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| Meeting | Forensic Services Committee |
| Date | 01 February 2023 |
| Location | MS Teams |
| Title of Paper | Finance Report Q3 |
| Presented By | Fiona Douglas, Director of Forensic Services |
| Recommendation to Members | For Discussion |
| Appendix Attached | Yes Appendix A – Finance Report Q3 2022/23 |

PURPOSE

The purpose of this report is to provide Members with an update on the financial position of Forensic Services as at the end of Q3 (31 December 2022) of the financial year 2022/23, as well as the final forecast for the full outturn to 31 March 2023.

Members are invited to discuss the content of this report.

1 BACKGROUND

- 1.1. The SPA Board approved the revenue and capital budget for 2022/23 for the Authority and Police Scotland on 23 March 2022.
- 1.2. Forensic Services' agreed allocation was a revenue budget of £40.7 million, capital spend of £1.5 million and some reform budget to support transformational change.
- 1.3. As agreed with the Scottish Government (SG), estimated funding requirement for the transition of Post-Mortem Toxicology Services from the University of Glasgow to the SPA was set at ~£2.4 million in the budget. This has subsequently been updated to £2.7 million, with funding confirmed as part of the Spring Budget Revision.
- 1.4. The Scottish Government (SG) has also committed ~£0.6 million in year funding for the outsourcing of drug driving tests.

2 FURTHER DETAIL ON THE REPORT TOPIC

- 2.1. Appendix A provides the detailed finance report as at the end of Q3.

Revenue

- Q3 net expenditure forecast is for an underspend vs budget at of £0.5m, with lower pay costs offsetting higher non-pay costs
- Lower pay spend reflects the deliberate slowdown in the recruitment of new operating model posts earlier in year in light of the Scottish Government Resource Spending Review which suggested new posts would not be affordable in 2023/24.
- £0.4m of the non-pay increase relates to additional drug driving outsourcing which the Scottish Government has agreed to fund as an addition to the budget
- Actual spend to end of Q3 (end of December 2022) was £1.1m below budget, with non-pay costs expected to accelerate in Q4

Capital

- The Q3 forecast is for a reduction in spend from the budget of £400k due to slippage in acquisition of some equipment, in part driven by lack of availability from suppliers.

Reform

- £0.9m of the overall SPA reform budget is allocated to support delivery of Forensic Services projects, though is not part of the

direct Forensics budget. Spend YTD on Forensic Services projects and the full year Q3 forecast, is in line with the original budget.

3 FINANCIAL IMPLICATIONS

3.1. The financial implications are summarised above and detailed in Appendix A.

4 PERSONNEL IMPLICATIONS

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

5 LEGAL IMPLICATIONS

5.1. There are no direct legal implications in this paper.

6 REPUTATIONAL IMPLICATIONS

6.1. There are no direct reputational implications associated with this paper.

7 SOCIAL IMPLICATIONS

7.1. There are no direct social implications in this report.

8 COMMUNITY IMPACT

8.1. There are no direct community implications in this report.

9 EQUALITIES IMPLICATIONS

9.1. There are no direct equality implications in this report.

10 ENVIRONMENT IMPLICATIONS

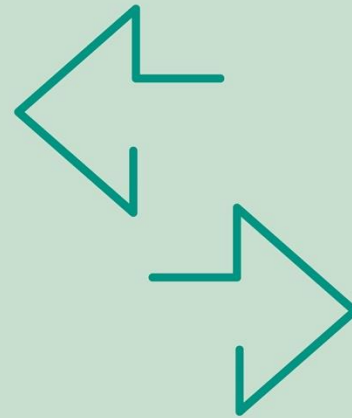
10.1. There are no direct environmental implications in this report.

RECOMMENDATIONS

Members are invited to discuss.

