

Annual Report and Accounts 2019/20



Our Report: Key Sections



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Chair's Foreword

I assumed the responsibilities of Chair of the Scottish Police Authority (SPA) in December 2019 and would like to thank my colleagues on the Board, the Authority's staff, the Forensics service and our partners across the justice system in Police Scotland, the Scottish Government and Her Majesty's Inspectorate of Constabulary (HMICS) for their support since then.

The professionalism, dedication and compassion of all those working in policing are inspiring and this could not have been more evident during the COVID19 emergency. Police Scotland's contribution to protecting public health has been remarkable and has reinforced the value of having a single national force, founded on the principle of protecting the safety, wellbeing and human rights of all our citizens. We can all be proud of that.

When I took on the role in December 2019, I said that my objectives were not just to ensure stability and continuity but also to move the Authority forward, strengthening its role as the principal oversight body for Police Scotland.

In the course of this financial year, the Authority and Police Scotland refreshed their Joint Strategic Police Plan. The Authority has appointed an Interim Chief Executive with huge experience in public sector finance and governance. Since December, we have approved a corporate strategy, business plan and new organisational structure, all designed to improve the skills, capacity and sense of purpose required for an outward facing organisation acting in the public interest. We have continued to improve our governance structures, including our approach to risk and performance management. We have also undertaken forward looking work in areas such as policing research, benchmarking and digital forensics.

We continue to work closely with our partners in the justice system and beyond. Clear progress has been made in delivering improvement recommendations made by HMICS, Audit Scotland and the Scottish Parliament's Justice Committee. We have contributed to Dame Elish Angiolini's Independent Review of the Police Complaints process. We have worked alongside the Scottish Government, for example on a revised Governance and Accountability Framework and the Cabinet Secretary for Justice's initiative to clarify the roles of all organisations involved in supporting and overseeing the policing system.

Our commitment to conducting our business transparently continues even with the constraints necessarily imposed during the public health crisis. Our approach to transparency stands comparison with any other public body. We are also committed to operating flexibly and proportionately, and I believe we have demonstrated this during the COVID19 emergency. The Authority has maintained its oversight of policing in a proportionate way, not imposing additional burdens on the service while at the same time recognising that the introduction of extraordinary legal powers could have challenged the fundamental principle of policing by consent.

I remain of the view that the system and statutory framework for policing in Scotland is the right one, although like any other governance system it should be flexible enough to adapt to changing circumstances. Similarly, improvements and adjustments are still required within policing and the Authority will continue to focus on challenges such as the changing demand for police services, productivity, workforce planning and, very important, the continuing structural deficit in funding.

We are emerging from a crisis which will leave our poorest and most vulnerable citizens and communities in an even more disadvantaged position. That will have implications for the resources, workforce, methods and priorities of our police service. I am certain that Police Scotland will be able to respond effectively, and that the Authority has the confidence and clarity of purpose needed to provide the support and oversight required.

David Crichton
Interim Chair of the Scottish Police Authority
30 September 2020

Performance Report

Following the Interim Chief Executive's Statement, the Performance Report is divided into two parts:

Part 1 Overview

Purpose and Activities
Key Risks
Performance Summary
Going Concern

Part 2 Performance Analysis

Performance Assessment and Reporting
Financial Performance
Non-Financial Information
Environmental Matters



Interim Chief Executive's Statement

Since my appointment as the Scottish Police Authority's (SPA) Interim Chief Executive in September 2019 and assuming Accountable Officer responsibilities in October 2019, it has been a privilege to work with the SPA Board members, police officers and staff, and our many stakeholders. I have been impressed with the skill and dedication within the Scottish Police Authority and the continued drive to improve governance, accountability and performance.

2019/20 presented many challenges but also saw significant improvements in governance, performance and accountability. Despite this progress in 2019/20, 2020/21 is already not without difficulties, with areas of concern such as those over financial sustainability and the structural deficit still unresolved. With the cost base being primarily people costs, the current establishment is not sustainable without additional funding in year from the Scottish Government. The delivery this year of the Strategic Workforce Plan will be crucial to ensure the right people are in the right place with the right skills to deliver.

Despite the resignation of the Chair in 2019/20, this was one of only two non-executive changes and has allowed the Board to continue to work to strengthen leadership and governance. The Vice Chair stepping into the interim role of Chair in December has meant continuity was further maintained. A series of Board development days were delivered in 2019/20. These included a range of topics in relation to Members' roles and responsibilities, as well as key strategic policing issues and developmental workshops. These were positively received.

The SPA is rightly subject to significant external scrutiny to ensure that it meets its obligations as laid out in the Police and Fire Reform (Scotland) Act 2012. This year saw the publication of the Dame Elish Angiolini interim report on the Independent Review of Complaints Handling, Investigations and Misconduct Issues in relation to policing. The review focussed on the need for clarity, simplification, independence and better joint working and we continue to work with Dame Elish to progress this.

This year also saw the thematic inspection of the SPA by Her Majesty's Inspectorate of Constabulary (HMICS) to assess the efficiency and effectiveness of the SPA in carrying out its core role. A number of recommendations were made and significant progress has been made in addressing those. The action plan and progress for the remainder is reported quarterly to the Audit, Risk and Assurance Committee.

The SPA continues to strengthen its governance and accountability. The 2018/19 Improvement Plan made 22 recommendations to improve the governance of the SPA and during 2019/20, 17 of the recommendations were achieved. These included the development and implementation of an Excellence Framework on Assurance and an overarching risk framework for policing which outlines how Police Scotland, Forensic Services, SPA Board and Corporate Risk will be coordinated. The Risk Framework includes the elements required of a risk policy statement and process and outlines the methodology, structures and processes that the SPA has implemented to support robust management of risk. In addition, SPA Corporate has for the first time, developed and implemented a Strategic Risk Register in line with the stratified approach to risk management outlined in the framework.

Also included within the 2018/19 Improvement Plan were some critical recommendations to improve the corporate structure of the SPA. The SPA's Organisation Development and Design 2020 project will complement improvements already made such as the development of the 3 year Corporate Plan, the development of an annual business plan with specific and measurable outcomes and capacity building through secondments bringing expertise to key areas. The new SPA Corporate structure forms a key component of the project, setting the foundations for the establishment of a performance culture supported by clear roles and responsibilities, enhanced capacity, capability, leadership and management, and new working practices. Staff have been engaged throughout and additional training and development such as the Line Manager's toolkit have been made available to support staff in their roles. Work continues with the revised structure planned to be in place later this year.

2019/20 also saw the collaboration between the SPA and the Scottish Government to refresh the Governance and Assurance Framework Document to provide greater governance and accountability to the SPA's oversight of policing role in Scotland. The document sets out the broad framework within which the SPA should operate and defines key roles and responsibilities which underpin the relationship between the SPA and the Scottish Government. The refreshed Framework document should be completed by autumn 2020.

Towards the end of 2019, the Scottish Government revised the Strategic Police Priorities. Part of the SPA's obligations under the 2012 Act is to review an approved Strategic Police Plan where the priorities have been significantly revised. This led to the development of a revised Strategic Police Plan (2020), which was presented to the SPA Board for approval in March 2020. This review demonstrated a more collaborative approach to the oversight of change within the SPA, Forensic Services and Police Scotland and as a result, the SPA has developed and adopted a more strategic, collaborative approach to managing change across the SPA, Police Scotland and Forensic Services.

The SPA, Police Scotland and Forensic Services continue to be affected by the ongoing COVID-19 pandemic and the fiscal and non-fiscal pressures are giving some cause for concern. It is worth noting however, that the response to the policing of the pandemic as well as the corporate oversight has drawn positive acknowledgement and recognition from HMICS among others.

Looking ahead, any issues arising from the impact of the expected UK exit from the EU at the end of 2020 may bring further challenges and the scheduling of the 26th Conference of the Parties (COP26) will require significant planning, preparation and oversight in the next financial year and beyond. The significant improvements achieved in 2019/20 and the further improvements already planned or underway in 2020/21, means more than ever I am confident that we can successfully meet these myriad of challenges.

Lynn Brown OBE
Interim Chief Executive
30 September 2020

Part 1 Overview



Policing System Strategic Context

The purpose of this section is to provide an overview of the strategic context and legislative arrangements for the policing of Scotland and describe the respective roles of the Scottish Police Authority (SPA) and Police Scotland. It also provides a summary of what has been achieved in the financial year 2019/20; the financial and organisational performance across the system; the key risks to strategic and operational delivery and the recently reviewed plans to address future challenges.

1

Policing Principles, Purpose and Key Policing Activities

The Policing of Scotland

The Police and Fire Reform (Scotland) Act 2012 (the Act) created a new structure for the provision of police services for Scotland. The Act brought together eight police forces, the Scottish Police Services Authority (SPSA) and the Scottish Crime and Drug Enforcement Agency (SCDEA) into two new national bodies - the Scottish Police Authority (SPA) and the Police Service of Scotland (Police Scotland). The new structures became operational on 1 April 2013. This was one of the largest and most complex reforms of the Scottish public sector since devolution and the most significant change in policing for more than 40 years.



The current structure has now been in place for seven years. The SPA and Police Scotland are therefore relatively young organisations and many aspects of the post police reform landscape are still evolving and developing. It is clear, however, that the creation of a single police service for Scotland has delivered real benefits to the people and communities of Scotland.

The Scottish Government set three objectives for police reform:

To protect and improve local services, despite financial cuts, by stopping duplication of support services and not cutting the frontline.

To create more equal access to specialist support and national capacity – like murder investigation teams and firearms teams – where and when they are needed.

To strengthen the connection between police services and communities by: – creating a new formal relationship with all 32 councils – creating opportunities for many more locally elected members to have a formal say in police services in their areas – better integrating with community planning partnerships.

The 2012 Act also introduced new policing principles to replace the previous principles of 'guard, patrol and watch' from the Police (Scotland) Act 1967. The policing principles are:

The main purpose of policing is to improve the safety and wellbeing of persons, localities and communities in Scotland

The Police Service, working in collaboration with others where appropriate, should seek to achieve that main purpose by policing in a way which is accessible to, and engaged with, local communities, and promotes measures to prevent crime, harm and disorder.

The Scottish Police Authority

The Scottish Police Authority (SPA) is a national public body. It consists of a Chair and between 10 and 14 Members who are appointed by Scottish Ministers in accordance with the Scottish Public Appointments process. The SPA Board is supported by an executive staff led by the SPA Chief Executive, who is also the Accountable Officer for the SPA, and for the SPA budget which includes all funds allocated by the Scottish Government for the policing system, including the constituent budgets allocated to SPA Corporate and Forensic Services and to Police Scotland.

The overarching role of the SPA, as set out in the Policy Memorandum to the Act, is to:

provide strong governance arrangements and clear accountability for the police service.

provide a clear separation between Scottish Ministers and the police service

ensure that the Chief Constable is free from undue political influence in making decisions about the investigation of crime.

The Act specifies that the SPA is to:

maintain the Police Service

promote the policing principles and continuous improvement of policing

keep policing of Scotland under review

hold the Chief Constable to account for the policing of Scotland

It also requires the SPA to:

provide Forensic Services, independently of Police Scotland, to support operational policing and the justice system in Scotland.

make arrangements for independent custody visiting

be the employer of police staff and to recruit, and assess complaints and conduct issues, related to senior officers (Assistant Chief Constable and above)

In addition to carrying out the requirements of the Act, as a public body the Authority must comply with duties set out in wider legislation, relating to a range of policy areas: equalities; diversity; human rights; procurement; employer responsibilities; and health and safety. Many of these duties link to, and are complementary to, the SPA's statutory duty to keep policing under review and hold the Chief Constable to account for the policing of Scotland.

Police Scotland

Police Scotland is the second largest police service in the UK and has a workforce of more than 22,000 people. It delivers a police service across the length and breadth of Scotland, some 28,168 square miles of urban, rural and remote communities. Police Scotland is led by the Chief Constable and is responsible for providing policing services to help improve the safety and wellbeing of people, places and communities across Scotland.

The Act requires the Chief Constable to:

be responsible and accountable to the SPA for the policing of Scotland

have direction and control of the police service

be responsible for the day-to-day administration of the police service

prepare an annual police plan

seek to secure continuous improvement in the policing of Scotland

ensure adequate arrangements are in place for the policing of each local authority area.

The Strategic Police Priorities

The Act specifies that the Scottish Ministers set the strategic police priorities for the policing of Scotland. During 2019/20 the Scottish Government reviewed and revised these priorities, in consultation with the public and a wide range of stakeholders including the SPA and Police Scotland.

The new strategic police priorities are:

Crime and Security – prioritises prevention, detection, investigation, equality and human rights to support positive criminal justice outcomes; responds to threats, and maintains public order, both locally and nationally.

Confidence – continues to inspire public trust by being ethical, open and transparent; maintains relationships and engages with local communities, to build a positive reputation at a local, national and international level.

Partnerships – works collaboratively to keep communities safe, sharing a collective responsibility to deliver preventative services that improve outcomes for individuals, increase resilience and address vulnerability.

Sustainability – adapts resources and plans for both current and future social, economic and financial circumstances, considering the environmental impact of policing and its operations.

People – values, supports, engages and empowers a diverse workforce to lead and deliver high quality services, with a focus on workforce development and overall wellbeing.

Evidence – uses evidence to innovate and develop services which address the current and emerging needs of individuals and local communities, and ensure that resources, capacity and skills are in the right place to deliver outcomes.

These new strategic priorities were published in December 2019 and provided the strategic context in which the SPA could work collaboratively with Police Scotland to review and refresh the existing Strategic Police Plan, as set out in the Act.

The Strategic Police Plan – Policing for a safe, protected and resilient Scotland



Strategic Police Plan Outcomes

- 1 – threats to public safety and wellbeing are resolved by a proactive and responsive police service.
- 2 – the needs of local communities are addressed through effective service delivery.
- 3 – the public, communities and partners are engaged, involved and have confidence in policing.
- 4 – our people are supported through a positive working environment, enabling them to serve the public.
- 5 – Police Scotland is sustainable, adaptable and prepared for future challenges.

A Joint Strategy for Policing (2020)¹: Policing for a safe, protected and resilient Scotland, was approved by the SPA Board and published in March 2020 following a formal public consultation process. The Strategic Police Plan (2020) takes an outcome based approach, which allows a clear alignment with the Policing Principles laid down in the 2012 Act, through the Scottish Government National Performance Outcomes and Justice System Outcomes to the five strategic outcomes for policing set out in the Plan. This enables an articulation of where the contribution that policing makes fits into the wider justice system and national framework and how that joins with the outcomes of other partner agencies. Overall, there was evidence of a high level of public and stakeholder support for the five strategic outcomes during the public consultation.

The Strategic Police Plan (2020) provides a sharp focus on the key strategic challenges and opportunities facing policing and the wider public sector and reflects the external environmental and societal changes since the last Strategic Police Plan was approved in 2016. It presents a clear vision to navigate the changing landscape within which policing is delivered. It sets out an ambitious programme of change and transformation to enable the police service to adapt to meet both the current and future needs, so that it has the capacity, technology and capability to police effectively in the public, private and virtual space.

¹ SPA Website - <http://www.spa.police.uk/assets/128635/556584/615852>

Key areas where the Strategic Plan has been strengthened include:

The policing purpose to keep people safe in both the physical and digital world with further development of the policing response to cyber threats and cyber enabled crime;

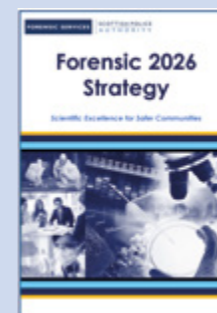
Prioritising the wellbeing, safety and protection of our people;

A renewed emphasis on partnership and pro-active prevention, including a focus on joint service design to tackle complex public safety and wellbeing challenges

Embedding a policing service that is delivered locally, drawing on the assistance of national assets;

Emphasising the action to address environmental and climate change issues.

Scientific Excellence for Safer Communities – a Ten Year Strategy for Forensic Services



Forensic Services Strategic Outcomes

- 1 – positive and vibrant workplace for all our people.
- 2 – responsive provision of science from crime scene to court.
- 3 – effective demand management, maximising the value we add.
- 4 – deployment of cutting edge techniques in forensic science.
- 5 – maintained quality standards and assurance across multi-faceted forensics expertise.
- 6 – commercial capability and value for money.

Scotland's Forensic Services provide a unique *crime scene to court* model which serves Scottish policing and the wider justice system. It employs around 500 people based at the Scottish Crime Campus in Gartcosh and Rushton Court in Dundee, Howden Hall in Edinburgh and Nelson Street in Aberdeen in addition to other operational locations across Scotland. The Ten Year Strategy: Scientific Excellence for Safer Communities², was published in 2018 and sets out how the Forensic Services will build on its strengths to grow scientific excellence and so continue to prevent, detect and investigate crime.

The strategy's objectives are to:

Value and develop our people, promoting wellbeing and equality

Deliver faster, more responsive and smarter forensic science

Advance the value and benefits from quality forensic services

Transition to an efficient operating model, delivering measurable improvements

Enhance profile and commercial potential of Forensic Services

SPA Corporate Plan - Policing in the Public Interest

The SPA Corporate Plan³, was approved by the Board in March and published in April 2020. It is a brief, coherent and accessible articulation of the role, purpose and responsibilities of the Authority as the governance body for policing in Scotland. It describes the context within which the Authority operates and outlines the key strategic outcomes and supporting activities that the Authority will work towards achieving during the lifecycle of the Plan. These include key public body duties including mainstreaming equalities and human rights considerations across the Authority's work.

It aligns to the Strategic Police Priorities and should be read alongside the Authority's jointly produced Strategic Police Plan and the Forensic Services Strategy. These documents provide the strategic framework, which sets the context and direction for policing in Scotland. This three year Corporate Plan is underpinned by an Annual Business Plan which sets out the Authority's priorities for the year and is the basis on which the Authority will measure its performance going forward.

²SPA Website - <http://www.spa.police.uk/assets/126884/441011/441165/457127/Item7.1i>

³SPA Website - <http://www.spa.police.uk/assets/128635/556581/SPAcorporateplan202023>

Scottish Police Authority: Vision & Values, Strategic Outcomes and Activities

Our Vision: Policing in the public interest

Values: Selflessness, Integrity, Accountability, Openness, Leadership, Objectivity, Honesty, Public Service and Respect**



STRATEGIC OUTCOME 1

Communities and partners have an informed understanding of crime and safety issues and the responsibilities and effectiveness of the police and forensic services in addressing them.

Activities

1. Hold the Chief Constable to account for the delivery of policing in accordance with the policing principles, relevant priorities, and the objectives and outcomes in agreed strategies and plans.
2. Identify areas for performance improvement and monitor and support the delivery of improvement in those areas.
3. Communicate and engage publicly on the success of, and challenges faced by policing in Scotland, using an agreed outcomes-based performance framework.



STRATEGIC OUTCOME 2

The public are confident in policing with issues of public interest being addressed transparently, and the voices of communities taken into account in decision-making.

Activities

1. Conduct business openly and transparently, strengthen relationships with communities across Scotland and actively seek to engage the public and stakeholders in this work.
2. Promote Scottish policing and proactively identify and engage with Police Scotland and others on issues of significant public interest and risk.
3. Mainstream equalities and human rights considerations across the Authority's work.



STRATEGIC OUTCOME 3

Effective collaboration with partners improves services and outcomes for individuals and communities.

Activities

1. Ensure strategic planning addresses the need for policing to work in partnership to improve services to communities and vulnerable individuals, and build community resilience.
2. Take an active and strategic role in understanding and defining the police role in service delivery across the public sector.
3. Provide leadership and influence to help the police and forensic services build strong partnerships to deliver more effective and efficient services across organisational boundaries.



STRATEGIC OUTCOME 4

Resourcing requirements are based on evidence of demand, the needs of communities and securing Best Value.

Activities

1. Maintain adaptable, effective and efficient police and forensic services, supporting them to secure and make the best use of their resources to meet current and future demand.
2. Ensure service transformation is based on robust evidence that demonstrates Best Value, and that delivery of transformation achieves its stated benefits.
3. Seek to reduce the environmental impact of service delivery.



STRATEGIC OUTCOME 5

A valued and engaged workforce that represents the communities it serves, and has the confidence and skills to deliver excellent services and adapt to changing demands.

Activities

1. Ensure that an appropriately resourced, diverse and sustainable workforce is in place to meet organisational needs and ensure continuous improvement in relation to employee engagement and wellbeing.
2. Ensure that the Authority's responsibilities are met in relation to health, safety and welfare and that responsible employment practice can be evidenced through scrutiny of the implementation of workforce policies.
3. Ensure that effective mechanisms are in place to engage with staff associations and trade unions as key organisational stakeholders.



STRATEGIC OUTCOME 6

Decision making, scrutiny and reporting is based on robust evidence and analysis of current and emerging policing issues.

Activities

1. Ensure that the development, delivery, resourcing and monitoring of police and forensic services are based on robust evidence.
2. Draw on research findings and advice from external experts to support horizon scanning, planning and policy development.
3. Develop the range of evidence used to inform the Authority's scrutiny and communicate with the public and stakeholders about the future development of policing.

** Ethical Standards in Public Life:
<https://www.gov.scot/publications/ethical-standards-in-public-life/>

Policing System: Key Strategic and Operational Risks

A number of improvements have been implemented in 2019/20 to enhance the risk identification, assessment, management and reporting methodology across the policing system. These improvements have enabled the SPA to address previously identified areas for improvement, facilitated the ability to fully consider and utilise a risk based approach to decision making and have enabled the creation of an improved control environment.

An overarching Risk Framework for the policing system was developed and approved by the SPA Board and implemented in February 2020. Within this new framework, SPA Board strategic system level risk and Police Scotland, Forensic Services and SPA Corporate strategic and operational risks are considered as part of a single coordinated, stratified and cumulative system.

The diagram below illustrates the SPA Risk Framework. The Overarching and SPA Board Strategic Risks were developed and approved during 2019/20 with the SPA Component Risk register being approved and adopted in May 2020.

This stratified approach provides a clear structure for the complex environment in Scottish policing, enabling alignment between tiers and to outcomes and objectives of relevant strategies and plans.



The work done during 2019/20 to revise and improve the SPA Board and Corporate risk approaches complements the risk register structure and management already in place across Police Scotland and Forensic Services, with risk registers linked across the relevant layers of the stratified approach outlined in the diagram above.

The risk management structure now in place facilitates the articulation, management and reporting of interdependent risks across all elements of policing in Scotland.

The impact of the COVID-19 pandemic and associated risks for policing have and will continue to be considered, recorded and mitigated during 2020/21 and potentially beyond. Certain elements of risk associated with the pandemic were already recorded and managed across organisational risk registers. These risks have been complemented with new specific and emerging risks, allowing a comprehensive risk profile to be developed for the pandemic. Risks associated with the pandemic include:

- Capacity and capability to address business as usual and demand associated with the pandemic;
- Availability of supplies including personal protective equipment (PPE); and
- Health and safety of officers and staff.

Risks will continue to be reviewed, updated and managed as the response to the pandemic moves from the initial lock down period, through the planned phased return from lockdown, considering the differing implications for policing across the communities of Scotland.

There are also a number of significant strategic and operational risks across the policing system which were being managed prior to the pandemic and remain current.

Financial Sustainability

The risks associated with a lack of sustainable recurring funding in the long, medium and short term for the police service in Scotland have been recognised and strongly articulated by the SPA throughout the financial year. The potential impacts include failure to maintain or enhance the current level of service and the inability to deliver the intended strategic direction for the organisation in a timely manner. Police Scotland and the SPA continue to work with the Scottish Government in terms of budgetary forecasting, spending reviews and future infrastructure costs for the medium and long term as well as in the immediate term with regard to the financial impact of the policing response to the COVID-19 pandemic.

Delivery of the Strategic Police Plan and Realisation of the Benefits of Change

The SPA recognises that continuous improvement of and change to policing in Scotland is required to enhance policing efficiency and effectiveness and to responsively and proactively adapt to the changing demands on policing now and in the future. The delivery of the required change to achieve the outcomes set out in the Strategic Police Plan (2020) will require substantial and continued funding over the next five years. The risks associated with the successful delivery of impactful change and the intended benefits to progress toward the strategic outcomes are numerous, interdependent and complex and are articulated across various levels of the stratified approach to risk.

Resource Allocation, Demand, Productivity Partnership and Prioritisation

The changing nature of demand on the policing system gives rise to a need, not only to be able to accurately articulate these demands and design ways of prioritising resources to meet need, but also in working with partners to agree and implement processes and procedures which sees those demands met by the most appropriate service provider, in the right place, at the right time.

Response to External Policy Decisions and other Strategic Factors

Compounding the risk to sustainable operational delivery has been a series of external factors which have exacerbated the growing pressure on the policing system and wider public service during 2019/20. These include:

Leaving the European Union;

United Nations Framework Convention for Climate Change (UNFCCC) 26th Conference of the Parties (COP26); and

COVID-19 pandemic.

A key element of the mitigation of risks associated with the changing and growing demand is the ongoing development and future implementation of a Strategic Workforce Plan. The SPA has a clear expectation that this plan will describe a more efficient and effective workforce, which is optimised to deliver the services required to meet future needs. It is anticipated that this plan will be considered for approval by the SPA Board in late 2020.

Performance Executive Summary

The 2012 Act requires the Chief Constable to make an assessment of the performance of Police Scotland's policing of Scotland and to submit this assessment to the Scottish Police Authority. The SPA are required to use this assessment and other sources as evidence to produce its report on the state of policing in Scotland and to publish this report.

In previous years the SPA has chosen to fulfil this legislative requirement by the production of an Annual Report and Accounts and a separate Annual Review of Policing which have been laid in parliament simultaneously. This year the SPA, in agreement with Police Scotland senior leaders, has chosen to make publically available the Chief Constable's assessment which was considered in public session at the SPA Policing Performance Committee on 28 May 2020 and eliminate the previous duplication in performance reporting, by producing a comprehensive annual review of policing performance within the Annual Report and Accounts. This approach has been supported by Scottish Government and agreed to meet the requirements of the Act.

Responding to Challenge, Change and Uncertainty

Uncertainty was a major feature of 2019/20, with the continued need to prepare for and be ready to respond to the UK exit from the European Union. However the impact of this political event was overshadowed in the last few weeks of March 2020 with the declaration of the COVID-19 global pandemic. The policing system, both in terms of operational delivery and governance has had to flex and adapt quickly, given the tangible impact of this public health crisis on the citizens of Scotland and in the necessary restrictions to their way of life.

In response to the threat from the pandemic, Police Scotland stood up an operational structure which is coordinated via Operation Talla. This structure has a dedicated Gold Command group aligned to the delivery of specific tailored strategic objectives, coordinating with the Scottish Government, partner agencies and other police forces to bring into force the appropriate policing response to the introduction of temporary powers. In collaboration with Police Scotland, SPA Forensic Services also established a series of strategic objectives and command groups to coordinate an appropriate response to the impact of the pandemic.

The responsibility of the SPA to provide oversight and scrutiny has not diminished during this public health crisis. In fact, the introduction of new legislation giving the police additional and untested powers over the whole population makes that responsibility even greater. Given the extraordinary nature of these powers, Police Scotland and the SPA agreed that it was appropriate to establish additional measures for scrutiny of the approach to "public health policing" to examine and maintain public confidence in policing during the use of these powers. After consultation, it was decided that additional measures would include the establishment of an Independent Advisory Group (IAG) in a similar approach to that applied in 2015 to examine the use by Police Scotland of the tactic of "stop and search". The IAG membership is drawn from across society with members who represent a wide range of public interest areas, including human rights, equality and diversity and academic institutions. The IAG acts independently and reports in public through its Chair to the SPA.

Whilst responding to the COVID-19 pandemic remains the critical priority for the policing system in early 2020/21 and drives, at least in the short term, the shape of policing demand, much of policing in 2019/20 was conducted alongside the extensive preparations for Scotland's hosting of COP 26, now postponed until 2021 owing to the pandemic and the UK's exit from the European Union with analysis of and planning for the impact on policing. During 2019/20 Police Scotland deployed additional officers in support of the maintenance of public order and to strengthen their international and border policing capability as well as working with key partners to consider and implement a range of mitigating actions required to address the potential loss of EU Justice and Home Affairs measures.

Maintaining Crime Levels and Public Confidence in Policing

The overall level of recorded crime⁴ has changed very little compared to last year (0.03% lower), however when considered as recorded crimes and offences together, there has been a 0.6% increase.

The clear up (detection) rate for recorded crime increased to 51.5%, up on both the previous two financial years and above the average for the preceding five years. Taking into account offences, the clear up rate for both crimes and offences has fallen to 67.2%, down by 0.2% compared with 2018/19.

Non Sexual Crimes of Violence have increased, with a reduced clear up rate, however this statistic includes new crimes associated with the implementation of the Domestic Abuse (Scotland) Act 2018 regarding coercive and controlling behaviours, which has largely driven this increase in crime. The number of Sexual Crimes has fallen for the first time since 2014/15 whilst the relative clear up rate has also fallen. Crimes of Dishonesty, Fire-raising and Vandalism have also reduced in 2019/20.

Findings from the most recently published Scottish Crime and Justice Survey based on opinions during 2018/19⁵ which was published in June 2020 show that the key measures of public confidence in policing remain high and have stabilised for most aspects of policing that the public are asked about, however one notable change has been a fall in public confidence around the police service's ability to prevent crime

In response to the COVID-19 pandemic and the resultant introduction of supporting legislation the SPA commissioned additional independent surveying to record levels of public confidence in policing and support for the approach and measures being used by Police Scotland. This work has enabled the SPA to assess and publically report a comparison of public confidence during the COVID-19 pandemic with that of the Scottish Crime and Justice Survey conducted prior to the pandemic using the same questions. These results show an increase in the percentage of citizens expressing a view that local policing was doing an excellent job in their area.

Full details of the survey are available on the SPA website [here](#).

⁴Police Scotland Q4 2019/20 Management Information. Available at https://www.scotland.police.uk/assets/pdf/138327/232757/554719/force-quarterly-bulletin-q4-2019_20 and accessed on 29th May 2020.

⁵Scottish Government - Recorded Crime in Scotland 2018-19. Available at <https://www.gov.scot/publications/recorded-crime-scotland-2018-19/pages/5/> and accessed on 29th May 2020

Looking Back

Senior Leadership Change

In the course of the last year, unplanned change took place within the leadership of the SPA Executive and Board respectively, with the resignations of Hugh Grover as Chief Executive in September 2019 and Professor Susan Deacon as Chair in December 2019. In response, Lynn Brown was appointed as Interim CEO to replace Hugh Grover and SPA Vice-Chair David Crichton assumed interim leadership of the SPA whilst remaining in the role of Vice-Chair.

Police Scotland implemented a programme of incremental and planned leadership change with the promotions of Malcom Graham to Deputy Chief Constable, and Kenny MacDonald and Gary Ritchie to Assistant Chief Constable. Police Scotland also appointed Andrew Hendry as Chief Digital and Information Officer.

Collectively these appointments bring a wealth of experience and proven leadership skills to support the governance and delivery of policing in Scotland. The strengthened leadership and resilience of both bodies has enabled a continued focus on performance improvement and service delivery.

Strengthening Governance, Oversight, Capacity and Capability

The Authority strengthened its governance of policing during 2019/20 in a number of areas, including the establishment of a strategic coordination unit to provide effective coordination between the SPA and Police Scotland and the Board decision to stand up both Policing of COP26 Expenditure Committee and an SPA Exceptional Circumstances Committee. This flexibility and adaptability of governance around a core of standing Committees and Board meetings, allows issues of key strategic importance to policing, or those issues with the potential to impact on public confidence in policing, to be addressed transparently and expeditiously.

The SPA and Police Scotland have worked together to ensure that their respective governance frameworks align to ensure effective decision making at all levels while avoiding unnecessary duplication of resource. This, together with a range of work on "assurance mapping", as well as various internal audit reports and external reviews, has helped to inform the future design and practices of the SPA to ensure that the scrutiny and oversight of policing is carried out in a way that is both rigorous and proportionate.

The Authority also agreed the provision of regular oversight and scrutiny of the implementation of Police Scotland's new Contact Assessment Model (CAM), a key element of how policing is changing. The CAM Oversight Group has enabled the SPA to discharge its scrutiny responsibility - ensuring there is robust evidence of the benefits of this major change to the way policing responds to the public when they need support and assistance, as well as an effective return in the investment made to enable these improvements.

The SPA Policing Performance Committee met for the first time during February 2020, replacing the previous Strategy, Policy & Performance Committee, to enable an increased focus on the support to improvements in and the scrutiny of policing performance, strengthening the statutory role of the SPA to hold the Chief Constable to account for policing. There was also work to develop a refreshed performance framework, revised collaboratively by Police Scotland and the SPA to align with the new joint strategy which will provide improved public reporting through the use of better measures of progress towards strategic outcomes and Annual Police Plan commitments.

As part of the programme to improve the capability of the SPA corporate function during 2019/20 support was provided through a number of key secondments, delivery of training for line managers and by the transfer of specialist knowledge and expertise to ensure that action could be taken on previously identified weaknesses in the core capacity and capability of the SPA. The SPA 2020 organisational development programme is delivering change that will optimise the value added by the SPA as a strategic, assertive and externally facing governance body for policing in Scotland. At the end of the financial year the SPA's new high level staff structure which sets out the key senior roles and functions required, was approved for implementation. The SPA Corporate Plan was approved in March 2020 and its accompanying business plan provides a mechanism throughout 2020/21 for progress to be measured assessed and reported publicly.

Implementing Transformational Change

There is evidence that significant progress has been made during the year on delivery of many key elements of the SPA and Police Scotland's previous ten year strategy for policing approved in 2016. This has included the roll out of new mobile devices across all local policing divisions, enabling officers to have greater presence in their communities. Police Scotland's new way of handling calls (CAM), has improved the service provided to the public. Focusing on the needs of individual callers, the CAM helps to identify risk, improve deployment decisions and allow policing to better respond to urgent and critical incidents.

Police Scotland has introduced a long term strategy to modernise and rationalise their estate, promoting co-location with other public sector partners whilst reducing the overall footprint. A revised long term strategy for the vehicle fleet based on the use of ultra-low emission vehicles to considerably reduce the carbon emissions across the fleet. In terms of addressing legacy force duplication and inconsistencies, new and improved terms and conditions were implemented for the majority of staff to ensure fairness and parity across the single service. Police Scotland have also changed their approach to measuring and understanding people's experience of using policing services and a public contact and engagement framework for the service has been introduced which will continue to broaden Police Scotland's engagement with the public that it serves.

In addition, as part of the SPA corporate improvement programme, designated as SPA 2020, the SPA has worked with Police Scotland and Forensic Services transformational change lead officers to develop a revised approach to the oversight of change. This approach widens the definition of change across the system to include people, technology and infrastructure, process and procedural changes to deliver benefits to the effectiveness and efficiency of policing. This approach, which includes the establishment of a new SPA Executive Change Oversight function was approved by the SPA Board in March 2020. Key to the design of this approach is strengthened oversight of transformational change in policing through the creation of a consistent change culture approach. It is a flexible and tailored approach to oversight, specific to each particular project or programme agreed at the start of the change lifecycle. The public interest in the delivery of change will be underpinned by public SPA Board sessions every 6 months, to allow strategic challenge and support on the content, progress, pace and impact of transformational change.

Financial Challenges

There are still challenges facing the delivery of Scotland's police service and the SPA must continue to exercise its public duty to identify and work in partnership to address these challenges robustly, effectively and with an independent voice. One example this year has been the SPA Board's public comments on the continuing structural deficit in police system funding. Although Police Scotland has continued to deliver significant revenue savings every year compared to legacy arrangements, these savings have not been directly reinvested in transformation. Policing continues to rely on single year additional funding from the Scottish Government to make the changes needed to improve the capacity and capability of services. It is through modernisation of equipment, technology, policing methods and training that improved services can deliver strategically aligned transformational change.

The risks associated with insufficient funding in the long, medium and short term for the police service in Scotland were reported to the Authority throughout the financial year. Potential impacts remain, including the failure to maintain or enhance the current level of service, taking into account the demands on policing both before and during a pandemic and the inability to deliver the intended strategic direction for the organisation as identified in the new Strategic Police Plan (2020).

Changing Demand and Prioritisation

Demands on the policing system, as measured by recorded crime demand and incident demand, decreased fractionally during 2019/20.⁶ The number of Group 1-5 Crimes fell to 246,409 (down by 0.03% compared to 2018/19) and the total number of incidents⁷ fell more sizeably, down from 1.716 million in 2018/19 to 1.670 million, a fall of 2.6%. However the majority of current demands on policing are not associated with recorded crimes, for reasons highlighted below.

Forensic Services have also reported continued significant input to major crime cases and increased demand for such input throughout the past year. There has been a sizeable increase in workload associated with the new drug driving legislation. All areas of Forensic Services contribute to meet this total demand which includes both current and cold cases.

Increased reporting of sexual crimes, including those that happened many years ago, are a direct result of policing working closely with other key service providers to support victims and investigate these crimes. New legislation also increases demand such as the introduction of the Domestic Abuse (Scotland) Act 2018. The Act introduces enforcement legislation to tackle controlling and coercive behaviour, supporting the various ways policing can protect victims of domestic abuse. This included delivery of a programme of mandatory training for frontline officers and staff, including domestic abuse champions. Almost 1,700 offences were reported in this first year, with over 1,000 detected. A significant number of these offences were previously unrecognised abusive behaviours, with these victims being supported and assisted.

There are many other incidents that drive policing demand across communities that may not result in a crime report, for example anti-social behaviour, neighbour disputes and road traffic matters. In addition, there is also an increasing requirement for the service to deal with people at times of crisis, whether through vulnerability, mental health, isolation, addiction or other needs and demands.

Events with specific demand implications, whether for frontline officers or planning and coordination functions included preparations for the UK's exit from the European Union, the planned hosting of COP26 and the shifting of policing priorities to respond to the current pandemic. Traditional policing and forensic service demand reduced at the end of March 2020 as a result of the pandemic and the subsequent UK and Scottish Government decisions on lockdown policy. How this demand has shifted, the impact on policing resource allocation and subsequent policing service delivery and performance will be scrutinised closely by the SPA during 2020/21 and the lessons learnt during this unprecedented period should be fully analysed and considered by Police Scotland's demand and productivity function as it provides accurate data and information to support the development and delivery of Police Scotland's strategic workforce plan in late 2020.

⁶Police Scotland Q4 2019/20 Management Information. Available at https://www.scotland.police.uk/assets/pdf/138327/232757/554719/force-quarterly-bulletin-q4-2019_20 and accessed on 29th May 2020.

⁷Police Scotland Q4 2019/20 Management Information. Available at https://www.scotland.police.uk/assets/pdf/138327/232757/554719/force-quarterly-bulletin-q4-2019_20 and accessed on 29th May 2020.

Policing Performance Conclusion and Look Forward

Overall, good performance across the policing system in 2019/20 has been maintained with many examples of progress made both in the transformation of police and forensic services as well as in effective operational delivery within a context of changing demands and priorities for both organisations.

