

# Annual Report and Accounts 2020/21



## Our Report: Key Sections



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# Performance Report

Following the 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



## Chair's Foreword

The coronavirus pandemic has presented the national and international community with the most extraordinary public health threat in generations. The response to the pandemic has challenged us all, individually, collectively and as organisations to adapt how we respond. The challenge for Police Scotland over this period has been to support, and sometimes enforce, public compliance using their unprecedented COVID-19 regulatory powers. These powers limit severely all our civil rights. At the start no one knew what impact they would have and how the public would react to these extraordinary new police powers.

The Scottish Police Authority's (the Authority's) assessment of the last year has been informed by regular (sometimes daily and often weekly) monitoring reports and verbal updates to our governance Committees and Board, public views captured through Police Scotland's user surveys and independent public polling commissioned by the Authority to test public confidence in policing. Given the extraordinary set of circumstances we have also had the additional benefit and insight of an Independent Advisory Group set up by the Chief Constable, and chaired by John Scott QC, to review Police Scotland's use of temporary police powers. Police Scotland have effectively and willingly offered themselves to scrutiny and oversight to a very high level.

Police Scotland has been highly visible and vocal in seeking to reduce the spread of the virus since March 2020. It is the Authority's view that it has done so with the confidence and consent of the public, carefully informing and advising citizens. Their impact has been to increase voluntary compliance and reduce pressure on front-line health services. The service has been explicit in its objective to be proportionate and always balance human rights with safety and security. Policing in Scotland deployed a combination of clear and consistent

national communication alongside sensitive and focused local delivery. This has been the key to success. The executive leadership and local commanders have demonstrated effective planning and delivery at the highest level.

Looking back on the year and particularly at the delivery of policing, there is now no doubt of the value of having a single national force, founded on the principle of protecting the safety, wellbeing and human rights of all our citizens. Confidence in Police Scotland has not only been maintained but has actually increased. That is a very significant achievement.

The work of the Authority's Forensic Services over the last year has also been remarkable. Scotland's unique Forensic Services model has shown an outstanding ability to adapt its procedures and skills, continuing to provide the quality of service on which policing and the wider judicial system depends. The same is true of the Authority's Independent Custody Visiting Scheme which monitors the welfare of those detained in police custody. When previously routine onsite visits to custody centres were curtailed because of public health restrictions the scheme's volunteers across the country quickly adapted to offer virtual visits in order to maintain oversight instead.

The Authority was able to adjust at pace to fulfil its governance responsibilities with the same high level of transparency demonstrated over the past two years. Public sessions of all Authority and Committee meetings have taken place virtually and been streamed live since March

2020, allowing the public and stakeholders to see and hear the Authority's continued oversight of policing. This level of continued business and transparency has stood in comparison with any other public body and is testimony to the hard work and commitment of Members and staff during such a challenging time.

Of course policing's response to the pandemic has not been the only area of focus over the year. Substantial progress has been made by the Authority's own oversight arrangements to deliver improvement recommendations made by HMICS, Audit Scotland, Dame Elish Angiolini and the Scottish Parliament's Justice Sub-Committee on Policing. A Police Scotland Strategic Workforce Plan was also delivered in year which has been a substantial piece of work. The Authority has considered and welcomed that which we expect to evolve further in the year ahead.

We have also engaged with the Scottish Government on a revised Governance and Accountability Framework setting out the context upon which the governance of policing is underpinned in Scotland and we made improvements to the Authority's own Governance Framework and Committee structure.

We continue to work with stakeholders across the policing system through the Scottish Government's Roundtable initiative to clarify the roles of all organisations involved in supporting and overseeing the policing system.

Critically, extensive engagement between the Authority, Police Scotland and Scottish Government on the financial sustainability of policing was undertaken which resulted in Government committing an additional £60 million in revenue funding for policing in 2021-22. I am grateful to the Accountable Officer and Police Scotland's finance team for their work to facilitate and inform these discussions. I am delighted that the outcome allows the Authority to address a persistent structural deficit that has existed.

This year also saw a notable change in the Authority's membership. I was delighted to be appointed Chair of the Authority effective from 1 February 2021. David Crichton, who assumed responsibilities as Interim Chair in December 2019, retired from the Board shortly thereafter. In addition, three members stepped down at the end of their appointment terms - Bob Hayes, Matt Smith and Elaine Wilkinson. I have had the benefit of working with and learning from each of these members over the last three years and their contribution to improvement within

the Authority and policing cannot be overstated. They have undoubtedly left policing in a stronger position than when they joined the Board.

I was also pleased to welcome six new members to the Authority on 1 April 2021 - Bob Black, Paul Edie, Alasdair Hay, Katharina Kasper, Fiona McQueen and Catriona Stewart. Each bring a wealth of experience in public sector governance and leadership as well as a broad range of perspectives spanning local, national and third sectors. I look forward to working with them in the period ahead.

Looking forward, there is undoubtedly much to do and more to build on. The impact of the pandemic on policing looks likely to continue for some time and there is a significant focus on policing in the period ahead with planning for the United Nations Framework Convention for Climate Change (UNFCCC) 26th Conference of the Parties (COP26) in November well underway.

In terms of the Authority's activities, an annual business plan has been approved which sets out the main activities and focus for the year ahead. The business plan incorporates work on four specific areas of interest which I have initiated since taking post. These are, Localism; Social Justice; Technology and Evidence.

The achievements of the last year begin and end with our people. The professionalism and dedication of the entire police workforce has never been more evident. We owe a debt of gratitude and thanks to the hard-working officers, staff and scientists working across Police Scotland, Forensic Services and the Authority's corporate team for their work. Their contribution came at a time when they were facing the same personal and family worries as we have all been experiencing and we appreciate their sacrifices.

I look forward to working across the police service and with stakeholders to develop and improve policing in the year ahead.

**Martyn Evans**  
**Chair**  
29 September 2021

## Chief Executive's Statement

The 2020-21 financial reporting period has coincided with one of the most significant public health crises of this lifetime. There has been a colossal impact on us all and on public services to adapt and continue delivering.

Despite this, Police Scotland, Forensic Services and the Authority itself, have adapted to ensure policing continues to deliver for Scotland's communities.

Policing moved quickly in March 2020 to reassure the public that the service had sufficient capacity and visibility to protect their safety and wellbeing during the early stages of the pandemic. The Authority moved its robust and transparent governance arrangements to a virtual space, ensuring the Authority's oversight of policing was available for all to see and hear. This was not without its challenges and I am grateful for the hard work and commitment of Members, the Authority's corporate team and the support of Police Scotland, particularly the ICT team.

Notwithstanding the challenges posed by the pandemic, I am pleased to report that the Authority continued to make progress and improvements over the year. The Authority's first Corporate Plan 2020-2023 and 2020-21 Annual Business Plan were approved and the majority of 2020-21 objectives were delivered in year. Progress against the Authority's second Annual Business Plan for 2021-22 is now well underway.

Improvements to the Authority's Governance Framework were made in November 2020, strengthening our governance procedures and enhancing our committee structures. In addition, the Authority's Financial Regulations have been fully updated in June 2021. The financial controls environment has significantly improved in recent years with continued progress on financial planning, budgeting, monitoring and core financial controls.

Further progress was made over the year to discharge internal and external recommendations which continue to be reported and monitored publicly by the Audit, Risk and

Assurance Committee. The Authority is working closely with partners to progress recommendations made by Dame Elish Angiolini in her Independent Review of police complaints handling, investigations and misconduct.

A revised Performance Framework was developed with Police Scotland which is outcome focused and aligned to the Joint Strategy for Policing. The framework has been enhanced further during 2021-22 with a balance of qualitative and quantitative information and the inclusion of insights and measures on equalities outcomes.

The delivery of a Strategic Workforce Plan has set a framework and direction of travel for ensuring the right people are in the right place with the right skills to deliver for policing in the years ahead. The Authority and Police Scotland expect work in this space to evolve further in the period ahead as demand data matures.

The Scottish Government announcement in January 2021 of an additional £60 million in revenue funding for policing was a warmly welcomed development. This investment from 2021-22, is a considerable step to addressing the Authority's long-standing concerns around the financial sustainability of policing. As a result, the Authority has, for first time in many years, set a balanced budget for the year ahead. I am grateful to Police Scotland's finance team for their work throughout the year in engaging with the Scottish Government to achieve this.

Another significant piece of development over the year, was the SPA 2020 programme of organisational development and design for the Authority's own corporate team. This was initiated to address a number of recommendations on the Authority and is essential for developing the organisation's capacity and capability to deliver the objectives in our Corporate and Annual Business Plans.

*"The Scottish Government announcement in January 2021 of an additional £60 million in revenue funding for policing was a warmly welcomed development."*

Following significant engagement and consultation, the new organisational structure went live in November 2020. The majority of the Authority's existing staff moved into new roles with most vacancies filled and individuals in post by the end of February 2021.

I am confident that the Authority's contribution to the governance of policing in Scotland is considerably enhanced with the corporate team near full complement for the first time since its inception in 2013. Coupled with the appointment of a new Chair and six new Authority members on 1 April 2021, I anticipate a level of stability for the years ahead.

While this annual report details progress on a number of fronts, there is no doubt that there are further improvements to be progressed in the period ahead. I am confident the activities contained in the Authority's business plan for 2021-22 will deliver these.

As we look ahead, with hope and optimism that the impact of the pandemic continues to subside; the challenges of planning, preparation and oversight of policing the United Nations COP26 climate change conference is well underway. With the eyes of the world on Scotland in November 2021, policing is working hard to ensure their approach is reflective of a service that polices with the consent, trust and confidence of the Scottish public and communities it serves.

**Lynn Brown OBE**  
**Chief Executive**  
29 September 2021



# Part 1 Overview



## Policing System Strategic Context

This section provides an overview of the strategic context and legislative arrangements for the policing of Scotland; describing the respective roles of the Scottish Police Authority (SPA) and Police Scotland. It also provides a summary of what has been achieved in the period 2020-21; 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.



## 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 and the Police Service of Scotland (Police Scotland). The new structures became operational on 1 April 2013; delivering 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 eight years. The Authority and Police Scotland are 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, by delivering 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; and

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 integration with community planning partnerships.

The 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 Authority is a national public body, consisting of a Chair and between 10 and 14 Members who are appointed by Scottish Ministers in accordance with the Scottish Public Appointments process. The Board is supported by an executive staff led by the Chief Executive, who, as Accountable Officer, holds responsibility for all funds allocated by the Scottish Government for the policing service. This includes the constituent budgets allocated to SPA Corporate, Forensic Services and Police Scotland.

The overarching role of the Authority, 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; and

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

The Act specifies that the Authority:

Maintain the Police Service;

Promote the policing principles and continuous improvement of policing;

Keep policing of Scotland under review ; and

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

It also requires the Authority to:

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

Make arrangements for independent custody visiting; and

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

### 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; and

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 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 Authority and Police Scotland.

The 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.

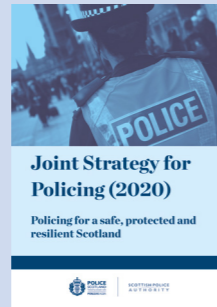
**Sustainability** – adapts resources and plans for both current and future social, economic and financial circumstances, considering the environmental impact of policing and its operations.

**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 strategic priorities were published in December 2019 and provided the strategic context for the Authority to work collaboratively with Police Scotland to review and refresh the existing Strategic Police Plan.

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



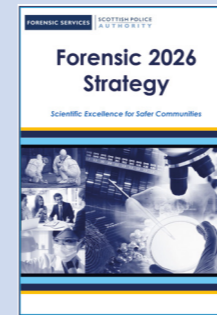
#### Strategic Police Plan Outcomes

- 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.

The [Joint Strategy for Policing \(2020\)](#): Policing for a safe, protected and resilient Scotland, was approved by the Authority in March 2020 following a formal public consultation process. This Strategic Police Plan takes an outcome based approach, which allows a clear alignment with the Policing Principles laid down in the 2012 Act. This enables an articulation of the contribution policing makes to the wider justice system and national performance framework; and how that links with, and enhances, the outcomes of other partner agencies. Overall, there was a high level of public and stakeholder support for the five strategic outcomes during the public consultation.

The current Strategic Police Plan provides a 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. 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.

### 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 across Scotland. The Forensics 2026 Strategy: Scientific Excellence for Safer Communities, was published in 2018 and sets out how 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; and

Enhance profile and commercial potential of Forensic Services.

### SPA Corporate Plan - Policing in the Public Interest

The [Authority's Corporate Plan 2020-23](#), articulates 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.

It aligns to the Strategic Police Priorities and should be read alongside the Strategic Police Plan and the [Forensic Services Strategy](#). These documents provide the strategic framework, 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.





## 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 2020-21

Risk management during 2020-21 has operated in line with the overarching risk framework for the policing system implemented in February 2020. Utilising this stratified approach to risk management has continued to enable and foster a robust approach to risk management across the complex structure of Scottish policing including Police Scotland, SPA Corporate and Forensic Services. The risk management structure in place facilitates the articulation, management and reporting of interdependent risks across all elements of policing in Scotland.

Risks are managed and maintained across the tiered approach aligning to strategic risks owned by the Authority. The successful roll out of the framework and ongoing risk management has contributed towards the overall improvement in control and governance recognised by internal audit.

Strategic and operational risks were regularly reported to the Authority Audit, Risk and Assurance Committee throughout the year, with the reporting format being revised to support the role of the committee in respect to risk management.

The impact of COVID-19 and associated risks for policing have been considered, recorded and mitigated during 2020-21. Certain elements of risk associated with the pandemic were already recorded and managed across organisational risk registers. These risks were enhanced by additional specific and emerging risks, allowing a comprehensive risk profile to be developed and maintained during the pandemic.

Risks associated with the pandemic include:-

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

Risks were reviewed, updated and managed as the response to the pandemic and legislative changes during the year, considering the differing implications for policing across the communities of Scotland. There were also a number of significant strategic and operational risks across the policing system which were being managed prior to the pandemic and remain current. The overall profile for risks associated with COVID-19 has reduced during the year.

Significant risks considered during 2020-21 include:-

- The financial sustainability of Scottish policing;
- Aligning capacity to the changing demands of policing;
- COP26 climate change conference; and
- Impact of leaving the European Union.

The additional £60 million revenue funding announced in January supports the mitigation of the financial sustainability risk with the score reducing accordingly. The risks associated with leaving the European Union were robustly managed with risks generally reducing in severity over the year.

### Risk management and control

The board defines and owns strategic risk for the organisation. Strategic risks are reviewed by the Audit, Risk and Assurance Committee (ARAC) quarterly with the full board conducting an annual review of strategic risk in December 2020.

The board strategic risks are the highest level of risk in the stratified approach to risk management outlined in the Authority's Risk Framework. The ARAC has responsibilities for risk, control assurance, audit quality and governance, it also recommends the appointment of our internal auditors and receives the annual accounts and internal and external audit reports.

The Risk Management Framework outlines the stratified (tiered) approach to risk management across Scottish policing. The framework provides a structure to support identification of key risks facing the organisation, analyse the likelihood and impact of the risk materialising and capture the controls in place. Risks are aligned to plan objectives with some mitigating actions also aligning with improvement recommendations from internal and external audit.

Risks are regularly reviewed by management across the tiered approach. Risks are escalated or de-escalated across the tiered approach depending on severity with the level of management and/or committee review aligning to severity of risk. The strategic risks owned by the Authority comprise a singular over-arching risk and five supporting risks with alignment through the tiered approach to operational/corporate risks across Police Scotland, SPA Corporate and Forensic Services.

The over-arching risk identified by the board is loss of public confidence in policing with their supporting risks considering leadership, accountability, finance and governance. The additional £60 million revenue funding announced in January supports the mitigation of the finance strategic risk with the score reducing accordingly.



## Performance Summary

The Act requires the Chief Constable to make an annual assessment of the policing of Scotland and to submit this assessment to the Authority; this was presented to the Authority meeting on 30 June 2021. The Authority are required to use this assessment and other sources of evidence to produce and publish a report on the state of policing in Scotland.

### Responding to Challenge, Change and Uncertainty

2020-21 was a year of uncertainty following the declaration of the COVID-19 pandemic. Operation TALLA, Police Scotland's response to COVID-19, was implemented and set out eight strategic objectives, which focused on operational activity associated with maintaining critical policing functions, serving the changing public needs and supporting staff to provide an effective service to Scotland's communities. In collaboration with Police Scotland, Forensic Services also established a series of strategic objectives and command groups to coordinate an appropriate response to the impact of the pandemic.

Police Scotland responded in a dynamic fashion to protect officers and staff carrying out their duties, whilst also co-ordinating the response to new legislation giving the police additional and untested powers. Police Scotland approached the new legislation with caution; the approach taken with the public was to engage, explain, encourage and as a last resort enforce. Police Scotland had more than 120,000 interactions with the public with only a small number resulting in enforcement action, demonstrating the public's overwhelming adherence to the guidance.

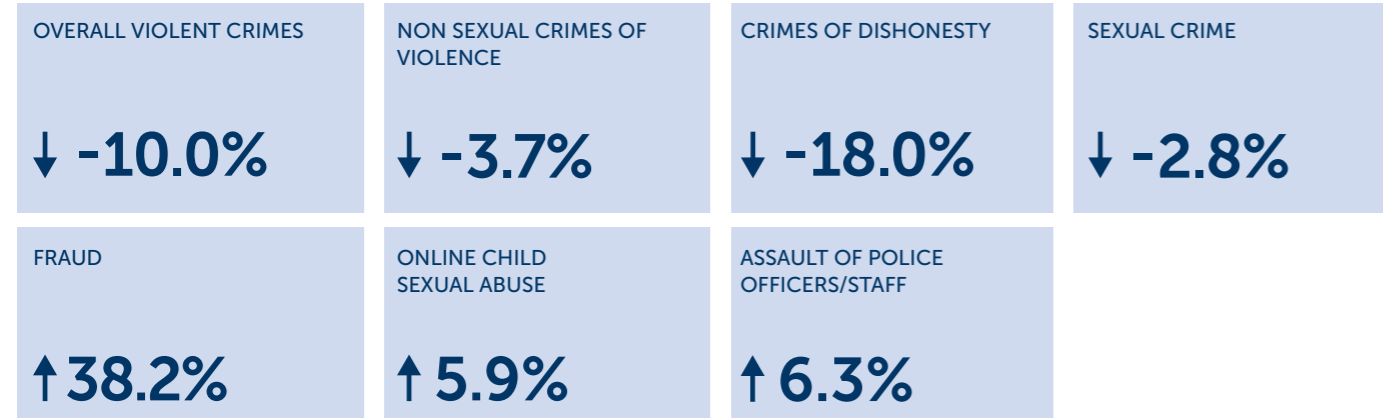
Given the extraordinary nature of these powers, Police Scotland and the Authority agreed that it was appropriate to establish additional measures for scrutiny of the approach to "public health policing"; to examine and maintain public confidence in policing during the use of these powers. It was agreed that the Chief Constable would establish an Independent Advisory Group (IAG). Insights provided through regular reports from the IAG enhanced the Authority's oversight during 2020-21. The group, chaired by John Scott QC, reported directly to the Authority, as the governance and oversight body for Police Scotland, adding an additional layer of independent assurance to the work of the Authority.

### Crime Levels and Public Confidence in Policing

COVID-19 and the resulting impact on criminal behaviours had a significant effect on crime and offence levels. The total number of crimes and offences has fallen by 5.8% on the previous year and 10.6% on the five year average. Data for [2020-21](#) show a decrease in a number of crime areas whilst showing an increase in certain crime types.

Findings from the [2019-20 Scottish Crime and Justice Survey](#) show that the key measures of public confidence in policing remain high with values ranging between 60-70%. One clear exception to this is the falling level of confidence in relation to crime prevention.

Part of the Authority's scrutiny role has been to understand trends in public acceptance of the policing approach throughout the pandemic, this was done by reviewing existing data provided through the Your Police survey as well as commissioning a series of independent polls of public attitudes to the additional and changing powers granted to the police service and how they are being exercised. These [polling results](#) have consistently demonstrated that public confidence in policing in Scotland is equivalent to, and at times higher, than pre-pandemic levels as measured in the last Scottish Crime and Justice Survey (2018-19).



## Looking Back

### Senior Leadership Change

In the course of the last year there were changes at senior leadership level with the appointment of a new Authority Chair, Martyn Evans, in February 2021, and the appointment of Lynn Brown as permanent Chief Executive Officer in March 2021. At the end of March 2021 the Cabinet Secretary for Justice announced the appointment of six new Board members who took up their new roles on 1 April.

There was leadership change in Police Scotland with the promotion of Judi Heaton and Tim Mairs to Assistant Chief Constable. This strengthened leadership and resilience of both bodies has enabled a continued focus on performance improvement and service delivery during an exceptionally challenging year.

*"Police Scotland's extensive planning arrangements for COP26 continue to be reported to SPA in preparation of Glasgow hosting the event in November 2021."*

### Strengthening Governance, Oversight, Capacity and Capability

The Authority's established system of governance has continued to function on its planned cycle, with each of the committees adding specific consideration of the COVID-19 response to their agendas; the Board continued to meet as normal. The Authority also has responsibility for the delivery of Forensic Services and for the operation of the Independent Custody Visiting Service (ICVS). Both services have had to adjust rapidly and substantially to COVID-19, and the Authority has continued to monitor their resources, planning and operation. Details of the required amendments to the operation of [ICVS](#) were published on the SPA website.

The Authority's Oversight Groups for both CAM (Contact Assessment Model) and COP26 (United Nations Climate Change Conference) have continued to provide oversight and scrutiny. The roll out of CAM was accelerated in response to the pandemic with formal project closure in December 2020. Police Scotland's extensive planning arrangements for COP26 continue to be reported to SPA in preparation of Glasgow hosting the event in November 2021.

Collaborative working between the Authority and Police Scotland resulted in a revised [Performance Framework](#) aligned to the [Strategic Police Plan](#). The Framework provides a suite of key Measures of Progress towards Strategic Outcomes. The Policing Performance Committee has applied scrutiny of policing performance through the measures of progress, strengthening the statutory role of the Authority to hold the Chief Constable to account for policing.

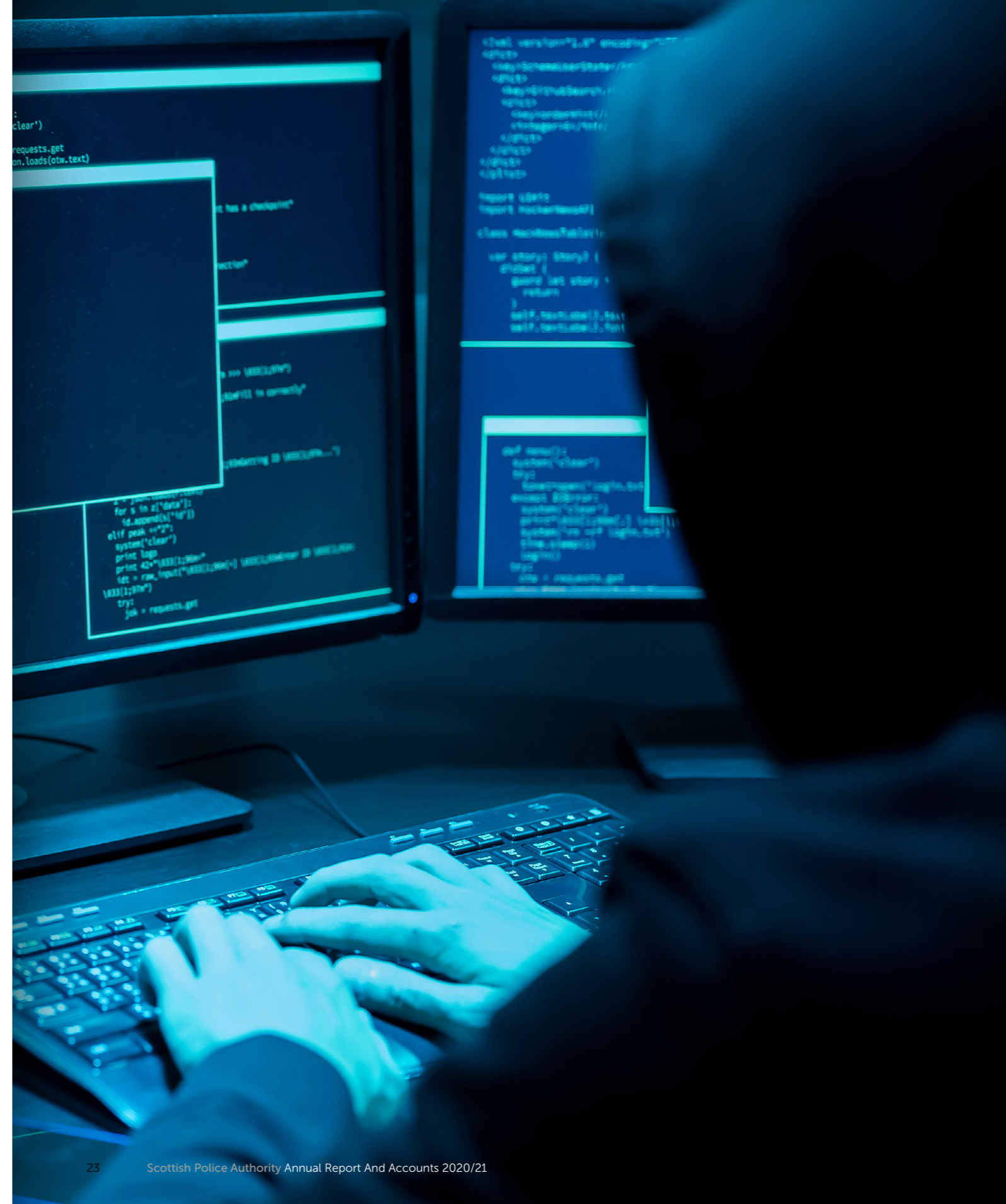
### Implementing Transformational Change

There is evidence that progress has been made during the year on delivery of many key elements of the Joint Strategy for Policing 2020. The roll out of CAM has improved the service provided to the public by enabling officers and staff to better assess and respond to their needs at the first point of contact. Ambitions from the [Public Contact and Engagement Strategy](#) have been achieved with the creation of new channels of communication for the public and communities, including an online reporting tool to report COVID-19 offences. Benefits from the Digitally Enabled Policing Programme have been realised through the roll out of mobile devices to operational officers across 13 divisions, verified through academic evaluation. The launch of the [Cyber Strategy](#) and [Implementation Plan](#) address the capability and capacity issues that Police Scotland require to tackle to address the increasing trend of cybercrime. The development of the [Environmental Strategy](#) demonstrates commitment to providing a sustainable policing service that aims to protect the environment.

### Changing Demand on Policing

Demands on the policing system, as measured by [recorded crime](#) and [incident demand](#) decreased during 2020-21. The number of Group 1-5 Crimes fell to 225,532 (20,877 crimes) and the total number of incidents fell by 1.2%, down from 1,668,952 to 1,649,082. Although these data show a decrease in the volume of crime and incident demand they do not take into account the rise in investigative demand that Police Scotland faces. The increased use of technology in certain crime types (such as fraud and online child sexual abuse) presents an increasing level of complexity to the demand profile. This coupled with vulnerability and mental health demand reinforces the importance of the [Strategic Workforce Plan](#) and the work of the Demand and Productivity Unit to help build capability and capacity within Police Scotland to tackle these issues.

*"The launch of the Cyber Strategy and Implementation Plan address the capability and capacity issues that Police Scotland require to tackle to address the increasing trend of cybercrime."*



## Policing Performance Conclusion

Against the backdrop of uncertainty and unprecedented challenges, overall performance has been maintained across the policing system in 2020-21. Despite the impact of COVID-19, Police Scotland has demonstrated progress towards the strategic outcomes as described in the [Strategic Police Plan](#). Evidence provided is wide-ranging and supports Police Scotland's purpose to improve the safety and wellbeing of people, places and communities in Scotland.

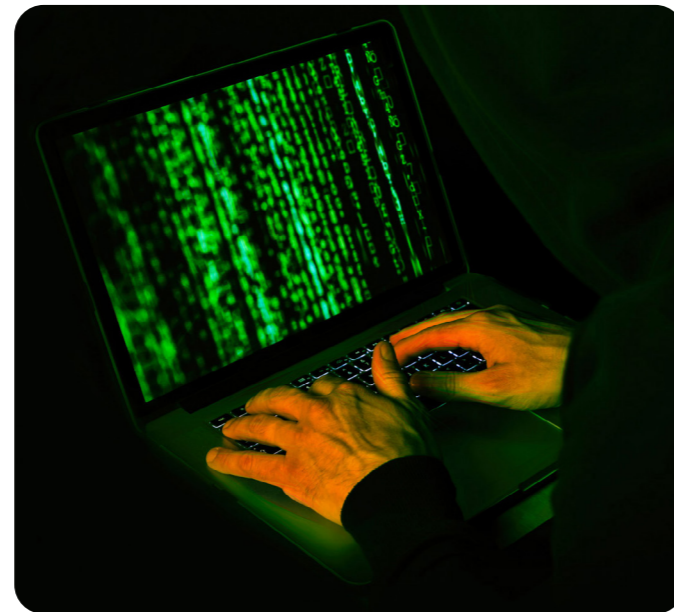
Improved performance reporting has provided a solid platform for the Policing Performance Committee to provide oversight of policing performance in such an exceptional year. In particular the range of data available and the daily and weekly reporting of almost 'real-time' trends and insights must be acknowledged. The transparency and quality of reporting on COVID-19 specific data in the public domain is a clear benefit of a single Scotland-wide police service.

Forensic Services has demonstrated delivery against its strategic outcomes and progress towards transformational change. Despite the challenges faced during 2020-21, including business continuity plans being tested, Forensic Services continued to meet service expectations whilst improving scientific expertise and capabilities.

The Authority sought to identify the challenges and risks policing would face during the emergency and has made significant efforts to adopt a comprehensive approach to its oversight of policing during the pandemic. Appropriate levels of oversight were provided whilst also supporting Police Scotland's proportionate approach to policing the pandemic, upholding the regulations while protecting the principle of policing by consent.

The Authority's [annual business plan](#), linked to the three-year outcomes focused [Corporate Plan](#) has helped to provide focus and certainty to the Authority's actions, providing a stable platform for Authority members and staff to build and deliver upon.

The next 12 months will continue to present challenges due to the unpredictable nature of COVID-19, extensive planning around COP26 and the predicted return to pre-pandemic crime levels coupled with the increased demand of crimes in the virtual space. The Authority must continue to mature its approach to the support and provision of oversight in policing in order to maintain public confidence in the policing system – policing in the public interest.



## Going Concern

These financial statements have been prepared on a going concern basis in accordance with the requirement of the [Government Financial Reporting Manual: 2020-21](#).

The going concern basis of accounting is driven by the requirement of the financial reporting framework on the presumption of the continuation of the Authority's services rather than the financial sustainability of the Authority. The Scottish Government is committed to continuing the service in line with the Police and Fire Reform (Scotland) Act 2012.

During the year under review (2020-21), the Authority was operating with a planned revenue deficit, which the Scottish Government supported and provided the necessary cash to meet the Authority's outgoings. The Scottish Government has subsequently agreed to increase core funding for 2021-22 by £60 million in order to eliminate the structural deficit and the Board has approved a balanced budget for 2021-22.

The Authority has significant net liabilities at the year end. This is driven by total pension liabilities of £22.2 billion (31 March 2020: £19.8bn) which is almost entirely (98%) attributable to the Police Officers' pension scheme. Scottish Government fund all ongoing employer pension contributions and the Police Officers' pension liability will not be met directly from the Authority's sources of funding. Excluding, pension liabilities, the Authority has an underlying net asset position which further demonstrates that the operating model justifies treatment as a going concern.

As a consequence of the public restrictions to control COVID-19 the Authority has seen a large reduction to some external income sources. However, external income represents a relatively small proportion of the Authority's funding sources and the Scottish Government has provided funding during 2020-21 and 2021-22 to mitigate the impact of these shortfalls.

In light of the Scottish Government's continued support and increased funding, the Authority 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 Context

Through the focal point of the Policing Performance Committee, the Authority has assessed statistical and other performance evidence provided by Police Scotland, Forensic Services and the SPA Corporate function in order to build a comprehensive assessment of the performance of the policing system. The Authority considered the Chief Constable's annual assessment of policing, the Chief Executive's assessment of SPA corporate performance and the Director of Forensic Services' Assessment of Forensic Services, covering the period 2020-21. These detailed papers are available in full on the [Authority website](#).

The Authority also asked Local Authority scrutiny partners 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 the strategic outcomes as set out in the [Strategic Police Plan](#) and the activities described in the [Annual Police Plan 2020-21](#).

Forensic Services performance has been assessed against the objectives set out for the third year of the [Forensic Services 2026 strategy](#) and [SPA Corporate evidence](#) comprises progress against the [Corporate Plan 2020-23](#), [Annual Business Plan 2020-21](#) 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 2019-20, with these findings published in March 2021.

The following assessment and analysis provides a single, Authority view of performance, reflecting the change in approach adopted in 2019-20, incorporating the Annual Review of Policing in the Annual Report and Accounts.



## Police Scotland Performance

This section reviews Police Scotland's progress in delivering against the [Strategic Police Plan](#) and the [Annual Police Plan](#). It also includes an analysis of key crime and policing statistics referencing, wherever possible, 2020-21 statistics in relation to the trend over the preceding five years. Feedback on local policing has been provided to the Authority by Local Authorities and has been summarised as part of the assessment.



### Assessment Summary

Despite the impact of COVID-19 Police Scotland has made progress during 2020-21 to deliver against its strategic and annual operational policing plans. Key developments include the implementation of the Contact Assessment Model (CAM), the development of strategies in relation to cybercrime and environmental issues, as well as the delivery of a Strategic Workforce Plan. The launch of the new [Strategic Police Plan](#) improved reporting of performance against the plans five strategic outcomes. Police Scotland has also expanded the breadth of insights gained through a range of engagement activity, including the development of online surveys with the public and stakeholders.

*"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 2021-22."*

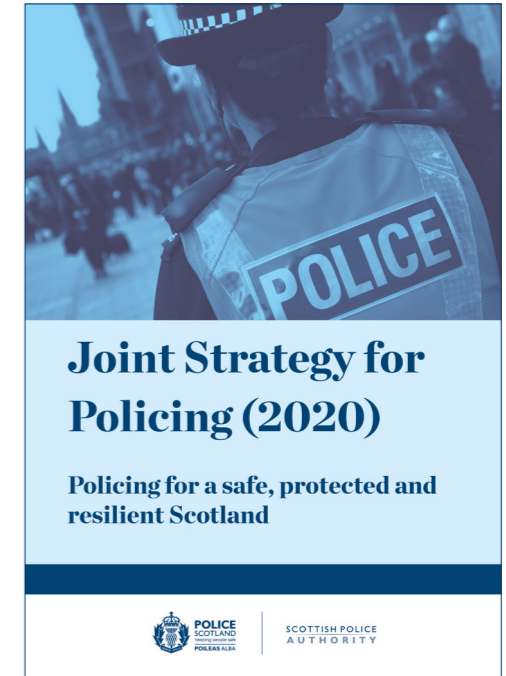
Operational policing has faced significant challenges throughout the COVID-19 pandemic, despite this, there has continued to be consistent and commendable delivery across the operational policing priorities. An analysis of key measures relating to crime and public confidence in policing describes a unique picture with levels of both being affected by the COVID-19 pandemic according to a range of 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 2021-22.

### Strategic Police Plan

In December 2019, The Scottish Government updated its [Strategic Police Priorities](#), prompting a refresh of the Strategic Police Plan and long term strategy for policing published in 2017. On 25 March 2020 the Authority agreed the new 'Joint Strategy for Policing, Policing for a safe, protected and resilient Scotland' – developed in partnership between the Authority and Police Scotland. The Joint Strategy is framed around five strategic outcomes that describe the impact and difference Police Scotland aims to make to the lives of the people across Scotland.

#### Five Strategic 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 service the public
5. Police Scotland is sustainable, adaptable and prepared for future challenges.



#### Policing Priorities:

The five strategic outcomes align to key areas of focus for Police Scotland:

1. Protecting vulnerable people
2. Tackling crime in the digital age
3. Working with communities
4. Support for operational policing

**Annual Police Plan 2020-21 and Performance Framework**

The [Annual Police Plan \(APP\)](#) sets out the activities that Police Scotland will focus on for the year ahead and is aligned to both the strategic outcomes and objectives as described in the Strategic Police Plan.

