



SCOTTISH POLICE
AUTHORITY
ÙGHDARRAS POILIS NA H-ALBA

Agenda Item 3.1

Meeting	SPA Resources Committee
Date	17 June 2025
Location	Video Conference
Title of Paper	2024/25 Provisional Year End Outturn
Presented By	Lynn Brown, Acting Head of Finance
Recommendation to Members	For Discussion
Appendix Attached	Appendix A - Outturn performance against budget

PURPOSE

The purpose of this report is to provide Members with an update on the provisional 2024/25 financial outturn position of the SPA and Police Scotland. These figures are still subject to finalisation and external audit.

This paper is presented for discussion.

1. BACKGROUND

- 1.1 The Board approved the 2024-25 annual budget on 21 March 2024 which set 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 £75.7m (5.6%), £18.4m of which was required to meet the additional cost of the 2023-24 pay award. An additional £3.2m of revenue funding has been awarded in-year and this has been reflected in the revised budget.
- 1.3 The budget allocation for 2024-25 includes a core budget for a maximum of 16,600 officers (plus externally funded additionality e.g. Local Authorities) and police staff at 2023-24 budgeted levels.
- 1.4 A change in the employer pension contribution rates payable has resulted in a short-term benefit for the organisation. This has been used to fund VR/VER exit packages and additional pay costs.

2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 Capital funding of £66.1m (including capital receipts and IFRS 16 adjustments) was allocated in the original 2024-25 budget, representing an uplift of £11.7m (22.1%). An additional £7.0m of IFRS16 capital funding has been allocated in-year to cover year-end accounting adjustments and £0.1m for a capital programme initiative.
- 2.2 Similar to previous years, £25.0m has been ring-fenced to support reform and transformation.
- 2.3 The report at Appendix A sets out the provisional net outturn for SPA/ Police Scotland for the year ended 31 March 2025. These figures are still subject to finalisation and external audit.

Revenue

- The provisional outturn position for the year ended 31 March 2025 shows core revenue net expenditure of £1,399.2m against total funding of £1,396.9m.
- This indicates an overspend of £2.3m, but when offset by an underspend in Revenue Reform of £2.5m, the overall net

revenue position is an underspend of £0.2m which is broadly in line with the forecast breakeven position.

- Despite the breakeven position, there were some significant variances and financial challenges that had to be closely managed throughout the year.
- Police staff and officers' numbers ran below budgeted establishment for the majority of the financial year creating an early underspend on the revenue budget. When coupled with a more efficient VR/VER exercise, over-recovery of income and other one-off benefits, this allowed the Authority to fund additional pay award costs of £21m and additional revenue investment in 2024-25.
- Revenue investment bids totalling £13.1m were approved through the Revenue Investment Group to support modernisation of the workforce and police officer overtime, with £6.4m of this expenditure incurred in FY 2024-25.

Capital

- The full year provisional outturn capital spend is £76.5m against funding of £76.5m, resulting in a break-even position.
- With only 55% of available funding spent by the end of quarter three, Capital Investment Group approved an overallocation of investment to be managed across financial years to mitigate the potential risk of slippage.
- These actions allowed effective management of capital position resulting in the Police Authority now delivering a balanced capital position in line with funding.

Reform

- The full year provisional outturn Revenue Reform spend is £22.5m against funding of £25.0m.
- As part of the Quarter 3 forecast, Reform expenditure was reduced from £25.0m to £22.5m, with the balance of funding £2.5m allocated to support pay award pressures.

3. FINANCIAL IMPLICATIONS

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

4. PERSONNEL IMPLICATIONS

- 4.1 There are no personnel implications in this report.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications in this report.

6. REPUTATIONAL IMPLICATIONS

6.1 Failure to maximise funding or 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 discuss and note the provisional outturn position for revenue, capital, and reform within the finance report.



Appendix A

Outturn performance against Budget Year to 31 March 2025 (FY 2024-25)

Executive Summary

- This report sets out the provisional net outturn for SPA/ Police Scotland for the year to 31 March 2025. These figures are still subject to finalisation and external audit. The final position will be reported in the Annual Report and Accounts (ARA)
- The table below shows the outturn position between net expenditure and the funding available to the organisation in the year, split by the three budgetary streams: revenue, capital, and reform.
- The overall net revenue position combined (revenue budget and revenue reform) shows an underspend of £0.2m.
- Following significant effort across the organisation, Capital is also showing a breakeven position in line with funding.

Overall Outturn Summary 2024-25	Revenue £m	Reform - Revenue £m	Capital £m
Total Expenditure (Provisional)	1,399.2	22.5	76.5
Funded By:			
Grant-in aid (core)	1,393.7	20.0	63.2
Budgeted contribution from Revenue	0.0	5.0	0.0
Grant-in aid (additional)	3.2	0.0	0.1
Grant-in aid (IFRS16 ROU assets)	0.0	0.0	8.4
Capital receipts	0.0	0.0	4.1
Other grants	0.0	0.0	0.7
Total Funding	1,396.9	25.0	76.5
Outturn position (Over) / Under	(2.3)	2.5	0.0

Revenue Budget

The Authority received original core revenue funding of £1,418.7m of which £1,393.7m was allocated to Revenue Budget and £25.0m to Revenue Reform. This allocation was an increase of £75.7m from the previous year, of which £18.4m was required to meet the additional cost of the 2023-24 pay award.

