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| Meeting | SPA Resources Committee Meeting |
| Date | 14 June 2023 |
| Location | Video Conference |
| Title of Paper | Financial Monitoring Report Period 1 2023/24 |
| Presented By | Lynn Brown, Head of Corporate Finance |
| Recommendation to Members | For Discussion |
| Appendix Attached | Yes Appendix A – Period 1 Finance Report |

PURPOSE

The purpose of this report is to provide Members with an update on the financial position of the SPA and Police Scotland for period 1 of the financial year 2023/24.

Members are invited to discuss the contents of the report and appendix.

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. A Period 1 financial monitoring report has been published to allow early scrutiny of the financial position considering the challenges.
- 2.3 Appendix A provides the detailed period 1 (P1) finance report.

Revenue

- Although there are significant challenges, the year to date is revenue position at P1 is currently lower than budget (£0.2m) due to a mixture of timing and real variances. The main overspends relate to police officer core overtime, ill health pensions, police staff costs and under-recovery of income which are currently being fully offset by underspends in non-pay items. These movements will be monitored to identify “real” variances in the months ahead to ensure mitigating action can be taken as appropriate.

- Significant savings built into the budget are being monitored throughout the year and potential threats on deliverability of those savings may crystallise in the Q1 forecast.

Capital

- The year-to-date capital spend at P1 is under budget by £1.8m mainly due to our suppliers having logistic issues transporting the fleet to our premises.
- The capital budget requires £32.1m of slippage to be managed down over the remaining part of the year.

Reform

- The year-to-date reform spend at P1 is under budget by £0.3m.
- The reform budget requires £11.4m of slippage to be managed down over the remaining part of the year.

3. FINANCIAL IMPLICATIONS

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

4. PERSONNEL IMPLICATIONS

4.1 There are no personnel implications in this report.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications in this report.

6. REPUTATIONAL IMPLICATIONS

6.1 There are no reputational implications in this report.

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 invited to discuss the contents of the report and appendix.



POLICE
SCOTLAND
POILEAS ALBA

SCOTTISH POLICE
AUTHORITY

Finance

Corporate Finance team

Appendix A

Finance report

Period 1 2023/24



Finance dashboard

P1 2023/24

Year to April 2023

Revenue

| | | |
|-----|-----|----|
| R | | |
| Apr | May | Q1 |

- YTD £0.2m under budget

Capital

| | | |
|-----|-----|----|
| G | | |
| Apr | May | Q1 |

- YTD £1.8m under budget

Reform

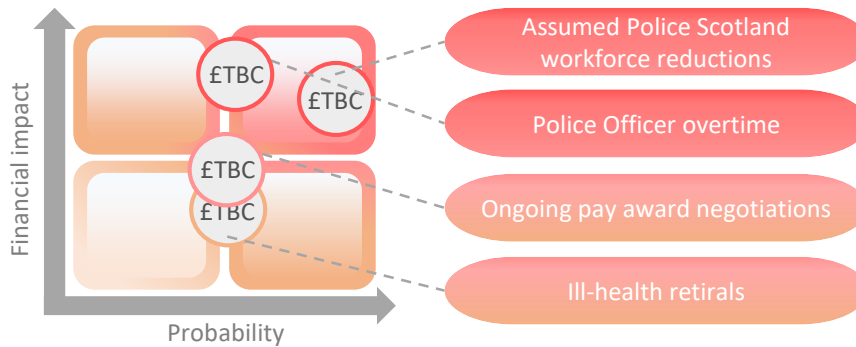
| | | |
|-----|-----|----|
| G | | |
| Apr | May | Q1 |

- YTD £0.3m under budget

Revenue variance (£m)

