



Meeting	SPA Resources Committee
Date	20 February 2024
Location	Video Conference
Title of Paper	Financial Monitoring Report Q3 2023/24
Presented By	Lynn Brown, Head of Corporate Finance
Recommendation to Members	For Discussion and Approval (Appendix B only)
Appendix Attached	Appendix A – Quarter 3 Finance Report Appendix B – Budget revision. Appendix C – Impact of mitigating actions on operational matters

PURPOSE

The purpose of this report is to

Provide the Committee with an update on the financial position of the SPA and Police Scotland for quarter three of the financial year 2023/24; discuss the impact of mitigating actions on operational matters; and

Recommend to the Committee that Members approve a budget revision - £6.3m increase in the revenue budget for costs associated with initiatives/projects which are supported by the Scottish Government and confirmed with additional budget and associated grant in aid allocated to the Scottish Police Authority through the Spring Budget Revision (SBR) process.

Members are invited to discuss the contents of the report and appendices and are requested to approve the budget revision detailed in appendix B.

1. BACKGROUND

- 1.1 The Board approved the 2023-24 annual budget on 23 March 2023. This budget sets out the spending plans for Police Scotland, Forensic Services and SPA Corporate regarding revenue, capital, and reform for the coming financial year.
- 1.2 The Authority received a core revenue funding increase of £80m (6.4%) in 2023-24. Although this uplift is not as severe as the flat cash position indicated by the Resource Spending Review, it still represented a real terms reduction in funding when set against the additional cost of 2022/23 pay award (£37.0m), leaving only £43.0m to fund unavoidable pay and non-pay pressures for 2023/24.
- 1.3 In order to live within the budget settlement and deliver a balanced budget, over £50m of savings have been proposed in the 2023/24 budget. Plans included reducing the workforce through a reduction in officer and staff numbers and options to reduce non-pay expenditure.
- 1.4 Pay award budgeting was in line with Public Sector Pay Strategy (PSPS). Pay awards through negotiation at both Police Negotiating Board (PNB) and Trade Unions were agreed in September. As part of the pay negotiations, the additional funding required (£18.3m) to support the process was underwritten by the Scottish Government. A budget adjustment has been approved to reflect this change in the 2023/24 revenue budget.
- 1.5 The Scottish Government (SG) supports the Police Authority in delivering certain initiatives / projects within the Justice Portfolio. These items were not allocated funding by SG in the core grant in aid allocation and was therefore not included as part of the original budget approved on 23 March 2023. SG have now agreed Spring Budget Revisions (SBR) of £6.3m to support these GiA funded initiatives / projects. A budget adjustment has been proposed for approval to reflect this change in the 2023/24 revenue budget- see Appendix B.
- 1.6 A flat capital funding allocation of £53m (including capital receipts) has been confirmed for 2023-24 and reform funding to support change and the transformation has been baselined at £20m, representing a 20% reduction in reform from previous years. As a result, in the reduction of reform funding from £25m to £20m, it

was agreed by the Board to contribute £5m of core revenue budget funding to reform to support change and transformation.

2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 A number of financial risks were highlighted as part of the budget approval process, some of which have materialised in the first half of the financial year causing significant pressure on the 2023-24 revenue position.
- 2.2 The Head of Finance provides the routine finance report which outlines the year to date and forecast position for the revenue, capital, and reform budgets.
- 2.3 Due to significant financial challenges the Police Authority faced this year, mitigating actions were agreed by Police Scotland Force Executive to bring the revenue and reform budgets collectively back in line with the funded position. These specific actions are monitored on a weekly/fortnightly basis, with regular monthly reporting to the Police Scotland Executive and SPA Resources Committee members, to provide assurance to the Authority of oversight of progress against delivery of the above plans.
- 2.4 Appendix A provides the detailed quarter three (Q3) finance report.

Revenue

- The Q3 forecast position of £1,357.8m shows an overspend of £5.0m against full year revised budget of £1,352.8m.
- This overspend requires additional funding, as requested by the Chief Executive (CE) of the Scottish Police Authority (SPA) to the Scottish Government (SG), to ensure a balanced position.
- As outlined previously, Q1 forecast originally highlighted net unfunded pressures of £18.9m, mainly due to overspends relating to pay; police staff costs, police officer overtime and police officer pensions.
- Mitigating actions and savings are being managed and delivered through our Policing Our Communities programme to bring spend back in line with the funded position. Operational impact of mitigating actions in delivering the savings are assessed in Appendix C.

- At the end of November, the CE of the SPA wrote to the SG requesting £5.0m of contingency funding due to significant risk around the delivery of the forecast.
- The year-to-date actual position versus budget is an overspend of £12.1m.

Capital

- The capital forecast at Q3 is £54.9m, £1.9m (fully funded) over the budget position of £53.0m.
- The Q3 forecast position requires £1.1m slippage to be slowed for the remaining part of the year, reduced from £17.3m at Q2 FC.
- The year-to-date actual position versus budget is an overspend of £3.7m.
- Over 88% of funding has been spent to date. Capital expenditure has required to be slowed for the remaining part of the year.
- As a result, **no further commitments to be made in the current financial year**, with £1.1m slippage still required within the committed spend or agreed exceptions category.
- Any slippage identified must be notified to Finance and should not be reallocated to other areas of spend.
- Capital expenditure that is not yet committed should continue to be progressed, but only for delivery after 1 April 2024.

Reform

- The Q3 forecast of £20.3m is in line with revised funding.
- As previously shown at Q2 forecast, the Q3 forecast continues to show that the reform funding has reduced to £20.0m. This was due to the decisions and mitigating actions agreed to help with the 2023/24 revenue position.
- The year-to-date actual position versus budget is an underspend of £2.3m.

3. FINANCIAL IMPLICATIONS

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

4. PERSONNEL IMPLICATIONS

4.1 Mitigating actions agreed by Police Scotland Force Executive will impact on police staff recruitment and police officer/staff overtime.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications in this report.

6. REPUTATIONAL IMPLICATIONS

6.1 Failure to control costs may lead to operational or financial consequences likely to harm the reputation of Police Scotland and the SPA.

7. SOCIAL IMPLICATIONS

7.1 There are no social implications in this report.

8. COMMUNITY IMPACT

8.1 There are no community implications in this report.

9. EQUALITIES IMPLICATIONS

9.1 There are no equality implications in this report.

10. ENVIRONMENT IMPLICATIONS

10.1 There are no environmental implications in this report.

RECOMMENDATIONS

Members are asked to

- Note the Quarter 3 financial position at Appendix A
- Approve the budget revision - £6.3m increase in the revenue budget for costs associated with initiatives/projects which are supported by the Scottish Government and confirmed with additional budget and associated grant in aid allocated to the Scottish Police Authority through the Spring Budget Revision (SBR) process (Appendix B).
- Note the impact of mitigating actions on operational matters (Appendix C).



