SCOTTISH POLICE AUTHORITY
ÙGHDARRAS POILIS NA H-ALBA

Agenda Item 3.4

Meeting	**Forensic Services Committee**
Date	**05/02/2024**
Location	**By video conference**
Title of Paper	**Q3 Finance Report**
Presented By	**Fiona Douglas, Director of Forensic Services**
Recommendation to Members	**For Discussion**
Appendix Attached	**Yes – Appendix A – Finance Report Q3 2023/24**

PURPOSE

To provide Members with an update on the financial position of Forensic Services for quarter three (three months ending 31 December 2023) of the financial year 2023/24, as well as forecasting the full outturn to the year end.

The paper is presented in line with the corporate governance framework of the Scottish Police Authority (SPA) and Forensic Services Committee (FSC) terms of reference and is submitted for consultation.

1 BACKGROUND

1.1 The SPA Board approved the revenue and capital budget for 2023/24 for the Authority and Police Scotland on 23 March 2023.

1.2 Forensic Services' agreed allocation was a revenue budget of £44.5 million, capital spend of £1.8 million and reform budget of £1.1m to support transformational change.

1.3 As agreed with the Scottish Government, estimated funding requirement for the transition of Post-Mortem Toxicology Services from the University of Glasgow to the SPA was set at ~£2.3 million in the approved budget.

1.4 The Scottish Government (SG) has also committed ~£0.3 million in year funding for the outsourcing of drug driving tests.

2 FURTHER DETAIL ON THE REPORT TOPIC

2.1 **Appendix A** provides the Q3 detailed finance report.

Revenue
- Q3 forecast is £0.5m under budget. Costs are lower due to staff recruitment falling behind budgeted figures.
- Lower pay spend reflects the challenges in recruitment that Forensic Services has faced throughout 2023/24.

Capital
- Capital spend year to date is behind budget. The Q3 forecast is a full year spend of £0.8m which is an (56%) underspend versus the full year budget.

- This forecast underspend is driven by spend being paused if not legally committed by Police Scotland in order to help manage the capital spend in 2023/24 alongside slippage in projects and spend that is no longer required.

Reform
- Overall spend is forecasted to be £0.4m under budget. This reflects less staff resources being used during the year than budgeted as some projects have come to a close.

3 FINANCIAL IMPLICATIONS

3.1 The financial implications are summarised above and detailed in Appendix A.

4 PERSONNEL IMPLICATIONS

4.1 There are no direct personnel implications associated with this report.

5 LEGAL IMPLICATIONS

5.1 There are no legal implications in this report.

6 REPUTATIONAL IMPLICATIONS

6.1 There are no reputational implications in this report.

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 year to date and forecast financial position for Forensic Services.

Summary

Revenue:

A	G	G
Oct	Nov	Dec

In line with forecast

Capital:

A	G	G
Oct	Nov	Dec

In line with forecast

Projects:

G	G	G
Oct	Nov	Dec

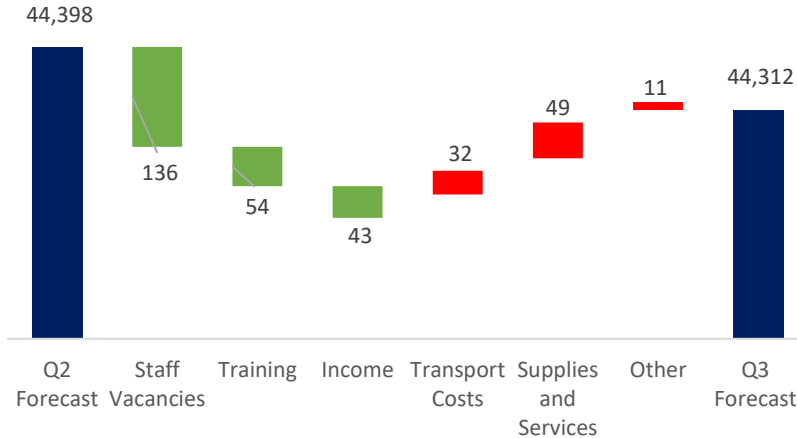**In line with forecast**

Capital

Year to date spend: £0.4m
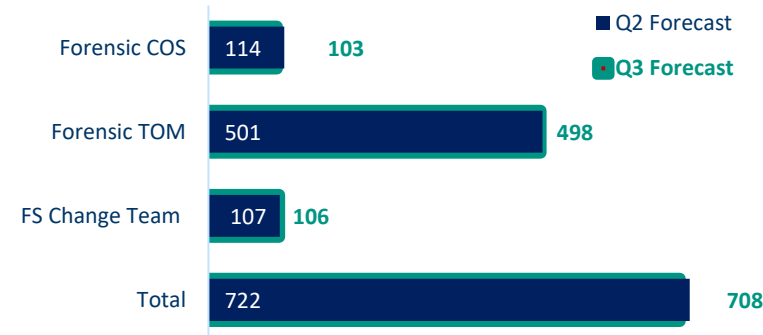
- Broadly in line with expected spend profile.