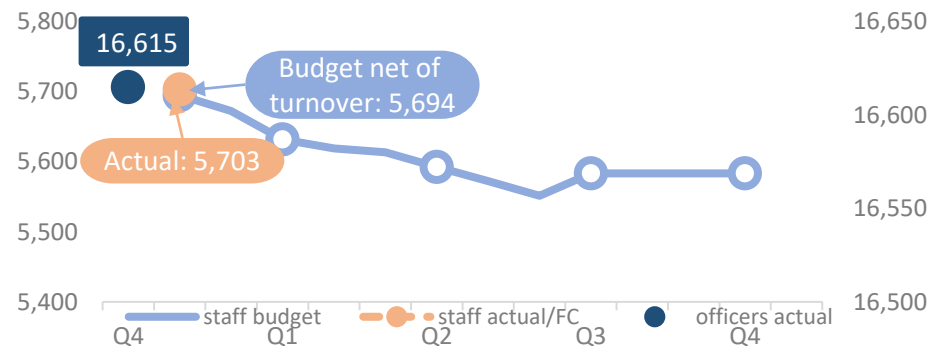
| | YTD actual v budget | FY FC v Budget |
|-------------------|---------------------|----------------|
| Police Scotland | 0.1 | 0.0 |
| Forensic Services | 0.0 | 0.0 |
| SPA corporate | 0.1 | 0.0 |
| Total | 0.2 | 0.0 |

Threats

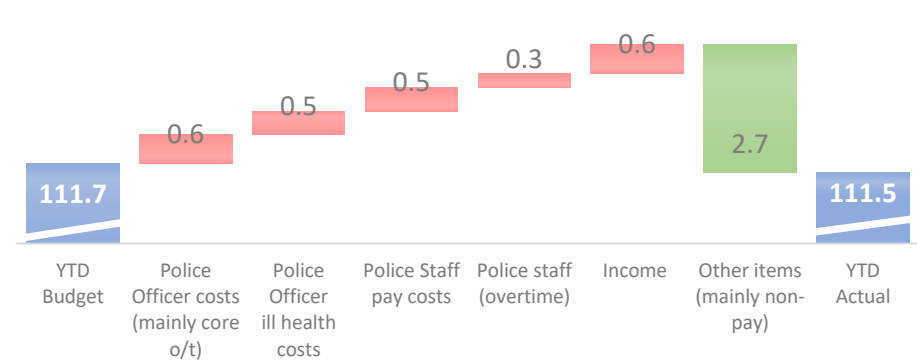


People numbers (FTE) – Revenue Budget

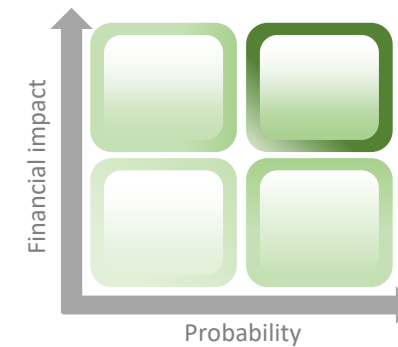
Staff headcount currently running over budgeting assumptions at P1



Revenue: YTD actual costs £0.2m lower than budget

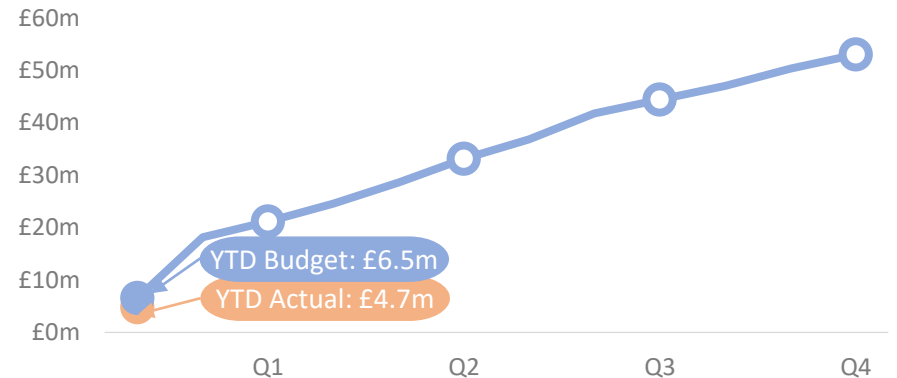


Opportunities



Capital (£m)