POLICE
SCOTLAND
POILEAS ALBA

SCOTTISH POLICE
AUTHORITY

Finance

Corporate Finance team

Appendix A

Finance report

Quarter 3 2023/24



Finance dashboard

Q3 2023/24

Year to Dec 2023

Revenue

R	R	R
Oct	Nov	Q3

- YTD £12.1m over budget
- FY Q3 forecast £5.0m over budget – contingency funding request made to SG

Capital

R	R	A
Oct	Nov	Q3

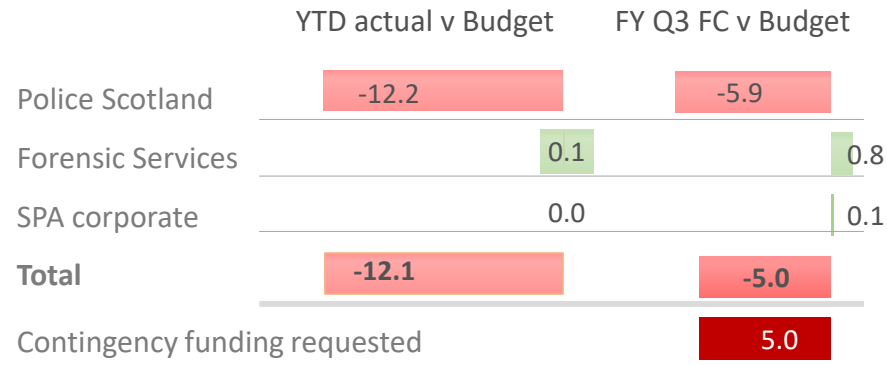
- YTD £3.7m over budget
- FY Q3 forecast requires £1.1m of slippage to be achieved

Reform

A	A	G
Oct	Nov	Q3

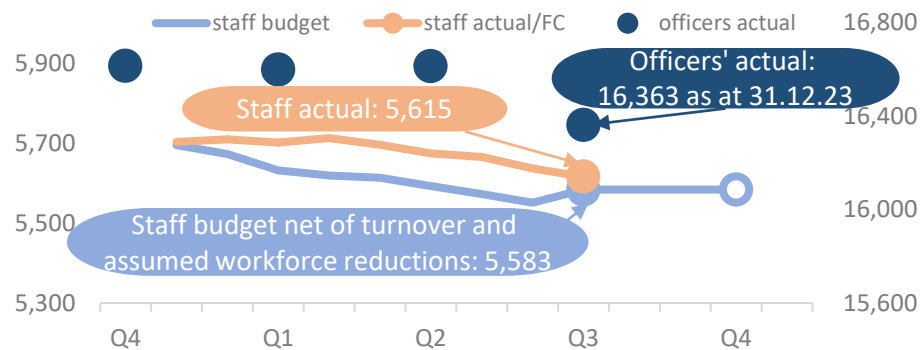
- YTD £2.3m under budget
- FY Q3 forecast in line with revised funding

Revenue variance (£m)

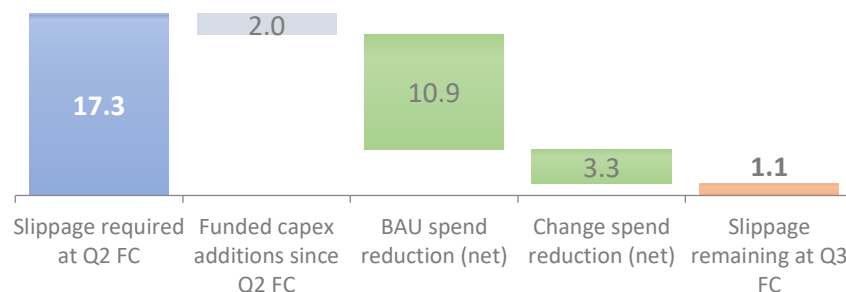


People numbers (FTE) – Revenue Budget

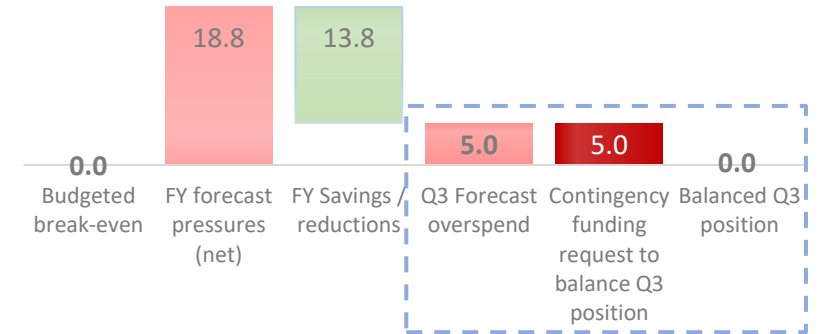
Staff currently running 32 FTE over budgeting assumptions as at P9



Capital: Q3 FC slippage position (£m)



Revenue: Q3 FC position (£m)



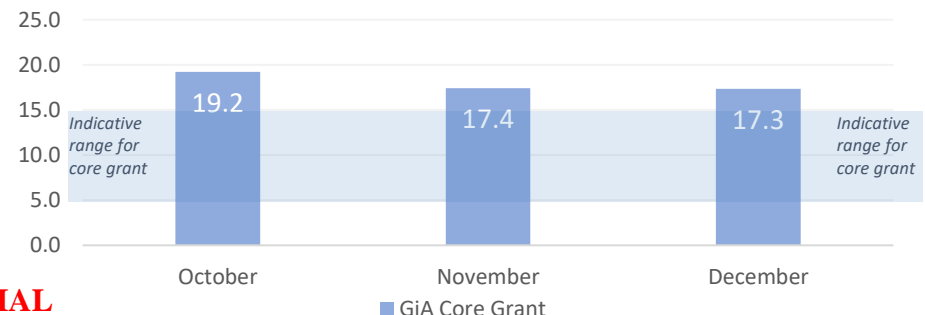
Q3 FC Mitigating actions tracker

Reductions / Savings must be delivered to ensure an overall balanced forecast position can be maintained – see risk analysis (page 12)

Non-recurring item (property sale – no longer achievable)	Income	Police Officer overtime
Police Staff pay	Staff overtime	Reverse Reform contribution
Non-recurring item (one-off benefit)	Non-pay	Police Officer pay costs