Q2 forecast - £1m; Q3 forecast - £0.8m
Forecast £0.2m (20%) underspend

- Due mainly to:
  - Alcohol Headspace (£70k), IMS Enhancements (£18k), RFID (£115k) and Livescan demographics (£65k) being delayed or not deliverable till next financial year.
- Offset by replacement capital bids:
  - EMS Tech upgrade (£61k), dishwasher (£10k), Thermo centrifuge (£10k), Fume cupboard (£18k) and lab benching (£22k).
- This underspend will be used towards the overall SPA slippage management target
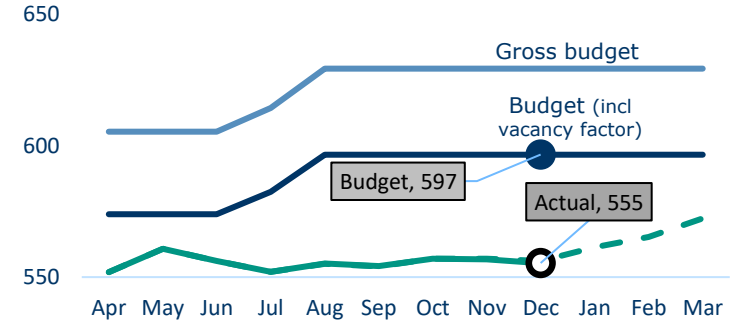
Revenue (Forecast, £000)

Q2 Forecast: 44,398
Staff Vacancies: 136
Training: 54
Income: 43
Transport Costs: 32
Supplies and Services: 49
Other: 11
Q3 Forecast: 44,312

Projects (Forecast, £000)

	Q2 Forecast	Q3 Forecast
Forensic COS	114	103
Forensic TOM	501	498
FS Change Team	107	106
Total	722	708

- Overall Q3 forecasted project spend is in line with Q2 forecast.
- Full year spend is expected to be £708k with £234k (33%) expected to be spent from in the final quarter of the financial year.

Staff Headcount (FTE)

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

Gross budget
Budget (incl vacancy factor)
Budget, 597
Actual, 555

(Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar)

Issues, Threats & Opportunities

Issue: Efficiency plan now slightly behind target 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 P13 when a stock count will be conducted.

Revenue forecast: pay

Summary

	Year to date				Full Year			
	Budget	Actual	Var		Budget	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%	5.5	6.2	-0.7	12.7%
Income	-0.1	-0.1	0.0	-	-0.1	-0.2	-0.1	100%
Total	**33.4**	**33.3**	**0.1**	**0.3%**	**44.8**	**44.3**	**0.5**	**1.1%**

- The year-to-date actual spend is £136k under budget.
- Over the year spend is forecasted to fall behind budget by £0.5m. This is mainly due to recruitment taking longer than budgeted.
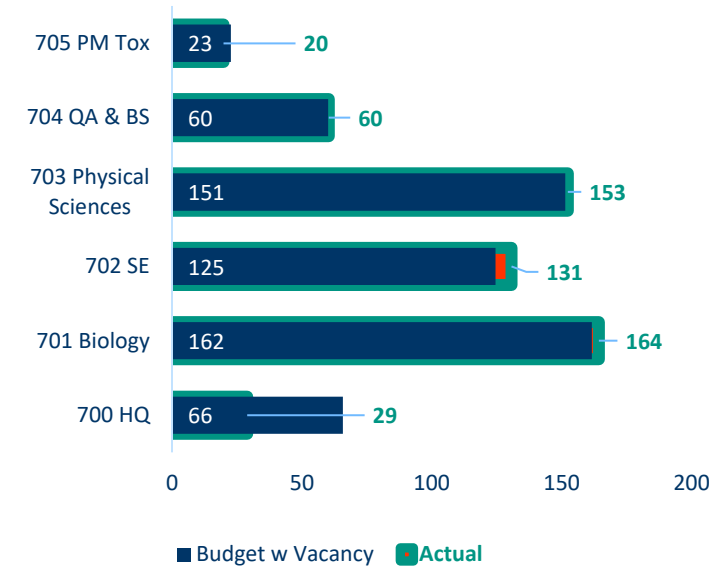- The overall forecast at Q3 was an **underspent budget position.**