Police Scotland has performed well, building on existing progress with delivery of Year 3 of its first long-term strategy and launch of the new joint strategy for policing that presents a clear vision for the service based on strategic outcomes, reflecting the need to refocus and redirect resources as demands and priorities change. Evidence of delivery against the commitments outlined in the Annual Police Plan is wide-ranging and points to policing that is engaging with partners and communities at many levels. The performance framework has been improved and revised to reflect the new strategy, aiming to provide improved measures of progress against strategic outcomes in 2020/21. The new SPA Policing Performance Committee, now with local authority representation, is developing a dynamic platform for scrutiny and discussion on both national and local policing delivery, strengthening the statutory role of the SPA to hold the Chief Constable to account for policing.

Against a backdrop of uncertainty due to Brexit, arrangements for COP26 and more recently the impact on policing of the COVID-19 pandemic, robust police performance has contributed to high levels of public confidence, with traditional crime levels relatively static, although cyber-enabled crimes are on the increase. Challenges remain in continuing to improve detection rates across crime groups and establishing a better picture of both the extent and nature of cyber-enabled crime and how best to prevent and tackle it, with the appropriate mix of workforce skills and resources.

Forensic Services has also demonstrated good evidence of delivery against its strategic outcomes as it completed Phase one of its 2026 strategy, increasing capacity as well as beginning to demonstrate added value through drugs data analysis. It has maintained its high standard of quality management professional accreditation and continues to improve its scientific expertise and capabilities. However the implementation of a performance framework in 2020/21 will aim to improve how Forensic Services is measuring itself against delivery of Phase 2 and 3 of the strategic objectives it is working towards.

SPA has delivered on key external improvement recommendations, including producing a 3 year Corporate Plan that will develop its capabilities and capacity as well as extending its reach and expertise. During 2020/21 the SPA must continue its commitment to fully developing its role of support for, and challenge to, policing, particularly in historically difficult areas relating to its scrutiny of outcome based performance, demand management, resource allocation and strategic workforce planning. SPA must also continue to adapt its governance to address key policing issues of public interest in a transparent and timely way. Taken together, these planned actions will support the fundamental objective of the Authority in maintaining public confidence in the policing system – policing in the public interest.



Going Concern

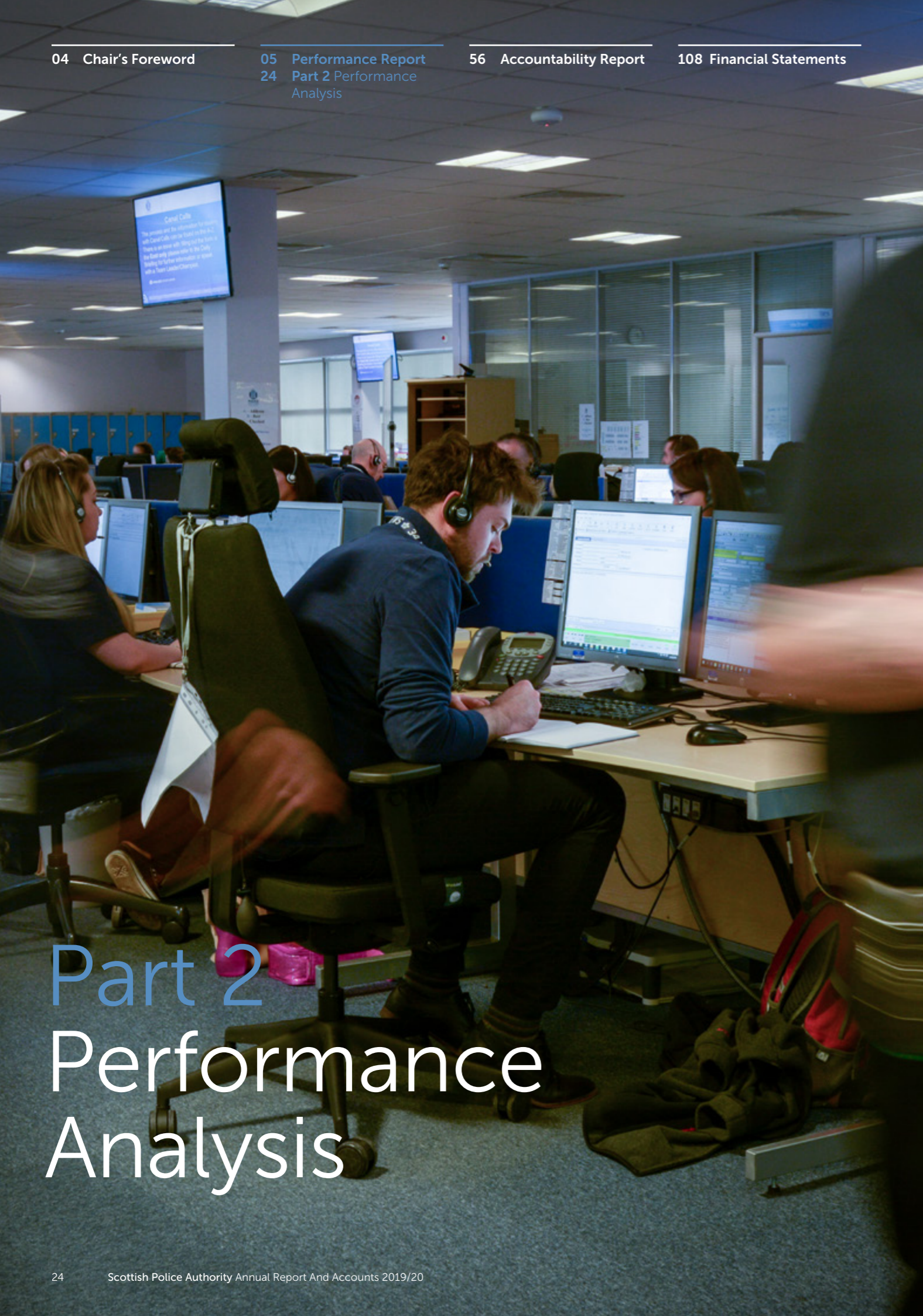
The financial statements have been prepared on a going concern basis in accordance with the 2019/20 Financial Reporting Manual issued by HM Treasury. The net asset position, before pension liabilities, demonstrates that SPA's underlying operating model justifies treatment as a going concern.

However, SPA has total pension liabilities of £19.8 billion (31 March 2019: £17.0 bn) which is almost entirely (99%) attributable to the Police Officers' pension scheme. Scottish Government fund all ongoing employer pension contributions in this regard and the Police Officers' pension liability will not be met directly from SPA sources of funding.

The SPA is currently operating with an element of planned deficit. The Scottish Government (SG) is aware of the SPA's budgeted revenue deficit in 2020/21 and the potential further financial impact of COVID-19. SG have agreed to support for financial year ending 31 March 2021 with additional cash resources. SG also provides funding for initiatives which increase efficiency and thereby reduce operating costs over the medium to longer term. The SPA and SG will continue to work closely to monitor the ongoing budgetary position and, at the SG's budget reviews, will consider providing further budgetary and cash support.

Consequently, the SPA has determined that it can continue to meet its obligations as they fall due and it is therefore appropriate to prepare its financial statements on a going concern basis.





Part 2 Performance Analysis

Performance Assessment Report
Through the focal point of the Policing Performance Committee, the SPA has assessed statistical and other performance evidence provided by Police Scotland, Forensic Services and SPA Corporate in order to build a comprehensive composite overview assessment of the performance of the policing system. At the meeting in May 2020 the Committee considered the Chief Constable's assessment of Police Scotland, the SPA Interim CEO's assessment of the SPA and the Director of Forensic Services' Assessment of SPA Forensic Services. These detailed papers are available in full on the SPA public website [here](#).

The SPA has also asked Local Authority scrutiny partners and COSLA to provide their views on Police Scotland's performance, including the level of engagement and support from policing to their respective communities throughout the year.

Operational policing performance has been assessed against priorities and related commitments set out in the 2019/20 Annual Police Plan and delivery priorities set out for Year three of the "Serving a Changing Scotland" Implementation Plan.

Forensic Services performance has been assessed against the objectives set out for the second year of the Forensic Services 2026 strategy launched during 2018/19 and SPA Corporate evidence comprises records of progress against the SPA Improvement Plan, SPA 2020 programme and a range of activities undertaken in response to external scrutiny and subsequent improvement recommendations.

The Scottish Crime and Justice Survey has also been considered and provides evidence on public confidence in policing and perceptions of the police and justice system more generally. The latest available findings cover financial year 2018/19, with these findings published in June 2020.

The following SPA assessment and analysis provides a single, definitive view of performance, reflecting the change in approach taken this year to address the requirements of the legislation by providing a comprehensive report on performance in the Annual Report and Accounts rather than publish a separate Annual Review of Policing as in previous years.



Police Scotland Performance

This section reviews Police Scotland's progress in delivering against the Strategic Police Plan and the Annual Police Plan, as required under Section 39 of the Police and Fire Reform (Scotland) Act 2012. It also includes an analysis of key crime and policing statistics referencing, wherever possible, 2019/20 statistics in relation to the trend over the preceding five years. Feedback on local policing has been provided to the Scottish Police Authority by Local Authorities and has been summarised as part of the assessment.

Assessment Summary

Police Scotland has made progress during 2019/20 to deliver against its strategic and annual operational policing plans. Key developments include the roll out of mobile devices to front line police officers, the implementation of the Contact Assessment Model (CAM), the development of strategies in relation to Estates, Fleet, Public Contact and Engagement and Cybercrime, as well as progress made towards developing a Strategic Workforce Plan. A substantial development during the year was the work carried out jointly with the Authority to prepare a new Strategic Police Plan. Police Scotland has also worked to improve the generation of insights from the public through a range of different fora, including the development of online surveys with the public and stakeholders.

Operationally there has continued to be consistent and commendable delivery across the operational police priorities, with many examples of innovative approaches to tackle present and emerging issues, as well as examples of the police service working effectively at a national and local level in partnership with other organisations to maximise impact and deliver efficiencies. An analysis of key measures relating to crime and public confidence in policing suggests that a picture of stability has largely been maintained in relation to both, with only minor changes observable in the mostly recently published data. Feedback received from Local Authorities regarding local policing has been largely positive, with a small number of areas for improvement identified, to be considered during 2020/21.

Strategic Police Plan Objectives – Progress Update

The SPA and Police Scotland developed in partnership, a Strategic Police Plan approved in 2017 – Policing 2026: Serving a Changing Scotland – which contained six main strategic objectives for the future of policing in Scotland. Police Scotland also published a three year implementation plan 2017-2020⁸ – *Creating Capacity to Improve*, outlining how Police Scotland would deliver the strategic objectives across Phase one of the long term strategy. This section of the performance assessment provides a high level review of further progress made in 2019/20 against these objectives.

Six Main Strategic Objectives

1. Improve public contact, engagement and service
2. Strengthen effective partnerships
3. Empower, enable and develop our people
4. Invest in our use of information and technology
5. Enhance cyber and forensic capabilities
6. Transform corporate support services



⁸Police Scotland (2018) Available at: <https://www.scotland.police.uk/assets/pdf/138327/386688/policing-2026-3-year-programme-2017-2020> and accessed 4th June 2020.

⁹Police Scotland (2020) Available at: <http://www.spa.police.uk/assets/126884/609516/620377/620524>

¹⁰Police Scotland Your Police. Available at: <https://consult.scotland.police.uk/surveys/your-police-2020-2021/>

¹¹Police Scotland User Experience Survey. Further information available at: <https://www.scotland.police.uk/about-us/user-experience-surveys>

¹²Police Scotland Consultation Hub: Accessible at <https://consult.scotland.police.uk/>

One of the key successes relates to the implementation of the Contact Assessment Model (CAM) to better manage call demand, assess callers' needs, assess threat risk and harm, make referrals to appropriate partner organisations where that would represent a more effective solution to meet caller needs, schedule non urgent appointments and follow up with people who call the police service. Police Scotland has also developed, using engagement and insights from within the service and with stakeholders and the public, a draft Public Contact and Engagement Strategy⁹, which sets out how the Service intends to broaden engagement and contact channels in the years ahead.

Another key highlight during 2019/20 has been the adoption of revised ways of generating insights on the public's experience of the police service and the public's views on local and national policing and thematic areas of policing practice. As part of this work, Police Scotland has launched *Your Police*¹⁰, a new *User Experience Survey*¹¹, and has conducted surveys to explore and collect young people's views on policing, views on the policing of football in Scotland and the policing of use of pyrotechnics, using its *Citizen Space* consultation hub¹². Finally, Police Scotland supported the preparation of the new Joint Strategy 2020 by leading on the gathering of public and stakeholder opinion as part of public consultation, using the evidence and opinion gathered, both to help finalise the new strategic plan, and to further develop those insights used to shape the implementation approach and future shape of policing in the years ahead.



Partnership approaches have continued to strengthen in 2019/20, with a range of national and local initiatives taking place. Some of these have been more strategic in nature, involving the police coming together with partners to improve strategy and approaches to problem solving and working collectively to promote awareness raising, education and other preventative approaches.

Other approaches have been more operational, such as the work undertaken in Edinburgh between Police Scotland and the NHS to provide a better collective response to the issue of people who go missing from hospitals, as well as the work in custody environments between Police Scotland and NHS to promote services to persons at risk of re-offending due to drug and alcohol misuse. There has also been further progressive work between Police Scotland and other agencies in relation to the development of a Cyber Strategy.

Further progress has been made in relation to how people working in the Service are empowered, enabled and developed. The Staff Pay and Reward Modernisation project (SPRM) concluded in 2019, introducing harmonised and improved terms and conditions for staff. There is currently an SPRM appeals process underway, due for completion in early 2021.

There has also been ongoing progress in relation to developing a Strategic Workforce Plan, with a Framework being agreed during the year¹³. The Framework will guide the approach to preparing a final Strategic Workforce Plan later in 2020.

The Chief Constable also published a set of key commitments to all officers and staff at the beginning of the financial year, and has also initiated an intranet-based Chief's forum to allow two way Q&A between officers and staff and the Executive Team. The forum came together a number of times during 2019/20 and answers to questions are provided on the intranet.

Work has also been taken forward throughout 2019/20 to better understand the scale and nature of assaults on police officers and staff in the course of their duties, to help tailor an effective organisational response to safeguarding the safety and wellbeing of officers and staff.

Progress has been made in terms of investing in information and technology, enhancing cyber and forensic capabilities, and transforming corporate support services, although progress in some elements in these areas is subject to securing additional funding.

In a major development, mobile devices have been rolled out to more than 8,000 police officers in all policing divisions across Local Policing, allowing officers to work more effectively and efficiently and spend more of their time in communities rather than in a police station performing administration tasks. The suite of available apps that officers can use will grow in conjunction with the roll out of technology solutions proposed in the Digital, Data and ICT Strategy. Project ADEL has also been completed,

which means that all officers and staff are able to log in to a computer and carry out their tasks anywhere within the Police Scotland and SPA estate. There has also been an investment made of £4.4m to make enhancements to the national IT network.

Police Scotland has made progress in relation to enhancing its capabilities around cybercrime. A cybercrime strategy is nearing completion and the growing use of a "cybercrime" tagging marker on crime reports is helping to improve the organisation's understanding of the scale and nature of cybercrime.

A number of other technological efficiencies have been introduced. Digital triage devices have been rolled out to officers on an incremental basis, which should improve efficiencies in the investigation of data held on mobile devices and reduce the impact of investigation on the individual, in terms of loss of access to their devices. The Core Operational Solutions (COS) project has delivered coordinated single national capabilities in support of the management of missing persons' enquiries, road traffic collision reporting and the handling of productions (physical evidence) to enable 24 legacy solutions to be decommissioned.

Corporate support transformation has continued to progress with a number of major developments having been achieved during the year including the development of new strategies for Fleet¹⁴ and Estates¹⁵. A Business Case to transform corporate services has been under development, underpinned by supporting elements such as the design of a new Target Operating Model, the development of service catalogues and process classifications, and the design of organisational structures. Substantive progress in this area is subject to securing the necessary funding, however initiatives are being progressed on a prioritised basis, where funding exists.

The new Strategic Police Plan, jointly developed by the SPA and Police Scotland and published in April 2020¹⁶, will continue to set the direction for change and improvement across the Service. It will ensure that policing in Scotland continues to adapt to the changing needs of service users and communities and the changing nature of demands on policing and promotes the identification of opportunities for further innovation.



Chief Constable's Commitments

1

Communications & Engagement

I will provide a series of communication and engagement events to give officers and staff across the organisation a voice and to keep you informed.

2

Probationary Training

I will modernise the probationary training programme to ensure that officers have the most appropriate and relevant training when they are deployed.

3

Promotion & Performance

I will provide a focused promotion process, which recognises day-to-day performance.

4

Uniforms

I will provide all operational officers with access to new and better quality uniforms.

5

Mental Health & Wellbeing

I will work with health partners to ensure a reduction in the time you spend with individuals who require a professional mental health intervention.

6

Divisional Funding

I will provide every Divisional Commander funding to use at their discretion in their divisions and departments.

¹³Police Scotland (2019) Framework for Strategic Workforce Planning. Available at: <http://www.spa.police.uk/assets/126884/441011/509407/523656/item9new>

¹⁴Police Scotland (2019) Fleet Strategy 2019 – Available at: <http://www.spa.police.uk/assets/126884/441011/509407/523677/item6>

¹⁵Police Scotland (2019) Estate Strategy – a changing estate to better serve our communities. Available at: <http://www.scotland.police.uk/assets/pdf/174967/540054/Estate-Strategy?view=Standard>

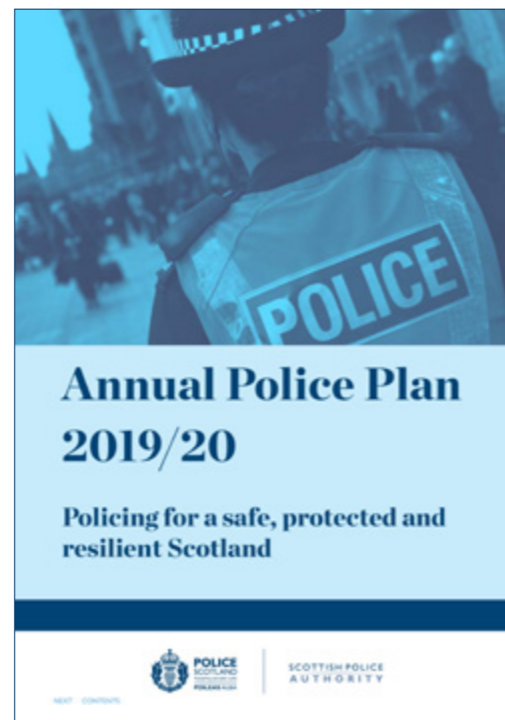
¹⁶Scottish Police Authority (2020) – Joint Strategy for Policing (2020) Policing for a safe, protected and resilient Scotland. Available at: <http://www.spa.police.uk/assets/128635/556584/615852>

Annual Police Plan 2019/20 Implementation

In March 2019 Police Scotland published an Annual Police Plan 2019/20¹⁷, structured around five cross-cutting strategic outcomes and four aligned policing priorities, and linked to an accompanying performance framework for measuring progress¹⁸. The SPA's performance assessment that follows reflects and considers key points within Police Scotland's self-assessment of its Annual Police Plan delivery during 2019/20.

Police Scotland's detailed performance assessment, published in May 2020, can be accessed [here](#). Further detail on aspects of policing performance is also available in the four quarterly police performance reports provided to the Authority by Police Scotland¹⁹.

A number of significant developments have taken place across the operational policing landscape during 2019/20 at a national and local level to make progress towards achieving these strategic outcomes. Below are some examples that the SPA considers to be indicative of Police Scotland's robust and responsive performance improvement approach. From some of these examples, synergy can be seen where Annual Police Plan evidence is connected or cross cuts those activities also contributing to the outcomes of the strategic police plan, for example the Contact Assessment Model and Corporate Services development.



Strategic Outcomes

Threats to public safety and wellbeing are resolved by a responsive police service;

The needs of local communities are addressed through effective service delivery;

Public and communities are engaged, involved and have confidence in policing;

Our people are supported through a positive working environment enabling them to serve the public; and

Police Scotland is sustainable, adaptable and prepared for future challenges.

Aligned Policing Priorities

Protecting Vulnerable People;

Working with Communities;

Tackling cyber-related crime; and

Support for Operational Policing.

¹⁷ Police Scotland (2019) Annual Police Plan 2019/20. Available at: <https://www.scotland.police.uk/assets/pdf/138327/150739/annual-police-plan-2019-20?view=Standard>

¹⁸ Police Scotland (2019) Police Scotland Performance Reporting Framework. Available at: <http://www.spa.police.uk/assets/126884/441011/509407/512003/Item7PRF>

¹⁹ Quarter 1 2019/20 available at: <http://www.spa.police.uk/assets/126884/441011/509407/523664/Item5>
Quarter 2 2019/20 available at: <http://www.spa.police.uk/assets/126884/441011/509407/523677/Item9>
Quarter 3 2019/20 available at: <http://www.spa.police.uk/assets/126884/441011/601841/614096/Item7a>
Quarter 4 2019/20 available at: <http://www.spa.police.uk/assets/126884/609516/620377/620406>

New legislation (the Domestic Abuse (Scotland) Act 2018) was introduced with respect to Domestic Abuse to tackle the use of coercive and controlling behaviours on the part of perpetrators. Police Scotland committed a significant amount of time and resource to prepare itself for the enactment of the new legislation, including the delivery of a bespoke training package – Domestic Abuse Matters – for frontline police officers and staff and the establishment of a network of Domestic Abuse Champions to help strengthen the link between training, guidance and operational practice. In the first year of implementation, Police Scotland dealt with 1,681 offences under the new Act, of which 1,158 have been detected, or cleared up. This represents a large number of previously unrecognised abusive behaviours being detected and reported with victims being identified, supported and assisted. There has also been a significant effort made to raise public awareness in relation to the new legislation, including the use of social media "live chats" in partnership with, for example, Advocacy Support Safety Information Service Together (ASSIST).

Tackling Serious and Organised Crime Groups (SOCGs) continues to be a priority for Police Scotland, with 98 known SOCGs comprising 2,106 individuals being investigated by the police and partners. Since the start of 2019/20 the number of active groups has fallen by 16% and the number of individuals by 15% due to successful disruption and enforcement activities. In the west of Scotland where SOCGs are most prevalent, Police Scotland's Specialist Crime Division (SCD) recovered 72kg of cocaine, 30kg of diamorphine and 40kg of cannabis resin with a street value of nearly £5m during 2019/20.

Police Scotland takes an intelligence-led approach to disrupting serious and organised crime, with major operations and strategic interventions led from the Scottish Crime Campus at Gartcosh. This joined up approach sees Police Scotland working alongside a number of agencies to maximise impact. These specialist resources have worked closely with divisions and partners to share information and progress enquiries as well as contributing to efforts made by the Serious Crime Taskforce in Scotland in support of Scotland's Serious Organised Crime Strategy. Significant work has been undertaken to understand and respond to emerging crime types and public concerns such as online fraud and county lines activity.

During the year Police Scotland has focused on identifying the increasing threat of cybercrime and offences relating to internet grooming and online sexual abuse, introducing a process in 2019/20 to enable officers to accurately record cybercrimes. This has provided a more accurate picture of growth and demand and facilitated more effective use of resources towards tackling these crimes.

²⁰ Based on a comparison of year-end Police Scotland Management Information for 2019/20 and 2018/19, which contains revised Year End Management Information for the year 2018/19 – available at: https://www.scotland.police.uk/assets/pdf/138327/232757/554719/force-quarterly-bulletin-q4-2019_20

A range of online communication campaigns has raised public awareness of this type of crime and provided information and education on how people can protect themselves from the threat. Looking forward, Police Scotland are developing a comprehensive cyber strategy that will transform Police Scotland's response and resilience towards these crimes.

Organisational learning was put to good use by Police Scotland in policing the fireworks season and dealing with related anti-social behaviour and criminality, demonstrating the value of Police Scotland seeking to listen and learn from past operations to continuously improve services provided to the public and communities. Rigorous testing of response and major incident plans with key partners was conducted throughout the year, standing the service in good stead towards the end of 2019/20, with the advent of the COVID-19 pandemic and the resultant threat to public safety.

During 2019/20 Police Scotland focused efforts on improving local service delivery, with the Local Policing Programme (LPP) at the forefront as the driver for the new Contact Assessment Model (CAM). The introduction of officer-led resolution teams is significantly improving Police Scotland's capacity to deliver an appropriate risk-based service as well as determining the right response to meet the needs of individuals who contact Police Scotland. The model is also enabling closer working with health service partners, working alongside Police Scotland to assess and identify callers' needs. A significant training programme and quality assurance approach was also developed and is still being delivered as CAM rollout continues, as part of Police Scotland's response to the current pandemic, to enable better contact management, vulnerability assessment and prioritisation of operational policing deployment.

More diverse partnership working – a central theme for Police Scotland – has continued, recognising that the resolution of many issues and incidents do not rely solely on a police solution. Police Scotland has demonstrated significant progress in this regard, working with, Crimestoppers and the Royal Edinburgh Hospital towards finding solutions to public health and vulnerability issues. Partners have also been involved in a range of initiatives and campaigns with key partners in 2019/20, including the "#DontTolerateHate" and "Drug Dealers Don't Care" campaigns. Such campaigns have featured as Police Scotland worked toward implementation of a range of approaches to encourage the reporting of crime, specifically those which typically go unreported, including non-recent sexual offences and hate crime. The importance of continuing this work is highlighted by the positive development of a small decrease in recorded sexual crime in 2019/20 set against an upward trend in previous years.²⁰

Police Scotland's work in support of the Strategic Police Plan to redesign and refresh their approach to understanding public experience, underpinning service design and delivery into the future also supports the third Annual Police Plan strategic objective of ensuring public engagement and maintaining confidence in policing. Police Scotland's approach to public and community engagement has been strengthened, with progress made to ensure accessibility. There has also been progress to improve the approach to understanding and improving public confidence with the development of a new public contact and engagement strategy and framework designed to improve public confidence and trust in the police. Equality considerations and responsibilities were taken into account, with Police Scotland's Strategy, Insight and Innovation (SII) team leading development of the strategy, including work with Safer Communities and engagement with organisations for developing approaches to contact and engagement suitable for diverse communities and people with disabilities.

Police Scotland also provided a range of examples demonstrating delivery of Equality Outcomes, ensuring that across training, pay policy, recruitment, service design and provision, the needs of diverse groups and fundamental human rights are taken into account in Police Scotland's policing approach. For example, being formally accredited as a living wage employer in September 2019, hosting its first LGBTI focussed recruitment event in October 2019 in partnership with the Scottish LGBTI Police Association and uniting with the SPA and the Scottish Women's Development Forum to host Scotland's first Black, Asian and Minority Ethnic (BAME) Women in Policing event, held in March 2020.

Police Scotland's progress to empower, enable and develop their people through the objectives of the Strategic Police Plan also supports evidence of contribution to the fourth Annual Police Plan strategic objective to support their people. In June 2019 Police Scotland launched a Framework for Strategic Workforce Planning 2019-2026, recognising that the workforce is any organisation's most important asset and needs to be capable, flexible and diverse. Implementation of the workforce plan is due for consideration and implementation from late 2020. The Chief Constable's six commitments to the officers and staff of Police Scotland relate to making improvements to communications and engagement, probationary training, promotion and performance, uniforms, mental health and wellbeing and divisional funding. In particular, officer and staff wellbeing has seen a focus on establishing core

systems and processes to provide support as and when it is required, across the organisation. An example is the work to implement and equip officers with mobile working capabilities across Scotland which includes the Backup Buddy app, specifically developed to provide useful support and wellbeing information to officers through an accessible yet private channel as they go about their daily duties.

Finally, much of the evidence presented in support of strategic transformation to enhance technology through investment, increased cyber and forensic capability, as well as to transform corporate services, also contributes to the final Annual Police Plan outcome of ensuring sustainability, adaptability and readiness for future challenges.

Police Scotland's environmental performance continues to improve, exceeding its emissions reduction target of 25% reduction compared to the 2013/14 emissions baseline at the inception of the single national force, through the current Carbon Management Plan due to end its operational phase in 2020. Implementation of both Estates and Fleet strategies in the coming years should ensure that these services continue to develop to meet operational policing needs as well as maintain a focus on environmental sustainability. However, although some progress has been made in 2019/20, the pace of further progress will be dependent on funding availability.

Police Scotland has demonstrated commitment to having a workforce that is reflective of our communities throughout Scotland. While this continues to be a challenging aspiration to achieve, it is a key focus for recruitment activity, continuous professional development and promotion processes. There has been progress in the advancement of Equality Outcomes and best practice has been identified and shared across Scotland by Police Scotland's Safer Communities teams, to embed and mainstream locally.

There has been a range of development work undertaken within Police Scotland's corporate support services to ensure efficient and effective service delivery to support policing in Scotland. A recent example, driven by the COVID-19 pandemic and Police Scotland's operational response, Operation Talla, was the ability of the ICT function to quickly source and prepare over 2,000 laptop computers for supply to key staff enabling operational and organisational flexibility and the maintenance of productivity from remote locations.

As reported within the Strategic Police Plan report above, some progress has been made to implement prioritised work streams set out in the Digital, Data and ICT (DDICT) strategy, despite levels of investment funding significantly lower than those required to deliver on all of the key elements of the strategy. Examples of investment priorities are as follows:

Work by Police Scotland to develop a business case for Transforming Corporate Support Services, with additional work on supporting elements such as target operating model design, service catalogues, process classification, organisational structures and enabling technology requirements. Initiatives are being progressed where possible.

Corporate functions such as Finance, Change, Risk, ICT and Information Management have been redesigned and enhanced to improve corporate support to operational policing. In particular ICT has been able to deliver the National Network Project, investing £4.4m and the introduction of ADEL, a single ICT platform, completed in September 2019, which now means officers and staff can work from anywhere within the estate.

There is evidence of support and development of an innovation culture with an innovation hub set up and innovation boot camps running. Success so far includes the development of a new approach to both procurement as well as project management, plus innovation advice and support for a range of initiatives in Air Support, Recruitment and Victim Support.

One commitment in the Annual Police Plan 2019/20 which was not implemented during the year concerned Police Scotland's development of a timeline for implementing speed awareness courses. This has been rolled forward as part of a Middle Office Review Project, with speed awareness courses being considered alongside the use of other Direct Measures.

Key Crime and Policing Statistics

This section examines the state of crime and other key policing statistics. Note that information is sourced from a combination of Police Scotland Management Information, Scottish Government Recorded Crime Statistics, the Chief Constable's Assessment of Policing Performance 2019/20, and the findings from the Scottish Crime and Justice Survey 2018/19. 2019/20 crime data is provisional Police Scotland Management Information and not official statistics. Recorded Crime data for previous financial years are "national statistics" produced by the Scottish Government, with reporting of Total Crime corresponding with Crime Groups 1-5²¹ rather than Groups 1-7²². Clear up rates (detected crimes) are designated as "official statistics" rather than "national statistics".

For the following trend graphs at Figures 1 to 12 in this Key Crime and Policing Statistics section, note that the source of data is marked as follows:

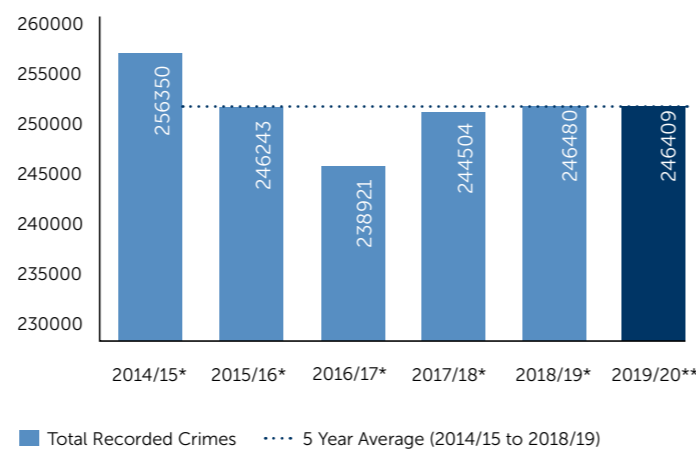
- Scottish Government Recorded Crime Data *
- Police Scotland Management Information Data **

²¹Groups 1-5 include Crimes of Non Sexual Violence, Sexual Crimes, Crimes of Dishonesty, Fireraising, Vandalism etc, and Other Crimes.
²²Group 6-7 include Miscellaneous Offences and Motor Vehicle Offences.
²³Police Scotland Q4 2019/20 Management Information. Available at https://www.scotland.police.uk/assets/pdf/138327/232757/554719/force-quarterly-bulletin-q4-2019_20 and accessed on 29th May 2020.
²⁴Scottish Government - Recorded Crime in Scotland 2018-19. Available at <https://www.gov.scot/publications/recorded-crime-scotland-2018-19/pages/5/> and accessed on 29th May 2020.
²⁵Police Scotland (2020) Chief Constable's Assessment of Policing Performance 2019/20. Available at: <http://www.spa.police.uk/assets/126884/609516/620377/620424>
²⁶Groups 1-5: Group 1 Non-Sexual Crimes of Violence; Group 2 Sexual Crimes; Group 3 Crimes of Dishonesty; Group 4 Fire-raising, Vandalism etc.; and Group 5 Other Crime.
²⁷Police Scotland (2020) Chief Constable's Assessment of Policing Performance 2019/20. Available at: <http://www.spa.police.uk/assets/126884/609516/620377/620424>

Recorded Crime

Provisional Police Scotland Management Information²³ indicates that 246,409 crimes were recorded by Police Scotland in 2019/20 (Figure 1), which is a decrease of 0.03% from the previous financial year and when assessed across the average for the previous five years (using Scottish Government recorded crime statistics²⁴), the level for 2019/20 is lower by 0.04%. The level of recorded crime over the last three financial years has been consistent with the average since 2014/15. In terms of the overall number of crimes and offences (Groups 1 to 7) 497,626 were recorded in 2019/20, up by 0.6% compared with 2018/19²⁵.

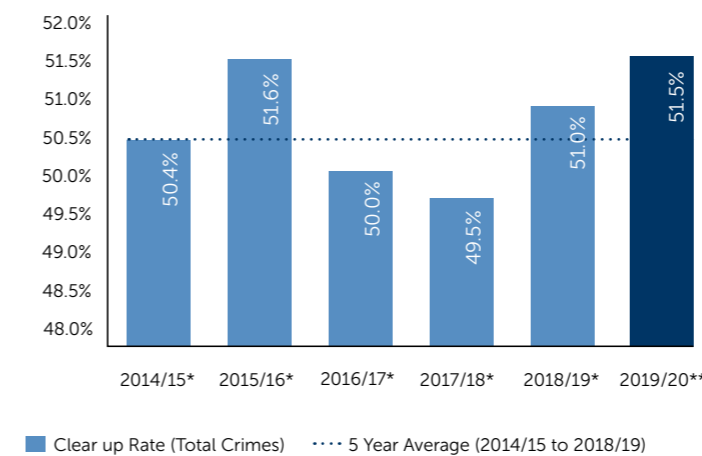
Figure 1: Crimes recorded by the police 2014/15 to 2019/20



Five Year Average 2014/15 to 2018/19: 246,500
 2019/20 compared to Five Year Average: down 0.04%
 2019/20 compared to 2018/19: down 0.03%

The clear up rate for crime (Groups 1 to 5²⁶) in 2019/20 is 51.5% (Figure 2), an increase of 0.5 percentage points compared with 2018/19 and up by 1.0% against the average for the preceding five years. Clear up rates for crime have varied by only a small amount since 2014/15, ranging from 49.5% to 51.6%. In terms of the clear up rate for all crimes and offences (including Group 6 Miscellaneous Offences and Group 7 Motor Vehicle Offences), this fell by 0.2% in 2019/20 to 67.2% compared with the previous financial year²⁷.

Figure 2: Clear up rate for crimes recorded by the police 2014/15 to 2019/20



Five Year Average 2014/15 to 2018/19: 50.5%
 2019/20 compared to Five Year Average: up 1 percentage point
 2019/20 compared to 2018/19: up 0.5 percentage points

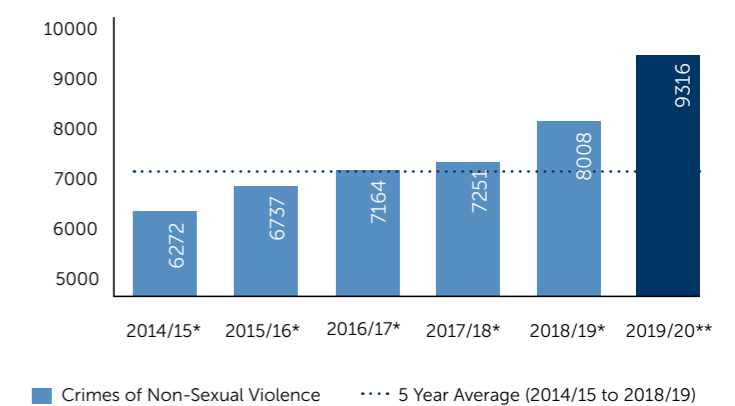
Non-Sexual Crimes of Violence

Non-sexual crimes of violence increased by 16.3% from last year to 9,316 crimes (which includes newly introduced crimes associated with the introduction of the Domestic Abuse (Scotland) Act 2018 regarding the use of coercive and controlling behaviours used by domestic abusers). The increase (shown in Figure 3), set against the previous five year average, is 31.5%. The level of recorded non-sexual crimes of violence has been increasing since 2014/15. Taking into account Group 6 Common Assaults, violent crime decreased in 2019/20 compared with 2018/19 by 0.6% to 63,738 violent crimes²⁸.

The clear up rate for non-sexual crimes of violence has fallen in 2019/20 to 71.7% (Figure 4). This is down from 73.3% in 2018/19 and from the five year average of 78.1%. Since 2014/15 there have been year-on-year reductions in the clear-up rate for non-sexual crimes of violence. Taking into account Group 6 Common Assaults, the clear up rate for violent crime saw an increase of 0.5% detections²⁹.