Police Scotland worked in collaboration with the Authority to develop a revised [Performance Framework for 2020-21](#), aligned to the strategic and annual police plans; which was approved by the Authority in June 2020.

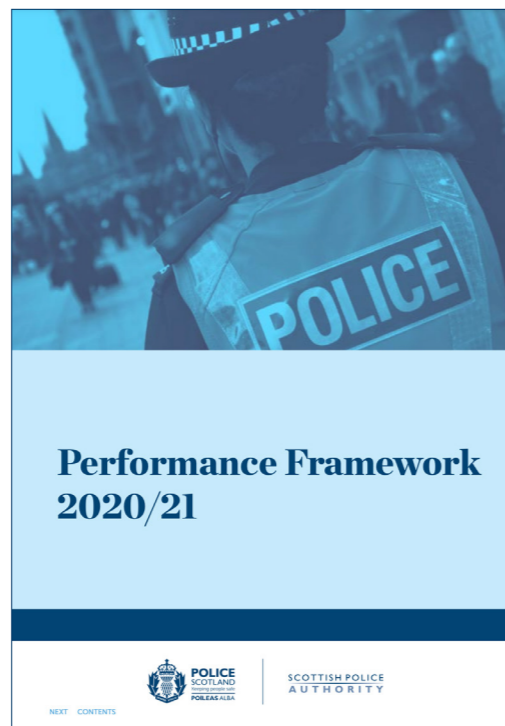
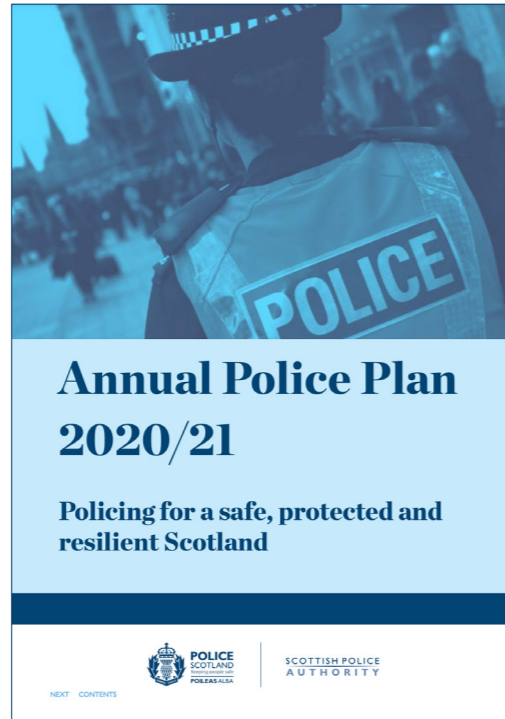
Police Scotland reported on the Performance Framework via two products;

**The Annual Police Plan performance report** - describing progress made towards the activities within the Annual Police Plan.

**The Quarterly Performance Report** - providing both qualitative and quantitative data to demonstrate progress towards the strategic outcomes.

To support consistent reporting from the Performance Framework, in consultation with the Authority, a suite of Measures of Progress towards Strategic Outcomes were selected from the available management information within the Framework. These Measures of Progress formed the basis for the Quarterly Performance Reports. It is important to note that currently no red, amber, green (RAG) status is applied to the Measures of Progress, however five year trend data are provided where available.

The approach taken by Police Scotland to align the strategic planning and performance reporting in 2020-21 has been commended by the Authority. The quarterly performance reports provided a blend of qualitative and quantitative data that allowed the Authority's Policing Performance Committee Members to apply scrutiny into the Measures of Progress. Police Scotland also demonstrated good practice by including crime exceptions in the quarterly performance reports that fell out with the agreed Measures of Progress. For example, during 2020-21 there was a 52% (or 105 crimes) increase in wildlife crimes compared to the previous year. Police Scotland reported on this increasing trend each quarter, providing insight into their response. This flexibility in reporting provides assurance to the public and communities that Police Scotland are monitoring all crime trends.



It is however noted that reporting on progress of the Annual Police Plan activities requires to be developed further to allow the same level of scrutiny to be applied. Whilst it is recognised that Police Scotland achieved some progress towards delivery of their activities, during a challenging year for policing, the rationalisation of activities set out in the annual police plan and addition of milestone reporting would enable Police Scotland to better demonstrate progress towards activities set out at the beginning of the year.

The Performance Analysis section of this report is aligned to the five strategic outcomes, providing a high level overview of a selection of policing activity and insights that demonstrate progress towards the strategic outcomes. The evidence below aligns to the strategic outcomes as detailed in both the Strategic Police Plan and the Annual Police Plan including analysis of the Measures of Progress.

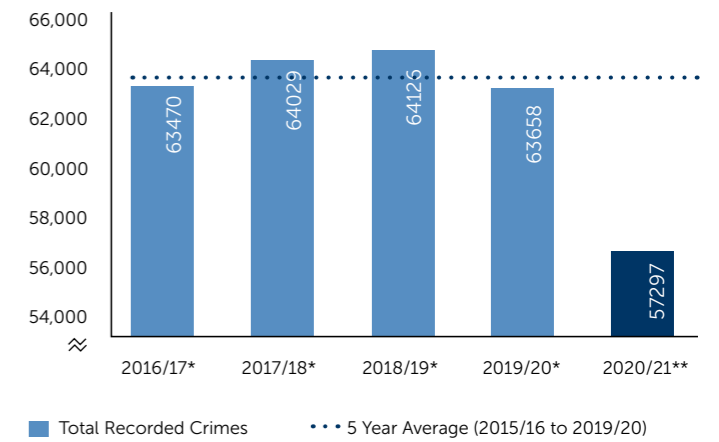
This section provides examples that the Authority considers to be indicative of a robust and responsive performance improvement approach, whilst also highlighting areas for improvement. Police Scotland has reported on all 44 Measures of Progress towards Strategic Outcomes in each of their [Quarterly Performance Reports](#). The Measures of Progress that have been selected for this report are a sample of those that were deemed areas of note throughout 2020-21.

The following section examines progress towards strategic outcomes. Data are Police Scotland Management Information (\*\*) sourced from the [Quarterly Policing Performance Report - Q4 2020-21](#) unless otherwise stated. Data covered in this section supports delivery of each of the strategic outcomes. A full breakdown of crime statistics can be found in the Key Crime and Policing Statistics section of this report on page 42.

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

Measures of Progress have been affected by COVID-19 with significant increases and decreases in reporting levels compared to previous years being observed. One such example is the number of overall violent crimes which as seen in Chart 1 decreased by 10.0% compared to the previous year and 10.3% compared to the 5 year mean.

**Chart 1: Measure of progress – Overall violent crime 2016-17 to 2020-21**

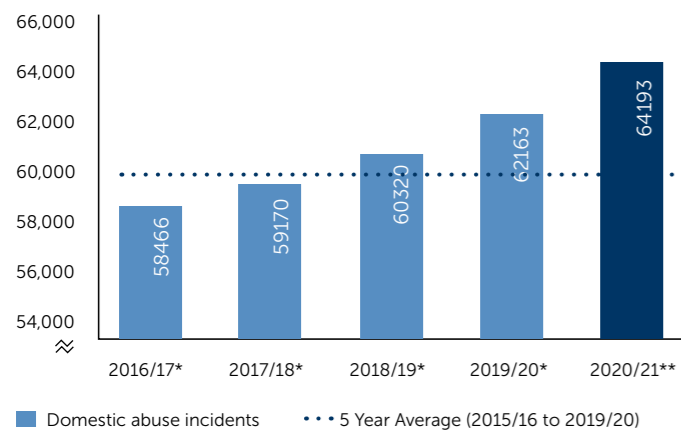


57,297 violent crimes recorded in 2020-21. 6,361 less violent crimes than the previous year. Whilst this reduction in violent crime is welcomed, it is assessed that the significant decrease is attributable to the impact of COVID-19 and lockdown restrictions (e.g. closure of licensed premises) affecting criminal behaviours.

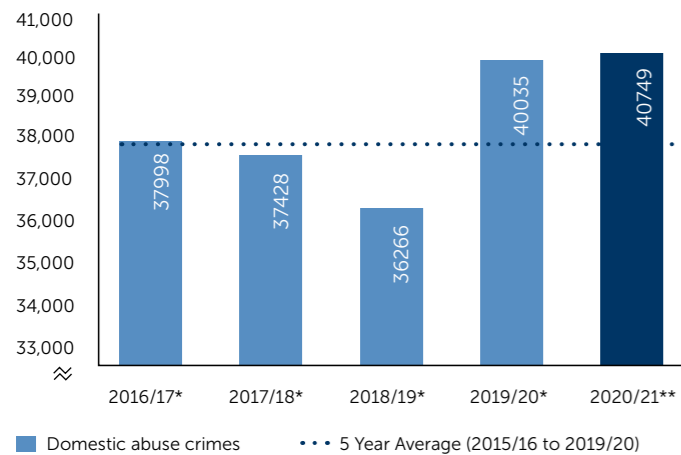


Charts 2 and 3 show an increase in both domestic abuse incidents and crimes during 2020-21. However at the early stage of lockdown Police Scotland reported a decline in the reporting of domestic abuse. It was assessed that the traditional means of reporting were less available to victims. Police Scotland responded by working with partners to encourage reporting. The [Public Contact and Engagement Strategy](#) details that Police Scotland aims to tackle the barriers that people experience when accessing police service.

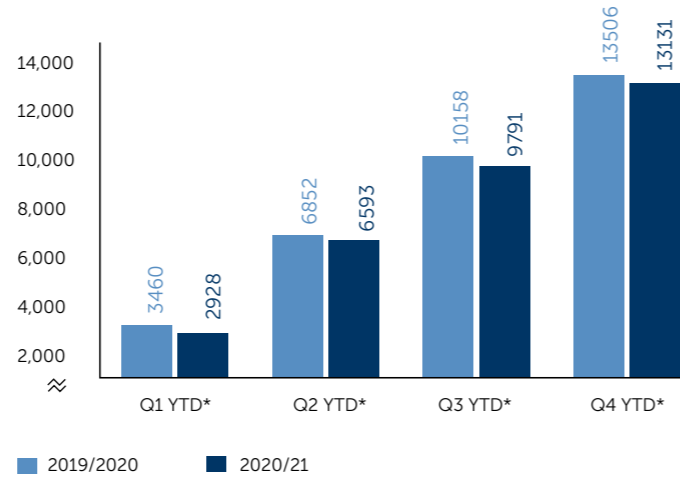
**Chart 2: Measure of progress – Domestic abuse incidents 2016-17 to 2020-21**



**Chart 3: Measure of progress – Domestic abuse crimes 2016-17 to 2020-21**



**Chart 4: Measure of progress – Sexual Crime (Group 2 crime) Q1 – Q4 2019-20 to 2020-21**



13,131 reported sexual crimes in 2020-21. A decrease of 2.8% (or 375 crimes). Crimes were down on the previous year every quarter in 2020-21.

It is assessed that lockdown restrictions and the limited opportunities for social interaction are attributable for the decrease in sexual crime. Police Scotland is working alongside the National Crime Agency and academia to better understand any UK wide trends in sexual offences which have arisen due to the pandemic.



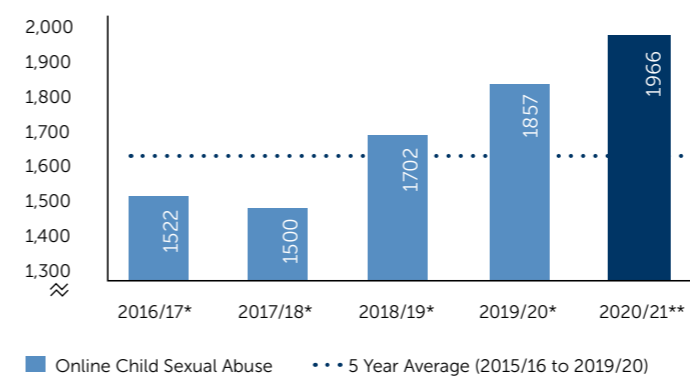
Despite the impact of COVID-19, Police Scotland continued to demonstrate its commitment to tackling issues that impact on public and communities throughout 2020-21. A key area of development was the launch of [Police Scotland's Cyber Strategy](#), Keeping People Safe in the Digital World. Acknowledging that it will take

time to build the capability and capacity to deliver against the ambitions of the strategy, the Authority welcomed the [Cyber Strategy Implementation Plan 2021-22](#). Cybercrime experienced increased prominence during the pandemic and with the scale of the threat extending beyond borders, Police Scotland's collaborative working with partners as detailed in the Implementation Plan will be a critical component. The Authority will closely monitor progress against the milestones laid out in phase one of the Implementation Plan over the next 12 months.

The absence of available cybercrime data on crime recording systems is recognised as a knowledge gap that prevents Police Scotland from understanding the full extent of the threat of cybercrime. The Authority have requested work is carried out as a priority to address this knowledge gap.

One element of cybercrime that Police Scotland were able to report on over the last 12 months was online child sexual abuse (CSA). In 2020-21, there were a total of 1,966 online child sexual abuse crimes recorded which is an increase of 5.9% (or 109 crimes) compared to the previous year and 24.9% greater than the five year mean.

**Chart 5: Measure of progress – Online child sexual abuse 2016-17 to 2020-21**



There has been a year on year increase in Online CSA since 2017-18. The number of crimes peaked during lockdown restrictions in June 2020 with 229 recorded crimes. It is assessed that lockdown restrictions may have contributed to the increase in this crime type due to perpetrators and victims having more time for an online presence.

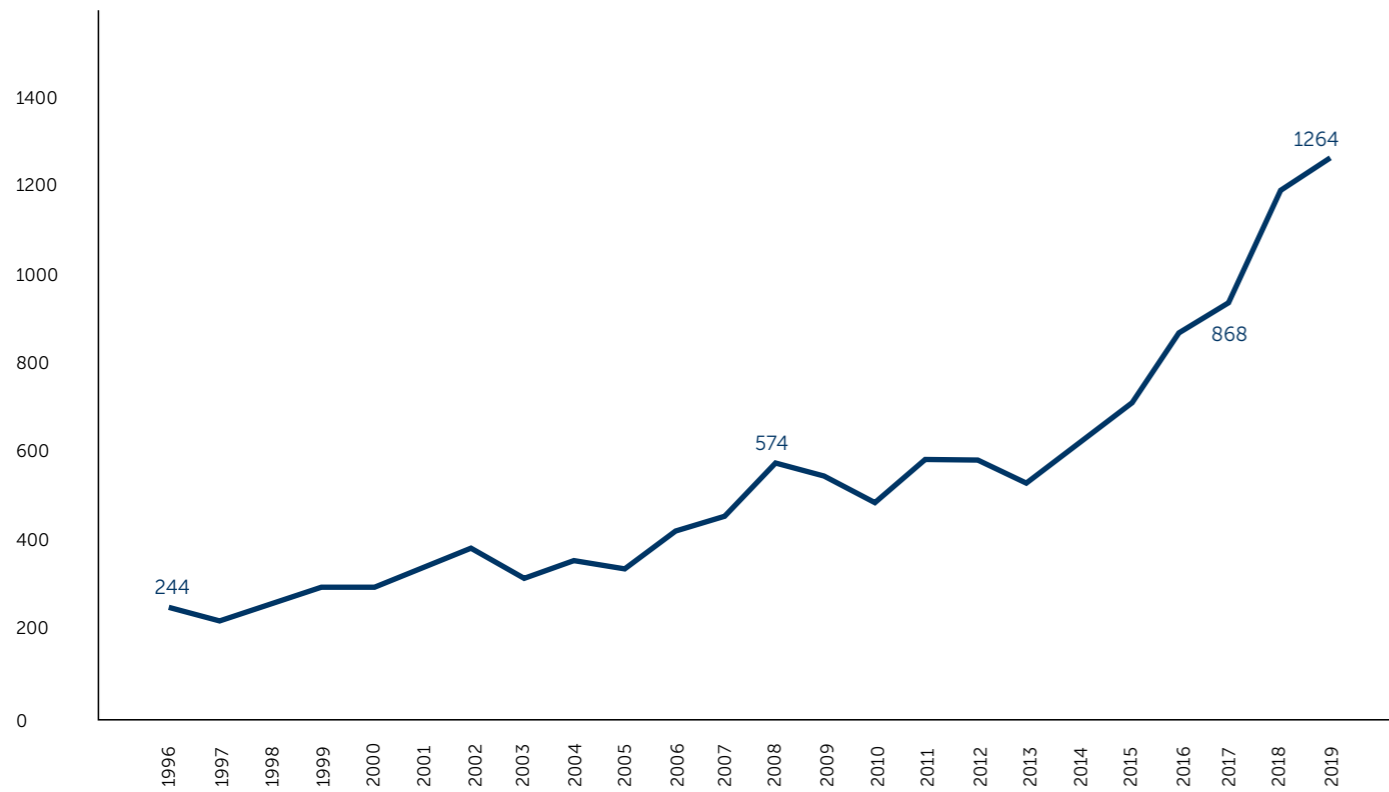
In response to this threat to public safety and wellbeing, a taskforce bringing together resources from across Police Scotland's Specialist Crime Division (SCD) was established under the name Operation PARROR. Between 1 September 2020 and 04 April 2021, over 640 National Online Child Abuse Prevention (NOCAP) packages were enforced with 266 of these resulting in the recovery of online CSA material. Due to the success of Operation PARROR, Police Scotland has mainstreamed the activity of the taskforce into the Public Protection National Child Abuse Investigation Unit.

#GetHelpOrGetCaught - Police Scotland online campaign to prevent online child sexual abuse. Over nine million impressions. 25,000 clicks through social media and YouTube channels.

Police Scotland's intelligence-led approach to disrupting serious and organised crime yielded positive results during 2020-21. Operation VENETIC, a UK wide operation alongside partners took place in early 2020-21. In Scotland, Operation VENETIC resulted in £7m of laundered cash recovered, 59 people arrested and £25m worth of controlled drugs seized. Police Scotland's partnership working in this area demonstrates commitment to Scotland's Serious and Organised Crime Strategy.

In 2019, [1,264 drug-related deaths were registered in Scotland](#), the largest number ever recorded; resulting in Scotland experiencing the highest rate of deaths per head of population in Europe. Police Scotland has demonstrated diverse partnership working to tackle this public health issue through the work of the Partnership, Prevention and Community Wellbeing (PPCW) portfolio, examples include the establishment of the Drug Strategy Board (DSB) and participation in the Scottish Government led Drug Deaths Task Force. Local policing divisions also adopted a multiagency approach with officers across Police Scotland contributing to Alcohol and Drugs Partnerships and Youth Engagement Officers in schools delivering talks on alcohol and drug misuse.

Chart 6: Drug-related deaths in Scotland, 1996 - 2019



In 2019 there were 1,264 drug-related deaths in Scotland which is more than double the number recorded a decade ago (545 in 2009).

Opiates-opioids were implicated in, or were a potential contributory factor, in 86% of drug related deaths in 2019, more than in any previous year.

National Records of Scotland (NRS) published the number of drug-related deaths in Scotland during 2020 in July 2021. Findings from the NRS report highlight that Scotland continues to have the worst drug death rate in Europe, with a further 1,339 people dying during 2020 – an increase of 75 from the 1,264 deaths recorded in 2019. Chart 6 indicates that the number of drug-related deaths has been increasing since 1996 and 2020 continues with the steeper upward trend that has been experienced since 2013.

Police Scotland reports a rising demand in relation to vulnerability and mental health issues, for example during 2020-21 over 14,000 missing persons enquiries were raised. The Distress Brief Intervention (DBI) programme (launched by the Scottish Government in 2017) enables staff to help people get access to trained and professional support at the time of crisis. Police Scotland's participation in the DBI programme contributes to the national priority on improving the mental health and wellbeing of public and communities.

During 2020-21 Police Scotland commenced a pilot project for the voluntary carriage of Naloxone, an emergency first aid reversal agent for opioid-related overdoses. The value of Police Scotland officers carrying Naloxone was demonstrated in the early stages of the pilot when two officers successfully administered the reversal agent. An evidence-based evaluation of the pilot will inform future decisions regarding officers carrying the treatment.



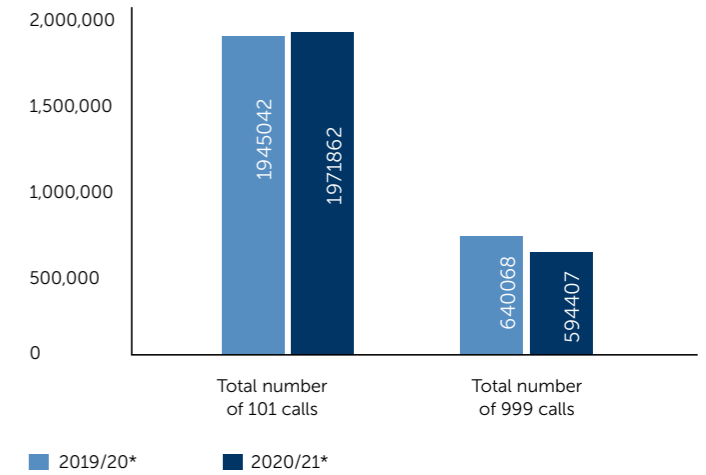
Published in January 2021, the [Strategic Workforce Plan](#) (SWP) was a significant achievement for Police Scotland. The delivery of a strategic workforce plan is vital to address workforce requirements and providing an evidence base for policing approaches that supports decision making. It is to be commended that Police Scotland is among the first police services in the UK to have developed a SWP.

While development of the plan is to be commended, the Authority, in January 2021, set clear expectations for the ongoing development of the plan in order that they be provided with the assurance required regarding the utility of the plan. Capturing robust demand analysis in future iterations of the SWP will inform the future shape and vision of policing in Scotland.

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

One of the key transformational change successes in 2020-21 was the roll out of the Contact Assessment Model (CAM) across all divisions. CAM is intended to improve the service provided to the public by enabling officers and staff to better assess and respond to their needs at the first point of contact. The implementation of the Threat, Harm, Risk, Investigative Opportunities, Vulnerability and Engagement (THRIVE) model has ensured that each incident is assessed to ensure that the policing response is appropriate. In response to COVID-19, Police Scotland accelerated the roll out of CAM completing the project five months early with the formal project closure in December 2020. In recognition of best practice, CAM won the Campbell Christie Public Sector Reform Award at the Public Service Awards 2020.

Chart 7: Measure of progress – Call Handling 2019-20 to 2020-21

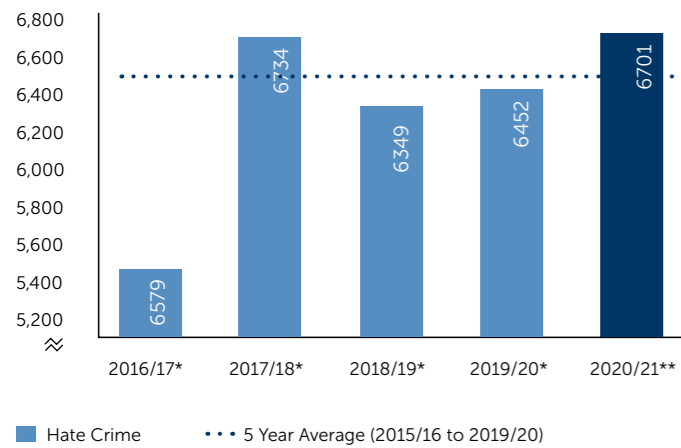


Despite handling over 2.5 million calls and over 255,000 public contacts – Service Centres managed to maintain an average speed of eight seconds for answering 999 calls.

Hate crime experienced a high profile during 2020-21 particularly due to the events surrounding the Black Lives Matter movement. Police Scotland reported a spike of 731 hate crimes in August 2020. Although figures have increased this year as shown in Chart 8, hate crime is widely recognised as under-reported. Findings from the [HMICS public survey](#) on Police Scotland's response to hate crime found that only 32% of those people that had experienced hate crime-incidents reported their experience to the police.

Police Scotland has worked with partners on a number of campaigns to promote the reporting of hate crime however a lack of evaluation on the campaigns prevents Police Scotland gauging the effectiveness of their activity. The Scottish Parliament's Hate Crime and Public Order (Scotland) Bill provides Police Scotland with an opportunity to improve the collation and analysis of hate crime data which will better inform their response. A [Scottish Government study](#) published in 2021, estimates that one in five hate crimes recorded in 2018-19, the victim was a police officer in the line of duty.

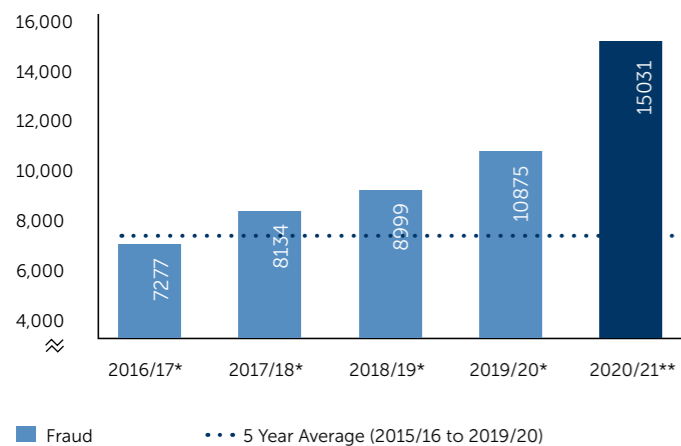
Chart 8: Measure of progress – Hate crime 2016-17 to 2020-21



The number of hate crimes has remained relatively static over the years, fluctuating between 6,500 and 6,800.

As shown in the Key Crime and Statistics section of this report (page 42), a number of crime areas have been suppressed by the impact of lockdown restrictions in response to COVID-19, however a number a crime types have increased. Crimes of fraud have risen exponentially this year, as shown below;

Chart 9: Measure of progress – Fraud 2016-17 to 2020-21



15,031 reported crimes of fraud in 2020-21. An increase of 38.2% (or 4,156 crimes) on the previous year and 78.1% above the five year mean.

Although COVID-19 lockdown restrictions can be attributed in part to the rise in crimes of fraud, this crime type has been an increasing trend for a number of years which coincides with a change to [Scottish Crime Recording Standards \(SCRS\)](#) introduced on 1 April 2020.

As part of the Digitally Enabled Policing Programme (DEPP), Police Scotland is developing a recording system which will differentiate between the various fraud types. This information alongside the change to SCRS will provide a better understanding of the extent of these crimes across Scotland and better inform Police Scotland's response. The Authority welcomes this, and will remain focused on the development of more robust analytical tools to inform understanding of, and resultant action from, crime data.

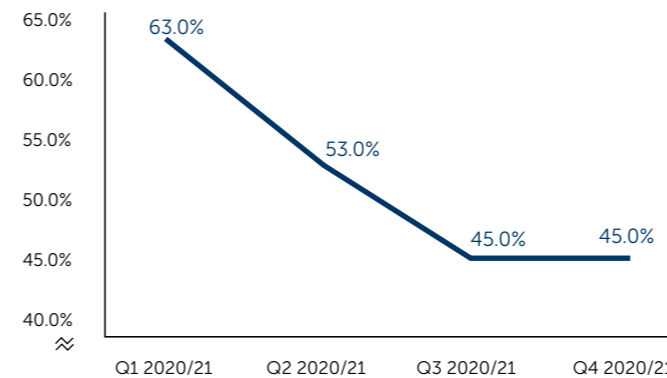
The under-reporting of fraud adds to the complexity of Police Scotland tackling this crime type. Findings from the [Scottish Crime and Justice Survey 2019-20](#) highlight the under-reporting of cyber fraud and computer misuse, with the majority of victims choosing to deal with the issue themselves. Only a small proportion of victims reported the incidents to the police (5% of those having their card or bank account details stolen online or subject to scam phone calls, and 1% of those who had experienced a virus, scam email or having their online account accessed for fraudulent purposes). Police Scotland's Cyber strategy details the work required to better understand the under reporting of cyber-crime including cyber fraud. Progress of the Cyber Strategy Implementation Plan will be an area of focus for the Authority over the next 12 months.

Progress has been made in support of the Estates Strategy with the North East Division Integration Project (NEDIP) Full Business Case demonstrating Police Scotland's commitment to understand communities and deliver the right mix of services to meet their needs. The NEDIP will deliver a more efficient way to deliver local policing in the North East of Scotland through collaboration and co-location with public sector partners. The benefits realised through the project will inform any future large scale co-locating of public services.

### The public, communities and partners are engaged, involved and have confidence in policing

Progress has been made through use of the [Public Contact and Engagement Strategy](#), with Police Scotland reporting improved levels of public confidence. Engagement with the 'Your Police' survey was high with over 36,000 respondents participating in the year. High level findings from the survey revealed that public confidence during the Your Police survey period was 57%, an increase of nine percentage points pre COVID-19. Police Scotland also gathered over 100,000 free-text comments through survey, whilst recognising the value of gathering these insights there are concerns regarding Police Scotland's capacity to assess this high volume of responses. Although the strong respondent levels are to be welcomed, progress is required on identifying approaches which gather the views of less engaged groups.

Chart 10: Measure of progress – Public confidence Q1 to Q4 2020-21



Police Scotland's approach to gathering public opinion on policing the pandemic is commended, they were quick to react to the new regulations and were transparent in responding to and reporting of public opinion. Table 1 provides a summary of public opinion on Police Scotland's approach to policing the COVID-19 pandemic.

Table 1

Public Opinion Statements	Percentage of Respondents
I fully support the approach taken by the Police	44%
The Police should take tougher action to ensure public confidence	38%
I support the approach taken by the Police but in some cases they are going too far	9%
The Police have no role in enforcing the lockdown, compliance should be a matter for individuals	3%
The approach taken by the Police in enforcing the lockdown is too heavy handed	1%
None of the above	4%

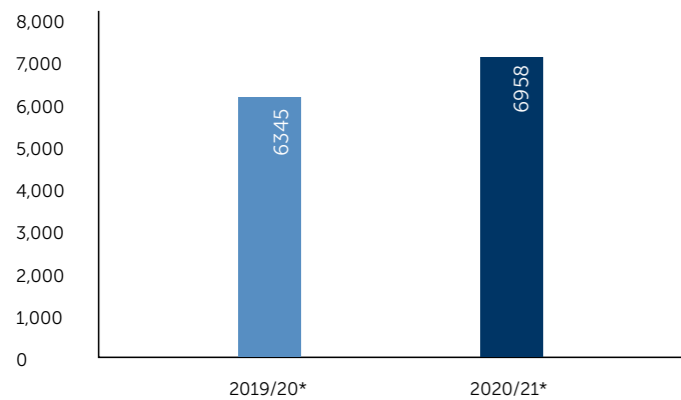
Police Scotland's approach to public and community engagement has been strengthened with the establishment of the Public Confidence Governance Board. Police Scotland took improvement action following insights gained from public feedback through survey, including increased police presence at key locations, the introduction of an online form for reporting COVID-19 restriction breaches and video appointments enabling safe face to face contact.

The Authority commissioned its own independent polls of public attitude to the additional and changing powers granted to the police service and how they are being exercised. These [polling results](#) have consistently demonstrated that public confidence in policing in Scotland is equivalent to, and at times higher, than pre pandemic as measured in the last [Scottish Crime and Justice Survey \(2018-2019\)](#).

Further progress in public engagement has been demonstrated through a survey into the use of Body Worn Video (BWV) in policing, which attracted more than 8,000 responses. 73% of respondents said that the use of BWV would help them feel “much safer” and 78% said that knowing interactions with the public are recorded would increase their trust and confidence in Police Scotland. Public opinion on key matters that affect public life are vital as Police Scotland develops its approach to considering new technology for a policing purpose.

In November 2020 Dame Elish Angiolini’s published her [Independent Review](#) highlighting the need for clarity, simplification, independence and better joined up working between agencies in relation to the handling of complaints against the police. In response Police Scotland established a Complaint Handling Review Working Group (CHRWG) where recommendations from the report are being considered in full. The Authority will support and contribute to the process of change and improvement in this area during 2021-22. As shown in Chart 11, the number of complaints received from members of the public in 2020-21 increased by 9.7% (613 complaints) compared to the previous year. COVID-19 related complaints are attributed to the increase in the number of complaints received.

Chart 11: Measure of progress – Complaints from members of the public 2019-20 to 2020-21



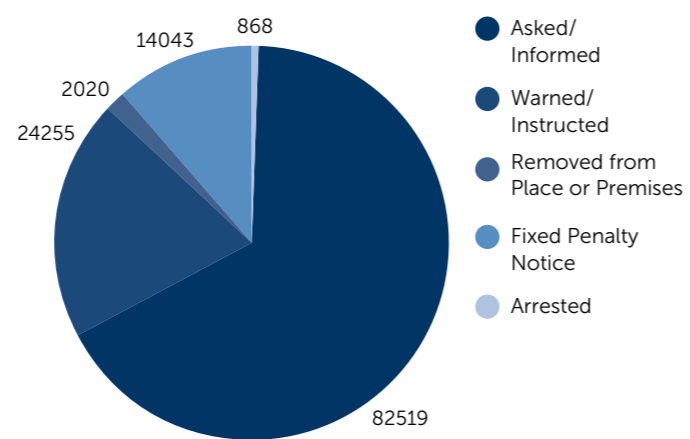
868 complaints received were COVID-19 related. Overall, non COVID-19 complaints (6,090) were down 4.0% when compared to the previous year. 45.2% of complaints were dealt with by Frontline Resolution.

The Review additionally recommended that the Authority’s Complaints and Conduct Committee’s scrutiny function be reported on, drawing out particular trends, highlighting improvements or concerns and using complaints data as an indicator of communities’ satisfaction or dissatisfaction with policing services. A Committee-specific annual report for 2020-21 will be published, expanding on the summary information set out below, with scope for further development in future years.

The Committee has responsibility to monitor and satisfy itself that the arrangements maintained by the Authority and Police Scotland for the handling of relevant complaints are suitable. Annual complaints handling performance reports for both the Authority and Police Scotland were presented to the Committee in May 2021, and are published [here](#).

In respect of the Authority, 21 relevant complaints were received during the year (1 more than 2019-20, and compared to a previous 5 year average of 33 per year). The majority of complaints received continue to be out with its remit, most of which are for Police Scotland, with improvements being made to the Authority website to signpost individuals to the appropriate recipient for complaints.

Chart 12: Co-operation levels with new Coronavirus legislation – 27/03/20 to 31/03/21



Police Scotland has demonstrated a commitment to openness and transparency in the use of the new emergency powers created in response to COVID-19, firstly by creating the Coronavirus Intervention Application (CVI) and secondly by routinely [publishing the data](#) collated via the CVI online. Chart 12 shows that there were over 120,000 interactions with the public with only a small number resulting in enforcement action. The high levels of public confidence reported during 2020-21 supports Police Scotland’s approach of the use of Engage, Explain, Encourage and Enforce, referred to as the four E’s.

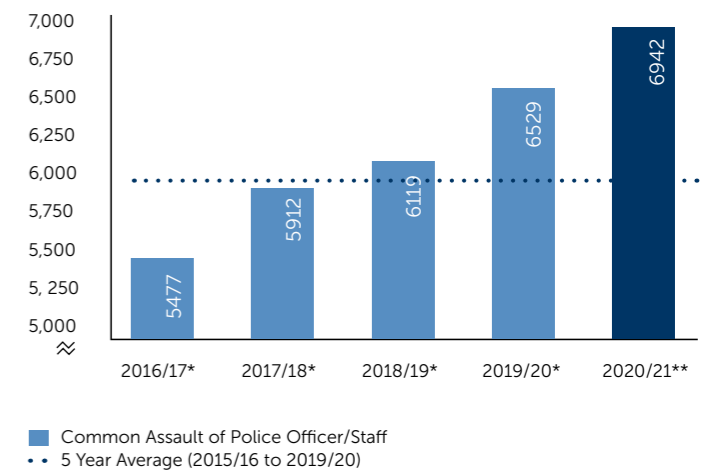
On 09 April 2020, an Independent Advisory Group (IAG) was established to review Police Scotland’s use of the new temporary police powers to tackle coronavirus. The Authority’s oversight was enhanced by insight provided through regular reports from the IAG, which included data analysis by Professor Susan McVie of the University of Edinburgh which acknowledged the overall low level of fixed penalty notices issued by Police Scotland and evidence of high levels of public acceptance of the regulations. The Group, chaired by John Scott QC, [reported directly](#) to the Authority, adding an additional layer of independent assurance. The IAG was also asked to consider the events of the weekend of 6 and 7 March 2021 when several thousand football supporters in Glasgow congregated in mass gatherings. The IAG concluded that both Police Scotland’s use of the emergency powers and the approach to the policing of the events on 6 and 7 March was informed by, and consistent with, relevant human rights principles and considerations in particular, lawfulness, necessity and proportionality.

