

**JUSTICE SUB-COMMITTEE ON POLICING  
POLICING BUDGET 2021/2022 - PRE BUDGET SCRUTINY  
WRITTEN SUBMISSION FROM SCOTTISH POLICE AUTHORITY**

**Introduction**

The Scottish Police Authority (SPA) welcomes this opportunity to contribute evidence on next year's policing budget.

In each of the last two years, the Authority and Police Scotland have been in a position to take a joint position, reflecting a common and tested understanding of the overall financial position and an agreed revenue deficit reduction plan and joint approach to capital and reform investment.

This year, while the Authority is fully confident in the financial monitoring, reporting and forecasting provided to it by Police Scotland's finance function on the revenue position, the Authority is exercising its right and responsibility to provide separate but complementary comment. It requires to do so for two primary reasons:

- first, the divergence from the previously agreed deficit reduction plan, in recognition of what the Chief Constable has assessed as the exceptional and additional operational demands brought about by Brexit, the COP26 conference, and the response to COVID-19, and;
- second, the production of a strategic workforce plan based on a robust assessment of current and future demands and productive capacity, remains outstanding.

Like most individuals and organisations, policing has dealt with extraordinary circumstances this year as a result of the pandemic. Police Scotland has faced additional and unique demands, has adapted its priorities to address them, and, as the Authority has recognised publicly, has performed remarkably in protecting the safety and wellbeing of the community.

There have been in-year financial impacts of the response to COVID-19. These have been offset to a large extent by one-off in-year windfalls in other areas, and the expected forecast out-turn financial position will not be radically different to that budgeted for.

While there are no certainties ahead while this virus remains such a threat to our personal and organisational lives, it is the view of the Authority that the key financial and resourcing issues for policing are structural in nature, long predate COVID, and should remain the prime focus for budget consideration as they have not been fully addressed and there is no current approved plan to do so.

In short, on revenue the structural deficit for 2021-22 is estimated currently at £50 million. These stark figures do not include any additional costs that arise from the pay award negotiations underway for all officers and staff or other financial pressures.

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On capital and reform, the Authority continues to make the compelling case alongside Police Scotland for more and continuing capital and reform funding to address the long-standing legacy underfunding of a public service with an infrastructure of this scale, both to provide a quality of environment worthy of our workforce and the communities they serve and to invest in the strategic transformation required to anticipate and meet changing demands and expectations.

### **Influences and constraints on the Authority**

Public finances as a whole are under more pressure than they have been since the financial crisis, and probably for a considerably longer time before that. As the governance board of a public body, the Authority has a duty to bring our budget into balance and our CEO is the Accountable Officer for that budget.

It is a duty which the Authority takes very seriously, and where we see any risks to our meeting it, it is incumbent on us to declare that, to explain why and to report on the consequences. We have done so consistently and transparently over the last year through our governance meetings, which have continued to meet throughout the ongoing period of COVID restrictions, including at the most recent public meeting of the full Authority in August. What were live issues a year ago, remain live issues today.

There are a number of influences on the resourcing and budgeting of policing which we are contending with.

The first is the budget settlement received from Scottish Government on which we of course at this stage await further detail.

The second is the number of police officers and staff, given that over 85% of the revenue budget is made up by salaries and other costs.

The third is the expectation that the SPA as an employer will operate within the public sector pay policy, for which the practical parameters and political expectations are set by the Scottish Government. As an illustration of why that matters, almost all of the additional revenue funding provided to policing as a result of the Scottish Government's pledge to provide real terms increases in such funding for the lifetime of this Parliament has been absorbed in meeting annual pay increases.

Finally, and tied to this approach to public sector pay and policy, the Authority, unlike other organisations facing significant financial challenge, has limited levers to utilise by the way of redundancy or alternative service provision with a resulting constraint on the ability to realise efficiencies as cashable savings.

### **Deficit Reduction – Journey and Divergence**

Following the approval in summer 2017 of the Authority's long term strategy for policing, *Serving a Changing Scotland*, and its underpinning implementation and financial plans, policing embarked on a journey of transformation and change to adapt the service to modern demands and place it on a sustainable financial footing. This was founded on two key elements.

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First, the clear acceptance across Police Scotland, the Authority and Scottish Government that there was a fundamental structural deficit in the revenue funding of policing in Scotland.

Second, that there should be a practical and presentational shift away from defining police capacity solely in terms of officer numbers towards a broader understanding of the productive hours of a modernised police workforce.

These plans would have brought the policing budget into balance, increased the available and productive capacity of the police service, reduced on a phased basis the levels of recruitment into policing, reduced the overall police officer headcount and re-profiled the police staff complement.

Nonetheless, the SPA has also noted that, in Parliament and within party political positions over a number of years, there has been no political consensus for addressing the deficit through a re-profiling of the workforce and reduced officer recruitment.

As the SPA and Police Scotland previously reported, progress was made on that journey towards improved operational effectiveness and financial balance. Major strategic investments in mobile technology and the trial and roll out of the Contact Assessment Model (CAM) are two examples which have resulted in significant improvements in the capacity of the police service to respond. Some inroads were made on shifting police officers from administrative to operational roles, reducing recruitment, and the deficit reduced after what had been an inexorable rise.