Finance Report

Q3 2022/23



FORENSIC SERVICES

SCOTTISH POLICE
AUTHORITY

Summary

Revenue

| | | |
|-----|-----|-----|
| G | G | G |
| Oct | Nov | Dec |

- Q3 forecast is for £500k underspend vs original budget. Including £370k additional funding, total forecast underspend vs original budget £870k largely driven by deliberate delays in recruitment offset by higher non pay costs

Capital

| | | |
|-----|-----|-----|
| A | A | A |
| Oct | Nov | Dec |

- Q3 FC capital spend expected to be ~£1m, £400k below budget due to some equipment not being available and will require significant delivery of equipment toward end of Q4

Projects/Reform

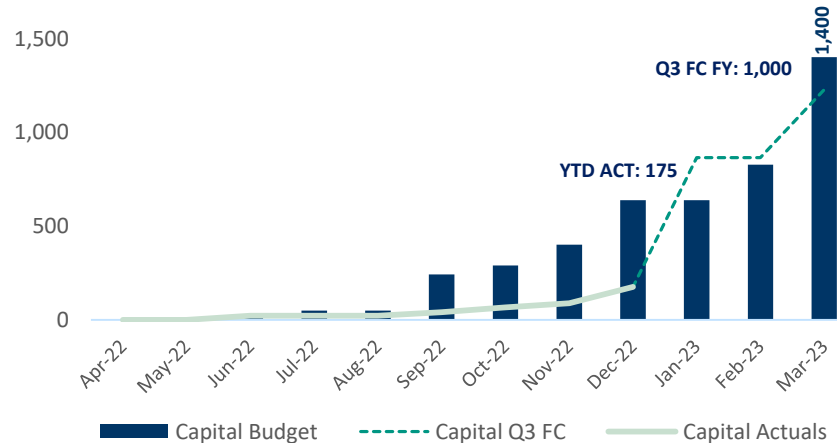
| | | |
|-----|-----|-----|
| A | A | G |
| Oct | Nov | Dec |

- Project Weaver – Immaterial change in forecast spend Q3 vs Q2
- Reform spend on change resources down vs budget reflecting actual costs
- FS COS capital costs reduced vs budget on timing – IBC being submitted for approval in early 2023

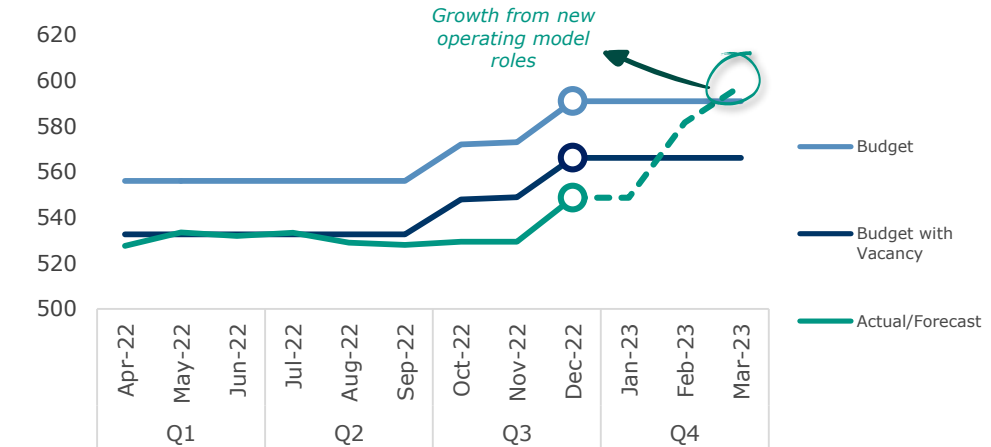
Revenue variance (£000)

| | YTD actual v budget | FY forecast v budget |
|--------------|---------------------|----------------------|
| Staff | 747 | 831 |
| Non-Pay | 233 | -402 |
| Income | 90 | 79 |
| Total | 1,070 | 508 |

BAU Capital spend (£000)



Staff headcount (FTE)