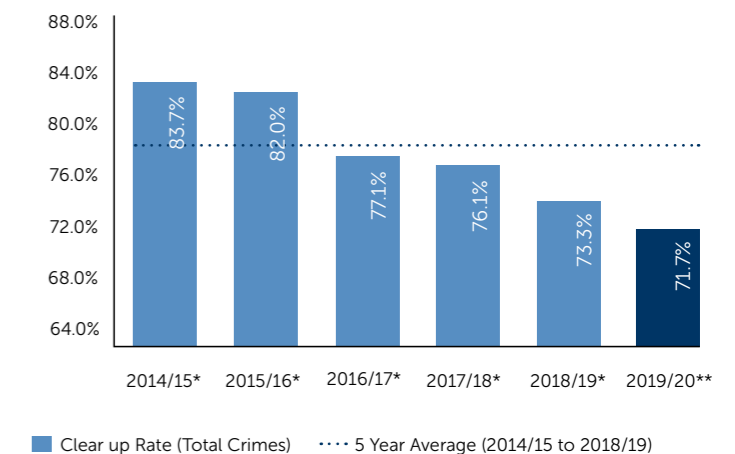
²⁸Police Scotland (2020) Chief Constable's Assessment of Policing Performance 2019/20. Available at: <http://www.spa.police.uk/assets/126884/609516/620377/620424>
²⁹Police Scotland (2020) Chief Constable's Assessment of Policing Performance 2019/20. Available at: <http://www.spa.police.uk/assets/126884/609516/620377/620424>

Figure 3: Crimes of Non-Sexual Violence recorded by the police 2014/15 to 2019/20



Five Year Average 2014/15 to 2018/19: 7,086
 2019/20 compared to Five Year Average: up 31.5%
 2019/20 compared to 2018/19: up 16.3%

Figure 4: Clear up rate for Non-Sexual Crimes of Violence recorded by the police 2014/15 to 2019/20

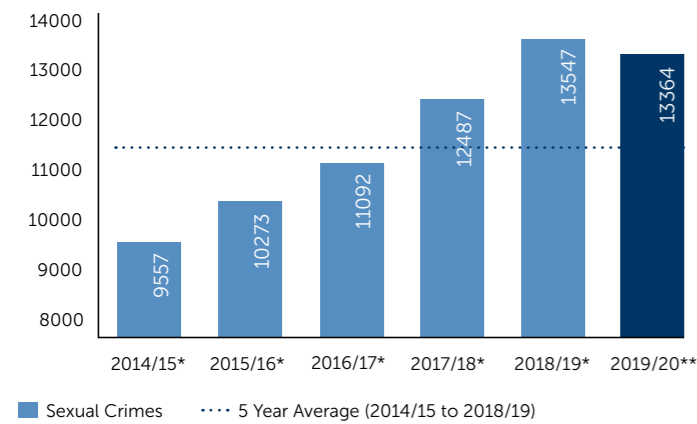


Five Year Average 2014/15 to 2018/19: 78.1%
 2019/20 compared to Five Year Average: down 1.6 percentage point
 2019/20 compared to 2018/19: down 6.4 percentage points

Sexual Crimes

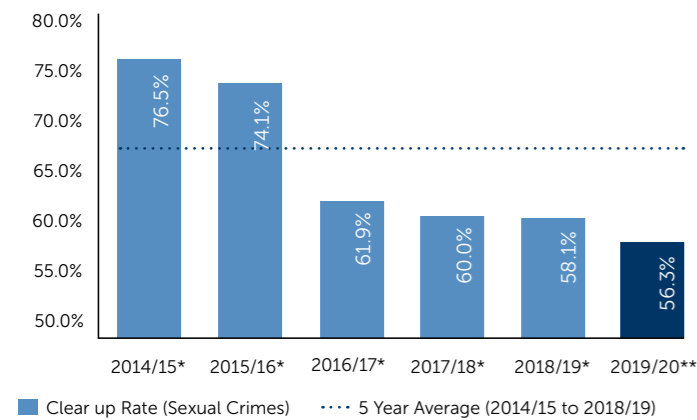
The number of recorded sexual crimes decreased in 2019/20 to 13,364 crimes (Figure 5), down by 1.4% in comparison with 2018/19, but remaining above (by 17.3%) the previous five year average. The clear up rate for Sexual Crimes has also reduced in 2019/20 to 56.3% (Figure 6), down from the five year average of 65.2%. This is an area where criminal investigations have become more complex, with more reports of sexual crimes taking place in the digital space, and a continuing trend for high numbers of non-recent crime to be reported. Police Scotland is addressing sexual crime as a high priority, through a range of targeted preventative and awareness raising campaigns, and is continuing to increase its capabilities for tackling cyber/digital crime.

Figure 5: Sexual Crimes recorded by the police 2014/15 to 2019/20



2019/20 compared to Five Year Average: up 17.3%
2019/20 compared to 2018/19: down 1.4%

Figure 6: Clear up rate for Sexual Crimes recorded by the police 2014/15 to 2019/20



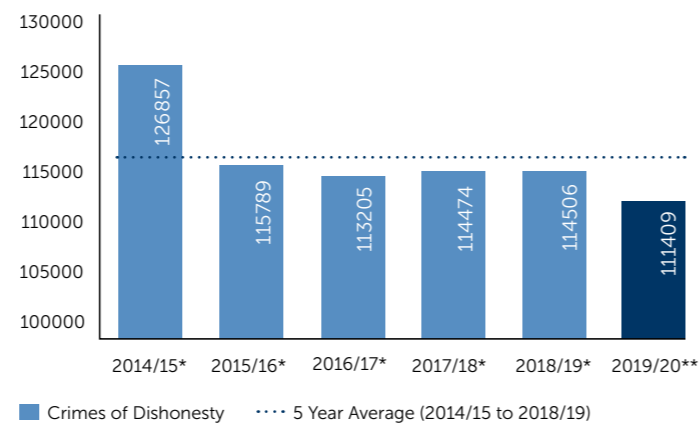
2019/20 compared to Five Year Average: down 8.9 percentage points
2019/20 compared to 2018/19: down 1.8 percentage points

Crimes of Dishonesty

Crimes of dishonesty, which include thefts, frauds, shoplifting, vehicle crime and housebreaking, reduced to 111,409 crimes in 2019/20 (Figure 7), down by 2.7% compared with 2018/19 and by 4.8% compared with the average for the preceding five years. The level for 2019/20 is lower than at any point since 2014/15.

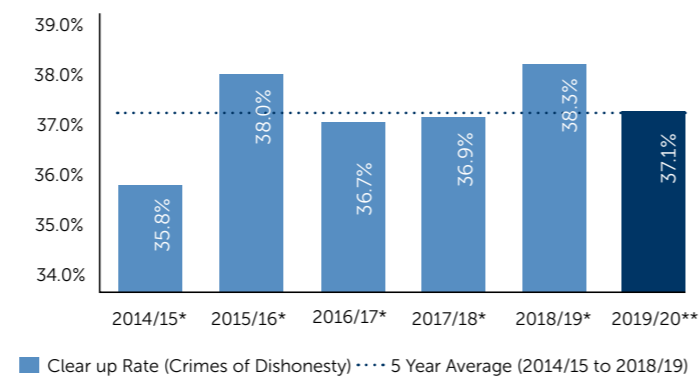
Clear up rates for crimes of dishonesty fell to 37.1% in 2019/20 compared with 38.3% in 2018/19 (Figure 8). The rate in 2019/20 is identical to the average yearly rate across 2014/15 to 2018/19.

Figure 7: Crimes of Dishonesty recorded by the police 2014/15 to 2019/20



2019/20 compared to Five Year Average: down 4.8%
2019/20 compared to 2018/19: down 2.7%

Figure 8: Clear up rate for Crimes of Dishonesty recorded by the police 2014/15 to 2019/20



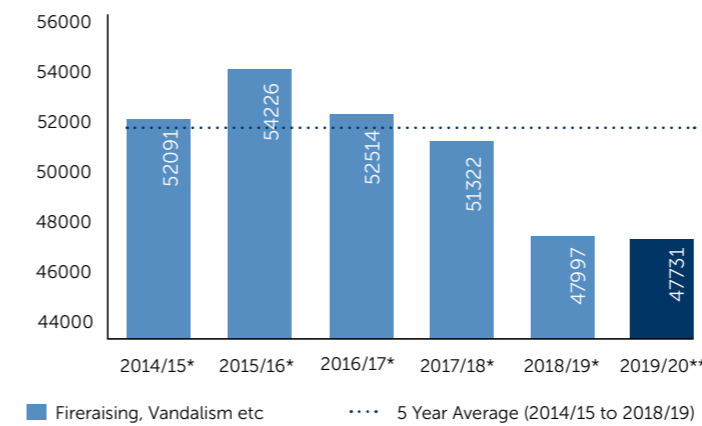
2019/20 compared to Five Year Average: no change
2019/20 compared to 2018/19: down 1.2 percentage points

Fire-raising, Vandalism etc.

Crimes of Fire-raising, Vandalism etc. have reduced in 2019/20, down to 47,731 crimes (Figure 9), a reduction of 0.6% compared with 2018/19 and down by 7.6% compared with the average for the five previous financial years.

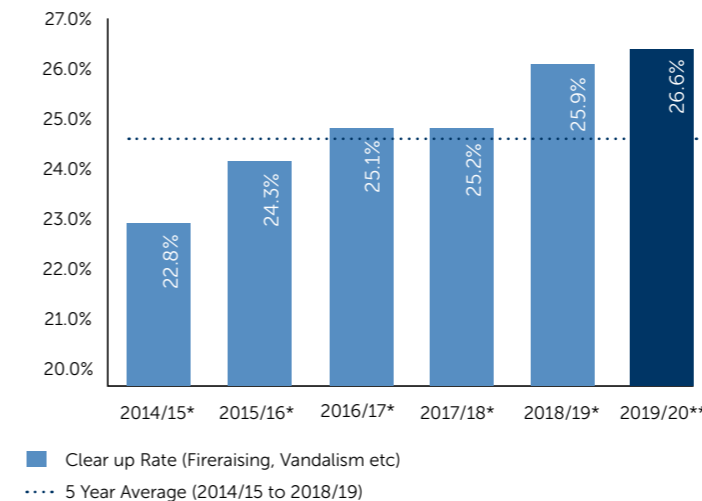
The clear up rate for these types of crimes has increased to 26.6% in 2019/20 (Figure 10), which represents the highest detection rate achieved since 2014/15. The clear up rate is up by 0.7 percentage points compared with 2018/19, and up by 2 percentage points compared with the average across the previous five years.

Figure 9: Fireraising, Vandalism etc. recorded by the police 2014/15 to 2019/20



2019/20 compared to Five Year Average: down 7.6%
2019/20 compared to 2018/19: down 0.6%

Figure 10: Clear up rate for Fireraising, Vandalism etc. recorded by the police 2014/15 to 2019/20



2019/20 compared to Five Year Average: up 2 percentage points
2019/20 compared to 2018/19: up 0.7 percentage points

Other Crimes

The category of Other Crimes consists of crimes which are largely discovered by police intervention as well as crimes committed against the state. These types of crime are rarely reported to the police by victims. Examples include drugs possession and supply, and the handling of bladed articles and other offensive weapons.

"Other Crimes" as a whole increased in 2019/20 to 64,589 crimes (Figure 11). This compares with 62,422 crimes in 2018/19 (up by 3.5%) and an average of 59,426 crimes per year in the period 2014/15 to 2018/19 (up by 8.7%).

The clear up rate for other crimes increased to 90.9% in 2019/20 (Figure 12), compared with 89% in 2018/19, and an average for the period 2014/15 to 2018/19 of 93.2%.

Figure 11: Other Crimes recorded by the police 2014/15 to 2019/20

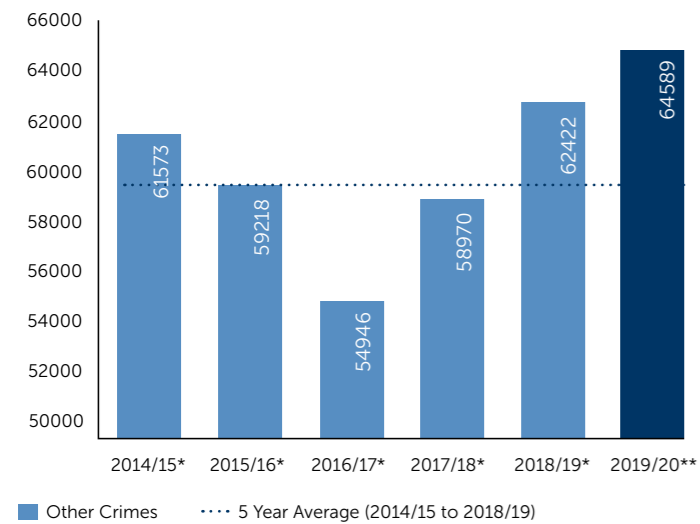
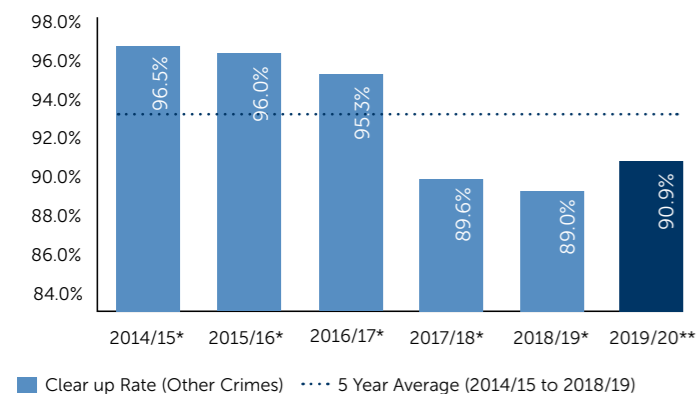


Figure 12: Clear up rate for Other Crimes recorded by the police 2014/15 to 2019/20



Public Confidence in Policing

The main findings from the Scottish Crime and Justice Survey 2018/19 were published in June 2020³⁰. Key findings about public views on policing in Scotland are summarised below, *although it is acknowledged that there is a time lag between the survey's fieldwork and the publication of results*.

The proportion of adults who believe that the police are doing an excellent or good job has fallen by a small margin in 2018/19 to 56% compared with previous years (Figure 13). In terms of public confidence in performing specific policing activities, there has been little change in 2018/19 compared with previous years, with values ranging between 60-70% with one clear exception being the distinctly lower and falling level of confidence with respect to crime prevention (Figure 14).

Figure 13: % Adults who say that the police in their area are doing an 'Excellent' and 'Good' job

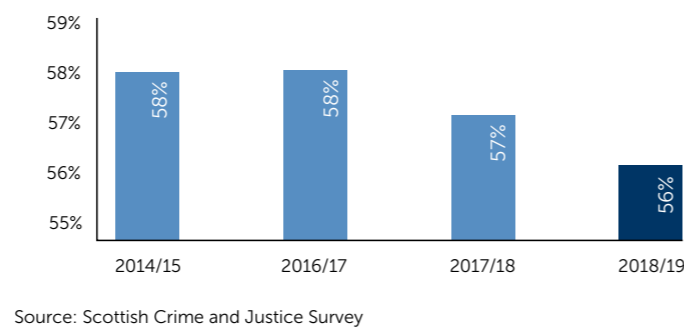
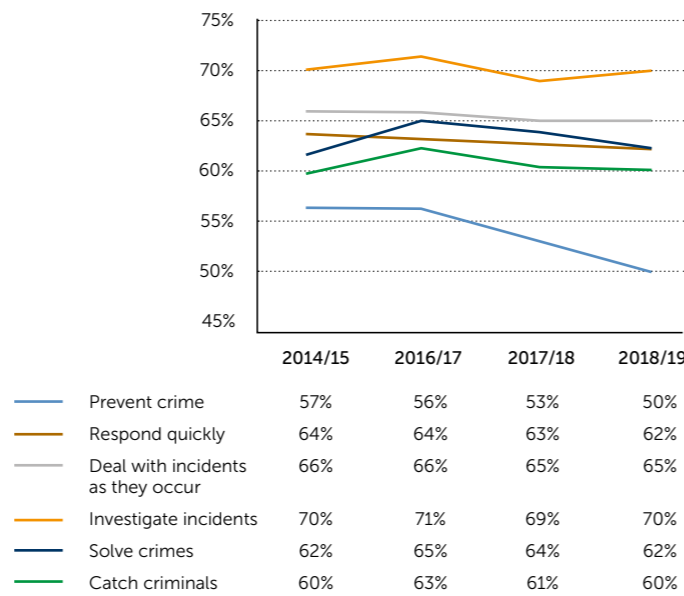


Figure 14: % Adults who express confidence in the police to carry out a range of activities

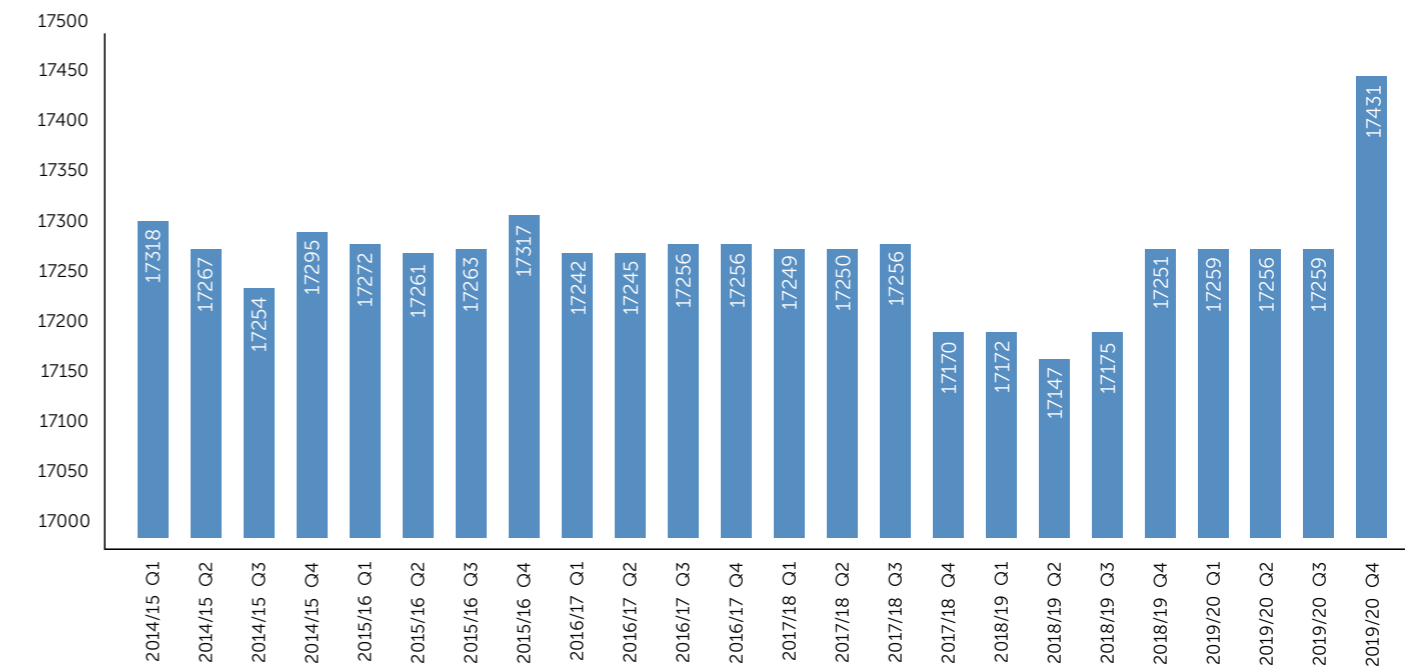


Police Officer and Police Staff Strength

The number of Police Officers in Scotland has remained above 17,250 throughout 2019/20, concluding in the final quarter of the year at 17,431 officers – the highest quarterly level since 2014/15.

The number of Police Staff in Scotland at 31 March 2020 was 5,709 full-time equivalents (FTE)³¹. This compares to 5,502 FTE Police Staff on 31 March 2019³², an increase of 3.8%.

Figure 15: Police officer Strength by Quarter 2014/14 to 2019/20



1. All figures are expressed in terms of full-time equivalent (FTE) police officers, rounded to the nearest whole number.
2. Number of police officers in Scotland are defined in notes 6-8 (in Statistical Release Notes worksheet) and exclude officers on career breaks.
3. Figures are as at the end of the respective quarter – Q1=30 June, Q2=30 September, Q3=31 December and Q4=31 March.

Source: Scottish Government; Police Officer Quarterly Strength Scotland. Published 9th May 2020 and available at: <https://www.gov.scot/publications/police-officer-quarterly-strength-statistics-scotland-31-march-2020/> Accessed 3rd June 2020.

³⁰Scottish Government (2020). Main findings from the Scottish Crime and Justice Survey 2018/19. Available at: <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2020/06/scottish-crime-justice-survey-2018-19-main-findings/documents/scottish-crime-justice-survey-2018-19-main-findings/scottish-crime-justice-survey-2018-19-main-findings/govscot%3Adocument/scottish-crime-justice-survey-2018-19-main-findings.pdf?forceDownload=true> and accessed 16th June 2020.
³¹Police Scotland (2020) Police Scotland Officers & Staff Quarterly Fact Sheets. Available at: <http://www.scotland.police.uk/assets/pdf/138327/212520/police-scotland-officer-numbers-quarter-4-31st-march-2020?view=Standard> and accessed on 3rd June 2020.
³²Police Scotland (2019) Police Scotland Officers & Staff Quarterly Fact Sheets. Available at: <http://www.scotland.police.uk/assets/pdf/138327/212520/Police-Scotland-Officer-Numbers-Quarter-4-31st-March-2019?view=Standard> and accessed on 3rd June 2020.

Local Authority Perspectives on Policing Performance

Local Authorities have a key role to play in the policing system in Scotland, primarily through their involvement in developing and approving Local Police Plans and by holding scrutiny committees or similar fora for scrutinising local police performance.

The SPA regularly seeks to obtain feedback from Local Authorities on how these arrangements are working as part of its oversight of the policing system and whether there are areas of good practice, learning or improvement. This year, as with previous years, to inform the Scottish Police Authority's performance assessment of the policing system, the Chief Executive has written to Local Authorities to seek their feedback, recognising the enormous pressure that local authorities are under during the COVID-19 pandemic. Key points from the feedback received are summarised below:

Strengths identified

Local partnership approaches remain strong and effective, tackling a range of local issues including re-offending and drug and alcohol misuse, as part of wider national efforts to tackle complex social problems such as drug related deaths.

Joint tasking and coordinating of local resources across partnerships continues to be effective, with evidence of valuable work to tackle a number of key issues such as rural crime and public protection from a multi-agency position.

Co-location with partners is helping to promote collaborative working locally to tackle issues such as domestic abuse, providing improved information sharing and support to survivors of abuse. Community hubs, where partners are co-located, are proving to be effective at enabling tasking.

Good level of communication between Local Commanders and Local Authorities at scrutiny meetings, responding to questions etc and more recently around the policing of the COVID-19 "lockdown" and the use of new policing powers.

Effective consultation and engagement around the preparation of the new strategic police plan.

Suggestions of areas for development and additional information

More detail regarding officer numbers (and actual and authorised establishment figures), the number of complaints against the police, and explanations for changes to the policing profile of local areas.

More comparative information on levels of local policing resources and how these relate to the benefits obtained by divisional and nationally available structures.

Reporting on the results of efforts to tackle national and local issues such as drug-related deaths would strengthen performance reporting and scrutiny.

Strategies to tackle particular social issues to better reflect that single agency approaches are not as likely to deliver as successfully as multi-agency approaches.

More systematic sharing of good practice in carrying out local scrutiny of policing performance, could be better developed across the Local Authority landscape.

Looking Forward

The SPA Policing Performance Committee now includes representation from the Convention of Scottish Local Authorities (COSLA) and this will continue to enable a developing engagement mechanism for considering local policing matters that emerge from COSLA meetings and events, as well as providing a platform for discussion on feedback and local policing issues raised by individual local authorities that can enhance local policing performance reporting.

Forensic Services Performance

During 2019/20 Forensic Services have demonstrated that the service has performed well and completed Phase one of the Forensic 2026 Strategy to take a significant step forward in achieving the objectives set out in the 2026 strategy, "Scientific Excellence for Safer Communities". Casework ageing has reduced over many business areas and output is higher with workloads reducing due to increased capacity. Considerable effort has been put into the reduction of active workload by staff although demand, particularly in drugs work, continues to be high.

Realisation of benefits and quick wins at an early stage of the strategic journey has been positive. In relation to Phase one and the targets Forensic Services set out to achieve, progress can be shown in relation to increasing capacity as well as beginning to demonstrate real added value, for example through drugs data analysis. The implementation of the new performance framework in 2020/21 will further demonstrate measures against all strategic objectives that Forensic Services are working towards.

Over the last 12 months Forensic Services have established a Change function to lead through all phases of the 2026 strategy. During the last year there has been a focus on Phase one business improvements as well as benefits from coordinating all other Forensic Services business change. Against a backdrop of rising demand in all areas there is evidence that output has increased from increasing capacity, supported by several operational improvement projects delivered during the year. Some of these projects have focused on workload reduction, resulting in lower casework volumes in some areas. A detailed report on Phase one benefits realisation was made to the SPA Forensic Services Committee in April 2020³³.

There has been continued significant input to major crime cases and demand for such input throughout the year. All areas of the Forensic Services organisation contributed to this requirement which has not only included current cases but also cold cases. The value of the application of forensic techniques, including the use of advanced DNA technology in cold cases for example, has resulted in securing convictions and external recognition and commendation for high standards of work.

The recent impact of the COVID-19 outbreak saw demand reduce at the end of March 2020. Changing demand levels have seen the forensic response ensure appropriate staffing levels are maintained, with this situation being continually monitored to ensure that demand from all users of Forensic Services is met.

Phase 2, which looks at delivery over the 3 year period 2020 to 2023, focuses on transformational change, with significant planning for this phase having taken place during 2019/20. Work over the last six months has seen the commencement of the development of a new operating model for Forensic Services. This model will create greater operational capacity, particularly for investigative casework as well as assisting in the continued professional development of staff over future years to maintain and grow scientific excellence.

In addition Forensic Services continued work to implement external improvement recommendations from HMICS, providing a significant amount of supporting evidence for the closure of recommendations. Nine recommendations remain that are largely aligned to the Forensic Services' 2026 strategy. Implementing these recommendations will in some areas have resource implications and therefore Forensic Services and Police Scotland are working together to deliver these improvements.

Forensic Services are delivered through the use of a quality management system. Following annual audit, re-accreditation was granted by the United Kingdom Accreditation Service (UKAS) to the laboratory standard ISO 17025 standard for the 22nd consecutive year. UKAS are the national accreditation body for the United Kingdom, appointed by government, to assess organisations that provide certification, testing, inspection and calibration services.

Detailed trend analysis of forensic service scene examination, caseload across the organisation, performance delivery and demand, as well as case study examples can be found in the full Forensic Services Performance Assessment submitted to the SPA Policing Performance Committee in May 2020³⁴.

³³SPA Website - <http://www.spa.police.uk/assets/126884/426671/604456/616328/BenefitsReal>

³⁴SPA Website - <http://www.spa.police.uk/assets/126884/609516/620377/620429>

SPA Corporate Performance

During 2019/20, there was an unplanned leadership change in the SPA caused by the resignations of Hugh Grover as Chief Executive in September 2019 and subsequently, Professor Susan Deacon as Chair in December 2019. Lynn Brown was appointed as Interim Chief Executive and SPA Vice-Chair David Crichton assumed interim leadership of the Authority whilst remaining in the role of Vice Chair. Against the backdrop of this change, steady improvement progress continued to be made in many areas across the Authority. In some ways, the year has been one of design and preparation for sustainable organisational improvement, with a range of new strategic approaches and mechanisms developed and approved, ready to be tested during 2020/21.

The Authority's statutory delivery continued during 2019/20, with the Independent Custody Visiting Scheme providing management and support to its 170 independent visitors, helping to ensure that the SPA met its obligations to ensure equality, diversity and protection of human rights. The Scheme also helps to ensure that Scotland is doing everything it can in its public services to meet international standards set by the United Nations in its Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (OPCAT). Although actual custody visiting and recruitment of volunteers was suspended in March 2020 due to the impact of COVID-19, remote monitoring of custody records was undertaken by SPA officers, with the SPA Policing Performance Committee receiving regular updates on the issues being faced and the effectiveness of solutions put in place to protect the wellbeing and human rights of those taken into custody during the crisis.

As the governance and oversight body for Police Scotland, the SPA receives reports and publishes communications from the Independent Advisory Group (IAG), set up to advise on the use of the temporary police powers enacted as a result of the pandemic. One of the aims of the IAG is to ensure that the use of temporary powers by Police Scotland is compliant with human rights principles and legal obligations, including those set out in the Human Rights Act 1998 and the Scotland Act 1998. The IAG will assess the use of these extraordinary powers and report regularly during 2020/21 with the SPA keen to learn how the IAG has sought and taken account of the views of police officers and members of the public and in particular, the use of powers involving children, young people, or persons within disadvantaged communities including those with protected characteristics under the Equality Act 2010, to ensure that they are fully reflective of Police Scotland's duties.

Both the delivery of a refreshed joint Strategic Police Plan and the SPA Corporate Plan have provided welcome focus on how policing's future challenges will be tackled and governed. The imminent fulfilment of the SPA 2020 programme of organisational development is a key enabler and implementation of the programme during 2020/21 will enhance the support to the Board in their role as strategic leaders of policing as well as providing the staff team with a much needed increase in capacity and capability and the provision of clear direction and opportunities for development.

There are challenges still facing the governance of Scotland's police service and the SPA must continue to exercise and improve on its public duty to address these challenges robustly, effectively and with an independent voice. One example this year has been the SPA Board's public comments on the continuing deficit in police funding.

During 2020/21, the SPA commits to fully developing its role of support and challenge, particularly in historically difficult areas relating to its scrutiny of outcome based performance, demand management, resource allocation and strategic workforce planning. The SPA Corporate Plan 2020-23 and the accompanying Business Plan for 2020/21 identify key actions to be taken, with regular reviews of progress to be reported in public.

Additional performance and improvement evidence from SPA Corporate, including statutory delivery can be found in the full SPA Corporate Performance Assessment submitted to the SPA Policing Performance Committee in May 2020³⁵.

³⁵SPA Website - <https://www.spa.police.uk/spa-media/cfpjgplw/rep-c-20200521-item-3-3-spa-assessment.pdf>

Financial Performance

The May 2018 three year financial strategy provided a route to balancing the budget by 2020/21. This required officer and staff reductions resulting from significant investment in transformational change. The deficit reduction plan continued to be achievable until the planned officer reductions in 2019/20 were put on hold due to the potential for a no-deal Brexit. This delayed the achievement of financial balance by at least one year. The Chief Constable has stated that existing workforce numbers are not sustainable with the current budget settlement.

From a level of £63m in 2016/17, the revenue deficit reduced to £26.8m in 2019/20. The 2020/21 approved budget is a revenue deficit of £44m and assumes that officer numbers are retained at 17,234 for the financial year. This deficit includes an estimated £8m net reduction in income due to coronavirus / COVID-19. There will be wider financial impacts of COVID-19 on the SPA which were unknown at the time of budget setting. These are being closely monitored and reported to the SPA Board and the Scottish Government.

Achieving financial sustainability in future years remains challenging: the required transformation benefits continue to be heavily dependent on a significant increase in capital funding and requires a structural correction to the SPA's funding and / or workforce reductions in addition to ongoing funding increases in line with pay growth.

Revised longer term financial plans will be developed in the 2020/21 financial year. Crucially these will incorporate the Strategic Workforce Plan that is currently being developed, in addition to the revised Strategic Policing Plan.

Revenue

When the SPA budget was approved for 2019/20 it included a core revenue operating deficit of £24.6m plus an additional £17.0m deficit related to Brexit (£41.6m total). This meant that the approved budget included expenditure for the year which was £41.6m higher than the revenue funding available from the Scottish Government. This position was recognised by the Scottish Government in its 2019/20 Budget Allocation and Monitoring (BAM) letter to the SPA:

"We understand the resource budget deficit for 2019-20 is estimated at £24.6m... and that you will take all measures possible to minimise this deficit over the course of the year, by seeking further savings and additional income opportunities. We will continue to work closely with the SPA to monitor and support your cash requirement position throughout the year."

In June 2019, the Scottish Government confirmed that they would fund EU exit-related policing costs of up to £17.0m. For presentational purposes, the following table has been updated to reflect the revised budgeted revenue operating deficit as £24.6m rather than £41.6m.

The table below sets out the final revenue outturn position against budget for 2019/20.

Table 1

Revenue Outturn	Budget £m	Outturn £m	Variance over/(under) £m
Police Officer Costs	818.1	818.2	0.1
Police Staff Costs	186.9	187.3	0.4
Holiday/TOIL pay accrual	-	0.9	0.9
Non-pay Costs	143.0	149.7	6.7
Income	(40.6)	(44.3)	(3.7)
Total Police Scotland	1,107.4	1,111.8	4.4
Forensic Services	32.1	33.3	1.2
SPA Corporate	4.5	3.6	(0.9)
Net Expenditure (pre SPRM)	1,144.0	1,148.7	4.7
Less: SPRM (reform funded)	(7.3)	(7.3)	-
Net Expenditure	1,136.7	1,141.4	4.7
Funding – core	(1,095.1)	(1,097.6)	(2.5)
Funding – Brexit	(17.0)	(17.0)	-
Over/(Under) spend against budget	24.6	26.8	2.2

The table shows that against a budgeted revenue core deficit of £24.6m the actual out-turn position for the year was a £26.8m deficit, £2.2m over budget. The Scottish Government provided additional cash funding of £32.9m to cover the deficit and working capital requirements. This was in addition to funding of £17.0m specifically to cover the anticipated costs of Brexit, which exactly offset those incurred in the year. Overall net expenditure was £4.7m higher than budget, although £2.5m of this corresponds with additional Grant in Aid funding received in-year for the police staff pay award and other funded initiatives. The net increase in the deficit versus budget is therefore £2.2m, driven by COVID-19 related costs. There are a number of other offsetting variances that have been managed across the year as part of the quarterly reforecasting process and broadly net to zero.

At a more detailed level, the most significant factors that contributed to the increased costs versus budget (£4.7m) were as follows:

Police Officer costs (£0.1m over budget) – The overspend against budget primarily reflects additional cost of overtime £0.8m (including the response to COVID-19) offset by underspends in pensions (£0.5m) and other salary costs (£0.2m).

Police Staff costs (£0.4m over budget) – The overspend mainly relates to increased pay award (£1.0m, fully funded), continuous improvement savings shortfall (£1.5m), other salary costs net of overtime (£0.2m) offset by the partial release of the 2018/19 SPRM recognition payment accrual (£2.3m).

Holiday / TOIL pay accrual (£0.9m over budget) – The cost of annual leave days cancelled to support COVID-19 operational policing requirements (£1.1m) offset by savings realised through reduction in TOIL.

Non-pay costs (£6.7m over budget) – the primary drivers being transport related costs (£1.9m); estate maintenance (£1.7m); other funded initiatives (£1.5m); COVID-19 related expenditure (£0.8m); and other non-pay items (£1.9m). These adverse variances and other one-off items were partially offset by underspends in ICT costs.

Income was £3.7m higher than budget which had included a central challenge (£2.0m). The extra income achieved, of £5.7m consisted of: additional revenue (£1.8m) from the policing of events, primarily from football, concerts and other operations; extra specific grant funding (£1.2m) has been received as well as additional mutual aid income (£0.7m) in relation to operations conducted on behalf of other Forces; additional income in respect of the vehicle recovery scheme (£1.2m), rental and hire charges (£0.2m) and various other small items (£0.6m).

Forensics (£1.2m over budget) – The overspend mainly relates to police staff costs impacted by a lower number of staff vacancies throughout the financial year than budgeted, additional costs for operational kits and equipment maintenance.

SPA Corporate (£0.9m under budget) - The underspends mainly relates to police staff costs impacted by a higher number of staff vacancies throughout the financial year than budgeted, premises and other costs.

Capital

The table below sets out the capital expenditure and the capital funding for 2019/20 which resulted in an underspend of £0.1m against funding:

Table 2

Capital Outturn	Budget £m	Outturn £m	Variance £m
Expenditure			
Estates	4.3	5.1	(0.8)
Fleet	2.9	6.6	(3.7)
ICT	6.1	5.5	0.6
Specialist Policing Equipment	2.8	2.2	0.6
Weaponry	2.1	1.0	1.1
Brexit	0.0	0.7	(0.7)
Forensics Services	1.7	1.6	0.1
Business as Usual Capital Expenditure	19.9	22.7	(2.8)
Mobile Working	10.7	10.0	0.7
Core Operating Solutions	5.9	4.8	1.1
National Network	3.3	3.3	0.0
Active Directory, Exchange & Lync (ADEL)	1.3	1.3	0.0
National Integrated Communications Control System (ICCS)	1.5	0.6	0.9
Cybercrime Technical Surveillance Programme (CTS)	1.0	0.7	0.3
Estates Transformation	0.5	0.0	0.5
Cyber Resilience	0.5	0.0	0.5
Automatic Number Plate Recognition (ANPR)	0.4	0.3	0.1
Criminal Justice Services Division (CJSD) Programme	0.0	0.8	(0.8)
Payroll	0.1	0.2	(0.1)
Offender Management Unit (OMU)	0.0	0.5	(0.5)
Transformation Capital Expenditure	25.2	22.5	2.7
Slippage Management	(2.0)	0.0	(2.0)
Total Expenditure	43.1	45.2	(2.1)
Funding			
Grant in Aid	35.0	35.8	(0.8)
Receipts	3.5	4.4	(0.9)
Reform Funding	4.6	4.6	0.0
Other grants	0.0	0.5	(0.5)
Total Funding	43.1	45.3	(2.2)

Capital Expenditure in 2019/20 resulted in a slight underspend against confirmed funding by £0.1m due the slippage of a small percentage of orders in light of challenges with timing of orders and deliveries. However, capital expenditure was £2.1m higher than the original budget but offset by compensating increased funding, primarily from property disposals and successful bids to the Scottish Government Justice Transformation fund.

Transformation projects (Core Operating Solutions, Mobile Working and National Network) had significant funding allocations and have experienced significant positive delivery across the programmes. Where underspends were identified, funding was redirected to areas of strategic importance such as investment in fleet and CJSD programmes.

Reform funding

The SPA and Police Scotland revenue budget has included an element of non-recurring police change fund (reform) funding since 2013/14, the purpose of which has been to support the change and transformation of policing in Scotland during this period.

Originally a total of £29.6m was made available by Scottish Government (£25m of revenue funding as set out in the table below, and £4.6m of capital funding as noted in the capital section) but subsequently the revenue grant-in-aid funding was reduced from £25.0m to £24.0m, reflecting the SPA's contribution to the overall Scottish Government package for Brexit-related measures. The funding could only be drawn down once the SPA and Scottish Government were satisfied that there were robust business cases in place that demonstrated best value in the use of reform funding.

The reform funding available was used in full. The greatest element of reform expenditure related to staff pay and reward modernisation (implementation and pay protection), and resources to support transformation projects and departmental reorganisations.

The table below provides a break down as to how the reform funding was utilised in 2019/20:

Table 3

Revenue Reform Outturn	Budget £m	Outturn £m	Variance £m
Transformation Resource	6.4	7.8	(1.4)
SPRM Implementation	7.3	7.3	0.0
SPRM Pay Protection	2.5	2.5	0.0
Core Operating Solutions (COS)	2.2	1.0	1.2
National Network	1.5	1.1	0.4
Contact Assessment Model (CAM)	1.3	0.3	1.0
VR VER	1.0	1.3	(0.3)
Transforming Corporate Support Services	1.0	0.0	1.0
Mobile Working	0.9	0.3	0.6
Commercial Excellence	0.5	0.9	(0.4)
Cybercrime Technical Surveillance Programme (CTS)	0.5	0.2	0.3
Demand Productivity Performance	0.3	0.1	0.2
National Integrated Communications Control System (ICCS)	0.2	0.0	0.2
Purchase to Pay (P2P)	0.2	0.1	0.1
Cyber Resilience	0.2	0.0	0.2
Payroll Interim	0.1	0.1	0.0
Procurement Improvement Plan	0.0	0.5	(0.5)
Analytics Transformation Professional Services	0.0	0.2	(0.2)
Leadership Assessment	0.0	0.2	(0.2)
Criminal Justice Services Division (CJSD) Programme	0.0	0.1	(0.1)
Slippage Management	(1.1)	0.0	(1.1)
Total	25.0	24.0	1.0
Reform Funding	25.0	24.0	1.0

Statement of financial position

The pensions liability continues to dominate the Statement of Financial Position (SoFP), with a total liability of £19.8bn (2018/19: £17.0 bn), of which 99% is attributable to the Police Officers' Pension Scheme. These liabilities represent the total value of current and future pension costs. The Police Officers' Pension Scheme is an unfunded, defined benefit scheme and the costs of providing pension benefits, due under this scheme, are met by the Scottish Government on an ongoing basis. Consequently, although significant, the costs do not impact directly upon SPA spending or prioritisation decisions, and in turn, do not directly impact upon operational policing. The increase in the liability during the year of £2.8bn is primarily attributable to a reduction in the discount rate although the current service cost and pension financing cost have also contributed.