Actual YTD spend running under budget at P1



OFFICIAL

Revenue

(service area)

Budget deliverability status is red due to a number of significant threats being monitored, some of which may crystallise in the Q1 forecast

Although there are significant challenges, year to date is currently lower than budget (£0.2m) due to a mixture of timing and real variances

Ahead of Q1 FC, FY forecast is shown in line with FY budget

Savings built into the budget are being monitored throughout the year (see savings tracker – page 7)

Detailed revenue variance (£m)

| | Year to date | | | Full year | | |
|-------------------|--------------|--------------|------------|----------------|----------------|------------|
| | Budget £m | Actual £m | Var. £m | Budget £m | FC £m | Var. £m |
| Police Scotland | 107.7 | 107.6 | 0.1 | 1,278.5 | 1,278.5 | 0.0 |
| Forensic Services | 3.6 | 3.6 | 0.0 | 44.5 | 44.5 | 0.0 |
| SPA Corporate | 0.4 | 0.3 | 0.1 | 5.2 | 5.2 | 0.0 |
| Total | 111.7 | 111.5 | 0.2 | 1,328.2 | 1,328.2 | 0.0 |
| Funding | | | | | | |
| GiA - core | | | | 1,328.2 | 1,328.2 | 0.0 |

Revenue variance by spend type – YTD actual v budget (£m)

| | Year to date | | | | Full year | | | |
|-----------------|--------------|--------------|-------------|--------------|----------------|----------------|------------|-------------|
| | Budget £m | Actual £m | Var. £m | % | Budget £m | FC £m | Var. £m | % |
| Police officers | 73.8 | 74.6 | -0.8 | -1.1% | 883.6 | 883.6 | 0.0 | 0.0% |
| Police staff | 24.4 | 25.2 | -0.8 | -3.3% | 289.8 | 289.8 | 0.0 | 0.0% |
| Non-pay | 16.9 | 14.5 | +2.4 | +14.2% | 201.6 | 201.6 | 0.0 | 0.0% |
| Income | -3.4 | -2.8 | -0.6 | -17.6% | -46.6 | -46.6 | 0.0 | 0.0% |
| Total | 111.7 | 111.5 | +0.2 | +0.2% | 1,328.2 | 1,328.2 | 0.0 | 0.0% |

Pay

- Police officers - relates to overspends in core overtime (£0.6m) and ill health pension costs (£0.5m) offset by underspend on officer pay (£0.3m).
- Police staff - relates to staff costs not budgeted that will be funded at SBR (£0.2m), elements of budgeting assumptions not yet being achieved in DCCLP (£0.2m - C3 & CJSD), other items (£0.1m) and overspend on staff overtime (£0.3m).

Non-pay

- Supplies & Services (£1.4m under) - mainly firearm related costs (£0.7m) and other costs (£0.7m).
- Premises costs (£0.6m under) - relates to underspends on repairs & maintenance (£0.2m), utilities (£0.3m) and other items (£0.1m).
- Other non-pay costs (£0.4m under).

Income

- Under-recovery in specific grant funding (£0.3m) and other fees and charges (£0.3m).

Revenue

(further business area detail)

Where YTD variances exist, these are being monitored and may crystallise in the Q1 forecast.

DCC Local Policing

- Overspends in police officer core overtime (£0.3m), staff overtime (£0.2m), police staff costs (£0.2m) and under-recovery of income (£0.2m) offset by underspends in supplies & services (£0.2m) and non-pay items (£0.1m, net).

| | £m | FTE |
|-----------------------|-------------|--------------|
| Budget | 11.9 | 2,584.9 |
| Actual | 12.5 | 2,603.1 |
| YTD variance | -0.6 | -18.2 |
| <i>FY FC v budget</i> | <i>0.0</i> | <i>0.0</i> |

DCC Crime & Op Support

- Underspends in firearm related costs (£0.7m), other supplies and services (£0.3m) and other non-pay items (£0.1m) offset by overspends in police officer core overtime (£0.2m) and under-recovery of income (£0.2m).

