re-size the organisation and to re-invest the benefits in fulfilling the Chief Constable's commitment to strengthening the service

- Investment in Police Scotland will allow us to **continue our journey of transformation and service improvement**. This means realising the ambitions that underpinned the creation of the national service and **strengthening our ability to protect our communities** from increasingly complex threat, harm and risk.
- Investment in 2024-25 will **enable us to continue to focus on driving efficiency** and then **re-invest the benefits** of change to build and **enhance our capabilities**. This will include 'spend to save' initiatives which can deliver sustainable efficiencies for re-investment in frontline policing.
 - We need to design, develop and implement a new model of response and community policing which builds public trust and confidence while tackling threat, harm and risk
 - We need to equip our officers with Body Worn Video
 - We need to deliver essential improvements in critical national infrastructure such as 999/101 service centres and technology
 - We need to drive change and improvement in how Police Scotland engages with the public and its partners and in particular enhance the quality and accessibility of our response and resolution function.
 - We need to improve standards of service through Police Scotland's response to vulnerability, risk and public need at the earliest opportunity; maximising opportunities for remote engagement and resolution; reducing local policing demand and directing appropriate incidents to the right agency through pathway referrals and enhanced collaborative working.
 - We need to further enhance the mobile capability of our officers
 - We need to offer a better response to cyber-crime
 - We need to offer a better response to public protection and to better protect children from harm and sexual exploitation
 - We need to be a much more digitally enabled and engaged service
 - We need to be a catalyst for system wide change and improvement across the CJ system and wider public sector
 - We need to realise further opportunities for enhanced collaboration across blue light services
 - We need to better harness the potential of our data and improve the insights we can use to inform tactical and strategic decision making
 - We need to be more visible and to build public confidence
 - We need to protect the wellbeing of our workforce
 - We need to invest in driving culture change and becoming a wholly anti-discriminatory service to ensure that we increase public trust and confidence in policing

Consequences of Flat cash in 2024-25

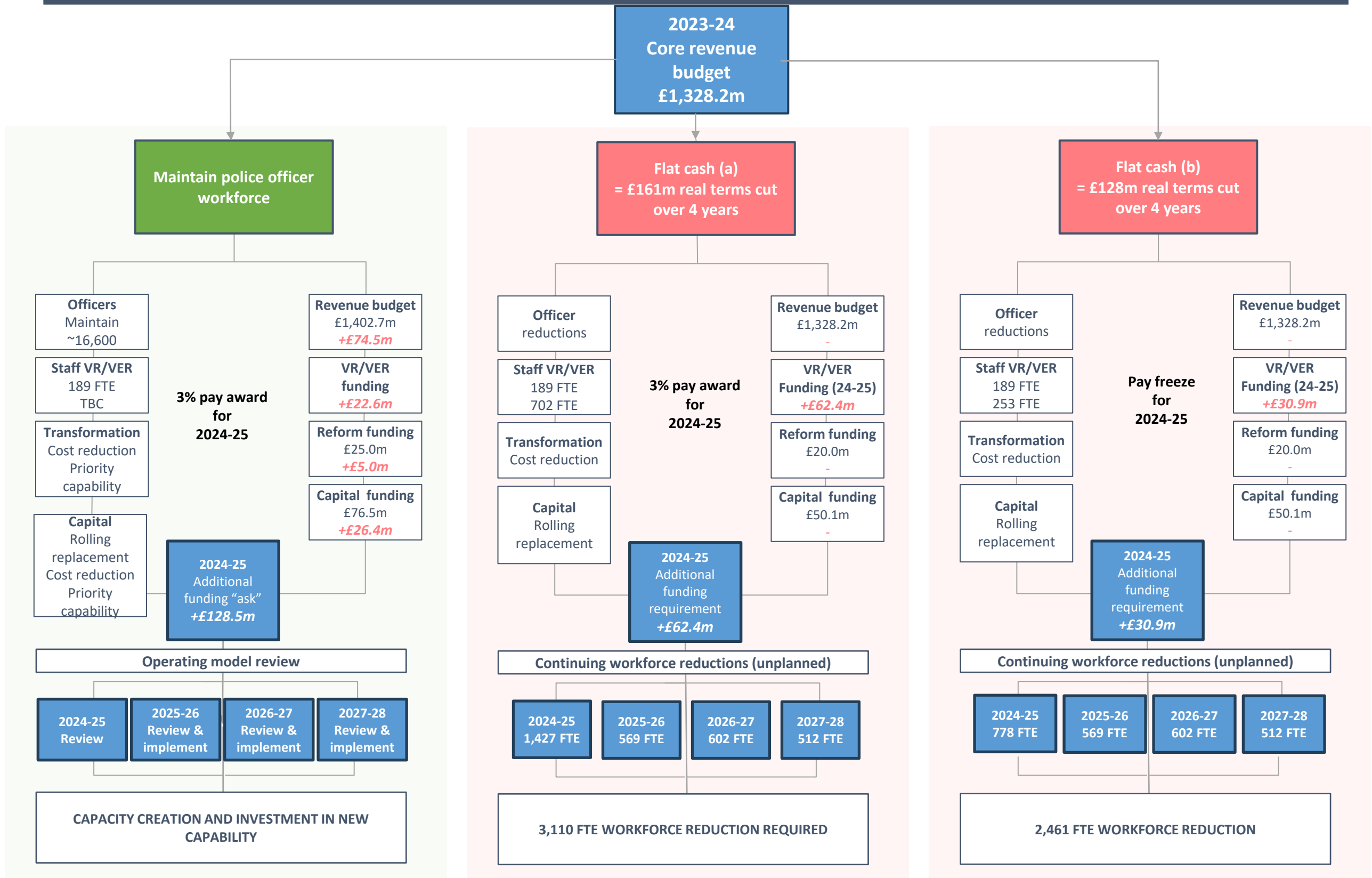
It is not viable for the service to operate within a flat cash funding settlement for 2024-25 without severely impacting service delivery, officer and staff wellbeing, external and third-party relationships, and ultimately the safety of the public.