During the year, the SPA continued to monitor cash levels to ensure outgoings could be met, while not holding excessive cash balances, thus supporting the efficient allocation of public resources. Cash holdings at 31 March 2020 amounted to £14.2m (2018/19: £14.2m) which was required to meet short term outgoings. Additional cash funding of £32.9m (2018/19: £35.9m) was received from Scottish Government which was necessary to fund the planned deficit (and working capital) which is not funded by Grant in Aid. Without this additional government cash funding, the Authority would have had insufficient resources to meet its commitments.

During the year, the SPA continued to dispose of underutilised property assets. This was the subject of a public consultation in 2017/18. In year, property assets with net book values totalling £4.5m (2018/19: £6.5m) were disposed of and receipts were utilised to fund vital capital expenditure for Police Scotland.

Reconciliation to Statement of Comprehensive Net Expenditure (SOCNE)

The Net Expenditure position disclosed in the Financial Statements section of the 2019/20 Annual Report and Accounts (p108) is presented within the Statement of Comprehensive Net Expenditure (SOCNE). The Net Expenditure indicated within the SOCNE is £1,710.4m. This outturn differs from the position disclosed in this Financial Performance report due to a range of non-cash adjusting items. A reconciliation is provided below:

Table 4

Financial Performance Outturn	Reference	£m
Revenue Outturn (Core funding)	Table 1, p44	1,141.4
Revenue Outturn (Reform funding)	Table 3, p46	24.0
Total Revenue Resource DEL outturn	Statement of Resource Outturn (SORO), p100	1,165.4
Reconciliation to: Statement of Comprehensive Net Expenditure (SOCNE)		
<i>Non-cash costs</i>		
IAS 19 adjustments (for pensions)	SORO Reconciliation p101	484.9
Depreciation and Impairment		60.8
Movement in provisions		0.4
Other ¹		(1.1)
SOCNE Net Expenditure Outturn	SOCNE, p109	1,710.4

Further information on this position, including funding streams for the items above, is provided in the Statement of Resource Outturn (p100).

¹ Debt impairment and Capital Grant adjustments

Forward financial outlook**2020/21 Budget**

The 2020/21 budget sets out the spending plans for the SPA (which includes Police Scotland and Forensic Services) for revenue, capital and reform for the next financial year.

The SPA's revenue funding allocation for 2020/21 exceeds the Scottish Government's commitment to protect the SPA's revenue budget in real terms. The total increase in the SPA's resource funding is £50.2m or 4.6% in cash (£29.5m or 2.7% in real terms).

The approved budget results in a revenue deficit of £44m - an increase from the previous year's core operating deficit (£24.6m) plus an additional £17.0m deficit related to Brexit (£41.6m total).

The increase in Scottish Government funding has not fully addressed the underlying structural deficit. To achieve financial sustainability in the long-term continues to require a combination of: workforce reductions; structural funding correction; and ongoing funding increases in line with pay growth.

The SPA's capital funding from the Scottish Government has increased by £10m from the previous year to £49.6m (including reform capital). This includes funding for investment in "green" electric vehicles (£5m) and investment in modernisation of the police estate (£5m).

The capital funding settlement, despite increasing year on year remains lower than requested in the SPA's spending review submission and will not allow for investment in any new transformation.

The Scottish Government continues to provide reform funding of £25m which represents no change from the previous year's original funding level.

The key highlights from the 2020/21 revenue budget are:

Budgeting for 17,234 police officers, including approximately 270 non-SG funded officers.

Inclusion of agreed 3% staff pay award and SPRM costs baselined with a continued commitment to no compulsory redundancies.

Increases in non-pay budgets (£17m), targeting issues within Estates, ICT and public order.

Officer and staff wellbeing funded with a £1.7m increase from the previous year.

A central income target (£4.1m) has been budgeted that requires resolution during the year.

A subsequent further reduction to income budgets (net ~£8m) to capture the initial impact of COVID-19.

The key investment highlights (capital and reform) from the 2020/21 budget are:

The capital funding settlement is lower than requested in the SPA's spending review submission.

£30m of unavoidable committed and legislative capital investment.

£24m of further capital investment in business as usual (BAU) asset replacement (Estates, Fleet, ICT, etc).

£5m of specific investment in "green" electric vehicles that will begin to decarbonise the fleet.

£5m additional investment to contribute towards the maintenance of the police estate.

The funding allocated will not allow for new technology change.

The impact of COVID-19 will require a reprioritisation of all capital plans.

In addition to the budgeted revenue deficit for 2020/21, there are also a number of material threats, that have not been budgeted for, some of which may crystallise during the year. In particular, there are significant operational and financial risks related to coronavirus / COVID-19. The impact of these is highly uncertain and continually changing. The SPA has initially estimated an ~£8m reduction in income that has been incorporated in the revised deficit. The capital plans will be significantly impacted by COVID-19. This includes delays in the ability of contractors to carry out capital works and the service pausing some change projects whilst effort is focused on the immediate COVID-19 crisis. A full review and reprioritisation of the capital programme is being undertaken; this will identify and prioritise key projects that can be progressed in 2020/21.

The full revenue, capital and reform financial consequences of COVID-19 are being carefully monitored and reported regularly to the SPA Board. In response to the Scottish Government's budget letter, the Chief Executive, working with Police Scotland, replied to stress this risk and its financial implications. The Scottish Government provided assurances that it will work with the SPA to ensure it is able to operate appropriately.

Financial sustainability – longer term financial planning

Over the last 12 months the issue of the SPA's financial sustainability has been addressed in a number of different ways.

Policing in Scotland has demonstrated its ability to deliver savings – real terms funding reductions similar to the level in England and Wales have been managed through the delivery of annual cost savings in excess of £200m, whilst maintaining police officer numbers and enhancing the quality of policing in Scotland. The Chief Constable reinforced that Scottish Government provides insufficient funding to maintain the current workforce (which represents over 87% of our total budget).

In the spending review and Infrastructure Commission submission, the case has been made for investment to transform and modernise the service whilst also generating revenue savings. Furthermore, fundamental options to address the revenue budget gap were identified and outlined in the medium term financial planning scenarios and additional financial modelling.

Spending review

In June 2019 the Chief Financial Officer presented to the SPA Resources Committee the Spending Review proposal for multi-year investment in the policing service incorporating our digital, data & ICT (DDICT), estates and fleet strategies. This document was discussed with the Scottish Government, including senior civil servants in the Justice and Finance directorates as well as the Cabinet Secretaries for Justice and Finance. In addition a formal submission on this matter, was made to the Justice Sub Committee on policing, held on 12 September 2019.

The SPA has also been advocating for urgent additional capital funding to reflect the ongoing requirements of an organisation of such scale and with the complexity of the policing service (including Forensic Services). As a result of disproportionately small levels of investment, the current asset base has not been adequately maintained. The buildings, vehicles, technology and equipment of the policing service are deteriorating and the organisation's risk profile is increasing significantly. We have been highlighting the failures in key assets (ICT, Estates, Fleet) as well as the need to invest in transformational change projects to deliver an efficient policing service, fit for the 21st century.

Medium term financial planning scenarios

At the SPA Board meeting of 24 September 2019, a report on medium term financial planning scenarios was provided which found that the achievement of financial sustainability - in the form of an ongoing balanced budget - is contingent on:

a "structural correction" to revenue funding of ~£70m (in addition to our assumed real terms protection of a £20m uplift for real terms protection);

or

significant reductions to workforce numbers plus funding increases in line with pay awards;

and

annual increase thereafter, indexed to wage growth.

Infrastructure Commission

The SPA also produced for the Scottish Government, a strategic business case for investment in capital infrastructure for the next three to five years. This positioned policing infrastructure for the national service, as part of Scotland's national infrastructure.

This case highlights that with the principal aims of the reform Act now achieved, the SPA must move towards a new phase of transforming how it operates in order to realise significant service benefits for the people of Scotland and Scottish taxpayers. This will require significant financial investment to realise our vision, without which, the SPA will stagnate and remain financially unsustainable.

Further financial modelling

In tandem with the budget setting process, we continued to develop and enhance a number of financial scenarios over a longer time horizon and shared these formally with stakeholders including the Scottish Government.

These scenarios demonstrated that, without further corrective action, the deficit would grow significantly over five years, even after the impact of savings delivered from planned change projects.

The Scottish Government provided an increase in revenue funding for 2020/21 in excess of the committed level of real terms protection, however, this increase has not fully addressed the underlying structural deficit. To achieve financial sustainability in the long-term, the SPA will continue to require a combination of: workforce reductions; structural funding correction and ongoing funding increases in line with pay growth.

The capital funding settlement, despite increasing year on year, remains lower than requested in the spending review submission and will not allow for investment in any new transformation.

Conference of the Parties (COP26)

The UK Government will host the United Nations Framework Convention for Climate Change (UNFCCC) 26th Conference of the Parties (COP26) at the Scottish Event Campus (SEC), Glasgow during the 2021/22 financial year. The conference was originally scheduled to take place in November 2020 but it has since been confirmed that in light of the ongoing worldwide effects of COVID-19, the COP Bureau of the UNFCCC, along with UK and Italian governments, have taken the decision to postpone COP26 to 1 - 12 November 2021.

Prior to the announcement of the postponement, a detailed bottom-up budget based on the original November 2020 date was prepared by Police Scotland and shared with both the SPA and the Cabinet Office's COP26 Unit. As part of this initial work there now exists a framework for the recovery of incremental costs by Police Scotland/the SPA from the UK Government, adhering to the agreed principle of no financial gain or detriment to Police Scotland/the SPA as a result of policing the event. The full incremental cost of policing COP26 will be met by the UK Government.

Financial strategy refresh

The SPA has, in March 2020, approved the refreshed Strategic Police Plan which sets out five strategic outcomes and the steps required to deliver change. This overarching organisational strategy will also be supported by a more detailed three year implementation plan setting out the specific operational and change activity that will be undertaken in the short term, towards meeting the overarching strategy outcomes.

Furthermore, underpinning strategies for DDICT, Estates and Fleet have been published and articulate the organisation's ambition and multi-year investment requirements in these areas. However, the strategic workforce plan will not be available until late 2020. As the workforce continues to represent over 85% of the organisation's cost base, this remains the most critical single element in forecasting the financial needs of the organisation.

There is also a key dependency on establishing the likely multi-year profile of funding from the Scottish Government. Previous formal iterations of the financial plan were able to reference the Scottish Government's £100m commitment on revenue funding increases over the lifetime of the Parliament, which introduced some degree of certainty, however, the future funding position is unclear.

The long term financial plans will be revised later in the 2020/21 financial year, recognising the dependencies outlined above.

Conclusion

The SPA has demonstrated its ability to deliver annual cost savings in excess of £200m for the policing service whilst maintaining officer numbers and enhancing the quality of policing and ensuring equality of provision across the country.

Current levels of investment are disproportionately small for an organisation of such size and scale, and are insufficient to maintain our asset base. The buildings, vehicles, technology and equipment are deteriorating and the organisation's risk profile is increasing significantly. This is unsustainable.

We have a number of well-developed strategies and plans to address these issues which are aligned to the National Performance Framework outcomes, but they require funding from Scottish Government. Crucial work is required to finalise the strategic workforce plan that will complete the key strategy pillars.

Financial plans will continue to be reviewed to ensure that they reflect the most up to date information, and they will be used as a framework for annual budget development. However, the analysis performed to date clearly shows that financial sustainability will be dependent on significant levels of investment (revenue, capital and reform) in the coming years, to ensure that there is an efficient and effective infrastructure in place to support the delivery of operational policing and forensic services.

Non-financial Information

Modern Apprenticeships

Police Scotland supports Modern Apprenticeships in a variety of ways. During 2019/20, progress was made as follows:

Work has progressed in conjunction with Skills Development Scotland to enable Police Scotland to register as a training provider. This was confirmed in March 2020, and will allow development of the revised Probationer Training Programme which will include a Modern Apprenticeship component.

Development work took place with emergency service colleagues in the Scottish Ambulance Service, and the Scottish Fire and Rescue Service, to submit a costed proposal for the establishment of an Emergency Services Contact Handling Modern Apprenticeship, within an appropriate responsibility framework. This work will continue into 2020/21.

Police Scotland has committed to offer up to 10 Modern Apprenticeships as work based qualifications, based at the Dalarnock facility, with the programme underpinned by regeneration funding. Formal application processes are used, and posts are subject to external assessment and verification. Six successful candidates completed their qualification in March 2020, and the programme continues with more completions expected in 2020/21.

Anti-Corruption Unit

The Anti-Corruption Unit (ACU), which comes under the banner of Professional Standards, is a stand alone unit empowered to conduct intelligence led investigations into the minority who engage in corrupt activity.

The ACU (and the Professional Standards Department, PSD) will, amongst other matters, investigate all reported fraudulent and corrupt acts within the organisation. This includes offences under the Bribery and Corruption Act (2010). It will also support staff across Police Scotland in identifying, taking ownership of and proactively addressing any vulnerabilities, corrupt practices and unethical behaviour.

The Fraud and Economic Crime Standard Operating Procedure (SOP) also details processes for reporting and addressing potential cases of bribery, meeting the requirements of the Bribery Act 2010.

Members of the SPA, and officers and staff of Police Scotland, SPA and Forensic Services should demonstrate the highest standards of professional behaviour, honesty and integrity. Police officers are bound by conduct regulations and the standards of professional behaviour which reflect the expectations of its officers, whether on or off duty. Prevention and awareness sessions are delivered to staff when they join the police service and at various stages throughout their career.

A register of gifts and gratuities is maintained with the general position being that other than in clearly defined circumstances they will not be accepted.

A whistleblowing policy and an anonymous integrity reporting mechanism exist for staff to raise their concerns.

Environmental Matters

Sustainability

Climate change is one of the most significant challenges facing society. The Climate Change (Scotland) Act 2009 introduced ambitious targets and legislation to reduce CO₂ emissions and was amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, it sets targets to reduce Scotland's emissions of all greenhouse gases to net zero by 2045 at the latest, with interim targets for reductions of at least 56% by 2020, 75% by 2030 and 90% by 2040.

Police Scotland's first Carbon Management Plan³⁶ (CMP) to support both SPA and Police Scotland was approved in October 2014. The CMP sets out the ambitions and a roadmap for progress. By 2020, the aim is to reduce carbon emissions by 25%*, by 2030 by 50%* and by 2050 will strive to be a carbon neutral police service (* based on 2013/14 levels). Work is currently ongoing to develop a new Environment Strategy and CMP.

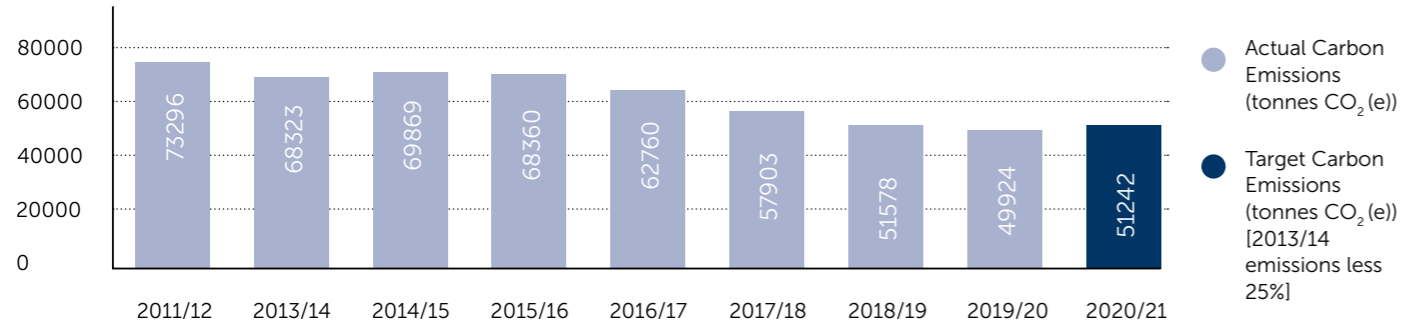
Progress to date indicates a total emissions from all sources (i.e. energy from buildings, waste, fleet operations, business mileage and water) amounting to a reduction nearing 30% from 2011/12 emissions. Carbon Management Plan link [here](#).

Sustainability Performance Scorecard 2019/20					
Direct Carbon Emissions (Tonnes of CO ₂)					
Indicator	17/18	18/19	19/20	Trend (19/20 vs 18/19)	Overall Trend
Estate	41,292	35,006	32,600	▼	▼
Fuel	16,379	16,470	16,620	▲	▲
Business Mileage	232*	102*	704	▲	▲
Total	57,903	51,578	49,924	▼	▼
Units of Energy Consumed (Kilowatts/hour kWh)					
Indicator	17/18	18/19	19/20	Trend (19/20 vs 18/19)	Overall Trend
Electricity	60,727,896	57,908,417	57,095,453	▼	▼
Gas	89,541,517	85,748,252	84,161,698	▼	▼
Units of Fuel Consumed (Litres)					
Indicator	17/18	18/19	19/20	Trend (19/20 vs 18/19)	Overall Trend
Fuel	6,200,147	6,205,465	6,279,912	▲	▲
Waste and Renewable Energy (kWh Generated/Tonnes Produced)					
Indicator	17/18	18/19	19/20	Trend (19/20 vs 18/19)	Overall Trend
Renewable kWh	67,051	74,492	127,937	▲	▲
Waste tonnes	3,263	3,442	2,433	▲	▲

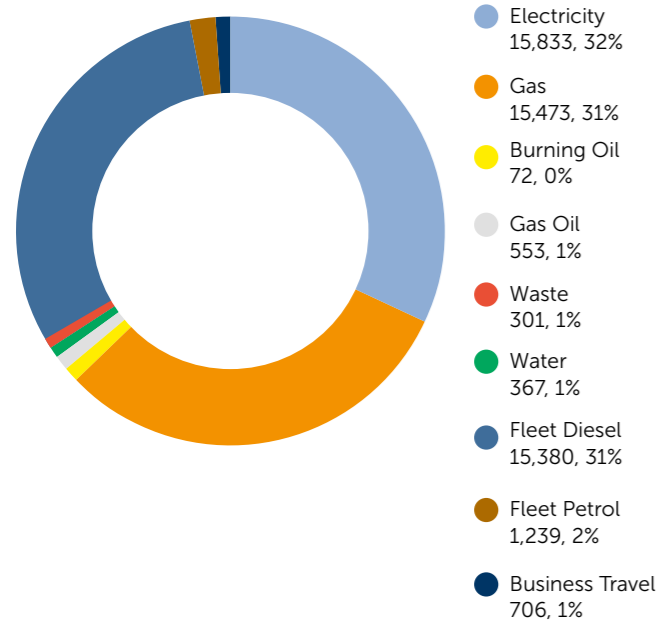
* Business Mileage data is currently under review

³⁶ Police Scotland Website - <https://spi.spnet.local/policescotland/workinghere/carbonzone/Documents/Carbon%20Management%20Plan.pdf>

Carbon Emissions (tonnes CO₂ (e))



Sources of Carbon Emissions 2019/20 (in tonnes CO₂ (e))



Biodiversity

Under the Nature Conservation (Scotland) Act (2004), all public bodies are required to further their organisations' efforts towards biodiversity conservation during their service and are required to report on their performance every three years.

Police Scotland reports publicly on both its own and the SPA's behalf with regards to the biodiversity duty³⁷.

Renewables

Both the SPA and Police Scotland recognise the importance of harnessing the earth's natural resources meaning that the number of sites with Solar PV installed has increased from eight to eleven, with the successful completion of three further projects at Bilston Glen and at two sites in Inverness. Some 127,937 kWh of electricity has been generated within 2019-20 equating to a carbon emissions saving of approximately 35 tonnes of CO₂(e).

Lynn Brown OBE
Interim Chief Executive & Accountable Officer
30 September 2020



³⁷Police Scotland/SPA Biodiversity Report [here](#).

Accountability Report

This section is divided into three parts:

Part 1 Corporate Governance Report
p.58

Part 2 Remuneration and Staff Report
p.78

Part 3 Parliamentary Accountability
and Audit Report
p.98



Part 1 Corporate Governance Report

Overview

The SPA has a key role in planning the strategic direction for policing in Scotland and ensuring that there is effective scrutiny and oversight of Police Scotland. The aim is to ensure public accountability, confidence and trust.

It is categorised by the Scottish Government as a National Public Body in Scotland (specifically, an Other Significant National Public Body).

The Chief Executive is accountable to the SPA Board. The Chief Executive is also the designated Accountable Officer, enabling accountability to the Scottish Parliament for the whole of the policing budget.

General and specific responsibilities of the Accountable Officer are fully laid out in the relevant section of the Scottish Public Finance Manual (SPFM, Annex 2: Memorandum to Accountable Officers for Other Public Bodies).

The SPFM is issued by Scottish Ministers to provide guidance to relevant public bodies, on the proper handling of public funds. It is designed to ensure:

- compliance with statutory and parliamentary requirements;
- value for money;
- high standards of propriety;
- effective accountability and robust systems of internal control.

The SPA publishes its own Governance Framework which was regularly updated during the year³⁸. This document describes how the SPA works to deliver good corporate governance.

SPA committee and oversight group Chairs submit reports to every SPA Board setting out the business that has progressed through each committee or group. These reports include details of discussions that took place, decisions taken and areas for the SPA Board to note.



³⁸SPA Governance Framework

Directors' Report

Introduction

Members of the SPA present its Annual Report and Accounts for the year to 31 March 2020.



David Crichton



Martyn Evans



Tom Halpin QPM



Robert Hayes



Grant Macrae



Michelle Miller



Mary Pitcaithly



Jane Ryder OBE



Matt Smith OBE DL



Caroline Stuart



Elaine Wilkinson

SPA Board

Board Members are appointed by Scottish Ministers for a period set out in their terms and conditions which must not exceed four years. Individual members may be reappointed but may not serve for a total period exceeding eight years. In the event of early termination there is no contractual provision for compensation.

Further details of Board meetings are available on the [SPA website](#).

Board appointments are made in accordance with guidelines issued by the Commissioner for Ethical Standards in Public Life in Scotland. These require appointments to be made on merit after a fair and open competition.

Board Members in office during 2019/20 were as follows:

Name	Appointment Dates	
	From	To
David Crichton ¹ (Vice Chair)	1 April 2018	31 March 2022
Susan Deacon CBE (Chair)	4 December 2017	5 December 2019 ³
Gordon Dewar	17 October 2018	30 January 2020 ³
Martyn Evans	1 August 2018	31 July 2022
Tom Halpin QPM	28 March 2018	27 March 2022
Robert Hayes	1 April 2017	31 March 2021
Grant Macrae	1 April 2017	31 March 2021
Michelle Miller	1 June 2018	31 May 2022
Mary Pitcaithly	1 May 2018	30 April 2022
Jane Ryder OBE	1 April 2018	31 March 2022
Matt Smith OBE DL	1 April 2017	31 March 2021
Caroline Stuart	1 April 2017	31 March 2021
Elaine Wilkinson	4 May 2015	3 November 2020 ²

¹ David Crichton assumed the responsibilities of the Chair from 6 December 2019.

² Reappointed in May 2020 for a further 6 months until 3rd November 2020.

³ Susan Deacon resigned on 5th December 2019 and Gordon Dewar resigned on 30th January 2020.

Register of Interests

[The Register of Interests of Board members](#), and [Board Members' biographies](#) are held on the SPA website.

The Register of Interests for the SPA Senior Management Team are also available on the [SPA website](#).

SPA Senior Management Team

Name	Position
Lynn Brown OBE	Interim Chief Executive ¹ (from 25 September 2019) and also Accountable Officer ³ (from 1 October 2019)
John McCroskie ²	Director of Communications and Relationships
Barry Sillers	Director of Strategy, Performance and Assurance
Tom Nelson	Director of Forensic Services
Lindsey McNeill ⁴	Director of Governance and Assurance
Hugh Grover	Chief Executive ² (to 10 September 2019) and also Accountable Officer ³ (to 13 June 2019)

¹ Lynn Brown was employed from 23 September 2019, and commenced in the role of Interim Chief Executive from 25 September 2019.

² John McCroskie was Interim Chief Executive from 10 May 2019 to 24 September 2019, during a period of absence of the previous Chief Executive.

³ For the reason indicated at Note 2, Accountable Officer responsibilities were transferred on an interim basis to the Chief Financial Officer (James Gray) from 14 June 2019 to 30 September 2019 (See Police Scotland Force Executive table).

⁴ Lindsey McNeill is currently on secondment (full time) from SPA to Scottish Canals (from 20 January 2020).

Police Scotland Force Executive

The members of the Force Executive who were in office during the period are as follows:

Name	Position
Iain Livingstone, QPM	Chief Constable
Fiona Taylor	Deputy Chief Constable, People and Professionalism
Will Kerr OBE	Deputy Chief Constable, Local Policing
Malcolm Graham	Deputy Chief Constable, Crime and Operations (from 27 May 2019)
David Page	Deputy Chief Officer
James Gray	Chief Financial Officer; and also Interim Accountable Officer (from 14 June 2019 to 30 September 2019)
Tom McMahon	Director of Business Integration
Judith Helliker	Director of People and Development
Andrew Hendry	Chief Digital and Information Officer (from 30 September 2019)
Neil Dickson	Director of Change (to 2 January 2020)
Martin Low	Interim Director of ICT (to 12 September 2019)

Register of Interests for the Police Scotland Force Executive can be supplied on request to: Executive Support, Police Scotland, Tulliallan Castle, Kincardine, FK10 4BE.

[A Register of Gifts and Hospitality](#) for the Police Scotland Force Executive is held on the Police Scotland website.

Personal Data-related Incidents

During the year, there were two personal data related incidents (2018/19: four) that were deemed sensitive enough to provide a report to the Information Commissioner's Office (ICO).

Statement of Accountable Officer's Responsibilities

Under the Police and Fire Reform (Scotland) Act 2012, Scottish Ministers have directed the SPA to prepare, for each financial year, a statement of accounts in the form and on the basis set out in their Accounts Direction, which is reproduced on the final page of this report. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the SPA, Forensic Services and Police Scotland and of its net expenditure; changes in taxpayers' equity; and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the 2019/20 Financial Reporting Manual (FReM) and in particular to:

observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

make judgements and estimates on a reasonable basis;

state whether applicable accounting standards as set out in the 2019/20 FReM have been followed, and disclose and explain any material departures in the financial statements; and

prepare the financial statements on a going concern basis.

The responsibilities of the Accountable Officer are set out in the Memorandum to Accountable Officers of Other Public Bodies issued by the Scottish Government and published as part of the Scottish Public Finance Manual (SPFM). These include:

personal responsibility for the propriety and regularity for the public finances for which the Accountable Officer is answerable;

for keeping proper records and for safeguarding the SPA's assets;

confirming that, as far as she is aware, there is no relevant audit information of which the SPA's auditors are unaware, and the Accountable Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the SPA's auditors are aware of that information; and

confirming that the Annual Report and Accounts as a whole is fair, balanced and understandable and that she takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

As Accountable Officer, I can confirm that these responsibilities have been discharged.

Governance Statement

Scope of responsibility

As Accountable Officer of the SPA, I have overall responsibility for maintaining sound systems of internal control which support the achievement of the organisation's policies, aims and objectives. This responsibility was assigned to me by Scottish Ministers. These systems of internal control provide reasonable assurance regarding the reliability of financial information used by the business, whilst safeguarding the public funds and assets, for which I am personally responsible in accordance with the responsibilities assigned to me. I have also been granted delegated powers to approve routine operational property transactions, ill health retirements, and non-competitive actions (NCAs).

Governance framework of the organisation

The Scottish Public Finance Manual (SPFM) is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

[The SPA Governance Framework](#) is the overarching reference document that sets out the roles, responsibilities and procedures for the effective and efficient conduct of the Authority's business.

The SPA, Forensic Services and Police Scotland's organisational structures have clear lines of delegated responsibility for both financial and operational management.

There is a budgeting and reporting system in place, with monthly management accounts being reported, including to the SPA Board's Resources Committee. Significant variances from budget are investigated, and financial forecasts are revised throughout the year in order to meet the requirements of the SPFM and to report cash flow requirements to Scottish Ministers.

Assessment of Corporate Governance

The SPA is committed to improve corporate governance and the SPA Board established the Governance Development and Improvement Group (GDIG) in May 2019 to ensure a systematic approach to lead the development and review of SPA governance. The work of the GDIG is taken forward on a risk based priority plan involving contributions from key stakeholders.

During 2019/20, the GDIG assessed, identified, and addressed a wide range of governance improvements including the establishment of the Legal Actions, Claims and Appeals Committee, enhancement of the SPA's oversight of change in policing, review of the SPA's whistleblowing policy and procedures, review of the SPA's strategic risk management and development of strategic risk framework, all of which have been approved by the Board and implemented. The GDIG continues to oversee progress of further improvements to the SPA's governance building on the progress made in 2019/20.

The SPA applies the principles of good governance as set out in the Scottish Public Finance Manual including the On Board: A Guide for Members of Public Bodies in Scotland and the Memorandum to Accountable Officers for Other Public Bodies, and will align to the revised Governance and Accountability Framework when finalised in the autumn.

Functions of the SPA

In addition to the considerable scope of responsibilities for the SPA set out in the overview section at the beginning of this report, the Authority also has oversight of both local and specialist policing and forensic services. It has an annual budget in excess of £1.2 billion, and a workforce of more than 23,000 police officers and staff.

The Police and Fire Reform (Scotland) Act 2012 set out the key functions of the SPA as follows:

to maintain the Police Service;

to promote the policing principles;

to promote and support continuous improvement in the policing of Scotland;

to keep under review the policing of Scotland; and

to hold the Chief Constable to account for the policing of Scotland.

In addition to the five main functions, the SPA fulfils several other significant duties including:

provision of forensic services;

management of an independent custody visiting scheme; and

preparation and review of strategic police plans and performance.

The SPA is required to set the strategic direction for policing through a Strategic Police Plan. The initial plan led to the development of the long-term strategy – "Policing 2026: Serving a Changing Scotland" in June 2017 which sets out the approach to transforming policing across Scotland.

Following the Scottish Government revision of the Strategic Police Priorities in December 2019, the SPA in collaboration with Police Scotland, agreed to revise the existing Strategic Police Plan, which was presented to the Board for approval in March 2020.

The review of the Strategic Police Plan has since led to a more collaborative approach to the oversight of change within the SPA, Forensic Services and Police Scotland.

Governance improvements

During the year, the SPA continued to build upon the wide ranging programme to strengthen and develop the SPA as an effective and trusted public body. Some of the key achievements are set out below.

SPA Improvement Plan

During 2019/20, the SPA continued to build upon the governance improvements set out in the 2018/19 SPA Improvement Plan achieving 17 out of the 22 objectives. Some of the key areas of improvement delivered in 2019/20 include:

SPA Excellence Framework which outlines the organisational approach to assurance and complements the SPA Risk Framework which together, articulate the SPA approach to risk and assurance; and

SPA Risk Framework which outlines the methodology, structures and processes that SPA is implementing to support robust management of risk across Police Scotland, Forensic Services and the SPA Board. This work also included the development of an SPA Strategic Risk Register.

Of the remaining five objectives, three relate to the implementation of a fit-for-purpose SPA Corporate Structure. This will be achieved in 2020/21 through the implementation of the SPA's Organisation Development and Design 2020 project that will complement improvements already made. These include the development of the three year Corporate Plan, capacity building through secondments bringing expertise to key areas and the creation of the corporate risk register. A further objective is in relation to the refresh of the Governance and Assurance Framework which will be completed by autumn 2020. The final objective relates to improving the SPA website. This will be addressed over the medium term but interim measures have been implemented to improve the content and structure of the existing website, partly addressing this objective.

HMICS thematic review

At the beginning of 2019/20, SPA Corporate had five outstanding recommendations from previous HMICS inspections. Work has progressed with three of these recommendations now discharged and work is underway to address the remainder, as follows:

Oversight of change which will be submitted to HMICS for consideration to close, after evidence of the effectiveness of the process, approved by the Board, is gathered; and

Governance and engagement around the strategic assessment. Progress will be reported to the Policing Performance Committee, following engagement with Police Scotland.

Following the Thematic Inspection of the SPA, HMICS made a total of 14 recommendations in their September 2019 report. In response, SPA developed a plan outlining the actions required to discharge the recommendations and progress is reported quarterly to the Audit, Risk and Assurance Committee.

Governance Development and Improvement Group

The Governance Development and Improvement Group (GDIG) was established by the SPA Board in May 2019 to ensure a systematic approach to the further development and review of SPA governance. The Group does not have decision-making authority and any decisions required on formal proposals are subject to Board consideration and approval.

Principles for the Group were developed and agreed which ensure that its work is taken forward on a risk based priority plan and involves contributions from Scottish Government, Police Scotland (including the Strategic Co-ordination Unit), as well as Board members, the SPA Chief Executive and SPA staff on a subject by subject basis. Core membership from the Board is the SPA Chair and Board member Jane Ryder.

During 2019/20, the GDIG identified and addressed a wide range of improvements and continues to oversee progress of further improvements to the SPA's governance.

Strategic Co-ordination Unit

The Strategic Co-ordination Unit (SCU) supported by senior Police Scotland officers and specialist staff, was established through agreement between the SPA Chair and the Chief Constable in May 2019. The SCU reports to the SPA Chair and Terms of Reference are published on the SPA website. The role of the SCU is to provide effective coordination between the SPA and Police Scotland and, where necessary, the Scottish Government, to ensure that issues of key strategic importance for the discharge of effective and efficient policing, or those issues which will / are likely to impact on public confidence in policing are addressed transparently and expeditiously. The SCU has contributed to the development of a range of strategic improvements including the refresh of the SPA's Strategic Police Plan (A Joint Strategy for Policing 2020) and enhancement of the SPA's approach to oversight of change in policing including input to the development of the SPA Excellence Framework.

Scottish Government Governance and Accountability Framework

A review of the Scottish Government Governance and Accountability Framework was jointly initiated by the GDIG and Scottish Government Police Sponsorship Team in response to audit and inspection reports and as part of a wider review of roles and responsibilities within policing led by Scottish Government. Review by SPA officials identified where revisions should be made to the current 2014 version of the framework and it is anticipated that a revised framework will be agreed by Scottish Government and in place by autumn 2020.

The Cabinet Secretary Justice held a round table on the governance of policing in March where governance improvement activities were discussed. Activities such as the implementation of SPA Corporate and Annual Plans as well as the SPA Excellence Framework and enhanced approach to the oversight of change have already been delivered and will see continuous improvement in the activities of the SPA. Other improvement activities such as the SPA Organisational design work and the Independent Review of Complaints Handling due to be completed in 2020/21 will see further improvements delivered. Additionally, Mr Robert Black's independent review of the roles and responsibilities of Authority members when complete, will see further strengthening of the governance and oversight of policing by the SPA.

SPA Oversight of Change

In order to effectively discharge the duties set out in the 2012 Act, the SPA must provide oversight of the content, progress, pace and impact of transformational change in policing. It must also demonstrate how it is improving services to the public, and it must do all this in a visible and robust way.

In August 2019, the SPA Board agreed that a more rounded and strategic view of change was required, to incorporate not just the major capital projects but also some of the less tangible areas of change such as leadership training and development; project and programme management skills; the ability to anticipate the public interest and ethical consequences of new policies, practice and technology; definition and measurement of the benefits of change; risk management; and strong communications skills and stakeholder engagement. The results of this review, along with recommendations to improve the SPA's oversight, were approved by the SPA Board in February 2020.

SPA Board

The Scottish Police Authority is a national public body. The 2012 Act specifies how it is to be constituted and to operate:-

The SPA is to consist of a Chairing member and between 10 and 14 members;

Scottish Ministers are responsible for appointing the Chair of the Authority and members of the SPA may elect one of their number to act as deputy for the Chairing member;

Members are appointed by Scottish Ministers on the basis of expertise relevant to the functions of the SPA;

It is for the SPA to appoint staff and to second police officers to assist in carrying out its functions;

The SPA may appoint Committees and sub-committees to carry out its functions; and

SPA meetings are to be held in public.

The Board met 14 times during 2019/20 (2018/19: 13). Six of these meetings were convened by teleconference for the purpose of progressing appointment and other urgent decisions. The SPA Board met in five different local authority areas the length and breadth of the country (2018/19: eight). As a result of the COVID-19 pandemic and the ongoing social distancing measures, teleconference facilities are being used for Board meetings with meetings continuing to be live-streamed on the internet.

The SPA Board webcasts the public sessions of its meetings via a dedicated livestream channel, and these are available on the [SPA website](#), along with Board meeting agendas, minutes and papers.

During the course of 2019/20, changes in the composition and operation of the SPA Board were as follows:

At the commencement of 2019/20, the Board consisted of thirteen members;

During the course of the year, two members resigned from the Board, including the Chair, Susan Deacon, who resigned in December 2019;

The Vice Chair, David Crichton, assumed Chair responsibilities after the resignation of the Chair;

Further development of the SPA Corporate Governance Framework took place, including the creation of four new Committees, with one Committee (Strategy, Policy and Performance), being stood down; and

A programme of Board member development continued during the year. It included a range of topic specific briefings in relation to members' roles and responsibilities, as well as key strategic policing issues and developmental workshops.

Some key elements of business considered by the Board during 2019/20 were:

Regular review and scrutiny of the overall financial position across Police Scotland, Forensic Services and SPA Corporate;

Approval of the 2018/19 Annual Report and Accounts; and

Approval of the 2020/21 Budget for the SPA, Police Scotland and Forensic Services.

Approval of the Joint Strategic Police Plan 2020.

Scottish Police Authority Board

Number of meetings in 2019/20 : 14	Board Meetings Attended ^a	Committee Membership ^b
David Crichton Vice Chair (assumed the responsibilities of the Chair from 6 December 2019)	13/14	SPA / SPP / EC / PCE
Susan Deacon CBE Chair (to 5 December 2019)	11/11	SPA
Gordon Dewar (to 30 January 2020)	8/12	FS
Martyn Evans	12/14	SPP / LACA / PP
Tom Halpin QPM	10/14	SPA / FS / EC / PCE
Robert Hayes	12/14	FS / PP / SPP
Grant Macrae	12/14	AC / CC / RC
Michelle Miller	13/14	CC / SPP / PP
Mary Pitcaithly	13/14	LACA / RC
Jane Ryder OBE	11/14	AC / FS
Matt Smith OBE DL	12/14	AC / CC / SPA
Caroline Stuart	12/14	CC / LACA / RC / EC
Elaine Wilkinson	13/14	RC / LACA / EC / PCE

Notes

a: Number of Board meetings attended / Number of Board meetings available to the Board member (allowing for dates of tenure).

b: Membership of Committees at any point during 2019/20. Attendance details included later in this section.