Staff Headcount (FTE)

Budget, 597
Actual, 555

Budget
Budget (incl vacancy factor)
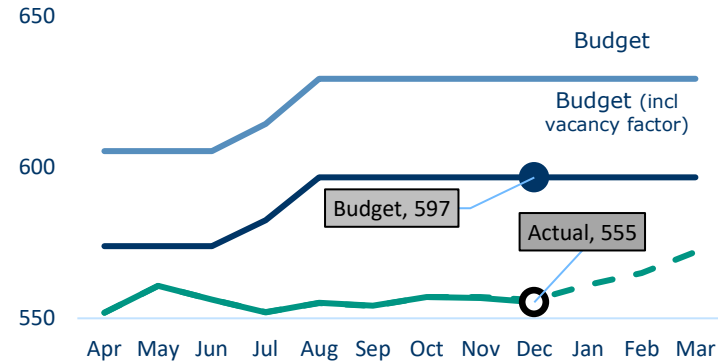
YTD actual £0.9m underspend vs budget, forecast to increase by £0.4m to £1.3m underspend vs budget by the year end.

- The broken line shows the Q3 forecast which is compiled every three months. Built into the Q3 forecast are several external posts that are currently at vetting/interview stage or will be moving towards interview but expected to be in post before the year end.
- Staff numbers have remained under budget by 42 FTE's. Recruitment is ongoing related to filling posts within the forensics operating model; however, this is behind the planned budget phasing.

Staff Headcount by Function (FTE)

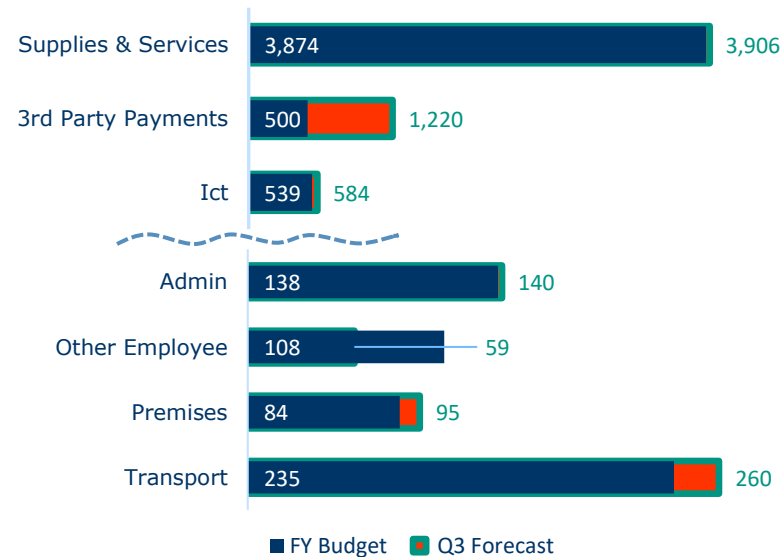| Function	Budget w Vacancy	Actual
705 PM Tox	23	20
704 QA & BS	60	60
703 Physical Sciences	151	153
702 SE	125	131
701 Biology	162	164
700 HQ	66	29

- The approved budget included new posts as part of the new forensics operating model. These posts have been phased across the year as shown in the graph on the left.
- For budgeting purposes, the growth posts have been retained within HQ, however, the actual new posts are across the service creating an artificial underspend in HQ and overspend in other areas, primarily scenes.
- Finance and FS require to revise its functional structure and budgets for the new operating model.