Project Dashboard (£000)

| Project | Revenue Q3 Forecast vs Budget | Reform Q3 Forecast vs Budget | Capital Q3 Forecast vs Budget |
|--------------------------|-------------------------------|------------------------------|-------------------------------|
| Project Weaver | (310) | 0 | (603) |
| Forensics Transformation | 0 | 208 | |
| Forensic TOM | 0 | (134) | |
| Forensic COS | 0 | (41) | 80 |
| Total | (310) | 34 | (523) |

Revenue: year to date position

Overall Q3 FC is for underspend of ~£500k vs budget

Staff costs: £831k below budget

- Operating model growth budgeted for Q3/Q4 has been delayed/reduced to ensure was affordable given expectation of a flat cash 2023/24 budget settlement per SG guidance

Non pay costs: £232k under Q2 FC

- Other costs £151k higher representing non-pay savings challenge in budget
- Third party payments £88k over budget on higher logistics and costs of the HMICS toxicology review
- IT costs overspend £197k is timing related – FY forecast is for underspend vs budget
- Supplies and services under on Biology/Scene consumables underspends

Income: £90k higher than budget due to additional secondment of staff

Year to date & forecast summary (£m)

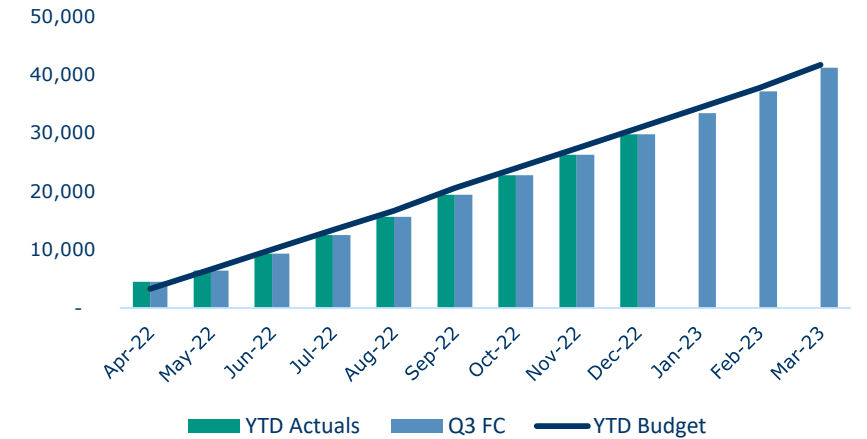
| | Year to date | | | Full year | | | |
|----------------|--------------|-------------|------------|-------------|-------------|------------|-----------|
| | Budget | Actual | Var. | Budget | Q3 FC | Var. | |
| | £m | £m | £m | £m | £m | £m | % |
| Forensic staff | 26.1 | 25.3 | 0.7 | 35.0 | 34.2 | 0.8 | 2% |
| Non-pay | 4.8 | 4.5 | 0.2 | 6.7 | 7.1 | -0.4 | -6% |
| Income | - | 0.0 | - | 0.1 | 0.1 | -0.1 | -130% |
| Total | 30.8 | 29.7 | 1.1 | 41.7 | 41.2 | 0.5 | 1% |

Q3 forecast funding – FY (£m)

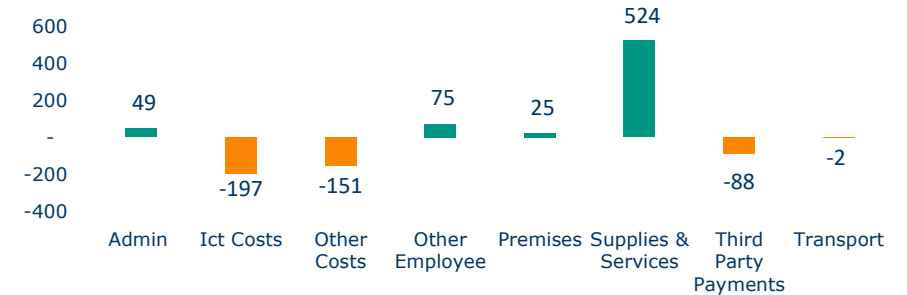
| | Full year | | | |
|-----------------|-------------|-------------|------------|-----------|
| | Budget | Q3 FC | Var. | |
| | £m | £m | £m | % |
| Grant-in-aid | 39.7 | 38.5 | 1.2 | 3% |
| Project Weaver* | 2.4 | 2.7 | -0.3 | -12% |
| Drug driving | 0.3 | 0.7 | -0.4 | -130% |
| Total | 42.4 | 41.9 | 0.5 | 1% |