As part of the Autumn (ABR) and Spring Budget Revision (SBR) process, Scottish Government provided additional funding of £3.2m to support funded initiatives and programmes, which were reflected as in-year budget adjustments.

The provisional core Revenue Budget position for the year ended 31 March 2025 shows net expenditure of £1,399.2m against total funding of £1,396.9m, resulting in an overspend of £2.3m which is offset by an underspend in Revenue Reform of £2.5m, to leave an overall net underspend of £0.2m in Revenue. Overall, the outturn is broadly in line with the forecast breakeven position. However, there were some significant variances and challenges in delivering the final position.

The table below sets out the provisional revenue outturn position against the revised budget for 2024-25:

Revenue outturn	Revised Budget £m	Outturn £m	Variance £m
Police officer costs	930.9	943.4	(12.5)
Police staff costs	248.8	248.6	0.2
Non-pay costs	210.5	206.5	4.0
Income	(43.6)	(48.5)	4.9
Total Police Scotland	1,346.6	1,350.0	(3.4)
Forensic Services	44.7	44.4	0.3
SPA Corporate	5.6	4.8	0.8
Total expenditure	1,396.9	1,399.2	(2.3)
Funding core revenue grant (original)	1,393.7	1,393.7	0.0
Funding core revenue grant (additional)	3.2	3.2	0.0
Funding total	1,396.9	1,396.9	0.0

The revenue budget absorbed circa £21m of additional pay award costs in 2024-25 as well as additional revenue investment expenditure. Revenue bids totalling £13.1m were approved through the Revenue Investment Group to support modernisation of the workforce and additional police officer overtime, with ~£6m of additional expenditure incurred in FY 2024-25.

Police staff and officers' numbers ran below budgeted establishment for the majority of the financial year, and when coupled with running a more efficient VRVER exercise than was originally planned, over-recovery of income and other one-off benefits, this allowed the Authority to fund the additional pay award costs and revenue investment.

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At a more detailed level, the most significant factors that contributed to the overall overspend of £2.3m are:

- Police Officer costs (£12.5m over budget) - The overspend relates to police officer pay award pressures (£15.5m) and core overtime including on-costs (£3.2m - approved through the Revenue Investment Group (RIG)) offset by other underspends (£6.2m), namely police officer pay and allowances (£3.1m), pensions (£2.6m) and other one-off benefits (£0.5m).
- Police Staff costs (£0.2m under budget) - The underspend relates to FTE and costs running below budgeting assumptions (£6.8m) offset by pay award pressures (£4.3m) and RIG approved bids (£1.8m) and other one-off benefits (£0.5m)
- Non-pay costs (£4.0m under budget) - the main items are:
 - Underspend in exit package costs due to more efficient VRVER exercise (£6.0m) and other items (£3.3m) offset by:
 - Overspend in Legal liability claims (£3.9m) and RIG approved bids (£1.4m)
- Income (£4.9m above budget) - over-recovery of income mainly received from local authority funded officers (£1.1m), fees and charges (£1.5m) and other income (£2.2m).
- Forensics (£0.3m under budget) - relates to police staff costs impacted by a higher number of staff vacancies throughout the financial year than budgeted (£1.0m) offset by operational kits (£0.5m) and other items (£0.2m).
- SPA Corporate (£0.8m under budget) - relates to targeted action following direction from the Scottish Government to reduce costs in the public sector. Decisions were taken to pause recruitment and areas of discretionary spend.

Capital Budget

As part of the 2024-25 budget, total Capital funding of £66.1m (including capital receipts and IFRS 16 adjustments) was allocated in the original 2024-25 budget, representing an uplift of £11.7m (22.1%).

The Spring Budget Revision (SBR) provided additional non-cash funding adjustment increase of £7.0m relating to the impact of IFRS16 technical accounting for leased assets.

The full year provisional outturn capital spend is £76.5m against funding of £76.5m, resulting in a break-even position.

With only 55% of available funding spent by the end of Quarter 3, Capital Investment Group (CIG) approved an overallocation of investment to be managed across financial years to mitigate the potential risk of slippage. These actions allowed effective management of capital position resulting in the Police Authority now delivering a balanced capital position in line with funding.