- Flat cash funding would have severe operational consequences, causing a significant disruption to services as **savings would have to be achieved through salami slicing**, as opposed to efficiency or organisational redesign.
- Tactical, short-term measures would have to be taken to deliver maximum savings in 2024-25. This could see a **reduction of up to 1,427 FTE (6.4%)** by 31 March 2025 which can only be achieved through a **continuation of the officer recruitment pause** throughout the entire duration of 2024-25, along with an **extensive VR/VER programme**. The impact of flat cash could be **minimised by implementing a pay freeze** for 2024-25 but this would have further operational implications and would still require significant workforce reductions.
- A flat cash funding settlement in 2024-25 will be likely to result in impacts across the following operational areas:
 - **Caring for our most vulnerable people & communities:**
 - A reduction in visible local policing.
 - Challenges to our ability to fulfil our “Wellbeing” remit with our partners.
 - **Protecting our children and citizens from new threats:**
 - An inability to increase local policing resources and enhance visibility and public confidence.
 - An inability to augment national and local public protection services in the face of continued growth in reporting of sexual crime and domestic abuse.
 - An inability to effectively keep people safe in the online space.
 - An inability to support the implementation of new legislation.
 - **Our proactive capability will be reduced:**
 - A reduction in local resources will undermine our ability to engage in collaborative problem solving and crime prevention.
 - A reduction in Roads Policing resources will inhibit our ability to keep Scotland’s road users safe.
 - Our capacity for the proactive investigation of Serious & Organised Crime Groups will be impacted.
 - **Enabling a safe and secure Scotland:**
 - Delays in attending calls for service and the nationwide adoption of a reduced attendance model.
 - Our capacity to effectively respond to major events and incidents will be impacted.
 - Our capacity to manage community tensions will be impacted.