Committees in place as at 31 March 2020

AC: Audit
CC: Complaints and Conduct
EC: Exceptional Circumstances
FS: Forensic Services
LACA: Legal Actions, Claims and Appeals
PCE: Policing of COP26 Expenditure
PP: Policing Performance
RC: Resources
SPA: Succession, Planning and Appointments

Committees discontinued during 2019/20

SPP: Strategy, Policy and Performance

Committees of the Board

The SPA Board is supported by established committees. Currently, there are nine active committees (as identified above). A summary of the business conducted by these committees is provided below.

The Terms of Reference for each committee are outlined in the [SPA's Governance Framework](#).

Audit Committee*

During the 2019/20 financial year, the Audit Committee met formally on four occasions. The main focus of the Committee has been:

Monitoring, reviewing and/or recommending various reports, including:

- 2018/19 Annual Report and Accounts
- Audit Scotland Annual Audit Report for 2018/19
- Internal Audit Statement of Assurance for the 2018/19 Annual Report and Accounts
- Audit Scotland's Management Report 2018/19
- Delivery of the 2019/20 Internal Audit Plan
- 2019/20 Internal Audit Plan.

Monitoring organisational risk, data loss, recent ICT incidents, fraud and theft reporting;

Considering a series of Internal Audit reports and assuring their implementation;

Monitoring the progress of External Audit recommendations and reviewing the 2019/20 External Audit Plan; and

Reviewing Whistleblowing and Integrity Matters procedures.

* The SPA Board meeting of 25 March 2020 approved an alteration to the title and Terms of Reference of this committee to the Audit, Risk and Assurance Committee, and this is reflected in the SPA Governance Framework. Membership of the Committee going forward has not changed.

Complaints and Conduct Committee

During the year the Complaints and Conduct Committee met formally five times. The main focus of the Committee has been:

Approving, and reviewing progress on, the SPA's Action Plan related to recommendations contained in the Dame Elish Angiolini Preliminary Report on the "Independent Review of Complaints Handling, Investigations and Misconduct Issues in Relation to Policing";

Overseeing the progress made by Police Scotland in relation to the Police Scotland-specific recommendations contained within the Dame Elish Preliminary Report;

Monitoring and review of Police Scotland and SPA's quarterly complaints performance reports;

Examining the results of the SPA audit process of Police Scotland complaints handling;

Reviewing a trend analysis of Complaint Handling Reviews issued by the Police Investigations and Review Commissioner (PIRC) into complaints handled by Police Scotland; and

Consideration of a number of complaints received by the SPA and maintaining oversight of further actions requested by PIRC.

Forensic Services Committee

During the year the Forensic Services Committee met formally on four occasions. The main focus of the Committee has been:

Consideration of quarterly performance management information;

Review and scrutiny of reports including the Forensic 2026 Strategic Development Programme, Forensic 2026 Business Plan delivery, HMICS recommendations tracking, Review of Forensic Services Risk; Operational and Strategic, and Oversight of Drug Driving Service Delivery;

Reviewing the development of a Joint Drugs Strategy with Police Scotland, review of the Forensic Digital Working Group;

Assessing the potential impacts of the Biometrics Commissioner's Bill; and

Maintenance of Forensic Services UKAS accreditation to ISO 17025.

Resources Committee

During the year the Resources Committee met formally on seven occasions. The main focus of the Committee has been:

Providing regular scrutiny and oversight of the financial planning, monitoring and reporting of each of the three elements of the overall SPA budget - Police Scotland, Forensic Services and SPA Corporate;

Providing scrutiny, input and advice on business-as-usual activity and one off operations such as Brexit planning, COP26 (Conference of the Parties 26) resourcing and COVID-19 response;

Consideration of and recommendation to, the SPA Board of significant business cases, contract awards, estate disposals;

Oversight of benefits realised or productivity gains from Police Scotland Change Portfolio;

Oversight of delivery of People Strategy annual implementation plan, including Strategic Workforce Plan and Staff Pay and Reward Modernisation Programme key deliverables;

Providing regular scrutiny and oversight of performance in respect of workforce health, safety and wellbeing; and

Consideration (and recommendation to the SPA Board) of submissions to Scottish Government in respect of remit for staff pay negotiations (and resulting settlement) and voluntary redundancy/early retirement scheme.

Legal Actions, Claims and Appeals Committee

During the year the Legal Actions, Claims and Appeals Committee met formally on five occasions. The main focus of the Committee has been:

Consideration of legal claims and actions against the SPA, and approval of settlements where appropriate;

Providing instructions on legal matters, including civil actions and claims;

Determining applications for injury on duty awards;

Hearing and determining appeals against dismissal; and

Monitoring the handling of legal actions, claims and appeals.

Succession Planning and Appointments Committee

During the year the Succession Planning and Appointments Committee met formally on five occasions. The main focus of the Committee has been:

Monitoring and oversight of Board Member succession planning with a view to ensuring an effective, diverse Board;

Development and oversight of effective and robust processes for the appointment of senior police officers within Police Scotland in line with section 7 of the Police and Fire Reform (Scotland) Act 2012;

Seeking assurance as to the development and implementation of effective succession planning arrangements in relation to senior police officers;

Seeking assurance that leadership development solutions are in place to meet executive development needs; and

Development and oversight of effective and robust processes for the recruitment and appointment of the interim and permanent SPA Chief Executive.

Policing Performance Committee¹

During the year the Policing Performance Committee met formally on one occasion. The main focus of the Committee has been:

Reviewing quarterly performance reports on policing, with reference to the performance framework;

Assessing the draft Annual Review of Policing 2018/19;

Reviewing developments to the policing performance framework and associated performance reports;

Reviewing a number of areas of policing strategy/policy including stop and search and new technologies; and

Reviewing progress against external inspections and evaluations where they relate to planning, policy and performance.

¹The Policing Performance Committee continued substantially the work of the Strategy, Policy and Performance Committee, which met three times before it was formally discontinued in November 2019. The bullet points above therefore reflect the work of both committees during 2019/20.

Exceptional Circumstances Committee¹

The creation of this committee was approved at the SPA Board meeting of 25 March 2020.

The purpose of this committee is to deal with urgent business of the Board when, in exceptional circumstances, it is not practicable for an ordinary meeting or special meeting of the Board to be convened, or for the business to be dealt with by all members of the Board by correspondence. The Committee is authorised to perform on behalf of the Board, all of the Authority's functions.

The Committee did not hold any meetings during 2019/20.

Policing of COP26 Expenditure Committee

The creation of this committee was confirmed and approved at the SPA Board by correspondence on 27 February 2020.

The purpose of this committee is to approve, where necessary, expenditure in connection with the policing of COP26 until such time as the budget has been approved by the SPA Board. In addition, it will provide oversight and scrutiny of Police Scotland's expenditure in relation to COP26.

The Committee did not hold any meetings during 2019/20.

In line with the SPA Corporate Governance Framework, reports on Committee activities were provided by the respective Chairs to public sessions of SPA Board meetings.

Membership and Attendance (meetings attended / meetings available)

	Audit	Complaints and Conduct	Forensic Services	Resources	Legal Actions, Claims and Appeals	Succession Planning and Appointments	Policing Performance	Strategy, Policing and Performance (discontinued Nov 2019)
Number of meetings held	4	5	4	7	5	5	1	3
Susan Deacon CBE						4/4		
David Crichton						5/5		3/3
Gordon Dewar			3/3					
Martyn Evans					5/5		1/1	2/3
Tom Halpin QPM			4/4			5/5		
Robert Hayes			4/4				1/1	2/3
Grant Macrae	4/4	5/5		6/7				
Michelle Miller		4/5					1/1	2/3
Mary Pitcaithly				7/7	5/5			
Jane Ryder OBE	4/4		4/4					
Matt Smith OBE DL	3/4	5/5				0/1		
Caroline Stuart		3/5		7/7	4/5			
Elaine Wilkinson				7/7	1/1			

Committee Chairs

Audit: Jane Ryder OBE

Complaints and Conduct: Matt Smith OBE DL

Forensic Services: Tom Halpin QPM

Resources: Elaine Wilkinson

Legal Actions, Claims and Appeals: Mary Pitcaithly

Succession, Planning and Appointments:

David Crichton (from February 2020 meeting);

Susan Deacon CBE (to November 2019)

Policing Performance: Martyn Evans

Strategy, Policing and Performance:

Michelle Miller (to November 2019 when discontinued)

Policing of COP26 Expenditure: David Crichton

Exceptional Circumstances: David Crichton

Oversight Groups

Oversight groups are established by the SPA Board or a Committee for specific purposes as part of the corporate governance framework. These Groups have terms of reference and should be time limited, however, they have no decision-making authority. The terms of reference will also specify reporting routes back through a committee or the Authority to ensure transparency of the activities and outputs from the Group. This model of working was first established by the Authority to oversee the Contact Command and Control (C3) transformation project in 2015 and has been commended by HMICS for its effectiveness.

Contact Assessment Model (CAM) Oversight Group

The CAM oversight group was established in June 2019 to provide oversight and scrutiny of the preparation and implementation of the Contact Assessment Model (CAM) with a particular focus on the programme and change management processes, Police Scotland governance and assurance arrangements and the evaluation of the impact made by the revised call handling model against the benefits described in the business case. The CAM oversight group is chaired by SPA board member Martyn Evans.

The group meets roughly every four to six weeks and will schedule additional meetings if necessary. The group's key areas of focus have included:

Planning and readiness for implementation of CAM across Divisions,

Benefits and risk management,

Mental health pathways and call transfers,

External evaluation.

The group has also worked closely with the Resources Committee, particularly in relation to future benefits realisation, where a joint workshop was held in early 2020.

As a result of Police Scotland's response to COVID-19, there was a requirement to increase the pace of CAM rollout with a particular focus on effective call handling and policing responses across Scotland. The CAM oversight group met to review this approach and considered that the accelerated rollout was being safely managed and that the benefits of accelerated rollout, outweigh any associated risks.

The group has also been discussing the mainstreaming of oversight and assurance of CAM and integrating this with Contact, Command and Control Division (C3) reporting within existing Committee performance reporting. A framework for a call handling performance report is being developed with a view to fully integrating reporting by end of 2020.

COP26 Oversight Group

The COP26 Oversight Group was established by the SPA Board on 17th January and is chaired by board member Tom Halpin. The main purpose of the Group is to provide enhanced oversight and scrutiny of three key areas of public interest in relation to Policing:

The delivery of an effective security and policing operation by Police Scotland for the UN event hosted by the UK Government ensuring it is achieved with full cost recovery for additional policing elements, and that any longer-term impacts on resources or outcomes for the SPA and Police Scotland are mitigated;

The health, safety and wellbeing needs of all officers and staff across the Policing and Forensic Services directly or indirectly affected by the policing of COP26 are fully considered in planning and deployment arrangements for both the event and the ongoing policing of Scotland; and

How any changes in the priorities of Police Scotland in delivering local and specialist services to communities across Scotland are considered, tested and balanced alongside the delivery of a secure and successful global event of this nature.

The Group established monthly meetings and had been providing regular reports from those meetings to the SPA Board at its public meetings. However, as a result of the impact of COVID-19, the UN in conjunction with the UK Government took the decision to postpone the conference until 2021. This was reported to the SPA Board meeting on 30 April. Police Scotland confirmed that planning would be scaled back until such time as a future date for the conference had been confirmed and the COP26 Oversight Group reported it would similarly reduce the frequency of its meetings to six weekly in the intervening period. The Group will continue to provide regular reports to the SPA Board at its public meeting.

Risk and control framework

The Board, Senior Management Groups of the SPA and Forensic Services and Force Executive of Police Scotland, are committed to ensuring effective risk management and reporting.

An overarching risk framework for the policing system has been developed and implemented, outlining how Police Scotland, Forensic Services and the SPA Board and Corporate Risk will be coordinated. The Risk Framework includes a risk policy statement and process. The framework outlines the methodology, structures and processes that the SPA is implementing to support robust management of risk (see also Key Strategic and Operational Risks section, P15).

Risks are contained within risk registers for Forensic Services and Police Scotland and are monitored internally by risk management teams. During the year, SPA Corporate also developed and implemented a Strategic Risk Register, adopting a stratified approach to risk management as outlined in the Risk Framework. The SPA Risk Framework was approved by the Board following endorsement from the Audit Committee. In addition, the development of an SPA Corporate Risk Register has been completed since the year end and was presented to Audit, Risk and Assurance Committee (ARAC) in May 2020 before being presented to the SPA Board. The SPA Excellence Framework, approved by the Board in February 2020, outlines the organisational approach to assurance and complements the SPA Risk Framework which together, articulate the SPA approach to risk and assurance.

Measurement of risk is based on an established standard matrix and consistent scoring criteria, considering likelihood and impact. Significant risks are reported to the Audit and Risk Assurance Committee and the SPA Board.



Audit Arrangements

A significant part of the overall governance arrangements is the work of the external and internal auditors.

Internal audit and internal control environment

Internal Audit services are provided to the SPA by Scott Moncrieff.

The Internal Audit Plan for the 2019/20 financial year was approved by the SPA Board in March 2019.

The Internal Audit Annual Report for 2019/20 was presented by Scott Moncrieff to the SPA Audit, Risk and Assurance Committee in July 2020. As part of this report, the Internal Audit opinion on the controls for the financial year was included. In line with Public Sector Internal Audit Standards, this opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The full text of the Internal Audit opinion provided is as follows:

"In our opinion Police Scotland has a framework of controls in place that provides reasonable assurance regarding the organisation's governance, internal controls, the effective and efficient achievement of objectives and the management of key risks. This is with exception to arrangements over stock management where we have raised a number of higher risk findings. We note however that work is ongoing to address these issues.

Within SPA Corporate, we identified significant challenges in 2019 to address key issues relating to risk management, performance management, governance and internal control. The SPA appointed a new interim Chief Executive during the year. Following this appointment, there has been significant progress to address the weaknesses identified in our 2019 report including implementation of Corporate and Annual Plans, Risk and Excellence Frameworks and Strategic and Corporate Risk Registers. The revised framework of controls was not in place for the full year, however, and the governance issues referred to in my 2018-19 report remained relevant to the majority of the 2019-20 financial year."

	2019/20 Number of findings ²	2018/19 Number of findings ²
Grade 4 (very high risk) ¹	2	1
Grade 3 (high risk)	24	17

¹ Grade 4 Very high risk exposure – major concerns requiring immediate senior management attention that create fundamental risks within the organisation.

² Number of findings relates to planned audit work as identified in the approved Internal Audit Plan for the relevant financial year. Any further pieces of audit work beyond the approved plan are not included in the table.

The two Grade 4 risks identified are both from the Stock Management Internal Audit Report, initially reported to the SPA Audit Committee in September 2019. An extensive and thorough review process has now been completed, with remedial actions now incorporated in the Stock Management Improvement Plan (July 2020). Interim actions were taken to address the findings in the short term, with a detailed road map for implementation now in place to fully address the risks identified in the next 18 months.

Progress on resolution of these findings, along with all other internal audit findings is reported to the SPA Audit Committee and Board on a quarterly basis.

External audit

The Auditor General for Scotland (Auditor General) has appointed Audit Scotland as the SPA's external auditors. The Auditor General prepared a report to the Public Audit & Post Legislative Scrutiny committee under Section 22 of the Public Finance & Accountability (Scotland) Act 2000 after the audit of the 2018/19 Annual Report and Accounts.

In summary, Audit Scotland provided an unqualified opinion on the SPA's annual report and accounts for 2018/19 audit report. It was noted that the year-end resource outturn overspend of £35.6 million was consistent with the budget approved by the Board in March 2019. Additional cash of £35.9 million was provided by the Scottish Government in 2018/19 to enable the Scottish Police Authority to meet its expenditure needs.

Audit Scotland also identified areas for attention including:

The need for continued improvement in the overall control environment;

A requirement for detailed workforce plans, including scenario planning, to support the delivery of financial balance and strategy implementation;

Revised medium and long term financial plans detailing how financial balance can be achieved;

Review Committee structure to ensure that the volume of information does not impact on the robustness of the scrutiny undertaken;

The need for building the capacity and capability of the SPA corporate function to enable it to operate as envisaged by the legislation;

The development of a strategic risk register for the SPA;

The development of an SPA corporate plan as a key step to demonstrating the achievement of best value; and

Finalise the procurement strategy, implement the improvement plan and report progress to the relevant SPA committee.

Details of the areas noted above are set out in the Audit Scotland Annual Audit Report for 2018/19. A range of actions and further plans were progressed during 2019/20 to address these, with the main responses as follows:

A single payroll system has provided significantly strengthened controls, and regular management team reports are provided;

Underpinning strategies for Digital, Data and ICT, Estates and Fleet have been published, with the strategic workforce plan available in late 2020;

The Scottish Government has formally acknowledged the SPA's revenue deficit in 2020/21 and will continue to support the service through management of budgets across the Scottish Government;

A revised, formal 3 and 10 year financial plan will be produced by spring 2021. In the interim, an options analysis has been provided to the Scottish Government and the SPA showing the impact on deficit over the next five years, under various scenarios;

The establishment by the SPA, of a Governance Development and Improvement Group which will facilitate and support further reviews of the committee structure, the scope of respective terms of reference, and also work on a revised scheme of delegation;

The development of a SPA Risk Framework that is regularly reported to the Audit and Risk Assurance Committee; and

The development of the SPA Corporate Plan 2020-23 was approved at the SPA Board meeting of 25 March 2020 which sets out the context within which the SPA operates and outlines the key strategic outcomes and supporting activities planned.

Best Value

Accountable Officers appointed by the Scottish Government have a specific responsibility to ensure that arrangements have been made to secure best value. In accordance with these principles, the SPA adopts a culture of continuous improvement. This work is carried out against the background of the Scottish Government priorities for policing.

The Scottish Ministers expect all Accountable Officers to comply with the duty of best value placed upon them. In addition, the SPA Board have corporate responsibility for promoting the efficient and effective use of staff and other resources by the organisations in accordance with the principles of best value. Arrangements have been made to ensure best value can be demonstrated through:

scrutiny applied to investment and expenditure decisions by SPA officials, the Resources Committee and the SPA Board;

procurement contracts being awarded through competitive tender processes, alongside the reduction of non-competitive actions (NCAs) to ensure compliance and achievement of best value;

scrutiny by the SPA Board, of submissions in relation to staff pay negotiations (and resulting settlement) and voluntary redundancy / early retirement scheme; and

scrutiny by the SPA Board, of the Strategic Workforce Plan and Staff Pay and Reward Modernisation Programme key deliverables.

The SPA embraces the cross-cutting themes of Best Value, namely equality and sustainability in all it does. In addition, the SPA carries out all of its duties in a way that is proportionate, accountable, transparent and consistent with the principles of good governance. There is however, recognition that there is still work to be done to fully demonstrate best value. The SPA have completed a best value self-assessment that has identified a number of weaknesses to be addressed. A detailed action plan has been drawn up covering areas such as planning and performance, change and oversight, and sustainability. Delivery of the action plan will be completed in 2020/21 and will deliver demonstrable best value themes and principles across SPA's operations.

Review of effectiveness and significant issues

Under the Scottish Public Finance Manual (SPFM), as Accountable Officer, I am required to prepare a Governance Statement as part of the Annual Report and Accounts. In order to prepare this statement, I require assurances on the maintenance and review of internal control systems within each part of the organisation.

The systems are designed to manage rather than eliminate the risk of failure to achieve the SPA, Forensic Services and Police Scotland's policies, aims and objectives. They can therefore provide reasonable rather than absolute assurance of effectiveness. Internal control systems comprise the whole network of systems established within the SPA, Forensic Services and Police Scotland to provide assurance that organisational objectives will be achieved, with particular reference to:

risk management;

the effectiveness of operations;

the economical and efficient use of resources;

safeguards against losses, including those arising from fraud, irregularity or corruption; and

the integrity and reliability of information and data.

It is the responsibility of each Deputy Chief Constable, Director, and equivalent to provide assurances to me as Accountable Officer in relation to the financial year that systems of internal control have been working well within their area of responsibility.

All budget holders (Force Executive and Directors; SPA / Forensic Service Directors) were written to on 6th February 2020 explaining the process and significance of completing fully, the 2019/20 certificates of assurance and internal control checklists.

I received a full set of certificates of assurance from budget holders, along with completed associated internal control checklists at the beginning of May 2020.

Whilst this year has seen a significant number of improvements such as risk management with the development of the SPA risk framework and strategic risk register, and the development and implementation of a Procurement Improvement Plan in Police Scotland, some control weaknesses remain.

A number of these were correctly highlighted to me within the certificates of assurance in the areas of financial sustainability, weaknesses in the grants management process, some remaining control weaknesses in procurement practices, the need for effective workforce

planning and establishment management in year, gaps in procedures for reporting fraud and payment of relocation expenses out with policy. Some of the weaknesses identified are material in value. Others, whilst low in value, carry reputational risk and have therefore been included in the review. These are being reviewed and appropriate actions have been, or will be, taken to address, strengthen and enhance the control environment. These are regularly followed up by internal audit as required.

In addition, the Grade 4 (very high) risks identified by Internal Audit in the Stock Management report are noted, with remedial actions included in the Stock Management Improvement Plan (July 2020).

Financial sustainability remains a concern with the Authority, operating with a planned deficit for the third year running. In 2019/20, weaknesses in the control over management of the establishment in year, has also contributed to the pressure, however revised processes for filling posts should mitigate this going forward. The cost base, being primarily people costs, is not able to be sustained without additional support from the Scottish Government and informed by the strategic workforce plan. The role of the SPA is to influence and seek assurance from Police Scotland that their strategic workforce plan has at its centre a robust evidence base, informed by demand and underpinned by best value considerations. Progress has been made by Police Scotland in developing the plan, despite the impacts of COVID-19 and in line with the proposed timetable a first draft of the aggregated plan is expected to be presented to the SPA by November this year.

There were two instances of grants being managed on an informal basis and work is required to improve internal management of grants in line with the requirements set out in the SPFM.

The development and implementation of a Procurement Improvement Plan has led to significant improvements in this area, however there remains a backlog of non-compliant spend out with contract to be addressed. Significant progress has been made on the Police Scotland Procure to Pay (P2P) project – with the system built and tested, and training having been provided to divisions. The roll out was due to commence in March 2020 but as a result of COVID-19, this has been delayed.

An internal Police Scotland review initiated in 2019/20 identified a number of instances whereby relocation payments were made outside of the Relocation Policy. An internal audit review concluded that a number were indeed outside of policy. As a result, a number of payments were repaid or retrospectively approved through proper governance. The claims were made following advice provided on relocation expenses. This action meant by year-end, all relocation monies paid were correct and within policy. However, this incident highlighted weaknesses and inadequacies in both the Relocation Policy and the application of it; actions have been implemented to remedy these weaknesses.

In addition to the information arising from the internal control checklists, my review is also informed by:

the managers within the organisation who have responsibility for the development and maintenance of the internal control framework;

comments made by the external auditors, Audit Scotland, in their management letters and other reports; and

internal audit and other reviews conducted throughout the year by Scott Moncrieff LLP and HMICS.

Progress to discharge all appropriate actions has been underway both within 2019/20, and since 31 March 2020. These actions are intended to address the remaining identified internal control weaknesses to ensure that robust governance and control arrangements are in place in all areas.

Governance report conclusion

2019/20 has seen a range of governance improvements delivered – from strengthening committee oversight and terms of reference to the development of a more collaborative approach to the oversight of change across Police Scotland, Forensic Services and the SPA. 2020/21 will see the SPA further strengthen governance with the refreshed Scottish Government Governance and Accountability Framework due to be delivered in autumn. This will be complemented by the completion of the SPA Governance Framework project that is already underway. The project will deliver a framework that aligns to the Corporate and Annual plans and will include for example, a refresh of the Scheme of Delegation, financial regulations and standing orders. The SPA continues to deliver strong governance and clear accountability for the police service.

Part 2 Remuneration and Staff Report



Overview

In line with sound governance principles, and in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the SPFM, the SPA Resources Committee now provides assurance to the SPA Board in relation to remuneration and associated policies in operation throughout SPA and Police Scotland.



REMUNERATION REPORT

Remuneration policy

SPA is committed to being a responsible, attractive and inclusive employer fulfilling all statutory and moral obligations. Against a challenging financial background, the aim is to ensure resources are efficiently deployed in line with public sector spending guidelines through being:

- **Fair & equitable** – an organisation that has a fair, equitable and affordable pay policy with appropriate terms and conditions which support policing priorities, and where pay scales comply with the Scottish living wage requirement;
- **Sustainable** – adopt financial plans and policies that support the goal of financial sustainability, operating as an organisation which attracts, retains and develops skills, experience and talent; and
- **Modern** – an organisation that has an agile and flexibly deployed workforce where staff feel motivated, empowered and valued.

The key principles of the remuneration policy are to:

- ensure the pay and reward package reflects the commitment to being a responsible employer and sustainable organisation;
- promote development of fair and transparent reward and recognition mechanisms;
- enable SPA to compete for, invest in and retain individuals who possess the skills and specialisms required to support future delivery; and
- develop, inform and integrate innovative practices and procedures into the total reward packages.

Through agreed consultative and negotiating forums, SPA will:

- modernise and standardise staff terms and conditions of employment;
- promote the benefits of a diverse workforce through the provision of attractive, inclusive and responsible working practices;
- integrate the various elements of the overall reward package for staff to help them to respond effectively and efficiently to changing or emerging priorities; and
- secure best value through evidence based reviews.

The Competence Related Threshold Payment (CRTP) scheme is available to police officers in the federated ranks who have served for a year at the maximum point of their pay scale. CRTP is designed to recognise and reward experienced officers who are able to demonstrate high professional competence under each of the four national standards:

- professional competence and results;
- commitment to the job;
- relations with the public and colleagues; and
- willingness to learn and adjust to new circumstances.

The Chief Constable may award a bonus payment of between £50 and £500 to a constable of Police Scotland where the Chief Constable is satisfied that the constable concerned has performed a piece of work of an outstandingly demanding, unpleasant or important nature.

There are no provisions within the current pay scales for bonus or performance related payments for any police staff.

Board members

Fees for Board members were determined in accordance with guidelines prescribed by the Scottish Government Public Sector Pay Policy information applicable to Senior Public Appointments, including Chief Executives, Chairs and Members. There was no increase in fee levels to members in the reporting year. Current employer pension schemes are not open to Board members.

Board members' interests

During the year, apart from their appointments detailed within the Accountability Report, no Board member has undertaken any transactions with the SPA.

SALARY AND PENSION ENTITLEMENTS

Remuneration of Board members (audited)

The Board members received the following remuneration for their services during the year ended 31 March 2020:

Total remuneration	2019/20			2018/19
	Attendance Allowance ¹ £'000	Taxable Expenses ² to nearest £100	Total £'000	Attendance Allowance Total £'000
Chair - Susan Deacon CBE (to 5 Dec 2019)	77	3,500	81	125
Vice Chair - David Crichton	40	2,900	43	26
Gordon Dewar (to 30 Jan 2020)	2	200	2	3
Martyn Evans	16	1,000	17	6
Tom Halpin QPM	14	2,600	16	10
Robert Hayes	15	700	16	9
Graham Houston (to 16 Oct 2018)	-	-	-	4
David Hume (to 31 Oct 2018)	-	-	-	6
Grant Macrae	13	700	14	15
Michelle Miller	11	1,200	12	10
Mary Pitcaithly	18	2,100	20	14
Jane Ryder OBE	16	1,100	17	10
Matt Smith OBE DL	15	1,600	17	15
Caroline Stuart	15	400	15	15
Iain Whyte (to 16 Oct 2018)	-	-	-	7
Elaine Wilkinson	17	5,000	22	15
Total	269	23,000	292	290

1 Overall remuneration levels include daily rate payments as follows: Member £300; Vice Chair £375; Chair £530. Social security costs are paid through payroll and this can be seen in note 2a.

2 Due to a change in HMRC policy for 2019/20, out of pocket expenses associated with members' performance of duties at SPA head office, became directly taxable. Accordingly, the value of those expenses, including the tax paid, are shown in the table above as taxable expenses. 2018/19 comparative amounts do not include expenses.

Details of all Board Member appointments are held within the Directors' Report.

Remuneration of SPA Senior Management Group and Police Scotland Force Executive

The total remuneration of the SPA Senior Management Group and Police Scotland Force Executive is shown in the tables below, with full details of their appointment included in the Directors' Report within the Corporate Governance Report. Apart from the Chief Constable and Deputy Chief Constables, the officials covered by this report hold appointments which are open-ended unless otherwise stated. Full time equivalent salary figures are shown where appropriate.

The salary of Directors is set within the SPA and Police Scotland, with the work and recommendations of the Senior Salaries Review Body, taken into consideration. The pay and

terms and conditions for staff members is negotiated through the Joint Negotiating and Consultative Committee. The pay, and terms and conditions for police officers are negotiated through the Police Negotiating Board (PNB). PNB Circular 2018-05 sets out the salaries for these senior officers within the Police Scotland Force Executive Team. Benefits in kind values relate to the provision of vehicles, also available for private use, with values provided to the nearest £100.

The value of the pension benefits in the tables below, is calculated as the real increase in pensions multiplied by HMRC methodology multiplier of 20, plus the real increase in any lump sum. The real increase in pensions excludes increases due to inflation and are net of contributions made by the individual. The valuation does not represent actual payments made to the individuals during the course of the year.

SPA employees and officers are respectively entitled to membership of one of two distinct pension schemes:

- a Local Government Pension Scheme for police staff employees
- the Police Pension Schemes for police officers (1987, 2006 and 2015)

Information on these schemes is included at note 1.19 to the accounts, with full disclosure of the pension accounting liabilities for the SPA and Police Scotland summarised within notes 23-25 of the Financial Statements. Salaries, accrued pensions and lump sums are disclosed in bands of £5,000, and real increases in pensions and lump sums are disclosed in bands of £2,500.

The SPA Senior Management Team (audited)

Total remuneration	2019/20				
	Salary and Allowances £'000	Other Pay Items £'000	Benefits in Kind to nearest £100	Pension Benefits ⁵ £'000	Total £'000
Lynn Brown¹ OBE Interim Chief Executive (from 25 September 2019); and Accountable Officer (from 1 October 2019)	65-70	-	5,600	-	70-75
Full-year equivalent	125-130				
Hugh Grover² Chief Executive (to 10 September 2019); and Accountable Officer (to 13 June 2019)	50-55	30	-	20	100-105
Full-year equivalent	115-120				
John McCroskie³ Director of Communications & Relationships; and Interim Chief Executive (from 10 May to 24 September 2019)	100-105	-	-	35	135-140
Lindsey McNeill⁴ Director of Governance & Assurance (to 19 January 2020)	70-75	-	-	-	70-75
Full-year equivalent	90-95				
Tom Nelson Director of Forensic Services	125-130	-	-	24	150-155
Barry Sillers Director of Strategy	90-95	-	-	29	120-125

General: In August 2020, Scottish Government ministers approved the SPA / Police Scotland Director Pay and Grading System proposal, as approved initially by the SPA Board at its meeting of June 2020. The proposal was backed by an independent job evaluation process. Implementation has resulted in a non-pensionable recognition payment for a member of the SPA Senior Management Team, with the relevant amount for 2019/20 included above.

1 Lynn Brown was employed from 23 September 2019, and commenced in the role of Interim Chief Executive from 25 September 2019. Costs are invoiced by ASA Recruitment agency on a day rate basis. The total costs identified in the table do not represent her salary, but are the overall costs to the SPA, after inclusion of employer on costs, holiday pay adjustments, and agency commission. Excluding these additional costs, the underlying salary equivalent is in line with the salary range £115k - £120k, as indicated by the SPA at the time of the appointment. The costs shown under BIK relate to taxable travel and accommodation costs which are invoiced to SPA by the agency.

2 Other pay items comprises payment in lieu of notice on departure in September 2019.

3 John McCroskie undertook the role of Interim Chief Executive during a period of absence of the previous permanent Chief Executive. A higher paid duties element is included in salary and allowances for this period (as stated), of an amount within the range £5 – 10k.

4 Costs disclosed are to 19 January. From that point, Lindsey McNeill has taken up a full time role with Scottish Canals, on a secondment basis, with payments made to SPA on a full cost recovery basis. Areas of responsibility have subsequently been covered by the Director of Communications and Relationships, supported by the Interim Chief Executive and other Directors as required.

5 The value of the pension benefits in the table above, is calculated as the real increase in pensions multiplied by HMRC methodology multiplier of 20, plus the real increase in any lump sum.

Total remuneration	2018/19				
	Salary and Allowances ⁶ £'000	Other Pay Items £'000	Benefits in Kind to nearest £100	Pension Benefits ⁵ £'000	Total £'000
Hugh Grover Chief Executive (from 1 Oct 2018); Accountable Officer (from 5 Nov 2018)	55-60	-	-	18	75-80
Full-year equivalent	115-120				
John McCroskie Director of Communications & Relationships	90-95	-	-	32	120-125
Lindsey McNeill Director of Governance & Assurance	90-95	-	-	-	90-95
Tom Nelson Director of Forensic Services	100-105	-	-	41	140-145
Robin Johnston Acting Director of Governance and Assurance (to 10 Jun 2018) ¹	5-10	-	-	3	10-15
Full-year equivalent	40-45				
Barry Sillers Director of Strategy (from 3 Jan 2019)	20-25	-	-	7	25-30
Full-year equivalent	85-90				
Kenneth Hogg² Interim Chief Officer and Accountable Officer (to 4 Nov 2018)	90-95	-	-	-	90-95
Full-year equivalent Including employer's costs	150-155				
Stephen Jones² Interim Director of Planning & Corporate Support (to 9 Dec 2018)	55-60	-	-	-	55-60
Full-year equivalent Including employer's costs	80-85				
Hilary Pearce² Interim Director of Improvement & Assurance (to 2 Dec 2018)	65-70	-	-	-	65-70
Full-year equivalent Including employer's costs	95-100				
Catherine Topley³ Temporary Director (to 29 Jun 2018)	15-20	-	-	-	15-20
Full-year equivalent Including employer's costs	75-80				
Carron McDiarmid⁴ Interim Chief Operating Officer and Deputy Chief Executive (from 3 Sep 2018 to 1 Feb 2019)	45-50	-	-	-	45-50
Full-year equivalent Including employer's costs	115-120				

1 Robin Johnston was Acting Director of Governance and Assurance while Lindsey McNeill was absent to 10 June 2018.

2 Kenneth Hogg, Stephen Jones and Hilary Pearce were seconded from the Scottish Government on a temporary basis for part of the financial year 2018/19. The Scottish Government invoiced SPA for their salaries and on-costs. These are the amounts shown in the table.

3 Catherine Topley was seconded from the Scottish Prison Service up to 29 June 2018. The Scottish Prison Service invoiced the SPA for her salary and on costs. These are the amounts shown in the table.

4 Carron McDiarmid was seconded from The Highland Council on a temporary basis. The Highland Council invoiced the SPA for her salary and on costs. These are the amounts shown in the table.

5 The value of the pension benefits in the table above, is calculated as the real increase in pensions multiplied by HMRC methodology multiplier of 20, plus the real increase in any lump sum.

6 Salary and allowances in 2018/19 have been restated to include car allowances where applicable.

Pension Values

Name ¹	Accrued Pension at 31 March 2020 £'000	Accrued Lump sum at 31 March 2020 £'000	Real Increase in Pension* £'000	Real Increase in Lump sum* £'000	CETV as at 31 March 2019 £'000	CETV as at 31 March 2020 £'000	Real Increase in CETV 2019/20* £'000
Hugh Grover ³	0-5	-	0-2.5	-	15	35	14
John McCroskie	20-25	0-5	0-2.5	-	225	278	41
Robin Johnston ²	-	-	-	-	35	-	-
Tom Nelson	55-60	105-110	0-2.5	-	1,047	1,150	77
Barry Sillers	0-5	-	0-2.5	-	5	27	13

* Where the real movement in pension benefits is negative, a dash has been inserted in accordance with the SPFM/FReM guidance.

1 Lindsey McNeill and Lynn Brown are excluded from the above table. Lindsey McNeill opted out of the pension scheme during 2015/16. Lynn Brown is employed through an agency, therefore not a member of the pension scheme.

2 Robin Johnston covered the Dir of Governance and Assurance role up to 10 June 2018. Figures are stated as at that date.

3 Hugh Grover resigned during the year. The accrued pension and CETVs shown are at 31 March 2019 and as at the date of leaving on 10 September 2019.

Police Scotland Force Executive (audited)

Total Remuneration	2019/20				
	Salary and Allowances £'000	Other Pay Items £'000	Benefits in Kind to nearest £100	Pension Benefits ⁴ £'000	Total £'000
Iain Livingstone QPM Chief Constable	225-230	-	4,600	92	320-325
Fiona Taylor Deputy Chief Constable – People & Professionalism	180-185	-	5,000	32	215-220
William Kerr¹ Deputy Chief Constable – Local Policing	180-185	-	43,400	29	255-260
Malcolm Graham Deputy Chief Constable - Crime and Operations (from 27 May 2019)	150-155	-	2,900	207	360-365
Full Year Equivalent	180-185				
David Page Deputy Chief Officer	180-185	-	-	56	235-240
Andrew Hendry Chief Digital and Information Officer (from 30 September 2019)	65-70	-	-	20	85-90
Full Year Equivalent	130-135				
Martin Low Interim Director of ICT (to 12 September 2019)	45-50	-	-	-	45-50
Full Year Equivalent	100-105				
James Gray² Chief Financial Officer; Interim Accountable Officer (from 14 June 2019 to 30 September 2019)	125-130	-	-	37	160-165
Jude Helliker Director of People & Development	120-125	-	-	70	190-195
Tom McMahon Director of Business Integration	115-120	-	-	33	145-150
Neil Dickson Director of Change ³ (to 2 January 2020)	90-95	-	-	29	120-125
Full Year Equivalent	125-130				

General: In August 2020, Scottish Government ministers approved the SPA / Police Scotland Director Pay and Grading System proposal, as approved initially by the SPA Board at its meeting of June 2020. The proposal was backed by an independent job evaluation process. Implementation has resulted in non-pensionable recognition payments for some members of the Force Executive, with the relevant amounts for 2019/20 included above.

1 William Kerr received taxable expenses of £21,256 (£39,364 including tax costs paid) and £4,069 for vehicle expenses in 2019/20 which are included in the above table.

2 James Gray acted as Interim Accountable Officer for the period stated, during a period of absence of the previous Chief Executive, but did not receive any incremental remuneration.

3 From 3 January, responsibility for Change portfolio was undertaken by Andrew Hendry, Chief Digital and Information Officer.

4 The value of the pension benefits in the table above, is calculated as the real increase in pensions multiplied by HMRC methodology multiplier of 20, plus the real increase in any lump sum.