Capital outturn	Variance	Revised Budget £m	Outturn £m	Variance
	Ref			£m
Estates	A	22.3	14.0	8.3
Fleet	B	10.6	21.9	(11.3)
Digital Division (rolling)	C	10.4	8.1	2.3
Digital Division (airwave)	D	5.5	10.6	(5.1)
Specialist policing equipment	E	4.2	4.1	0.1
Weaponry & officer safety	E	1.8	1.9	(0.1)
Forensic Services	E	1.0	0.5	0.5
Business as usual capital expenditure		55.8	61.1	(5.3)
Digitally Enabled Policing Programme (DEPP)	F	9.7	3.6	6.1
Other projects	G	5.7	3.7	2.0
Transformation capital expenditure		15.4	7.3	8.1
Total expenditure before IFRS16	H	71.2	68.4	2.8
IFRS16 accounting adjustment		8.4	8.1	0.3
Total expenditure before slippage		79.6	76.5	3.1
Slippage management*		(6.5)	0.0	(6.5)
Total expenditure		73.1	76.5	(3.4)
Grant in Aid – core		63.2	63.2	0.0
Grant in Aid - IFRS16 (net)		8.4	8.4	0.0
Grant in Aid – other		0.0	0.1	0.1
Receipts from sale of assets		1.5	4.1	2.6
Other grants		0.0	0.7	0.7
Funding Total		(73.1)	(76.5)	3.4

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

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Capital Variance Reference	Categories	Variance Under/(Over) £m	Explanation
A	Estates	8.3	<ul style="list-style-type: none"> BAU spend £4.6m under due to delays with OCS and Transformation spend £3.7m under as work on National Estates Programme stopped to be replaced by Estates Masterplan.
B	Fleet	(11.3)	<ul style="list-style-type: none"> Approved through Capital Investment Group to bring forward 2025-26 spend.
C	Digital Division (rolling)	2.3	<ul style="list-style-type: none"> Due to various timelines extending including network Lan refresh, airwave installations, firewall replacement and digital interview recorders.
D	Digital Division (airwave)	(5.1)	<ul style="list-style-type: none"> Approved through Capital Investment Group in line with previous commitment to support airwave replacement and bring forward 2025-26 spend.
E	Specialist policing equipment	0.1	<ul style="list-style-type: none"> Natural slippage achieved predominately through Forensic Services due to project timelines extending.
E	Weaponry & officer safety	(0.1)	
E	Forensic Services	0.5	
F	Digitally Enabled Policing Programme (DEPP)	6.1	<ul style="list-style-type: none"> £4.3m reduction in BWV due to budget being higher than needed for Digital and Estates works along with a reduction in expected staff capitalisation and device purchases in year. £1.8m reduction (COS phase 2 and 3, DSEG and Data Migration) due to confirmed project plans and slight slippage on COS phase 3 work in year.
G	Other transformation capital projects	2.0	<ul style="list-style-type: none"> Natural slippage due to governance timelines for projects being longer than anticipated along with a delayed start date for Domestic Abuse Protection.
H	TOTAL	2.8	Total variance before IFRS16 & slippage

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Reform budget - Revenue

The Authority's budget has included reform funding since 2013-14, the purpose of which has been to support the change and transformation of policing in Scotland.

A total of £20.0m funding from the Scottish Government was baselined into the Authority's resource budget lines from 2023-24. A further £5.0m from revenue budget was allocated to revenue reform to support change and transformation activity.

The full year provisional outturn Revenue Reform spend is £22.5m against funding of £25.0m.

As part of the Quarter 3 forecast, Revenue Reform total expenditure was reduced from £25.0m to £22.5m, with the balance of funding £2.5m allocated to support overall pay award pressures.

The table below sets out the reform expenditure and reform funding for 2024-25:

Revenue reform outturn	Variance Ref	Revised Budget £m	Outturn £m	Variance £m
Transformation resource	A	15.6	14.8	0.8
Enabling Policing for the future	B	3.6	2.1	1.5
Estates Transformation Programme	C	3.3	1.4	1.9
Policing in a Digital World	D	2.9	0.7	2.2
Other Projects	E	5.1	3.5	1.6
Total expenditure before slippage		30.5	22.5	8.0
Slippage management*		(5.5)	0.0	(5.5)
Total expenditure	F	25.0	22.5	2.5
Grant in Aid		20.0	20.0	0.0
Contribution from revenue budget		5.0	5.0	0.0
Funding Total		(25.0)	(25.0)	0.0

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

Overall reduction in total expenditure to achieve slippage and to contribute to overall pay award pressures was managed during the year as follows:

Reform Variance Reference	Categories	Variance £m Under/(Over)	Explanation
A	Transformation Resource	0.8	<ul style="list-style-type: none"> Slippage in recruitment timelines
B	Enabling Policing for the Future	1.5	<ul style="list-style-type: none"> Underspend on enabling services review, financial system upgrade and estates management system.
C	Estates Transformation Programme	1.9	<ul style="list-style-type: none"> Mainly due to non-progression of Ayr Police Station demolition.
D	Policing in a Digital World	2.2	<ul style="list-style-type: none"> Due to changing project plans for Action Fraud and Training and Capability.
E	Other reform spend categories	1.6	<ul style="list-style-type: none"> Natural slippage due to governance timelines for projects being longer than anticipated
F	TOTAL	8.0	Total variance before slippage