| | £m | FTE |
|-----------------------|------------|-------------|
| Budget | 5.0 | 774.3 |
| Actual | 4.3 | 752.1 |
| YTD variance | 0.7 | 22.2 |
| <i>FY FC v budget</i> | <i>0.0</i> | <i>0.0</i> |

DCC People & Professionalism

- No material variances.

| | £m | FTE |
|-----------------------|------------|------------|
| Budget | 3.3 | 574.2 |
| Actual | 3.3 | 569.2 |
| YTD variance | 0.0 | 5.0 |
| <i>FY FC v budget</i> | <i>0.0</i> | <i>0.0</i> |

Deputy Chief Officer

- Overspends in ill health pension costs (£0.5m) and under-recovery of income (£0.1m) offset by underspends in premises costs; repairs & maintenance (£0.2m) and utilities (£0.3m).

| | £m | FTE |
|-----------------------|-------------|-------------|
| Budget | 15.3 | 1,163.1 |
| Actual | 15.4 | 1,153.0 |
| YTD variance | -0.1 | 10.1 |
| <i>FY FC v budget</i> | <i>0.0</i> | <i>0.0</i> |

Corporate centre

- Police officers costs - (£0.3m under)
- Other items - (£0.2m over) - relates mainly to staff costs not budgeted that will be funded at SBR.

| | £m | FTE |
|-----------------------|------------|--------------|
| Budget | 72.2 | 16,596.2 |
| Actual | 72.1 | 16,640.0 |
| YTD variance | 0.1 | -43.8 |
| <i>FY FC v budget</i> | <i>0.0</i> | <i>0.0</i> |

Forensics & SPA corporate

- Forensic Services (in line with budget) – no material variances.
- SPA Corporate (£0.1m under) - underspend in non-pay items (£0.2m) offset by an under-recovery of income (£0.1m).

| | £m | FTE |
|-----------------------|------------|-------------|
| Budget | 4.0 | 627.6 |
| Actual | 3.9 | 600.3 |
| YTD variance | 0.1 | 27.3 |
| <i>FY FC v budget</i> | <i>0.0</i> | <i>0.0</i> |

1 16,640.0 FTE is made up of Police officer numbers 16,615.0 FTE as per last externally reported quarter end 31 March 2023 and 25.0 FTE for police staff supernumerary.

Capital & Reform

Capital: Budget deliverability status is green

Capital: Year to date under budget by £1.8m mainly due to slippage in fleet spend

Reform: Budget deliverability status is green

Reform: Year to date under budget by £0.3m

Capital & Reform: Ahead of Q1 FC, FY forecast is shown in line with FY budget

Capital variance by programme (£m)

| | Year to date | | | Full year | | |
|---|--------------|--------------|------------|--------------|-------------|------------|
| | Budget £m | Actual £m | Var. £m | Budget £m | FC £m | Var. £m |
| Fleet | 2.6 | 0.7 | 1.9 | 14.5 | 14.5 | 0.0 |
| Digital Division (ICT) | 1.2 | 1.1 | 0.1 | 13.9 | 13.9 | 0.0 |
| Estates | 1.0 | 1.2 | -0.2 | 12.9 | 12.9 | 0.0 |
| EV Infrastructure | 0.3 | 0.5 | -0.2 | 5.3 | 5.3 | 0.0 |
| SPE | 0.5 | 0.4 | 0.1 | 5.1 | 5.1 | 0.0 |
| Weaponry | 0.2 | 0.1 | 0.1 | 2.1 | 2.1 | 0.0 |
| Forensic services | 0.0 | 0.0 | 0.0 | 1.8 | 1.8 | 0.0 |
| <i>Change: legislative & inflight</i> | | | | | | |
| Estates transformation | 0.1 | 0.0 | 0.1 | 15.0 | 15.0 | 0.0 |
| DEPP ① | 0.3 | 0.2 | 0.1 | 4.7 | 4.7 | 0.0 |
| DDD ② | 0.1 | 0.1 | 0.0 | 2.9 | 2.9 | 0.0 |
| RJLP ④ | 0.0 | 0.0 | 0.0 | 2.3 | 2.3 | 0.0 |
| 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 | 0.9 | 0.0 |
| MC&E ⑤ | 0.1 | 0.2 | -0.1 | 0.5 | 0.5 | 0.0 |
| Other projects | 0.1 | 0.2 | -0.1 | 1.7 | 1.7 | 0.0 |
| Slippage | 0.0 | 0.0 | 0.0 | -32.1 | -32.1 | 0.0 |
| Total | 6.5 | 4.7 | 1.8 | 53.0 | 53.0 | 0.0 |
| Funding | | | | | | |
| GIA - core | | | | 50.1 | 50.1 | 0.0 |
| Cap receipts | | | | 2.9 | 2.9 | 0.0 |
| Total | | | | 53.0 | 53.0 | 0.0 |