Total Remuneration	2018/19				
	Salary and Allowances ⁶ £'000	Other Pay Items £'000	Benefits in Kind to nearest £100	Pension Benefits ⁵ £'000	Total £'000
Iain Livingstone QPM¹ Chief Constable (from 27 Aug 2018)	130-135	-	5,800	88	225-230
Full Year Equivalent	225-230				
Iain Livingstone QPM Deputy Chief Constable Designate (to 26 Aug 2018)	85-90	-	-	343	430-435
Full Year Equivalent	220-225				
Rose Fitzpatrick Deputy Chief Constable – Local Policing (to 30 Jun 2018)	40-45	-	600	16	60-65
Full Year Equivalent	175-180				
Johnny Gwynne Deputy Chief Constable – Crime & Operational Support (to 15 March 19)	170-175	-	4,500	-	175-180
Full Year Equivalent	175-180				
Fiona Taylor Deputy Chief Constable – People & Professionalism (from 2 July 2018)	130-135	-	2,500	31	165-170
Full Year Equivalent	175-180				
William Kerr² Deputy Chief Constable – Local Policing (from 1 Sep 2018)	105-110	-	4,200	42	150-155
Full Year Equivalent	180-185				
David Page Deputy Chief Officer	180-185	-	-	56	235-240
Martin Leven³ Director of ICT (to 5 Sep 2018)	45-50	30-35	3,300	17	100-105
Full Year Equivalent	110-115				
Martin Low Interim Director of ICT	100-105	-	-	159	255-260
James Gray Chief Financial Officer	115-120	-	-	36	150-155
Jude Helliker⁴ Director of People & Development	115-120	-	3,700	35	150-155
Tom McMahon Interim Director of Business Integration	105-110	-	-	34	135-140
Neil Dickson Director of Change	120-125	-	-	38	160-165

General: Senior police officer pay grades received a pay award effective 1 Sep 2018. This comprised a flat rate increase of £4,133, covering the period to 31 March 2021, in equal monthly amounts.

1 Iain Livingstone was appointed Chief Constable on 27 August 2018. Salary level to 26 August 2018 was at the equivalent of Chief Constable. Salary uplift is the main factor applied to methodology for assessing pension benefit values (see Footnote 5).

2 William Kerr received taxable relocation expenses of £1,107 (£2,291 including tax and NI costs paid) and £1,935 for vehicle expenses in 2018/19 which are included in the above table.

3 Martin Leven resigned on 5 September 2018, receiving £6,990 for untaken annual leave and £25,266 for 12 weeks' salary in respect of his notice period. These costs are included in other pay items in the table above.

4 Jude Helliker received taxable relocation expenses of £2,000 (£3,698 including tax and NI costs payable in 2019/20) in 2018/19 which are included in the above table.

5 The value of the pension benefits in the table above, is calculated as the real increase in pensions multiplied by HMRC methodology multiplier of 20, plus the real increase in any lump sum.

6 Salary and allowances in 2018/19 have been restated to include car allowances where applicable.

In addition to those listed above, ten (2018/19: nine) Assistant Chief Constables are also part of the wider Force Executive but report directly into the DCCs above, who, along with the Chief Constable, the DCO and Directors, are the main decision-makers.

Pension Values

Name	Accrued Pension at 31 March 2020 £'000	Accrued Lump sum at 31 March 2020 £'000	Real Increase in Pension* £'000	Real Increase in Lump sum* £'000	CETV as at 31 March 2019 £'000	CETV as at 31 March 2020 £'000	Real Increase in CETV 2019/20 £'000
Iain Livingstone	125-130	-	5-7.5	-	2,960	3,105	67
Rose Fitzpatrick ¹	-	-	-	-	289	-	-
Johnny Gwynne ³	-	-	-	-	2,302	-	-
Fiona Taylor	5-10	-	2.5-5	-	30	67	12
William Kerr ⁶	120-125	-	0-2.5	-	2,915	2,989	15
Malcolm Graham ⁷	75-80	-	10-12.5	-	969	1,169	165
David Page	10-15	-	2.5-5	-	124	190	45
Andrew Hendry	0-5	-	0-2.5	-	-	12	5
Martin Leven ²	-	-	-	-	148	-	-
Martin Low ⁴	55-60	100-105	-	-	778	843	50
James Gray	10-15	-	0-2.5	-	32	113	15
Jude Helliker	55-60	-	7.5-10	-	623	793	150
Tom McMahon	10-15	-	0-2.5	-	92	129	26
Neil Dickson ⁵	5-10	-	0-2.5	-	38	62	15

* Where the real movement is negative, a dash has been inserted in accordance with the SPFM.

1 Rose Fitzpatrick retired during the year 2018/19. The CETV shown are as at the date of leaving on 30 June 2018.

2 Martin Leven resigned during the year 2018/19. The CETV shown are as at the date of leaving on 5 September 2018.

3 Johnny Gwynne retired during the year 2018/19. The CETV shown are as at the date of leaving on 15 March 2019.

4 Martin Low left his senior role during the year. The accrued pension and CETVs shown are at 31 March 2019 and as at the date of leaving on 12 September 2019.

5 Neil Dickson resigned during the year. The accrued pension and CETVs shown are at 31 March 2019 and as at the date of leaving on 2 January 2020.

6 Will Kerr opted out of the pension scheme during the year. The accrued pension and CETVs shown are at 31 March 2019 and as at the date of opting out on 31 October 2019.

7 Malcolm Graham was promoted to Deputy Chief Constable on 27 May 2019. The accrued pension and CETVs shown are at 31 March 2019 and as at 31 March 2020.

Median and fair pay (audited)

The highest paid current employee of the organisation was the Chief Constable. His annualised remuneration before pension benefits was £225,282 (2018/19: Chief Constable £223,549). This was 5.6 times (2018/19: 5.8 times) the median remuneration paid to SPA police officers and staff, which was £40,068 (2018/19: £38,811). Remuneration ranged from £19,221 to £225,282 (2018/19: £17,213 to £223,549) during the year.

STAFF REPORT

Staff analysis by gender (audited)

The table below summarises the actual number of Board members, external secondees, employees and officers by gender:

Category of staff	As at 31 March 2020				As at 31 March 2019			
	Male	Female	%*	Total	Male	Female	%*	Total
Board members	6	5	45	11	7	6	46	13
SPA Senior Management Group ¹	3	1	25	4	4	1	20	5
Police Scotland Force Executive	7	2	22	9	7	2	22	9
SPA & Police Scotland staff	2,246	3,813	63	6,059	2,120	3,668	63	5,788
Agency staff ²	17	17	50	34	36	40	53	76
Police officers	11,991	5,712	32	17,703	12,007	5,469	31	17,476
Special Constables	353	167	32	520	361	164	31	525
Total	14,623	9,717	40	24,340	14,542	9,350	39	23,892

* indicates the percentage of females for each category of staff

1 One staff member currently on secondment

2 Agency staff numbers are shown as at 31 March and do not represent movement in numbers during the year, while agency staff costs represent the full year.

Total staff costs analysis (audited)

2019/20	Board members £'000	Staff £'000	Officers £'000	Agency staff £'000	Total £'000
Wages and salaries	269	176,118	720,991	2,636	900,014
Social security costs	25	17,144	78,152	-	95,321
Pension costs	-	34,956	19,635	-	54,591
	294	228,218	818,778	2,636	1,049,926
IAS19 pension adj. (note 23)	-	37,276	(43,300)	-	(6,024)
	294	265,494	775,478	2,636	1,043,902

2018/19	Board members £'000	Staff £'000	Officers £'000	Agency staff £'000	Total £'000
Wages and salaries	290	172,255	706,987	2,415	881,947
Social security costs	26	16,547	77,147	-	93,720
Pension costs	-	31,029	21,563	-	52,592
	316	219,831	805,697	2,415	1,028,259
IAS19 pension adj. (note 23)	-	37,672	660,200	-	697,872
	316	257,503	1,465,897	2,415	1,726,131

Officers' wages and salaries include such items as basic pay, allowances, parental pay, redundancy costs, sick pay, TOIL and any long-service awards. It also incorporates annual

allowances paid to Special Constables of £320,301 (2018/19: £340,911) during the year. Officers' pension costs include both ill health and injury pensions. Staff and officer pay levels are compliant with the UK living wage.

Additional staff details

There were 12 officers (2018/19: 4) and 4 staff members (2018/19: 5) who died during the year. There were also 70 officers (2018/19: 105), and 23 members of staff (2018/19: 26) who retired through ill health.

Exit packages (audited)

In recognition of the ongoing programme of organisational change, the Scottish Government agreed to extend the terms of the current SPA voluntary redundancy and voluntary early retirement (VR/VER) schemes until 31 March 2020. As in the previous year, there continues to be a Scottish Government Public Sector Pay Policy of no compulsory redundancies. Reform funds were made available to maximise sustainable organisational benefits. VR/VER releases represent a significant cost, and must be balanced with other change investments.

Value of package including pension strain costs ¹	2019/20 Total Employees	2018/19 Total Employees
<£10,000	1	2
£10,000 - £25,000	2	3
£25,000 - £50,000	2	5
£50,000 - £100,000	4	4
£100,000 - £150,000	1	1
£150,000 - £200,000	1	2
£200,000 - £250,000	-	1
Total number of exit packages	11	18
	£'000	£'000
Total costs of agreed departures during the year	660	1,128

¹ 2018/19 bandings have been restated in line with FReM requirements.

The VR/VER scheme is open to all SPA and Police Scotland employees with a minimum of two years continuous service. Employees working in functions which have a critical role to play in any new structure are unlikely to be released unless they can be backfilled by staff whose posts are at risk of redundancy.

The National Voluntary Release Panel reviewed the applications submitted in line with the process agreed by the SPA Board and approved 11 releases during 2019/20 (2018/19: 18).

The values of the individual packages approved under the voluntary severance scheme for staff members accrued during the year including pension payments, are shown above.

During the financial year six financial settlements were entered into with three employees in the £0-£10,000 range and three employees in the £25,000-£50,000 (2018/19: four). The payments were made for employment tribunal claims outside the VR/VER policy and are not included in the above table.

Attendance management

The absence management figures for both the SPA and Police Scotland combined, shown as a percentage of days available, are as follows:

	Short term	Long term	2019/20 Total	Short term	Long term	2018/19 Total
Staff	3.0%	3.4%	6.4%	2.5%	2.9%	5.4%
Officers	2.2%	2.7%	4.9%	1.8%	2.5%	4.3%

Agency and consultancy fees (audited)

In addition, staff paid through an agency disclosed in total staff costs above was £2.64 million (2018/19: £2.42m), there was an additional £1.46 million (2018/19: £3.4m) of contractors' fees which were capitalised within additions in ICT assets under construction. Other consultancy fees can be found in note 4 to the financial statements.

Trade union (TU) facility time reporting

	TU facility time	2019/20	2018/19
1	Employees identified as union officials (and full time equivalent)	43 (41.6)	39 (38.4)
2	Proportion of working time spent on facility time (no. of employees)		
	2a 0% of working time	3	3
	2b 1-50% of working time	29	24
	2c 51-99% of working time	1	0
	2d 100% of working time	10	12
3	%age of pay bill spent on facility time	0.05	0.04
4	%age of time spent on trade union activities	8	9

Details of trade union facility time are also disclosed on the Police Scotland [website](#), in line with legislative requirements laid out in the Trade Union (Facility Time Publication Requirements) Regulations 2017.

Employee relations

Corporate information for police officers and staff is publically available and is presented through a suite of corporate internal communications channels including: The Beat magazine, divisional bulletins, shift briefings, memos, briefing sites, internal marketing campaigns, and the SPA and Police Scotland linked intranet for all staff, video messages, posters, booklets and briefings.

Detailed communication strategies are developed for specific, large scale and complex projects such as Staff Pay and Reward Modernisation (SPRM), to ensure information is distributed accurately and effectively to target audiences. This includes identifying stakeholder groups, clearly documenting relevant key messages and effective and practical time scales.

People related standard operating procedures are contained in the Policy Hub which also holds guidance and relevant support links in order to support the organisation in empowering its people. The launch of the policy hub and a more streamlined and simplified approach to people related procedures has been welcomed. The new site allows for a better user experience, key topics that are regularly used are available more readily.

Staff survey requirements are being progressed and a board has been set up to oversee this work. It is anticipated that this work will provide the opportunity to benchmark against other police forces and will identify focus on areas that will have the most impact.

Staff association and trade union representatives have continued to engage with the organisation's strategy refresh.

The SPRM project accepted through a ballot and implemented in April 2019 has now moved into the appeals stage and appeals are currently being sifted, before panel hearings commence.

Equality & diversity

Policing is a vital public service and plays a major part in supporting and enabling the people of Scotland to go about their life and work safely and with confidence.

As the public body responsible for maintaining, overseeing and holding Police Scotland to account, the SPA has a fundamental role to play in ensuring the safety and wellbeing of people, places and communities in Scotland. Ensuring that policing is listening to communities, is focussed on the right priorities, and has the right skills and capabilities is central to delivering on our general equality duty. The increasing focus on developing strategies and plans to address vulnerability, improve engagement and develop partnerships with diverse communities and through a diverse workforce goes hand in hand with our equality outcomes.

Our focus is mainstreaming equalities considerations through all our thinking and in everything we do.

The policing arrangements in Scotland, and organisations like the SPA, are still relatively young. There is much more to do and more tangible progress to make but we are confident we are on a journey of improvement that will make policing ever more responsive, reflective, and representative of the people it serves.

Health & safety

The latter part of 2019/20, and the subsequent weeks have been one of the most challenging periods in the history of modern policing mainly down to the discovery of Covid 19. There have also been a number of other significant pieces of work within Police Scotland Health and Safety with one of the most notable being the Chief Constable's commitment to supply safety footwear to police officers. This is a major advancement in terms of Health & Safety and Wellbeing which stems from a piece of work where we identified the number of RIDDORs (reports under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) where officers had suffered a slip, trip or fall during a foot pursuit. We hope that the new footwear will arrive in autumn 2020 and will reduce the number of accidents.

We started work in relation to Covid 19 in January 2020 and very quickly put an initial draft risk assessment with detail of the personal protective equipment (PPE) required. This was later to involve the face fitting of thousands of police officers for FFP3 masks and at this time work

continues to face fit more officers. Fluid Repellent Surgical Masks are also in use to help with social distancing where other control measures are not available. Covid 19 has impacted on every area of policing and has affected both police officers and police staff. Of particular concern have been high risk activities which include custody suites, sudden deaths, CPR and roadside breath tests. In short, any activity at close quarters where officers and staff can come into contact with Covid 19. Custody has been particularly challenging and we initially created three centres to handle those suspected of having or confirmed with Covid 19. At the time of writing, it looks like Covid 19 will remain a challenge for months to come.

Prior to the Covid 19 pandemic, the Health & Safety Team were involved in a number of very significant pieces of work and one of the most significant has been a detailed national audit process for Custody. This work commenced in autumn 2019 and a number of sites have been successfully covered in conjunction with safety representatives from the Scottish Police Federation, Unison and Unite. The work has received praise from senior management within Custody and Trade Union colleagues alike. Unfortunately, like a lot of our work, this has been stalled by the Covid 19 situation.

Below are the accident statistics for the period 2019/20.

Accident type	2019/20	2018/19	% Increase / (Decrease)
Injuries due to assault	2,084	1,685	24%
Injuries during arrest	633	759	(17%)
Manual handling	85	75	13%
Slips, trips and falls	247	229	8%
Training accidents	99	109	(9%)
RTC injuries	145	108	34%
Other incidents	463	586	(21%)
Near-miss reports	1,054	1,106	(5%)
Total	4,810	4,657	3%

RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995) Reports	165	155	6%
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Health & wellbeing

The Police Scotland People Strategy 2018-2021 enables the delivery of the Service's Strategy – "Delivering a Changing Scotland" with one of the strategic outcomes being "Creating a Positive Environment".

The wellbeing of our people underpins all of the activities in the People Strategy.

The Wellbeing team continues to mainstream wellbeing in all that we do in delivering policing in Scotland.

The core wellbeing services are available to all officers and staff. Our Occupational Health and Employee Assistance Programme are provided by Optima Health.

	2019/20	2018/19	% Increase / (Decrease)
Occupational Health Referrals	3,716	3,727	(0.3)%
Employee Assistance Programme (EAP)	2,449	1,407	74%

Occupational Health management referrals are consistent with last year.

The number of EAP contacts has increased by 74% on last year. This increase in utilisation was initially considered to be that officers and staff were keen to engage with the new EAP provider, however figures have been level throughout the year.

Psychological absence is now the most prevalent reason for absence among officers and staff with average days lost to this illness increasing from last year

Psychological absence (days)	2019/20	2018/19	Increase / (Decrease)
Police Officer	10.37	8.79	1.58
Police Staff	14.85	12.92	1.93

The focus is to build on what we have in place and explore preventative and early intervention activities.

Trauma Risk Management (TRiM) is an internal network that provides structured support to officers and staff who have experienced traumatic incidents. The number of requests for TRiM have increased by 16% on last year.

	2019/20	2018/19	% Increase / (Decrease)
Number of requests for TRiM	188	162	16%

The rise in requests could be attributed to an increase in awareness of this service due to increased promotion.

Upskilling and development of newly appointed first line managers continues with a 316% increase on last year and Scottish Mental Health First Aid training attendance remains level.

Upskilling and Development	2019/20	2018/19	% Increase / (Decrease)
First Line Manager	241	58	316%
Scottish Mental Health First Aid	139	137	1.5%

The Art of Resilience was offered to our people to assist them to build personal resilience. 547 officers and staff have attended / are scheduled to attend with feedback very positive.

Officers and staff were again offered the opportunity to claim a free flu voucher. This year vouchers were primarily available to redeem at Boots pharmacies, with a 4% reduction in requests.

Free flu voucher	2019/20	2018/19	% Increase / (Decrease)
Vouchers Issued	6,474	6,715	(4)%

Backup Buddy is an app that can be downloaded to personal devices. The app has been specifically developed to provide useful information, practical advice regarding mental health issues and how to access support. This app was launched in January 2020 and has been downloaded by 1,454 officers and staff to date.

The Wellbeing Champions network continues to be crucial in embedding and mainstreaming wellbeing. The network is a focal point for ensuring the national framework is delivered locally. The third Wellbeing Champions conference took place in June 2019 and work is underway to assess next steps to optimise this channel.

Lifelines project has received funding from the Scottish Government, with the aim to establish a consistent approach to emergency services response in supporting those exposed to traumatic incidents.

This will involve the development of resources to help officers and staff understand what keeps them well, the threats to their resilience in an emergency services role and how to access help should they need it.

Part 3 Parliamentary Accountability and Audit Report



Overview

The SPA is held to account by Parliament through statutory arrangements put in place through the Public Finance and Accountability (Scotland) Act 2000.

The organisation's spending and use of resources are examined by our external auditor, Audit Scotland.

The SPA has developed their financial monitoring reports throughout the financial year. This has improved the transparency of performance reporting in accordance with the funding streams available from the Scottish Government, in order to provide assurance that public money is spent in accordance with parliamentary accountability.

The Statement of Resource Outturn below and associated Reconciliation of Statement of Resource Outturn to Statement of Comprehensive Net Expenditure, and Statements of Non-Cash and Annually Managed Expenditure (AME) funding overleaf are presented in order to provide transparency to the people of Scotland, demonstrating that public money is spent properly, and in accordance with the principles of best value.

3

STATEMENT OF RESOURCE OUTTURN

	Funding	2019/20 Outturn	Funding vs Outturn	Funding	2018/19 Outturn	Funding vs Outturn
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue resource ¹	1,114,538	1,141,431	(26,893)	1,080,056	1,115,511	(35,455)
Revenue reform	24,000	23,967	33	25,000	25,011	(11)
Total resource DEL²	1,138,538	1,165,398	(26,860)	1,105,056	1,140,522	(35,466)
Working capital (cash only) ³	32,945	-	32,945	35,854	-	35,854
Capital resource ¹	35,821	35,585	236	23,940	24,039	(99)
Capital reform	4,600	4,600	-	4,600	4,600	-
Capital grant income	481	481	-	179	-	179
Total capital DEL	40,902	40,666	236	28,719	28,639	80
Capital receipts	6,973	4,513	2,460	12,044	6,538	5,506
Resource under/ (over) spend	1,219,358	1,210,577	8,781	1,181,673	1,175,699	5,974
ODEL Funding – pre 2004/05 loan interest	3,640	3,640	-	6,430	6,407	23
Resource under/ (over) spend including ODEL	1,222,998	1,214,217	8,781	1,188,103	1,182,106	5,997

¹ Resource funding provided through periodic Grant in aid payments. See also Note 26 to the Financial Statements.

² Departmental Expenditure Limit

³ Cash funding related to the deficit position (as noted in the Financial Performance section of the SPA Corporate Performance report and Note 26 to the Financial Statements).

Reconciliation of Statement of Resource Outturn to Statement of Comprehensive Net Expenditure

	2019/20 £'000	2018/19 £'000
Net comprehensive expenditure	1,710,392	2,316,207
Non-cash costs		
Depreciation & amortisation	(41,173)	(35,748)
AME funded impairments / revaluations	(19,594)	(6,725)
Impairment of bad debt	597	537
Capital grant Income	481	179
Pension fund interest	(490,895)	(425,721)
IAS19 pension adjustment	6,024	(697,872)
Provisions (non-cash)	(434)	(10,335)
Total non-cash costs	(544,994)	(1,175,685)
Net comprehensive expenditure attributed to revenue budgets	1,165,398	1,140,522

Cash Grant in Aid funding from the Scottish Government is allocated each year to SPA under "Resource (cash) funding" from the original Departmental Expenditure Limit (DEL) which consists of separate budgets controlled through DEL, represented by:

- net resource spending (resource DEL);
- net capital expenditure (capital DEL); and
- Outside DEL expenditure (ODEL) which represents a sum allocated, by HM Treasury, against loan repayments for borrowings agreed and held by councils prior to 2005.

Total resource funding (including ODEL and reform funding) for the year to 31 March 2020 was £1.223 billion (2018/19: £1.188 bn) representing a rise in resources of £35m (2.9%). This compares to a rise of £84m (7.6%) received in the 2018/19 financial year.

Other operating income (see note 3), relates to income raised by Police Scotland to offset against expenditure.

Scottish Government agreed an annual recurring cost of £941,250 (2018/19: £941,250) for the cost of SPPA's role as Scheme Manager of the Police Officers' Pension Scheme. This amount was deducted from the SPA baseline budget in respect of the costs due to SPPA. Therefore the £941,250 is not included within the cash grant in aid figure within the SPA Annual Report & Accounts.

Non-cash Funding

Non-cash funding is allocated as follows:

- ring-fenced DEL which comprises non-cash expenditure such as depreciation; and
- Annually Managed Expenditure (AME) which is a separate budget covering expenditure such as pension adjustments, and some provisions and impairments, which cannot be fully controlled.

Statement of Resource Outturn – Annually Managed Expenditure (AME) Funding

	Note	2019/20 £'000	2018/19 £'000
Increase in AME provisions	22	434	10,335
IAS 19 pension adjustment in pension Interest for staff	23	6,795	4,221
IAS 19 pension adjustment in staff costs	23	37,276	37,672
AME funded impairments / revaluations	9	19,594	6,725
Total AME expenditure		64,099	58,953
Total AME funding received	26	(35,000)	(38,000)
Total AME over spend		29,099	20,953

Statement of Resource Outturn – non-cash funding

	Note	2019/20 £'000	2018/19 £'000
Depreciation	9-11	41,173	35,748
Impairment loss	9	-	-
Total non-cash expenditure		41,173	35,748
Total non-cash GIA received	26	(35,000)	(50,000)
Total non-cash over / (under) spend		6,173	(14,252)

Fraud

Every two years, the UK Cabinet Office initiates a National Fraud Initiative (NFI), collating electronic data across the public sector in order to identify possible fraudulent transactions. In Scotland, this work is led by Audit Scotland, and overseen by the Cabinet Office. SPA provided purchase ledger and payroll data for this exercise and data matches have been received. All high risk items have been investigated, no incidents of suspected fraud were identified within the exercise. The remaining items were reviewed, compliant with NFI deadlines.

Losses, special payments and write-offs

Following a review of overdue sales invoices during 2019/20, the Board approved the write off of 528 invoices with a total value of £163,845. In addition to this, 1,870 invoices with a total value of £418,461 were written off during 2019/20 which were approved by the Board in 2018/19 (2018/19: nil).

This review has also resulted in a decrease in the impairment for bad debts within trade receivables to £63,261 (2018/19: £660,000).

In addition to the bad debt write off, the Board also approved the write off of obsolete stock with a total value of £83,712.

Legal costs arising during the normal course of operations and are included at Note 4 to the Accounts. A provision for litigation is detailed at Note 22 to the Accounts.

Payments to individuals who have taken voluntary redundancy are disclosed within the Remuneration and Staff Report. During the financial year six financial settlements were entered into with three employees in the £0-£10,000 range and three employees in the £25,000-£50,000 (2018/19: four). The payments were made for employment tribunal claims outside the VR/VER policy.

There have been no other material losses, special payments or write-offs during the year.

Donations

Small donations were made during the year to volunteering organisations and community safety fund partnerships. Overall these payments amounted to less than £92,000, and included donations to the Mountain Rescue Service of £63,000 (2018/19: £98,000), the University of Edinburgh of £20,000 (2018/19: nil) and the Scottish Police Memorial Trust of £5,000 (2018/19: nil). During 2019/20 no donations were made to the Police Treatment Centre (2018/19: £38,203), the Save a life for Scotland Project (2018/19: £20,000) or the Dumbarton Open Day (2018/19: £1,765). A small number of other donations were made, none of which exceeded £1,000.

Auditors

Under the Public Finance and Accountability (Scotland) Act 2000, the SPA's auditors are appointed by the Auditor General. Gillian Woolman, Audit Director at Audit Scotland has a one year appointment for 2019/20. The auditors were remunerated the sum of £206,110 (2018/19: £210,900) in respect of statutory audit services for the financial year.

Audit Scotland did not perform any non-audit services and no additional payments were made.

Remote contingent liabilities (audited)

The SPA and Police Scotland are not aware of any remote contingent liabilities that it would be required to disclose under the requirements of the Financial Reporting Manual.

Supplier payment policy

The SPA aims to comply with the Government's Better Payment Practice Code. Unless otherwise stated in the contract, the SPA aims to pay within ten working days from either the receipt of goods or the presentation of a valid invoice, whichever is the later.

80% of supplier invoices were paid within the normal trading terms of 30 days (2018/19: 73%). The number of invoices taking longer than ten working days has decreased from 74% in 2018/19 to 65% in 2019/20. The trade creditor level as at 31 March 2020 was 17 days compared to 26 days in the previous year.

Lynn Brown OBE
Interim Chief Executive & Accountable Officer
30 September 2020

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's report to the members of the Scottish Police Authority, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Scottish Police Authority for the year ended 31 March 2020 under the Police and Fire Reform (Scotland) Act 2012. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a statement of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2019/20 Government Financial Reporting Manual (the 2019/20 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2020 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 FReM; and
- have been prepared in accordance with the requirements of the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 25 June 2020. The period of total uninterrupted appointment is one year. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter: Valuation of land and buildings

I draw attention to Note 32 in the financial statements, Key sources of judgement and uncertainty, which describes the effects of material uncertainties, caused by Covid-19, declared in the valuation report for land and buildings. My opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my independent auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Gillian Woolman

Audit Director

30 September 2020

Audit Scotland

4th Floor

102 West Port

Edinburgh

EH3 9DN

Financial Statements of the Scottish Police Authority



Statement of Comprehensive Net Expenditure
Statement of Financial Position
Statement of Cash Flows
Statement of Changes in Taxpayers' Equity
Notes to the Accounts

Direction by the Scottish Ministers

Statement of Comprehensive Net Expenditure Year ended 31 March 2020

	Note	2019/20 £'000	2018/19 £'000
Expenditure			
Staff costs	2	1,043,902	1,726,131
Other expenditure	4	157,640	170,475
		1,201,542	1,896,606
Depreciation & amortisation	9 - 11	41,173	35,748
Operating expenditure	2	1,242,715	1,932,354
Income from activities	3	(48,224)	(54,506)
Net Expenditure before interest		1,194,491	1,877,848
Loss on impairment of assets	9	19,594	6,725
Interest payable			
Pension fund interest	23	490,895	425,721
PFI interest		1,992	2,109
Finance lease interest		239	291
Loan and other Interest		3,181	3,513
		496,307	431,634
Net expenditure		1,710,392	2,316,207

Other comprehensive expenditure	Note	2019/20 £'000	2018/19 £'000
These items will not be reclassified to net expenditure			
Net (gain) / loss on revaluation reserve		14,202	6,138
Net (gain) / loss on revaluation of investment properties	10	(5,248)	(157)
IAS19 actuarial (gain) / loss	23	2,324,835	(863,407)
Total other comprehensive (Gain) / Loss		2,333,789	(857,426)

Total Comprehensive Net Expenditure		4,044,181	1,458,781
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The notes on pages 113 to 166 form part of these accounts.

Statement of Financial Position as at 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Non-current assets			
Property, plant and equipment	9	480,589	509,031
Investment properties	10	13,739	8,473
Intangible assets	11	13,151	11,269
Total non-current assets		507,479	528,773
Current assets			
Cash and cash equivalents	13	14,158	14,146
Inventories	14	3,168	3,734
Trade and other receivables	15	39,114	44,587
Assets held for sale	16	2,682	5,896
Total current assets		59,122	68,363
Total assets		566,601	597,136
Current liabilities			
Trade and other payables	17	(120,821)	(131,132)
Total current liabilities		(120,821)	(131,132)
Total assets less net current liabilities		445,780	466,004
Non-current liabilities			
Finance lease liabilities	19	(2,500)	(3,458)
PFI liabilities	20	(13,909)	(15,064)
Long-term loan liabilities	21	(72,020)	(76,182)
Provisions	22	(24,980)	(24,546)
Total non-current liabilities		(113,409)	(119,250)
Total net assets before pension liabilities		332,371	346,754
Pension liabilities	23	(19,764,956)	(16,955,250)
Assets less liabilities		(19,432,585)	(16,608,496)
Taxpayers' equity			
General fund		225,604	225,785
Revaluation reserve		106,767	120,969
Taxpayers' equity before pension liabilities		332,371	346,754
Pension Reserve	23	(19,764,956)	(16,955,250)
Total taxpayers' equity		(19,432,585)	(16,608,496)

Lynn Brown
Interim Chief Executive & Accountable Officer
30 September 2020 and Authorised for issue on 30 September 2020

The notes on pages 113 to 166 form part of these accounts.

Statement of Cash Flows - Year ended 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Cash flows from operating activities			
Net deficit from operating activities		(1,710,392)	(2,316,207)
Adjustments for non-cash transactions	8	547,694	1,165,046
Decrease / (increase) in inventories	14	566	(707)
Decrease / (increase) in trade and other receivables	15	5,473	(14,529)
Increase / (decrease) in trade and other payables	17	(12,133)	6,890
Increase / (decrease) in provisions	22	434	10,335
Net cash outflow from operating activities		(1,168,358)	(1,149,172)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(41,288)	(34,423)
Purchase of intangible assets	11	(2,441)	(1,422)
Proceeds of disposal of property, plant, equipment	9	6,973	12,045
Net cash outflow from investing activities		(36,756)	(23,800)
Cash flows from financing activities			
Grant in Aid from the Scottish Government	26	1,215,544	1,175,880
Payments to repay finance leases – interest		(239)	(291)
Payments to repay PFI agreements - interest		(1,992)	(2,109)
Payments to repay long-term loans - interest		(2,374)	(2,110)
Payments to repay finance leases - capital		(903)	(851)
Payment to repay PFI agreements – capital		(1,023)	(904)
Payments to repay long-term loans – capital		(3,887)	(7,199)
Net financing		1,205,126	1,162,416
Net increase / (decrease) in cash and cash equivalents	13	12	(10,556)
Cash / cash equivalents at the beginning of the year		14,146	24,702
Cash / cash equivalents at the end of the year	13	14,158	14,146

The notes on pages 113 to 166 form part of these accounts.

Statement of Changes in Taxpayers' Equity - Year ended 31 March 2020

	Note	General Fund £'000	Pension £'000	Revaluation Reserve £'000	Total £'000
Balance as at 31 March 2018		235,556	(16,695,064)	127,107	(16,332,401)
Cash Grant in Aid	26	1,175,880	-	-	1,175,880
Net expenditure for the year		(1,192,614)	(1,123,593)	-	(2,316,207)
Revaluation gains and (losses)	9, 10 & 23	6,963	863,407	(6,138)	864,232
Balance as at 31 March 2019		225,785	(16,955,250)	120,969	(16,608,496)
Cash Grant in Aid	26	1,215,544	-	-	1,215,544
Net expenditure for the year		(1,225,521)	(484,871)	-	(1,710,392)
Revaluation gains and (losses)	9, 10 & 23	9,796	(2,324,835)	(14,202)	(2,329,241)
Balance as at 31 March 2020		225,604	(19,764,956)	106,767	(19,432,585)

The notes on pages 113 to 166 form part of these accounts.

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1. Statement of accounting policies

The accounts are prepared in accordance with the Accounts Direction issued by the Scottish Government under provisions of the 2012 Act, and in a form directed by Scottish Ministers, in accordance with the SPFM, the 2019/20 Government Financial Reporting Manual (FRm) issued by HM Treasury, which follows International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 32.

The SPA is expected to satisfy the conditions and requirements set out in the financial memorandum drawn up by the Scottish Government's Justice Portfolio, together with all the relevant requirements in the SPFM and such other conditions as Scottish Ministers may from time to time, impose.

The accounts are prepared on a historical cost basis, as modified by the revaluation of Property, Plant and Equipment, Investment Properties, Financial Assets and Financial Liabilities at their fair value, see note 1.2.

1.1 Going concern

The accounts continue to be prepared on a going concern basis for the organisation which is classified as an Other Significant National Body charged with the responsibility to provide policing services to the people of Scotland.

The accounts have been prepared incorporating the requirements of international accounting standards and include an actuarial valuation of the various pension schemes' liabilities as explained in notes 23-25 to the accounts. These valuations reflect liabilities falling due in future years in respect of pension liabilities arising from the application of IAS19. The appointed actuaries have calculated the liability as at 31 March 2020.

Police Pension Scheme

The Government Actuary's Department conducts a review every four years of the funding basis of the Police Pension Scheme, and in the intervening years rolls forward the scheme's liabilities in a desk top review. The roll-forward allows for:

- changes in financial assumptions;
- additional benefit accrual;
- actual cash flows over the year and estimated where necessary; and
- updated membership information.

The last formal valuation of the Police Pension Scheme was conducted on 31 March 2016. The other main assumptions are set out in the notes to the accounts.

The pension deficit will not be met from the SPA's sources of income, but will be met as it falls due by future Grant in Aid from the SPA's sponsoring department, the Scottish Government's Justice Portfolio. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need.

1.2 Fair value

IFRS 13 applies when fair value measurements are permitted. Fair value is the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction, between market participants, at the measurement date. The standard seeks to increase consistency and comparability in fair value measurements and related disclosures through a fair value hierarchy.

The hierarchy categorises the inputs used in valuation techniques into three levels:

- **Level 1 inputs** which are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2 inputs** are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets
 - quoted prices for identical or similar assets or liabilities in markets that are not active
 - inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted intervals.
- **Level 3 inputs** are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Where an asset or liability is valued at fair value, the hierarchy level will be disclosed in the appropriate note.

1.3 Segmental reporting

The divisions used in the monthly budget management reporting are as follows:

SPA Corporate Services;	DCC Local Policing;
Forensic Services;	DCC Crime and Operations; and
Reform;	DCC People and Professionalism.
Deputy Chief Officer (DCO);	

Assets are shared across the operating segments and segmental information on assets and liabilities is not reported internally. As a result, segmental disclosure of these is not necessary, and costs such as depreciation and amortisation have been allocated to DCO level.

DCO encompasses the main Police Scotland Corporate Service functions including ICT, Finance, Procurement, Fleet and Estates.

1.4 Revenue recognition

Revenue is recognised net of recoverable VAT to the extent that it is probable that the economic benefits will flow to the SPA and the revenue can be reliably measured.

Grant in Aid

The SPA is funded by the Scottish Government. Grant in Aid is received throughout the year and is intended to meet the SPA's estimated expenditure. The Scottish Government does not allow funding to be available in advance of need, nor does it allow unused funding to be carried forward into future financial years. Grant in Aid is accounted for as financing on a cash basis, not as income and is therefore credited to the SPA's reserves and not incorporated within the organisation's Statement of Comprehensive Net Expenditure.

Revenue grants

All revenue grants are matched with the expenditure to which they relate. Specific grants are accounted for on an accruals basis where conditions for receipt have been met. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Statement of Financial Position as creditors.

Capital grants

Capital grants are accounted for in accordance with IAS20 'Accounting for Government Grants & Disclosure of Government Assistance' and recognised in the Statement of Comprehensive Net Expenditure once conditions have been met. Where carry forward of capital grant is permitted and any conditions attached have not been met, the grant is treated as a capital grant receipt in advance.

Provision of services

Revenue from the provision of services is recognised when the SPA can reliably measure the percentage of completion of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the organisation.

Rental Income

Rental income from operating leases is recognised on a straight-line basis over the terms of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

1.5 Property, plant and equipment (PPE)

Recognition

Property, plant and equipment are tangible items held for use by the SPA in the provision of services and are expected to be in use for more than one financial year.

All PPE assets will be accounted for as non-current assets provided that the future economic benefits or service potential associated with the item has been transferred to the SPA, unless they are deemed to be held-for-sale.

Capitalisation

Expenditure is capitalised when the asset is ready for use, provided that the PPE will yield a benefit to the SPA for a period of more than one year and is subject to the application of a de-minimis level of £5,000 (exclusive of VAT).

IT development costs

IT projects such as significant capital upgrades and items in development will be included. Costs of such items will include not only purchase price of equipment and direct construction costs, but also other costs directly attributable in bringing an asset to a condition ready to use. Such costs will include professional fees and salary costs where directly attributable to an asset.

Valuation – land & buildings (excepting those under policies 1.7 and 1.8)

Operational assets are carried in the Statement of Financial Position at current value in existing use, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV). Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. The land and building category is separated, within the asset register, between land, buildings and dwellings for disclosure purposes only.

Revaluation reserve

Assets included in the Statement of Financial Position at fair value are revalued regularly at a minimum of every 5 years by appropriately qualified RICS surveyors to ensure the carrying value is not materially different from the fair value. Any subsequent increase in valuation is taken to a Revaluation Reserve except where, and to the extent that they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised as income.

Any decrease in the value of an asset will be set against any credit balance held in each asset's specific revaluation reserve until this credit is exhausted and thereafter to net operating cost as an impairment charge in the Statement of Comprehensive Net Expenditure.

Valuation – plant & equipment

Non-property assets are carried at valuation in existing use. Depreciated historical cost is used as a proxy for current value for the following classes of assets as they have short useful economic lives and/or low values: ICT systems, plant and machinery, fixtures and fittings and motor vehicles.

Valuation – surplus assets

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at current net book value if it does not meet the requirements of IAS 40 or IFRS 5 as either an Investment Property or an Asset Held for Sale per 1.7 and 1.8 below.

Donated assets

Assets classified as donated are measured at fair value on receipt. The funding element is recognised as income and taken to the Statement of Comprehensive Net Expenditure. Any subsequent revaluations are taken to a Revaluation Reserve.

Loaned assets

Assets classified as loaned are measured at cost or valuation on receipt. These are recorded in the loaned asset register and do not feature on the Statement of Financial Position.