*Includes approx. £0.7m Post-mortem tox costs for Police Scotland, e.g. Estates, Digital Division etc.

Actual v budget/forecast by month (£000)



Non-pay variance details (vs Budget, £000)



Revenue: Q3 Forecast by Area

Biology

- Under on lower staff costs/consumables/equip maintenance

Headquarters

- Lower staff costs (operating model) offset by unwind of non-savings target and HMICS costs

Physical Science

- Pay overspend on higher overtime/allowances required
- Non pay overspend on consumables and drug driving outsourcing

Quality & Business Support

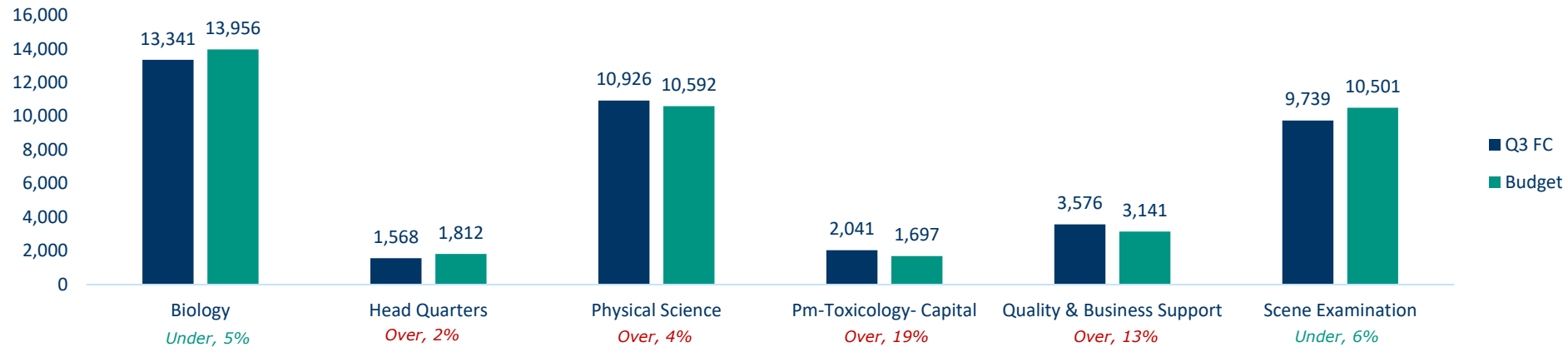
- Pay costs up on systems team being budgeted under HQ (£415k) offset by vacancies
- Non pay overspend reflects logistics costs being 30% higher than budgeted – total contract award (in March 2022) was higher than budget and actual spend has reflected this.

Scene examination:

