

<b>Meeting</b>	<b>SPA Resources Committee</b>
<b>Date</b>	<b>10 March 2022</b>
<b>Location</b>	<b>Video Conference</b>
<b>Title of Paper</b>	<b>P10 Financial Monitoring Report</b>
<b>Presented By</b>	<b>Lynn Brown, Strategic Financial Planning and Budgeting Lead</b>
<b>Recommendation to Members</b>	<b>For Discussion</b>
<b>Appendix Attached</b>	<b>Yes Appendix A P10 Finance Report</b>

**PURPOSE**

The purpose of this report is to provide Members with an update on the financial position of the SPA and Police Scotland for period 10 of the financial year 2021/22.

## **1. BACKGROUND**

- 1.1 The SPA Board approved the revenue and capital budget for 2021/22 on 24 March 2021. The Scottish Government provided a £60m uplift in core revenue funding, as well as an additional £15m of one-off funding to support the impact of COVID-19. When combined, the total funding allowed the SPA to set with a balanced revenue budget with no operating deficit.
- 1.2 The SPA's funding allocation for capital and reform was set at flat cash for 2021/22, with the exception of an additional £0.5m to support Body Worn Video. When combined with disposal proceeds, the total funding available is £53.7m for capital and £25.0m for reform budgets.
- 1.3 The Chief Financial Officer provides the routine finance report which outlines the year to date and forecast position for the revenue, capital and reform budgets.

## **2. FURTHER DETAIL ON THE REPORT TOPIC**

- 2.1 Appendix A provides the detailed period 10 (P10) finance report.

### **Revenue**

- The revenue position at P10 is a year-to-date underspend against the quarter three (Q3) forecast of £1.5m, due primarily to timing variances, and a year-to-date underspend against budget of £4.5m.
- After increases above quarter two forecast, to both net expenditure (£8.4m) mainly due to additional cost of leave provisions (£12.7m), COVID-19 (Omicron) costs (£2.2m) offset by additional one-off underspends (£6.5m); and funding (£2.2m) for specific initiatives supported by the Scottish Government; Q3 revenue position is £6.2m above the budgeted break even position.
- Consultation with Scottish Government is ongoing to approve this position, which when confirmed will be included in its 2021-22 Budget Allocation and Management (BAM) letter to the Authority.
- A number of threats and opportunities are being monitored, some of which may crystallise in Q4.

## **Capital**

- The year to date capital spend at P10 is under forecast by £0.3m, and a year-to-date underspend against budget of £11.2m.
- As previously reported, the capital forecast at quarter three is £58.9m, £5.2m above the budget position of £53.7m.
- This forecast overspend is fully funded and primarily compensated by additional forecast grant-in-aid funding (£4.6m) committed by the Scottish Government to support transitional capital costs (laboratory fit out and instruments) for the transfer of post mortem toxicology services to the Police Authority.
- The Q3 forecast recognises other capital grants receivable (£1.3m) offset by a reduction in capital receipts due to a delay in property sale (£0.7m).

## **Reform**

- The year to date reform spend at P10 is over forecast by £0.4m, and a year-to-date underspend against budget of £2.5m.
- As previously reported, the reform forecast at Q3 is £23.1m, £1.9m under the budget position of £25.0m, due primarily to slippage and delays in Transformation Resource, Enabling Policing for the Future (EPF) programme and Estates transformation. The Q3 forecast of £23.1m is in line with revised funding availability.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The financial implications are set out in detail in this paper.

### **4. PERSONNEL IMPLICATIONS**

- 4.1 There are no personnel implications associated with this paper.

**5. LEGAL IMPLICATIONS**

5.1 There are no legal implications associated with this paper.

**6. REPUTATIONAL IMPLICATIONS**

6.1 There are no reputational implications associated with this paper.

**7. SOCIAL IMPLICATIONS**

7.1 There are no social implications associated with this paper.

**8. COMMUNITY IMPACT**

8.1 There are no community impact associated with this paper.

**9. EQUALITIES IMPLICATIONS**

9.1 There are no equalities implications associated with this paper.

**10. ENVIRONMENT IMPLICATIONS**

10.1 There are no environmental implications associated with this paper.

**RECOMMENDATIONS**

Members are asked to discuss and note the contents of this paper.