Appendix A

Funding scenarios

Summary: funding scenarios



Appendix B
Operating environment
and crime volumes

Group 1 – Non Sexual Crimes of Violence



Robbery and Assault with Intent to rob

Crimes of Robbery and assault with intent to rob are showing an increase of **191 (22.4%)** compared to the five year mean. Whilst there has not been a steady increase in this crime type, the current numbers are the highest for the last five years.



Threats and Extortion

These crimes have seen a steady increase from 2019/20 onwards, with an average yearly increase of 326 crimes in the current period. Driven by an overall increase of online-based crime, it seems highly likely this crime type will continue to rise. Crimes showing an increase of **1,021 (221.3%)** compared to the five year mean.

Group 3 – Crimes of Dishonesty



Fraud

Crimes are steadily increasing year-on-year and are currently the highest they have been for the last five years – up **2,421 crimes (37.2%)** against the five year mean.



Theft by Shoplifting

Since the lifting of covid restrictions there has been a significant increase in crimes, there are **5,924 (42.0%)** crimes more than the five year mean.



Theft of a motor vehicle

Crime numbers are higher than any of the previous five years, being an increase of **353 (15.6%)** crimes compared to the five year mean. The previous highest period was 2018/19.

Group 2 – Sexual Crimes



Communications Act 2003

Crimes are the highest they have been over the last five years – up by **52 crimes (39.9%)** compared to the five year mean.



Sexual Assault (SOSA 2009)

Crimes have increased by **281 (14.3%)** compared to the five-year mean.



Crimes of Sexual Exposure (SOSA)

These have seen an increase of **59 (26.5%)** compared to the five year mean. This increase means the current level of crime is the highest in the period for the last five years.



Taking, distribution, possession etc, of indecent photos of children (from April 2011)

Crimes are close to the highest level over the last five years and increased by **64 (20.6%)** compared to the five year mean.



Rape Crimes

At the end of Quarter 2 2023-24 reported crimes of rape noted an increase of 11 crimes (0.9%) compared to the five year mean.

Rape Detections

During the same period the Rape Detection Rate fell to the lowest level compared to the last five years, down to **47.4% (-4.9 percentage points compared to five year mean)**.

Group 5 – Other Crimes



Bail offences (other than absconding)

Crimes have increased by **1,428 (28.1%)** compared to the five year mean.

Group 6 – Miscellaneous Offences



Minor Assault

Since 2020/21, the number of common assaults has seen a year-on-year increase, with the current number being the highest over the last five years.

There is an increase of **2,101 (8.1%)** compared to the five year mean.

Additional Information



Compared to last year in C3 Division...

Overall call volume up **3.0%**, Partner Demand up **25.9%**,

Average call answer time up, additional public contacts up **14.9%**.



Protecting Vulnerable People...

Adult concern forms increased, Child concern forms increasing, Drug consumption markers increasing, Missing Persons increasing and Mental Health demands increasing.

Force Detection Rate



During 2023-24 the overall detection rate has dropped below the lower confidence limit reflected by most crime groups. The mean number of days to detect crimes has increased year on year and has more than doubled from 16.43 in 2018/19 to 33.83 in 2022/23.

Group 7 – Offences relating to Motor Vehicles



Drink, Drug driving offences incl. Failure to provide a specimen

Current number of drink, drug driving offences have increased compared to the five-year mean – up **538 (14.9%)**.



Drivers neglect of traffic directions (NOT pedestrian crossing)

Currently the highest numbers over the past five years – up **507 offences (27.4%)**.



Driving Carelessly

The current number of this crime have increased by **553 (12.6%)** compared to the five-year mean.



Mobile Phone Offences

Offences are currently higher than the five-year average by **381 (27.5%)**. The new restrictions on the use of mobile devices introduced in 2022 will likely see this crime type increase.

- Demands on Police Scotland continue to rise.
- Various crime types are enabled through the online sphere and are likely to continue to see ongoing increases and are also increasingly complex to police and detect.
- The current societal Cost of Living situation is highly likely to continue to exacerbate some crime types.
- Group 5 & 7 crimes are heavily affected by police proactivity and previous/current campaigns.
- The issues surrounding detection rates are multi-faceted and complex.