Further progress of transformational change has been made within the Data Drives Digital (DDD) Programme with the Full Business Cases having been agreed. The DDD Programme aims to make maximum use of the data Police Scotland holds whilst ensuring that data is appropriately secured. Work is also progressing to create a tailored Data Ethics Strategy in partnership with the Centre for Data Ethics and Innovation (CDEI).

### Our people are supported through a positive working environment, enabling them to service the public

Police Scotland established the Your Safety Matters (YSM) Diamond Group during 2020-21, to better understand the scale and nature of the increasing trend of assaults on police officers and staff to help tailor an effective organisational response to safeguarding officers and staff. Police Scotland’s response includes an enhanced officer safety training programme and a network of YSM champions.

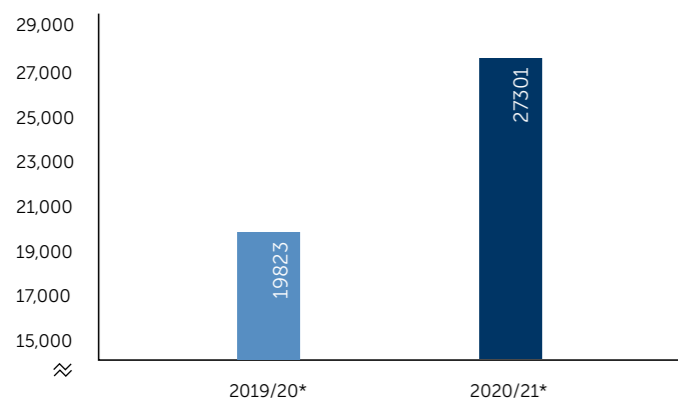
Chart 13: Measure of progress – Assaults of Police officer-staff 2016-17 to 2020-21



6,942 assaults of police officers and staff in 2020-21. Year on year increase. 18.1% above the 5 year mean.

Chart 14 shows that COVID-19 affected sickness absence data with instances of police officers / police staff (FTE) on short term sick leave during 2020-21 increasing by 37.7% compared to the previous year. Maintaining critical policing functions was one of the strategic objectives of Operation TALLA. Following a spike in absence during April directly attributable to COVID-19, absences began to fall in line with pre-pandemic levels. Police Scotland's referral process for officers and staff into the National Testing Programme was highlighted as an example of best practice by Scottish Government. The establishment of the Outbreak Management Team (OMT) supported the organisation to manage all COVID-19 outbreaks. During 2020-21 Police Scotland has had 1,737 COVID-19 positive officers-staff, with the OMT managing team 1,474 of these.

Chart 14: Measure of progress – Absence management 2019-20 to 2020-21



Instances of police officers (FTE) and police staff (FTE) on short term sick leave (less than 28 days)

During 2020-21 there was an additional 7,478 instances of short term sick leave (less than 28 days).

Efficiencies have been realised through the Digitally Enabled Policing Programme with the roll out mobile devices to operational officers across Scotland. [Independent academic evaluation](#) of the Mobile Working Project (MWP) carried out by Abertay and Robert Gordon universities concluded the introduction of mobile devices for Police Scotland's frontline officers had a huge and positive impact on safety, wellbeing and public confidence.

Dame Elish Angiolini's Independent Review also raised a number of wider issues for Police Scotland, the Authority and Scottish Government to consider, in respect of equality and diversity within policing. In February 2021, the Authority considered in detail Police Scotland's approach to [workforce inclusion, equality and diversity](#). The Authority supports Police Scotland's commitments and actions, whilst recognising that more work needs to be done in this area to ensure that the policing workforce is reflective of the communities it serves and that training, development, deployment, promotion and complaint practices are all improved.

Work by the Authority and Police Scotland to develop and publish new joint [Equality Outcomes](#) supports this commitment. Measures that align with the Equalities Outcomes have been embedded within the revised [Performance Framework 2021-22](#) with the aim to enhance the approach to mainstreaming equality, diversity and inclusion in Police Scotland.

On 15 September 2020, HMICS published its thematic inspection of [Police Scotland Training and Development](#). At the Succession Planning and Appointments Committee in January 2021, Members considered the action plan developed by Police Scotland in response to the inspection and an update on progress to date. Whilst some targets have had to be reviewed in light of the pandemic, a number of actions have already been completed, subject to HMICS validation of evidence. The recently established People Committee will oversee resulting implementation of the plan, with regular updates also being provided to the Authority. Activity already undertaken by Police Scotland includes investment in the Your Leadership Matters programme aimed to tackle the lack of leadership training highlighted within the inspection.

The impact of COVID-19 and social distancing measures that were required for officers and staff meant that Police Scotland had to adapt new ways of working to provide officers and staff with a safe and secure work place to carry out their duties. During 2020-21, Police Scotland delivered over 17,000 PPE (Personal Protective Equipment) training courses to police officers and staff. The distribution of over 3,900 laptops enabled staff to work remotely and the introduction of Microsoft Teams has provided over 13,300 staff with access to virtual face to face call time with colleagues.

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



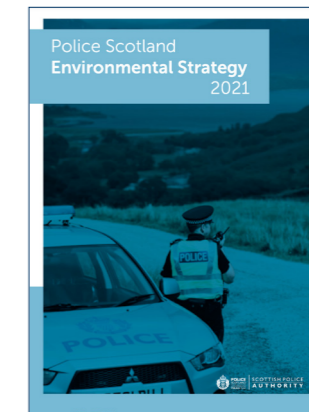
Implementation of [Police Scotland's Fleet Strategy](#) has progressed in 2020-21 with car purchase contracts awarded for both the supply of ULEVs (ultra-low emission vehicle) and the supply and installation of ULEV infrastructure. The Scottish Government further supported Police Scotland's ambitions with the provision of an additional £10 million in 2021

to invest in the modernisation of the fleet. This was supplemented with an additional £2.5 million underspend of Reform budget which was re-allocated to Capital. This additional investment adds momentum to decarbonising the fleet and progressing towards the vision of having the UK's first ULEV blue light fleet by 2030, demonstrating Police Scotland's leadership in this area.

**Measure of progress: Fleet**  
8% of Police Scotland's fleet are ULEV.

Further progress of the Fleet Strategy has been recognised with the Telematics national system activated in September 2020 and switched on in nearly 3,000 police vehicles. In addition to providing real time in-car feedback, the technology will support the management of Police Scotland's national fleet of vehicles and assist the delivery of the ULEV charging infrastructure.

Implementation of the Custody Re-modelling programme has continued with Police Scotland reporting in March 2021 that the introduction of the National Custody Operating Model has contributed to a reduction in backfill of over 23,175 shifts, equating to approximately 220,000 policing hours or 137 full-time equivalent (FTE). An [HMICS Inspection](#) of the strategic arrangements for the delivery of police custody commended the changes that Police Scotland has made in custody since 2013.



Police Scotland's Carbon Management Plan (CMP), published in 2015 set a goal to reduce carbon emissions by 2020, this goal was exceeded in 2019. The [Environmental Strategy](#), approved by the Authority in March 2021 demonstrates commitment to providing a sustainable policing service that aims to protect the environment. Positive steps have already been taken

regarding implementation of the plan with a number of control measures being developed in service of environmental stability as part of the planning for COP26.

As a further example of facing future challenges, the Core Operational Solutions (COS) project (part of the Digitally Enabled Policing Programme) is responsible for the integration of policing systems, delivering a suite of apps designed to streamline the recording and management of core operational information and supporting activity. Efficiencies have been realised during 2020-21 with the completion of the roll out of the National Productions system. Paper based systems have now been superseded, providing local policing officers with the functionality to electronically submit and record productions. Furthermore the pilot of COS National Warrants Module was rolled out to Tayside local policing division with Police Scotland reporting positive feedback from officers.

## Key Crime And Policing Statistics

This section examines 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 2020-21, and the findings from the Scottish Crime and Justice Survey 2019-20.

2020-21 crime data are 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 1-5 rather than Groups 1-7. Clear up rates (detected crimes) are designated as "official statistics" rather than "national statistics".

For the following trend graphs at charts 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 \*\*

### Recorded Crime

Provisional [Police Scotland Management Information](#) indicates that 225,532 crimes were recorded by Police Scotland in 2020-21 (Chart 1), which is a decrease of 8.5% from the previous financial year and, when assessed across the average for the previous five years (using [Scottish Government recorded crime statistics](#)), the level for 2020-21 is lower by 7.8%. The level of recorded crime between 2017-18 and 2019-20 was consistent with the average since 2015-16. In terms of the overall number of crimes and offences ([Groups 1 to 7](#)) 464,779 were recorded in 2020-21, down by 6.2% compared with 2019-20. Findings from the [Scottish Crime and Justice Survey 2019-20](#) report that most adults (88.1%) experienced no crime in 2019-20.

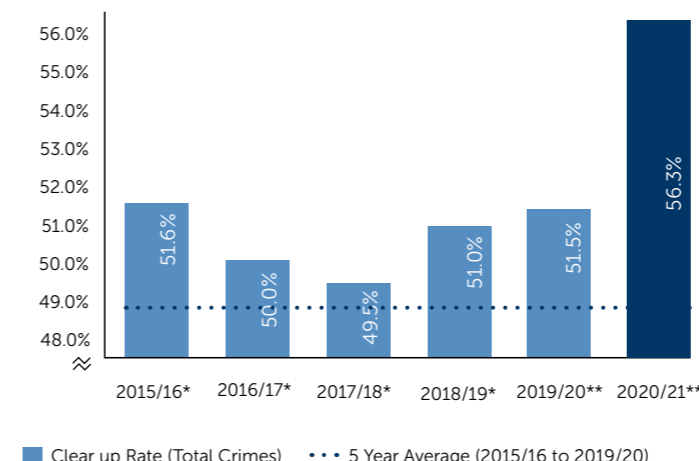
Chart 1: Crimes recorded by the police 2015-16 to 2020-21



Five Year Average 2015-16 to 2019-20: 244,533  
2020-21 compared to Five Year Average: down 7.8%  
2020-21 compared to 2019-20: down 8.5%

The clear up rate for crime (Groups 1 to 5) in 2020-21 is 56.3% (Chart 2), an increase of 4.8 percentage points compared with 2019-20 and up by 5.6 percentage points against the average for the preceding five years. Clear up rates for crime have varied by only a small amount between 2015-16 and 2019-20, ranging from 49.5% to 51.6%. The number of crimes and detections is used to calculate the clear up rate. As 2020-21 experienced a significant fall in crimes levels coupled with a relatively stable number of detections, this has resulted in the highest clear up rate over the six year time period as noted in Chart 2. In terms of the clear up rate for all crimes and offences (including Group 6 Miscellaneous Offences and Group 7 Motor Vehicle Offences), this increased by 3.4 percentage points in 2020-21 to 70.5% compared with the previous financial year.

Chart 2: Clear up rate for crimes recorded by the police 2015-16 to 2020-21



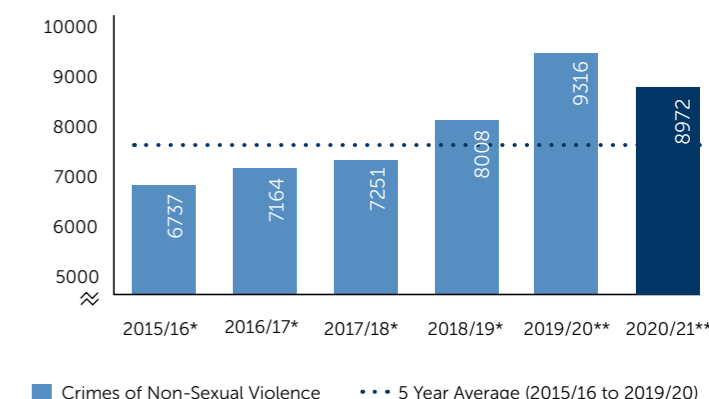
Five Year Average 2015-16 to 2019-20: 50.7%  
2020-21 compared to Five Year Average: up 5.6 percentage points  
2020-21 compared to 2019-20: up 4.8 percentage points

### Non-Sexual Crimes of Violence

Non-sexual crimes of violence decreased by 3.7% from last year to 8,972 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). Although down compared to the previous year, the number crimes in 2020-21 shown in Chart 3 are 16.6% above the five year mean. The level of recorded non-sexual crimes of violence has been an increasing trend since 2014-15. Taking into account Group 6 Common Assaults, [overall violent crime](#) decreased in 2020-21 compared with 2019-20 by 10.0% to 57,297 violent crimes.

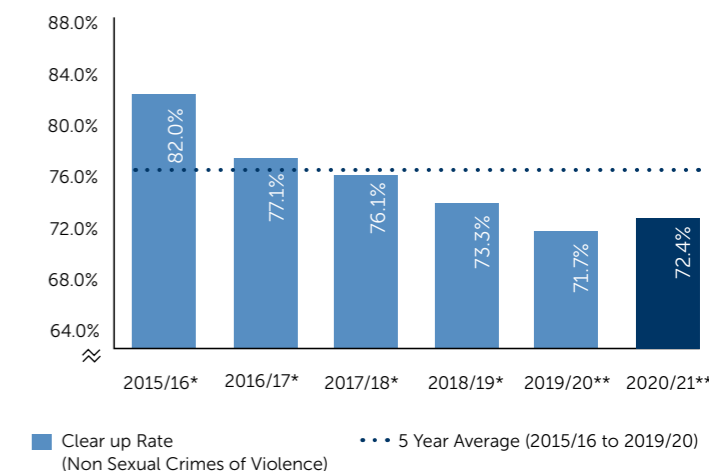
The clear up rate for non-sexual crimes of violence in 2020-21 is 72.4% (Chart 4). This is up from 71.7% in 2019-20, but down 3.6 percentage points from the five year average of 76.0%. Since 2015-16 there have been year-on-year reductions in the clear-up rate for non-sexual crimes of violence with the exception of 2020-21. Taking into account Group 6 Common Assaults, the clear up rate for overall [violent crime](#) saw an increase of 3.3 percentage points to 72.6%.

Chart 3: Crimes of Non-Sexual Violence recorded by the police 2015-16 to 2020-21



Five Year Average 2015-16 to 2019-20: 7,695  
2020-21 compared to Five Year Average: up 16.6%  
2020-21 compared to 2019-20: down 3.7%

Chart 4: Clear up rate for Non-Sexual Crimes of Violence recorded by the police 2015-16 to 2020-21

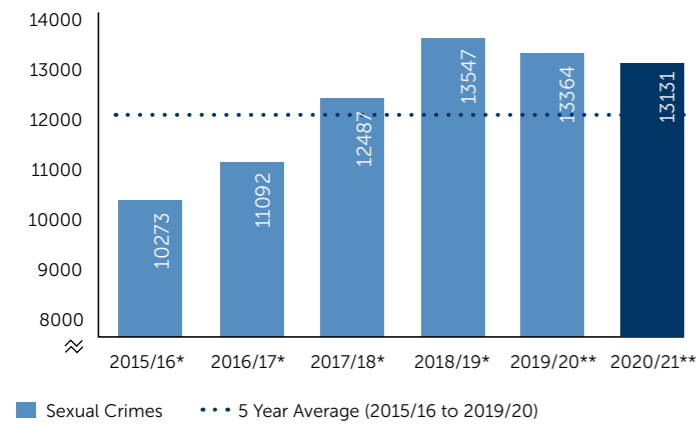


Five Year Average 2015-16 to 2019-20: 76.0%  
2020-21 compared to Five Year Average: down 3.6 percentage points  
2020-21 compared to 2019-20: up 0.7 percentage points

**Sexual Crimes**

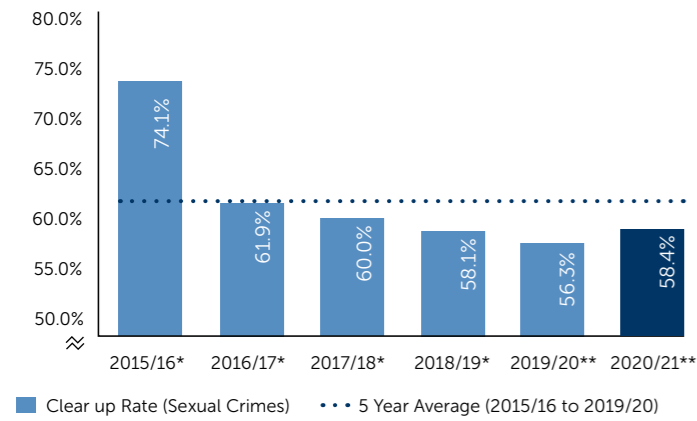
The number of recorded sexual crimes decreased in 2020-21 to 13,131 crimes (Chart 5), down by 1.7% in comparison with 2019-20, but remaining above (by 8.0%) the previous five year average. The clear up rate for Sexual Crimes has increased in 2020-21 to 58.4% (Chart 6), up from 56.3% in 2019-20 and down from the five year average of 62.1%.

**Chart 5: Sexual Crimes recorded by the police 2015-16 to 2020-21**



Five Year Average 2015-16 to 2019-20: 12,153  
2020-21 compared to Five Year Average: up 8.0%  
2020-21 compared to 2019-20: down 1.7%

**Chart 6: Clear up rate for Sexual Crimes recorded by the police 2015-16 to 2020-21**



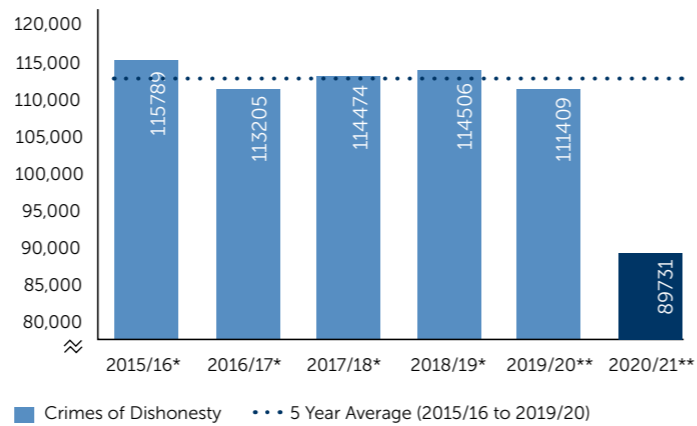
Five Year Average 2015-16 to 2019-20: 62.1%  
2020-21 compared to Five Year Average: down 3.7 percentage points  
2020-21 compared to 2019-20: up 2.1 percentage points

**Crimes of Dishonesty**

Crimes of dishonesty, which include thefts, frauds, shoplifting, vehicle crime and housebreaking, have been significantly impacted by COVID-19, reducing to 89,731 crimes in 2020-21 (Chart 7), down by 19.5% compared with 2019-20 and by 21.2% compared with the average for the preceding five years. The level for 2020-21 is lower than at any point since 2015-16.

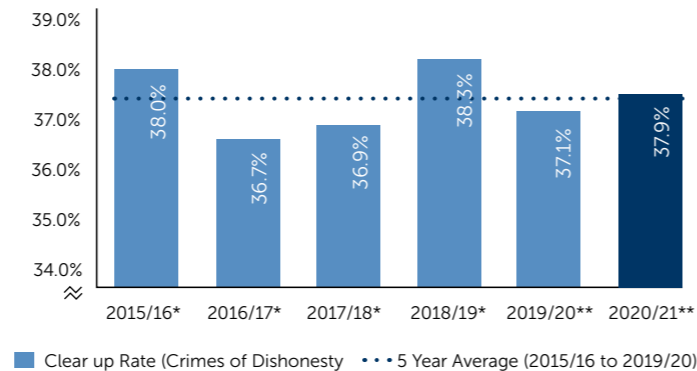
Clear up rates for crimes of dishonesty increased to 37.9% in 2020-21 compared with 37.1% in 2019-20 (Chart 8). The rate in 2020-21 is 0.5 percentage points above the five year average.

**Chart 7: Crimes of Dishonesty recorded by the police 2015-16 to 2020-21**



Five Year Average 2015-16 to 2019-20: 113,877  
2020-21 compared to Five Year Average: down 21.2%  
2020-21 compared to 2019-20: down 19.5%

**Chart 8: Clear up rate for Crimes of Dishonesty recorded by the police 2015-16 to 2020-21**



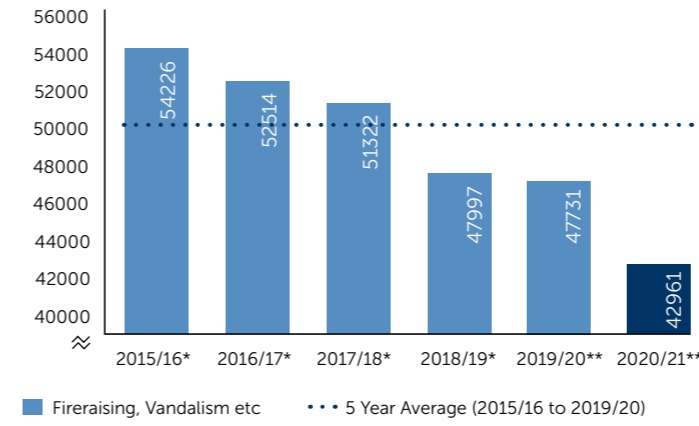
Five Year Average 2015-16 to 2019-20: 37.4%  
2020-21 compared to Five Year Average: up 0.5 percentage points  
2020-21 compared to 2019-20: up 0.8 percentage points

**Fire-raising, Vandalism etc.**

Crimes of Fire-raising, Vandalism etc. have reduced in 2020-21, down to 42,961 crimes (Chart 9), a reduction of 10.0% compared with 2019-20 and down by 15.4% compared with the average for the five previous financial years.

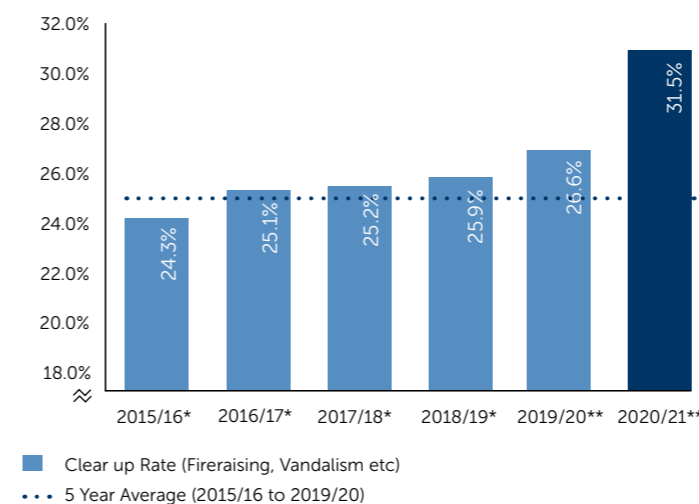
The clear up rate for these types of crimes has increased to 31.5% in 2020-21 (Chart 10), which represents the highest detection rate achieved since 2019-20. The clear up rate is up by 4.9 percentage points compared with 2019-20, and up by 6.1 percentage points compared with the average across the previous five years.

**Chart 9: Fireraising, Vandalism etc. recorded by the police 2015-16 to 2020-21**



Five Year Average 2015-16 to 2019-20: 50,758  
2020-21 compared to Five Year Average: down 15.4%  
2020-21 compared to 2019-20: down 10.0%

**Chart 10: Clear up rate for Fireraising, Vandalism etc. recorded by the police 2015-16 to 2020-21**



Five Year Average 2015-16 to 2019-20: 25.4%  
2019-20 compared to Five Year Average: up 6.1 percentage points  
2019-20 compared to 2018-19: up 4.9 percentage points

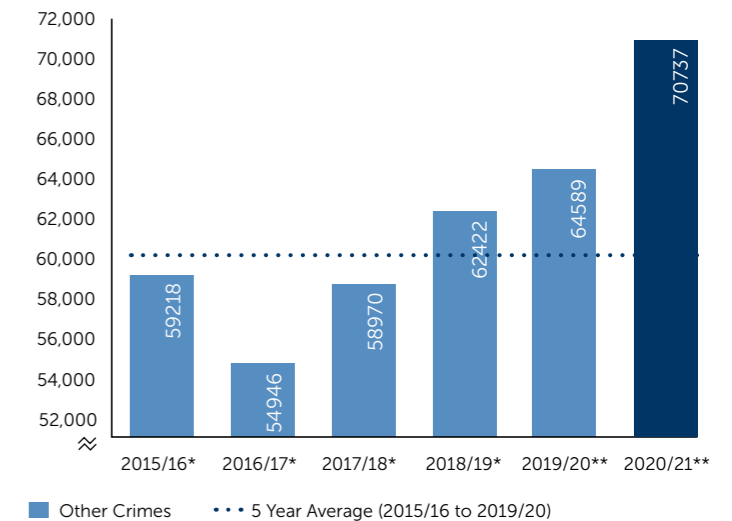
**Other Crimes**

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 2020-21 to 70,737 crimes (Chart 11). This compares with 64,589 crimes in 2019-20 (up by 9.5%) and an average of 60,029 crimes per year in the period 2015-16 to 2019-20 (up by 17.8%).

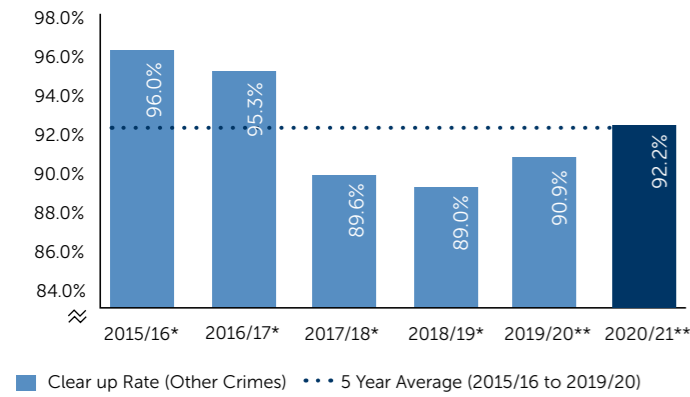
The clear up rate for other crimes increased to 92.2% in 2020-21 (Chart 12), compared with 90.9% in 2019-20, and an average for the period 2015-16 to 2019-20 of 92.2%.

**Chart 11: Other Crimes recorded by the police 2015-16 to 2020-21**



Five Year Average 2015-16 to 2019-20: 60,029  
2020-21 compared to Five Year Average: up 17.8%  
2020-21 compared to 2019-20: up 9.5%

Chart 12: Clear up rate for Other Crimes recorded by the police 2015-16 to 2020-21



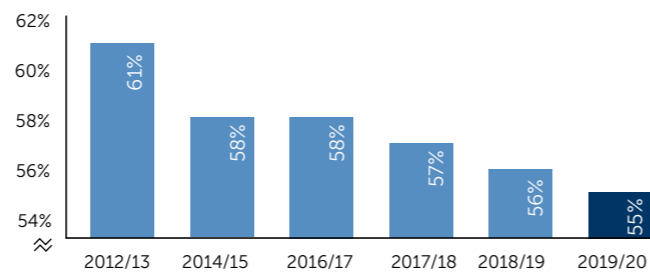
Five Year Average 2015-16 to 2019-20: 92.2%  
2020-21 compared to Five Year Average: no change  
2020-21 compared to 2019-20: up 1.3 percentage points

Public Confidence in Policing

The main findings from the [Scottish Crime and Justice Survey 2019-20](#) were published in March 2021. 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.*

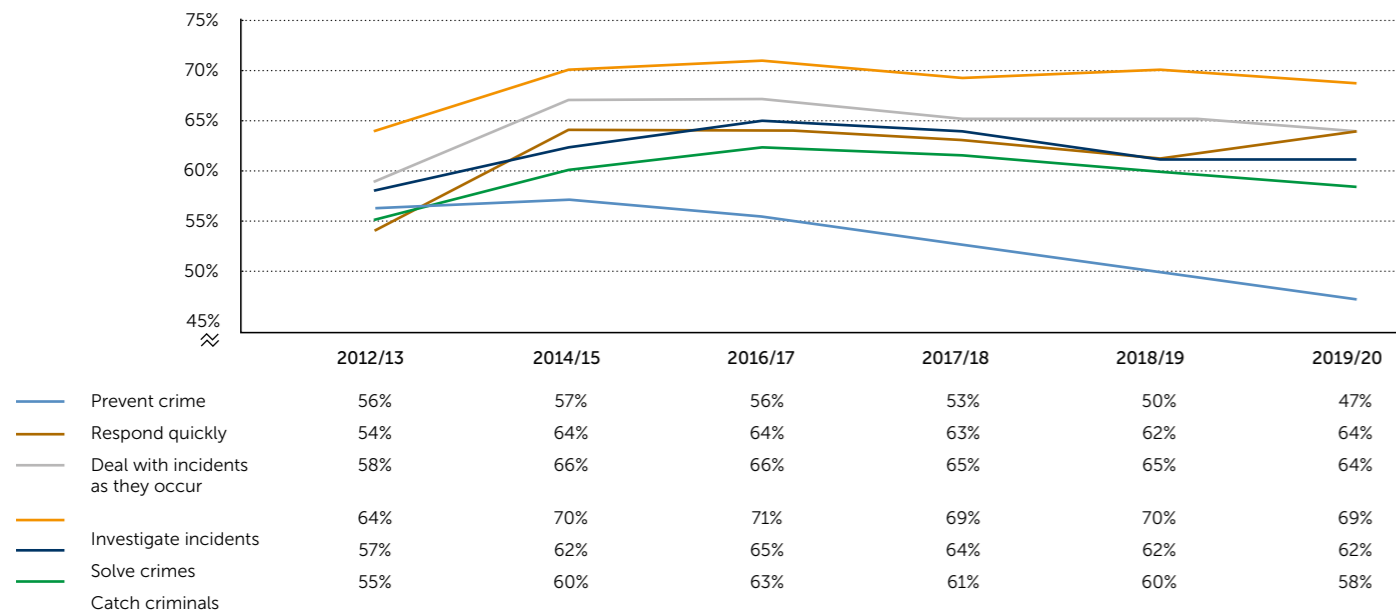
The proportion of adults who believe that the police are doing an excellent or good job has fallen by a small margin in 2019-20 to 56% compared with previous years (Chart 13). In terms of public confidence in performing specific policing activities, there has been little change in 2019-20 compared with 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 (Chart 14).

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



Source: Scottish Crime and Justice Survey

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



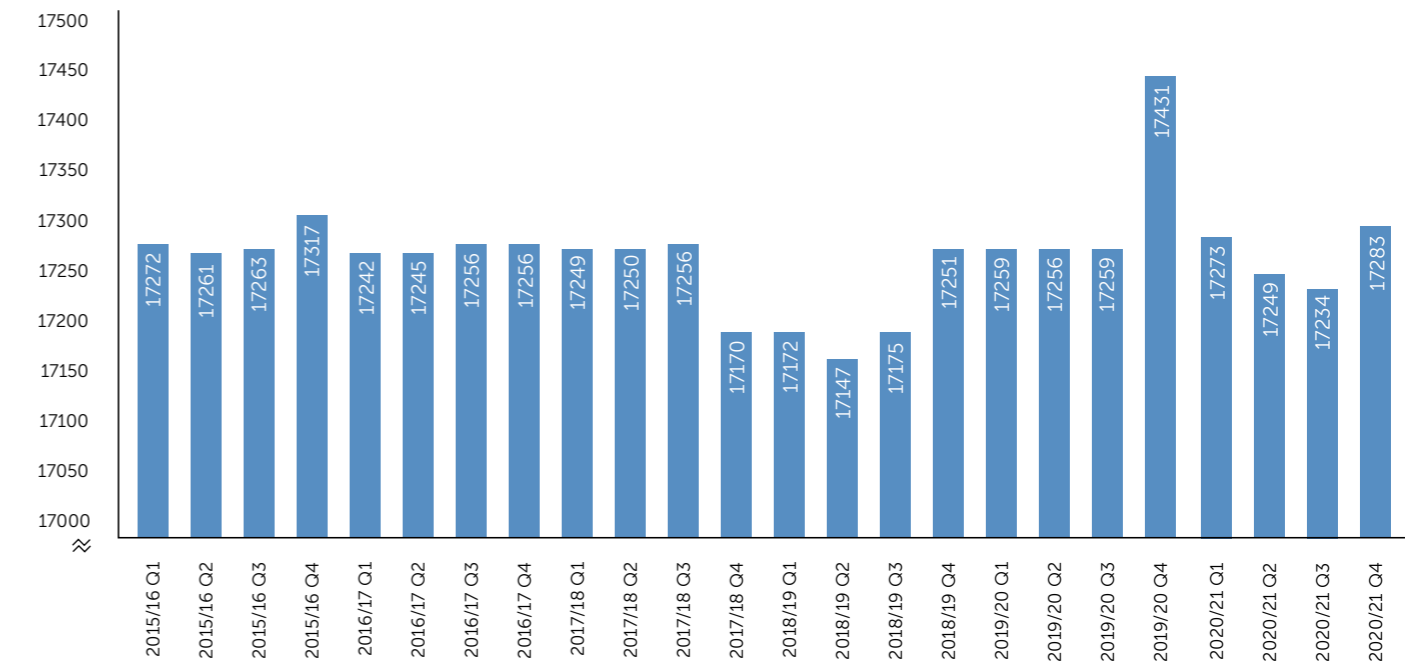
Source: Scottish Crime and Justice Survey

Police Officer and Police Staff Strength

The number of [Police Officers in Scotland](#) has remained at or above 17,234 throughout 2020-21, concluding in the final quarter of the year at 17,283 officers (Chart 15).

The number of [Police Staff in Scotland](#) at 31 March 2021 was 5,746 FTE. This compares to 5,709 FTE Police Staff on 31 March 2020, an increase of 0.6%.

Chart 15: Police Officer Strength by Quarter 2015-16 to 2020-21





## 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 Authority 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 antisocial behaviour;

Adoption of new engagement practices resulting in positive outcomes for communities;

Commitment to the delivery of local policing despite the challenges of COVID-19; and

The use of social media to channel key messages has been both beneficial and reassuring for communities.

### Suggestions of areas for development and additional information:

Reporting on localised performance information would strengthen performance reporting and scrutiny;

Expanding local policing officers' engagement activity to include Community Group meetings;

Reporting on emerging threats, particularly new technologies, in order to provide community awareness; and

Reporting on the results of transformational change that impacts on local communities.



## SPA Corporate Performance

At the beginning of the pandemic, the Authority sought to identify the challenges and risks policing would face during the emergency and has made significant efforts to adopt a comprehensive approach to its oversight of policing during the pandemic. The Authority provided appropriate levels of oversight whilst also supporting Police Scotland's proportionate and common sense approach to policing the pandemic, upholding the regulations while protecting the principle of policing by consent.

The Authority's governance systems continued to improve and financial controls and management systems are robust and comparable with those across the public sector. This was recognised by the Auditor General in an [independent report](#) published in December 2020 which highlighted continued improvement at the Authority in relation to financial planning and management, organisational governance, capacity, and stability in its leadership. The report also noted that the SPA was not yet operating within a financially sustainable budget.

In January 2021 Interim Chair, [David Crichton responded](#) to the Scottish Government's draft budget announcement by restating the SPA's consistent position i.e. that the financial sustainability of policing depended upon addressing a persistent structural deficit. He confirmed that the Scottish Government's announcement, promising an additional £60 million in revenue funding, represented a strong vote of confidence in the Authority and Police Scotland and particularly recognised the outstanding performance of the police service in protecting the country's safety and wellbeing during the pandemic. As a result, in March 2021 the Authority was able to set, for the first time in a number of years, a [balanced budget](#) of £1.3 billion with no operating deficit.

The Annual Business Plan linked to the three year outcomes focused Corporate Plan has helped to provide focus and certainty to SPA Corporate actions, providing a stable platform for Authority members and staff to build and deliver upon. Only two of the thirty objectives were not achieved in full during the past twelve months and are now planned for delivery during 2021-22.