SCOTTISH POLICE  
AUTHORITY

Finance

FP&A - Financial  
planning & analysis  
team

# Appendix A

## Finance report

Period 10 2021/22



# Finance dashboard

Period 10 2021/22  
Year to Jan 2022

## Revenue

A	A	A
Nov	Dec	Jan

- YTD £1.5m under forecast
- FY Q3 forecast £6.2m over budgeted break even position

## Capital

A	A	A
Nov	Dec	Jan

- YTD £0.3m under forecast
- FY Q3 forecast £5.2m over budget (fully funded)

## Reform

A	A	A
Nov	Dec	Jan

- YTD £0.4m over forecast
- FY Q3 forecast £1.9m under budget

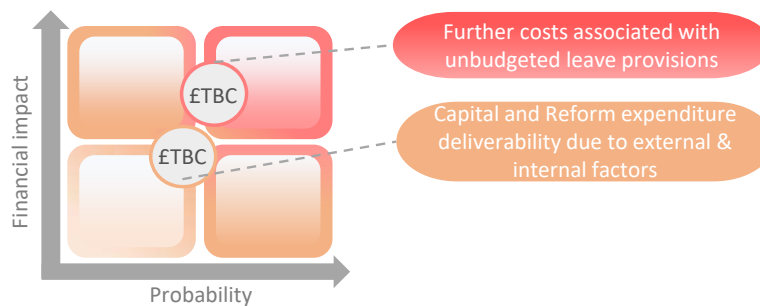
1 Revenue budget includes for 17,234 FTE officers at each quarter end.

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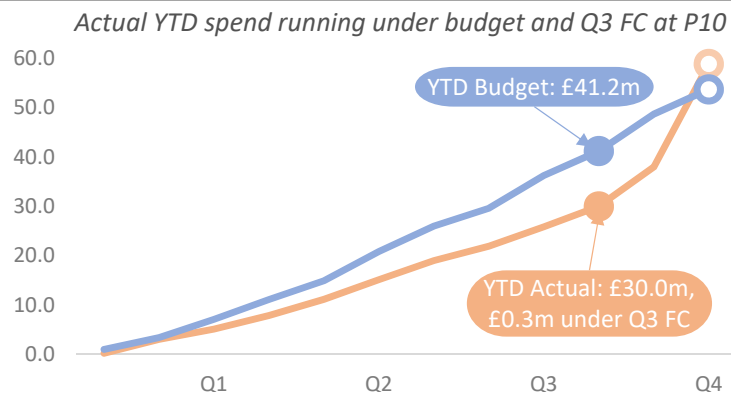
## Revenue variance (£m)

	YTD actual v Q3 FC	FY Q3 FC v Budget
Police Scotland	1.3	-11.2
Forensic Services	0.2	-0.5
SPA corporate	0.0	0.8
<b>Total</b>	<b>1.5</b>	<b>-10.9</b>

## Threats

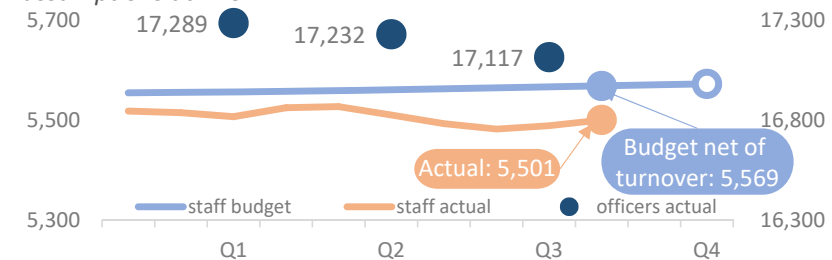


## Capital spend profile (£m)

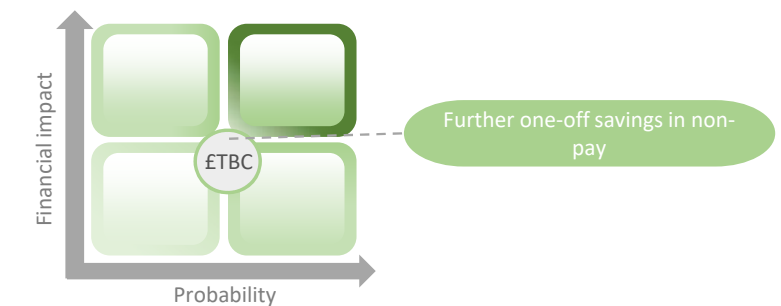


## People numbers (FTE) – Revenue Budget 1

Staff and officers headcount currently running under budgeting assumptions at P10