However, as the wider environment in which policing operates has changed, there has been a now lengthy pause in the anticipated changes to officer recruitment, levels of officer headcount and subsequently on the trajectory of the deficit reduction plan. Like the SPA, the Chief Constable has an obligation to best value under statute. But he also has an operational obligation to public safety and it has been his assessment that the planned reductions in recruitment could not be countenanced while planning for the risks and demands of a succession, and still potential concurrence, of several exceptional demands – Brexit, COP26 and COVID being the three most prominent.

In addition, and in reflection of the early years of strain that the service operated within and realising initial savings following merger, the Chief Constable has also indicated that some proportion of this additional capacity created has been reinvested rather than used on deficit reductions, such as in the safety and wellbeing of the workforce and in meeting demands perhaps better served by other public services, for example in incidents related to people in mental health distress.

### **Demand, Productivity and Workforce Planning**

Over 85 per cent of the entire policing budget in Scotland is absorbed in meeting workforce costs, and this is a proportion that has been rising not falling for a number of years. Put simply, a structural deficit in the policing budget means that for several years now we have more officers and staff salaries than the budget can accommodate.

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Important strategies covering digital and ICT, fleet and estates have all been approved by the Authority and set in train over recent years, and the fundamental outstanding requirement to address long-term demand, productivity and strategic workforce issues has been recognised at the highest levels in policing. Nonetheless an evidence base and the plans themselves have not yet been delivered.

Following the Chief Constable's very clear public acknowledgement in November 2019 of the need to renew and redouble its approach to workforce planning, this critical product is now expected to be presented by November 2020. At the heart of that is the need to capture and understand a rounded picture of both overall demand for policing and the productive, available capacity required to meet it – and not simply a focus on the number of officers and staff on the payroll.

The SPA's Committees – Resources, Audit, Risk and Assurance, and Policing Performance – have received regular reports on this work, and together have clearly laid out complementary expectations of what the strategic workforce plan should include, namely:

- baseline demand by business area, with an assessment of confidence in and availability of data in each area;
- the assumptions used to predict future demand and to what time period;
- how the forecast productivity gains are being used to inform future size and shape of the workforce;
- how the current and projected local variations in demand are being used to shape the allocation of the future workforce across regions, and;
- that the process being implemented to capture the lessons of COVID-19 working is used to influence the size and shape of the future workforce.

Recent reporting to these Committees have not yet provided the evidence base requested and therefore at this stage have not been able to give assurance to the Authority as a whole that the workforce plan will be supported by a robust evidence base on demand and productivity. This was most recently reported at the Authority's meeting of 19 August 2020.

The Authority recognises the methodological and practical difficulties of preparing workforce plans of the detail required. Most public services face those same difficulties and have found them difficult to overcome. There is also a clear political dynamic to the question of officer numbers and workforce size and shape. But the absence of an evidence-based workforce plan remains an obstacle to the fully informed dialogue with central government and civic society needed to determine the future resourcing needs of policing and what proportion of the public purse is required to fund them. This remains a continuing concern to the Authority.

It is still the hope and intention of the Authority that the resources and expertise of the wider policing system can be mobilised in real time to support and shape the outcome of this work before the end of 2020, and Police Scotland has confirmed its intent to do so. There are roles for HMICS in this, building on the valuable workforce productivity experience and expertise it has gathered, and indeed for the Scottish Government itself.

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It should be noted of course that even if substantive progress is made, it will not make a material impact on the 2021-22 revenue budget. The benefits will be longer term, in supporting the drive for financial sustainability and in shaping the type of police service which Scotland requires in future.

### Conclusion

The policing budget is for Scottish Government to allocate, based on its judgment of the competing needs across all public services and subject to the agreed will of Parliament. Operational capacity is a decision for the Chief Constable using his judgment on operational needs and best value. But ultimately it is the Authority which carries the accountability for the difference between the two and this has continued to be a focus for successive Auditor Generals.

The simple truth is that the approximately 17,300 police officers we have now in Scotland are not doing the same as the 17,300 we had five years ago, or a decade ago. What we do not have is strong evidence of precisely how that time is devoted and an equally clear picture of what the range of demands looks like.

As an Authority, we can seek to influence and advise, and test and challenge, on all those fronts and we will continue to do that. We can encourage and support the drive for efficiencies in the non-wage components of the budget, and we do – including a very specific oversight session on transformation and change held at last month's Authority meeting.

We recognise that the Sub-Committee's focus is on the 2021-22 budget. However, based on the financial information and projections which we currently have, with the current operational assessment of the Chief Constable about what is prudent in terms of capacity; continuing uncertainty over the outcome of the underpinning demand and workforce planning, and without any clear political consensus to the re-profiling of the police workforce then the Authority does not see any easy means of reducing the structural deficit over the next 2-3 years. In fact it seems more likely only to increase.

Police Scotland, its officers and staff have delivered a remarkable service to the community during the COVID-19 emergency, protecting public health whilst retaining and indeed increasing the level of public confidence in our police service. It has demonstrated both agility and sensitivity in adapting to exceptional circumstances which, whilst unique in this case, will inevitably resurface in different guises in the years ahead. This reinforces the urgency of informed debate and decision about the scale, skills and financial provision required to protect community safety and wellbeing in an increasingly unpredictable and high-risk environment.

Scottish Police Authority  
10 September 2020

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