### Highlights from delivery of the plan include:

Development of an outcome focused performance measurement framework for policing, working alongside Police Scotland;

Putting in place an oversight and scrutiny mechanism to ensure that the impact of the pandemic on policing is monitored, assessed and publicly communicated by the Authority;

Implementation of a new organisational structure for the SPA Corporate team, including a recruitment programme to increase capacity and capability;

Implementing interim recommendations from Dame Elish Angiolini's Independent Review on Complaints and reviewing SPA's statutory duty on publication of the full Review;

Setting a balanced budget for the first time in a number of years;

Development and implementation of an approach that enables the SPA to oversee change and facilitates regular assessment from Police Scotland to the SPA Board of the use of resources and evidence of benefits of transformational change across policing;

Development of effective mechanisms for the SPA to engage with staff associations and trade unions, as key stakeholders and in representing the views of the wider workforce; and

Implementation of a new approach to horizon and environmental scanning to support the SPA advice and assurance function.

Detailed evidence on the delivery of all SPA business plan objectives can be found in the full SPA Corporate Performance Assessment submitted to the SPA Policing Performance Committee in June 2021<sup>71</sup>.

## Forensic Services Performance

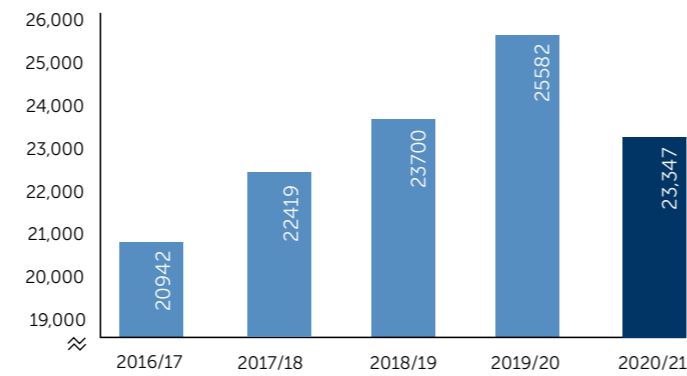
During 2020-21 Forensic Services have demonstrated that the service has performed well whilst addressing the challenges posed by COVID-19.

The early stages of COVID-19 had a significant impact on operational output by moving to blended working - with the introduction of voluntary work patterns and reassigning meeting rooms into office areas - Forensic Services operational output returned to near normal through Quarter 2 to Quarter 4. Departments with decreased demand allowed for resource redeployment to areas of increased workload. This allowed training and development opportunities to some Forensic Services staff.

Significant progress has been made in operational data management and analysis by developing performance data further which has improved the workload visibility to Managers. This information data has shown that the demand for services has been strong throughout the year, although the submissions to Forensic Services had been less smooth than previous years. Due to the Covid pandemic, and the effects of lockdown, some business areas have seen significant increases in demand while others saw a change in offence type profiles. This was all achieved due to Forensic Services staff adaptability and working flexibly during this time.

Chart 16 shows that forensic services case demand increased by 18% from 2016-17 to 2019-20, followed by a decrease in 2020-21.

Chart 16: Forensic Services Case Demand



During 2020-21, there was over 23,000 new laboratory cases opened across forensic services. Chart 17 shows the crime categories with the greatest demand increases.

Chart 17: Crime categories with the greatest demand increases

Offences with greatest increases					
1 Violence	Possess firearm with intent	FY 2021	49	29	145%
	Robbery and Assault with intent to rob	FY 2021	614	134	28%
	Serious Assault	FY 2021	899	191	27%
2 Sexual	Other Group 2 - Sexual Crimes	FY 2021	195	73	60%
	Rape	FY 2021	717	120	20%
4 Fire Raising etc	Fireraising	FY 2021	306	70	30%
5 Other, Drugs	Drugs - Possession of .Sect5(2) MDA	FY 2021	8585	3541	67%
7 Traffic	Driving MV while unfit through drink or drugs	FY 2021	1902	1534	417%
	In charge of MV while unfit through drink or drugs	FY 2021	455	407	848%
8 Non Crime	Drugs Death	FY 2021	225	94	72%
	Sudden Death	FY 2021	196	79	68%

2.5K 5K 7.5K 10K 0K 2K 4K 0% 500% 1000%  
No. of Cases      5yr change (extra cases p/yr)      5yr change

There has been significant progress with transformational change through the Forensic Services 2026 programme in spite of the challenges presented by the pandemic. A further round of staff engagement sessions was undertaken in October and November to update on the development of the Full Business Case for the Operating Model Project. This Full Business Case was presented to the Forensic Services Committee in February and the Access to Lab and Deployment of Scene Examination projects in the programme have also progressed to Full Business Case. Throughout the year there continued to be to engagement with all key stakeholders including Police Scotland, Crown Office and Procurator Fiscal Service (COPFS) and trades union representatives. All work on the Strategy is on track and within agreed timeframes.

Delivery of the plan to refresh the [Forensic 2026 Strategy](#) - being undertaken in conjunction with Police Scotland and other key stakeholders, - was started during the past year and is progressing well. The refreshed strategy is on schedule to be delivered during the next year.

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 for the 23rd 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.

The ISO 17025 standard requires accredited testing organisations to proactively seek both positive and negative feedback from Partners and customers. Chart 18 below shows the feedback provided to Forensic Services. Feedback has been consistent with previous years, which is encouraging when delivery of service has been so challenged through the pandemic.

*"Significant progress has been made in operational data management and analysis by developing performance data further which has improved the workload visibility to Managers."*

Chart 18: Total feedback raised by type

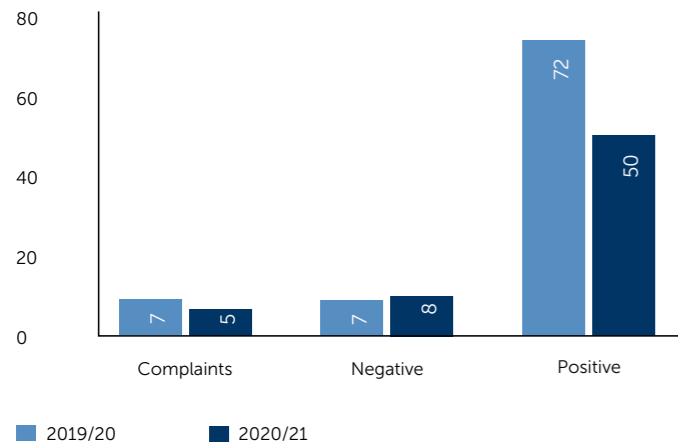
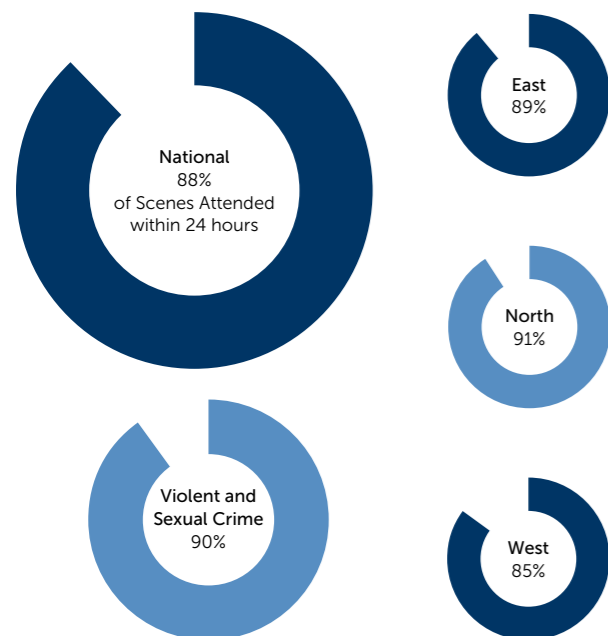


Chart 19 below reflects Scene Examination attendance against the 24 hour target. The numbers reported year on year have been fairly static and is reflective of the prioritisation to attendance at serious crimes.

Chart 19: Forensic Services – Scene Examination Unit 2020-21

Timeliness - Scenes attended within 24 hours of request

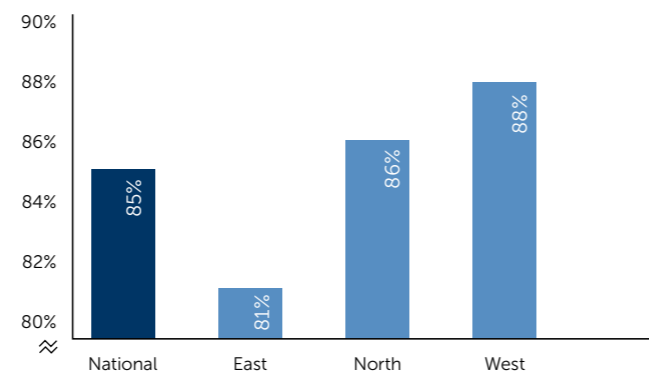


The centralisation of DNA Reference Sample processing to a single site has been a significant project which began in 2020. An assessment was carried out during August and September 2020 and accreditation was awarded after successful close out of actions on 16 April 2021.

There has been continued input to major crime cases and demand for such input throughout the year. All areas of 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.

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 June 2021.

Evidence Recovery Rates - Non-Photographic scenes resulting in an item recovery



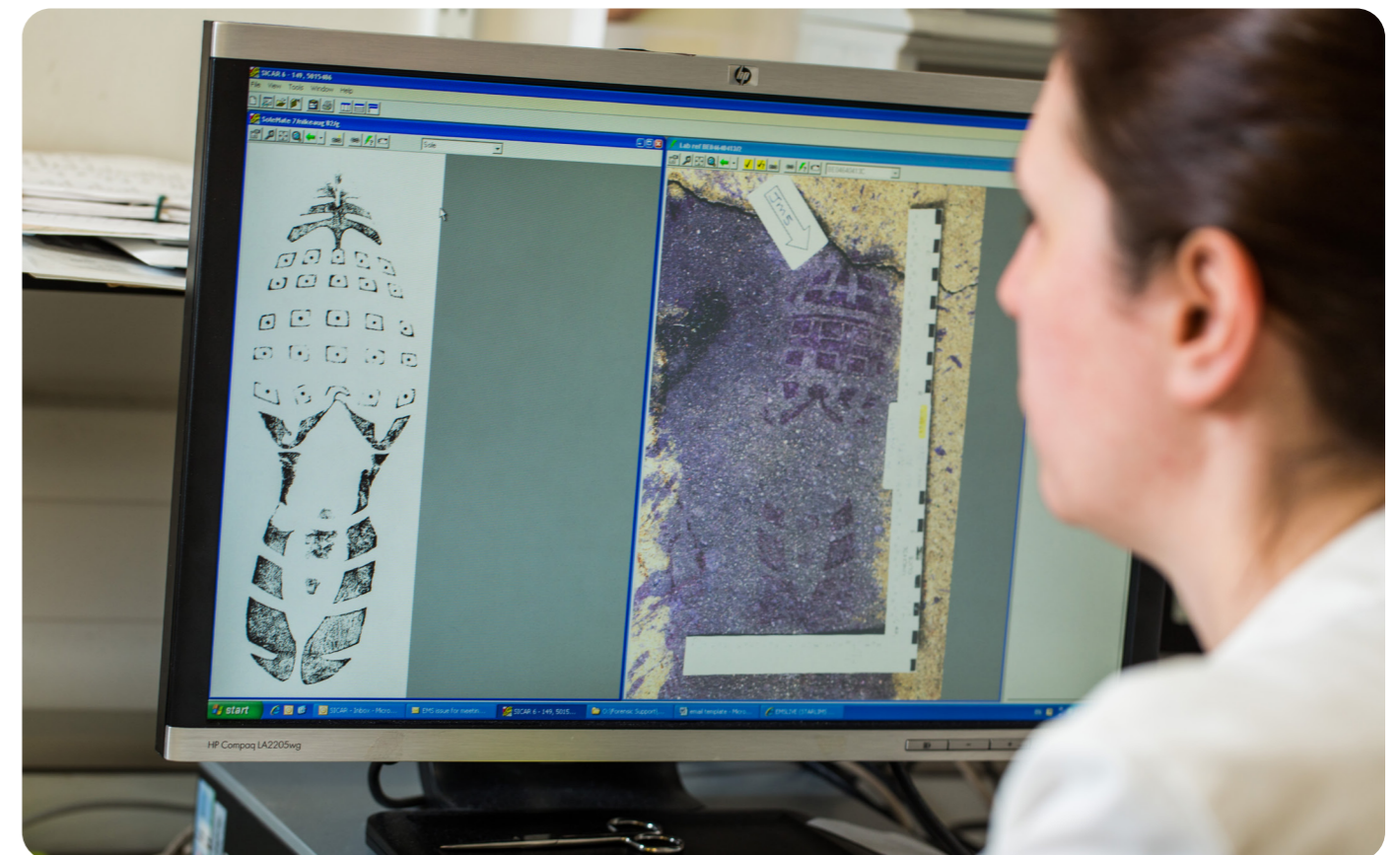
## Financial Performance

The May 2018 three year financial strategy provided a route to balancing the Authority budget by 2020-21. This required considerable officer and staff reductions enabled by significant investment in transformational change. Officer capacity and productivity benefits have been achieved as a result of this investment, however, officer numbers have been maintained at current levels in response to acute operational demands, including Brexit, COP 26 and latterly the operational response to COVID-19. This delayed the achievement of financial balance into future years.

Since the detailed multi-year plan published in May 2018, various outputs have been published highlighting the significant challenge facing the service in terms of achieving financial sustainability. As outputs developed, they became more focussed on 'what if?' scenarios, including presenting an evidence-based case for additional funding as opposed to one single route to eliminate the deficit.

The Scottish Government's 2021-22 budget confirmed an additional £60m recurring funding for policing, plus £15m one-off additional funding to support the in-year impact of COVID-19, allowing the Authority to set a balanced budget in 2021-22 and to eliminate the structural deficit without the requirement for significant workforce reductions.

A longer term financial strategy is now under development within the context of a balanced budget and in line with the strategic business planning cycle.



## Revenue

The Board approved the 2020-21 annual budget on 25 March 2020. The revenue budget was set with an operating deficit of £44.0m inclusive of an initial £8.0m net income reduction due to COVID-19. This meant that the approved budget included expenditure for the year which was £44.0m higher than the revenue funding available from the Scottish Government. Budget setting was largely carried out prior to the impact of COVID-19 on Scotland becoming clear, and the budget acknowledged that the operational and financial impact of COVID-19 was highly uncertain and largely unquantifiable at that point. This agreement, with regard to both the revenue operating deficit and financial impact of COVID-19, was recognised by the Scottish Government in its 2020-21 Budget Allocation and Monitoring (BAM) letter to the Authority.

In November 2020, the Scottish Government approved additional funding of £8.2m which mainly covered the initial £8m net income removed from the 2020-21 budget due to COVID-19.

The table below sets out the final revenue outturn position against budget for 2020-21.

Table 1

Revenue Outturn*	Budget £m	Outturn £m	Variance over/(under) £m
Police Officer Costs	817.7	817.0	(0.7)
Police Staff Costs	203.9	208.1	4.2
Non-pay Costs	160.4	156.3	(4.1)
Income	(31.4)	(27.9)	3.5
<b>Total Police Scotland</b>	<b>1150.6</b>	<b>1153.5</b>	<b>2.9</b>
<b>Forensic Services</b>	<b>34.2</b>	<b>35.1</b>	<b>0.9</b>
<b>SPA Corporate</b>	<b>4.5</b>	<b>3.7</b>	<b>(0.8)</b>
<b>Net Expenditure</b>	<b>1189.3</b>	<b>1192.3</b>	<b>3.0</b>
<b>Funding</b>	<b>(1145.3)</b>	<b>(1156.3)</b>	<b>(11.0)</b>
<b>Operating Deficit</b>	<b>44.0</b>	<b>36.0</b>	<b>(8.0)</b>

\*Excludes COP26 costs

The table shows that against a budgeted revenue deficit of £44.0m the actual out-turn position for the year was a £36.0m deficit, £8.0m better than budget, as a result of the additional £8m of COVID-19 consequential income received from Scottish Government. Overall net expenditure was £3.0m higher than budget, primarily due to specific initiatives funded by Scottish Government. There are also a number of other offsetting variances, including the impacts of COVID-19, that have been managed across the year as part of the quarterly reforecasting process, which broadly net to zero.

The Scottish Government provided additional cash resources of £36.0m to cover the deficit and working capital requirements.

## Capital

The full year capital outturn spend for 2020-21 was £63.7m which comprised £51.4m of funded expenditure and an agreed overspend of up to £12.5m (£2.5m transfer from reform funding and up to £10.0m capital following consultation with the Scottish Government). This was confirmed by the Scottish Government in its 2020-21 Budget Allocation and Management (BAM) letter to the Authority.

An additional £12.3m of the approved overspend, was spent on the modernisation and renewal of the police fleet and further remote working to support the COVID-19 response.

The table below sets out in more detail, the capital expenditure and the capital funding for 2020-21.

Table 2

Capital Outturn			
Expenditure			
Estates	11.2	8.6	2.6
Fleet	8.3	22.3	(14.0)
ICT	6.7	7.3	(0.6)
Specialist Policing Equipment	2.8	3.0	(0.2)
Weaponry	3.0	2.3	0.7
Forensics Services	2.3	2.0	0.3
COVID-19 response	0.0	2.4	(2.4)
<b>Business as Usual Capital Expenditure</b>	<b>34.3</b>	<b>47.9</b>	<b>(13.6)</b>
Core Operational Solutions (COS)	6.3	4.4	1.9
Unified Communications & Contact Platform (UCCP)	1.6	0.2	1.4
National Integrated Communications Control System (ICCS)	1.2	0.8	0.4
Force Wide Analytics	0.5	0.3	0.2
Mobile Working	0.0	1.9	(1.9)
Public Services Network (PSN)	0.5	0.0	0.5
Cyber Capabilities and Technical Surveillance	0.5	0.3	0.2
Cyber Resilience	0.4	0.2	0.2
Criminal Justice Remodelling	3.9	4.6	(0.7)
North East Division Integration Project (NEDIP)	2.5	1.5	1.0
Estates Transformation	1.5	0.3	1.2
Emergency Service Mobile Communication Programme (ESMCP)	1.0	0.8	0.2
Age of Criminal Responsibility (Scotland) Act 2019 (ACRA)	0.5	0.0	0.5
Structured & Unstructured Data	0.3	0.2	0.1
Automatic Number Plate Recognition (ANPR)	0.0	0.1	(0.1)
Productions Remodelling	0.0	0.1	(0.1)
Transforming Corporate Support Services (TCSS)	0.0	0.1	(0.1)
<b>Transformation Capital Expenditure</b>	<b>20.7</b>	<b>15.8</b>	<b>4.9</b>
<b>Slippage Management*</b>	<b>(3.3)</b>	<b>0.0</b>	<b>(3.3)</b>
<b>Total Expenditure</b>	<b>51.7</b>	<b>63.7</b>	<b>(12.0)</b>
Funding			
Grant in Aid	45.0	45.4	0.4
Receipts	4.6	4.6	0.0
Reform Funding	2.1	0.7	(1.4)
Other grants	0.0	0.7	0.7
<b>Total Funding</b>	<b>(51.7)</b>	<b>(51.4)</b>	<b>(0.3)</b>

\* Slippage management relates to anticipated actual implementation of spending plans and phasing of spend over the financial year.

A number of transformation programmes saw a delay in delivery in 2020-21, namely Estates Transformation, Unified Communication & Contact Platform (UCCP) and Core Operational Solutions (COS). All underspent funding allocated to these programmes, was redirected to areas of strategic importance such as the Data Digital & ICT, Fleet and Estates strategies.

## Reform

The Authority's revenue budget has included an element of non-recurring police change (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 in 2020-21, 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).

The funding could only be drawn down once the Authority and Scottish Government were satisfied that there were robust business cases in place, that demonstrated best value in the use of reform funding.

The greatest element of reform expenditure, related to staff pay and reward modernisation (SPRM), voluntary redundancy programme and resources to support transformation projects and departmental reorganisations.

The full year outturn is £2.5m under budget, mainly driven by lower costs associated with SPRM appeals, alongside higher spends within transformation resource and the voluntary redundancy / voluntary early retirement (VR/VER) programme. A range of transformation programmes experienced a delay in delivery in 2020-21, namely within Estates Transformation and Corporate Change. Any forecast underspend positions throughout the year were subject to redirection to further areas of strategic transformation.

Scottish Government approval was received to utilise £2.5m of reform funding to support capital expenditure.

The table below provides a breakdown as to how the reform funding was utilised in 2020-21.

Table 3

Revenue Reform Outturn	Budget £m	Outturn £m	Variance £m
Transformation resource	6.9	8.5	(1.6)
Staff Pay and Rewards Modernisation (SPRM)	10.2	6.6	3.6
Corporate Change: Including Transforming Corporate Support Services (TCSS)	3.5	1.4	2.1
Estates Transformation	2.1	0.8	1.3
VR/VER	2.1	4.2	(2.1)
Other projects	0.8	0.3	0.5
Core Operational Solutions (COS)	0.6	0.1	0.5
Custody & Criminal Justice	0.5	0.1	0.4
National Integrated Communications Control System (ICCS)	0.2	0.0	0.2
Forensic analysis - general	0.2	0.0	0.2
Cyber Resilience	0.2	0.1	0.1
Mobile Working	0.1	0.1	0.0
Cyber & Technical Surveillance	0.1	0.1	0.0
Op Talla (MS Teams)	0.0	0.2	(0.2)
Slippage management*	(2.5)	0.0	(2.5)
<b>Total expenditure</b>	<b>25.0</b>	<b>22.5</b>	<b>2.5</b>
<b>Reform funding</b>	<b>(25.0)</b>	<b>(25.0)</b>	<b>0.0</b>

\* Slippage management relates to anticipated actual implementation of spending plans and phasing of spend over the financial year.

## Statement of financial position

The Statement of Financial Position continues to feature a very significant pension liability of £22.2bn (2019-20: £19.8bn), which represents the total value of current and future pension costs. Of this, 98% is attributable to the Police Officers' Pension Scheme which 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 the Authority spending or prioritisation decisions directly and in turn, do not directly impact upon operational policing. The increase in the police schemes liability during the year was £2.1bn which is primarily attributable to a reduction in the discount rate used (£1.8bn).

The Authority continued to monitor cash levels throughout the year, to ensure cash balances were held, sufficient to meet outgoings with cash not held in advance of need. Cash holdings at 31 March 2021 amounted to £11.3m (2019-20: £14.2m). Additional cash of £36.0m (2019-20: £32.9m) was received from Scottish Government to cover the planned deficit, which was not funded by Grant in Aid.

Table 4

Financial Performance Outturn	Reference	£m	£m
Revenue Outturn (Core funding)	Table 1, p54	1,192.3	
Revenue Outturn (Reform funding)	Table 3, p56	22.5	
Revenue Resource Outturn	Statement of Resource Outturn (SORO), p116		<b>1,214.8</b>
<b>Reconciliation to Statement of Comprehensive Net Expenditure (SOCNE)</b>			
<i>Non-cash costs</i>			
IAS adjustments (pensions)		531.4	
Depreciation and Impairment		47.5	
Movement in provisions	Statement of Resource Outturn p116	(4.2)	
Non current asset adj		(4.2)	
Other <sup>1</sup>		(1.0)	
			<b>569.5</b>
<b>Net Expenditure</b>	SOCNE, p127		<b>1,784.3</b>
Net gain on revaluations	SOCNE, p127	(11.5)	
IAS19 (pension) actuarial loss	SOCNE, p127	1,867.0	
<b>Other Comprehensive Expenditure</b>	SOCNE, p127		<b>1,855.5</b>
<b>TOTAL Comprehensive Net Expenditure</b>	SOCNE, p127		<b>3,639.8</b>

## Reconciliation to Statement of Comprehensive Net Expenditure (SOCNE)

The Statement of Comprehensive Net Expenditure (SOCNE) position is presented in the Financial Statements section of the 2020-21 Annual Report and Accounts (p 126). The Comprehensive Net Expenditure indicated within the SOCNE is £3,640.2m. The table below shows the reconciling items from the Financial Performance revenue outturn position stated at Tables 1 and 3, leading to the Comprehensive Net Expenditure total. These further items are mostly non-cash costs applied to the SOCNE, and actuarial movements on pensions chargeable to expenditure.

**Forward financial outlook**

**2021/22 Budget**

The Board approved the 2021-22 annual budget on 24 March 2021. This budget set out the spending plans for Police Scotland, Forensic Services and SPA Corporate for revenue, capital and reform for the next financial year. The Authority's core revenue funding increased by £60m (5.2%) in 2021-22, plus an additional £15.0m one-off COVID-19 funding, allowing a balanced budget to be set, with no operating deficit.

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

- Budgeting for 17,234 police officers;
- Police staff headcount budgeted at current levels;
- Pay award assumed in line with Public Sector Pay Policy (PSP) for both officers and staff;
- Continued commitment to no compulsory redundancies; and
- £15m additional one-off funding to support the in-year impact of COVID-19.

In addition to the above, there are also a number of material threats that have not been budgeted for, some of which may crystallise during the year. In particular:

- Various pay assumptions have been made with regards to headcount, pay award and attrition;
- Recurring savings have been assumed in the baseline budget that are dependent on a continued commitment to reduced travel and accommodation;
- There is a risk that the level of funding required to meet ill health retirement costs, may exceed available budget - this is mainly driven by the backlog in approving cases, created as a result of the COVID-19 pandemic; and
- The financial impact of COVID-19 on future income, remains uncertain at this time.

The 2021-22 capital funding allocation is in line with the previous financial year, with the exception of an additional £0.5m to fund Body Worn Video. When combined with disposal proceeds, the total funding available for 2021-22 is £53.7m which has been allocated in line with the organisational priorities by the Capital Investment Group (CIG).

This funding allocation will enable all priority projects and initiatives to be taken forward, including:

- Continued investment in the Data programme;
- Custody & Production Remodelling; and
- Estates Transformation.

However, the "flat cash" settlement is lower than requested in the Authority's spending review submissions which restricts the pace at which projects can be delivered.

The Scottish Government continues to provide reform funding of £25m which is equivalent to the previous year's funding.

The key investment highlights (capital and reform) from the 2021-22 budget are:

- £33m of capital investment in business as usual (BAU) asset replacement (Estates, Fleet, ICT, etc);
- £20m of capital investment in change projects;
- £16m of unavoidable reform spend related to regulatory change, committed change, regulatory BAU or critical / difficult to stop projects; and
- All other reform expenditure is deemed as replacement activity or discretionary projects.

Included in the above list is almost £35m of unavoidable capital investment, including business-as-usual asset replacement, electric vehicle infrastructure, mobile working and estates transformation projects which are committed and/or legislative requirements.

## Financial sustainability – longer term financial planning

Previous multi-year financial plans and spending review submissions have focused on the sustainable elimination of the Authority's structural deficit by way of a combination of workforce reductions or a correction to revenue funding.

Various products were prepared throughout 2020 highlighting the significant challenge facing the Authority in terms of achieving financial sustainability. This information has been shared widely, both internally and externally.

Following representations made to Scottish Government ministers and officials as part of spending review discussions, the Scottish Government's 2021-22 budget included a significant uplift to police funding, allowing the Authority to address the structural deficit and re-set the longer term financial strategy.

Our people continue to be the most important driver of success for the service representing 86% of gross expenditure. Maintaining this financial sustainability in the longer term, requires the workforce size and mix to be managed within



the current pay budget; Scottish Government funding to increase in line with pay awards ("real terms protection"); and unavoidable cost pressures beyond pay award to be funded from compensating savings elsewhere in the budget.

The strategic workforce plan is a critical input to all future resourcing decisions. Policing must continue to enhance capacity and capability to ensure that Police Scotland can respond fully to the changing nature of crime as well as changing community needs, public expectations and legislative requirements.

In order to meet these changing demands, the strategic workforce plan methodology will be utilised to assist in prioritising the significant demand for additional resource that exists across the organisation.

The Authority continues to engage with Scottish Government on the capital investment required to increase capacity and capability across the service. The spending review submission identified a total capital requirement of £471m over the next five years to enable the implementation of key investment strategies, including the Data, Digital, and Information and Communications Technology (DDICT) strategy, transition to electric fleet, transforming the police estate and collaborating with partners to deliver sector-wide benefits. The 2021-22 capital allocation is lower than requested and although this allows key investments to be progressed, the pace of delivery is limited within the funding available.

### Financial strategy refresh

Development of a robust financial strategy is highly dependent on a number of key enabling strategies, including the strategic workforce plan, the target operating model and the transformation roadmap, all of which will be incorporated into the development of an integrated five-year business plan.

An initial refresh of the financial strategy will be developed in the summer of 2021 within the context of a balanced budget, with a fully developed strategy being prepared later in the financial year in line with the strategic business planning cycle.

### Conference of the Parties (COP26)

The UK Government will host 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 due to the pandemic was delayed to November 2021.

There now exists a framework for the recovery of incremental costs by the Authority from the UK Government, adhering to the agreed principle of no financial gain or detriment to the Authority as a result of policing the event. The full incremental cost of policing COP26 will be met by the UK Government and is therefore excluded from the outturn figures reported above.

*"Financial plans will continue to be reviewed and refined to ensure that they reflect the most up to date information..."*

### Conclusion

The Authority has been subject to unprecedented challenges and demand as a result of COVID-19, with the main financial impacts relating to the organisational response, workforce absence and significant reductions in income. Despite these challenges, the outturn for the year ended 31 March 2021 is in line with the forecast as reported throughout the financial year.

The reported expenditure would be significantly greater if it were not for management actions taken throughout the year to mitigate the financial impact of COVID-19, together with one-off, in-year financial benefits and additional revenue funding from the Scottish Government.

Scottish Ministers also approved an additional one-off capital budget of up to £10m for the Authority to invest in the modernisation and renewal of the police fleet. The ability to spend this additional budget in such a short time demonstrates the Authority's ability to quickly invest in priority programmes to support operational policing.

Financial plans will continue to be reviewed and refined to ensure that they reflect the most up to date information, and will be used as a framework for annual budget development.

Maintaining the current levels of policing, whilst continuing to achieve financial balance over the longer term, is dependent upon a number of key factors including, managing the size and mix of the workforce within the current pay budget and receiving funding increases in line with pay awards.

The ability to: deliver change through programmes such as DDICT; improve the provision of accommodation across our estate; and to embrace greener technologies, requires significant levels of capital investment in the coming years. The Authority has continued to engage with the Scottish Government on the requirement for a significant increase in capital funding to enable the implementation of these strategies, thus delivering a police service fit for the 21st century.

## Non-financial Information

### Modern Apprenticeships

Police Scotland has continued to support Modern Apprenticeships in a variety of ways.

Progress has continued on the Modern Apprenticeship in Policing (SCQF Level 7), with ongoing development of the revised Probationer Training Programme which will be delivered in line with a Modern Apprenticeship Framework. This will provide all constables with a formally recognised qualification once they complete their two year probationary period. In November 2020, Police Scotland submitted tender documentation to Skills Development Scotland in order to be registered as a training provider and in March 2021, confirmation was received that the tender had been successful.

In addition to providing a professional qualification, Police Scotland will be able to draw down funds from the Scottish Governments Apprenticeship Levy for each probationer once they pass key milestones throughout the Programme which equates to an average of £4,100 per probationer over the two years of their probation. On 29th March 2021, 179 new recruits joined Police Scotland and this cohort is the first to commence on the Modern Apprenticeship training journey which will culminate in their graduation in March 2023.

There has been considerable work undertaken on the Modern Apprenticeship in Emergency Services Contact Handling programme. This has taken place through our partnership with our Emergency Services partners, Skills for Justice and the Scottish Qualifications Authority to develop the Emergency Services Contact Handling Modern Apprenticeship. The National Occupational Standards have been agreed after UK wide consultation and allows for future work to be undertaken to develop the formal qualification aligned to SCQF. Despite the impact of COVID-19 which resulted in delays to the project plan, all parties have still been able to support this programme.

### Anti-Corruption Unit

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.

The Anti-Corruption Unit (ACU), which comes under the banner of Professional Standards, is a stand-alone national unit empowered to conduct intelligence led investigations into the minority who engage in corrupt activity. The ACU also carries responsibility for investigating reports of corruption across the wider organisations within the criminal justice system, for example, Crown Office and Procurator Fiscal Service (COPFS), Scottish Courts and Tribunals (SCTS), and the Scottish Prison Service (SPS).

The ACU will, amongst other matters, also support members of the organisation in identifying, taking ownership of, and proactively managing any identified personal vulnerabilities.

In support of potential areas of vulnerability, Police Scotland operates a register of gifts and gratuities to ensure a transparent notification and recording process, with the general position being that gifts and gratuities will not be accepted.

The Notifiable Associations Standard Operating Procedure (SOP); along with the Business Interest and Secondary Employment SOP, provide clear definitions and guidelines to ensure formal reporting of any associations and any business interests or secondary employment. Subsequent assessment of any potential for compromise to the member or the organisation as a result of such declarations is made, with relevant mitigation and management strategies thereafter being put in place.

A whistleblowing policy and an anonymous integrity reporting mechanism is also in place to further support staff in raising any concerns.

### Independent Custody Visiting Scheme (ICVS)

Since 1 April 2013, the Scottish Police Authority has had a statutory duty to maintain and manage an Independent Custody Visiting Scheme (ICVS) to monitor the welfare of people detained in police custody facilities throughout Scotland.

The ICVS helps to ensure that the Authority is meeting its obligations on equality, diversity and that we are protecting human rights. It also helps to ensure that, in the wider context, 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).

The SPA produces an [annual review](#) of ICVS activities.

### Fraud

The Fraud and Economic Crime Standard Operating Procedure (SOP), issued by the Specialist Crime Division, details examples of common areas subject to fraudulent activity.

It details the processes for reporting and addressing potential cases of fraud and related activity. This also includes any cases of bribery, meeting the requirements of the Bribery Act 2010.

*"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."*



## Environmental Matters

### Sustainability

In reference to the Climate Change (Scotland) Act 2009, as a public body, Police Scotland has a responsibility to act in as sustainable a way as possible. This means we must make all practical efforts to reduce our direct and indirect impacts on the environment. We are also required to report on this work in our Public Bodies Duties [Climate Change Report](#) to Scottish Government each November and through our Biodiversity Report triennially. There are currently no plans to alter this reporting schedule or unify with climate change reporting and this has been confirmed with Sustainable Scotland Network and Nature Scotland.

Our five year Carbon Management Plan ended in 2019-20 where we exceeded our emissions reduction target of 25% based on 2013/14 emissions baseline. This was achieved through energy efficiency, building rationalisation, implementation of renewable energy generation and a reduction in carbon generation sources for grid electricity.

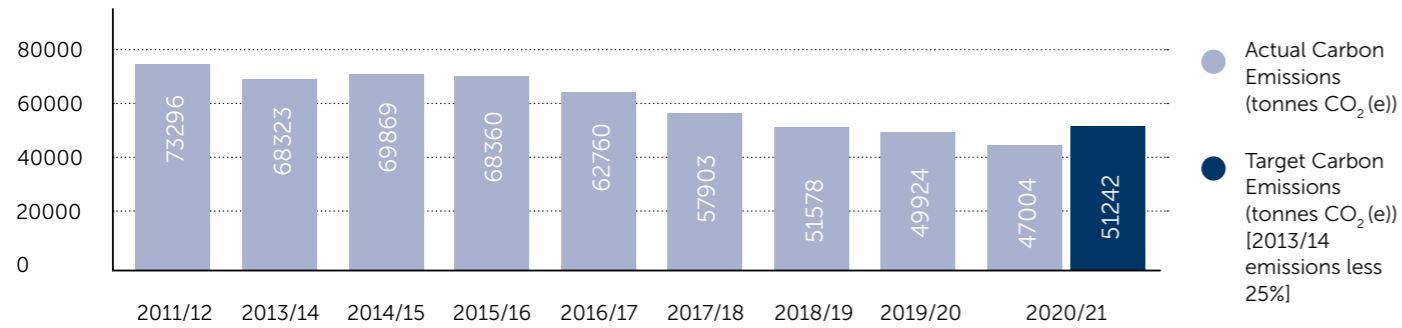
We have recently approved Police Scotland's new 5 year Environmental Strategy. This includes a reduction target of 35% in emissions to be achieved based on 2019-20. We will also broaden our aims to include biodiversity, behaviour change and community action as well as traditional carbon reduction activities. We are in the process of establishing a list of projects that we will begin in the coming financial year (2021-22). Some of these will be focussed on environmental impact reduction and some will be based on evidence and data gathering in order to maximise impact of subsequent activities. We intend to establish a network of green leaders across the organisation to assist with project implementation and behaviour change.