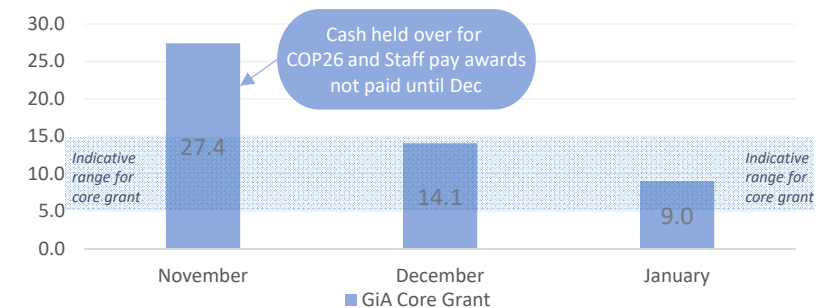


## Opportunities



## Cash flow management (£m)

Maintaining cash balances at a moderate level demonstrates effective cash management



# Operation Talla

(Policing response to COVID-19)

**2021/22 year to date:**

- Revenue: £2.6m
- Capital: £0.0m
- Total: £2.6m

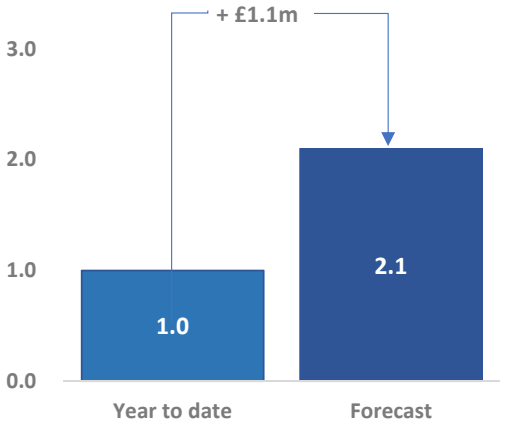
**2021/22 forecast:**

- Revenue: £4.9m
- Capital: £0.0m
- Total: £4.9m

**Revenue forecast (£m)**

	Year to date £m	2021/22 Q3 FY FC £m
PPE	1.0	2.1
Overtime	1.4	2.2
Other	0.2	0.6
<b>Total</b>	<b>2.6</b>	<b>4.9</b>

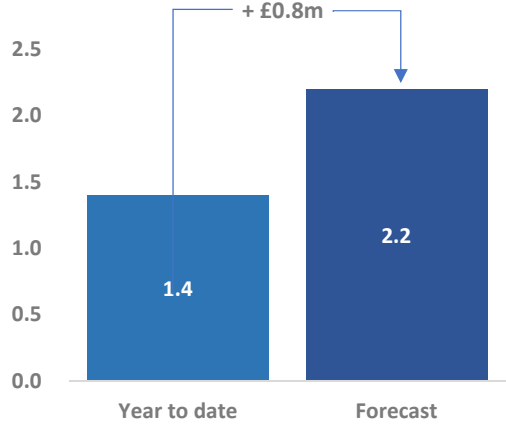
**Revenue: PPE (£m)**



**Capital forecast (£m)**

	Year to date £m	2021/22 Q3 FY FC £m
Laptops	0.0	0.0
Video comms solution	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>

**Revenue: overtime (£m)**



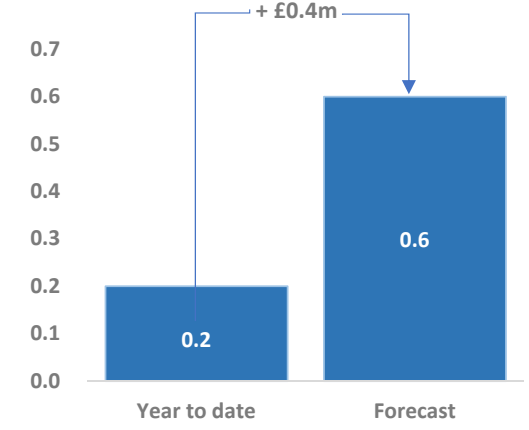
**2019/20 - 2021/22 costs (£m)**

	Revenue £m	Capital £m
2019/20	1.3	0.1
2020/21	7.7	2.4
2021/22 YTD	2.6	0.0
<b>Total</b>	<b>11.6</b>	<b>2.5</b>