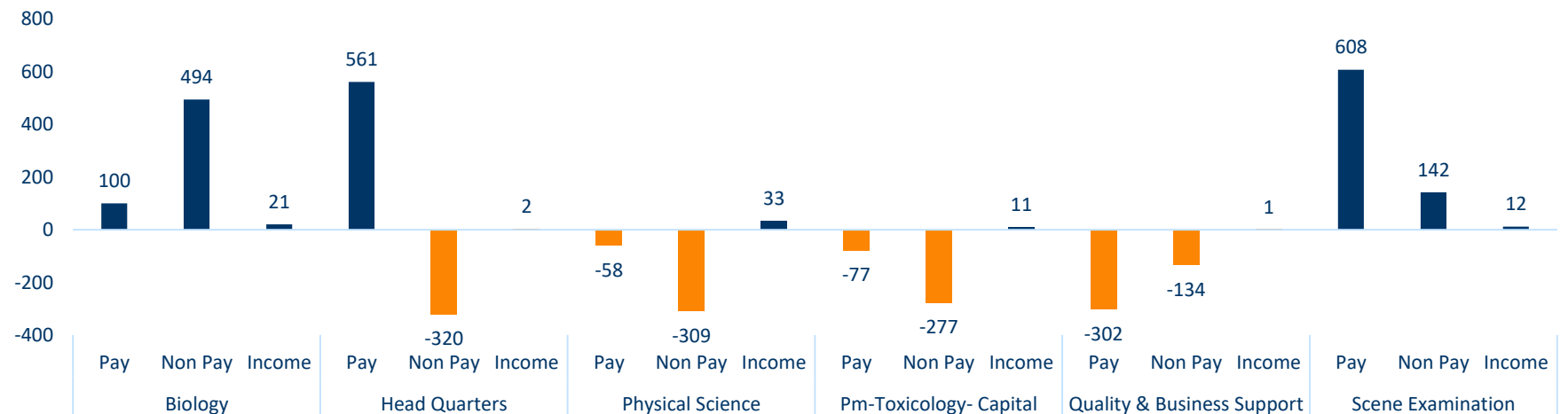
- Pay under due to vacant roles.
- Non pay lower on timing of training and lower consumable spend

Post-mortem toxicology – see Project Weaver slide

Q3 FC vs Budget by area (£000)



Full year: Q3 variance v budget by area & spend type (£000)



Project Weaver

Project Weaver Q3 FC v Budget

- Forensic staff costs up reflecting additional secondment of staff to support scientific method establishment
- Forensic non pay costs increased reflecting higher consumable spend for setup and accreditation plus updated equipment maintenance contract spend, offset in part by lower project management fees and TUPE liabilities
- Non forensics costs (Estates/ICT etc) in line with budget
- Capital spend due to slippage for equipment delivery originally budgeted in 2021/22 into 2022/23
- Weaver revenue funding agreed at £2.725m and allocated via Spring Budget Revision; all capital funded from SPA budget carrying over SG funding from 2021/22
- Scottish Government updated on 2023/24 funding requirements and this has been factored into SG draft budget allocations to SPA

Q3 FC

| | Full year | | | |
|----------------------|--------------|--------------|--------------|-------------|
| | Budget | Q3 FC | Var. | |
| | £000 | £000 | £000 | % |
| Forensic staff | 856 | 958 | (102) | -12% |
| Forensic non-pay | 816 | 1,082 | (266) | -33% |
| Other staff | 348 | 315 | 33 | 10% |
| Other non-pay | 375 | 321 | 54 | 14% |
| Total Revenue | 2,395 | 2,676 | (281) | -12% |

| | Full year | | | |
|----------------------|-----------|------------|--------------|----------|
| | Budget | Q3 FC | Var. | |
| | £000 | £000 | £000 | % |
| Capital | 0 | 613 | (613) | 0% |
| Total Capital | 0 | 613 | (613) | 0 |