Cash flow management (£m)

Maintaining cash balances at a moderate level demonstrates effective cash management



OFFICIAL

Revenue (service area)

Forecast deliverability status is critical as additional contingency funding of £5.0m from SG is required to manage the overall position

Q3 net expenditure forecast £5.0m over budget

Year to date over budget by £12.1m

Q3 forecast position

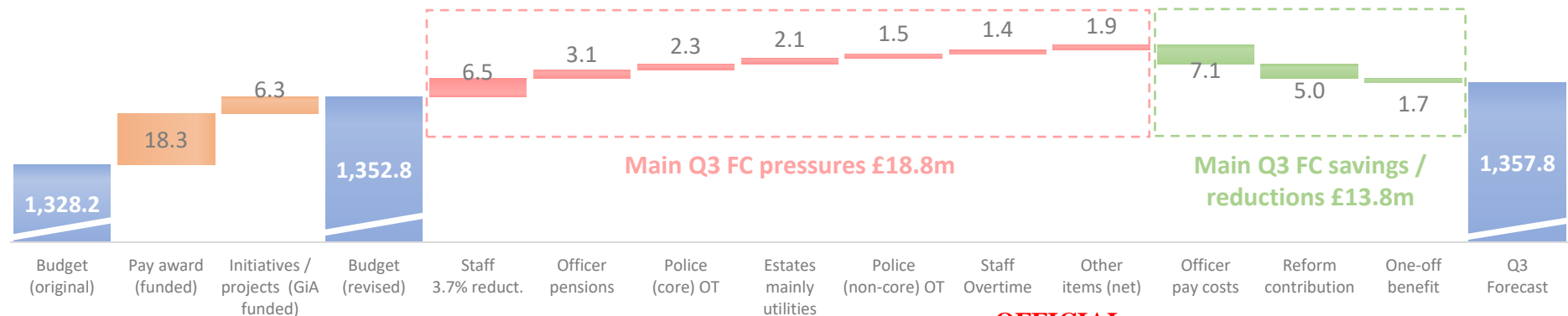
- The Q3 forecast position shows an overspend of £5.0m.
- This overspend requires additional funding, as requested by the Chief Executive (CE) of the Scottish Police Authority (SPA) to the Scottish Government (SG), to ensure a balanced position.
- As outlined previously, Q1 forecast originally highlighted net unfunded pressures of £18.9m, mainly due to overspends relating to pay; police staff costs, police officer overtime and police officer pensions.
- Mitigating actions and savings are being managed and delivered through our Policing Our Communities programme to bring spend back in line with the funded position.
- At the end of November, the CE of the SPA wrote to the SG requesting £5.0m of contingency funding due to significant risk around the delivery of the forecast.

Revenue variance by area (£m)

	Year to date			Full year		
	Budget £m	Actual £m	Var. £m	Budget £m	Q3 FC £m	Var. £m
Police Scotland	970.8	983.0	(12.2)	1,302.5	1,308.4	(5.9)
Forensic Services	33.4	33.3	0.1	45.1	44.3	0.8
SPA Corporate	3.9	3.9	0.0	5.2	5.1	0.1
Total expenditure	1,008.1	1,020.2	** (12.1)	1,352.8	1,357.8	(5.0)
Funding						
GiA – core (original)				1,328.2	1,328.2	0.0
GiA - core (pay award)				18.3	18.3	0.0
GiA - additional ABR/SBR approved				6.3	6.3	0.0
				1,352.8	1,352.8	0.0
GiA - contingency funding requested				0.0	5.0	5.0

** Year to date overspend before GiA funding

Detailed budget to FY Q3 forecast (£m)



OFFICIAL

Revenue

(service area)

Budgets were increased as shown in Appendix B by £6.3m which represented GiA funded initiatives / projects supported by Spring Budget Revisions (SBR)

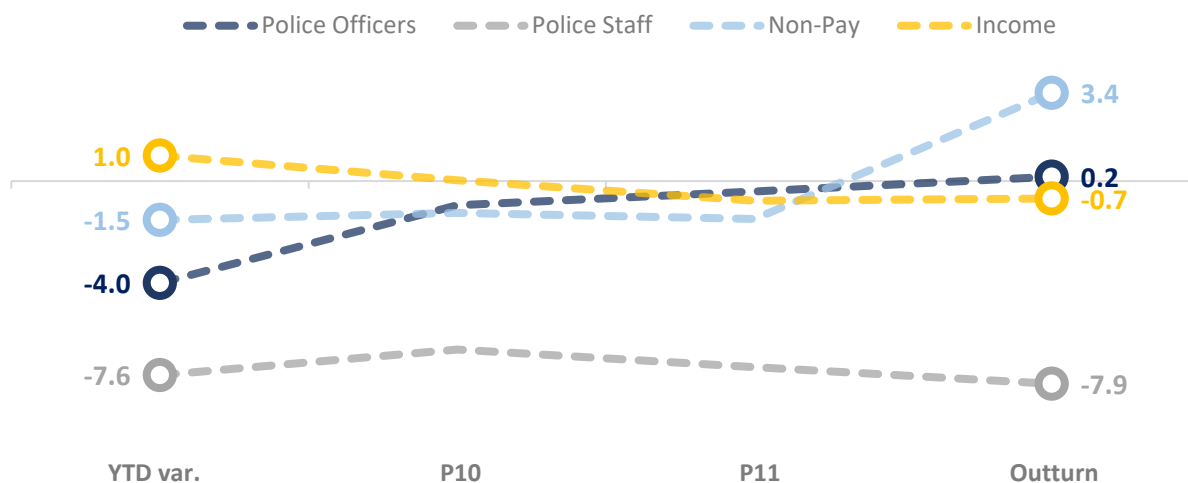
The additional budgets have been included and phased over the final quarter of the year which will support the year end position

Revenue variance by spend type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	%	Bud £m	Q3 FC £m	Var. £m	%
Police officers	676.6	680.6	(4.0)	(0.6%)	902.8	902.6	0.2	0.0%
Police staff	218.9	226.5	(7.6)	(3.5%)	294.4	302.3	(7.9)	(2.7%)
Non-pay	146.8	148.3	(1.5)	(1.0%)	202.3	198.9	3.4	1.7%
Income	(34.2)	(35.2)	1.0	2.9%	(46.7)	(46.0)	(0.7)	(1.5%)
Total	1,008.1	1,020.2	(12.1)	(1.2%)	1,352.8	1,357.8	(5.0)	(0.4%)

Q3 FY figures for budget and forecast include pressures of £6.3m funded through Autumn and Spring Budget Review

Movement: YTD variance to FY FC variance (£m)



Revenue variances

- Mitigating savings actions are being managed and delivered through our Policing Our Communities programme, the impact of which has been reflected in the Q3 forecast.
- The key pressures emerging through the Q3 forecast are delays in potential asset sales and a slow-down of the anticipated savings from the current recruitment pause.
- Additional funding has been requested to support the Q3 FC v budget overspend of £5.0m.
- FY Variances against budget are explained in detail on pages 5 and 6.