Sustainability Performance Scorecard 2020/21					
Direct Carbon Emissions (Tonnes of CO <sub>2</sub> )					
Indicator	18/19	19/20	20/21	Trend (20/21 vs 19/20)	Overall Trend
Estate	35,006	32,600	30,434	▼	▼
Fuel	16,470	16,620	16,255	▼	▼
Business Mileage	102	704	315	▼	▼
<b>Total</b>	<b>51,578</b>	<b>49,924</b>	<b>47,004</b>	▼	▼
Units of Energy Consumed (Kilowatts/hour kWh)					
Indicator	18/19	19/20	20/21	Trend (20/21 vs 19/20)	Overall Trend
Electricity	57,908,417	57,095,453	54,272,696	▼	▼
Gas	85,748,252	84,161,698	84,782,872	▲	▼
Units of Fuel Consumed (Litres)					
Indicator	18/19	19/20	20/21	Trend (20/21 vs 19/20)	Overall Trend
Fuel	6,205,465	6,279,912	6,185,507	▼	▼
Waste and Renewable Energy (kWh Generated/Tonnes Produced)					
Indicator	18/19	19/20	20/21	Trend (20/21 vs 19/20)	Overall Trend
Renewable	74,492 kWh	127,937 kWh	133,311 kWh	▲	▲
Waste	3,442 tonnes	2,443 tonnes	2,090 tonnes	▼	▼

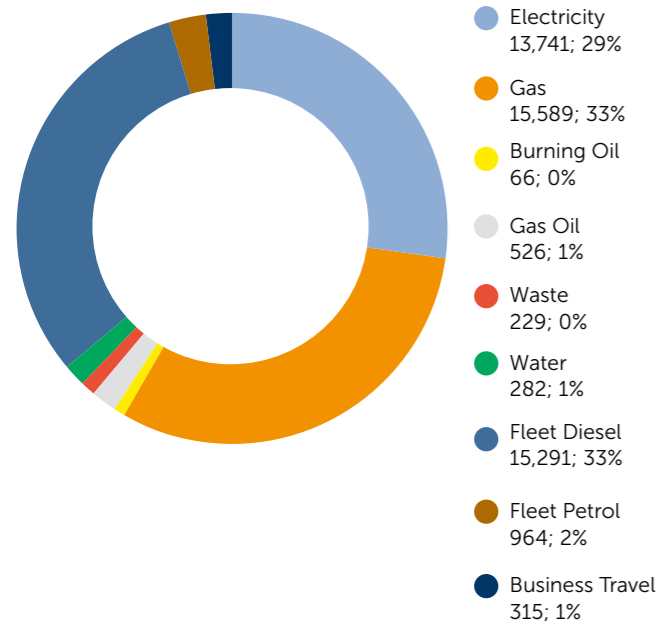
Note: The 30,434 tonnes of CO<sub>2</sub> emissions for buildings quoted in 20/21 (above) represents actual emissions from the operational use of our buildings throughout the reported year and as such incorporates occupancy level variances for all reasons including COVID-19 / Working from Home impact.



**Carbon Emissions (tonnes CO<sub>2</sub> (e))**



**Sources of Carbon Emissions 2020-21 (in tonnes CO<sub>2</sub>(e))**



**Biodiversity**

Our latest biodiversity report is currently awaiting Board approval and will subsequently be submitted to Scottish Government. As part of our newly approved environment strategy we will within 2021-22 undertake a biodiversity review of our estate to identify suitable sites for habitat support and enhancement for a diverse range of species. We envisage that our green leader network will support this work and we are currently consulting with Nature Scotland on the best approach to this work.

**Renewables**

We will take forward a technical review of our estate to assess the potential for a wider roll out of renewable technology (primarily photovoltaic, PV) at our sites. This will not only reduce our use of grid electricity in general but also help to mitigate the expected uplift in grid consumption due to the increase in use of electric vehicles. We currently have 11 sites with active solar PV generation with a further three properties due to come on-stream in early summer 2021. During 2020-21 some 133,311 kWh of electricity has been generated equating to a carbon emissions saving of approximately 34 tonnes of CO<sub>2</sub>(e).

**Lynn Brown OBE**  
Chief Executive and Accountable Officer  
29 September 2021



# Accountability Report

This section is divided into three parts:

Part 1 Corporate Governance Report  
p.68

Part 2 Remuneration and Staff Report  
p.92

Part 3 Parliamentary Accountability  
and Audit Report  
p.114



# Part 1 Corporate Governance Report



## Overview

The Authority 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 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; and
- effective accountability and robust systems of internal control.

The Authority publishes its own [Governance Framework](#) which was updated during the year. This document describes how the Authority works to deliver good corporate governance.

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

# 1

## Directors' Report

### Introduction

The Authority is required to approve its Annual Report and Accounts for the year to 31 March 2021.



Martyn Evans



David Crichton



Tom Halpin QPM



Robert Hayes



Grant Macrae



Michelle Miller



Mary Pitcaithly OBE



Jane Ryder OBE



Matt Smith OBE DL



Caroline Stuart



Elaine Wilkinson

### SPA Board

Members of the Authority 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](#).

Member 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. On 1 April 2021, six new Authority members took up appointments with the Authority filling a number of vacancies.

Board Members in office during 2020/21 were as follows:

Name	Appointment Dates	
	From	To
Martyn Evans <sup>1</sup> (Chair)	1 August 2018	31 January 2025
David Crichton <sup>2</sup> (Interim Chair)	1 April 2018	12 February 2021
Tom Halpin QPM	28 March 2018	27 March 2022
Robert Hayes <sup>3</sup>	1 April 2017	31 March 2021
Grant Macrae <sup>4</sup>	1 April 2017	31 March 2023
Michelle Miller	1 June 2018	31 May 2022
Mary Pitcaithly OBE	1 May 2018	30 April 2022
Jane Ryder OBE	1 April 2018	31 March 2022
Matt Smith <sup>5</sup> OBE DL	1 April 2017	31 March 2021
Caroline Stuart <sup>6</sup>	1 April 2017	31 March 2023
Elaine Wilkinson <sup>7</sup>	4 May 2015	31 March 2021

<sup>1</sup> In January 2021, Martyn Evans was appointed as Chair of the Scottish Police Authority, with the appointment dates for that role confirmed as 1 February 2021 to 31 January 2025.

<sup>2</sup> David Crichton stood down from his role as Interim Chair on 31 January 2021 and from the Board on 12 February 2021.

<sup>3</sup> Robert Hayes stood down from the Board on expiry of the appointment term on 31 March 2021.

<sup>4</sup> In March 2021, Grant Macrae was reappointed for a further two year term, from 1 April 2021 to 31 March 2023.

<sup>5</sup> Matt Smith stood down from the Board on expiry of the appointment term on 31 March 2021.

<sup>6</sup> In March 2021, Caroline Stuart was reappointed for a further two year term, from 1 April 2021 to 31 March 2023.

<sup>7</sup> Elaine Wilkinson was reappointed in November 2020 for a further term to 31 March 2021, at which point she stood down from the Board.

### Register of Interests

A current list of Authority members, their biographies and [Registers of Interest](#) are published on the [Authority's website](#).

Information about the Authority's Senior Management Team (SMT), including the Director of Forensic Services, is also available on the [Authority's website](#). Register of Interests for each member of the SMT are also published in this section.

### SPA Senior Management Team 2020-21

Name	Position
Lynn Brown OBE	Interim Chief Executive <sup>1</sup> and Accountable Officer
Barry Sillers	Deputy Chief Executive <sup>2</sup> (Strategy and Performance) (from 2 November 2020)
Tom Nelson	Director of Forensic Services
John McCroskie <sup>3</sup>	Director of Communications and Relationships (to 31 January 2021)

<sup>1</sup> In March 2021, Lynn Brown was appointed as permanent Chief Executive, with a starting date of 1 April 2021.

<sup>2</sup> Barry Sillers occupied the role of Director of Strategy, Performance and Analysis until 1 November 2020.

<sup>3</sup> John McCroskie left on 31 January 2021. The Director post was not directly replaced, in line with the revised SPA Corporate management structure implemented from November 2020.

### Police Scotland Force Executive

Name	Position
Iain Livingstone, QPM	Chief Constable
Fiona Taylor QPM	Deputy Chief Constable, People and Professionalism
Will Kerr OBE	Deputy Chief Constable, Local Policing
Malcolm Graham	Deputy Chief Constable, Crime and Operational Support
David Page	Deputy Chief Officer
James Gray	Chief Financial Officer
Tom McMahon	Director of Strategy and Analysis
Judith Helliker	Director of People and Development
Andrew Hendry	Chief Digital and Information Officer

A [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

The Authority is required to disclose the following: during the year there was one personal data related incident (2019-20: two) that was deemed sensitive enough to provide a report to the Information Commissioner's Office.

## Statement of Accountable Officer's Responsibilities

Under the Police and Fire Reform (Scotland) Act 2012, Scottish Ministers have directed the Authority 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 Authority, 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 2020-21 Financial Reporting Manual (FRoM) 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 2020-21 FRoM 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;

Keeping proper records and for safeguarding the Authority's assets;

Confirming that, as far as she is aware, there is no relevant audit information of which the Authority'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 Authority'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 Authority, 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).

The systems of internal control as outlined in this statement have been in place for the financial year and up to the date of approval of the annual report and accounts.

*"The systems of internal control as outlined in this statement have been in place for the financial year and up to the date of approval of the annual report and accounts."*

### 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 Corporate 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.

There are clear lines of delegated responsibility for both financial and operational management in the respective organisational structures of:

SPA Corporate;

Police Scotland; and

Forensic Services.

There is a budgeting and reporting system in place, with monthly management accounts being reported, including to the 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.

## Functions of the Scottish Police Authority

In addition to the considerable scope of responsibilities for the Authority 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 of £1.3 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 Authority 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 Authority 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 Authority is required to set the strategic direction for policing through a Strategic Police Plan. Following the Scottish Government revision, of the Strategic Police Priorities in December 2019, the Authority in collaboration with Police Scotland, revised the Strategic Police Plan, approved 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 Authority, Forensic Services and Police Scotland.



## Assessment of corporate governance and improvements made

The Authority remains committed to ongoing development, review and improvement of its governance arrangements. During 2020-21, as part of its annual governance review process, the Authority revised its Corporate Governance Framework making a number of improvements to bring it up to date, remove duplication and address gaps. This work was overseen by the Authority's Governance Development and Improvement Group.

Terms of reference for committees were reviewed and revised following feedback from committee members and officials. The business of the Resources Committee has been refined and a new People Committee established. As a result, from April 2021, the Resources Committee will focus its business on all significant financial and budgetary resourcing matters, including strategic financial planning and budget setting. The People Committee will consider all workforce matters previously considered by the Resources Committee and subsume the responsibilities of the Succession Planning and Appointments Committee. As a result, the Succession Planning and Appointments Committee was stood down.

The Policing of COP26 Expenditure Committee was also stood down recognising that matters related to COP26 were being progressed through Resources Committee and full Board.

The list of matters reserved for the Board was revised and updated and the scheme of delegation was revised to reflect current delegations to the Chief Executive and Director of Forensic Services and to align with current legislation and the Scottish Government's Governance and Accountability Framework.

The Authority expects further development and improvement to be carried out in relation to the financial delegations, financial regulations and protocols, and sub-delegations during 2021-22.

The Authority applies the principles of good governance as set out in the Scottish Public Finance Manual including On Board: A Guide for Members of Public Bodies in Scotland and the Memorandum to Accountable Officers for Other Public Bodies.

## Organisational Development and Design

In early 2020, the Authority accelerated a significant programme of organisational development and design. The SPA 2020 project was initiated in response to issues identified in previous internal and independent reviews. The focus was on creating a corporate staff team to support the Board to fulfil its responsibilities in a more strategic, assertive and outward facing way.

Following significant engagement and consultation, the new organisational structure went live on 2 November 2020. The majority of the Authority's existing staff formally moved into new roles and recruitment for new vacant posts took place in late 2020 with the majority of roles filled and individuals in place by the end of February 2021.

### SPA Corporate Plan and Annual Business Plan

The Authority has developed and published a Corporate Plan 2020-23 which details the role, purpose and responsibilities of the Authority. 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.

The Corporate Plan aligns to the Strategic Police Priorities and should be read alongside the Authority's joint Strategic Police Plan and the Forensic Services Strategy, which were developed collaboratively with the Services and relate to the delivery of the police and forensic services that are overseen by the Authority.

The three year Corporate Plan is underpinned by an Annual Business Plan which sets out the Authority's priorities for the year and explains how the Authority will measure its own performance.

The 2020-21 Business Plan included six objectives with 30 activities or actions to be undertaken. The Authority has achieved 28 of the 30 activities / actions set (93%), with the two outstanding actions carried forward to the 2021-22 business plan.

### Personal data related incidents

The Authority is required to disclose the following: during the year there was one personal data related incident (2019-20: two) that was deemed sensitive enough to provide a report to the Information Commissioner's Office.

### HMICS thematic review

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

Of the 14 recommendations:

Six are ongoing and being addressed by the SPA corporate;

Four require contribution from outside of the SPA corporate;

One is owned by the Scottish Government; and

Three have been discharged.

The Authority is committed to addressing the recommendations within its remit with progress being made to discharge the remaining actions. The Authority is also continuing to work with partners and Scottish Government on other recommendations.

The 2020 HMICS crime audit recommended that the Authority and Police Scotland ensure that results of internal and external crime recording audits are publicly recorded and a statement of compliance included in the Annual Report & Accounts. The Police Scotland improvement plan on all recommendations made by HMICS has been approved and is in delivery stage. This includes an agreed action to address the specific recommendation on compliance and publication of audit results.

### Scottish Government Governance and Accountability Framework

A review of the Scottish Government Governance and Accountability Framework was initiated by the Authority and Scottish Government Police Sponsorship Team in late 2019. This was in response to audit and inspection reports and as part of a wider review of roles and responsibilities within policing led by Scottish Government. A revised framework was agreed by Scottish Government in autumn 2020. The Authority incorporated the revised document as an appendix within the [SPA's Corporate Governance Framework](#) in November 2020.

### Oversight of policing COVID-19 Framework

In response to the COVID-19 pandemic in March 2020, the Authority committed to providing effective and transparent governance and oversight of Police Scotland's response to the COVID-19 pandemic. The Authority published its strategic approach to the oversight of policing COVID-19 in Scotland.

The Authority's oversight took place through formal governance meetings streamed live for the public and stakeholders to observe. Authority members received weekly bulletins from Police Scotland on current activity and its response to COVID-19. Papers and briefings are published on a [dedicated COVID-19 section of the Authority's website](#) to aid transparency. In addition to its formal governance, the Authority commissioned three waves of public polling to understand the public's views of policing during the pandemic and considered regular reports from an Independent Advisory Group set up to review Police Scotland's use of new temporary police powers to help tackle the virus.

### Independent Advisory Group to review Police Scotland's use of new temporary police powers to tackle coronavirus

In April 2020, the Chief Constable announced that an Independent Advisor Group (IAG) would be set up to review Police Scotland's use of new temporary police powers to tackle coronavirus. The IAG, chaired by John Scott QC, met frequently during 2020-21 and reported directly to public sessions of Authority meetings. The IAG's insight has enhanced the Authority's governance and oversight of policing during the COVID-19 pandemic. The Authority has made all information about the IAG, its membership, remit and reports available on a dedicated [IAG section of the Authority's website](#).

### Authority Oversight of Change

In February 2020, the Authority agreed an [approach to reviewing the oversight and impact of transformational change in policing](#). The approach sought to demonstrate in a visible and robust way, how policing is improving services to the public. The Authority considered bi-annual reports on progress in August 2020 and February 2021 reporting that Police Scotland and Forensic Services were continuing to deliver transformation benefits in line with forecast levels. The Authority expects to see the benefits of transformation and change in policing accelerate throughout 2021 and will continue to review progress at six monthly intervals.

*"The IAG's insight has enhanced the Authority's governance and oversight of policing during the COVID-19 pandemic."*

### 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 Authority 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 Authority 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 Authority;

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

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

Authority meetings are to be held in public.

The Board met 11 times during 2020-21 (2019-20: 14). Due to the national restrictions resulting from measures in relation to the Covid-19 pandemic, all meetings were conducted by videoconference, and streamed live for public viewing via the Authority's dedicated [Livestream channel](#).

Board meeting agendas, minutes and papers (of public sessions) are routinely made available on the website in advance of a scheduled meeting.

During the course of 2020-21, changes in the composition and operation of the Authority were as follows:

At the commencement of 2020-21, the Board consisted of 11 members;

During the course of the year, one member retired from the Board, Interim Chair David Crichton, who retired in February 2021;

Three members stood down at the end of their appointment terms on 31 March 2021, Bob Hayes, Matt Smith and Elaine Wilkinson;

Following a public appointment process, Martyn Evans, a member of the Board from 2018, was appointed as the new Chair for a four year term commencing 1 February 2021;

In March 2021, it was announced that six new members of the Authority had been appointed, with all commencing their roles from 1 April 2021; and

The SPA Corporate Governance Framework was reviewed and revised and approved in November 2020.

Some key elements of business considered by the Board during 2020-21 were:

Ongoing oversight of policing COVID-19;

Ongoing oversight of the policing of the UK exit from the EU;

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

Regular review and scrutiny of policing performance;

Approval of Procurement Strategy; Cyber Strategy; Equalities Outcomes and Environmental Strategy;

Approval of the 2019-20 Annual Report and Accounts; and

Approval of the 2021-22 Budget for the SPA Corporate, Police Scotland and Forensic Services.

### Scottish Police Authority Board

Number of meetings in 2020-21 : 11	Board Meetings Attended <sup>a</sup>	Committee Membership <sup>b</sup>
Martyn Evans (Authority Member, and Chair from 1 February 2021)	11/11	SPA / PP / LC / EC
David Crichton (Interim Chair to 31 January, and Member to 12 February 2021)	8/8	SPA / EC
Tom Halpin QPM	11/11	SPA / FS
Robert Hayes (to 31 March 2021)	10/11	FS / PP / EC
Grant Macrae	10/11	AC / CC / RC
Michelle Miller	10/11	CC / PP
Mary Pitcaithly OBE	11/11	RC / LC / EC
Jane Ryder OBE	10/11	AC / FS / EC
Matt Smith OBE DL (to 31 March 2021)	10/11	SPA / AC / CC
Caroline Stuart	11/11	RC / LC
Elaine Wilkinson (to 31 March 2021)	11/11	RC

#### 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 2020-21. Attendance details included later in this section.

#### Committees in place as at 31 March 2020

AC: Audit, Risk and Assurance  
CC: Complaints and Conduct  
EC: Exceptional Circumstances<sup>1</sup>  
FS: Forensic Services  
LC: Legal  
PP: Policing Performance  
RC: Resources  
SPA: Succession, Planning and Appointments

#### Committees discontinued during 2020-21

PCE: Policing of COP26 Expenditure

<sup>1</sup> No meetings were held during 2020-21.

### Committees of the Board

The Board is supported by eight 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, Risk and Assurance Committee

During the 2020-21 financial year, the Audit, Risk and Assurance Committee met formally on five occasions. The main focus of the committee has been:

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

- 2019-20 Annual Report and Accounts; and
- Audit Scotland's Audit of 2019-20 Annual Report and Accounts.

Delivery of the 2020-21 Internal Audit Plan and related reports on matters including benefits realisation and efficiency targets; COVID-19; fixed assets; forensic case management; transformational change; strategic workforce planning and staff wellbeing;

Oversight of the implementation of the Authority's risk framework and excellence framework;

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

Monitoring progress against internal and external audit and improvement recommendations;

Oversight of the services response to the COVID-19 pandemic as applicable to the committee; and

Benchmarking of operating practices with other similar policing committees. Included an ARAC development session during October 2020 with representative from the audit committees of the Police Service of Northern Ireland and An Garda Síochána.



**Complaints and Conduct Committee**

During the year the Complaints and Conduct Committee met formally on seven occasions. The main focus of the committee has been:

Monitoring Police Scotland and the Authority's progress against recommendations contained in the Dame Elish Angiolini Preliminary and Final Report on the Independent Review of Complaints Handling, Investigations and Misconduct Issues in Relation to Policing;

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

Dip-sampling of complaints received by Police Scotland related to application of COVID-19 regulations;

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 Authority and maintaining oversight of further actions requested by the PIRC.

**Forensic Services Committee**

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

Monitoring quarterly performance reporting;

Reviewing the impact of COVID-19 and response by Forensic Services;

Oversight of progress to deliver the strategic objectives of the Forensic 2026 Strategy and associated workforce planning;

Tracking progress against HMICS Thematic Inspection recommendations; and

Monitoring Forensic Services support and delivery of drug driving service.

**Resources Committee**

During the year the Resources Committee met formally on ten 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 Authority's overall budget - Police Scotland, Forensic Services and SPA Corporate;

Providing scrutiny, input and advice on business-as-usual activity and significant operations such as policing of the UK's exit from the EU, planning for COP26 (26th Conference of the Parties) resourcing and policing of COVID-19;

Consideration of and recommendation to, the 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 the Strategic Workforce Plan and the development and delivery of a People Strategy;

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

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

**Succession Planning and Appointments Committee**

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

Monitoring and oversight of Authority member succession planning;

Development and oversight of effective and robust processes for the recruitment and appointment of a permanent Chief Executive and Deputy Chief Executives;

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;

Monitoring Police Scotland's progress against recommendations made in HMICS Thematic Inspection of Training and Development seeking assurance that leadership development solutions are in place to meet executive development needs; and

Review of executive performance appraisal process.

From 1 April 2021, the responsibilities of the Succession Planning and Appointments Committee were subsumed by the new People Committee. Therefore the Succession Planning and Appointments Committee has been stood down.

On 25 November 2020, the Authority approved changes to its Corporate Governance Framework and established a People Committee from 1 April 2021 to consider workforce related matters previously considered by Resources Committee. The remit of the Resources Committee now focuses on all significant financial and budgetary resourcing matters, including strategic financial planning and budget setting in the short medium and long term, investment decisions based on review of business cases, performance against the agreed budget, delivery of the expected investment benefits and assurance on financial regulatory compliance and stewardship. The People Committee will consider all significant workforce matters relating to the Authority and Police Scotland, including providing advice, guidance and support on the development and implementation of workforce strategy and policy.

**Legal (formerly Legal Actions, Claims and Appeals Committee)**

During the year the Legal Committee met formally on 16 occasions. The main focus of the committee has been:

Consideration of legal claims and actions against the Authority, 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.

**Policing Performance Committee**

During the year the Policing Performance Committee met formally on four occasions. The main focus of the committee has been:

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

Assessing the development of Police Scotland's Annual Police Plan and considering the draft Annual Review of Policing 2019-20;

Reviewing a number of areas of operational policing strategy/policy including stop and search, digital triage devices, remotely piloted aircraft systems, Naloxone, armed policing model, Taser capability and body worn video;

Monitoring engagement with local authorities;

Reviewing data on public confidence in policing;

Assessing the Independent Custody Visiting Scheme, custody and welfare provisions; and

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

**Exceptional Circumstances Committee**

The creation of this committee was approved at the Board meeting on 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 2020-21.

**Policing of COP26 Expenditure Committee**

The creation of this committee was confirmed and approved at the 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 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 and the committee was formally stood down by the Authority on 26 November 2020.

**Committee reporting**

In line with the SPA Corporate Governance Framework and to aid transparency and accessibility of committee business, reports summarising the governance and oversight activities of committees were routinely reported by the committee Chairs to public sessions of Authority meetings.

**Membership and Attendance** (meetings attended / meetings available)

	Audit, Risk and Assurance	Complaints and Conduct	Forensic Services	Resources	Legal	Succession Planning and Appointments	Policing Performance
<b>Number of meetings held</b>	5	7	4	10	16	3	4
David Crichton						3/3	
Martyn Evans					16/16		3/4
Tom Halpin QPM			4/4			2/3	
Robert Hayes			4/4				4/4
Grant Macrae	5/5	7/7		10/10			
Michelle Miller		7/7					4/4
Mary Pitcaithly OBE				8/10	16/16		
Jane Ryder OBE	5/5		4/4				
Matt Smith OBE DL	5/5	7/7				2/3	
Caroline Stuart				10/10	16/16		
Elaine Wilkinson				10/10			

**Committee Chairs**

**Audit, Risk and Assurance:** Jane Ryder OBE

**Complaints and Conduct:** Matt Smith OBE DL

**Forensic Services:** Tom Halpin QPM

**Resources:** Elaine Wilkinson

**Legal:** Mary Pitcaithly OBE

**Succession, Planning and Appointments:**

David Crichton (to January 2021 meeting);

Martyn Evans (from February 2021)

**Policing Performance:**

Martyn Evans (to November 2020 meeting);

Michelle Miller (from March 2021 meeting)

**Exceptional Circumstances:**

David Crichton (to January 2021);

Martyn Evans (from February 2021)

### Review of committee effectiveness

The Authority's corporate governance framework and members' handbook requires that an annual committee assurance review is undertaken to provide the Chair and Board with robust assurance of its committee's functioning and effectiveness.

An effectiveness review was conducted for each committee, informed by members' questionnaires and review at each committee. The overall evaluation has been considered by the Audit, Risk and Assurance Committee which reported that committees have effectively discharged their duties in line with their terms of reference and there were no significant issues.

Concerns were raised about the workload of some committees and the size / length of some papers. This has been addressed by the changes outlined above to the Resources Committee and establishment of a new People Committee. Work also continues to be undertaken to review the size, length and content of papers provided to committees.

### Oversight Groups

Oversight groups are established by the 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 specify reporting routes back through a committee or to 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 transformation project in 2015 and has been commended by HMICS for its effectiveness. The oversight groups in place during 2020-21 are listed below:

### 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 has been chaired by Martyn Evans since it was established.

The group meet on six occasions throughout the reporting year which saw the roll out of the CAM accelerated in response to the COVID-19 pandemic. 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; and

External evaluation.

A report detailing the completion and delivery of CAM into Police Scotland was provided to the Authority in early 2021 following formal closure of the project in December 2020. A final meeting of the CAM Oversight Group will meet in June 2021.

### COP26 Oversight Group

The COP26 Oversight Group was established by the Board on 17 January 2020 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 Authority 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 has been meeting regularly since it was announced that the conference would be rescheduled for 1-12 November 2021 and is providing regular reports to public session of the Board.

Additional assurance and oversight is being provided by HMICS and the Metropolitan Police Service, with advice being provided by an Independent Advisory Group (IAG) appointed by Police Scotland and led by John Scott QC to consider the widest public and civic engagement around the event. The Authority is represented on this group which is also attended by Police Scotland and Glasgow City Council, among other key stakeholders. The Authority continues to fully engage with these external reviews and the IAG.

### Risk and control framework

The Authority, senior management groups of the SPA and Forensic Services and the Force Executive of Police Scotland, are committed to ensuring effective risk management and reporting.

An overarching risk framework for the policing system is in place outlining how Authority, SPA corporate, Police Scotland and Forensic Services risks are coordinated. The risk framework includes a risk policy statement and process. The framework also outlines the methodology, structures and processes that the Authority utilises to support robust management of risk (see also Key Strategic and Operational Risks section).

Risks are contained within risk registers for Forensic Services, SPA Corporate and Police Scotland and are monitored internally by risk management teams. The Authority reviewed the strategic risk register, that is the top two tiers of the stratified approach to risk management outlined in the risk framework. The risk registers across Police Scotland, SPA Corporate and SPA Forensic Services have been reviewed, updated and reported in line with the risk frameworks for SPA and Police Scotland. Risk is reported to the Audit, Risk and Assurance Committee (ARAC) on a quarterly basis. Risks, relevant to the role, are also reported to the Forensic Services Committee on a quarterly basis.

Measurement of risk is based on an established standard matrix and consistent scoring criteria, considering likelihood and impact.

## 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 Authority by Azets.

The Internal Audit Plan for the 2020-21 financial year was approved by the Board in January 2020.

The Internal Audit Annual Report for 2020-21 was presented by Azets to the Audit, Risk and Assurance Committee in May 2021. 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 the Scottish Police Authority, Police Scotland and Forensic Services have a framework of controls in place that provides reasonable assurance regarding the organisations' governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks."*

Management actions required are prioritised with a grading system, as follows:

Grade 4 : Very high risk exposure – major concerns requiring immediate senior management attention

Grade 3 : High risk exposure – absence/failure of key controls

Grade 2 : Moderate risk exposure – controls are not working effectively and efficiently

Grade 1 : Limited risk exposure – controls are working effectively, but could be strengthened

The following table indicates the number of Grade 4 and Grade 3 risks for the planned audits reported in the Internal Audit Annual Report for 2020-21. Further detail on the Grade 4 risk identified is provided, along with a summary of the scope of Grade 3 risks.

	2020/21 Number of findings <sup>2</sup>	2019/20 Number of findings <sup>2</sup>
Grade 4 (very high risk) <sup>1</sup>	1	2
Grade 3 (high risk)	21	24

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

<sup>2</sup> 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.

Overall, the same number of findings were raised this year on planned audits, relative to the prior year (total of Grade 1 to 4 findings: 2019/20: 53; 2020/21: 53). However, the proportion of findings that were assessed as higher risk (grade 3 or 4) has decreased from 26 in 2019/20 (49%) to 22 in 2020/21 (42%). This reflects the progress made in establishing enhanced systems of control, and the completion of a number of significant strategic initiatives.

The single grade 4 risk identified is from the Internal Audit Report on Benefits Realisation and Efficiency Targets, initially reported to the Audit, Risk and Assurance Committee in January 2021. Actions to address this finding during 2021 are now in place, including the creation of a Demand, Design and Resources Board as a strategic decision making forum around organisational design and benefits realisation.

The 21 grade 3 findings were reported in internal audits of staff wellbeing, data, benefits realisation and performance management. Actions to address all these findings have been agreed and in many cases, have been expedited.

Progress on the resolution of all internal audit findings is reported to the Audit, Risk and Assurance Committee on a quarterly basis.

## External audit

The Auditor General for Scotland (Auditor General) has appointed Audit Scotland as the Authority's external auditor. 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 2019-20 Annual Report and Accounts.

In summary, Audit Scotland provided an unqualified opinion on the Authority's annual report and accounts for 2019-20. Despite the impact of COVID-19, the Authority was one of the few public bodies that delivered the Annual Report and Accounts and external audit to the original timeline.

It was noted that the year-end resource outturn overspend of £26.8m was consistent with the budget approved by the Board in March 2019 that forecast a revenue deficit of £24.6m taking cognisance of the £2.2m additional costs incurred due to the COVID-19 pandemic. Additional cash of £32.9m was provided by the Scottish Government to enable the Authority to meet its expenditure needs.

An emphasis of matter paragraph was included in Audit Scotland's report reflecting the market valuation uncertainty highlighted by the valuer due to the COVID-19 pandemic reflecting the Royal Institution of Chartered Surveyors guidance which is the basis of the work undertaken by the valuer.

Audit Scotland also identified areas for attention including:

Systems of internal control have been improved but weaknesses continue to exist and should be addressed;

The medium-term financial plan and 10-year financial strategy are now out of date and require revision to determine a route to financial balance;

The absence of the strategic workforce plan, with an underpinning analysis of demand and productivity;

Regular reporting of progress of the implementation of key strategies is required;

It is vital that there are robust arrangements in place to monitor progress in the performance reporting framework; and

Continued improvement is required in contract management.

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

The Audit Risk and Assurance Committee (ARAC) continues to review controls across Scottish policing with robust tracking of areas for improvement identified from audit and improvement reports;

Scottish Government's draft budget statement included an additional £60 million in revenue funding for policing. In March 2021, the Authority approved a balanced revenue budget (for 2021-22) for the first time in a number of years. The service continues to develop its medium and longer term financial plans with a focus on incorporating key supporting strategies;

Police Scotland's Strategic Workforce Plan was delivered and presented to the Authority meeting on 22 January 2021;

Internal Audit completed an audit of Benefit Realisation and Efficiency Targets with findings reported to the ARAC in January 2021. Actions to address the recommendations include the set-up of a new Demand, Design and Resource Board chaired by the Chief Constable;

The updated performance framework, approved in 2020, provides a clear framework and structure for reporting which defines measures of progress aligned to the joint strategy for policing. The framework details the quarterly reporting process for those indicators of progress and also details the qualitative reporting required bi-annually on the annual police plan. This routine and focused reporting on the framework through the policing performance committee allows for robust scrutiny of performance and identification of both areas for development and key achievements; and

Progress against the procurement improvement plan has been reported regularly to the ARAC with the committee.



## 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 addition, the Police and Fire Reform (Scotland) Act 2012 places a duty on the Authority and the Chief Constable to make arrangements to secure Best Value for the Authority and police service respectively.

In accordance with these principles, the Authority 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 Authority has 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 officials, the Resources Committee and the Authority;

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

Scrutiny by the Board, of the strategic workforce plan and staff pay and reward modernisation programme key deliverables.

*"The Authority continues to make progress towards full adherence and demonstration of best value principles."*

The Authority embraces the cross-cutting themes of best value, namely equality and sustainability in all it does and 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 Authority continues to make progress towards full adherence and demonstration of best value principles. An update was provided to the ARAC in September 2020 outlining improvements made on best value principles. Further work is planned during 2020-21 with regular reporting to the ARAC.

## 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 corporate, 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 SPA corporate, 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; SPA corporate / Forensic Service Directors) were written to explaining the process and significance of completing fully, the 2020-21 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 in April 2021.

This year has seen a significant number of improvements such as the development of the strategic workforce plan, elimination of the revenue deficit and advancement of the procurement improvement plan, however some control weaknesses remain.

A number of these were correctly highlighted to me within the certificates of assurance in the areas of: financial sustainability, establishment control issues, historic backlog of expenditure outside of formal contracts and ongoing weaknesses in some areas of information management.

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 single grade 4 (very high) risk identified by internal audit in the performance management report has been accepted by management and a proposed governance structure, chaired by the Chief Constable, has been implemented in the first quarter of 2021-22 that will address the issue.

Financial sustainability remained a significant issue during the year with a deficit revenue outturn realised in line with plans during 2020-21. However, the Authority has successfully made the case for a significant uplift in revenue funding of £60 million in 2021-22 that has allowed a balanced budget to be set.

## Governance report conclusion

2020-21 has seen a range of governance improvements delivered in year. A review of the Authority's Corporate Governance Framework saw a number of improvements to bring it up to date, remove duplication and address gaps. This next phase of this work was to refresh the Authority's Financial Regulations which has been concluded and approved by the Board in June 2021.

Revisions to the Scottish Government's Governance and Accountability Framework were also delivered in year following engagement between the Authority and Scottish Government officials. The revised document has now been incorporated as an annex into the Authority's suite of governance documents. In addition, a range of improvements were delivered as progress against audit and inspection recommendations, for example in relation to the Authority's complaint handling processes.

In conclusion, the review of risk management and internal control systems find that the Authority continues to deliver strong governance and clear accountability for the police service.

During the year there was an issue with establishment control which led to an overall increase in the headcount of 100 FTE compared with budget. This arose as a result of recruitment levels exceeding the numbers of people exiting the organisation during the year which presents a risk around the ability to deliver against budget and maintain ongoing financial sustainability. Work has been undertaken to establish robust establishment control processes.

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 purchase to pay (P2P) project, with the system now being rolled out across the service.

SPA Corporate has a small number of outstanding recommendations from the Information Commissioner's audit. Improvements are continuing to be progressed and monitored by the Audit, Risk and Assurance Committee. 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 Azets and HMICS.

Progress to discharge all appropriate actions has been underway both within 2020-21, and since 31 March 2021. 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.

# Part 2 Remuneration and Staff Report



## Overview

The Resources Committee provides assurance to the Board in relation to remuneration and associated policies in operation throughout the service.

# 2

## REMUNERATION REPORT

### Remuneration policy

The Authority 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:

- **Modern** – an organisation that has an agile and flexibly deployed workforce where staff feel motivated, empowered and valued;
- **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; and
- **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.

The key principles of the pay and reward policy are to:

- ensure the pay and reward package reflects the commitment to being a responsible employer and a sustainable organisation;
- promote development of fair and transparent reward and recognition mechanisms;
- enable the Authority 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, the Authority 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.

With effect from 1 April 2020 the competence related threshold payment has been incorporated into a new top increment for each of the federated rank pay scales and the process for application / approval will cease.

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.

With the exception of some of those detailed in this report, no employee or officer received remuneration in excess of £150,000 in the year.

### 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. During the reporting year, members' time commitment was increased from an average of up to five days per month to six days and, in addition, the daily fee rate rose in line with 2020-21 public sector pay policy by 3%, to £309 per day. These increases took effect from 1 September 2020. 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 Authority.