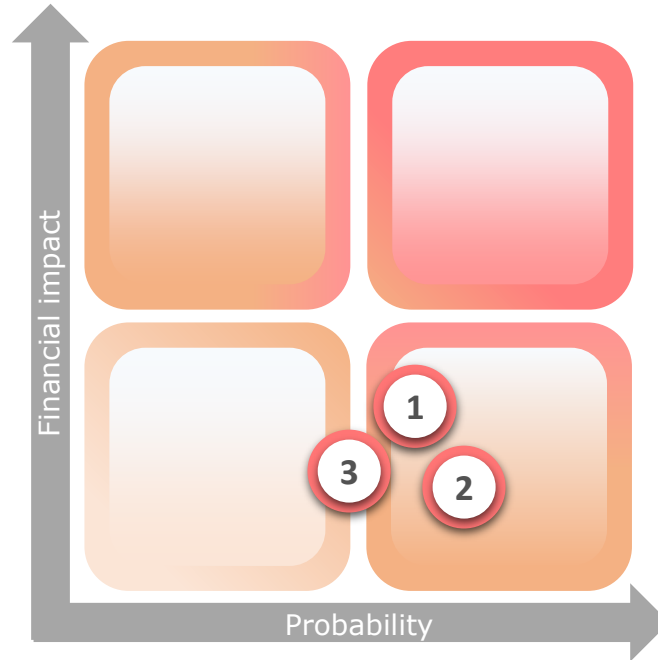
Risk analysis

The revenue and capital budgets included further risks that may materialise during the year but are not certain enough to be reflected in the financial forecasts.

In the final quarter of the year, risk of overspend is low and focus will turn towards the threats/opportunities included in the proposed 2023/24 budget

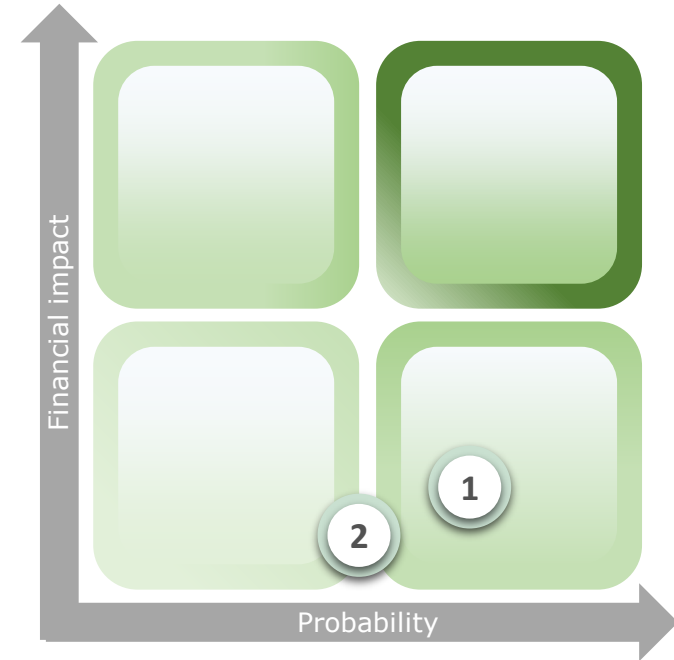
The overarching financial risk is the ability to sustain the service over the longer term given funding implications from the May 2022 Scottish Government Resource Spending Review – the 2023/24 draft SG budget was an improvement on the spending review scenario, but inflation remains high and a tighter fiscal settlement from 2024/25 onward seems likely.

Threats



1. The 2023/24 budget settlement, with real-terms revenue cut, means that not all new operating model roles are affordable in longer term
2. Inflation impact through supply chains.
3. Increasing demand for Forensic Services from partners with limited ability to influence or control

Opportunities



1. Lower consumable spend vs forecast due to demand volumes or lower prices including impact of new contracts (e.g. DNA Kits)
2. Capital underspend due to equipment delays

Q2 revenue forecast

Overall forecasting underspend vs budget of £241k (vs overspend £60k Q1 FC)

Staff costs £729k lower than budget

- Changes in phasing to SMT restructure and operating model in response to expected 23/24 funding pressure
- Impact of NIC rate reduction included

NB – budget and Q2 forecast both uplifted for fully funded staff pay award but not NIC change

Non pay budget +£546k vs budget

- Includes additional £370k outsourcing spend for drug driving (funding already agreed by SG), additional HMICS cost and increased Project Weaver transition costs
- Offset in part by lower service contract, consumable spend and the actual underspend in 1st half of year
- Non-pay savings challenge included in budget released (£200k)