	Revenue £m	Capital £m
2019/20	1.3	0.1
2020/21	7.7	2.4
2021/22 Forecast	4.9	0.0
<b>Total</b>	<b>13.9</b>	<b>2.5</b>

**Revenue: other costs (£m)**



# Revenue (service area)

Year to date £1.5m under Q3 forecast

Q3 net expenditure forecast £10.9m over FY budget

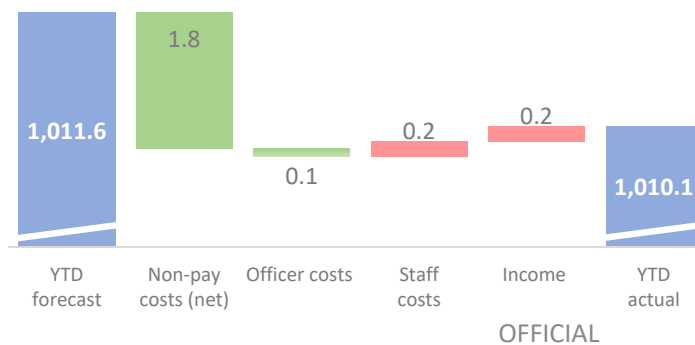
Q3 FC is £6.2m over the budgeted break even position

Forecast deliverability status remains at amber

## Year to date costs £1.5m under forecast

- Due primarily to timing variances related to delays in receiving supplies and services (£1.1m) and other items (£0.4m) net.
- After increases above Q2 forecast, to both **net expenditure (£8.4m)** mainly due to additional cost of leave provisions (£12.7m), COVID-19 (Omicron) costs (£2.2m) offset by additional one-off underspends (£6.5m); **and funding (£2.2m)** for specific initiatives supported by the Scottish Government; **Q3 revenue position is £6.2m above the budgeted break even position.**
- \*\* Consultation with Scottish Government is ongoing to approve this position, which when confirmed will be included in its 2021-22 Budget Allocation and Management (BAM) letter to the Authority.
- A number of threats and opportunities are being monitored, some of which may crystallise in Q4.

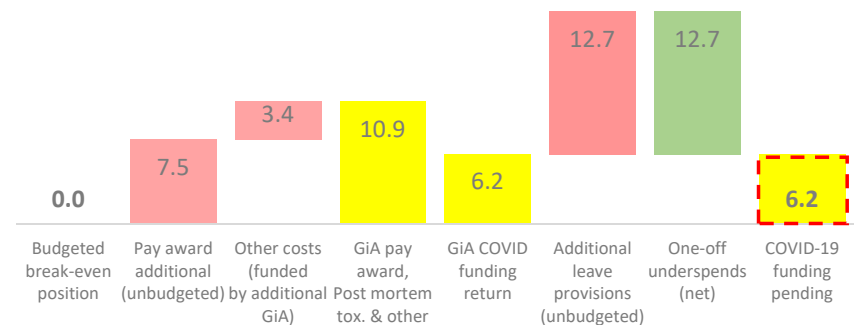
## YTD actual v Q3 forecast (£m)



## Detailed revenue variance (£m)

	Year to date			Full year		
	Q3 FC £m	Actual £m	Var. £m	Budget £m	Q3 FC £m	Var. £m
Police Scotland	977.7	976.4	1.3	1,178.8	1,190.0	-11.2
Forensic Services	30.5	30.3	0.2	36.6	37.1	-0.5
SPA Corporate	3.4	3.4	0.0	4.9	4.1	0.8
<b>Total</b>	<b>1,011.6</b>	<b>1,010.1</b>	<b>1.5</b>	<b>1,220.3</b>	<b>1,231.2</b>	<b>-10.9</b>
<b>Funding</b>						
GIA (Core)				1,205.3	1,212.8	-7.5
GIA (other)				0.0	3.4	-3.4
COVID funding				15.0	8.8	6.2
COVID funding pending**				0.0	6.2	-6.2
<b>Total</b>				<b>1,220.3</b>	<b>1,231.2</b>	<b>-10.9</b>