Summary

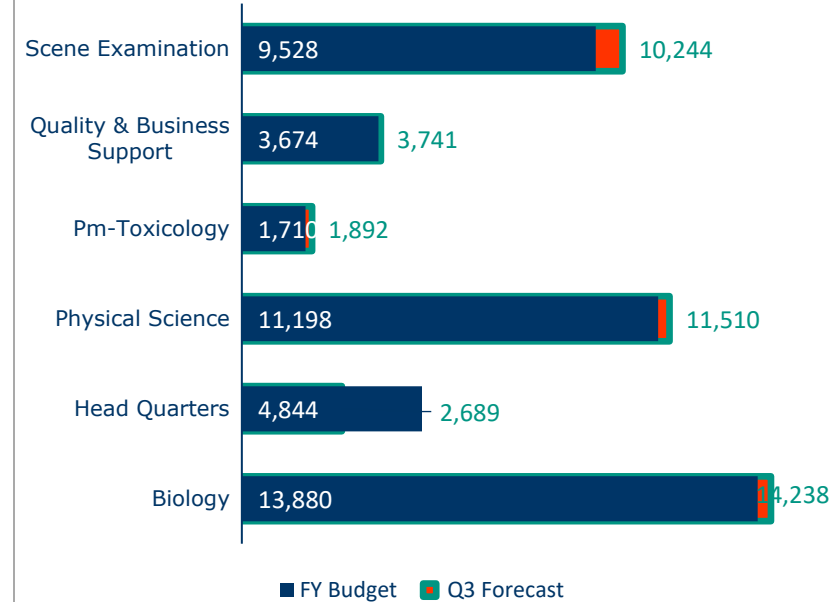|	Year to date				Full Year			
	Budget	Actual	Var		Budget	Q3 FC	Var	
	£m	£m	£m	%	£m	£m	£m	%
Pay	29.2	28.3	0.9	3.1%	39.0	37.9	1.1	2.8%
Overtime	0.3	0.3	0.0	-	0.4	0.4	0.0	-
Non-pay	4.0	4.8	-0.8	20%	5.5	6.2	-0.7	12.7%
Income	-0.1	-0.1	0.0	-	-0.1	-0.2	-0.1	100%
Total	**33.4**	**33.3**	**0.1**	**0.3%**	**44.8**	**44.3**	**0.5**	**1.1%**

- The year-to-date actual spend is £136k under budget.
- Over the year spend is forecasted to fall behind budget by £0.5m. This is mainly due to recruitment taking longer than budgeted.
- The overall forecast at Q3 was an **underspent budget position.**

Non-Pay Expenditure (Forecast, £000)

Legend: ■ FY Budget ■ Q3 Forecast

	FY Budget	Q3 Forecast
Supplies & Services	3,874	3,906
3rd Party Payments	500	1,220
Ict	539	584
Admin	138	140
Other Employee	108	59
Premises	84	95
Transport	235	260

- Third party payments Q3 forecast £0.7m overspend. This is due to Postmortem toxicology outsourcing costs not budgeted for. Due to delays in the completion of the lab fitout there were knock-on delays to methods development. With a fixed transfer date of the service, FS outsourced some cases to allow staff to progress methods development work. This has completed with outsourcing ending in August 2023. This cost will not be recurring.
- Other employee costs - The reduction in forecast relates to training costs being forecasted to come in lower than original budget with nearly all training complete by period 9.
- Transport – The increase in forecast from budget relates to increased usage of vehicle hire charges as the age of fleet means vehicles are not available for use.

Revenue Spend By Function (Forecast, £000)

Legend: ■ FY Budget ■ Q3 Forecast

	FY Budget	Q3 Forecast
Scene Examination	9,528	10,244
Quality & Business Support	3,674	3,741
Pm-Toxicology	1,710	1,892
Physical Science	11,198	11,510
Head Quarters	4,844	2,689
Biology	13,880	14,238

- There are large variances between functions due to the budgeting of the new structure posts. Budgeting temporarily placed the budget for the growth posts in HQ. This has created a underspend in HQ (£2.2m) and corresponding overspends across other areas, primarily scene examination (£0.7m) related to staffing.
- Most of the forecasted underspend of £0.5m is staffing related as the op model plan has taken longer to recruit to. Non-pay variances slightly offset this and they relate to physical science (£0.310m) related to drug driving outsourcing and within PM toxicology (£0.384m) related to toxicology outsourcing. Funding of £300k has been provided for drug driving which is incorporated into the Q3 forecast.