## Remuneration of Board members (audited)

The Board members received the following remuneration for their services during the year ended 31 March 2021:

Total remuneration	2020-21			2019-20		
	Attendance allowance <sup>1</sup> £'000	Taxable expenses <sup>2</sup> to nearest £100	Total £'000	Attendance allowance <sup>1</sup> £'000	Taxable expenses <sup>2</sup> to nearest £100	Total £'000
Chair – Martyn Evans <sup>3</sup> (from 1 Feb 2021)	18	300	18	-	-	-
Martyn Evans (to 31 Jan 2021)	20	100	20	16	1,000	17
Interim Chair – David Crichton <sup>4</sup> (to 31 Jan 2021)	80	1,000	81	40	2,900	43
David Crichton (to 12 Feb 2021)	1	100	1	-	-	-
Tom Halpin QPM	20	200	20	14	2,600	16
Robert Hayes (to 31 Mar 2021)	14	100	14	15	700	16
Grant Macrae	15	100	16	13	700	14
Michelle Miller	11	-	11	11	1,200	12
Mary Pitcaithly OBE	20	100	20	18	2,100	20
Jane Ryder OBE	18	100	18	16	1,100	17
Matt Smith OBE DL (to 31 Mar 2021)	19	200	19	15	1,600	17
Caroline Stuart	20	-	20	15	400	15
Elaine Wilkinson (to 31 March 2021)	14	900	15	17	5,000	22
Chair - Susan Deacon CBE (to 5 Dec 2019)	-	-	-	77	3,500	81
Gordon Dewar (to 30 Jan 2020)	-	-	-	2	200	2
<b>Total</b>	<b>270</b>	<b>3,020</b>	<b>273</b>	<b>269</b>	<b>23,000</b>	<b>292</b>

1 Overall remuneration levels include daily rate payments as follows:

- Chair £530;
- Vice Chair £375; and
- Member £309 (from 1 September 2020, £300 to 31 August 2020).

2 Due to a change in HMRC policy from 2019-20, out of pocket expenses associated with members' performance of duties at Authority head office, became directly taxable. Accordingly, the value of those expenses, including the tax paid, is shown in the table above as taxable expenses.

3 Martyn Evans' appointment as Chair started on 1 February 2021, his remuneration shown above is split between the period of time he served as Chair; and as an ordinary member of the Board.

4 David Crichton became Interim Chair on 1 April 2020. He stood down from that role on 31 January 2021, and retired as a member of the Board on 12 February 2021. He was the Vice Chair up to 31 March 2020.

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 Authority 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 and 2018-04 set out the salaries for these senior officers within the Police Scotland Force Executive Team. Unless otherwise stated, 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.

Authority employees and officers are respectively entitled to membership of distinct pension schemes:

- a Local Government Pension Scheme for police staff employees; or
- 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 Authority 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	2020-21					
	Salary and allowances £'000	Other pay items £'000	Compensation for loss of office £'000	Benefits in kind to nearest £100	Pension benefits £'000	Total £'000
<b>Lynn Brown<sup>1</sup> OBE</b> Interim Chief Executive and Accountable Officer	140-145	-	-	-	-	140-145
<b>John McCroskie<sup>2</sup></b> Director of Communications & Relationships (to 31 January 2021)	80-85	-	95	-	56	230-235
Full-year equivalent	95-100					
<b>Tom Nelson</b> Director of Forensic Services	125-130	-	-	-	193	320-325
<b>Barry Sillers</b> Deputy Chief Executive Strategy & Performance (from 2 November 2020) <sup>3</sup>	45-50	-	-	-	14	55-60
Full-year equivalent	105-110					
<b>Barry Sillers</b> Director of Strategy, Performance & Assurance (to 1 November 2020)	50-55	-	-	-	17	70-75
Full-year equivalent	90-95					

1 Costs for Lynn Brown were 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 Authority, 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 Authority at the time of the appointment.

2 In addition to the Director salary, John McCroskie received a higher paid duties element in 2020-21, included in salary and allowances. This was in relation to a period of absence of the Interim Chief Executive in March and April 2020. The payment was within the range £0 – 5k. John McCroskie left this employment on 31 January 2021. The Director post was not directly replaced as a consequence of the revised SPA 2020 structure (implemented from November 2020).

3 Barry Sillers changed roles on 2 November 2020 following the implementation of the revised SPA 2020 structure.

4 No costs are disclosed for Lindsey McNeill, who has taken up a full time role with Scottish Canals, on a secondment basis, with payments made to Authority on a full cost recovery basis. Areas of responsibility have been covered by other members of the senior management team, as required.

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 as presented above, with the relevant amount for 2020-21 included.

Total remuneration	2019-20				
	Salary and allowances £'000	Other pay items £'000	Benefits in kind to nearest £100	Pension benefits £'000	Total £'000
<b>Lynn Brown<sup>1</sup> OBE</b> 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				
Full-time equivalent <sup>2</sup>	140-145				
<b>Hugh Grover<sup>3</sup></b> Chief Executive (to 10 September 2019); and Accountable Officer (to 13 June 2019)	50-55	30	-	20	100-105
Full-year equivalent	115-120				
<b>John McCroskie<sup>4</sup></b> Director of Communications & Relationships; and Interim Chief Executive (from 10 May to 24 September 2019)	100-105	-	-	35	135-140
<b>Lindsey McNeill<sup>5</sup></b> Director of Governance & Assurance (to 19 January 2020)	70-75	-	-	-	70-75
Full-year equivalent	90-95				
<b>Tom Nelson</b> Director of Forensic Services	125-130	-	-	24	150-155
<b>Barry Sillers</b> Director of Strategy	90-95	-	-	30	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 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 were 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 Authority, 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 Authority at the time of the appointment. The costs shown under benefits in kind relate to taxable travel and accommodation costs which are invoiced to Authority by the agency.

2 Lynn Brown commenced her role from 25 September; equivalent to just over six months of the 2019-20 financial year. However, as she was paid for the actual days' work on a day rate basis as opposed to a fixed monthly salary, the full time equivalent remuneration is different from the full year equivalent based on time alone. The full time equivalent is a more accurate comparator to 2020-21 and there has been no increases to the daily salary paid since appointment.

3 Other pay items comprise payment in lieu of notice, on departure in September 2019.

4 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.

5 Costs disclosed are to 19 January 2020. From that point, Lindsey McNeill has taken up a full time role with Scottish Canals, on a secondment basis, with payments made to the Authority 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.

#### Pension values (as at 31 March 2021)

Name	Accrued pension at 31 March 2021 £'000	Accrued lump sum at 31 March 2021 £'000	Real increase in pension* £'000	Real increase in lump sum* £'000	CETV** as at 31 March 2020 £'000	CETV as at 31 March 2021 £'000	Real increase in CETV 2020-21* £'000
John McCroskie	20-25	0-5	2.5-5	0-2.5	278	331	43
Lindsey McNeill <sup>1</sup>	0-5	-	0-2.5	-	-	14	7
Tom Nelson	65-70	125-130	7.5-10	15-17.5	1,150	1,379	206
Barry Sillers	0-5	-	0-2.5	-	27	52	15

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

\*\*Cash equivalent transfer value (CETV)

Lynn Brown is not included in the above table, as was not an active member of the pension scheme in 2020-21, due to the contractual status of her employment.

<sup>1</sup> Lindsey McNeill opted into the pension scheme during 2020-21.

#### Police Scotland Force Executive (audited)

Total remuneration	2020-21				
	Salary and allowances £'000	Other pay items £'000	Benefits in kind to nearest £100	Pension benefits £'000	Total £'000
<b>Iain Livingstone QPM</b> Chief Constable	225-230	-	6,200	88	315-320
<b>Fiona Taylor QPM</b> Deputy Chief Constable - People & Professionalism	180-185	-	7,900	42	230-235
<b>William Kerr OBE</b> Deputy Chief Constable - Local Policing	180-185	-	600	0	185-190
<b>Malcolm Graham</b> Deputy Chief Constable - Crime and Operational Support	180-185	-	8,200	98	285-290
<b>David Page</b> Deputy Chief Officer	180-185	-	-	(9)	170-175
<b>Andrew Hendry</b> Chief Digital and Information Officer	135-140	-	-	41	175-180
<b>James Gray</b> Chief Financial Officer	125-130	-	-	48	175-180
<b>Jude Helliker</b> Director of People & Development	120-125	-	-	79	200-205
<b>Tom McMahon</b> Director of Strategy and Analysis	115-120	-	-	39	155-160

General: In August 2020, Scottish Government ministers approved the SPA / Police Scotland Director Pay and Grading System proposal, as approved initially by the 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 2020-21 included above.

Total remuneration	2019-20				
	Salary and allowances	Other pay items	Benefits in kind	Pension benefits	Total
	£'000	£'000	to nearest £100	£'000	£'000
<b>Iain Livingstone QPM</b> Chief Constable	225-230	-	4,600	92	320-325
<b>Fiona Taylor QPM</b> Deputy Chief Constable - People & Professionalism	180-185	-	5,000	32	215-220
<b>William Kerr OBE<sup>1</sup></b> Deputy Chief Constable - Local Policing	180-185	-	43,400	29	255-260
<b>Malcolm Graham</b> Deputy Chief Constable - Crime and Operations (from 27 May 2019)	150-155	-	2,900	207	360-365
Full Year Equivalent	180-185				
<b>David Page</b> Deputy Chief Officer	180-185	-	-	56	235-240
<b>Andrew Hendry</b> Chief Digital and Information Officer (from 30 September 2019)	65-70	-	-	20	85-90
Full Year Equivalent	130-135				
<b>Martin Low</b> Interim Director of ICT (to 12 September 2019)	45-50	-	-	-	45-50
Full Year Equivalent	100-105				
<b>James Gray<sup>2</sup></b> Chief Financial Officer; Interim Accountable Officer (from 14 June 2019 to 30 September 2019)	125-130	-	-	37	160-165
<b>Jude Helliker</b> Director of People & Development	120-125	-	-	70	190-195
<b>Tom McMahon</b> Director of Business Integration	115-120	-	-	33	145-150
<b>Neil Dickson</b> Director of Change <sup>3</sup> (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 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 2020, responsibility for the change portfolio was undertaken by Andrew Hendry, Chief Digital and Information Officer.

In addition to those listed above, ten (2019-20: ten) Assistant Chief Constables are also part of the wider Force Executive but report directly into the Deputy Chief Constables above, who, along with the Chief Constable, the Deputy Chief Officer and Directors, are the main decision-makers.

#### Pension values (as at 31 March 2021)

Name	Accrued pension at 31 March 2021 £'000	Accrued lump sum at 31 March 2021 £'000	Real increase in pension* £'000	Real increase in lump sum* £'000	CETV as at 31 March 2020 £'000	CETV as at 31 March 2021 £'000	Real increase in CETV 2020-21* £'000
Iain Livingstone QPM	135-140	-	5-7.5	-	3,105	3,222	53
Fiona Taylor QPM	5-10	-	2.5-5	-	74	120	21
William Kerr OBE <sup>1</sup>	120-125	-	-	-	2,989	2,956	-
Malcolm Graham <sup>2</sup>	80-85	-	5-7.5	-	1,169	1,290	85
David Page	10-15	-	0-2.5	-	190	206	-
Andrew Hendry	0-5	-	2.5-5	-	12	36	10
Martin Low <sup>3</sup>	-	-	-	-	843	-	-
James Gray	10-15	-	2.5-5	-	113	145	18
Jude Helliker	60-65	-	2.5-5	-	793	882	69
Tom McMahon	10-15	-	0-2.5	-	129	161	19
Neil Dickson <sup>4</sup>	-	-	-	-	62	-	-

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

1 William Kerr opted out of the pension scheme on 31 October 2019. The accrued pension and CETVs shown are as at the date of opting out.

2 Malcolm Graham was promoted to Deputy Chief Constable on 27 May 2019. The accrued pension and CETV shown are at 31 March 2020 and as at 31 March 2021.

3 Martin Low, who was interim Director of ICT, stepped down from that senior position on 12 September 2019 and as such, his accrued pension and CETV shown are as at the date of leaving.

4 Neil Dickson resigned on 2 January 2020. The accrued pension and CETV shown are at 31 March 2019 and as at the date of leaving.

#### Median and fair pay (audited)

The Authority is required to disclose the relationship between the remuneration of the highest-paid employee and the median remuneration of the workforce.

The highest paid current employee of the organisation was the Chief Constable. His annualised remuneration before pension benefits falls within the banding £225,000-£230,000 (2019-20: banding £225,000-£230,000). The midpoint of this banding is £227,500, which is 5.6 times higher than the median remuneration of £40,878 paid to police officers and staff (2019-20: 5.7 times higher than median (restated from 5.6 when using banding midpoint), with a median remuneration of £40,068)

Remuneration for the year ranged from £19,798 to an upper banding of £225,000 - £230,000 (2019-20: £19,221 to an upper banding of £225,000-£230,000).

## STAFF REPORT

## Staff analysis by gender (audited)

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

Category of staff	As at 31 March 2021				As at 31 March 2020			
	Male	Female	%*	Total	Male	Female	%*	Total
Board members	5	5	50	10	6	5	45	11
SPA Senior Management Group <sup>1</sup>	2	1	33	3	3	1	25	4
Police Scotland Force Executive	7	2	22	9	7	2	22	9
SPA & Police Scotland staff	2,282	3,866	63	6,148	2,246	3,813	63	6,059
Agency staff <sup>2</sup>	19	10	34	29	17	17	50	34
Police officers	11,814	5,737	33	17,551	11,991	5,712	32	17,703
Special Constables	318	143	31	461	353	167	32	520
<b>Total</b>	<b>14,447</b>	<b>9,764</b>	<b>40</b>	<b>24,211</b>	<b>14,623</b>	<b>9,717</b>	<b>40</b>	<b>24,340</b>

\* indicates the percentage of females for each category of staff

<sup>1</sup> One staff member currently on secondment

<sup>2</sup> 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)

2020-21	Board members £'000	Staff £'000	Officers £'000	Agency staff £'000	Total £'000
Wages and salaries	270	198,979	722,957	2,830	925,036
Social security costs	25	19,826	78,129	-	97,980
Pension costs	-	39,654	16,695	-	56,349
	<b>295</b>	<b>258,459</b>	<b>817,781</b>	<b>2,830</b>	<b>1,079,365</b>
IAS19 pension adj. (note 23)	-	26,277	145,900	-	172,177
	<b>295</b>	<b>284,736</b>	<b>963,681</b>	<b>2,830</b>	<b>1,251,542</b>

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
	<b>294</b>	<b>228,218</b>	<b>818,778</b>	<b>2,636</b>	<b>1,049,926</b>
IAS19 pension adj. (note 23)	-	37,276	(43,300)	-	(6,024)
	<b>294</b>	<b>265,494</b>	<b>775,478</b>	<b>2,636</b>	<b>1,043,902</b>

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 £304,883 (2019-20: £320,301) 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 five officers (2019-20: 12) and four staff members (2019-20: four) who died during the year. There were also 42 officers (2019-20: 70), and 18 members of staff (2019-20: 23) 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 Authority voluntary redundancy and voluntary early retirement (VR/VER) schemes until 31 March 2021. 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	2020-21 Total Employees	2019-20 Total Employees
<£10,000	7	1
£10,000 - £25,000	11	2
£25,000 - £50,000	8	2
£50,000 - £100,000	10	4
£100,000 - £150,000	4	1
£150,000 - £200,000	3	1
£200,000 - £250,000	1	-
<b>Total number of exit packages</b>	<b>44</b>	<b>11</b>

	£'000	£'000
<b>Total costs of agreed departures during the year</b>	<b>2,439</b>	<b>660</b>

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 Board and approved 44 releases during 2020-21 (2019-20: 11).

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 eight financial settlements were entered into with five employees in the £0-£10,000 range and three employees in the £10,000-£25,000 (2019-20: six in total). 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 Authority and Police Scotland combined, shown as a percentage of days available, are as follows:

	Short term	Long term	2020-21 Total	Short term	Long term	2019-20 Total
Staff	2.7%	3.7%	6.4%	3.0%	3.4%	6.4%
Officers	2.5%	2.7%	5.2%	2.2%	2.7%	4.9%

## Agency and consultancy fees (audited)

In addition, staff paid through an agency disclosed in total staff costs above was £2.83 million (2019-20: £2.64m), there was an additional £0.93 million (2019-20: £1.46m) 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	2020-21	2019-20
1	Employees identified as union officials (and full time equivalent)	42 (40.3)	43 (41.6)
2	Proportion of working time spent on facility time (no. of employees)		
	2a 0% of working time	17	3
	2b 1-50% of working time	13	29
	2c 51-99% of working time	1	1
	2d 100% of working time	11	10
3	%age of pay bill spent on facility time <sup>a</sup>	0.05	0.05
4	%age of time spent on trade union activities <sup>b</sup>	9	8

<sup>a</sup> Calculated as: Total cost of facility time ÷ Total pay bill.

<sup>b</sup> Calculated as: Total hours spent on trade union activities by relevant union officials during the relevant period ÷ Total paid facility hours.

Full 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.

## Staff turnover

Staff turnover percentage includes all officers and staff employed. For a given period, the turnover figure is calculated as the number of leavers within that period divided by the average of staff in post over the period.

	2020-21	2019-20
Staff turnover percentage	4.3%	5.6%

## Employee relations

This year has presented Police Scotland with an array of new challenges. COVID-19 resulted in the organisation requiring to enable homeworking for groups of the workforce. A significant roll out of ICT equipment took place and this was prioritised based on essential business need, sustaining continuity of services and managing the risks associated with maintaining a safe working environment.

In order to ensure that our people were kept updated we deployed existing communication channels including the SPA and Police Scotland intranet, The Beat magazine, internal marketing campaigns such as video messages, posters and booklets. In addition, we launched an online Line Managers' Toolkit shared regularly to keep managers up to date and enable them to respond to people challenges during a dynamically changing environment. This has proved to be popular and allows the organisation to focus on what managers need to know to support their people. The ability to get information to front line supervisors was essential in our response to the pandemic.

A further response to ensuring that our people were supported was the moving of the absence line into People and Development, where the recording of pandemic information to support service delivery was vital. People Direct staff enabled the delivery of a seven days per week telephone support services, and this model has been welcomed and well used by the service. An outbreak management team was also created allowing the service to respond rapidly to any positive tests identified in the workforce and ensuring that the safety of our people was embedded at the heart of our response.

The Staff Associations, Trade Unions and Diversity Staff Associations have actively engaged with the service to support the response and ensure that the vital service to the public was protected, while ensuring the wellbeing and safety of staff and officers was prioritised.

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 new line managers' toolkit was able to link to relevant sources so that managers were directed to further information as required. In addition to this products like homeworking guidance were created to support the new ways of working that our people were undertaking. A Smarter Working Group was set up to look at our working practices, consider organisational learning and to develop and shape our future working models.

Police Scotland launched an extensive wellbeing and engagement survey - Your Voice Matters - in March 2021. The survey content was developed by Durham University Business School, and has been used extensively across UK police forces in recent years.

Results from the survey will be available during 2021-22, and will be cascaded throughout the organisation. The results will enable better understanding of the lived experience of our people and respond where action is required. The Police Scotland People & Professionalism Management Board will act as the strategic oversight forum that will track, monitor and initiate targeted responses / action planning to ensure progress is sustained, visible and widely communicated. Local activity will be identified and enabled through people plans and monitored through people boards. This approach will drive progress and provide forums to share best practice, organisational learning and involve our people in the co-creation of solutions.

Additionally, our results will inform organisational priorities and investment decisions for 2022/23, the next iteration of the People Strategy and potentially further research projects.

The Staff Pay Reward Modernisation project reached appeals stage during this financial year and the team were challenged with the requirement to re-plan and respond to the requirements of the pandemic. The planned face to face appeals could no longer take place, and through the support of ICT, technology was quickly deployed to ensure that appeals could continue on a virtual platform.

### Equality & diversity

Through the pandemic period new challenges arose. A risk assessment that allowed factors of vulnerability, particularly for those from under-represented groups was developed. This included colleagues from minority ethnic communities, pregnant women, shielders and those with caring responsibilities.

Engagement continued to take place throughout the pandemic with diversity staff associations, who contributed actively in support of workforce challenges and solutions. An Equality, Diversity and Inclusion Framework was created in collaboration with diversity staff associations. Planned engagement through Black History Month with BME members of the workforce allowed the organisation to develop an action plan to support inclusion. This approach was welcomed by those involved, and this active engagement model has been welcomed by others who feel that this will support a deeper understanding of barriers and by extension the sort of activity that can be undertaken to support a more inclusive working environment.

Public consultation and a number of workshops with internal stakeholders took place to support the development of new equality outcomes required to be published in the early part of 2021-22.

Our focus remains enabling our workforce understanding of the value that inclusion brings to both our communities and workplace, and ensuring that our outcomes are embedded across Police Scotland and the Authority.

### Health & safety

Police Scotland Health & Safety Advisors have continuously been assisting and responding to the threat from COVID-19 since January 2020. Members of the team have previously dealt with influenza type viruses which posed a threat to Scotland, although in these instances the viruses were controlled prior to becoming a pandemic. The team, therefore, had experience to draw on and a starting point for our policing specific risk assessment. As well as working closely with colleagues in our own Emergency, Events and Resilience Planning the team also linked with the National Police Chiefs Council (NPCC) and safety advisors in other forces.

They quickly had a proportionate risk assessment specific to policing and it reflected that officers and staff would require to wear the following personal protective equipment (PPE) when they were dealing with a suspected or confirmed case of COVID-19:

- Disposable one-piece protective suit (EN14126 standard) – sized for the individual;
- Pair of goggles;
- Disposable face respirator (to FFP3 standard) – make and model face fitted and fit tested for individual;
- Long-cuff nitrile disposable gloves; and
- Over-boots or the ability to dip boots in cleaning agent

The team also provided type IIR Fluid Resistant Surgical Masks for officers and staff to assist them in physical distancing when working with colleagues and when coming into contact with the public.

It would be fair to say that COVID-19 significantly changed the way that the Team work with many staff having to work remotely. The team created a Health & Safety Group, with representation from all parts of the organisation, which initially met daily. Police Scotland also created a specialist logistics team to source, manage and distribute PPE as well as carry out face fitting for officers and staff. At the time of writing Police Scotland has face fitted over 16,500 police officers and police staff, allowing them to wear FFP3 face masks. This has been a major achievement.

Safety advisors took advice and guidance in relation to COVID-19 from Health Protection Scotland, the NPCC, the Association of Police Health and Safety Advisors and the Health & Safety Executive. Everything that the team learned from these organisations was used to develop our policing specific risk assessment which was updated regularly along with a comprehensive suite of guidance documents. Health Protection Scotland also worked with us to develop an SBAR (Situation, Background, Assessment & Recommendation) document, providing further information to feed into the risk assessment process.

It is important to highlight that a lot of very positive work has taken place in conjunction with the Scottish Police Federation, Unison and Unite and a series of visits to ensure that physical distancing was being adhered to across Scotland was launched on 20 April 2020.

These were mainly positive and further visits were carried out in conjunction with Unison to look at Forensic Services premises.

In addition to work relating to COVID-19 we have continued to cover business as usual including our programme of national custody audits which link in with the Staff Associations and Trade Unions along with Estates colleagues.

On 12 August 2020 safety advisors were called to assist at the train derailment at Stonehaven and this proved to be one of the most technically complex incidents that we have ever attended. Safety Advisors supported the operation on site for five weeks.

The Health & Safety Team also spent time working with armed policing colleagues, looking at their equipment and normal PPE and how that interacts with the COVID-19 PPE. They are the only area of policing that Police Scotland allow to wear their normal PPE overtly and on top of the COVID-19 protective clothing. This means that if their body armour is contaminated then it requires to be bagged and sealed at the locus, returned to the office and held for 72 hours prior to cleaning.

In the middle of the pandemic safety advisors were asked to assist with Operation Elchee, which was the policing of the Black Lives Matter protests. The team devised a risk assessed public order approach which required a COVID-19 overlay. This was the first time that Police Scotland had ever required its officers to wear any form of respiratory protection in a public order arena.

In addition to the day-to-day work within the organisation, the Health & Safety Manager was contacted by law enforcement in North America with a request for assistance with details of our approach based on the fact that the United Kingdom were approximately two weeks ahead of them. Advice and guidance have also been provided to Mountain Rescue in respect of PPE and when this should be used.

Below are the accident statistics for the year.

<sup>1</sup> Please note a significant increase in accident reporting which is mainly due to COVID-19. There was also an increase in accident reporting in March due to a campaign to encourage police officers and staff to report incidents.

Accident type	2020-21 <sup>2</sup>	2019-20 <sup>3</sup>	% Increase / (Decrease) <sup>1</sup>
Injuries due to assault	3,244	2,644	23%
Exposure to hazardous substance	2,819	117	2309%
Injuries during arrest	714	791	(10%)
Other incidents	539	608	(11%)
Slips, trips and falls	336	262	28%
RTC injuries	158	174	(9%)
Manual handling	107	90	19%
Contact with animal	80	78	3%
Needlestick injury	26	27	(4%)
Unknown	6	-	-
Training accidents	1	107	(99%)
<b>Total</b>	<b>8,030</b>	<b>4,898</b>	<b>64%</b>
RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995) Reports	310	182	70%

<sup>2</sup> 2020-21 draft figures

<sup>3</sup> 2019-20 final figures

## Health & wellbeing

The Police Scotland People Strategy 2018-2021 enables the delivery of the overarching 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 (EAP) are provided by Optima Health.

	2020-21	2019-20	% Increase / (Decrease)
Occupational Health Referrals	2,784	3,716	(25%)
Employee Assistance Programme (EAP)	1,851	2,449	(24%)

Occupational Health management referrals have been on a downward trend compared to last year with the greatest variance observed in Q1. COVID-19 has impacted the way service is delivered with telephone conferences becoming the norm and face to face consultations suspended meantime.

The number of EAP contacts has decreased by 24% on last year. Analysis shows usage is predominantly personal (74%) as opposed to work related (26%). Mental health is at the top of

the list of reasons for those engaging with services relating to their personal life and work based stress was most common for those engaging for issues relating to the workplace. This decrease could be attributed to the mental wellbeing programme designed to give personal resilience tools equally applicable at home or at work.

Psychological disorders are ranked the second highest reason for absence for both officers and staff, with respiratory illness being the top. 2020-21 has been a unique year and absence statistics have been directly affected by COVID-19. Work days lost between during the financial year are shown below.

Psychological absence (average working days lost)	2020-21	2019-20	Increase / (Decrease)
Police Officer	2.28	1.81	0.47
Police Staff	3.62	2.41	1.21

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 support has increased by 24% on last year.

	2020-21 <sup>1</sup>	2019-20 <sup>2</sup>	% Increase / (Decrease)
Number of requests for TRiM	348	281	24%

<sup>1</sup> 2020-21 draft figures

<sup>2</sup> 2019-20 final figures

The rise in requests could be attributed to an increase in awareness of this service due to increased promotion and a five day spotlight on TRiM in advance of this year's recruiting drive.

The Art of Resilience was offered to our people to assist them to build personal resilience. 509 officers and staff have attended a mixture of face to face seminars and webinars with very positive feedback received.

To make flu vaccinations more accessible to officers and staff across the organisation we allowed expenses redemption rather than operating a voucher scheme. Vouchers could only be redeemed at designated pharmacies whereas this method allowed the individual to visit any pharmacy and pay for the inoculation claiming back the money. Due to a global shortage of the vaccination, uptake was low, with £23,900 has being claimed through expenses. Taking the average cost at £10 per head this suggests around 2,390 inoculations were administered compared to 6,474 vouchers issued last year.

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. A champions forum is in place and CDP training scheduled to support the valuable work delivered by the volunteer cadre.

The Lifelines project continues with the aim of establishing a consistent approach to emergency services response in supporting those exposed to traumatic incidents. This proactive approach will complement TRiM and training is being piloted with the existing TRiM cadre and also in support of those working in certain roles within cyber crime and forensics.



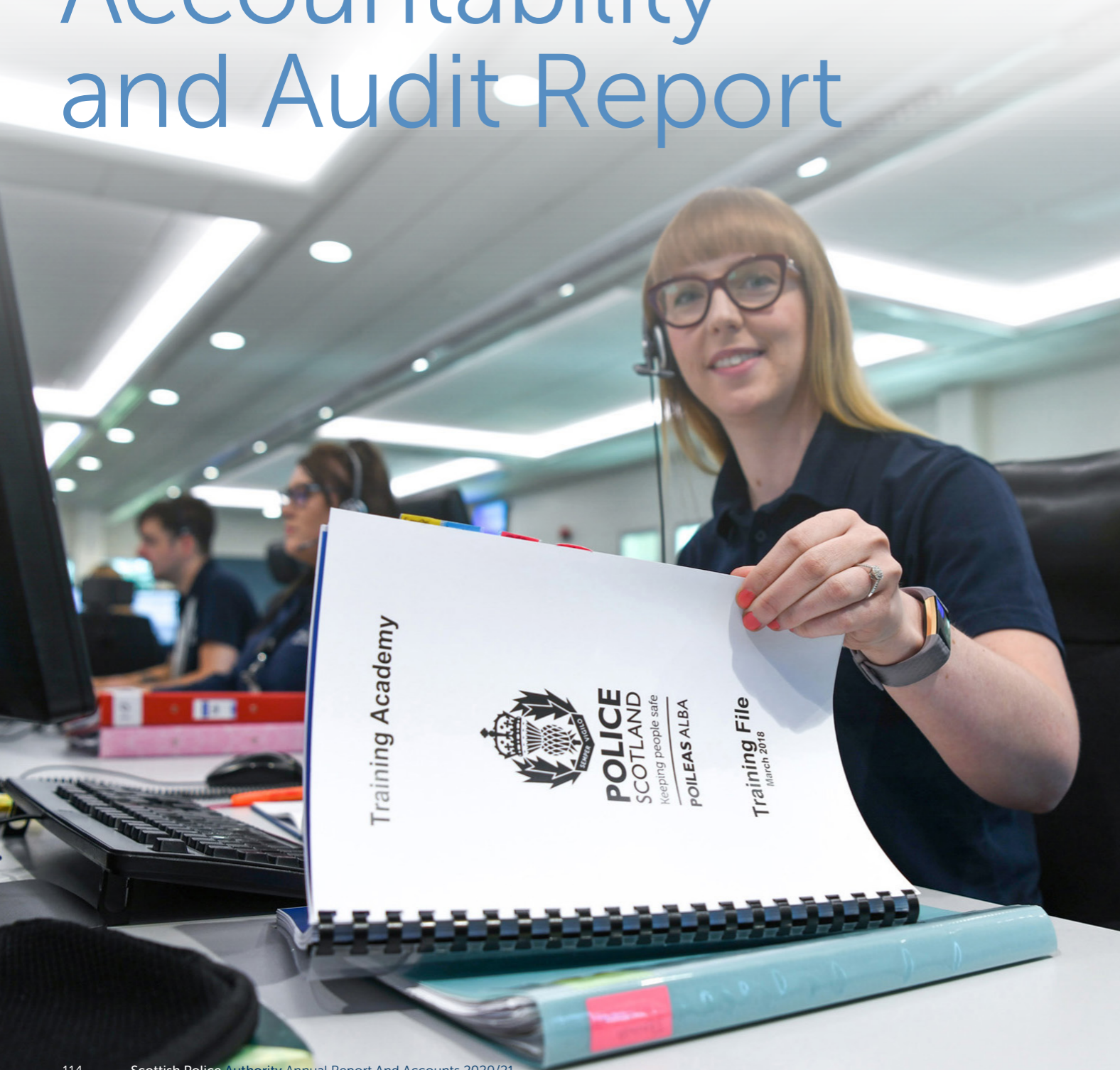
This tri-service collaborative approach will help officers and staff understand what keeps them well, the threats to their resilience in an emergency services role and how to access help should they need it.

### Mental Wellbeing Programme

Police Scotland and Eleos Partnership launched a mental wellbeing programme designed to build a more resilient workforce. Phase 1 was delivered from November – December 2020 and consisted of four modules delivered over 167 sessions. Phase 2 commenced in January and was a series of opt in short video bites with Phase 3 currently under development.



# Part 3 Parliamentary Accountability and Audit Report



## Overview

The Authority 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 Authority has delivered financial monitoring reports throughout the financial year, maintaining high level transparency of performance reporting regarding the funding streams available from the Scottish Government. This is 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	2020-21 Outturn	Funding vs Outturn	Funding	2019-20 Outturn	Funding vs Outturn
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue resource <sup>1</sup>	1,156,016	1,192,325	(36,309)	1,114,538	1,141,431	(26,893)
Revenue reform	25,000	22,500	2,500	24,000	23,967	33
<b>Total resource DEL<sup>2</sup></b>	<b>1,181,016</b>	<b>1,214,825</b>	<b>(33,809)</b>	<b>1,138,538</b>	<b>1,165,398</b>	<b>(26,860)</b>
Working capital (cash only) <sup>3</sup>	<b>36,000</b>	-	<b>36,000</b>	<b>32,945</b>	-	<b>32,945</b>
Capital resource <sup>1</sup>	45,389	57,738	(12,349)	35,821	35,585	236
Capital reform	4,600	4,600	-	4,600	4,600	-
Capital grant income	654	654	-	481	481	-
<b>Total capital DEL</b>	<b>50,643</b>	<b>62,992</b>	<b>(12,349)</b>	<b>40,902</b>	<b>40,666</b>	<b>236</b>
Capital receipts	<b>1,110</b>	<b>778</b>	<b>332</b>	<b>6,973</b>	<b>4,513</b>	<b>2,460</b>
<b>Resource under/ (over) spend</b>	<b>1,268,769</b>	<b>1,278,595</b>	<b>(9,826)</b>	<b>1,219,358</b>	<b>1,210,577</b>	<b>8,781</b>
<b>ODEL Funding – pre 2004-05 loan interest</b>	<b>3,809</b>	<b>3,726</b>	<b>83</b>	<b>3,640</b>	<b>3,640</b>	<b>-</b>
<b>Resource under/ (over) spend including ODEL</b>	<b>1,272,578</b>	<b>1,282,321</b>	<b>(9,743)</b>	<b>1,222,998</b>	<b>1,214,217</b>	<b>8,781</b>

<sup>1</sup> Resource funding provided through periodic Grant in Aid payments. See also note 26 to the Financial Statements.

<sup>2</sup> Departmental Expenditure Limit

<sup>3</sup> Cash funding related to the deficit position (as noted in the Financial Performance section of the Performance Analysis in the Annual Report, and also Note 26 to the Financial Statements).

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

	2020-21 £'000	2019-20 £'000
<b>Comprehensive net expenditure</b>	<b>1,784,288</b>	<b>1,710,392</b>
<b>Non-cash costs</b>		
Depreciation & amortisation	(44,497)	(41,173)
AME-funded impairments / revaluations	(3,043)	(19,594)
Impairment of bad debt	11	597
Capital grant Income	654	481
Pension fund interest	(359,211)	(490,895)
IAS19 pension adjustment	(172,177)	6,024
Provisions	4,161	(434)
Non-current asset adjustment	4,189	-
<b>Total non-cash costs</b>	<b>(569,913)</b>	<b>(544,994)</b>
Exclusion of net income – COP26	450	-
<b>Comprehensive net expenditure attributed to revenue budgets</b>	<b>1,214,825</b>	<b>1,165,398</b>

Cash Grant in Aid funding from the Scottish Government is allocated each year to the Authority 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 2021 was £1.273 billion (2019-20: £1.223bn) representing a rise in resources of £50 million (4.1%). This compares to a rise of £35 million (2.9%) received in the 2019-20 financial year.

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

Scottish Government agreed an annual recurring cost of £941,250 (2019-20: £941,250) for the cost of SPPA's role as Scheme Manager of the Police Officers' Pension Scheme. This amount was deducted from the Authority's baseline budget in respect of the costs due to SPPA. Therefore this amount is not included within the cash Grant in Aid figure within the Annual Report & Accounts.