Reform variance by work stream (£m)

| | Year to date | | | Full year | | |
|----------------------------------|--------------|--------------|------------|--------------|-------------|------------|
| | Budget £m | Actual £m | Var. £m | Budget £m | FC £m | Var. £m |
| Transformation resource | 1.2 | 0.9 | 0.3 | 17.1 | 17.1 | 0.0 |
| Estates transformation | 0.0 | 0.1 | -0.1 | 5.0 | 5.0 | 0.0 |
| P&D Programme | 0.0 | 0.0 | 0.0 | 2.8 | 2.8 | 0.0 |
| MC&E ⑤ | 0.3 | 0.3 | 0.0 | 1.7 | 1.7 | 0.0 |
| Policing in a digital world | 0.0 | 0.0 | 0.0 | 1.4 | 1.4 | 0.0 |
| Digital Division | 0.0 | 0.0 | 0.0 | 1.4 | 1.4 | 0.0 |
| VR/VER | 0.0 | 0.0 | 0.0 | 1.3 | 1.3 | 0.0 |
| EPF ③ (incl. Corporate Change) | 0.0 | 0.0 | 0.0 | 0.7 | 0.7 | 0.0 |
| DDD ② | 0.0 | 0.0 | 0.0 | 0.4 | 0.4 | 0.0 |
| Other projects | 0.1 | 0.0 | 0.1 | 4.6 | 4.6 | 0.0 |
| Slippage | 0.0 | 0.0 | 0.0 | -11.4 | -11.4 | 0.0 |
| | 1.6 | 1.3 | 0.3 | 25.0 | 25.0 | 0.0 |
| Contribution from Revenue Budget | | | | -5.0 | -5.0 | 0.0 |
| Total | | | | 20.0 | 20.0 | 0.0 |
| Funding | | | | | | |
| GIA - core | | | | 20.0 | 20.0 | 0.0 |

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① DEPP = Digitally Enabled Policing Programme
 ② DDD = Data Drives Digital
 ③ EPF = Enabling Policing for the Future
 ④ RJLP = Rights & Justice Legislative Programme
 ⑤ MC&E = Modern Contact & Engagement

Savings tracker

These savings will be monitored in Q1 and throughout the year and will be highlighted as threats if deliverability is in doubt.

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

| Workforce saving | Detail | FY value | YTD value | YTD delivered? | Financial deliverability |
|------------------|---|----------|-----------|----------------|--------------------------|
| Police Officers | ~16,638 operating model – assumes that all anticipated external funding will be received. | - | - | Yes | Green |
| Police overtime | Assumes that core officer overtime will be managed within the core budget allocation | - | - | No | Orange |
| Police Staff | Assumed Police Scotland workforce reductions | - | - | No | Red |