Efficiency Plan

Efficiency	Detail	FY Value £000	YTD Value £000	YTD Delivered £000	Deliverability RAG Status
Y-STR	DNA testing process improvements - second half 23/24	70	53	0	⚫
PCR Volumes	DNA testing process improvements - second half 23/25	60	45	0	⚫
Logistics	Reduction in 3rd party logistics spend	60	45	0	🔴
Forensic Examiner Rota *	Reduce on call staff	30	23	0	🔴
Training *	Reduce 3rd party training spend	40	30	0	🔴
Overtime	Reduction in overtime	50	38	0	🟡
Income Generation	Earn additional income vs 2022/23 budget baseline	50	38	24	🟡
Business Support Consumables	Reduction in consumable spend	12	9	0	🟡
Duty Manager Consolidation	Reduce on call staff	15	11	15	🟢
T&C Harmonization	6 month delay in additional costs from Post Mortem Tox staff transferring to SPRM	120	90	90	🟢
DNA 4 Site to 2 Site	Consolidate DNA testing into 2 locations	20	15	110	🟢
Operational Kits	Reduce expenditure on consumables	15	11	31	🟢
TOTAL		**542**	**407**	**270**	

Will not be achieved in 2023/24.

- At budget setting, FS set an efficiencies, savings target of £0.5m. These reductions have been included in the approved full year budget as shown on the prior pages.

- The table highlights progress on the agreed efficiency savings. In the year to date, the service is overall behind with the efficiency's plans, however, the majority of savings still require to be realised and are phased in the rest of the year.

- Staff costs are forecasted to reduce due to op model recruitment slowing versus planned. Therefore, the efficiency plan is not key now to achieving a balanced budget. Nevertheless, efficiencies are needed to be made towards achieving a balanced budget for 2024/25. The savings made in staffing in 2023/24 are not recurring for next year as the op model recruitment is targeted to be finished by year end.

- Local initiatives are planning to take over the shortfall in the efficiency plan until year end.

  o The two 'black' RAD savings initiatives have not yet started, as originally planned for the second half of 2023/24.

  o There remains a numbers of 'red/ amber' rates efficiencies where savings have not been realised to date or won't be achieved in 2023/24.

Appendices

Summary Q2 Forecast

	Year to date					Full Year			
	Budget	Actual	Var			Budget	Q2 FC	Var	
	£m	£m	£m	%		£m	£m	£m	%
Pay	19.1	18.4	0.7	3.6%		39.0	37.9	0.1	0.6%
Overtime	0.2	0.2	0.0	-		0.4	0.4	0.0	-
Non-pay	2.7	3.4	-0.7	26.0%		5.5	6.2	-0.7	-13%
Income	-0.1	-0.1	0.0	-		-0.1	-0.1	0.0	-
Total	**21.9**	**21.9**	**0.0**	**-**		**44.8**	**44.4**	**0.4**	**0.1%**

- The year to date actual spend is in line with budget.
- Over the year spend is forecasted to fall behind budget by **£0.4m.** This is due to recruitment taking longer than budgeted.
- The overall forecast at Q2 was an **underspent budget position.**
- Nevertheless, efficiencies are needed to be made (see next slide) in order to achieve a balanced budget for 2024/25. The savings made in staffing in 2023/24 are not recurring for next year as the op model recruitment is targeted to be finished by year end.

Revenue forecast (£000)

Category	Value
Q1 Forecast	44,818
Staff Vacancies	424
Admin costs	35
ICT Costs	24
Other	15
Q2 Forecast	44,398

Staff Headcount (FTE)