## Non-cash funding

Non-cash funding is allocated as follows:

- Ring-fenced DEL which comprises non-cash expenditure such as depreciation;

- 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; and
- Other non-cash resource funding received

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

	Note	2020-21 £'000	2019-20 £'000
Increase / (decrease) in AME provisions	22	(4,161)	434
IAS 19 pension adjustment in pension Interest for staff	23	4,811	6,795
IAS 19 pension adjustment in staff costs	23	26,277	37,276
AME funded impairments / revaluations	9	3,043	19,594
<b>Total AME expenditure</b>		<b>29,970</b>	<b>64,099</b>
<b>Total AME funding received</b>	26	<b>(54,900)</b>	<b>(35,000)</b>
<b>Total AME over / (under) spend</b>		<b>(24,930)</b>	<b>29,099</b>

### Statement of Resource Outturn – non-cash funding

	Note	2020-21 £'000	2019-20 £'000
Depreciation	9-11	44,497	41,173
Impairment loss	9	-	-
<b>Total non-cash expenditure</b>		<b>44,497</b>	<b>41,173</b>
<b>Total non-cash ring-fenced GiA received</b>	26	<b>(50,000)</b>	<b>(35,000)</b>
<b>Total non-cash resource funding received</b>	26	<b>(300)</b>	<b>-</b>
<b>Total non-cash over / (under) spend</b>		<b>(5,803)</b>	<b>6,173</b>

### 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. The Authority provided purchase ledger and payroll data for this exercise and data matches have been identified. 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 procedures.

### Losses, special payments and write-offs

Following reviews of overdue sales invoices, the Board approved the write offs of, firstly 464 invoices with a value of £220,812 and a subsequent 449 invoices with a value of £179,382; a total of £400,194 (2019-20: £418,461).

This review has also resulted in a decrease in the impairment for bad debts within trade receivables (note 15) to £51,817 (2018-19: £63,261).

In addition to the bad debt write off, obsolete stock (note 14) was also written off during 2020-21 with a total value of £143,794 (2019-20 £83,712).

Legal costs arising during the normal course of operations 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. Special severance payments made for employment tribunal claims outside the voluntary redundancy / voluntary early retirement (VR/VER) policy are as follows:

Special severance payments	2020-21	2019-20
Total number	8	6
Total amount paid	£67,579	£128,000
Max. amount paid	£25,000	£40,000
Min. amount paid	£600	£3,000
Median amount paid	£5,750	£18,750

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 approximately £110,000, and included donations to the Mountain Rescue Service of £63,000 (2019-20: £63,000), the University of Edinburgh for Save a Life for Scotland project of £20,000 (2019-20: £20,000), the Police Treatment Centre of £10,000 (2019-20: nil), the Scottish Police Memorial Trust of £5,000 (2019-20: £5,000) and the Police Arboretum Memorial Trust of £2,000 (2019-20: nil). 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 Authority's auditors are appointed by the Auditor General. Gillian Woolman, Audit Director at Audit Scotland has a three year appointment from 2019-20. The auditors were remunerated the sum of £206,310 (2019-20: £206,110) 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 Authority is 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 Authority aims to comply with the Government's Better Payment Practice Code. Unless otherwise stated in the contract, the service aims to pay within ten working days from either the receipt of goods or the presentation of a valid invoice, whichever is the later.

78% of supplier invoices were paid within the normal trading terms of 30 days (2019-20: 80%). The number of invoices taking longer than ten working days has decreased from 65% in 2019-20 to 44% in 2020-21. The trade creditor level as at 31 March 2021 was 14 days compared to 17 days in 2019-20.

**Lynn Brown OBE**  
**Chief Executive & Accountable Officer**  
**29 September 2021**

## 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

#### Reporting 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 2021 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 summary of significant 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 2020/21 Government Financial Reporting Manual (the 2020/21 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 2021 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 2020/21 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 our report. I was appointed by the Auditor General on 25 June 2020. The period of total uninterrupted appointment is two years. 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.

##### Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

**Risks of material misstatement**

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

**Responsibilities of the Accountable Officer for the financial statements**

As explained more fully in the Statement of 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

**Reporting 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. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, 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.

**Reporting on other requirements****Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report**

I have audited the parts of the Remuneration and Staff Report described as audited. 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.

**Statutory other information**

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

**Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement**

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  
29 September 2021

Audit Scotland  
4<sup>th</sup> 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



## Statement of Comprehensive Net Expenditure Year ended 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
<b>Expenditure</b>			
Staff costs	2	1,251,542	1,043,902
Other expenditure	4	157,104	157,640
		<b>1,408,646</b>	<b>1,201,542</b>
Depreciation & amortisation	9-11	44,497	41,173
<b>Operating expenditure</b>	2	<b>1,453,143</b>	<b>1,242,715</b>
<b>Income from activities</b>	3	<b>(36,092)</b>	<b>(48,224)</b>
<b>Net Expenditure before interest</b>		<b>1,417,051</b>	<b>1,194,491</b>
Loss on impairment of assets	9	3,043	19,594
<b>Interest payable</b>			
Pension fund interest	23	359,211	490,895
PFI interest		1,859	1,992
Finance lease interest		184	239
Loan and other Interest		2,940	3,181
		<b>364,194</b>	<b>496,307</b>
<b>Net expenditure</b>		<b>1,784,288</b>	<b>1,710,392</b>
<b>Other comprehensive expenditure</b>	Note	2020-21 £'000	2019-20 £'000
These items will not be reclassified to net expenditure			
Net (gain) / loss on revaluation reserve		(11,440)	14,202
Net (gain) / loss on revaluation of investment properties	10	(57)	(5,248)
IAS19 actuarial (gain) / loss	23	1,866,969	2,324,835
<b>Total other comprehensive (Gain) / Loss</b>		<b>1,855,472</b>	<b>2,333,789</b>
<b>Total Comprehensive Net Expenditure</b>		<b>3,639,760</b>	<b>4,044,181</b>

The notes on pages 131 to 187 form part of these accounts.

## Statement of Financial Position as at 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
<b>Non-current assets</b>			
Property, plant and equipment	9	508,723	480,589
Investment properties	10	13,969	13,739
Intangible assets	11	20,495	13,151
<b>Total non-current assets</b>		<b>543,187</b>	<b>507,479</b>
<b>Current assets</b>			
Cash and cash equivalents	13	11,263	14,158
Inventories	14	6,368	3,168
Trade and other receivables	15	43,801	39,114
Assets held for sale	16	2,661	2,682
<b>Total current assets</b>		<b>64,093</b>	<b>59,122</b>
<b>Total assets</b>		<b>607,280</b>	<b>566,601</b>
<b>Current liabilities</b>			
Trade and other payables	17	(138,013)	(120,821)
<b>Total current liabilities</b>		<b>(138,013)</b>	<b>(120,821)</b>
<b>Total assets less net current liabilities</b>		<b>469,267</b>	<b>445,780</b>
<b>Non-current liabilities</b>			
Finance lease liabilities	19	(1,576)	(2,500)
PFI liabilities	20	(12,604)	(13,909)
Long-term loan liabilities	21	(67,937)	(72,020)
Provisions	22	(20,819)	(24,980)
<b>Total non-current liabilities</b>		<b>(102,936)</b>	<b>(113,409)</b>
<b>Total net assets before pension liabilities</b>		<b>366,331</b>	<b>332,371</b>
<b>Pension liabilities</b>	23	<b>(22,163,313)</b>	<b>(19,764,956)</b>
<b>Assets less liabilities</b>		<b>(21,796,982)</b>	<b>(19,432,585)</b>
<b>Taxpayers' equity</b>			
General fund		248,124	225,604
Revaluation reserve		118,207	106,767
<b>Taxpayers' equity before pension liabilities</b>		<b>366,331</b>	<b>332,371</b>
<b>Pension Reserve</b>	23	<b>(22,163,313)</b>	<b>(19,764,956)</b>
<b>Total taxpayers' equity</b>		<b>(21,796,982)</b>	<b>(19,432,585)</b>

**Lynn Brown OBE**  
**Chief Executive and Accountable Officer**  
**29 September 2021 and Authorised for issue on 29 September 2021**

The notes on pages 131 to 187 form part of these accounts.

## Statement of Cash Flows - Year ended 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
<b>Cash flows from operating activities</b>			
Net deficit from operating activities		(1,784,288)	(1,710,392)
Adjustments for non-cash transactions	8	582,845	547,694
(Increase) / decrease in inventories	14	(3,200)	566
(Increase) / decrease in trade and other receivables	15	(4,687)	5,473
Increase / (decrease) in trade and other payables	17	17,576	(12,133)
(Decrease) / increase in provisions	22	(4,161)	434
<b>Net cash outflow from operating activities</b>		<b>(1,195,915)</b>	<b>(1,168,358)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(64,268)	(41,288)
Purchase of intangible assets	11	(4,195)	(2,441)
Proceeds of disposal of property, plant, equipment	9	1,110	6,973
<b>Net cash outflow from investing activities</b>		<b>(67,353)</b>	<b>(36,756)</b>
<b>Cash flows from financing activities</b>			
Grant in Aid from the Scottish Government	26	1,270,814	1,215,544
Payments to repay finance leases – interest		(184)	(239)
Payments to repay PFI agreements - interest		(1,859)	(1,992)
Payments to repay long-term loans - interest		(2,219)	(2,374)
Payments to repay finance leases - capital		(958)	(903)
Payment to repay PFI agreements – capital		(1,155)	(1,023)
Payments to repay long-term loans – capital		(4,066)	(3,887)
<b>Net financing</b>		<b>1,260,373</b>	<b>1,205,126</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	13	<b>(2,895)</b>	<b>12</b>
Cash / cash equivalents at the beginning of the year		14,158	14,146
<b>Cash / cash equivalents at the end of the year</b>	13	<b>11,263</b>	<b>14,158</b>

The notes on pages 131 to 187 form part of these accounts.

## Statement of Changes in Taxpayers' Equity - Year ended 31 March 2021

	Note	General Fund £'000	Pension £'000	Revaluation Reserve £'000	Total £'000
<b>Balance as at 31 March 2019</b>					
		<b>225,785</b>	<b>(16,955,250)</b>	<b>120,969</b>	<b>(16,608,496)</b>
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)
<b>Balance as at 31 March 2020</b>		<b>225,604</b>	<b>(19,764,956)</b>	<b>106,767</b>	<b>(19,432,585)</b>
Cash Grant in Aid	26	1,270,814	-	-	1,270,814
Net expenditure for the year		(1,252,900)	(531,388)	-	(1,784,288)
Revaluation gains and (losses)	9, 10 & 23	4,606	(1,866,969)	11,440	(1,850,923)
<b>Balance as at 31 March 2021</b>		<b>248,124</b>	<b>(22,163,313)</b>	<b>118,207</b>	<b>(21,796,982)</b>

The notes on pages 131 to 187 form part of these accounts.

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## 1. Statement of accounting policies

### Introduction

Accounting policies for the Authority are as detailed below at 1.1 to 1.25.

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 Scottish Public Finance Manual (SPFM), the 2020-21 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 Authority 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 2021.

### Police Pension Scheme

The Government Actuary's Department usually 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 2020. The other main assumptions are set out in the notes to the accounts.

The pension deficit will not be met from the Authority's sources of income, but will be met as it falls due by future Grant in Aid from the 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;	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.

The DCO portfolio encompasses the main Police Scotland Corporate Service functions including ICT, Change Management, Finance, Procurement, Fleet, Estates and Strategy and Analysis.

COP26 is also reported regularly.

## 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 Authority and the revenue can be reliably measured.

### Grant in Aid

The Authority is funded by the Scottish Government. Grant in Aid is received throughout the year and is intended to meet the 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 Authority'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 Authority 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 Authority 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 Authority, 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 Authority 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 Royal Institute of Chartered Surveyors (RICS) 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 IAS16 a componentisation policy has been adopted where appropriate. The Authority 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 review 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 the Authority'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 Authority, 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 Authority 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 Authority 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 Authority. 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 Authority, 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.

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

The Authority 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 Authority 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 Authority 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 Authority 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 Authority 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 Authority 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 Authority 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 Authority 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 Authority's other financial liabilities comprise trade and other payables in the balance sheet.

### Recognition and measurement

Financial liabilities are recognised when the Authority 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 Authority'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 Authority 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 service'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 Authority operates as part of the Scottish Government banking contract with Government Banking Service (GBS). GBS is a shared banking service for government departments. 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. The Authority 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 Authority 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 Authority 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

Officers and staff are members of two distinct types of pension scheme:

- **Police pension schemes for officers** (three versions currently comprise overall membership)
  - 1987 Police Pension Scheme (PPS)
  - 2006 New Police Pension Scheme (NPPS)
  - 2015 Career Average Earnings (CARE) Pension Scheme

The 1987 and 2006 pension schemes are unfunded defined benefit final salary schemes. The 2015 pension scheme is an unfunded defined benefit career average earnings scheme.

As unfunded schemes, there are no investment assets built up to meet the pension liabilities, and funding (from Scottish Government) has to be received to meet actual payments as they eventually fall due.

- **Local government pension schemes for staff**

These are defined benefit occupational schemes based on career average earnings. Assets and liabilities of the schemes are held separately from those of the Authority, 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 Authority. 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 Authority 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 Authority, 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 Authority 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 state that profit generated from chargeable gains, or commercial contract work undertaken by the Authority, will be chargeable to corporation tax.

### 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.

### Income 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.

## 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 Authority'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 2022 (for reporting in 2022/23 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.

The Authority 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 - £10 million. 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 Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Authority 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

2020-21	SPA Corporate	Forensic Services	Deputy Chief Officer	DCC Local Policing	DCC Crime & Operations	DCC People & Professionalism	Reform	COP26	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	3,026	29,955	87,133	675,600	204,072	58,213	19,074	2,292	1,079,365
<sup>1</sup> IAS 19 pension cost	-	-	172,177	-	-	-	-	-	172,177
<b><sup>2</sup>Total staff costs (2a)</b>	<b>3,026</b>	<b>29,955</b>	<b>259,310</b>	<b>675,600</b>	<b>204,072</b>	<b>58,213</b>	<b>19,074</b>	<b>2,292</b>	<b>1,251,542</b>
Other expenditure	1,641	5,230	100,069	15,329	28,561	9,777	3,427	1,421	165,455
<sup>1</sup> Legal & premises provisions	(281)	-	(2,532)	-	-	(5,538)	-	-	(8,351)
<b>Total other expenditure</b>	<b>1,360</b>	<b>5,230</b>	<b>97,537</b>	<b>15,329</b>	<b>28,561</b>	<b>4,239</b>	<b>3,427</b>	<b>1,421</b>	<b>157,104</b>
<sup>1</sup> Depreciation/amortisation	-	-	44,497	-	-	-	-	-	44,497
<b>Operating expenditure</b>	<b>4,386</b>	<b>35,185</b>	<b>401,344</b>	<b>690,929</b>	<b>232,633</b>	<b>62,452</b>	<b>22,501</b>	<b>3,713</b>	<b>1,453,143</b>
<b>Income from activities</b>	<b>(1,067)</b>	<b>(103)</b>	<b>(7,313)</b>	<b>(8,796)</b>	<b>(10,302)</b>	<b>(4,346)</b>	<b>(1)</b>	<b>(4,164)</b>	<b>(36,092)</b>
<b>Net expenditure before Interest</b>	<b>3,319</b>	<b>35,082</b>	<b>394,031</b>	<b>682,133</b>	<b>222,331</b>	<b>58,106</b>	<b>22,500</b>	<b>(451)</b>	<b>1,417,051</b>
<sup>1</sup> Impairment of assets	-	-	3,043	-	-	-	-	-	3,043
Interest payable	-	-	4,983	-	-	-	-	-	4,983
<sup>1</sup> IAS 19 pension interest	-	-	359,211	-	-	-	-	-	359,211
<b>Total interest payable</b>	<b>-</b>	<b>-</b>	<b>364,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>364,194</b>
<b>Total expenditure</b>	<b>3,319</b>	<b>35,082</b>	<b>761,268</b>	<b>682,133</b>	<b>222,331</b>	<b>58,106</b>	<b>22,500</b>	<b>(451)</b>	<b>1,784,288</b>

2019-20 restated <sup>3</sup>	SPA Corporate	Forensic Services	Deputy Chief Officer	DCC Local Policing	DCC Crime & Operations	DCC People & Professionalism	Reform	COP26	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	2,940	25,690	62,405	674,135	205,154	60,130	19,322	150	1,049,926
<sup>1</sup> IAS 19 pension cost	-	-	(6,024)	-	-	-	-	-	(6,024)
<b><sup>2</sup>Total staff costs (2a)</b>	<b>2,940</b>	<b>25,690</b>	<b>56,381</b>	<b>674,135</b>	<b>205,154</b>	<b>60,130</b>	<b>19,322</b>	<b>150</b>	<b>1,043,902</b>
Other expenditure	1,663	5,757	88,593	17,738	25,329	13,240	4,653	233	157,206
<sup>1</sup> Legal & premises provisions	(7)	-	(691)	-	-	1,132	-	-	434
<b>Total other expenditure</b>	<b>1,656</b>	<b>5,757</b>	<b>87,902</b>	<b>17,738</b>	<b>25,329</b>	<b>14,372</b>	<b>4,653</b>	<b>233</b>	<b>157,640</b>
<sup>1</sup> Depreciation/amortisation	-	-	41,173	-	-	-	-	-	41,173
<b>Operating expenditure</b>	<b>4,596</b>	<b>31,447</b>	<b>185,456</b>	<b>691,873</b>	<b>230,483</b>	<b>74,502</b>	<b>23,975</b>	<b>383</b>	<b>1,242,715</b>
<b>Income from activities</b>	<b>(981)</b>	<b>(70)</b>	<b>(9,618)</b>	<b>(15,072)</b>	<b>(17,997)</b>	<b>(4,478)</b>	<b>(8)</b>	<b>-</b>	<b>(48,224)</b>
<b>Net expenditure before Interest</b>	<b>3,615</b>	<b>31,377</b>	<b>175,838</b>	<b>676,801</b>	<b>212,486</b>	<b>70,024</b>	<b>23,967</b>	<b>383</b>	<b>1,194,491</b>
<sup>1</sup> Impairment of assets	-	-	19,594	-	-	-	-	-	19,594
Interest payable	-	-	5,412	-	-	-	-	-	5,412
<sup>1</sup> IAS 19 pension interest	-	-	490,895	-	-	-	-	-	490,895
<b>Total interest payable</b>	<b>-</b>	<b>-</b>	<b>496,307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>496,307</b>
<b>Total expenditure</b>	<b>3,615</b>	<b>31,377</b>	<b>691,739</b>	<b>676,801</b>	<b>212,486</b>	<b>70,024</b>	<b>23,967</b>	<b>383</b>	<b>1,710,392</b>

1 Denotes non-cash expenditure.

2 Details provided in the Total staff costs analysis in the Remuneration Report.

3 During 2020-21 Chief Officer portfolios were reviewed to ensure they were structured to effectively deliver our strategic aims and objectives, and altered as follows:

- Operational Change & Resilience was disclosed under Deputy Chief Officer, but this is now reallocated to DCC Local Policing.
- Supernumerary income and expenditure was disclosed under the DCC People & Professionalism portfolio, but this has now been reallocated to Deputy Chief Officer.
- Violence Reduction Unit income and expenditure has been reallocated from DCC Crime & Operations to DCC Local Policing.
- COP26 was previously disclosed under DCC Local Policing.

As a result of this and other minor changes across Chief Officer portfolios, the segmental analysis for 2019-20 has been restated taking into account transfers between the portfolios. Total expenditure is not altered for 2019-20 as a result of this segmental restatement.

**2a. Summary staff costs**

Total staff costs can also be summarised in the following way:

	Board members £'000	Staff £'000	Officers £'000	Agency staff £'000	Total £'000
<b>2020-21</b>	<b>295</b>	<b>284,736</b>	<b>963,681</b>	<b>2,830</b>	<b>1,251,542</b>
<b>2019-20</b>	<b>294</b>	<b>265,494</b>	<b>775,478</b>	<b>2,636</b>	<b>1,043,902</b>

**3. Other operating income**

	2020-21 £'000	2019-20 £'000
<b>Fees and charges (detailed below)</b>	14,788	27,309
Grant income received - external to GiA	18,663	15,651
Seconded police officers and staff	1,599	2,010
Insurance	151	74
Donations and sponsorship	7	38
Profit on disposal of assets	332	2,460
Interest received	1	4
Other income	551	678
	<b>36,092</b>	<b>48,224</b>

<b>Fees and charges – further detail</b>	2020-21 £'000	2019-20 £'000
Accident report fees	1,029	962
Aerials / masts income	4,459	3,961
Disclosure fees	1,675	1,511
International development income	-	841
Licences & certificates	1,030	1,105
Rental income	2,180	2,090
Police officer services – Events & concerts	20	1,093
Police officer services – Football matches	3	1,816
Police officer services – Airports	385	4,944
Police officer services – Abnormal load escorts	1,186	937
Police officer services – Operation Ailey	-	3,294
Police officer services – Other	282	1,192
Training / CPD income	214	358
Other	2,325	3,205
	<b>14,788</b>	<b>27,309</b>

As required by the fees and charges section of the SPFM, the Authority 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 Authority considers to be appropriate and consistent with the proper carrying out of police functions.

**4. Other operating expenditure**

	2020-21 £'000	2019-20 £'000
Animal costs	476	484
Catering costs	939	1,546
Clothing & uniform	3,377	3,417
Conference / meeting expenses	51	149
External consultancy	1,974	2,876
Equipment costs	39,250	27,168
Legal costs	5,324	6,612
National Crime Agency	5,212	5,212
Other fees & charges	2,370	2,997
Other non-pay costs	2,432	3,871
Premises costs	48,740	51,110
Printing, stationery & postage	2,147	2,502
Prison charges	1,885	722
Professional fees	546	479
Public relation costs	279	279
Public protection unit	234	226
Recruitment costs	150	155
Securing premises	264	411
Subscriptions	146	235
Supplies and services	3,902	3,449
Telecom and Airwave costs	13,773	14,343
Third party payments	4,345	6,975
Transport costs	18,929	22,409
Write off losses	359	13
	<b>157,104</b>	<b>157,640</b>

**5. Commitments under operating leases**

Total future minimum lease payments under operating leases are given in the table below:

2020-21	Land £'000	Buildings £'000	Other £'000	Total £'000
Not later than one year	264	855	2,191	3,310
Between one and five years	569	1,929	3,251	5,749
Later than five years	827	4,940	-	5,767
	<b>1,660</b>	<b>7,724</b>	<b>5,442</b>	<b>14,826</b>

2019-20 <sup>1</sup>	Land £'000	Buildings £'000	Other £'000	Total £'000
Not later than one year	232	803	1,974	3,009
Between one and five years	587	1,391	5,009	6,987
Later than five years	957	2,730	-	3,687
	<b>1,776</b>	<b>4,924</b>	<b>6,983</b>	<b>13,683</b>

1: Restated figures. Following further review of lease agreement details, buildings lease figures have been revised in line with more accurate application of operating leases definition.

Operating lease payments made during the year were as follows:

	2020-21 £'000	2019-20 £'000
Minimum lease payments <sup>1</sup>	3,298	3,245
Contingent rents	-	33
	<b>3,298</b>	<b>3,278</b>

1: Restated figure for 2019/20. Following further review of lease agreement details, buildings lease figures have been revised in line with more accurate application of operating leases definition.

## 6. Income from operating leases - buildings

Total future minimum lease payments due to the Authority under operating leases are given in the table below:

	2020-21 £'000	2019-20 <sup>1</sup> £'000
Within 12 months	309	309
2-5 years	639	710
Later than 5 years	1,752	1,898
	<b>2,700</b>	<b>2,917</b>

1: Figures restated following review of lease agreements in place.

Payments received by the Authority during the year were as follows:

	2020-21 £'000	2019-20 £'000
Minimum lease payments	377	402
	<b>377</b>	<b>402</b>

## 7. Corporation tax

The Authority 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 are taxed as trading profits. It is likely that in most years these services taken together will result in a neutral position, or a trading loss. A trading loss can be offset against total profits arising in the same period and carried forward for offset against future trading profits only.

Tax charges arising from chargeable gains arising on the disposal of property may also arise. This will depend on the scale and timing of any property disposals, year to year.

It is anticipated that for 2020-21, there will be sufficient trading and property losses, and other allowable deductions, to offset any expected level of chargeable gains and reduce the taxable profits to nil in the aggregate (2019-20: expected to be nil). This will ensure that no corporation tax

liability arises for the Authority. The full analysis and 2020-21 submission to HMRC will be completed in line with required deadlines in early 2022.

## 8. Adjustments to cash flows for non-cash items

	Note	2020-21 £'000	2019-20 '000
Depreciation of property, plant & equipment	9	40,384	36,862
Amortisation of intangible assets	11	4,113	4,311
Interest payable – PFI interest	20	1,859	1,992
Interest payable – finance lease	19	184	239
Interest payable – loan and other interest	21	2,206	2,285
IAS19 pension adjustment to staff costs	23	172,177	(6,024)
IAS19 interest on pension scheme obligations	23	359,211	490,895
Asset impairment	9	3,043	19,594
(Profit) on sale of property, plant & equipment	3	(332)	(2,460)
<b>Adjustments to non-cash costs</b>		<b>582,845</b>	<b>547,694</b>

## 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 Co-Location Disposal Lead and Senior Asset Manager. External valuers used were Graham & Sibbald 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 2021, 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 £11.08million (2019-20: Decrease of £29.1m) and a net decrease of £101k in Assets Held for Sale (2019-20: Decrease of £105k) per note 16.

The table below shows a summary of the impact of revaluations on the revaluation reserve and statement of comprehensive net expenditure:

	Note	2020-21			2019-20		
		up £'000	down £'000	net £'000	up £'000	down £'000	net £'000
PPE	9	24,922	(11,925)	12,997	6,609	(35,752)	(29,143)
AHFS	16	-	(101)	(101)	-	(105)	(105)
Intangibles	11	-	-	-	-	-	-
		<b>24,922</b>	<b>(12,026)</b>	<b>12,896</b>	<b>6,609</b>	<b>(35,857)</b>	<b>(29,248)</b>

Revaluation reserve increase	24,922	-	24,922	6,609	-	6,609
Revaluation reserve utilised	-	(4,856)	(4,856)	-	(11,950)	(11,950)
Reversal of previous impairments	-	(4,127)	(4,127)	-	(4,313)	(4,313)
<b>Total revaluations gain</b>	<b>24,922</b>	<b>(8,983)</b>	<b>15,939</b>	<b>6,609</b>	<b>(16,263)</b>	<b>(9,654)</b>
AME funded impairments / downward revaluations	-	(3,043)	(3,043)	-	(19,594)	(19,594)
<b>Total revaluations loss</b>	<b>-</b>	<b>(3,043)</b>	<b>(3,043)</b>	<b>-</b>	<b>(19,594)</b>	<b>(19,594)</b>
	<b>24,922</b>	<b>(12,026)</b>	<b>12,896</b>	<b>6,609</b>	<b>(35,857)</b>	<b>(29,248)</b>

A number of properties with downward revaluations had revaluation reserves, resulting in £4.9 million (2019-20: £11.9m) being charged against the revaluation reserve. There were nine (2019-20: 20) properties where there was a reversal of the previous impairment charge which amounted to £4.1 million (2019-20: £4.3m).

The overall remainder of the impact of the revaluation process resulted in a charge of £3.0 million (2019-20: £19.6m) to the Annually Managed Expenditure budget (AME).

No properties (2019-20: 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 (2019-20: nil) charged to the non-cash Departmental Expenditure Limit (DEL).

The net book value of disposals was £0.8 million (2019-20: £4.5m) which together with the profit on disposal of assets of £0.3 million (2019-20: £2.5m profit) per note 3 results in a total cash proceeds on disposal of property, plant and equipment of £1.1 million (2019-20: £7.0m).

Details of the finance leases and PFI contracts, related to assets, as at 31 March 2021 are held within notes 19 and 20 respectively.

There are no properties marked as vacant / surplus (2019-20: 3) 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

2020-21	*Land & Buildings £'000	Dwellings £'000	IT £'000	Plant & Machinery £'000	Furniture & Fittings £'000	**Motor Vehicles £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation:</b>								
As at 1 April 2020	435,848	6,828	114,968	38,196	5,129	66,329	13,105	680,403
Additions	12,057	165	11,456	5,819	459	17,761	16,097	63,814
Disposals	(1)	-	(1,448)	(2,332)	-	(3,319)	(1)	(7,101)
Revaluation	3,116	(12)	-	-	-	-	-	3,104
Impairment	-	-	-	-	-	-	-	-
Reclassification	241	(181)	53	178	-	53	(8,541)	(8,197)
<b>As at 31 March 2021</b>	<b>451,261</b>	<b>6,800</b>	<b>125,029</b>	<b>41,861</b>	<b>5,588</b>	<b>80,824</b>	<b>20,660</b>	<b>732,023</b>
<b>Depreciation:</b>								
As at 1 April 2020	43,394	511	77,622	26,147	3,830	48,310	-	199,814
Charged in year	17,907	288	13,415	2,144	258	6,372	-	40,384
Depreciation on disposals	-	-	(1,448)	(2,294)	-	(3,263)	-	(7,005)
Depreciation on revaluation	(9,848)	(45)	-	-	-	-	-	(9,893)
Depreciation on impairment	-	-	-	-	-	-	-	-
Depreciation on reclassification	-	-	-	-	-	-	-	-
<b>As at 31 March 2021</b>	<b>51,453</b>	<b>754</b>	<b>89,589</b>	<b>25,997</b>	<b>4,088</b>	<b>51,419</b>	<b>-</b>	<b>223,300</b>
<b>NBV as at 31 March 2021</b>	<b>399,808</b>	<b>6,046</b>	<b>35,440</b>	<b>15,864</b>	<b>1,500</b>	<b>29,405</b>	<b>20,660</b>	<b>508,723</b>

## Summary of revaluations and impairments

2020-21	*Land & Buildings £'000	Dwellings £'000	IT £'000	Plant & Machinery £'000	Furniture & Fittings £'000	**Motor Vehicles £'000	Assets Under Construction £'000	Total £'000
<b>Revaluations:</b>								
Revaluation on cost	3,116	(12)	-	-	-	-	-	3,104
Revaluation on depreciation	9,848	45	-	-	-	-	-	9,893
<b>Total revaluation</b>	<b>12,964</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,997</b>
<b>Depreciation:</b>								
Impairment on cost	-	-	-	-	-	-	-	-
Impairment on depreciation	-	-	-	-	-	-	-	-
<b>Total impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net impact on NBV as at 31 March 2021</b>	<b>12,964</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,997</b>

\*Land and buildings include one building financed by PFI with a current NBV £11.7 million (2019-20: £12.2m), six buildings utilised via finance leases with a current NBV £1.5 million (2019-20: £2.1m) and capitalised dilapidation provisions with a current NBV £4.3 million (2019-20: nil).

\*\*Safety Camera Partnership vans, funded by Transport Scotland, currently have a NBV of £219k (2019-20: £203k).

Loaned assets do not form part of the note above, and have a value of £16k (2019-20: £16k).



### Summary of Reclassifications 2020-21

2020-21 Reporting Category	Note in Financial Statements	Transfers into Group £'000	Transfers out of Group £'000	Total £'000
<b>Cost</b>				
Assets Held for Sale	16	936	(174)	762
Assets Under Construction	9	0	(8,541)	(8,541)
Buildings	9	995	(537)	458
Intangibles	11	7,262	0	7,262
Investment properties	10	173	0	173
IT Hardware	9	53	0	53
Land	9	0	(217)	(217)
Motor Vehicles	9	53	0	53
Plant & Machinery	9	178	0	178
Dwellings	9	0	(181)	(181)
<b>Cost Total</b>		<b>9,650</b>	<b>(9,650)</b>	<b>0</b>
<b>Depreciation</b> <i>No adjustment due to reclassification in 2020-21</i>		0	0	0
<b>Depreciation Total</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Net impact on NBV as at 31 March 2021</b>		<b>9,650</b>	<b>(9,650)</b>	<b>0</b>

## 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
<b>Cost or valuation:</b>								
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)
<b>As at 31 March 2020</b>	<b>435,848</b>	<b>6,828</b>	<b>114,968</b>	<b>38,196</b>	<b>5,129</b>	<b>66,329</b>	<b>13,105</b>	<b>680,403</b>
<b>Depreciation:</b>								
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
<b>As at 31 March 2020</b>	<b>43,394</b>	<b>511</b>	<b>77,622</b>	<b>26,147</b>	<b>3,830</b>	<b>48,310</b>	<b>-</b>	<b>199,814</b>
<b>NBV as at 31 March 2020</b>	<b>392,454</b>	<b>6,317</b>	<b>37,346</b>	<b>12,049</b>	<b>1,299</b>	<b>18,019</b>	<b>13,105</b>	<b>480,589</b>

## 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
<b>Revaluations:</b>								
Revaluation on cost	(43,426)	82	-	-	-	-	-	(43,344)
Revaluation on depreciation	14,081	120	-	-	-	-	-	14,201
<b>Total revaluation</b>	<b>(29,345)</b>	<b>202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,143)</b>
<b>Depreciation:</b>								
Impairment on cost	-	-	-	-	-	-	-	-
Impairment on depreciation	-	-	-	-	-	-	-	-
<b>Total impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net impact on NBV as at 31 March 2020</b>	<b>(29,345)</b>	<b>202</b>						<b>(29,143)</b>

\*Land and buildings include one building financed by PFI with a current NBV £12.2 million (2018-19 £12.8m) and six buildings utilised via finance leases with a current NBV £2.1 million (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).

## Summary of reclassifications 2019-20

2019-20 Reporting Category	Note in Financial Statements	Transfers into Group £'000	Transfers out of Group £'000	Total £'000
<b>Net Cost</b>				
Assets Held for Sale	16	1250	0	1,250
Assets Under Construction	9	0	(8,049)	(8,049)
Buildings	9	1,690	(1,148)	542
Intangibles	11	4,125	(402)	3,723
Investment properties	10	21	0	21
IT Hardware	9	2,562	(148)	2,414
Land	9	0	(314)	(314)
Motor Vehicle	9	100	0	100
Plant & Machinery	9	129	0	129
Dwellings	9	267	(84)	183
<b>Cost Total</b>		<b>10,144</b>	<b>(10,145)</b>	<b>(1)</b>
<b>Depreciation</b>				
Intangibles		0	(29)	(29)
IT Hardware		29	0	29
<b>Depreciation Total</b>		<b>29</b>	<b>(29)</b>	<b>0</b>
<b>Net impact on NBV as at 31 March 2020</b>		<b>10,115</b>	<b>(10,116)</b>	<b>(1)</b>

## 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 2021. 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 2021 £'000	31 March 2020 £'000
<b>Valuation:</b>		
As at 1 April	13,739	8,473
Disposal	-	(3)
Gain from fair value adjustment	57	5,248
Reclassification	173	21
<b>Net Book Value as at 31 March</b>	<b>13,969</b>	<b>13,739</b>

	31 March 2021 £'000	31 March 2020 £'000
<b>Valuation Details:</b>		
Upward Revaluation	817	7,338
Downward Revaluation	(760)	(2,090)
<b>Net gain / (loss) on revaluation of Investment Properties</b>	<b>57</b>	<b>5,248</b>

## 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, and there were no revaluation movements.

	Software £'000	Licences £'000	Other £'000	2020-21 Total £'000	2019-20 Total £'000
<b>Cost:</b>					
As at 1 April	26,665	4,111	464	<b>31,240</b>	25,869
Disposals	(570)	-	-	<b>(570)</b>	(793)
Additions	384	3,811	-	<b>4,195</b>	2,441
Reclassification	84	7,178	-	<b>7,262</b>	3,723
<b>Cost as at 31 March</b>	<b>26,563</b>	<b>15,100</b>	<b>464</b>	<b>42,127</b>	<b>31,240</b>
<b>Amortisation:</b>					
As at 1 April	15,327	2,419	343	<b>18,089</b>	14,600
Charged in year	3,353	698	62	<b>4,113</b>	4,311
Disposals	(570)	-	-	<b>(570)</b>	(793)
Reclassification	-	-	-	-	(29)
<b>Amortisation as at 31 March</b>	<b>18,110</b>	<b>3,117</b>	<b>405</b>	<b>21,632</b>	<b>18,089</b>
<b>Net book value as at 31 March</b>	<b>8,453</b>	<b>11,983</b>	<b>59</b>	<b>20,495</b>	<b>13,151</b>

## 12. Heritage assets

The Authority 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 Authority 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

	2020-21 £'000	2019-20 £'000
Balance as at 1 April	14,158	14,146
Net change in cash and cash equivalent balance	(2,895)	12
<b>Balance as at 31 March</b>	<b>11,263</b>	<b>14,158</b>

The balances held as at 31 March were held as follows:	2020-21 £'000	2019-20 £'000
Balance within the Government Banking Service	8,236	9,557
Cash at commercial banks and cash in hand	1,518	1,098
<b>Total cash</b>	<b>9,754</b>	<b>10,655</b>
Cash held within warrant and confiscation accounts*	1,509	3,503
	<b>11,263</b>	<b>14,158</b>

\* This balance is held on behalf of third parties, with a corresponding creditor balance 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.