Revenue variances profile

- Mitigating savings actions have had the impact of steadying budget overspends in police officer and police staff costs highlighted in the first part of the year.
- The forecast overspends in police staff costs will be partly compensated by several one-off items that are profiled to occur at the end of the year through non-pay costs.
- These one-off non-pay items consist of reduction in Reform contribution (£5.0m) and one-off benefit (£1.7m).

Revenue

(spend type)

Police officers variance by spend type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	%	Bud £m	Q3 FC £m	Var. £m	%
Police officer pay	640.6	638.6	2.0	0.3%	854.5	847.8	6.7	0.8%
Overtime - core	12.6	15.2	(2.6)	(20.6%)	17.7	20.0	(2.3)	(13.0%)
Overtime – non-core	2.9	4.2	(1.3)	(44.8%)	3.8	5.3	(1.5)	(39.5%)
Allowances	4.2	4.0	0.2	4.8%	5.6	5.2	0.4	7.1%
Pensions	16.3	18.6	(2.3)	(14.1%)	21.2	24.3	(3.1)	(14.6%)
Total	676.6	680.6	(4.0)	(0.6%)	902.8	902.6	0.2	0.0%

Police staff variance by spend type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	%	Bud £m	Q3 FC £m	Var. £m	%
Staff pay and allowances	217.2	223.8	(6.6)	(3.0%)	291.8	298.3	(6.5)	(2.2%)
Overtime	1.7	2.7	(1.0)	(58.8%)	2.3	3.7	(1.4)	(60.9%)
Special constables	0.0	0.0	0.0	0.0%	0.3	0.3	0.0	0.0%
Total	218.9	226.5	(7.6)	(3.5%)	294.4	302.3	(7.9)	(2.7%)

Police officer costs

- Police officers - FY underspends in officer pay & allowances (£7.1m) offset by overspends in pension costs (£3.1m – primarily injury) core overtime (£2.3m) and non-core overtime (£1.5m).
- Police Officer core overtime FY adverse variances has reduced significantly since Q1 FC, due to the ongoing work led by DCC Speirs under the Policing Our Communities programme.

Police staff costs

- Police staff - relates to vacancy management savings not achieved (£6.5m) and overspend on staff overtime (£1.4m).

Revenue

(spend type)

Non-pay variance by spend type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	%	Bud £m	Q3 FC £m	Var. £m	%
Other employee	3.6	2.9	0.7	19.4%	5.2	4.1	1.1	21.2%
Premises	51.0	52.3	(1.3)	(2.5%)	68.6	70.7	(2.1)	(3.1%)
Transport	16.1	16.5	(0.4)	(2.5%)	21.4	21.9	(0.5)	(2.3%)
Supplies & Services	29.6	29.3	0.3	1.0%	39.9	38.6	1.3	3.3%
ICT	24.9	26.0	(1.1)	(4.4%)	33.8	34.9	(1.1)	(3.3%)
Administration	8.5	7.6	0.9	10.6%	11.3	10.6	0.7	6.2%
Third party payments	10.5	11.7	(1.2)	(11.4%)	14.8	16.6	(1.8)	(12.2%)
Other costs	2.6	2.0	0.6	23.1%	7.3	1.5	5.8	79.5%
Total	146.8	148.3	(1.5)	(1.0%)	202.3	198.9	3.4	1.7%

Income variance by type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	%	Bud £m	Q3 FC £m	Var. £m	%
Specific grant funding	(6.9)	(5.5)	(1.4)	(20.3%)	(11.0)	(7.5)	(3.5)	(31.8%)
LA funded officers and staff	(3.4)	(4.5)	1.1	32.4%	(4.6)	(6.0)	1.4	30.4%
Public fees	(3.1)	(3.3)	0.2	6.5%	(4.1)	(4.7)	0.6	14.6%
Rental and hire	(5.4)	(5.4)	0.0	0.0%	(7.2)	(7.1)	(0.1)	1.4%
Mutual aid	(1.2)	(0.8)	(0.4)	(33.3%)	(1.6)	(0.8)	(0.8)	(50.0%)
Services of police	(10.1)	(10.5)	0.4	4.0%	(12.4)	(12.6)	0.2	1.6%
Seconded officers	(1.0)	(1.4)	0.4	40.0%	(1.3)	(1.7)	0.4	30.8%
Other income	(3.1)	(3.8)	0.7	22.6%	(4.5)	(5.6)	1.1	24.4%
Total	(34.2)	(35.2)	1.0	2.9%	(46.7)	(46.0)	(0.7)	(1.5%)

Non-pay

- Other costs (£5.8m under) - reduction in Revenue contribution to Reform (£5.0m) and one-off potential benefit from non-recurring items (£1.7m) offset by other items (£0.9m).
- Premises costs (£2.1m over) - mainly relates to utilities
- Other non-pay costs (£0.3m over, net) - increase in legal liability claims (£1.2m), ICT costs (£1.1m) and other items (£0.4m) offset by supplies & services (£1.3m) and other employee costs (£1.1m).

Income

- Mainly budgeted one-off NCA income not realised (£2.8m) offset by local authority funded officers (£1.4m) and additional income over-recovered (£0.7m net).

OFFICIAL

Revenue

(further business area detail)

Q3 Forecast reflects the submissions made by each area that have embedded the savings arising from the actions that have been devolved through our Policing Our Communities programme

**see Page 8 for Forensic Services finance dashboard

DCC Local Policing

- Overspends in police staff costs (£2.4m), police officer core overtime (£2.0m), staff overtime (£1.3m) and police officer non-core overtime (£0.6m) offset by an over-recovery of income (£1.7m).

	£m	FTE
Budget	146.6	2,584.9
Q3 Forecast	151.2	2,591.2
FY variance	(4.6)	(6.3)
<i>YTD variance</i>	<i>(2.7)</i>	<i>(12.1)</i>

Deputy Chief Officer

- Overspends in estates costs, mainly utilities (£1.6m) and other non-pay costs (£0.1m, net) offset by underspends in police staff costs (£0.4m) and over-recovery of income (£0.3m).