Componentisation of assets

In accordance with IFRS 15 a componentisation policy has been adopted where appropriate. SPA has separated the valuation of land and buildings and implemented a policy of component accounting for material assets. These are considered to be assets with a carrying value of £1 million or higher, with components accounted for separately if their cost or value is in excess of 20% of the carrying value.

This is subject to phased introduction with material assets componentised upon acquisition, scheduled revaluation or significant enhancement expenditure.

Impairments

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where the carrying amount of an asset exceeds its recoverable amount due to a loss in the economic benefit or service potential of the asset, a charge to the net operating cost as an impairment is made to the Statement of Comprehensive Net Expenditure.

Where the carrying amount of an asset exceeds its recoverable amount due to a fall in market price, they are accounted for as follows:

- Any decreases in the value of an asset will be set against any credit balance held in each asset's specific revaluation reserve until this credit is exhausted and thereafter to net operating cost as an impairment charge in the Statement of Comprehensive Net Expenditure; and
- Where an impairment loss is reversed subsequently, the reversal is credited to the Statement of Comprehensive Net Expenditure, up to the amount of the original loss.

Disposals

When an asset is disposed of or decommissioned, the carrying amount is removed from the Statement of Financial Position with the difference between the carrying amount and the proceeds received charged to the Statement of Comprehensive Net Expenditure.

Capital receipts from the sale of non-current assets are recorded for each type of asset and distribution is determined by the Scottish Government.

1.6 Depreciation

Depreciation is provided on property, plant and equipment at rates calculated to write off the valuation, less estimated residual values, of each asset evenly over its expected useful life. Depreciation charges commence in the first full month following the addition to the relevant non-current asset category. Asset lives in general are as follows:

Asset	Years
Buildings & Dwellings	15 - 50
Plant, Machinery & Equipment	3 - 20
Vehicles	3 - 10
Fixtures & Fittings	3 - 10
IT Systems	3 - 10
Radio Masts	15
Leased Assets	Life of the lease

1.7 Investment properties

Investment properties are properties that are used solely for the purpose of generating income either by rentals or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services.

The investment properties are mainly radio stations and masts, which are no longer required for operational radio communications, and are leased by telecommunication providers. Rental income is received for these properties.

Measurement and depreciation

Investment properties are measured initially at cost and subsequently at fair value based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length.

The fair value of SPA's investment properties is measured annually at each reporting date. All valuations are carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The gain or loss arising from a change in the fair value of investment property shall be recognised in the Statement of Comprehensive Net Expenditure for the period in which it arises. Investment properties held at fair value are not depreciated.

De-recognition

Investment properties are derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal. The gain or loss arising from the disposal is recognised in Financing and Investment Income and Expenditure in the Statement of Comprehensive Net Expenditure.

1.8 Assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

The asset is immediately valued before reclassification and then carried at the lower of this amount and fair value less costs to sell. Any impairment is recognised per 1.5 above. There is no depreciation on assets held for sale. Any subsequent increases or decreases in fair value are then recognised up to the amount of any previously recognised losses within the Statement of Comprehensive Net Expenditure. Assets which are to be abandoned or scrapped are not classified as Assets Held for Sale.

1.9 Assets under construction

Assets classified as under construction are recognised in the Statement of Financial Position at cost on an accruals basis. The asset is not depreciated until fully commissioned and brought into full operational use, and is re-categorised within the classifications in 1.6 above.

1.10 Finance leases

Lessor

Where a finance lease is granted over a property or an item of plant or equipment, the relevant asset is written out of Non-Current Assets as a disposal and transferred to create a Lease Debtor within the Statement of Financial Position.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest of the property – applied to write down the lease debtor; and
- Finance income – credited to the Statement of Comprehensive Net Expenditure.

Lessee

Where substantially all the risks and rewards of ownership of a leased property are borne by the SPA, it is recorded as a non-current asset and a corresponding creditor recorded in respect of the debt due to the lessor, with the interest element of the finance lease payment charged to the Statement of Comprehensive Net Expenditure.

Subsequent cost

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the SPA and the cost of the item can be measured reliably. The carrying amount of any replaced parts is de-recognised. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial year in which they are incurred.

1.11 Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the SPA is deemed to control the services that are provided under its PFI schemes in accordance with IFRIC 12 Service Concession Arrangements, the assets used are carried under the contracts on its Statement of Financial Position as part of property, plant and equipment.

PFI assets are recognised on the Statement of Financial Position and revalued and depreciated in the same way as property, plant and equipment owned by the SPA. The amounts payable to the PFI operators each year are analysed into three elements:

- fair value of the services received during the year – debited to the relevant service in the Statement of Comprehensive Net Expenditure;
- finance cost – an interest charge on the outstanding Statement of Financial Position liability, debited to the PFI Interest line in the Statement of Comprehensive Net Expenditure; and
- payment towards liability – applied to write down the Statement of Financial Position liability to the PFI operator (the profile of write-downs is calculated using the same principles as for a Finance Lease).

1.12 Intangible assets

Intangible assets are separately identifiable and owned by the SPA, mainly in relation to software, licences and elements of IT systems. They are recognised where a future economic benefit or service potential can be identified as receivable by the SPA.

Intangible assets are valued on a historic cost basis. Amortisation is applied at rates calculated to write off the cost by equal instalments over the shorter of the term of the licence (where appropriate) and their estimated useful life.

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS38 where assets do not generate income. IAS38 defines future economic benefit as, 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity.'

The estimated useful life for intangible assets is 3 to 5 years.

1.13 Heritage assets

SPA are the custodians of a large number of small Heritage Assets, the majority of which reside at the Police College, Tulliallan. The items are recorded in the museum's archive register. The archive register records owned, loaned and donated assets. These assets are held at valuation, based on the curators' professional knowledge of the items within the current market place and any assets valued over £5,000 are identified within the register.

1.14 Financial instruments

Financial assets

Classification

The Board classifies its financial assets in the following categories: at fair value through profit or loss; loans and receivables; and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss comprise derivatives. Assets in this category are classified as current assets. The Board does not trade in derivatives and does not apply hedge accounting.

(b) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash at bank and in hand in the balance sheet.

(c) Available-for-sale financial assets;

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available for sale financial assets comprise investments.

Recognition and measurement

Financial assets are recognised when the Board becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

(a) Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Net Expenditure.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of loans and receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the loan and receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Net Expenditure.

When a loan or receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Net Expenditure.

(c) Available-for-sale financial assets

Available-for-sale financial assets are initially recognised and subsequently carried at fair value. Changes in the fair value of financial assets classified as available for sale are recognised in taxpayers' equity in other reserves.

When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Net Expenditure.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Statement of Comprehensive Net Expenditure.

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the SPA provides services directly to a customer with no intention of trading the receivable.

Cash and cash equivalents are amounts held with the Government Banking Service and UK commercial bank current accounts, or cash in hand.

The SPA relies primarily on Grant in Aid from the Scottish Government's Justice Portfolio for its cash requirements and is therefore not exposed to liquidity risks. There is no difference between book value and fair value for the cash and cash equivalents shown in the Statement of Financial Position, and there are no balances held in foreign currencies within the cash and bank balance apart from within confiscation accounts held on behalf of third parties.

Financial Liabilities

Classification

The Board classifies its financial liabilities in the following categories: at fair value through profit or loss; and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. The Board does not trade in derivatives and does not apply hedge accounting.

(b) Other financial liabilities

Other financial liabilities are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. The Board's other financial liabilities comprise trade and other payables in the balance sheet.

Recognition and measurement

Financial liabilities are recognised when the SPA becomes party to the contractual provisions of the financial instrument. A financial liability is removed from the Statement of Financial Position when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Net Expenditure.

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Other financial liabilities

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The SPA's financial liabilities are classified as trade payables. Trade payables are typically non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the SPA receives goods or services directly from a supplier with no intention of trading the liability.

The long-term loans recognised represent those from the Public Works Loans Board and the debt is managed by the local Councils' Consolidated Loans Funds. Full disclosure is provided within the notes to the accounts.

1.15 Inventories

Inventories are assets in the form of material or supplies which are consumed or distributed in the ordinary course of the SPA's operations. Operational consumables, vehicle parts, fuel and equipment are stated at cost using either the latest invoice price or an average cost price.

1.16 Cash and cash equivalents

The SPA operates as part of the Scottish Government banking contract with Government Banking Service (GBS). GBS is a shared banking service for government departments. SPA's transactional services are provided by NatWest, with corporate banking arrangements held with The Royal Bank of Scotland.

Cash and cash equivalents include:

- cash in hand;
- deposits held at call with banks repayable without penalty on notice of not more than 24 hours; and
- investments maturing in three months or less of the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value. SPA holds no such investments.

Warrant accounts represent cash received for fines which are repaid to the relevant organisations.

Confiscation bank accounts represent monies seized under the Proceeds of Crime Act (POCA). Monies are held on behalf of Crown Office and Procurator Fiscal Service (COPFS) until the outcome of the relevant court cases are known. Monies are then returned either to COPFS and / or to the individual from whom the monies were originally seized.

Balances on confiscation and warrant accounts are shown as a balance within cash and bank on the Statement of Financial Position, with a corresponding creditor shown within trade payables.

Where the SPA has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

1.17 Provisions

Provisions are recognised when the SPA has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

1.18 Contingent liabilities

A contingent liability arises if there is a possible obligation arising from a past event at the date of signature of the Statement of Financial Position, or the amount of an obligation cannot be reliably measured, which is only in extremely rare circumstances.

1.19 Pensions

The SPA officers and employees are members of two distinct types of pension scheme.

- **The police pension schemes for police officers (1987, 2006 and 2015).**
These are unfunded defined benefit final salary schemes. There are no investment assets built up to meet the pension liabilities, and funding has to be received to meet actual pension payments as they eventually fall due.
- **The local government pension schemes for police staff employees.**
These are salary-related defined benefit pension schemes providing benefits based on pensionable pay. Assets and liabilities of the schemes are held separately from those of the SPA and Police Scotland, and are held within the individual pension schemes. The scheme assets are measured using market values and the scheme liabilities are measured using a projected unit method and discounted at the current rate of return.

Contributions to the schemes are calculated so as to spread the cost of pensions over employees' working lives in the SPA and Police Scotland. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the schemes in each of the intervening years. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals. The expected cost of providing staff pensions to employees contributing to the schemes is recognised in the Statement of Comprehensive Net Expenditure on a systematic basis over the expected average remaining lives of members of the funds in accordance with IAS19: Employee Benefits and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

The liabilities of the pension fund attributable to the SPA and Police Scotland are included in the Statement of Financial Position on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of future earnings for current officers and employees.

The change in the net pension liability is analysed into the following components:

- **Current service cost**
This is the increase in liabilities as a result of service earned this year and is allocated to cost of services in the Statement of Comprehensive Net Expenditure.

- **Past service cost**
This is the increase in liabilities arising from current year decisions whose effect relates to service earned in earlier years. This is debited to the Surplus or Deficit on the Provision of Services in the Statement of Comprehensive Net Expenditure.
- **Interest cost**
This is the expected increase in the present value of liabilities during the year as they move one year closer to being paid.

Expected return on assets

This is the annual investment return on the fund assets attributable to the SPA, based on an average of the expected long-term return.

Gains or losses on settlements and curtailments.

This is the result of actions to relieve the SPA of liabilities or events that reduce the expected future service or accrual of benefits of employees and is debited or credited to the surplus or deficit on the provision of services in the Statement of Comprehensive Net Expenditure.

Actuarial gains and losses

This represents changes in the net pension liability arising due to events after the last actuarial valuation.

Contributions paid to the pension fund

Amounts paid as employer's contributions to the pension fund.

Actuarial assumptions

The assumptions applied by the actuary have a significant impact on the liabilities and assets of the funds, these are summarised in the detailed notes.

1.20 Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Net Expenditure over the term of the lease. Incentive payments receivable in respect of operating leases are allocated to match the effect of increased rentals payable in future periods.

Rental income from operating sub-leases is recognised in the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease.

1.21 Taxation

VAT

Irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure or the cost of assets in the period in which it is incurred.

Corporation tax

The income from charging schemes is not chargeable to tax. However, HMRC have declared that profit generated from commercial contract work undertaken by the SPA and Police Scotland will be chargeable to corporation tax.

Income tax comprises current tax and movements in deferred tax assets and liabilities.

Current tax and movements in deferred tax assets and liabilities are recognised in the Statement of Comprehensive Net Expenditure. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. It is measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

1.22 Insurance

Expenditure included in the Statement of Comprehensive Net Expenditure relates to premiums paid, policy excesses and settlement of claims. In addition, a provision is made for the self-funded elements of property, liability and motor claims which remain unsettled at the year-end, in addition to other provisions.

1.23 Events after the reporting period

Events after the reporting period represent those events which occur between the end of the reporting year and the date when the Annual Report and Accounts is authorised for issue.

Adjusting events are those providing evidence of conditions existing at the end of the reporting year, whereas non-adjusting events are indicative of conditions arising after the reporting year (the latter being disclosed in the Financial Overview where material). Events which occur after the date of authorisation for issue are not reflected in these Accounts.

1.24 Accounting standards that have been issued but have not yet been adopted

There is one standard not yet effective that will have an impact on SPA's accounts which is IFRS 16 Leases. This standard requires all significant leases to be recognised in the Statement of Financial Position.

IFRS 16: Leases – It is expected that this standard will be adopted by the FReM with effect from 1 April 2021 (for reporting in 2021/22 Annual Report & Accounts). IFRS 16 removes the distinction between operating and finance leases and introduces a single lessee accounting model.

Under IFRS 16, as adopted and interpreted in the FReM, lessees are required to recognise a right-of-use asset for lease agreements that fall within the scope of the standard, along with a corresponding lease liability. In due course, depreciation will be charged against the asset value, with lease payments and interest charges impacting on the liability value going forward. Prior year adjustments are not required at the time of adoption of the standard.

The FReM indicates that no adjustment should be made for low value asset values, assessed from the current leases, or for lease agreements of 12 months or less.

SPA is considering its operating leases commitments currently held and whether these are material to the financial statements, the nature of the assets being leased and their classification. Review of new agreements is part of this work, and will be an ongoing requirement to ensure that lease agreements are accounted for in line with the standard.

Current treatment of existing finance lease agreements complies with the accounting requirements of IFRS16 and no change is expected for them.

The impact is expected to be revenue neutral over the term of a lease agreement, although the impact on non-current asset reported totals is expected to be in the range of £5 - £10million. This value will have a corresponding lease liability created at the point of transition to the new standard.

1.25 Key sources of judgement and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board makes judgements in applying accounting policies. The estimates, assumptions and judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are included within note 32.

2. Analysis of net expenditure by segment

2019/20	SPA	Forensic Services	Deputy Chief Officer	DCC Local Policing	DCC Crime & Operations	DCC People & Professionalism	Reform	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	2,940	25,690	62,185	672,602	205,815	61,372	19,322	1,049,926
¹ IAS 19 pension cost	-	-	(6,024)	-	-	-	-	(6,024)
²Total staff costs (2a)	2,940	25,690	56,161	672,602	205,815	61,372	19,322	1,043,902
Other expenditure	1,663	5,757	88,587	16,907	25,981	13,658	4,653	157,206
¹ Legal & premises provisions	(7)	-	(691)	-	-	1,132	-	434
Total other expenditure	1,656	5,757	87,896	16,907	25,981	14,790	4,653	157,640
¹ Depreciation/ amortisation	-	-	41,173	-	-	-	-	41,173
Operating expenditure	4,596	31,447	185,230	689,509	231,796	76,162	23,975	1,242,715
Income from activities	(981)	(70)	(9,618)	(12,917)	(19,311)	(5,319)	(8)	(48,224)
Net expenditure before Interest	3,615	31,377	175,612	676,592	212,485	70,843	23,967	1,194,491
¹ Impairment of assets	-	-	19,594	-	-	-	-	19,594
Interest payable	-	-	5,412	-	-	-	-	5,412
¹ IAS 19 pension interest	-	-	490,895	-	-	-	-	490,895
Total interest payable	-	-	496,307	-	-	-	-	496,307
Total expenditure	3,615	31,377	691,513	676,592	212,485	70,843	23,967	1,710,392

2018/19 restated ³	SPA	Forensic Services	Deputy Chief Officer	DCC Local Policing	DCC Crime & Operations	DCC People & Professionalism	Reform	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	2,834	23,502	60,427	663,035	188,336	73,851	16,274	1,028,259
¹ IAS 19 pension cost	-	-	697,872	-	-	-	-	697,872
²Total staff costs (2a)	2,834	23,502	758,299	663,035	188,336	73,851	16,274	1,726,131
Other expenditure	1,796	7,037	85,843	16,319	25,215	15,193	8,737	160,140
¹ Legal & premises provisions	46	-	2,301	-	-	7,988	-	10,335
Total other expenditure	1,842	7,037	88,144	16,319	25,215	23,181	8,737	170,475
¹ Depreciation/ amortisation	-	-	35,748	-	-	-	-	35,748
Operating expenditure	4,676	30,539	882,191	679,354	213,551	97,032	25,011	1,932,354
Income from activities	(958)	(101)	(12,014)	(14,017)	(21,837)	(5,579)	-	(54,506)
Net expenditure before Interest	3,718	30,438	870,177	665,337	191,714	91,453	25,011	1,877,848
¹ Impairment of assets	-	-	6,725	-	-	-	-	6,725
Interest payable	-	-	5,913	-	-	-	-	5,913
¹ IAS 19 pension interest	-	-	425,721	-	-	-	-	425,721
Total interest payable	-	-	431,634	-	-	-	-	431,634
Total expenditure	3,718	30,438	1,308,536	665,337	191,714	91,453	25,011	2,316,207

¹ Denotes non-cash expenditure.

² Details provided in the Total staff costs analysis in the Remuneration Report.

³ During 2019/20 Chief Officer portfolios were reviewed to ensure they were structured to effectively deliver our strategic aims and objectives. Previously, Contact Command & Control and Safer Communities income and expenditure was disclosed under the DCC Crime & Operations portfolio, but this has now been reallocated to DCC Local Policing. As a result of this and other minor changes across Chief Officer portfolios, the segmental analysis for 2018/19 has been restated taking into account transfers between the portfolios. Total expenditure is not altered for 2018/19 as a result of this segmental restatement.

2a. Summary staff costs

Total staff costs can also be summarised in the following way:

	Board members	Staff	Officers	Agency staff	Total
	£'000	£'000	£'000	£'000	£'000
2019/20	294	265,494	775,478	2,636	1,043,902
2018/19	316	257,503	1,465,897	2,415	1,726,131

3. Other operating income

	2019/20 £'000	2018/19 £'000
Fees and charges (detailed below)	27,309	30,040
Grant income received - external to GiA	15,651	15,405
Seconded police officers and staff	2,010	2,638
Insurance	74	98
Donations and sponsorship	38	42
Profit on disposal of assets	2,460	5,506
Interest received	4	6
Other income	678	771
	48,224	54,506

Fees and charges – further detail	2019/20 £'000	2018/19 £'000
Accident report fees	962	1,154
Aerials / masts income	3,961	4,777
Disclosure fees	1,511	1,365
International development income	841	1,138
Licences & certificates	1,105	1,113
Rental income	2,090	1,926
Police officer services – Events & concerts	1,093	1,287
Police officer services – Football matches	1,816	1,605
Police officer services – Airports	4,944	4,857
Police officer services – Abnormal load escorts	937	1,207
Police officer services – Operation Ailey	3,294	4,251
Police officer services – European Championship	-	1,614
Police officer services – Other	1,192	1,340
Training / CPD income	358	399
Other	3,205	2,007
	27,309	30,040

As required by the fees and charges section of the SPFM, SPA charges market rates wherever applicable. The provision of police goods and services are charged on a full cost recovery basis. Goods and services may be provided for such purposes as the SPA considers to be appropriate and consistent with the proper carrying out of police functions.

4. Other operating expenditure

	2019/20 £'000	2018/19 £'000
Animal costs	484	486
Catering costs	1,546	1,483
Clothing & uniform	3,417	2,429
Conference / meeting expenses	149	147
Consultancy	2,876	6,576
Equipment costs	27,168	22,182
Legal costs	6,612	14,245
National Crime Agency	5,212	5,212
Other fees & charges	2,997	3,295
Other non-pay costs	3,871	3,795
Premises costs	51,110	55,716
Printing, stationery & postage	2,502	2,388
Prison charges	722	761
Professional fees	479	608
Promotional costs	279	240
Public protection unit	226	296
Recruitment costs	155	284
Securing premises	411	348
Subscriptions	235	386
Supplies and services	3,449	4,454
Telecom and Airwave costs	14,343	13,515
Third party payments	6,975	11,337
Transport costs	22,409	20,911
Write off losses	13	(619)
	157,640	170,475

5. Commitments under operating leases

Total future minimum lease payments under operating leases are given in the table below:

2019/20	Land £'000	Buildings £'000	Other £'000	Total £'000
Not later than one year	232	1,991	1,974	4,197
Between one and five years	587	4,171	5,009	9,767
Later than five years	957	2,730	-	3,687
	1,776	8,892	6,983	17,651

2018/19 ¹	Land £'000	Buildings £'000	Other £'000	Total £'000
Not later than one year	492	1,731	1,931	4,154
Between one and five years	219	2,753	6,861	9,833
Later than five years	1,346	2,194	-	3,540
	2,057	6,678	8,792	17,527

1: Restated figures. The scope of lease agreements held was reassessed during 2019/20 through preparatory work in advance of IFRS16 (Leasing) implementation. The majority of movement relates to the inclusion of the current agreement for Air Support (included in Other, above).

Operating lease payments made during the year were as follows:

	2019/20 £'000	2018/19 £'000
Minimum lease payments	4,432	4,818 ¹
Contingent rents ²	33	33
Sub-lease payments	-	-
	4,465	4,851

1: Restated figure. The scope of lease agreements held was reassessed during 2019/20 through preparatory work in advance of IFRS16 (Leasing) implementation.

2: Contingent rents relate to payments over and above the minimum lease payment in respect of income generated through use by the lessee or in respect of rent reviews.

6. Income from operating leases - buildings

Total future minimum lease payments due to SPA under operating leases are given in the table below:

	2019/20 £'000	2018/19 £'000
Within 12 months	586	598
2-5 years	90	100
Later than 5 years	11	31
	687	729

Payments received by SPA during the year were as follows:

	2019/20 £'000	2018/19 £'000
Minimum lease payments	658	658
	658	658

7. Corporation tax

The SPA is subject to corporation tax on any profits arising from trading activities, investment income, chargeable gains and property income.

Operational policing activities are not subject to corporation tax, as these activities do not constitute a trade for corporation tax purposes, and do not fall within the other categories of income.

Profits arising from the provision of goods and services under s86 and s87 Police and Fire Reform (Scotland) Act 2012 will be taxed as trading profits. It is likely that in most years these services taken together will result in a trading loss. This trading loss can be offset against total profits arising in the same period and carried forward for offset against future trading profits only.

It is therefore anticipated that for 2019/20, there will be sufficient trading and property losses to offset any chargeable gains and non-trade loan income to reduce the taxable profits to nil in the

aggregate (2018/19: nil). This will ensure that no corporation tax liability arises for SPA. The full analysis and submission to HMRC will be completed in line with required deadlines in early 2021.

8. Adjustments to cash flows for non-cash items

	Note	2019/20 £'000	2018/19 '000
Depreciation of property, plant & equipment	9	36,862	32,993
Amortisation of intangible assets	11	4,311	2,755
Interest payable – PFI interest	20	1,992	2,109
Interest payable – finance lease	19	239	291
Interest payable – loan and other interest	21	2,285	2,086
IAS19 pension adjustment to staff costs	23	(6,024)	697,872
IAS19 interest on pension scheme obligations	23	490,895	425,721
Asset impairment	9	19,594	6,725
(Profit) on sale of property, plant & equipment	3	(2,460)	(5,506)
Adjustments to non-cash costs		547,694	1,165,046

9. Property, plant & equipment (PPE)

During the year, revaluations were carried out on a number of properties across the police estate, by valuers qualified by the Royal Institute of Chartered Surveyors, both in-house and external. In-house valuers consisted of Police Scotland's Asset Manager and Senior Asset Manager. External valuers used were the District Valuer, Graham & Sibbald, DM Hall and J & E Shepherd. Valuations were conducted on operational buildings, on the basis of Existing Use Value, except in the circumstances of specialised properties, where Depreciated Replacement Cost Value was used. The non-operational properties were valued on the basis of Market Value with vacant possession.

All valuations were carried out as at 31 March 2020, except where related to Assets Held for Sale. These took place on the date the property was declared surplus and made available for sale.

Valuations during the year resulted in a net decrease in the value of property, plant and equipment (PPE) of £29.1million (2018/19: Decrease of £6.0million), net decrease of £105k in Assets Held for Sale (2018/19: no movement) per note 16, and no movement in Intangibles (2018/19: Decrease of £15k) per note 11.

The table below shows a summary of the impact of revaluations on the revaluation reserve and statement of comprehensive net expenditure:

	Note	2019/20			2018/19		
		up £'000	down £'000	net £'000	up £'000	down £'000	net £'000
PPE	9	6,609	(35,752)	(29,143)	13,082	(19,124)	(6,042)
AHFS	16	-	(105)	(105)	-	-	-
Intangibles	11	-	-	-	-	(15)	(15)
		6,609	(35,857)	(29,248)	13,082	(19,139)	(6,057)
Revaluation reserve increase		6,609	-	6,609	13,082	-	13,082
Revaluation reserve utilised		-	(11,950)	(11,950)	-	(12,178)	(12,178)
Reversal of previous impairments		-	(4,313)	(4,313)	-	(236)	(236)
Total revaluations gain		6,609	(16,263)	(9,654)	13,082	(12,414)	668
AME funded impairments / downward revaluations		-	(19,594)	(19,594)	-	(6,725)	(6,725)
Total revaluations loss		-	(19,594)	(19,594)	-	(6,725)	(6,725)
		6,609	(35,857)	(29,248)	13,082	(19,139)	(6,057)

A number of the properties with downward revaluations had revaluation reserves and so £11.9m (2018/19: £12.2m) was charged against the revaluation reserve. There were 20 (2018/19: 13) properties where there was a reversal of the previous impairment charge which amounted to £4.3m (2018/19: £0.2m).

The overall remainder of the impact of the revaluation process resulted in a charge of £19.6m (2018/19: £6.7m) to the Annually Managed Expenditure budget (AME).

No properties (2018/19: nil) triggered impairment reviews, due to their presenting condition. Whilst acknowledging that a proportion of the property estate has been assessed as "poor" from recent condition surveys, these assessments do not constitute an impairment from an accounting perspective, which would require a material level of obsolescence or damage to the property. There was therefore no impairment amount (2018/19: nil) charged to the non-cash Departmental Expenditure Limit (DEL).

The net book value of disposals was £4.5m (2018/19: £6.5m) which together with the profit on disposal of assets of £2.5m (2018/19: £5.5m profit) per note 3 results in a total cash proceeds on disposal of property, plant and equipment of £7.0m (2018/19: £12.0m).

Details of the finance leases and PFI contracts, related to assets, as at 31 March 2020 are held within notes 19 and 20 respectively.

There are 3 properties marked as vacant / surplus (2018/19: nil) within land and buildings as at 31 March. All other vacant properties are being actively marketed for sale.

There are a number of listed buildings within the land & buildings category, which could be regarded as heritage assets, if they were no longer in operational use. There are:

- Category A – 2;
- Category B- 8; and
- Category C- 7.

Fair Value Hierarchy Level 2 inputs as stated in 1.2 have been used as the valuation technique applied in respect of the fair value of land & buildings where the current valuation is in existing use using market-based evidence of fair value. Any land & buildings of a specialist nature are valued under depreciated replacement cost. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

Fair Value Hierarchy Level 3 has been applied to non-property assets carried at valuation in existing use, using depreciated historical cost as a proxy for current value for assets with short useful economic lives and / or low values.

9. Property, plant & equipment – analysis

2019/20	*Land & Buildings £'000	Dwellings £'000	IT £'000	Plant & Machinery £'000	Furniture & Fittings £'000	**Motor Vehicles £'000	Assets Under Construction £'000	Total £'000
Cost or valuation:								
As at 1 April 2019	475,046	6,357	96,728	34,035	5,119	65,165	13,288	695,738
Additions	4,000	206	18,956	4,429	10	7,271	7,866	42,738
Disposals	-	-	(3,130)	(397)	-	(6,207)	-	(9,734)
Revaluation	(43,426)	82	-	-	-	-	-	(43,344)
Impairment	-	-	-	-	-	-	-	-
Reclassification	228	183	2,414	129	-	100	(8,049)	(4,995)
As at 31 March 2020	435,848	6,828	114,968	38,196	5,129	66,329	13,105	680,403
Depreciation:								
As at 1 April 2019	41,915	416	67,948	24,907	3,572	47,949	-	186,707
Charged in year	15,560	215	12,775	1,637	258	6,417	-	36,862
Depreciation on disposals	-	-	(3,130)	(397)	-	(6,056)	-	(9,583)
Depreciation on revaluation	(14,081)	(120)	-	-	-	-	-	(14,201)
Depreciation on impairment	-	-	-	-	-	-	-	-
Depreciation on reclassification	-	-	29	-	-	-	-	29
As at 31 March 2020	43,394	511	77,622	26,147	3,830	48,310	-	199,814
NBV as at 31 March 2020	392,454	6,317	37,346	12,049	1,299	18,019	13,105	480,589

Summary of revaluations and impairments

2019/20	*Land & Buildings £'000	Dwellings £'000	IT £'000	Plant & Machinery £'000	Furniture & Fittings £'000	**Motor Vehicles £'000	Assets Under Construction £'000	Total £'000
Revaluations:								
Revaluation on cost	(43,426)	82	-	-	-	-	-	(43,344)
Revaluation on depreciation	14,081	120	-	-	-	-	-	14,201
Total revaluation	(29,345)	202	-	-	-	-	-	(29,143)
Depreciation:								
Impairment on cost	-	-	-	-	-	-	-	-
Impairment on depreciation	-	-	-	-	-	-	-	-
Total impairment	-	-	-	-	-	-	-	-
Net impact on NBV as at 31 March 2020	(29,345)	202	-	-	-	-	-	(29,143)

*Land and buildings include 1 building financed by PFI with a current NBV £12.2m (2018/19 £12.8m) and 6 buildings utilised via finance leases with a current NBV £2.1m (2018/19: £2.7m).

**Safety Camera Partnership vans, funded by Transport Scotland, currently have a NBV of £203k (2018/19: £292k).

Loaned assets do not form part of the note above, and have a value of £16k (2018/19: £295k).

2018/19	*Land & Buildings £'000	Dwellings £'000	IT £'000	Plant & Machinery £'000	Furniture & Fittings £'000	**Motor Vehicles £'000	Assets Under Construction £'000	Total £'000
Cost or valuation:								
As at 1 April 2018	488,500	7,061	114,836	48,866	5,887	62,224	8,740	736,114
Additions	3,624	-	5,790	4,543	58	7,038	12,703	33,756
Disposals	(169)	-	(26,218)	(19,181)	(826)	(4,975)	-	(51,369)
Revaluation	(12,629)	7	-	-	-	-	-	(12,622)
Impairment	-	-	-	-	-	-	-	-
Reclassification	(4,280)	(711)	2,320	(193)	-	878	(8,155)	(10,141)
As at 31 March 2019	475,046	6,357	96,728	34,035	5,119	65,165	13,288	695,738
Depreciation:								
As at 1 April 2018	34,138	237	84,579	42,431	3,684	46,492	-	211,561
Charged in year	14,389	212	9,602	1,674	714	6,402	-	32,993
Depreciation on disposals	(65)	-	(26,218)	(19,169)	(826)	(4,945)	-	(51,223)
Depreciation on revaluation	(6,547)	(33)	-	-	-	-	-	(6,580)
Depreciation on impairment	-	-	-	-	-	-	-	-
Depreciation on reclassification	-	-	(15)	(29)	-	-	-	(44)
As at 31 March 2019	41,915	416	67,948	24,907	3,572	47,949	-	186,707
NBV as at 31 March 2019	433,131	5,941	28,780	9,128	1,547	17,216	13,288	509,031

Summary of revaluations and impairments

2018/19	*Land & Buildings £'000	Dwellings £'000	IT £'000	Plant & Machinery £'000	Furniture & Fittings £'000	**Motor Vehicles £'000	Assets Under Construction £'000	Total £'000
Revaluations:								
Revaluation on cost	(12,629)	7	-	-	-	-	-	(12,622)
Revaluation on depreciation	6,547	33	-	-	-	-	-	6,580
Total revaluation	(6,082)	40	-	-	-	-	-	(6,042)
Depreciation:								
Impairment on cost	-	-	-	-	-	-	-	-
Impairment on depreciation	-	-	-	-	-	-	-	-
Total impairment	-	-	-	-	-	-	-	-
Net impact on NBV as at 31 March 2019	(6,082)	40						(6,042)

*Land and buildings include 1 building financed by PFI with a current NBV £12.8m (2017/18 £13.3m) and 6 buildings utilised via finance leases with a current NBV £2.7m (2017/18: £3.4m).

**Safety Camera Partnership vans, funded by Transport Scotland, currently have a NBV of £292k (2017/18: £261k).

Loaned assets do not form part of the note above, and have a value of £295k (2017/18: £279k).

10. Investment properties

Investment properties are located across Scotland and so the valuation exercise requires a number of surveyors. All of those involved are qualified with the Royal Institute of Chartered Surveyors. The surveyors are instructed to carry out the valuations on a market value basis, as at 31 March 2020. As stated in the Statement of Accounting Policies, valuations of the fair values of investment properties were based on the market value approach, using prices and other information generated by market transactions involving identical or comparable assets.

Fair Value Hierarchy Level 2 inputs as stated in 1.2 have been disclosed where the current valuation is market value using market-based evidence of fair value. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date. There were no transfers between hierarchy levels for investment properties which remained within the category during the year.

	31 March 2020 £'000	31 March 2019 £'000
Valuation:		
As at 1 April	8,473	8,316
Disposal	(3)	-
Gain from fair value adjustment	5,248	157
Reclassification	21	-
Net Book Value as at 31 March	13,739	8,473

	31 March 2020 £'000	31 March 2019 £'000
Valuation Details:		
Upward Revaluation	7,338	2,666
Downward Revaluation	(2,090)	(2,509)
Net gain / (loss) on revaluation of Investment Properties	5,248	157

11. Intangible assets

Intangible non-current assets represent purchased software, licences and other assets developed in-house with a life of more than one year. As stated in the Statement of Accounting Policies, the valuation technique applied in respect of the fair value of intangible assets was on an historic cost basis. Amortisation is applied at rates calculated to write off the cost by equal instalments over the shorter of the term of the licence (where appropriate) and their estimated useful life.

Fair Value Hierarchy Level 3 inputs as stated in 1.2 were used. In this case the purchase price has been used as it is the only data available to value the asset. There were no transfers between hierarchy levels for intangible assets during the year.

	Software £'000	Licences £'000	Other £'000	2019/20 Total £'000	2018/19 Total £'000
Cost:					
As at 1 April	21,832	3,573	464	25,869	20,177
Disposals	(748)	(45)	-	(793)	-
Additions	2,291	150	-	2,441	1,422
Reclassification	3,290	433	-	3,723	4,270
Cost as at 31 March	26,665	4,111	464	31,240	25,869
Amortisation:					
As at 1 April	12,549	1,770	281	14,600	11,786
Charged in year	3,554	695	62	4,311	2,755
Disposals	(747)	(46)	-	(793)	-
Revaluations	-	-	-	-	15
Reclassification	(29)	-	-	(29)	44
Amortisation as at 31 March	15,327	2,419	343	18,089	14,600
Net book value as at 31 March	11,338	1,692	121	13,151	11,269

	31 March 2020 £'000	31 March 2019 £'000
Valuation details:		
Downward revaluation	-	(15)
Net gain / (loss) on revaluation of intangible assets	-	(15)

12. Heritage assets

The SPA are the custodians of a large number of small heritage assets, valued below £5,000 each, and are recorded in a separate heritage asset register as none reach the required level for capitalisation within the accounts. Of these, a small number have been identified that are valued above £5,000, however these are items on long term loan to the SPA and do not belong to the organisation.

Fair Value Hierarchy Level 3 has been applied using in-house data and the experienced judgement of the Police Museum curator.

13. Cash and cash equivalents

	2019/20 £'000	2018/19 £'000
Balance as at 1 April	14,146	24,702
Net change in cash and cash equivalent balance	12	(10,556)
Balance as at 31 March	14,158	14,146

The balances held as at 31 March were held as follows:	2019/20 £'000	2018/19 £'000
Balance within the Government Banking Service	9,557	11,364
Cash at commercial banks and cash in hand	1,098	868
Total cash	10,655	12,232
Cash held within warrant and confiscation accounts*	3,503	1,914
	14,158	14,146

* This balance is held on behalf of third parties, with a creditor balance held within Other Payables (note 17).

14. Inventories

Inventories include equipment, uniforms, other operational consumables, fuel and vehicle parts, and are included in the Statement of Financial Position at the lower of cost and net realisable value.

	2019/20 £'000	2018/19 £'000
Balance as at 1 April	3,734	3,027
Increase / (decrease) in inventories and stock during year*	(566)	707
Balance as at 31 March	3,168	3,734

*Movement in inventories and stock balance is shown net of an obsolete stock write off of £84k (2018/19: nil).

15. Trade and other receivables

(a) Analysis by type of receivable is as follows:	2019/20 £'000	2018/19 £'000
Amounts falling due within one year:		
Trade receivables*	5,192	9,241
Other receivables	611	146
Prepayments and accrued income	22,502	15,899
VAT	10,809	10,906
Pension debtor (note 18)	-	8,395
Total amounts falling due within one year	39,114	44,587

(b) Analysis by category of customer is as follows:	2019/20 £'000	2018/19 £'000
Amounts falling due within one year:		
Balances with other central government bodies	13,670	23,869
Balances with local authorities	2,243	2,081
Balances with NHS bodies	74	145
Intra-governmental balances	15,987	26,095
Balances with bodies external to government	23,127	18,492
Total amounts falling due within one year	39,114	44,587

*Trade receivables of £5.2m (2018/19: £9.2m) are shown net of a provision for bad debts of £63k (2018/19: £660k).

16. Assets held for sale

	2019/20 £'000	2018/19 £'000
Balance brought forward as at 1 April	5,896	6,377
Reclassifications from property, plant and equipment	1,250	5,912
Revalued during the year	(105)	-
Reversal of impairments during the year	-	-
Assets sold	(4,359)	(6,393)
Balance as at 31 March	2,682	5,896

	31 March 2020 £'000	31 March 2019 £'000
Valuation details:		
Upward revaluation	-	-
Downward revaluation	(105)	-
Net gain / (loss) on revaluation of Assets Held for Sale	(105)	-

Fair Value Hierarchy Level 2 inputs as stated in note 1.2 have been disclosed where the current valuation is market value using market-based evidence of fair value. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

17. Trade and other payables

(a) Analysis by type of payable is as follows:	2019/20 £'000	2018/19 £'000
Amounts falling due within one year:		
Other taxation and social security	23,939	23,954
Trade payables	7,557	7,211
Other payables*	4,064	5,122
Pension creditor (note 18)	16,120	-
Accruals and deferred Income	62,866	88,943
Sub-total amounts falling due within one year	114,546	125,230
Current component of finance leases	958	903
Current component of PFI agreements	1,155	1,023
Current component of long-term loans	4,162	3,976
Total amounts falling due within one year	120,821	131,132

	2019/20 £'000	2018/19 £'000
Amounts falling due after more than one year:		
Finance leases	2,500	3,458
PFI agreements	13,909	15,064
Long-term loans	72,020	76,182
Total amounts falling due after more than one year	88,429	94,704

* £3,503k (2018/19: £1,914k) of the balance within other payables represents confiscation and warrant accounts. This is held on behalf of third parties, and has a corresponding entry within note 13.