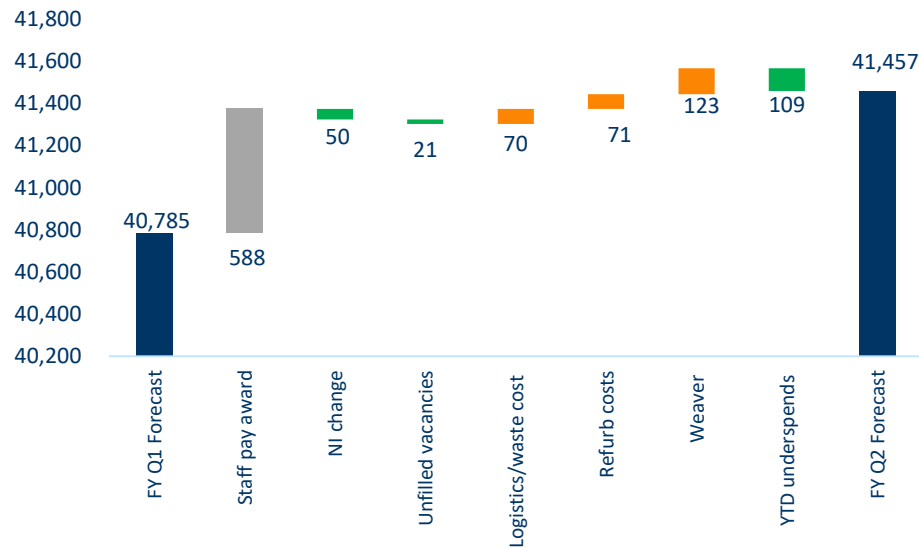
Income higher than budget +£58k

- due to extended secondment of staff

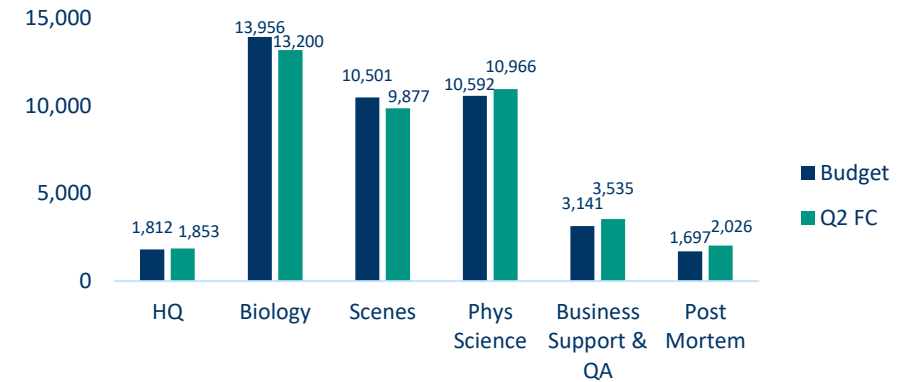
Year to date & forecast summary (£m)

| | Year to date | | | Full year | | | |
|----------------|--------------|-------------|------------|-------------|-------------|------------|-----------|
| | Budget | Actual | Var. | Budget | Q2 FC | Var. | |
| | £m | £m | £m | £m | £m | £m | % |
| Forensic staff | 17.3 | 16.8 | 0.5 | 35.2 | 34.4 | 0.7 | 2% |
| Non-pay | 3.2 | 2.7 | 0.6 | 6.6 | 7.2 | -0.6 | -9% |
| Income | - | 0.0 | - | 0.1 | 0.1 | 0.1 | -95% |
| Total | 20.5 | 19.4 | 1.1 | 41.7 | 41.5 | 0.2 | 1% |