	£m	FTE
Budget	183.2	1,163.1
Q3 Forecast	184.2	1,130.0
FY variance	(1.0)	33.1
<i>YTD variance</i>	<i>(1.2)</i>	<i>25.2</i>

DCC Crime & Op Support

- Under-recovery of income (£3.4m), overspend in police officer core overtime (£1.3m) offset by underspend in non-pay costs (£1.6m) and police staff costs (£0.8m).

	£m	FTE
Budget	53.0	774.3
Q3 Forecast	55.3	741.5
FY variance	(2.3)	32.8
<i>YTD variance</i>	<i>(1.4)</i>	<i>31.1</i>

Corporate centre

- Underspend in police officers pay costs (£7.1m), reduction in contribution to Reform (£5.0m) and potential benefit from one-off items (£1.7m) offset by overspend relating to vacancy management savings not achieved (£6.5m), police officer injury pension (£3.3m) and other items (£1.0m, net).

	£m	FTE
Budget	878.1	16,455.3
Q3 Forecast	875.1	16,498.5
FY variance	3.0	(43.2)
<i>YTD variance</i>	<i>(7.0)</i>	<i>(86.9)</i>

DCC Professionalism, Strategy and Engagement

- Overspend relates to liability claims (£1.2m) and police staff costs (£0.4m) offset by underspend in legal costs (£0.5m) and other items (£0.1m).

	£m	FTE
Budget	41.6	574.2
Q3 Forecast	42.6	569.3
FY variance	(1.0)	4.9
<i>YTD variance</i>	<i>0.1</i>	<i>4.5</i>

Forensics services** & SPA corporate

- Forensic Services (£0.8m under) - relates to underspend in staff costs (£1.2m) offset by third party outsourcing costs (£0.4m).
- SPA Corporate (£0.1m under) - no material variances.

	£m	FTE
Budget	50.3	644.0
Q3 Forecast	49.4	605.5
FY variance	0.9	38.5
<i>YTD variance</i>	<i>0.1</i>	<i>38.7</i>

Forensic Services Finance dashboard

Q3 2023/24

Year to Dec 2023

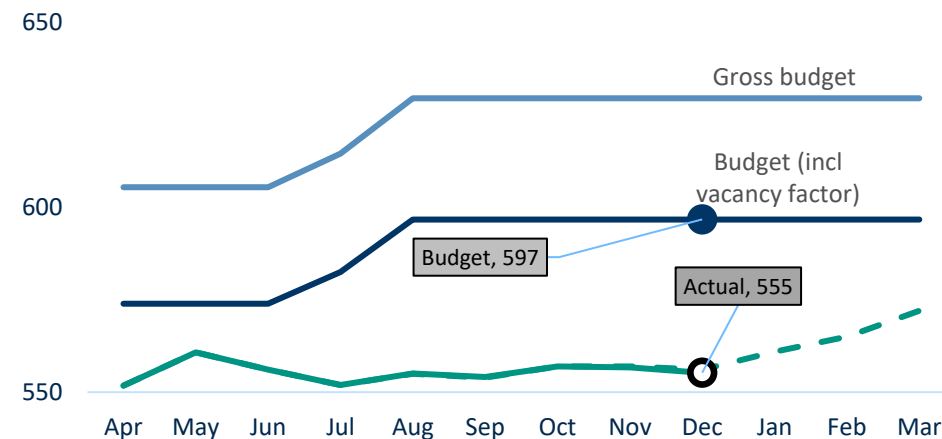
- The year-to-date actual spend is in £0.1m underspent against budget.
- Over the year spend is forecasted to fall behind budget by £0.8m. This is mainly due to recruitment taking longer than budgeted.
- The overall forecast at Q3 was an underspent budget position.

Revenue Summary

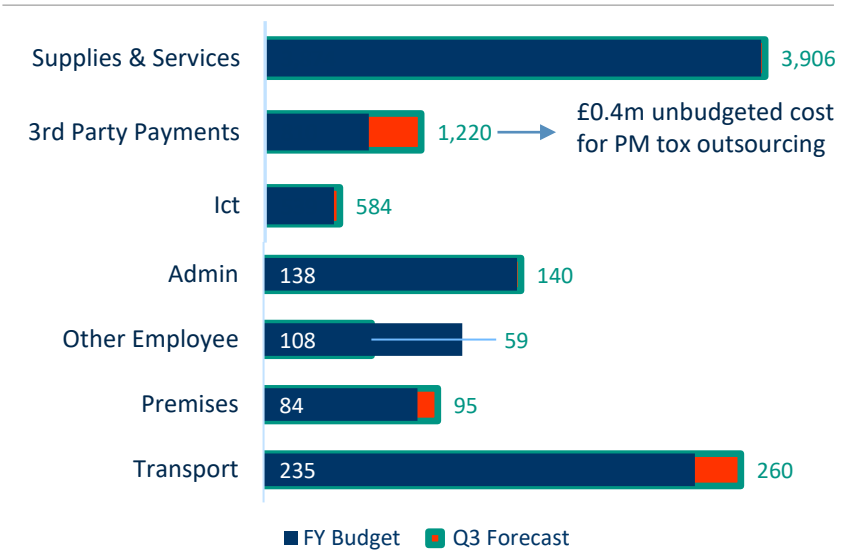
	Year to date				Full Year			
	Bud	Act	Var		Bud	Q3 FC	Var	
	£m	£m	£m	%	£m	£m	£m	%
Pay	29.2	28.3	0.9	3.1%	39.0	37.9	1.1	2.8%
Overtime	0.3	0.3	0.0	-	0.4	0.4	0.0	-
Non-pay	4.0	4.8	(0.8)	(20.0%)	5.8	6.2	(0.4)	(6.9%)
Income	(0.1)	(0.1)	0.0	-	(0.1)	(0.2)	0.1	100%
Total	33.4	33.3	0.1	0.3%	45.1	44.3	0.8	1.8%

Staff Headcount (FTE)

Overall staff numbers are lower than planned reflecting slower recruitment of the new operating structure.



Non-pay expenditure (Forecast, £000)



Issues, threats & Opportunities

Issue: Efficiency plan slightly behind target (£137k) with most efficiency savings planned in last five months of the year. Focus on this ahead of budget pressures for 2024/25.

Issue: Capital spend delayed into 2024/25 with £226k still yet to be ordered.