Budget, 597
Actual, 554
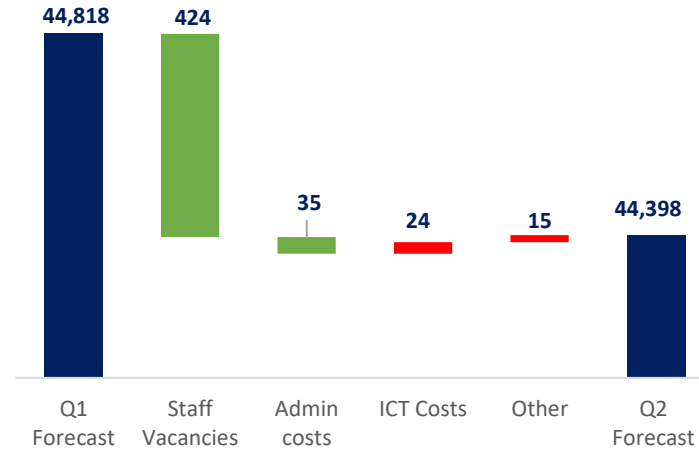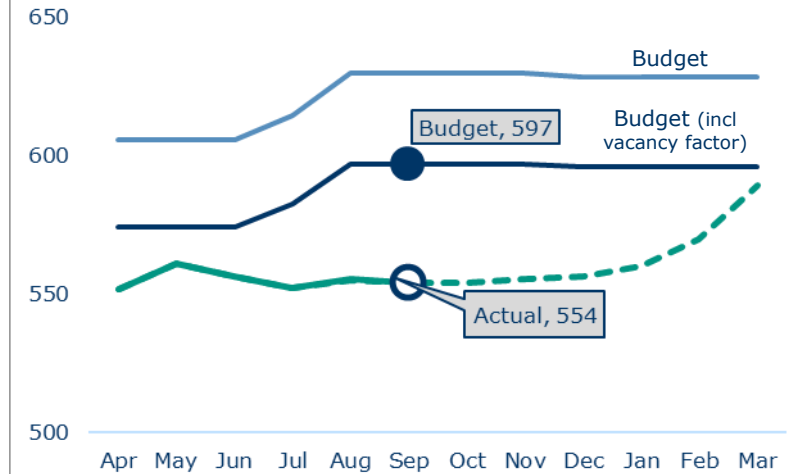
YTD actual £0.7m underspend vs budget, forecast to increase by £0.4m to £1.1m underspend vs budget by the year end.
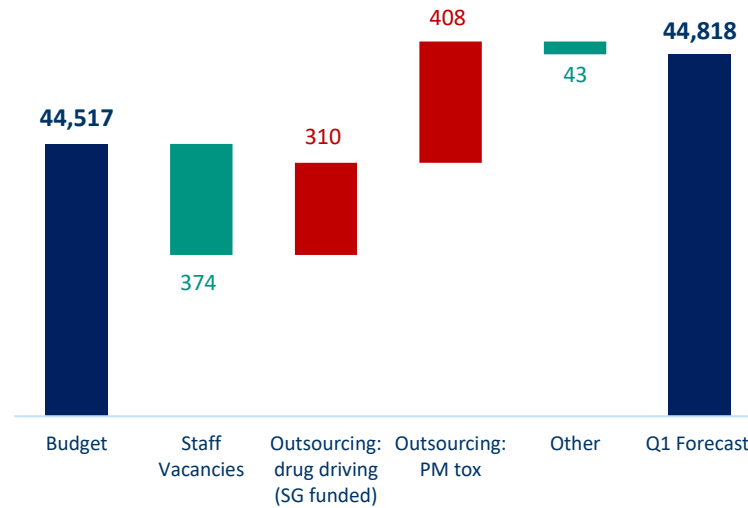
- The broken line shows the Q2 forecast which is compiled every 3 months. Built into the later stages of the Q2 forecast are several external posts that are currently at vetting/interview stage or will be moving towards interview but expected to be in post before the year end.
- Staff numbers have remained under budget by 43 FTE's. Recruitment is ongoing related to filling posts within the forensics operating model, however, this is behind the planned budget phasing.
- This is expected to be a non-recurring saving in the current financial year as these posts are filled by the end of the year.

Appendix 2: Q1 Forecast
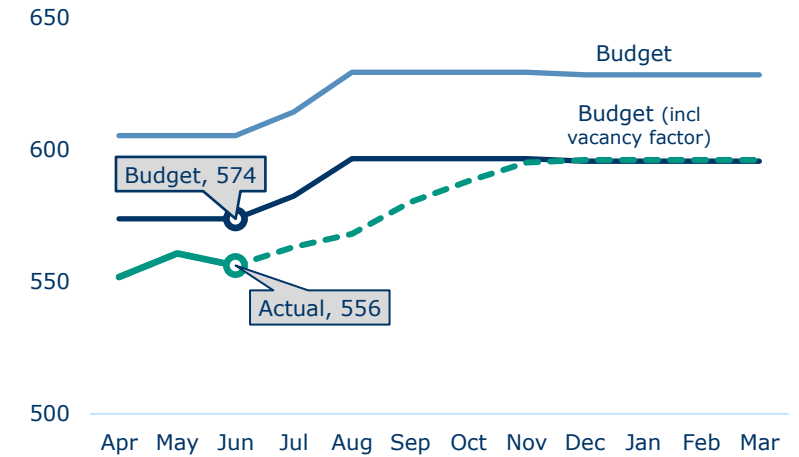
Summary Q1 Forecast

	Full Year			
	Budget £m	Forecast £m	Var £m	%
Staff	39.1	38.7	0.4	1.0%
Non-pay	5.5	6.2	(0.7)	12.7%
Income	-0.1	-0.1	0.0	-
Total	**44.5**	**44.8**	**(0.3)**	**0.7%**
Base funding	44.5	44.5	0.0	-
Additional SG funding for drug driving outsourcing	0.0	0.3	0.3	100%
Total Funding	**44.5**	**44.8**	**0.3**	**0.7%**