	2020-21 £'000	2019-20 £'000
Balance as at 1 April	3,168	3,734
Increase / (decrease) in inventories and stock during year*	3,200	(566)
<b>Balance as at 31 March</b>	<b>6,368</b>	<b>3,168</b>

\*Movement in inventories and stock balance is shown net of an obsolete stock write off of £144k (2019-20: £84k).

## 15. Trade and other receivables

(a) Analysis by type of receivable is as follows:	2020-21 £'000	2019-20 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables*	5,798	5,192
Other receivables	352	611
Prepayments and accrued income	24,571	22,502
VAT	13,080	10,809
<b>Total amounts falling due within one year</b>	<b>43,801</b>	<b>39,114</b>

(b) Analysis by category of customer is as follows:	2020-21 £'000	2019-20 £'000
<b>Amounts falling due within one year:</b>		
Balances with other central government bodies	19,268	13,670
Balances with local authorities	2,675	2,243
Balances with NHS bodies	157	74
<b>Intra-governmental balances</b>	<b>22,100</b>	<b>15,987</b>
Balances with bodies external to government	21,701	23,127
<b>Total amounts falling due within one year</b>	<b>43,801</b>	<b>39,114</b>

\*Trade receivables of £5.8 million (2019-20: £5.2m) are shown net of a provision for bad debts of £52k (2019-20: £63k).

## 16. Assets held for sale

	2020-21 £'000	2019-20 £'000
Balance brought forward as at 1 April	2,682	5,896
Reclassifications from property, plant and equipment	762	1,250
Revalued during the year	(101)	(105)
Reversal of impairments during the year	-	-
Assets sold	(682)	(4,359)
<b>Balance as at 31 March</b>	<b>2,661</b>	<b>2,682</b>

	31 March 2021 £'000	31 March 2020 £'000
<b>Valuation details:</b>		
Upward revaluation	-	-
Downward revaluation	(101)	(105)
<b>Net gain / (loss) on revaluation of Assets Held for Sale</b>	<b>(101)</b>	<b>(105)</b>

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:	2020-21 £'000	2019-20 £'000
<b>Amounts falling due within one year:</b>		
Other taxation and social security	24,292	23,939
Trade payables	4,088	7,557
Other payables*	1,919	4,064
Pension creditor (note 18)	11,780	16,120
Accruals and deferred Income	89,539	62,866
<b>Sub-total amounts falling due within one year</b>	<b>131,618</b>	<b>114,546</b>
Current component of finance leases	924	958
Current component of PFI agreements	1,305	1,155
Current component of long-term loans	4,166	4,162
<b>Total amounts falling due within one year</b>	<b>138,013</b>	<b>120,821</b>

	2020-21 £'000	2019-20 £'000
<b>Amounts falling due after more than one year:</b>		
Finance leases	1,576	2,500
PFI agreements	12,604	13,909
Long-term loans	67,937	72,020
<b>Total amounts falling due after more than one year</b>	<b>82,117</b>	<b>88,429</b>

\* £1.5 million (2019-20: £3.5m) 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:	2020-21 £'000	2019-20 £'000
<b>Amounts falling due within one year:</b>		
Balances with other central government bodies	46,769	57,793
Balances with local authorities	8,993	6,407
Balances with NHS bodies	75	397
<b>Intra-governmental balances</b>	<b>55,837</b>	<b>64,597</b>
Balances with bodies external to government	82,176	56,224
<b>Total amounts falling due within one year</b>	<b>138,013</b>	<b>120,821</b>

	2020-21 £'000	2019-20 £'000
<b>Amounts falling due after more than one year:</b>		
Balances with other central government bodies	2,418	2,418
Balances with local authorities	65,586	69,671
<b>Intra-governmental balances</b>	<b>68,004</b>	<b>72,089</b>
Balances with bodies external to government	14,113	16,340
<b>Total amounts falling due after more than one year</b>	<b>82,117</b>	<b>88,429</b>

## 18. Pension account

The Scottish Government requires the Authority 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 Authority 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 Authority, which takes into account the funding to meet the cost of the employer contributions.

	2020-21 £'000	2019-20 £'000
<b>Receivable:</b>		
Employer contributions	(190,563)	(184,977)
Officers' contributions	(87,240)	(85,056)
Other receivables	(4,008)	(5,439)
Transfer values received	(1,504)	(3,184)
<b>Total receivable</b>	<b>(283,315)</b>	<b>(278,656)</b>
<b>Payable:</b>		
Pensions	367,211	354,348
Refund & transfer values paid	4,807	2,052
Lump sum payments	79,702	111,224
<b>Total payable</b>	<b>451,720</b>	<b>467,624</b>
<b>Deficit before funding</b>	<b>168,405</b>	<b>188,968</b>
<b>Funding received from the Scottish Government:</b>		
Brought forward (surplus) / deficit	(16,120)	8,395
Police pension grant	(164,065)	(213,483)
<b>Carried forward (surplus) / deficit funding received</b>	<b>(11,780)</b>	<b>(16,120)</b>

## 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:

	2020-21 Buildings £'000	2019-20 Buildings £'000
Within 12 months	1,049	1,142
2-5 years	1,673	2,717
Over 5 years	82	87
<b>Future minimum lease payments</b>	<b>2,804</b>	<b>3,946</b>
<b>Less: interest element</b>	<b>(304)</b>	<b>(488)</b>
<b>Present value of obligations</b>	<b>2,500</b>	<b>3,458</b>

Present value of obligations under finance leases for the following periods comprise:

	2020-21 Buildings £'000	2019-20 Buildings £'000
Within 12 months	<b>924</b>	<b>958</b>
2-5 years	1,518	2,439
Over 5 years	58	61
	<b>1,576</b>	<b>2,500</b>
	<b>2,500</b>	<b>3,458</b>

The assets held under finance leases are recognised on the Statement of Financial Position and included within the land and buildings as follows:

	2020-21 £'000	2019-20 £'000
Cost brought forward as at 1 April	14,606	14,606
Aggregate depreciation brought forward as at 1 April	(12,463)	(11,857)
Depreciation during year	(606)	(606)
<b>Net book value as at 31 March</b>	<b>1,537</b>	<b>2,143</b>

## 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 Authority 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:

	2020-21				2019-20
	Capital Repayment £'000	Interest £'000	Service Charge £'000	Total £'000	Total £'000
Within 12 months	<b>1,305</b>	<b>1,709</b>	<b>1,735</b>	<b>4,749</b>	<b>4,699</b>
2-5 years	7,147	4,910	7,478	19,535	19,317
6-10 years	5,457	343	1,076	6,876	11,844
<b>Subtotal &gt; 1 year</b>	<b>12,604</b>	<b>5,253</b>	<b>8,554</b>	<b>26,411</b>	<b>31,161</b>
	<b>13,909</b>	<b>6,962</b>	<b>10,289</b>	<b>31,160</b>	<b>35,860</b>

The asset is recognised on the Statement of Financial Position and included within the land and buildings as follows:

	2020-21 £'000	2019-20 £'000
Cost brought forward as at 1 April	17,350	17,350
Aggregate depreciation brought forward as at 1 April	(5,118)	(4,597)
Depreciation during year	(521)	(521)
<b>Net book value as at 31 March</b>	<b>11,711</b>	<b>12,232</b>
<b>Revaluation reserve as at 31 March</b>	<b>242</b>	<b>274</b>

## 21. Long-term loans

	Capital repayment £'000	Interest £'000	Service charge £'000	Total £'000	2019-20 Total £'000
Within 12 months	<b>4,166</b>	<b>3,035</b>	<b>25</b>	<b>7,226</b>	<b>7,841</b>
2 - 5 years	16,666	10,148	80	26,894	30,145
6 - 15 years	31,581	15,493	129	47,203	51,682
16 - 25 years	12,997	5,102	74	18,173	22,045
26 - 35 years	3,813	2,542	40	6,395	6,889
36 - 45 years	2,880	215	5	3,100	3,810
<b>Subtotal &gt; 1 year</b>	<b>67,937</b>	<b>33,500</b>	<b>328</b>	<b>101,765</b>	<b>114,571</b>
<b>As at 31 March 2021</b>	<b>72,103</b>	<b>36,535</b>	<b>353</b>	<b>108,991</b>	<b>122,412</b>
<b>As at 31 March 2020</b>	<b>76,182</b>	<b>45,850</b>	<b>380</b>	<b>122,412</b>	

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	2020-21 Total £'000	2019-20 Total £'000
Opening balance as at 1 April	20,791	4,189	24,980	24,546
Provided in the year	2,582	2,271	4,853	6,346
Provisions not required written back	(6,426)	(102)	(6,528)	(2,953)
Provisions utilised in year	(1,974)	(482)	(2,456)	(2,930)
Change in discount rate	-	33	33	31
Unwinding of discount rate	-	(63)	(63)	(60)
<b>As at 31 March</b>	<b>14,973</b>	<b>5,846</b>	<b>20,819</b>	<b>24,980</b>

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 Authority provisions of £0.87 million (2019-20: £1.15m) and a provision of £14.10 million (2019-20: £19.64m) for Employers' Liability, Public Liability and Third Party Motor Liability within Police Scotland.

Other provisions relates to potential obligations under repairing leases. For these provisions, a discount factor (in this case, using Public Expenditure System (PES) rates) is applied to liability estimates, along with an adjustment for estimated inflation. Lease related dilapidations have variable time periods mostly in the range of one to ten years, with a small number beyond this timescale.

**23. IAS19 Pension liability – Summary reconciliation of all schemes including:**

- Police schemes (PPS, NPPS, 2015, Injury); and
- Local Government Pension Schemes

**(a) Reconciliation of pension liability**

	Ref	2020-21 Income and Expenditure analysis			2020-21 Statement of Financial Position	2019-20 Statement of Financial Position
		Actuarial Gain/(Loss)	Interest on pension scheme obligations	Staff costs	Total	Total
		£'000	£'000	£'000	£'000	£'000
<b>Opening position as at 1 April</b>	<b>A</b>				(19,764,956)	(16,955,250)
Actuarial gain/(loss) in year	<b>B</b>	(1,866,969)	-	-	(1,866,969)	(2,324,835)
Interest on obligation	<b>C</b>	-	(393,311)	-	(393,311)	(528,233)
Expected return on assets	<b>D</b>	-	34,100	-	34,100	37,338
Total service costs	<b>E</b>	-	-	(675,959)	(675,959)	(512,871)
Other movements	<b>F</b>	-	-	503,782	503,782	518,895
<b>As at 31 March 2021</b>		<b>(1,866,969)</b>	<b>(359,211)</b>	<b>(172,177)</b>	<b>(22,163,313)</b>	<b>(19,764,956)</b>
<b>As at 31 March 2020</b>		<b>(2,324,835)</b>	<b>(490,895)</b>	<b>6,024</b>		

The full non-cash adjustment for IAS19 disclosed within the Summary of Resource Outturn for the year ended 31 March 2021 is made of the following:

	2020-21			2019-20		
	Police Officers £'000	Staff £'000	Total £'000	Police Officers £'000	Staff £'000	Total £'000
Interest on obligations	354,400	4,811	359,211	484,100	6,795	490,895
Staff costs	145,900	26,277	172,177	(43,300)	37,276	(6,024)
<b>As at 31 March</b>	<b>500,300</b>	<b>31,088</b>	<b>531,388</b>	<b>440,800</b>	<b>44,071</b>	<b>484,871</b>



**(b) Change in the fair value of plan assets, defined benefit obligations and net liability**

Below shows the change in the fair value of plan assets, defined benefit obligation and net liability for all pension schemes combined:

		2020-21			2019-20		
	Ref	PPS, NPPS, 2015 & Injury (note 24) £'000	LGPS (note 25) £'000	Total net (liability)/asset £'000	PPS, NPPS, 2015 & Injury (note 24) £'000	LGPS (note 25) £'000	Total net (liability)/asset £'000
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)
<b>Opening position as at 1 April</b>	<b>A</b>	<b>(19,615,300)</b>	<b>(149,656)</b>	<b>(19,764,956)</b>	<b>(16,678,300)</b>	<b>(276,950)</b>	<b>(16,955,250)</b>
Current service cost		(612,600)	(62,581)	(675,181)	(514,400)	(72,472)	(586,872)
Past service cost (including curtailments)		-	(778)	(778)	74,600	(599)	74,001
<b>Total service cost</b>	<b>E</b>	<b>(612,600)</b>	<b>(63,359)</b>	<b>(675,959)</b>	<b>(439,800)</b>	<b>(73,071)</b>	<b>(512,871)</b>
Interest income on plan assets	<b>D</b>	-	34,100	34,100	-	37,338	37,338
Interest cost on defined benefit obligation	<b>C</b>	(354,400)	(38,911)	(393,311)	(484,100)	(44,133)	(528,233)
<b>Total net interest</b>		<b>(354,400)</b>	<b>(4,811)</b>	<b>(359,211)</b>	<b>(484,100)</b>	<b>(6,795)</b>	<b>(490,895)</b>
<b>Total defined benefit cost</b>		<b>(967,000)</b>	<b>(68,170)</b>	<b>(1,035,170)</b>	<b>(923,900)</b>	<b>(79,866)</b>	<b>(1,003,766)</b>

		2020-21			2019-20		
	Ref	PPS, NPPS, 2015 & Injury (note 24) £'000	LGPS (note 25) £'000	Total net (liability)/asset £'000	PPS, NPPS, 2015 & Injury (note 24) £'000	LGPS (note 25) £'000	Total net (liability)/asset £'000
Employer contributions		-	35,477	35,477	-	34,160	34,160
Net transfers in from other authorities		(1,800)	-	(1,800)	(3,500)	-	(3,500)
Net transfers out to other authorities and other payments to and on account of leavers		1,600	-	1,600	-	-	-
Contributions in respect of unfunded benefits		-	1,605	1,605	-	1,635	1,635
Pensions and lump sum expenditure		453,600	-	453,600	473,500	-	473,500
Injury award expenditure		13,300	-	13,300	13,100	-	13,100
Benefits paid		-	-	-	-	-	-
Unfunded benefits paid		-	-	-	-	-	-
<b>Other movements</b>	<b>F</b>	<b>466,700</b>	<b>37,082</b>	<b>503,782</b>	<b>483,100</b>	<b>35,795</b>	<b>518,895</b>
<b>Expected closing position</b>		<b>(20,115,600)</b>	<b>(180,744)</b>	<b>(20,296,344)</b>	<b>(17,119,100)</b>	<b>(321,021)</b>	<b>(17,440,121)</b>
Change in demographic assumptions		-	25,512	25,512	465,500	75,061	540,561
Change in financial assumptions		(1,825,000)	(513,150)	(2,338,150)	(3,111,600)	206,056	(2,905,544)
Other experience		217,100	(77,502)	139,598	149,900	(2,701)	147,199
Return on assets excluding net interest		-	306,071	306,071	-	(107,051)	(107,051)
Change in mortality assumptions		-	-	-	-	-	-
<b>Total re-measurements</b>	<b>B</b>	<b>(1,607,900)</b>	<b>(259,069)</b>	<b>(1,866,969)</b>	<b>(2,496,200)</b>	<b>171,365</b>	<b>(2,324,835)</b>
Fair value of employer assets		-	1,826,545	1,826,545	-	1,494,879	1,494,879
Present value of unfunded liabilities		(21,231,600)	(44,311)	(21,275,911)	(19,158,900)	(39,367)	(19,198,267)
Present value of funded liabilities		-	(2,222,047)	(2,222,047)	-	(1,605,168)	(1,605,168)
Present value of injury liabilities		(491,900)	-	(491,900)	(456,400)	-	(456,400)
<b>Closing position as at 31 March</b>		<b>(21,723,500)</b>	<b>(439,813)</b>	<b>(22,163,313)</b>	<b>(19,615,300)</b>	<b>(149,656)</b>	<b>(19,764,956)</b>

**24. Police Pension Schemes: PPS (1987); NPPS (2006); 2015 Scheme****(a) Financial and demographic assumptions in the valuation**

The valuation below, carried out by the Government Actuary's Department (GAD), has been based on the 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 the Authority and the SPPA (assessed by GAD for reasonableness) to enable the liability at 31 March 2021 to be assessed, based on the calculated liability as at 31 March 2016.

GAD have calculated scheme liability for police schemes by rolling forward the liabilities determined from full actuarial valuation calculations carried out as at 31 March 2016. Due to timing, the effect of the 2020 scheme revaluation was not accounted for as at 31 March 2021, and will be incorporated in the 2021-22 report. This approach is allowed for within HM Treasury guidance. GAD consider that it is reasonable to use data as at 31 March 2016 for the 2020-21 accounts and do not believe that rolling forward the pensions valuations for an additional year would materially impact the estimate of the financial position.

**Pay inflation**

Promotional salary scales have been set in accordance with the published police pay scales in line with the 2016 valuation, with short-term general pay increases calculated taking pay restraint into consideration until 2021-22.

Year	31 March 2021	31 March 2020
2015-16	n/a	n/a
2016-17	n/a	1% plus promotional scale
2017-18	n/a	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	3.72% 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 2021	31 March 2020
Pension increase rate	2.22%	2.35%
Long-term Salary increase rate	3.72%	4.10%
Short-term Salary increase rate	n/a	0.0%
Discount rate	1.25%	1.80%

**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 2021		31 March 2020	
	Males	Females	Males	Females
Current normal health pensioners	25.9 years	27.7 years	25.8 years	27.6 years
Future pensioners	27.7 years	29.3 years	27.6 years	29.3 years

**(b) Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	31 March 2021		31 March 2020	
	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)	(2,229,000)	(10.5)	(2,012,000)
1 year increase in member life expectancy	3.5	743,000	3.5	671,000
0.5% increase in salary increase rate	1.5	318,000	1.5	287,000
0.5% increase in the pensions increase rate (CPI)	8.0	1,699,000	8.0	1,533,000

The liability is very sensitive to the assumed discount rate and the pension increase rate. For 2020-21, the decrease in the nominal discount rate from 1.80% pa to 1.25% 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 2022 is estimated to be 108.2% (102.7% 2020-21) of pensionable salaries, with the injury benefit scheme's equivalent Current Service Cost being estimated at 2.16% (2.05% 2020-21).

**(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 the combined police pension schemes.

	2020-21 Net (liability) / asset			2019-20 Net (liability) / asset		
	PPS/NPPS/2015 £'000	Injury £'000	Total £'000	PPS/NPPS/2015 £'000	Injury £'000	Total £'000
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)
<b>Opening position as at 1 April</b>	<b>(19,158,900)</b>	<b>(456,400)</b>	<b>(19,615,300)</b>	<b>(16,298,400)</b>	<b>(379,900)</b>	<b>(16,678,300)</b>
Current service cost	(600,600)	(12,000)	(612,600)	(504,300)	(10,100)	(514,400)
Past service cost (including curtailments)	-	-	-	74,600	-	74,600
<b>Total service cost</b>	<b>(600,600)</b>	<b>(12,000)</b>	<b>(612,600)</b>	<b>(429,700)</b>	<b>(10,100)</b>	<b>(439,800)</b>
Interest income on plan assets	-	-	-	-	-	-
Interest cost on defined benefit obligation	(346,200)	(8,200)	(354,400)	(473,100)	(11,000)	(484,100)
<b>Total net interest</b>	<b>(346,200)</b>	<b>(8,200)</b>	<b>(354,400)</b>	<b>(473,100)</b>	<b>(11,000)</b>	<b>(484,100)</b>
<b>Total defined benefit cost</b>	<b>(946,800)</b>	<b>(20,200)</b>	<b>(967,000)</b>	<b>(902,800)</b>	<b>(21,100)</b>	<b>(923,900)</b>
Net transfers in from other authorities	(1,800)	-	(1,800)	(3,500)	-	(3,500)
Net transfers out to other authorities and other payments to and on account of leavers	1,600	-	1,600	-	-	-
Contributions in respect of injury benefits	-	-	-	-	-	-
Pensions and lump sum expenditure	453,600	13,300	466,900	473,500	13,100	486,600
<b>Other movements</b>	<b>453,400</b>	<b>13,300</b>	<b>466,700</b>	<b>470,000</b>	<b>13,100</b>	<b>483,100</b>
<b>Expected closing position</b>	<b>(19,652,300)</b>	<b>(463,300)</b>	<b>(20,115,600)</b>	<b>(16,731,200)</b>	<b>(387,900)</b>	<b>(17,119,100)</b>

	2020-21 Net (liability) / asset			2019-20 Net (liability) /asset		
	PPS/NPPS/2015 £'000	Injury £'000	Total £'000	PPS/NPPS/2015 £'000	Injury £'000	Total £'000
Change in demographic assumptions	-	-	-	465,500	-	-
Change in financial assumptions	(1,789,300)	(35,700)	(1,825,000)	(3,060,000)	(51,600)	(2,646,100)
Other experience	210,000	7,100	217,100	166,800	(16,900)	149,900
Change in mortality assumptions	-	-	-	-	-	-
<b>Total re-measurements</b>	<b>(1,579,300)</b>	<b>(28,600)</b>	<b>(1,607,900)</b>	<b>(2,427,700)</b>	<b>(68,500)</b>	<b>(2,496,200)</b>
Fair value of employer assets	-	-	-	-	-	-
Present value of unfunded liabilities	(21,231,600)	-	(21,231,600)	(19,158,900)	-	(19,158,900)
Present value of injury liabilities	-	(491,900)	(491,900)	-	(456,400)	(456,400)
<b>Closing position as at 31 March</b>	<b>(21,231,600)</b>	<b>(491,900)</b>	<b>(21,723,500)</b>	<b>(19,158,900)</b>	<b>(456,400)</b>	<b>(19,615,300)</b>

## 25. Local Government Pension Schemes

The latest formal valuations of the Scottish LGPS funds were at 31 March 2020. In order to assess the value of the Authority's assets and liabilities in the funds as at 31 March 2021 for the purposes of IAS19, the value of the Authority's liabilities has been rolled forward from the 31 March 2020 valuation, 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 2021	31 March 2020
Pension increase rate	2.85%	1.9%
Salary increase rate	3.55%	2.8%
Discount rate	2.00%	2.3%

Average future life expectancies at 65 are summarised as follows:

	31 March 2021		31 March 2020	
	Males	Females	Males	Females
Current pensioners	20.2 years	23.0 years	20.7 years	22.9 years
Future pensioners	22.0 years	24.9 years	22.2 years	24.8 years

### (b) Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	31 March 2021		31 March 2020	
	Increase to Employer Liability %	Approximate Monetary amount £'000	Increase to Employer Liability %	Approximate Monetary amount £'000
0.5% decrease in real discount rate	12	257,654	12	193,213
1 year increase in member life expectancy	3-5	*	3-5	*
0.5% increase in salary increase rate	2	34,056	4	60,295
0.5% increase in the pensions increase rate (CPI)	10	217,434	8	128,091

\*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 2022

	Assets	Obligations	Net (liability) / asset	
	£'000	£'000	£'000	% of pay
Projected current service cost*	-	97,288	(97,288)	(53.4%)
Past service cost including curtailments	-	-	-	-
Effect of settlements	-	-	-	-
<b>Total service cost</b>	-	<b>97,288</b>	<b>(97,288)</b>	<b>(53.4%)</b>
Interest income on plan assets	36,670	-	36,670	20.1%
Interest cost on defined benefit obligation	-	46,097	(46,097)	(25.3%)
<b>Total net interest cost</b>	<b>36,670</b>	<b>46,097</b>	<b>(9,427)</b>	<b>(5.2%)</b>
<b>Total included in net expenditure</b>	<b>36,670</b>	<b>143,385</b>	<b>(106,715)</b>	<b>(58.60%)</b>

\*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 2022 will be approximately £36.1 million.

**Split of the fund assets**

	Period ended 31 March 2021				Period ended 31 March 2020			
	Quoted Prices	Not Quoted	Total	Percentage of Total Assets	Quoted Prices	Not Quoted	Total	Percentage of Total Assets
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<b>Equity securities:</b>								
Consumer	130,295	-	130,295	7.1%	104,628	134	104,762	7.0%
Manufacturing	111,749	413	112,162	6.1%	94,860	116	94,976	6.4%
Utilities	33,339	151	33,490	1.8%	36,976	-	36,976	2.5%
Financial Institutions	83,707	-	83,707	4.6%	76,264	-	76,264	5.1%
Healthcare	61,628	379	62,007	3.4%	52,537	191	52,728	3.5%
IT	86,618	-	86,618	4.7%	56,263	6	56,269	3.8%
Other	166,329	-	166,329	9.1%	104,676	-	104,676	7.0%
<b>Debt securities</b>								
Corporate bonds (investment grade)	23,647	2,886	26,533	1.5%	44,841	13,273	58,114	3.9%
Corporate bonds (non-investment grade)	-	-	-	0.0%	-	1	1	0.0%
UK Government	27,965	6,658	34,623	1.9%	25,017	4,821	29,838	2.0%
Other	1,865	20	1,885	0.1%	5,105	15	5,120	0.3%
<b>Private equity:</b>								
All	-	227,712	227,712	12.5%	-	104,019	104,019	7.0%
<b>Real estate:</b>								
UK property	28,542	102,506	131,048	7.2%	28,109	95,255	123,364	8.3%
Overseas property	10	117	127	0.0%	109	280	389	0.0%
<b>Investment funds &amp; unit trusts:</b>								
Equities	138,745	298,824	437,569	24.0%	311,086	18,151	329,237	22.0%
Bonds	35,802	118,748	154,550	8.5%	49,592	53,120	102,712	6.9%
Hedge funds	-	26,730	26,730	1.5%	370	-	370	0.0%
Commodities	-	372	372	0.0%	7,617	-	7,617	0.5%
Infrastructure	3,674	18,111	21,785	1.2%	4,665	50,661	55,326	3.7%
Other	18,044	3,756	21,800	1.2%	11,620	22,853	34,473	2.3%
<b>Derivatives:</b>								
Inflation	-	-	-	0.0%	-	-	-	0.0%
Interest rate	-	-	-	0.0%	-	-	-	0.0%
Foreign exchange	348	-	348	0.0%	453	-	453	0.0%
Other	135	-	135	0.0%	(5)	-	(5)	0.0%
<b>Cash:</b>								
All	60,267	6,453	66,720	3.6%	78,271	38,929	117,200	7.8%
<b>Total</b>	<b>1,012,709</b>	<b>813,836</b>	<b>1,826,545</b>	<b>100.0%</b>	<b>1,093,054</b>	<b>401,825</b>	<b>1,494,879</b>	<b>100.0%</b>

**(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.

	2020-21			2019-20		
	Assets	Obligations	Net (liability)/ asset	Assets	Obligations	Net (liability)/ asset
	£'000	£'000	£'000	£'000	£'000	£'000
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)
<b>Opening position as at 1 April</b>	<b>1,494,879</b>	<b>1,644,535</b>	<b>(149,656)</b>	<b>1,547,016</b>	<b>1,823,966</b>	<b>(276,950)</b>
Current service cost	-	62,581	(62,581)	-	72,472	(72,472)
Past service cost (including curtailments)	-	778	(778)	-	599	(599)
<b>Total service cost</b>	<b>-</b>	<b>63,359</b>	<b>(63,359)</b>	<b>-</b>	<b>73,071</b>	<b>(73,071)</b>
Interest income on plan assets	34,100	-	34,100	37,338	-	37,338
Interest cost on defined benefit obligation	-	38,911	(38,911)	-	44,133	(44,133)
<b>Total net interest</b>	<b>34,100</b>	<b>38,911</b>	<b>(4,811)</b>	<b>37,338</b>	<b>44,133</b>	<b>(6,795)</b>
<b>Total defined benefit cost</b>	<b>34,100</b>	<b>102,270</b>	<b>(68,170)</b>	<b>37,338</b>	<b>117,204</b>	<b>(79,866)</b>
Plan participants' contributions	11,710	11,710	-	10,327	10,327	-
Employer contributions	35,477	-	35,477	34,160	-	34,160
Transfers in from other authorities	-	-	-	-	-	-
Contributions in respect of unfunded benefits	1,605	-	1,605	1,635	-	1,635
Pensions and lump sum expenditure	-	-	-	-	-	-
Benefits paid	(33,060)	(33,060)	-	(26,911)	(26,911)	-
Unfunded benefits paid	(1,605)	(1,605)	-	(1,635)	(1,635)	-
<b>Other movements</b>	<b>14,127</b>	<b>(22,955)</b>	<b>37,082</b>	<b>17,576</b>	<b>(18,219)</b>	<b>35,795</b>
<b>Expected closing position</b>	<b>1,543,106</b>	<b>1,723,850</b>	<b>(180,744)</b>	<b>1,601,930</b>	<b>1,922,951</b>	<b>(321,021)</b>



	2020-21			2019-20		
	Assets	Obligations	Net (liability)/ asset	Assets	Obligations	Net (liability)/ asset
	£'000	£'000	£'000	£'000	£'000	£'000
Change in demographic assumptions	-	(25,512)	25,512	-	(75,061)	75,061
Change in financial assumptions	-	513,150	(513,150)	-	(206,056)	206,056
Other experience	(22,632)	54,870	(77,502)	-	2,701	(2,701)
Return on assets excluding net interest	306,071	-	306,071	(107,051)	-	(107,051)
<b>Total re-measurements</b>	<b>283,439</b>	<b>542,508</b>	<b>(259,069)</b>	<b>(107,051)</b>	<b>(278,416)</b>	<b>171,365</b>
Fair value of employer assets	1,826,545	-	1,826,545	1,494,879	-	1,494,879
Present value of unfunded liabilities	-	44,311	(44,311)	-	39,367	(39,367)
Present value of funded liabilities	-	2,222,047	(2,222,047)	-	1,605,168	(1,605,168)
<b>Closing position as at 31 March</b>	<b>1,826,545</b>	<b>2,266,358</b>	<b>(439,813)</b>	<b>1,494,879</b>	<b>1,644,535</b>	<b>(149,656)</b>

## 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	2020-21 £'000	2019-20 £'000
<b>1 Cash</b>		
1a) Revenue grant funding	1,156,016	1,114,538
1b) Reform funding – revenue	25,000	24,000
<b>Resource funding (Cash)</b>	<b>1,181,016</b>	<b>1,138,538</b>
1c) Additional ODEL grant to cover loan capital repayments	3,809	3,640
<b>Resource, ODEL, other Grant in Aid</b>	<b>1,184,825</b>	<b>1,142,178</b>
1d) Capital grant funding	45,389	35,821
1e) Reform funding – capital	4,600	4,600
<b>Capital funding</b>	<b>49,989</b>	<b>40,421</b>
1f) Working capital cash	36,000	32,945
<b>Total Cash received</b>	<b>1,270,814</b>	<b>1,215,544</b>
<b>2 Non-cash</b>		
2a) Resource funding (Non-cash)	300	-
2b) Ring-fenced Non-cash	50,000	35,000
2c) Annually Managed Expenditure (AME)	54,900	35,000
Other Non-cash	104,900	70,000
<b>Total Non-cash funding</b>	<b>105,200</b>	<b>70,000</b>
<b>Total Grant in Aid</b>	<b>1,376,014</b>	<b>1,285,544</b>

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	2020-21 £'000	2019-20 £'000
Annex D and pension funding	354,327	398,134
Safety Camera Partnership	4,017	3,783
Violence Reduction Unit	878	1,328
International Development Unit	-	450
Other	561	508
<b>Other Scottish Government funding</b>	<b>359,783</b>	<b>404,203</b>

## 27. Contingent liabilities

There are a number of potential liabilities facing the Authority, which are as yet to crystallise and for which estimated amounts (where available) are included below:

### Guaranteed Minimum Pension

The UK Government has recently published a further consultation (October 2020) on indexation and equalisation of Guaranteed Minimum Pensions (GMP) with the proposal being to extend the interim solution to those members who reach State Pension Age after 5 April 2021.

Actuarial allowances have been made on that basis in the results included in the Financial Statements, although there remains uncertainty around the long term solution, with a future outcome of the consultation resulting in larger than expected additional costs. Such an eventuality has been assessed as unlikely by our actuarial advisors for the Police, and LGPS schemes.

### 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 the available information and the materiality of claims, the contingent liability as at the end of the financial year has been estimated at £30 million (31 March 2020: £35m).

### 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 widowers of both: the same; and opposite sex.

The Authority subsequently sought a view on the potential financial effect from our actuaries.

For Local Government Pension Schemes (LGPS), actuarial advice from Hymans was that they advised that the legal process is ongoing, with a future decision pending from the Tribunal on details of the planned level of remedy. On the information available, their view of the impact on the Authority results is currently estimated at an increase of between 0.1% to 0.2% of overall liabilities, equating to approximately £3.5 million.

The Government Actuary's Department (GAD) have advised that the likely effect on police pension schemes, based on current knowledge, is not material.

### Guarantee

In relation to an ongoing large contract for services, the Authority has provided a guarantor undertaking relating to pension costs in the event of a failure of the contractor in advance of the

expected term of the contract. The financial impact declines over the period of the contract and is currently assessed as no more than £1m.

## 28. Financial commitments

The Authority had capital commitments as at 31 March 2021 as follows:

Capital Commitments	2020-21 £'000	2019-20 £'000
Property, plant & equipment	2,754	1,020
Intangible assets	460	46
<b>Balance as at 31 March</b>	<b>3,214</b>	<b>1,066</b>

In addition, commitments under operating leases are detailed in note 5 to the accounts of £14.8 million (31 March 2020: £13.7m, restated).

## 29. Related party transactions

The Authority is an Other Significant National Body sponsored by the Scottish Government. The Scottish Government is regarded as a related party. During the year, the Authority 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 Authority 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 Authority. Board members' interests are detailed within the Remuneration Report. Transactions with bodies in which they hold interests have been examined.

The Authority 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 £31,164 (2019-20: £133,928).

## 30. Financial instruments

As detailed in note 26 to the Accounts, the Authority 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 2021 £'000	31 March 2020 £'000
Cash and cash equivalents	13	11,263	14,158
Inventories	14	6,368	3,168
Trade and other receivables within one year	15	43,801	39,114
Assets held for sale*	16	2,661	2,682
Trade and other payables within one year, excluding financing	17	(131,618)	(114,546)
<b>Balance as at 31 March</b>		<b>(67,525)</b>	<b>(55,424)</b>

\* This represents the lower of current value in existing use and the fair value less costs of sale.

The Authority has 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 Authority 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 Authority 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

There have been no events which have occurred after the reporting period which have had an effect on the Annual Report & Accounts for 2020-21 which have not been disclosed.

## 32. Key sources of judgement and estimation uncertainty

The assumptions and other sources of estimation uncertainty disclosed in this note relate to the estimates that require the most difficult, subjective or complex judgements from management. This distinguishes them from other judgements made in the course of assessing appropriate values included in the Financial Statements that have a lower level of complexity or materiality.

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 Authority 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).
- As at 31 March 2020, valuations received by external valuers were reported by them on the basis of "material valuation uncertainty", related to the circumstances of the Covid-19 pandemic. Acting on further advice from the Royal Institute of Chartered Surveyors (RICS), the valuations received as at 31 March 2021 from our external valuers are no longer subject to that qualification.
- 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 (GAD) for police schemes; and Hymans Robertson LLP for LGPS schemes. 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.
- For LGPS funds, formal actuarial valuations are carried out every three years. The 31 March 2020 formal valuations for Scottish LGPS Funds were concluded by 31 March 2021. Hymans Robertson LLP have estimated the accounting balance sheet position as at 31 March 2021 based on the new roll forward from the 2020 formal valuation.
- GAD have calculated scheme liability for police schemes by rolling forward the liabilities determined from full actuarial valuation calculations carried out as at 31 March 2016. Due to timing, the effect of the 2020 scheme revaluation was not accounted for as at 31 March 2021, and will be incorporated in the 2021-22 report. This approach is allowed for within HM Treasury guidance. GAD consider that it is reasonable to use data as at 31 March 2016 for the 2020-21 accounts and do not believe that rolling forward the pensions valuations for an additional year would materially impact the estimate of the financial position.

- 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.

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**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 (FReM) 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: 1<sup>st</sup> March 2013