Threat: Year-end stock count write down may have the effect of increasing expenditure for 2023/24. Functions have been running stocks down that have built up over Brexit/covid. This won't be known until April when the year-end stock count is conducted.

Capital

Forecast deliverability status has changed to amber as slippage target has reduced from £17.3m at Q2 FC to £1.1m at Q3 FC

FY Q3 forecast requires £1.1m slippage

Year to date over budget by £3.7m

Projected IFRS16 technical accounting adjustments of £8.4m supported by equivalent SBR non-cash funding of £8.4m will be included as part of the year-end processes.

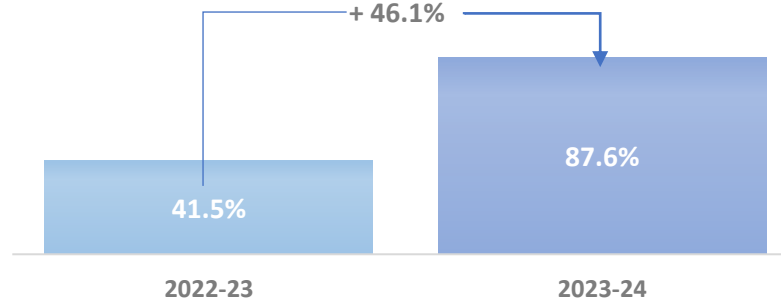
- ① DEPP = Digitally Enabled Policing Programme
- ② DDD = Data Drives Digital
- ③ RJLP = Rights & Justice Legislative Programme
- ④ MC&E = Modern Contact & Engagement

Q3 forecast position

- Over 88% of funding has been spent to date.
- The Q3 forecast position requires £1.1m slippage to be managed across the remainder of the year.
- Capital expenditure has required to be slowed for the remaining part of the year.
- As at Period 9 and Q3 FC, £56.0m is spent or committed to date - £1.1m more than the funding available.
- As a result, **no further commitments to be made in the current financial year**, with £1.1m slippage still required within the committed spend or agreed exceptions category.
- Any slippage identified must be notified to Finance and should not be reallocated to other areas of spend.
- Capital expenditure that is not yet committed should continue to be progressed, but only for delivery after 1 April 2024.

Year to date : % of forecast spent

Capital spend shows improvement compared to last year but will need to be managed / prioritised over the rest of the year



Capital variance by programme (£m)

	Year to date			Full year		
	Budget £m	Actual £m	Var. £m	Budget £m	Q3 FC £m	Var. £m
Fleet	14.1	14.5	(0.4)	14.5	15.1	(0.6)
Digital Division (ICT)	8.8	6.5	2.3	13.9	8.1	5.8
Estates	12.6	8.6	4.0	12.9	10.5	2.4
EV Infrastructure	4.6	2.9	1.7	5.3	2.7	2.6
SPE	4.3	2.1	2.2	5.0	2.4	2.6
Weaponry	1.5	0.5	1.0	2.2	0.5	1.7
Forensic services	1.8	0.4	1.4	1.8	0.8	1.0
<i>Change: legislative & inflight</i>						
Estates transformation	12.5	6.4	6.1	15.0	7.9	7.1
DEPP ①	3.4	1.6	1.8	4.7	2.1	2.6
DDD ②	1.9	2.2	(0.3)	3.0	2.4	0.6
RJLP ③	1.1	0.3	0.8	2.3	0.4	1.9
Policing in a digital world	0.3	0.2	0.1	1.4	0.3	1.1
Digital Division	0.4	0.3	0.1	0.9	0.4	0.5
MC&E ④	0.5	1.1	(0.6)	0.5	1.5	(1.0)
Other projects	0.7	0.5	0.2	1.7	0.9	0.8
Total before slippage	68.5	48.1	20.4	85.1	56.0	29.1
Slippage	(24.1)	(0.0)	(24.1)	(32.1)	(1.1)	(31.0)
Total	44.4	48.1	(3.7)	53.0	54.9	(1.9)
Funding						
GIA - core				50.1	50.2	0.1
Capital receipts				2.9	2.1	(0.8)
Other				0.0	2.6	2.6
Total				53.0	54.9	1.9

Reform

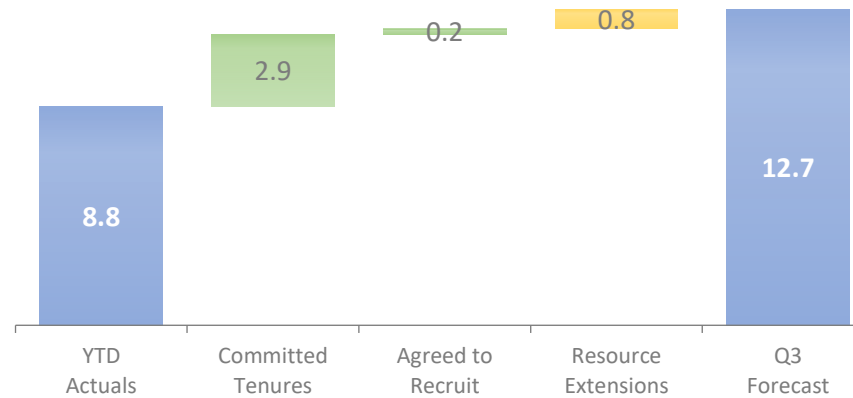
Forecast deliverability status has changed to green

Q3 expenditure forecast is in line with funding

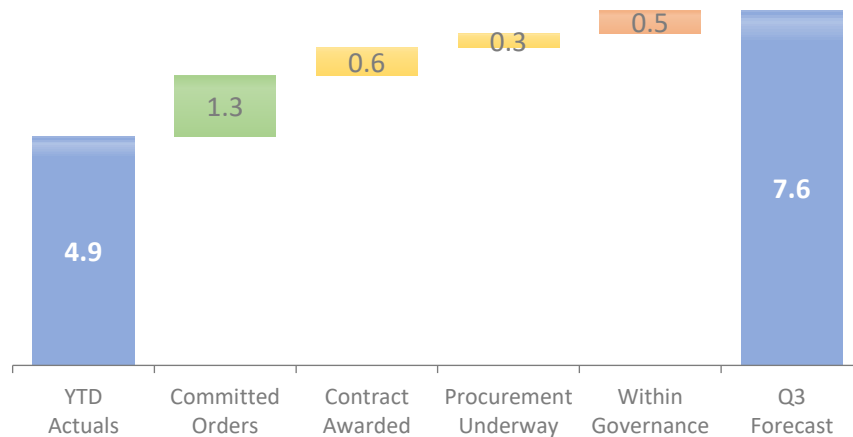
As a result of mitigating actions, the revenue contribution to Reform has reduced by £5.0m