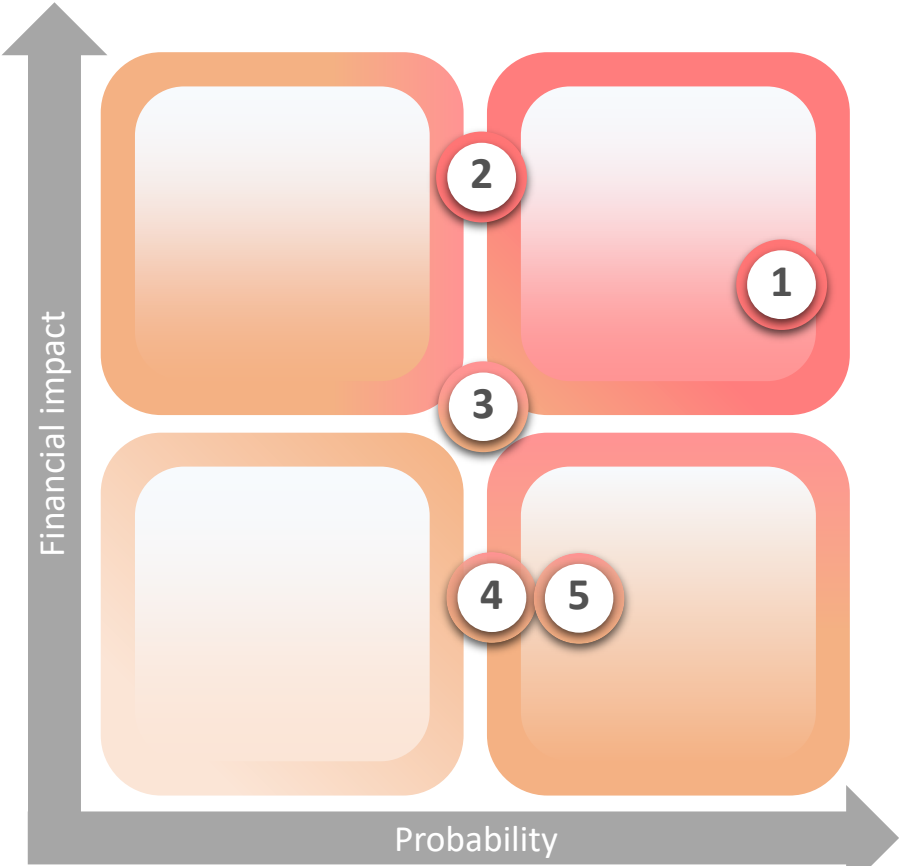
| Non-pay saving | Detail | FY value | YTD value | YTD delivered? | Financial deliverability |
|---|---|--------------|--------------|----------------|--------------------------|
| Property repairs | Statutory, health and safety and security maintenance only | £3.2m | £0.3m | Yes | Orange |
| Sustainability savings | More efficient use of gas and electricity | £1.7m | - | - | Orange |
| Digital efficiency | Additional savings to be identified within Digital Division | £0.5m | - | - | Green |
| Service and maintenance | Switch to ULEV results in lower costs and newer vehicles | £0.6m | £0.0m | Yes | Green |
| Vehicle hires | Further roll out of car club scheme resulting in less hire cars | £0.3m | - | - | Green |
| EV fuel savings | Fuel savings realised due to the utilisation of ULEV | £0.3m | £0.0m | Yes | Green |
| Op Tarn | Change in method of reviewing / charging for costs | £0.7m | £0.1m | No | Orange |
| Specialist policing | Reduction of training, clothing and equipment costs | £0.1m | £0.0m | Yes | Green |
| 4% efficiency target | Procurement efficiency target on selected non-pay budgets | £1.1m | £0.1m | Yes | Green |
| NON-PAY SAVINGS BUILT INTO BASE BUDGET | | £8.5m | £0.5m | | |

Risk analysis

The revenue budget is carrying further risks that may materialise.

Threats and opportunities risks will continue to be monitored in Q1.

Threats



1. Assumed Police Scotland workforce reductions – assumed reduction of PS staff through use of a vacancy management and VR/VER.
2. Police Officer overtime - current use of overtime is not sustainable in the long term creating a risk that spend cannot be managed within budget.
3. 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. Ill-health retirals – budget has been increased due to higher volume of cases being processed however costs may exceed budget available if cases are processed at a more rapid rate.
5. 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.

Opportunities