- The net costs are forecast to be £0.3m higher than the original budget, however, this is being funded by £0.3m of additional SG funding.
- Removing the impact of the additional funding and its associated spend, the underspend on staff cost offsets the additional PM tox outsourcing overspend.
- The overall forecast is a **break-even budget position**.
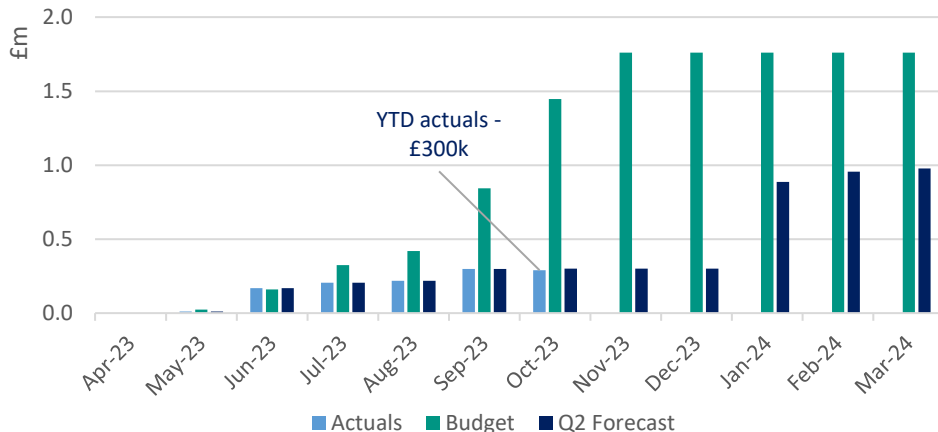
Revenue forecast (£000)

Budget **44,517**

Staff Vacancies 374

Outsourcing: drug driving (SG funded) 310

Outsourcing: PM tox 408

Other 43

Q1 Forecast **44,818**

Staff Headcount (FTE)

Budget

Budget (incl vacancy factor)

Budget, 574

Actual, 556

YTD £0.1m underspend, forecast to rise to £0.4m by the year end.

- Staff numbers have remained under budget by ~20 FTE's. Recruitment is ongoing related to filling posts within the forensics operating model, however, this is behind the planned budgeting phasing.
- This is expected to be a non-recurring saving in the current financial year as these posts are filled by the end of the year.

- The originally approved FS capital budget was £1.76m for this year, noting FS would need to contribute to the overall slippage target.

- During the year this budget was reduced. At both Q1/2 forecast several projects have been identified as not needed or replaced with new capital spend.

- Since Q2 it has been identified that the capital budget for the police force will exceed the original allocation and therefore a few projects have been delayed with delivery pushed to early 2024/25.

  - For forensics these projects are the alcohol headspace (£70k), Data Tier 1 System updates (£100k) and RFID (£115k) with a total value of £285k.

  - It is anticipated with the delayed deliveries that the full year capital spend will likely be in the £791k region.

YTD actuals - £300k

Capital Projects	Full Year Budget £000	Q1 Adjust £000	Q2 Adjust £000	Projects Paused £000	Current forecast £000	Comments
Forensics Hardware	92				92	Project due for delivery in 23/24
LineLite Crimelights	140		- 140		0	Project assessed as not needed in 23/24
Toughbook Replacement	300		- 300		0	Project assessed as not needed in 23/24
Alcohol Headspace	70			- 70	0	Project delivery delayed till early 24/25
Lasers (x3)	72	- 72			0	Project assessed as not needed in 23/24
Forensics Equipment	130				130	Project due for delivery in 23/24
Metal Deposition	152	- 152			0	Project assessed as not needed in 23/24
Fire Investigation Training facility	30		- 30		0	Project assessed as not needed in 23/24
Data Protection Tier 1 System Updates	200		- 100	- 100	0	Project delivery delayed till early 24/25
RFID	115			- 115	0	Project delivery delayed till early 24/25
Forensics Services Software	160				160	Project due for delivery in 23/24
Superglue Cabinets (Dundee and SCC)	32	32	35		99	Project due for delivery in 23/24
Networking of DCS-5s	92	7	50		149	£99K delivered in year to date. The rest of the project due for delivery in 2023/24
IDENT1 Single Search Location	150	- 150			0	Project assessed as not needed in 23/24
Imaging Solution for FPs	25		- 3		22	Project already delivered
MS Detectors for HPLCs			80		80	Project due for delivery in 23/24
Green Laser			20		20	Project due for delivery in 23/24
Adjustments	-	24	14		38	Prior year invoices not accrued, recoded invoices and stage 2 go live application specialist.
Total	**1,760**	**-310**	**-373**	**-285**	**791**	