Year to date under budget by £2.3m

Pay forecast: spend profile overview (£m)



Non-pay forecast: spend profile (£m)



Reform variance by work stream (£m)

	Year to date			Full year		
	Budget £m	Actual £m	Var. £m	Budget £m	Q3 FC £m	Var. £m
Transformation resource	12.2	8.8	3.4	17.2	12.7	4.5
Estates transformation	2.6	0.7	1.9	5.0	0.9	4.1
P&D Programme	1.1	0.3	0.8	2.7	0.6	2.1
MC&E ①	1.6	1.5	0.1	1.7	1.5	0.2
Policing in a digital world	0.2	0.1	0.1	1.4	0.2	1.2
Digital Division	1.2	0.4	0.8	1.4	0.6	0.8
VR/VER	1.0	0.6	0.4	1.3	0.8	0.5
EPF ② (incl. Corporate Change)	0.4	0.1	0.3	0.7	0.5	0.2
DDD ③	0.4	0.2	0.2	0.4	0.4	0.0
Other projects	2.6	1.0	1.6	4.6	2.1	2.5
Total before slippage	23.3	13.7	9.6	36.4	20.3	16.1
Slippage	(7.3)	(0.0)	(7.3)	(11.4)	(0.0)	(11.4)
	16.0	13.7	2.3	25.0	20.3	4.7
Contribution from Revenue Budget				(5.0)	(0.0)	(5.0)
Total				20.0	20.3	(0.3)
Funding						
GIA - core				20.0	20.0	0.0
Other grant funding				0.0	0.3	0.3
				20.0	20.3	0.3

① MC&E = Modern Contact & Engagement

② EPF = Enabling Policing for the Future

③ DDD = Data Drives Digital

Reform

As at Period 9 and Q3 FC, £17.9m out of £20.3m is spent or committed to date

This leaves £2.4m still to be committed

Natural slippage can be expected within the committed expenditure but unlikely to be of any significant value

Reform spend / forecast by categorisation of spend timeline and status (£m)

	Year to Date			Q3 FY Forecast	Category (Pay and Non-pay)					
	Budget	Actuals	Variance		Actual	Committed	Contract Awarded	Pay Extensions	Procurement underway	Within Governance
	£m	£m	£m		£m	£m	£m	£m	£m	£m
Transformation Resource	12.2	8.8	3.4	12.7	8.8	2.9	0.0	0.2	0.8	0.0
Estates Transformation	2.6	0.7	1.9	0.9	0.7	0.2	0.0	0.0	0.0	0.0
P&D Programme	1.1	0.3	0.8	0.6	0.3	0.2	0.0	0.0	0.0	0.1
MC&E ①	1.6	1.5	0.1	1.5	1.5	0.0	0.2	0.0	0.0	0.0
Policing in a Digital World	0.2	0.1	0.1	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Digital Division	1.2	0.4	0.8	0.6	0.4	0.2	0.0	0.0	0.0	0.0
VR/VER	1.0	0.6	0.4	0.8	0.6	0.2	0.0	0.0	0.0	0.0
EPF ② (incl. Corporate Change)	0.4	0.1	0.3	0.5	0.1	0.2	0.2	0.0	0.0	0.0
DDD ③	0.4	0.2	0.2	0.4	0.2	0.2	0.0	0.0	0.0	0.0
Other Projects	2.6	1.0	1.6	2.1	1.0	0.0	0.2	0.0	0.3	0.4
Total before slippage	23.3	13.7	9.6	20.3	13.7	4.2	0.6	0.2	1.1	0.5
Slippage Management	(7.3)	(0.0)	(7.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Total	16.0	13.7	2.3	20.3	13.7	4.2	0.6	0.2	1.1	0.5

① MC&E = Modern Contact & Engagement

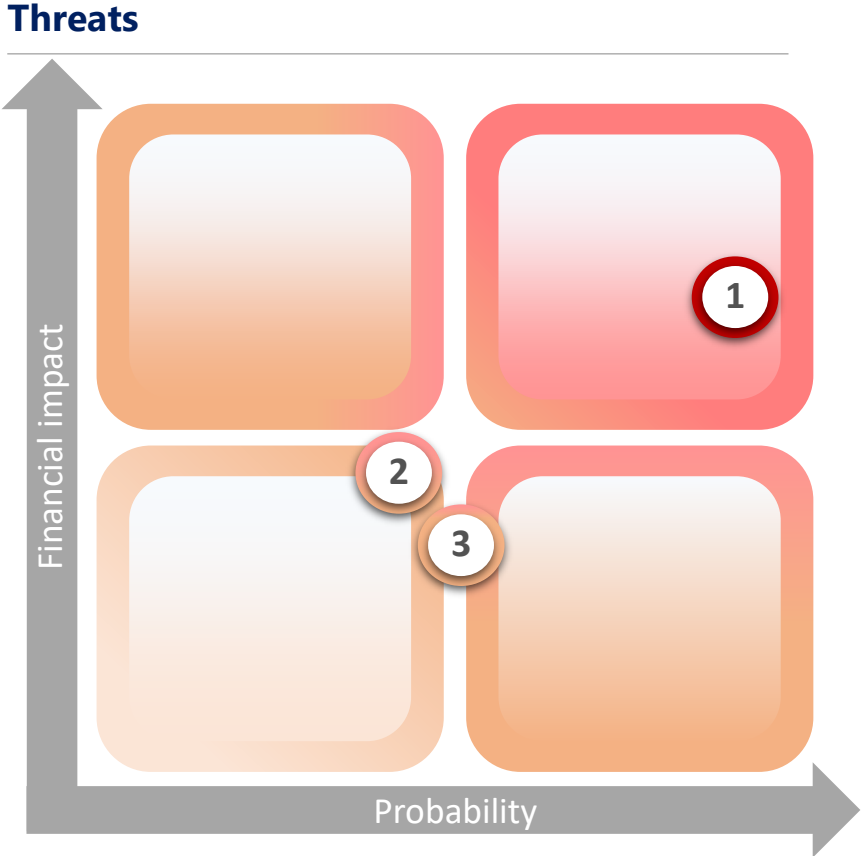
② EPF = Enabling Policing for the Future