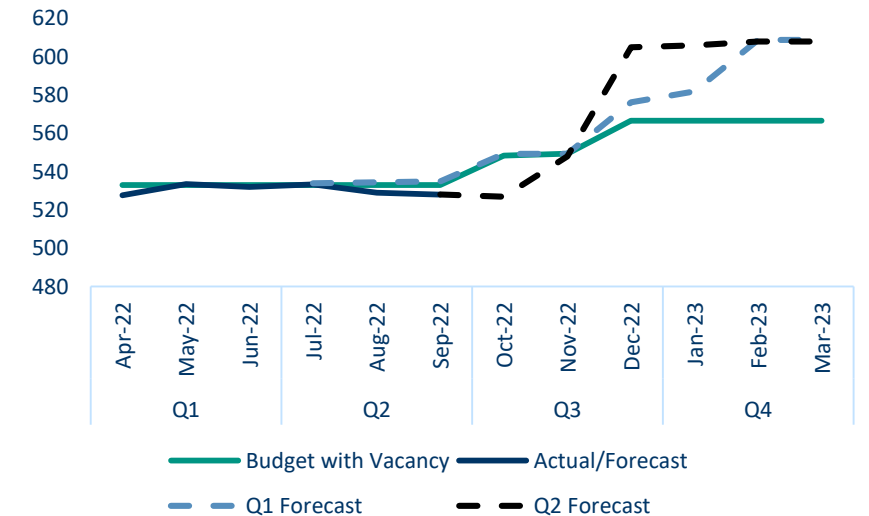
Q2 Forecast vs Q1 Forecast (£000)



Q2 forecast vs Budget by Business Area (£000)



Q2 Forecast vs Actuals Headcount Growth (FTE)



Appendix: Q2 Forecast by Area

Biology

- Under on lower staff costs/consumables/equip maintenance

Headquarters

- Lower staff costs offset by unwind of non-savings target and HMICS costs

Physical Science

- Pay overspend on higher overtime/allowances required
- Non pay underspend reflects timing of outsourced drug driving spend

Quality & Business Support

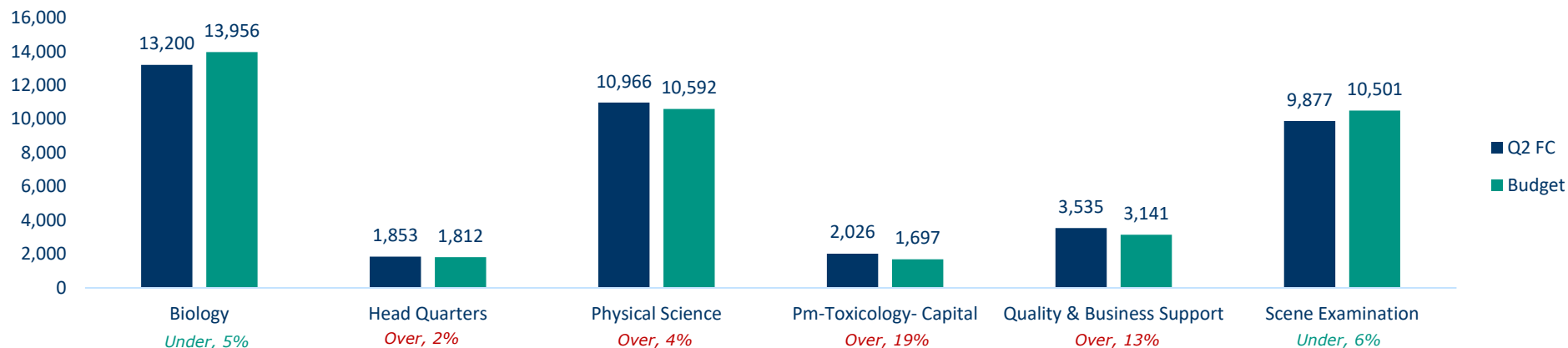
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Scene examination:

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Post-mortem toxicology – see Project Weaver slide

Q2 FC vs Budget by area (£000)



Year to date: variance v budget by area & spend type (£000)