Forensics Finance dashboard
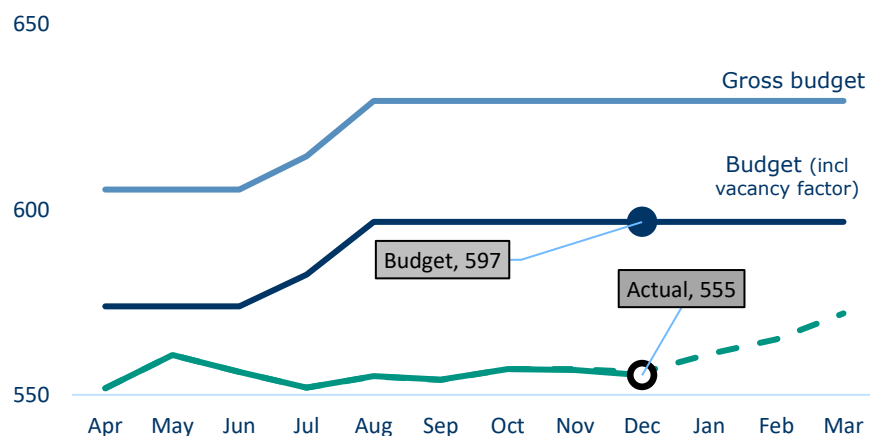
Q3 2023/24

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 £0.5m. This is mainly due to recruitment taking longer than budgeted.

- The overall forecast at Q3 was an underspent budget position.
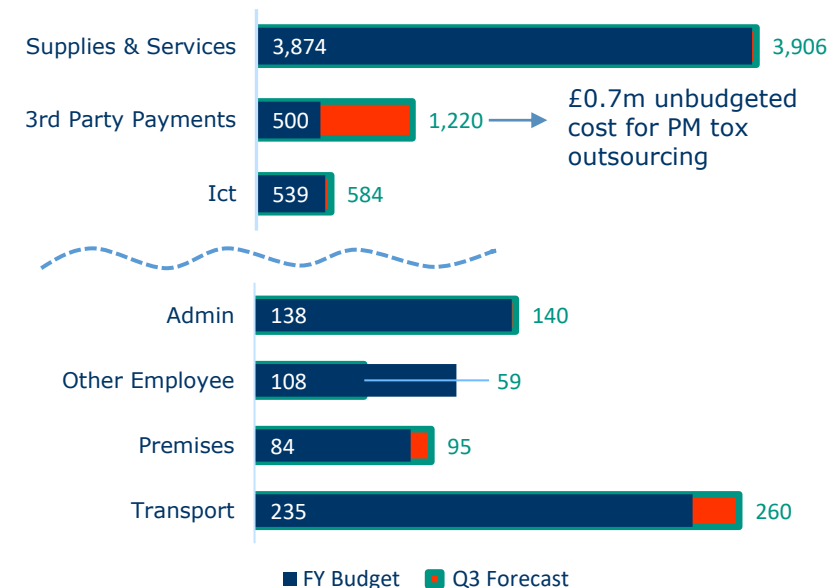
Revenue Summary

	Year to date				Full Year			
	Budget	Actual	Var		Budget	Q3 FC	Var	
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Overtime	0.3	0.3	0.0	-	0.4	0.4	0.0	-
Non-pay	4.0	4.8	-0.8	20%	5.5	6.2	-0.7	12.7%
Income	-0.1	-0.1	0.0	-	-0.1	-0.2	-0.1	100%
Total	**33.4**	**33.3**	**0.1**	**0.3%**	**44.8**	**44.3**	**0.5**	**1.1%**

Staff Headcount (FTE)

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

Gross budget

Budget (incl vacancy factor)

Budget, 597

Actual, 555

Non-pay expenditure (Forecast, £000)

	FY Budget	Q3 Forecast
Supplies & Services	3,874	3,906
3rd Party Payments	500	1,220
Ict	539	584
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Other Employee	108	59
Premises	84	95
Transport	235	260

£0.7m unbudgeted cost for PM tox outsourcing

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.