③ DDD = Data Drives Digital

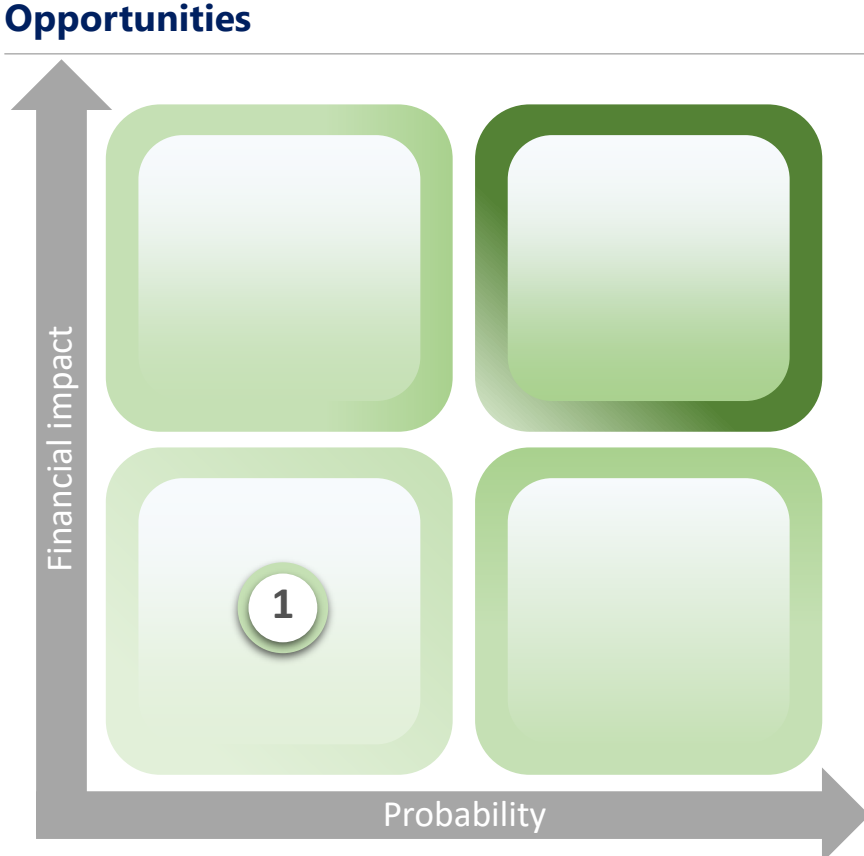
Risk analysis

The revenue forecast is carrying risks that may materialise, mainly attached to the deliverability of the agreed mitigating actions

Threats and opportunities risks will continue to be monitored on a weekly and monthly basis for the rest of the year



1. The Chief Executive of the Scottish Police Authority has requested additional contingency GiA funding of £5.0m to balance the overall position.
2. Legal and liability claims - demand led area.
3. Other savings included in the forecast will need to be delivered throughout the remaining part of the year.



1. Police Scotland along with support from the Scottish Police Authority will continue to drive efficiency and savings where possible.



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Appendix B

Budget revision

Quarter 3 2023/24



Revenue

Scottish Government have agreed Spring Budget Revisions (SBR) of £6.3m to support GiA funded initiatives / projects

As this funding has only recently confirmed it was not included as part of the original budget approved in March 2023.

Budget increase £6.3m

- The Scottish Government (SG) supports the Police Authority in delivering certain initiatives / projects within the Justice Portfolio.
- These items were not allocated funding by SG in the core grant in aid allocation and was therefore not included as part of the original budget approved on 23 March 2023.
- SG have now agreed Spring Budget Revisions (SBR) of £6.3m to support these GiA funded initiatives / projects.
- Now that the funding has been confirmed, these items should now be included for budget approval.
- Types of initiatives / projects supported by the Scottish Government and funded accordingly:
 - Digital Evidence Sharing capability (DESC) - £2.1m
 - Recover, Renew and Transform (RRT) – costs associated with the court's recovery programme - £2.1m
 - Emergency Services Mobile Communications Programme - £0.6m
 - Drug Driving case analysis - £0.3m
 - Other items - £1.2m
- CFPB and SPA Resources Committee are asked formally to approve the increase in budgets in line with the additional funding available.

Budget adjustments (£m)

	Budget uplift £m
By service area	
Police Scotland	6.0
Forensic Services	0.3
SPA Corporate	0.0
Total	6.3
Funding GiA – core	6.3
	£m
By spend type	
Police officers pay costs	2.3
Police officer overtime	0.9
Police staff	2.3
Non-pay costs	0.8
Total	18.3
	£m
By business area	
Police Officers pay costs (POC – non devolved)	2.3
Forensic Services	0.3
Corporate Centre	3.7
Total	6.3



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Appendix C

Impact of mitigating actions on operational matters

Quarter 3 2023/24



Impact of Mitigating actions

Q1 forecast originally highlighted net unfunded pressures of £18.9m

Mitigating savings actions are being managed and delivered through our Policing Our Communities programme

Achieving savings to date of £13.9m has impacted operations with some activities deferred

The table summarises this impact

Category	Q1 FC variance versus FY budget before mitigating savings applied	Q3 FC variance versus FY budget	Savings achieved	Operational Impact
Police officer pay costs	4.3	7.1	2.8	Recruitment pause – cancellation of December planned intake with the impact of officer numbers running well below the budgeted establishment of 16,600. This has had an impact on Police officer’s welfare which has resulted in a higher level of absence, increased modified officers and there has also been reductions in proactive crime prevention and reductions in detection rate.
Overtime (Officers & Staff)	(9.7)	(5.2)	4.5	Whilst the overtime management group has had an impact of significantly reducing overtime, this has had a similar impact to the reduction in officers in that there has been welfare implications, an impact on front line policing and a decline in crime detection.
Police Staff pay	(11.4)	(6.5)	4.9	Recruitment pause introduced on 08 August 2023; this has impacted on service delivery in several non-front-line roles, where certain activities have been slowed/paused/stopped. Staff welfare has also been impacted and in some areas, there have been increased absence and attrition.
Officer pensions	(4.0)	(3.1)	0.9	Overspends in 2023/24 were due to addressing backlogs. Whilst savings were achieved through lower-than-expected ill health pension leavers in the second part of the year, increased activity of both injury and ill health leavers may continue in 2024-25. This has meant that there are still many officers awaiting outcomes and therefore restricted in the duties they can perform.
Non-pay costs	(3.5)	3.4	6.9	1) Reform spend that was original planned for £5.0m was stopped which has slowed the change and transformation programme 2) Training paused for the latter part of 2023-24 which has resulted in large backlogs of non-essential training reduces the service provided and hinders career development along with impact on staff welfare.
SBR funding	5.4	0.0	(5.4)	
Income	0.0	(0.7)	(0.7)	
	(18.9)	(5.0)	13.9	