

Meeting	SPA Board Meeting
Date	27 November 2018
Location	Rutherglen Town Hall, Rutherglen
Title of Paper	Emerging Challenges for 3 Year Rolling Financial Plan
Reference	B 10.2018/84
Presented By	Deputy Chief Officer David Page
Recommendation to Members	For Noting
Appendix Attached	No

PURPOSE

The purpose of this paper is to provide an update to members regarding a number of emerging issues and risks in relation to Police Scotland's current plans to deliver financial sustainability by the end of financial year 2020-21 and to the delivery of the critical transformation service improvements previously agreed with the Board.

1 BACKGROUND

- 1.1 In May 2018 the SPA Board approved the second Police Scotland three-year financial plan. That plan laid out a clear direction, and related actions, for bringing Police Scotland up to the level of financial control, management and governance expected of a major public service provider, and demonstrated a plan, agreed with the SPA Board and Scottish Government, for eliminating the operating deficit by the end of financial year 2021.
- 1.2 Over the past few months we have identified a number of developments that will impact upon the core assumptions underpinning that plan, which in turn will significantly increase the risk of us not delivering financial sustainability by the end of 2020-21 and in making the transformations necessary to address the legacy infrastructure weaknesses and the service improvements that Police Scotland urgently requires – including for example those which were laid out clearly in the Digital, Data and ICT (DDICT) Strategy that was approved by the SPA Board in September 2018.
- 1.3 It is essential that the Board and our strategic stakeholders/partners are fully conversant with these emerging issues and risks and the impact they may have on our ability to maintain current service levels to the people of Scotland to deal effectively with current and future threat, harm and risk.

2 FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 The issues that are currently impacting our planning and delivery of financial sustainability and delivery of transformation benefits include:

- a) **FY 2018-19 – Staff Pay and Reward Modernisation (SPRM)**
While significant progress has been made in negotiations on this issue between policing management and unions in recent months, agreement to proceed has come later from within Scottish Government than was planned for. This now means that the unions will not be able to ballot their members until early 2019, with subsequent potential risks around the implementation date with resulting impact on the Financial Plan.

Both the Authority and Police Scotland's leadership have already acknowledged the frustrations of all civilian staff at the continuing delays in achieving harmonisation of pay & conditions across the service, and achieving a resolution has been identified

as a critical investment in our workforce and a key enabler of our long-term strategy for transforming the service.

- b) Officer Numbers Financial Years 2019/20 & 2020/21** - Our three year plan for achieving financial sustainability by end of 2020-21 included agreed assumptions regarding the reduction of police officers (e.g. in FY 2019/20 a 300 officer reduction) - subject to HMICS confirmation that equivalent capacity creation has been delivered.

In line with the current funding profile available from Scottish Government and the three year financial plan the Chief Constable remains committed to balancing and operating within the police budget. Any changes to the agreed underlying assumptions would require a re-planning of when the service could achieve financial sustainability and the profile of service delivery under those circumstances.

- c) Financial year 2019-20 Budget Forecasting (Capital & Reform)** – Recent evidence to the Scottish Parliament’s pre-budget scrutiny sessions from both the Authority’s Interim Chief Officer and Police Scotland’s Chief Financial Officer emphasised how important continuing levels of reform funding were to the long-term transformation of policing. In addition, it has been noted in Parliament that the level of capital funding available to policing is relatively modest for a national service such as Police Scotland with a significant estate and fleet footprint, and a workforce with considerable equipment requirements to ensure its people and the people it serves are safe and protected.

The Scottish Government will publish its budget on 12 December 2018. We will not be clear on the policing budget for 2019-20 until then. Should the settlement for policing be less than we have indicated in our 3 Year financial plan, this will severely constrain our ability to address legacy weaknesses in our systems and make the necessary improvements and transformation improvements to the service.

This will increase the risk of infrastructure failure, limit our ability to meet future threat, harm and risk and achieve financial sustainability.

- d) Financial year 2018-19 - Release of Reform Funds** – Time lags due to Scottish Government delays in releasing Reform/Police Change funding after business cases have been approved through the appropriate Police Scotland/SPA Board

governance forums is having an adverse impact on our relationship with suppliers & partners, delivering financial sustainability and in delivering the improvements that our front line officers and staff urgently need. This will create risk across a number of fronts.

- e) **Financial year 201-20 Budget Forecasting DDICT** – We have developed and had approved a clear strategy, plan and funding profile for addressing legacy weaknesses, GDPR risk and for transforming Police Scotland into a fit for the 21st century Police Service. The plan is phased, incremental and does not rely upon a big bang approach. The technology we are looking to utilise is 'basic' technology in use across the rest of the UK.

The significant costs of 'doing nothing' have already been well-articulated and will leave risks in maintaining current police technology systems and closing the capability gap between us and serious organised criminals/terrorists.

The Scottish Government will publish its budget on 12 December 2018. We will not be clear on the funding for 2019-20 until then. Should the funding for DDICT be less than we have indicated, then we will in its absence continue to rely upon the goodwill and hard work of our officers and staff. Relying upon '*continued goodwill*' as a mitigant for risk is not an effective strategy.

- f) **Demand Increase** – Early work on developing our demand planning capability is indicating that the pressure on policing from Crime/Vulnerability is continuing to increase and this will put additional pressure on policing resources and will further exacerbate the risks outlined above. We are doing focused work on building this into our future planning.
- g) **Other Funding for police officers** – Currently **297 officers** are funded from sources out with core Scottish Government funding of the service e.g. 144 officers are funded from Local Council funding. If there are any changes to the source funding profile for these officers, or operational demand requires officer abstraction to other duties, then this will require additional re-planning to both the deliverability of financial sustainability and officer number availability.

- h) **Brexit Operational Demand & Planning** – all of the above issues are separate to Brexit related issues and as such would clearly be subject to increasing pressure should the scenarios currently being developed with regard to planning in this area come into practice.

3 FINANCIAL IMPLICATIONS

- 3.1 All of the above issues will have an impact on Police Scotland's ability to achieve financial sustainability as per the current published plans.

4 PERSONNEL IMPLICATIONS

- 4.1 Investment in transformation over a longer timeframe than currently envisaged will impact on the service's ability in the longer term to recruit and retain talent, and impact on the morale and the wellbeing of existing officers and staff. Additionally, reliance on officer and staff 'goodwill' to maintain (just current) service levels will have a detrimental impact on our workforce.

5 LEGAL IMPLICATIONS

- 5.1 There are no legal implications in this paper.

6 REPUTATIONAL IMPLICATIONS

- 6.1 If Police Scotland fails to achieve financial sustainability or fails to deliver on transformation and DDICT projects this will have a major adverse impact on the reputation of the service.

7 SOCIAL IMPLICATIONS

- 7.1 If the Police Service fails to keep pace with societal and criminal utilisation of technology this will impact Police Scotland's ability to further protect the public and the Scottish economy from the full range of threat, harm and risk.

8 COMMUNITY IMPACT

- 8.1 As per 7.1.

9 EQUALITIES IMPLICATIONS

- 9.1** Where we are unable to utilise technology to enable our staff and officers in their roles or to better enable Police Scotland to interact with and protect communities this could have an adverse impact on our ability to comply with equalities legislation.

10 ENVIRONMENT IMPLICATIONS

- 10.1** Failure to replace aging legacy technology with greener more efficient technology with have an adverse impact on our environmental/carbon footprint.

RECOMMENDATIONS

Members are requested to discuss and note the information contained within this report.