(b) Analysis by category of supplier is as follows:	2019/20 £'000	2018/19 £'000
Amounts falling due within one year:		
Balances with other central government bodies	57,793	40,941
Balances with local authorities	6,407	9,096
Balances with NHS bodies	397	13
Intra-governmental balances	64,597	50,050
Balances with bodies external to government	56,224	81,082
Total amounts falling due within one year	120,821	131,132

	2019/20 £'000	2018/19 £'000
Amounts falling due after more than one year:		
Balances with other central government bodies	2,418	2,418
Balances with local authorities	69,671	73,835
Intra-governmental balances	72,089	76,253
Balances with bodies external to government	16,340	18,451
Total amounts falling due after more than one year	88,429	94,704

18. Pension account

The Scottish Government requires the SPA to maintain a Police Pension Account in respect of its police pension schemes. During the transfer of legacy pension arrangements, the Scottish Government has effected guidance to the SPA to follow the requirements specified in the previously required Police Pension Account (Scotland) Regulations 2010 and the 2013 update to the 2010 Guidance. The regulations specify that a Police Pension Account must be maintained to record the payments made and income received in respect of police pensions. The funding for police pension payments is made through a Police Specific Grant paid to the SPA, which takes into account the funding to meet the cost of the employer contributions.

	2019/20 £'000	2018/19 £'000
Receivable:		
Employer contributions	(184,977)	(138,645)
Officers' contributions	(85,056)	(81,474)
Other receivables	(5,439)	(9,008)
Transfer values received	(3,184)	(2,666)
Total receivable	(278,656)	(231,793)
Payable:		
Pensions	354,348	336,776
Refund & transfer values paid	2,052	1,132
Lump sum payments	111,224	94,843
Total payable	467,624	432,751
Deficit before funding	188,968	200,958
Funding received from the Scottish Government:		
Brought forward (surplus) / deficit	8,395	1,113
Police pension grant	(213,483)	(193,676)
Carried forward (surplus) / deficit funding received	(16,120)	8,395

19. Commitments under finance leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods:

	2019/20 Buildings £'000	2018/19 Buildings £'000
Within 12 months	1,142	1,142
2-5 years	2,717	3,357
Over 5 years	87	589
Future minimum lease payments	3,946	5,088
Less: interest element	(488)	(727)
Present value of obligations	3,458	4,361

Present value of obligations under finance leases for the following periods comprise:

	2019/20 Buildings £'000	2018/19 Buildings £'000
Within 12 months	958	903
2-5 years	2,439	2,916
Over 5 years	61	542
	2,500	3,458
	3,458	4,361

The assets held under finance leases are recognised on the Statement of Financial Position and included within the land and buildings as follows:

	2019/20 £'000	2018/19 £'000
Cost brought forward as at 1 April	14,606	14,606
Aggregate depreciation brought forward as at 1 April	(11,857)	(11,251)
Depreciation during year	(606)	(606)
Net book value as at 31 March	2,143	2,749

20. Commitments under PFI arrangement

This note brings together various disclosure requirements relating to PFI/PPP contracts and similar schemes. A 25-year PFI contract with Strathclyde Limited was established in 2002 for the construction, maintenance and operation of the Training & Recruitment Centre at Jackton. In accordance with the HM Treasury application of IFRIC 12 principles, the PFI/PPP property is an asset of the Board and the liability to pay for the property is, in substance, a finance lease obligation. There are no additional rights and obligations in relation to the property. The estimated future payments in respect of the PFI contract are as follows:

	2019/20				2018/19
	Capital Repayment £'000	Interest £'000	Service Charge £'000	Total £'000	Total £'000
Within 12 months	1,155	1,859	1,685	4,699	4,650
2-5 years	6,326	5,731	7,260	19,317	19,106
6-10 years	7,583	1,232	3,029	11,844	16,754
Subtotal > 1 year	13,909	6,963	10,289	31,161	35,860
	15,064	8,822	11,974	35,860	40,510

The asset is recognised on the Statement of Financial Position and included within the land and buildings as follows:

	2019/20 £'000	2018/19 £'000
Cost brought forward as at 1 April	17,350	17,350
Aggregate depreciation brought forward as at 1 April	(4,597)	(4,077)
Depreciation during year	(521)	(520)
Net book value as at 31 March	12,232	12,753
Revaluation reserve as at 31 March	274	311

21. Long-term loans

	Capital repayment £'000	Interest £'000	Service charge £'000	Total £'000	2018/19 Total £'000
Within 12 months	4,162	3,652	27	7,841	7,803
2 - 5 years	17,631	12,426	88	30,145	31,294
6 - 15 years	32,201	19,345	136	51,682	54,363
16 - 25 years	15,213	6,753	79	22,045	25,190
26 - 35 years	3,639	3,207	43	6,889	6,695
36 - 45 years	3,336	467	7	3,810	4,646
Subtotal > 1 year	72,020	42,198	353	114,571	122,188
As at 31 March 2020	76,182	45,850	380	122,412	129,991
As at 31 March 2019	80,158	49,655	178	129,991	

The loans which were transferred as at 1 April 2013 represent loans from the Public Works Loans Board and the debt is managed by the local Councils' Consolidated Loans Funds.

22. Provisions

	Legal provision £'000	Other provisions £'000	2019/20 Total £'000	2018/19 Total £'000
Opening balance as at 1 April	19,666	4,880	24,546	14,211
Provided in the year	6,336	10	6,346	18,289
Provisions not required written back	(2,756)	(197)	(2,953)	-
Provisions utilised in year	(2,455)	(475)	(2,930)	(7,954)
Change in discount rate	-	31	31	-
Unwinding of discount rate	-	(60)	(60)	-
As at 31 March	20,791	4,189	24,980	24,546

Legal provisions all relate to specific claims, and due to their complexity, such claims are generally resolved on a timescale in the region of one to five years. They comprise SPA provisions of

£1.15m (2018/19: £1.16m) and a provision of £19.64m (2018/19: £18.51m) for Employers' Liability, Public Liability and Third Party Motor Liability within Police Scotland.

Other provisions relates to potential obligations under repairing leases.

23. IAS19 Pension liability – Summary reconciliation of all schemes including PPS, NPPS, Injury and Local Government Pension Schemes

(a) Reconciliation of pension reserve

	Ref	2019/20 Income and Expenditure analysis			2019/20 Statement of Financial Position	2018/19 Statement of Financial Position
		Actuarial Gain/(Loss)	Interest on pension scheme obligations	Staff costs	Total	Total
		£'000	£'000	£'000	£'000	£'000
Opening position as at 1 April	A				(16,955,250)	(16,695,064)
Actuarial gain/(loss) in year	B	(2,324,835)	-	-	(2,324,835)	863,407
Interest on obligation	C	-	(528,233)	-	(528,233)	(464,594)
Expected return on assets	D	-	37,338	-	37,338	38,873
Total service costs	E	-	-	(512,871)	(512,871)	(1,155,933)
Other movements	F	-	-	518,895	518,895	458,061
As at 31 March 2020		(2,324,835)	(490,895)	6,024	(19,764,956)	(16,955,250)
As at 31 March 2019		863,407	(425,721)	(697,872)		

The full non-cash adjustment for IAS19 disclosed within the Summary of Resource Outturn for the year ended 31 March 2020 is made of the following:

	2019/20			2018/19		
	Police Officers £'000	Staff £'000	Total £'000	Police Officers £'000	Staff £'000	Total £'000
Interest on obligations	484,100	6,795	490,895	421,500	4,221	425,721
Staff costs	(43,300)	37,276	(6,024)	660,200	37,672	697,872
As at 31 March	440,800	44,071	484,871	1,081,700	41,893	1,123,593

Below shows the change in the fair value of plan assets, defined benefit obligation and net liability for all pension schemes combined:

		2019/20			2018/19		
	Ref	PPS NPPS & Injury (note 24) £'000	LGPS (note 25) £'000	Total net (liability)/asset £'000	PPS NPPS & Injury (note 24) £'000	LGPS (note 25) £'000	Total net (liability)/asset £'000
Fair value of employer assets		-	1,547,016	1,547,016	-	1,433,275	1,433,275
Present value of unfunded liabilities		(16,298,400)	(44,355)	(16,342,755)	(16,175,900)	(41,396)	(16,217,296)
Present value of funded liabilities		-	(1,779,611)	(1,779,611)	-	(1,540,443)	(1,540,443)
Present value of injury liabilities		(379,900)	-	(379,900)	(370,600)	-	(370,600)
Opening position as at 1 April	A	(16,678,300)	(276,950)	(16,955,250)	(16,546,500)	(148,564)	(16,695,064)
Current service cost		(514,400)	(72,472)	(586,872)	(386,300)	(56,365)	(442,665)
Past service cost (including curtailments)		74,600	(599)	74,001	(700,000)	(13,268)	(713,268)
Total service cost	E	(439,800)	(73,071)	(512,871)	(1,086,300)	(69,633)	(1,155,933)
Interest income on plan assets	D	-	37,338	37,338	-	38,873	38,873
Interest cost on defined benefit obligation	C	(484,100)	(44,133)	(528,233)	(421,500)	(43,094)	(464,594)
Total net interest		(484,100)	(6,795)	(490,895)	(421,500)	(4,221)	(425,721)
Total defined benefit cost		(923,900)	(79,866)	(1,003,766)	(1,507,800)	(73,854)	(1,581,654)

		2019/20			2018/19		
	Ref	PPS NPPS & Injury (note 24) £'000	LGPS (note 25) £'000	Total net (liability)/asset £'000	PPS NPPS & Injury (note 24) £'000	LGPS (note 25) £'000	Total net (liability)/asset £'000
Employer contributions		-	34,160	34,160	-	30,326	30,326
Net transfers in from other authorities		(3,500)	-	(3,500)	(2,100)	-	(2,100)
Contributions in respect of unfunded benefits		-	1,635	1,635	-	1,635	1,635
Pensions and lump sum expenditure		473,500	-	473,500	415,800	-	415,800
Injury award expenditure		13,100	-	13,100	12,400	-	12,400
Benefits paid		-	-	-	-	-	-
Unfunded benefits paid		-	-	-	-	-	-
Other movements	F	483,100	35,795	518,895	426,100	31,961	458,061
Expected closing position		(17,119,100)	(321,021)	(17,440,121)	(17,628,200)	(190,457)	(17,818,657)
Change in assumptions		(2,646,100)	-	(2,646,100)	1,146,900	-	1,146,900
Change in demographic assumptions		-	75,061	75,061	-	-	-
Change in financial assumptions		-	206,056	206,056	-	(148,547)	(148,547)
Other experience		149,900	(2,701)	147,199	(197,000)	214	(196,786)
Return on assets excluding net interest		-	(107,051)	(107,051)	-	61,840	61,840
Change in mortality assumptions		-	-	-	-	-	-
Total re-measurements	B	(2,496,200)	171,365	(2,324,835)	949,900	(86,493)	863,407
Fair value of employer assets		-	1,494,879	1,494,879	-	1,547,016	1,547,016
Present value of unfunded liabilities		(19,158,900)	(39,367)	(19,198,267)	(16,298,400)	(44,355)	(16,342,755)
Present value of funded liabilities		-	(1,605,168)	(1,605,168)	-	(1,779,611)	(1,779,611)
Present value of injury liabilities		(456,400)	-	(456,400)	(379,900)	-	(379,900)
Closing position as at 31 March		(19,615,300)	(149,656)	(19,764,956)	(16,678,300)	(276,950)	(16,955,250)

24. Police Pension Scheme (PPS) & New Police Pension Scheme (NPPS)

(a) Financial and demographic assumptions in the valuation

The below valuation, carried out by the Government Actuary's Department (GAD), has been based on the latest actuarial valuation of the schemes at 31 March 2016. Full membership data as at 31 March 2016 was provided by the Scottish Public Pensions Agency (SPPA). Sufficient additional data was supplied by SPA and the SPPA (assessed by GAD for reasonableness) to enable the liability at 31 March 2020 to be assessed, based on the calculated liability as at 31 March 2016.

Pay inflation

Promotional salary scales have been set in accordance with the published police pay scales in line with the 2012 valuation, with short-term general pay increases calculated taking pay restraint into consideration until 2021/22.

Year	31 March 2020	31 March 2019
2012-13	n/a	n/a
2013-14	n/a	n/a
2014-15	n/a	n/a
2015-16	n/a	n/a
2016-17	1% plus promotional scale	1% plus promotional scale
2017-18	1% plus promotional scale	1% plus promotional scale
2018-19	6.50% plus promotional scale	6.50% plus promotional scale
2019-20	0% plus promotional scale	0% plus promotional scale
2020-21	0% plus promotional scale	0% plus promotional scale
2021-22	4.10% plus promotional scale	4.10% plus promotional scale

It has been assumed that serving officers in the PPS retire at the earlier of attaining 30 years' service, or after 25 years' service at the age 50 and above or at age 55. It has also been assumed that serving officers in the NPPS will retire at age 55, with some additional allowances for some premature retirements on the grounds of ill-health. Financial assumptions are summarised below:

	31 March 2020	31 March 2019
Pension increase rate	2.35%	2.60%
Long-term Salary increase rate	4.10%	4.10%
Short-term Salary increase rate	0.0%	0.0%
Discount rate	1.80%	2.90%

Mortality rates

Average future life expectancies at aged 60 are summarised as follows: the assumptions are updated from those adopted for 2018/19 and are in line with the ONS 2018-based population projections. The post-retirement mortality assumptions are based on S2NMA/S2NFA mortality rates with future improvements based on the ONS 2018.

	31 March 2020		31 March 2019	
	Males	Females	Males	Females
Current normal health pensioners	25.8 years	27.6 years	26.6 years	28.3 years
Future pensioners	27.6 years	29.3 years	28.6 years	30.2 years

(b) Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	31 March 2020		31 March 2019	
	Change in Employer Liability %	Approximate Monetary amount £'000	Change in Employer Liability %	Approximate Monetary amount £'000
0.5% increase in real discount rate	(10.5)	(2,012,000)	(10.5)	(1,638,000)
1 year increase in member life expectancy	3.5	671,000	2.5	390,000
0.5% increase in salary increase rate	1.5	287,000	2.0	312,000
0.5% increase in the pensions increase rate (CPI)	8.0	1,533,000	8.0	1,248,000

The liability is very sensitive to the assumed discount rate and the pension increase rate. For 2019/20, the decrease in the nominal discount rate from 2.90% pa to 1.80% pa, will lead to a significant increase in scheme liabilities all things else being equal. The combined effects of the financial assumptions can be seen in movements above.

The pension scheme's Current Service Cost (inclusive of member contributions) for the future year ending 31 March 2021 is estimated to be 102.7% (94.0% 2019/20 restated¹) of pensionable salaries, with the injury benefit scheme's equivalent Current Service Cost being estimated at 2.05% (1.24% 2019/20).

¹Restated to include an allowance for the additional costs potentially arising from the McCloud/Sergeant legal case.

(c) Change in the fair value of plan assets, defined benefit obligations and net liability

The tables overleaf show the change in the fair value of plan assets, defined benefit obligation and net liability for both the PPS and NPPS combined.

	2019/20 Net (liability) / asset			2018/19 Net (liability) / asset		
	PPS/NPPS £'000	Injury £'000	Total £'000	PPS/NPPS £'000	Injury £'000	Total £'000
Fair value of employer assets	-	-	-	-	-	-
Present value of unfunded liabilities	(16,298,400)	-	(16,298,400)	(16,175,900)	-	(16,175,900)
Present value of injury liabilities	-	(379,900)	(379,900)	-	(370,600)	(370,600)
Opening position as at 1 April	(16,298,400)	(379,900)	(16,678,300)	(16,175,900)	(370,600)	(16,546,500)
Current service cost	(504,300)	(10,100)	(514,400)	(378,700)	(7,600)	(386,300)
Past service cost (including curtailments)	74,600	-	74,600	(700,000)	-	(700,000)
Total service cost	(429,700)	(10,100)	(439,800)	(1,078,700)	(7,600)	(1,086,300)
Interest income on plan assets	-	-	-	-	-	-
Interest cost on defined benefit obligation	(473,100)	(11,000)	(484,100)	(412,000)	(9,500)	(421,500)
Total net interest	(473,100)	(11,000)	(484,100)	(412,000)	(9,500)	(421,500)
Total defined benefit cost	(902,800)	(21,100)	(923,900)	(1,490,700)	(17,100)	(1,507,800)
Net transfers in from other authorities	(3,500)	-	(3,500)	(2,100)	-	(2,100)
Contributions in respect of injury benefits	-	-	-	-	-	-
Pensions and lump sum expenditure	473,500	13,100	486,600	415,800	12,400	428,200
Other movements	470,000	13,100	483,100	413,700	12,400	426,100
Expected closing position	(16,731,200)	(387,900)	(17,119,100)	(17,252,900)	(375,300)	(17,628,200)

	2019/20 Net (liability) / asset			2018/19 Net (liability) /asset		
	PPS/NPPS £'000	Injury £'000	Total £'000	PPS/NPPS £'000	Injury £'000	Total £'000
Change in assumptions	(2,594,500)	(51,600)	(2,646,100)	1,128,500	18,400	1,146,900
Change in demographic assumptions	-	-	-	-	-	-
Change in financial assumptions	-	-	-	-	-	-
Other experience	166,800	(16,900)	149,900	(174,000)	(23,000)	(197,000)
Change in mortality assumptions	-	-	-	-	-	-
Total re-measurements	(2,427,700)	(68,500)	(2,496,200)	954,500	(4,600)	949,900
Fair value of employer assets	-	-	-	-	-	-
Present value of unfunded liabilities	(19,158,900)	-	(19,158,900)	(16,298,400)	-	(16,298,400)
Present value of injury liabilities	-	(456,400)	(456,400)	-	(379,900)	(379,900)
Closing position as at 31 March	(19,158,900)	(456,400)	(19,615,300)	(16,298,400)	(379,900)	(16,678,300)

25. Local Government Pension Schemes

The latest formal valuations of the Scottish LGPS funds were at 31 March 2017. In order to assess the value of the SPA's assets and liabilities in the funds as at 31 March 2020 for the purposes of IAS19, the value of the SPA's liabilities has been rolled forward, allowing for different financial assumptions required under IAS19, the investment returns obtained and contributions paid into and estimated benefits paid from the fund. In calculating the service cost, allowance has been made for changes in the pensionable payroll as estimated from contribution information provided.

Below shows the assumptions, sensitivity analysis, projected defined benefit cost and change in the fair value of plan assets, defined benefit obligation and net liability for the year for all of the LGPS schemes combined.

Calculations were carried out in accordance with the Pensions Technical Actuarial Standard adopted by the Financial Reporting Council, which came into effect on 1 January 2013, and adopting paragraphs 94 of IAS19 which recognises actuarial gains and losses in the period in which they occur. The current service cost includes an allowance for administration expenses of 0.2% of payroll. The valuations were conducted by Hymans Robertson LLP.

(a) Financial and demographic assumptions in the valuation

Financial assumptions are summarised below:

	31 March 2020	31 March 2019
Pension increase rate	1.9%	2.5%
Salary increase rate	2.8%	3.5%
Discount rate	2.3%	2.4%

Average future life expectancies at 65 are summarised as follows:

	31 March 2020		31 March 2019	
	Males	Females	Males	Females
Current pensioners	20.7 years	22.9 years	21.4 years	23.7 years
Future pensioners	22.2 years	24.8 years	23.4 years	25.8 years

(b) Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	31 March 2020		31 March 2019	
	Increase to Employer Liability %	Approximate Monetary amount £'000	Increase to Employer Liability %	Approximate Monetary amount £'000
0.5% decrease in real discount rate	12	193,213	12	212,636
1 year increase in member life expectancy	3-5	*	3-5	*
0.5% increase in salary increase rate	4	60,295	4	64,647
0.5% increase in the pensions increase rate (CPI)	8	128,091	8	141,737

*For sensitivity purposes, it is estimated that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply to younger or older ages).

The figures have been derived based on the membership profile of the employer at the date of the most recent actuarial valuation.

(c) Projected defined benefit cost for the year to 31 March 2021

	Assets		Obligations		Net (liability) / asset	
	£'000	£'000	£'000	£'000	% of pay	
Projected current service cost*	-	58,584	(58,584)	(34.3%)		
Past service cost including curtailments	-	-	-	-		
Effect of settlements	-	-	-	-		
Total service cost	-	58,584	(58,584)	(34.3%)		
Interest income on plan assets	34,571	-	34,571	20.3%		
Interest cost on defined benefit obligation	-	38,286	(38,286)	(22.5%)		
Total net interest cost	34,571	38,286	(3,715)	(2.2%)		
Total included in net expenditure	34,571	96,870	(62,299)	(36.5%)		

*The current service cost includes an allowance for administration expenses of 0.2% of payroll.

The estimated employers' contributions for the year to 31 March 2021 will be approximately £34.1m.

(d) Split of the fund assets

	Period ended 31 March 2020				Period ended 31 March 2019			
	Quoted Prices	Not Quoted	Total	Percentage of Total Assets	Quoted Prices	Not Quoted	Total	Percentage of Total Assets
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Equity securities:								
Consumer	104,628	134	104,762	7.0%	121,800	137	121,937	7.9%
Manufacturing	94,860	116	94,976	6.4%	100,303	119	100,422	6.5%
Utilities	36,976	-	36,976	2.5%	41,042	-	41,042	2.7%
Financial Institutions	76,264	-	76,264	5.1%	89,100	-	89,100	5.8%
Healthcare	52,537	191	52,728	3.5%	48,570	196	48,766	3.2%
IT	56,263	6	56,269	3.8%	62,246	6	62,252	4.0%
Other	104,676	-	104,676	7.0%	116,471	-	116,471	7.5%
Debt securities								
Corporate bonds (investment grade)	44,841	13,273	58,114	3.9%	38,568	2,168	40,736	2.6%
Corporate bonds (non-investment grade)	-	1	1	0.0%	-	6,329	6,329	0.4%
UK Government	25,017	4,821	29,838	2.0%	40,498	5,366	45,864	3.0%
Other	5,105	15	5,120	0.3%	4,255	19	4,274	0.3%
Private equity:								
All	-	104,019	104,019	7.0%	889	111,750	112,639	7.3%
Real estate:								
UK property	28,109	95,255	123,364	8.3%	27,984	103,376	131,360	8.5%
Overseas property	109	280	389	0.0%	81	856	937	0.1%
Investment funds & unit trusts:								
Equities	311,086	18,151	329,237	22.0%	305,237	18,643	323,880	20.9%
Bonds	49,592	53,120	102,712	6.9%	57,163	54,559	111,722	7.2%
Hedge funds	370	-	370	0.0%	-	-	-	0.0%
Commodities	7,617	-	7,617	0.5%	469	-	469	0.0%
Infrastructure	4,665	50,661	55,326	3.7%	3,017	46,601	49,618	3.2%
Other	11,620	22,853	34,473	2.3%	11,897	13,580	25,477	1.6%
Derivatives:								
Inflation	-	-	-	0.0%	-	-	-	0.0%
Interest rate	-	-	-	0.0%	-	-	-	0.0%
Foreign exchange	453	-	453	0.0%	838	-	838	0.1%
Other	(5)	-	(5)	0.0%	22	-	22	0.0%
Cash:								
All	78,271	38,929	117,200	7.8%	70,463	42,397	112,860	7.3%
Total	1,093,054	401,825	1,494,879	100.0%	1,140,913	406,102	1,547,015	100.0%

(e) Change in the fair value of plan assets, defined benefit obligations and net liability

Whilst the liabilities calculated in the table below include an allowance for some premature retirement on the grounds of ill health, there is no allowance for early retirements on the grounds of redundancy or efficiency, other than those actual cases notified to the actuary.

	2019/20			2018/19		
	Assets £'000	Obligations £'000	Net (liability)/ asset £'000	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
Fair value of employer assets	1,547,016	-	1,547,016	1,433,275	-	1,433,275
Present value of unfunded liabilities	-	44,355	(44,355)	-	41,396	(41,396)
Present value of funded liabilities	-	1,779,611	(1,779,611)	-	1,540,443	(1,540,443)
Opening position as at 1 April	1,547,016	1,823,966	(276,950)	1,433,275	1,581,839	(148,564)
Current service cost	-	72,472	(72,472)	-	56,365	(56,365)
Past service cost (including curtailments)	-	599	(599)	-	13,268	(13,268)
Total service cost	-	73,071	(73,071)	-	69,633	(69,633)
Interest income on plan assets	37,338	-	37,338	38,873	-	38,873
Interest cost on defined benefit obligation	-	44,133	(44,133)	-	43,094	(43,094)
Total net interest	37,338	44,133	(6,795)	38,873	43,094	(4,221)
Total defined benefit cost	37,338	117,204	(79,866)	38,873	112,727	(73,854)
Plan participants' contributions	10,327	10,327	-	9,275	9,275	-
Employer contributions	34,160	-	34,160	30,326	-	30,326
Transfers in from other authorities	-	-	-	-	-	-
Contributions in respect of unfunded benefits	1,635	-	1,635	1,635	-	1,635
Pensions and lump sum expenditure	-	-	-	-	-	-
Benefits paid	(26,911)	(26,911)	-	(26,573)	(26,573)	-
Unfunded benefits paid	(1,635)	(1,635)	-	(1,635)	(1,635)	-
Other movements	17,576	(18,219)	35,795	13,028	(18,933)	31,961
Expected closing position	1,601,930	1,922,951	(321,021)	1,485,176	1,675,633	(190,457)

	2019/20			2018/19		
	Assets	Obligations	Net (liability)/ asset	Assets	Obligations	Net (liability)/ asset
	£'000	£'000	£'000	£'000	£'000	£'000
Change in demographic assumptions	-	(75,061)	75,061	-	-	-
Change in financial assumptions	-	(206,056)	206,056	-	148,547	(148,547)
Other experience	-	2,701	(2,701)	-	(214)	214
Return on assets excluding net interest	(107,051)	-	(107,051)	61,840	-	61,840
Total re-measurements	(107,051)	(278,416)	171,365	61,840	148,333	(86,493)
Fair value of employer assets	1,494,879	-	1,494,879	1,547,016	-	1,547,016
Present value of unfunded liabilities	-	39,367	(39,367)	-	44,355	(44,355)
Present value of funded liabilities	-	1,605,168	(1,605,168)	-	1,779,611	(1,779,611)
Closing position as at 31 March	1,494,879	1,644,535	(149,656)	1,547,016	1,823,966	(276,950)

26. Scottish Government funding

The cash and non-cash Grant in Aid received from the Scottish Government is detailed below, and shown within the Statement of Resource Outturn analysis within the Accountability Report.

Grant in Aid	2019/20 £'000	2018/19 £'000
Revenue grant funding	1,114,538	1,080,056
Reform funding – revenue	24,000	25,000
Resource funding	1,138,538	1,105,056
Additional ODEL grant to cover loan capital repayments	3,640	6,430
Resource, ODEL, other Grant in Aid	1,142,178	1,111,486
Capital grant funding	35,821	23,940
Reform funding – capital	4,600	4,600
Capital funding	40,421	28,540
Working capital cash	32,945	35,854
Total cash received	1,215,544	1,175,880
Non-cash GiA	35,000	50,000
Annually Managed Expenditure (AME)	35,000	38,000
Total non-cash funding	70,000	88,000
Total Grant in Aid	1,285,544	1,263,880

Other Scottish Government funding is received each year per the schedule below. Annex D and pension funding is shown within note 18, and other grant income received is shown within other operating income in note 3.

Other Scottish Government Funding	2019/20 £'000	2018/19 £'000
Annex D and pension funding	398,134	331,979
Safety Camera Partnership	3,783	3,451
Violence Reduction Unit	1,328	1,298
International Development Unit	450	498
Choices for Life	-	184
Other	508	164
Other Scottish Government funding	404,203	337,574

27. Contingent liabilities

There are a number of potential liabilities facing SPA, which are as yet to crystallise and for which estimated amounts (where available) are included below:

Guaranteed Minimum Pension

In January 2018, the UK Government published its response to the indexation and equalisation of Guaranteed Minimum Pension (GMP) in public sector pension schemes. The UK Government has concluded that there should be an extension to the current interim solution so that it applies to those who reach State Pension age on or before 5 April 2021. There remains uncertainty around the long term solution, and in the event that any additional liability arises in due course, it would be expected that this will be treated as a past service cost and included in actuarial assessment of pension scheme liabilities for police and LGPS schemes accordingly.

Staff Pay and Reward Modernisation Appeals

The new employment package was implemented on 1 April 2019 and all previous legacy and interim pay and grading models, terms and conditions of employment, supplementary terms, associated policies and any custom and practice have been superseded. The job evaluation appeals process, as agreed with the Trade Unions, provides the opportunity for jobholders to appeal against the evaluation of their job following the implementation of the new SPA/ Police Scotland pay and grading structure.

An appeals process has been agreed with an independent Chair appointed from out with the SPA / Police Scotland responsible for the oversight of the process. Appeals have been submitted, sifted and initial sift outcome letters issued in May 2020. The next stage of the process will involve appeals hearings prior to reaching a decision on each appeal. This process has been impacted by the COVID-19 crisis and hearings are expected to conclude in late 2020.

The cost of SPRM appeals cannot be reliably quantified at this stage of the process. The SPRM process has been acknowledged by independent consultants as one of the most complex to take place in the UK and as such there are no comparatives for use as a reliable proxy for how likely appeals are to be successful or not which is the key determinant of the financial effect. The financial impact of successful appeals will be reduced by the effect of pay protection sums already paid since 1 April 2019.

Legal claims

Provision estimates at Note 22 are based on a best estimate of potential outgoings for legal claims. The residual level of claim against the organisation remains a contingent liability, which will in due course be removed, or re-assessed as a future provision in line with the progression of claims and appropriate review. Taking into account available information and materiality of claim, on that basis, the contingent liability is estimated at £35 million (31 March 2019 : estimate of £13 - £20 million).

Male Survivor benefits – opposite sex marriage

In July 2020, the Chief Secretary to the Treasury issued a Written Ministerial Statement in respect of survivor benefits payable to male survivors of females in opposite sex marriages. This was in response to a recent Employment Tribunal decision (the Goodwin Tribunal) that indicated that

survivor benefits payable to male survivors of females in opposite sex marriages will be equal to other categories of survivor.

Specifically, the judgement ruled that under Section 61 of the Equalities Act, Administering Authorities should pay equal survivor benefits between same and opposite sex widowers.

SPA subsequently sought a view from our actuaries for Local Government Pension Schemes (LGPS), Hymans. They have advised that the legal process is ongoing, with a future decision pending from the Tribunal on details of the planned level of remedy. GAD have advised that the likely effect on police pension schemes, based on current knowledge, is not material.

On the information available, the LGPS actuary's view of the impact on the SPA results is currently estimated at an increase of between 0.1% to 0.2% of overall liabilities, equating to approximately £2 million.

28. Financial commitments

The SPA had capital commitments as at 31 March 2020 of £1.1m (31 March 2019: £2.1m), and commitments under operating leases are detailed in note 5 to the accounts of £17.7m (31 March 2019: £17.5m, restated).

29. Related party transactions

The SPA is an Other Significant National Body sponsored by the Scottish Government. The Scottish Government is regarded as a related party. During the year, the SPA has had various material transactions with the Scottish Government and with other entities for which the Scottish Government is regarded as a parent body, in particular regarding property transactions such as the rental of Gartcosh from the Scottish Government. In addition, the SPA has had a small number of material transactions with other government departments, central government bodies, local government, non-departmental public bodies and similar organisations.

During the year, apart from their service contracts, no Board Members or members of senior management or their related parties have undertaken any material transactions with the SPA. Board Members' interests are detailed within the Remuneration Report. Transactions with bodies in which they hold interests have been examined.

The SPA is a member of Community Safety Glasgow (CSG), a company limited by guarantee and not having share capital, and during the course of the financial year received funding from CSG of £133,928 (2018/19: £128,608) and also provided goods and services to CSG with a value of £nil (2018/19: £18,000).

30. Financial instruments

As detailed in note 26 to the Accounts, the SPA and Police Scotland is funded through Grant in Aid which is set by Scottish Ministers in advance of the financial year. Cash Grant in Aid is released throughout the year in order that the organisation can meet its financial responsibilities as they fall due throughout the year and maintain an adequate level of working capital.

Working Capital Analysis	Note	31 March 2020 £'000	31 March 2019 £'000
Cash and cash equivalents	13	14,158	14,146
Inventories	14	3,168	3,734
Trade and other receivables within one year	15	39,114	44,587
Assets held for sale*	16	2,682	5,896
Trade and other payables within one year, excluding financing	17	(114,546)	(125,230)
Balance as at 31 March		(55,424)	(56,867)

* This represents the lower of current value in existing use and the fair value less costs of sale.

The SPA and Police Scotland have no power to borrow funds, however there are long term loans payable by the organisations, see note 21. These loans, from the Public Works Loans Board, were transferred from the Local Councils on the creation of the SPA and Police Scotland and are managed by the local Councils' Consolidated Loans Funds.

All surplus funds are held in non-interest-bearing accounts and therefore exposure to interest rate fluctuations is low. Bank balances are not held in foreign currency, although the organisation transacts in foreign currency with some creditors. Any shortfall or surplus in currency transactions is minimal.

Financial assets and liabilities are generated through day-to-day operational activities and there are no additional financial instruments held. Because of the nature of its activities and the way in which the SPA is financed, there is little exposure to the degree of financial risk faced by business entities.

Fair value hierarchy

- Cash and cash equivalents are measured at fair value constituting Hierarchy Level 1 input.
- All other assets and liabilities are measured at fair value constituting Hierarchy Level 2 input.
- There were no transfers between hierarchy levels for assets and liabilities during the year.

31. Events after the reporting period

Age Discrimination – Pensions

Claims of age discrimination have been brought in relation to the terms of transitional protection by groups of firefighters and members of the judiciary. A written ministerial statement made by the Chief Secretary to the Treasury in July 2019 set out the UK government's intention to remedy this discrimination across all public service pension schemes.

The Financial Statements in the SPA Annual Report and Accounts for 2018/19 included a past service cost as advised by the Government Actuary's Department (GAD), based on available information and judgements made by GAD at that time. A similar adjustment was made on Local Government Pension Schemes (LGPS) as advised by actuaries, but at a much lower level than the adjustment for police pension liabilities.

In July 2020, HM Treasury published a consultation on changes to the transitional arrangements to the 2015 schemes. This consultation was published as a result of the earlier decision by the Court of Appeal (Dec 2018) ruling that the transitional protection arrangements were discriminatory on the basis of age.

SPA were advised by GAD that the consultation document suggests a change in approach from the calculation basis previously applied, in that it defines the cohort of members affected in a more precise manner. For LGPS schemes, the actuary (Hymans) has advised that the effect on LGPS liabilities is not material, and no change has been made to the initially advised LGPS figures.

GAD have therefore restated the overall liabilities and associated past service costs for 2019/20 in a further revised report received in late July 2020. These revised actuarial estimates have now been included as an adjustment to accounting provisions within the overall scheme liabilities, outlined in detail in Notes 23 to 25 to these Financial Statements for 2019/20, covering IAS19 Pension liability.

32. Key sources of judgement and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates, assumptions and judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the financial statements, are addressed below.

- Impairment of PPE and investment properties. The Board has used estimated impairment figures within the reported figures. These are based upon the valuation reports produced by suitably qualified Royal Institute of Chartered Surveyors (RICS - both in-house and external), taking account of market conditions and other available data.
- Provisions: The Board has a number of provisions within the accounts for obligations existing at the year-end. These have been provided by in-house solicitors and where appropriate an actuarial valuation has been sought. These estimates were based on the information available at the year-end date.
- The fair value of PPE: Assumptions regarding the fair value of PPE and investment properties are based upon information provided in valuation reports produced by suitably qualified (RICS) surveyors (both in-house and external), taking account of market conditions and other available data. Further detail on fair value is provided at Note 1.2 (Statement of Accounting Policies: Fair Value). A summary of the policy for the valuation basis applicable to categories of Property, Plant and Equipment is provided at Note 1.5 (Statement of Accounting Policies: Property, plant and equipment), with operational land and building assets carried in the Statement of Financial Position at existing use value

(EUV). Carrying values for the main asset categories are detailed at Note 9 (Property, plant and equipment).

- Valuations as at 31 March 2020 received by external valuers have been reported by them on the basis of "material valuation uncertainty", as per VPS 3 (Valuation and Performance technical standard); and VPGA 10 (Valuation Application), of the RICS Red Book Global. This is due to the unprecedented set of circumstances presented by the Covid-19 pandemic, and its impact on the global economy and its sub-markets. Consequently, our external valuers have advised that less certainty and a higher degree of caution should be attached to their valuation. They have recommended a frequent review of our asset portfolio, whilst acknowledging that the specialist nature of some of our assets may lead to a lower exposure to market fluctuations than would be the case with mainstream property assets.
- Post-employment benefits estimates including the IAS 19 adjustment. Actuarial assumptions and valuations in respect of post-employment benefits are provided by the Government Actuary's Department and Hymans Robertson LLP. These assumptions are determined by the actuaries on a "best estimate" basis, with future projections of investment returns and demographic experience subject to a degree of uncertainty when these projections are made. With respect to the 2019/20 results, the level of uncertainty resulting from the effects of the recent Covid-19 pandemic on estimates is particularly high.
- Lease agreements classified as finance leases are those that transfer substantially all the risks and rewards incident to ownership, as assessed on the terms of the individual agreements. Other leases are classified as operating leases.
- Accruals are based on invoices received after the year-end but for which the goods and services were received before the year-end. These estimates have been made by the finance team in line with best accounting practices.

The estimates and valuations provided are a point in time assessment of the potential liability and these are assessed annually for any movements. The assumptions used are based on the expert knowledge of the advisors and signed off by the Chief Financial Officer.

There has been no indication that any of the above estimates have been subject to any material change since the year-end, unless specifically mentioned elsewhere within these accounts. All risks and assumptions related to the valuations are listed within the individual reports and where appropriate have been summarised in the notes above.

Direction by the Scottish Ministers



THE SCOTTISH POLICE AUTHORITY DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 5 (1) of chapter 1 of the Police and Fire Reform (Scotland) Act 2012 hereby give the following direction.

2. The statement of accounts for the financial period ended 31 March 2013, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.

3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses and cash flows for the financial period and of the state of affairs at the end of the Financial period.

4. This direction shall be reproduced as an appendix to the statement of accounts.

Gillian Russell
Head of Police Division
Signed by the authority of the Scottish Ministers

Dated: 1st March 2013