## Q3 FC £6.2m over budgeted break even position (£m)





# Revenue

## (spend type)

Q3 forecast assumes £4.9m of direct Operation Talla costs

### Revenue variance by spend type - actual v Q3 FC (£m)

	Year to date				Full year			
	Q3 FC £m	Actual £m	Var. £m	Var. %	Budget £m	Q3 FC £m	Var. £m	Var. %
Police officers	694.5	694.4	+0.1	+0.0%	827.3	845.8	-18.5	-2.2%
Police staff	205.8	206.0	-0.2	-0.1%	249.4	248.0	+1.4	+0.6%
Non-pay	140.8	139.0	+1.8	+1.3%	174.0	172.2	+1.8	+1.0%
Income	-29.5	-29.3	-0.2	-0.7%	-30.4	-34.8	+4.4	+14.5%
<b>Total</b>	<b>1,011.6</b>	<b>1,010.1</b>	<b>+1.5</b>	<b>+0.1%</b>	<b>1,220.3</b>	<b>1,231.2</b>	<b>-10.9</b>	<b>-0.9%</b>

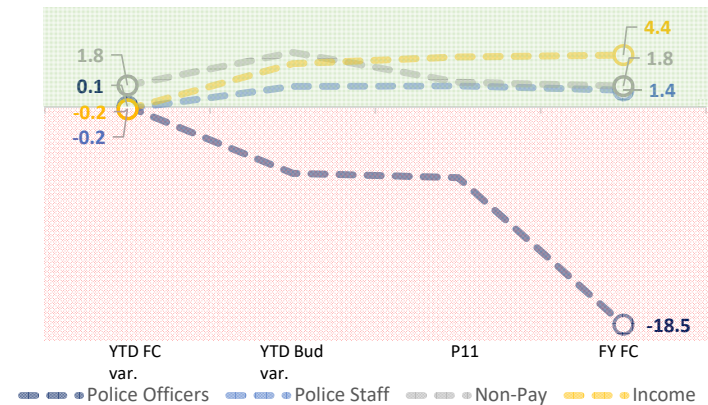
### Pay

- Police officers - underspend against forecast relates to ill health pensions (£0.5m) due to delays in OHS approvals offset by other salary costs (£0.4m).
- Police staff - overspend against forecast relates to salaries, on costs and allowances (£0.1m) and overtime costs (£0.1m).

### Non-pay

- Supplies and services (£1.1m under) - mainly timing underspends in operational equipment (£0.6m), operational supplies costs (£0.3m) forensic & investigative costs (£0.1m) and other costs net (£0.1m).
- Other costs (£1.0m under) - Transport costs (£0.3m), external legal costs and legal liability claims (£0.3m), training costs (£0.2m), admin costs (£0.1m) and ICT maintenance (£0.1m).
- Premises costs (£0.3m over) - higher than expected property repairs costs for outstanding work in progress from our current contract provider Mitie. Full review continuing as contract comes to closure.

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



### Income

- Under-recovery of fees & charges (£0.1m) and specific grant funding (£0.1m) mainly identified as timing.
- Budget included a reduction of £10.0m to capture the current impact of COVID-19, compensated by additional SG funding.

# Revenue

## (further business area detail)

**1** Police officer numbers were 17,117 FTE as per last externally reported quarter end 31 December 2021.

Actual 17,146.8 FTE is made up of 17,117 FTE for police officers and 29.8 FTE for police staff supernumerary.

### DCC Local Policing

- Overspend in police staff costs (£0.1m), and under-recovery on income (£0.2m) offset by underspends in supplies and services (£0.1m), transport costs (£0.1m) and other non-pay costs (£0.1m).

	£m	FTE
Q3 Forecast	106.7	2,589.2
Actual	106.7	2,589.8
<b>YTD variance</b>	<b>0.0</b>	<b>-0.6</b>
<i>FY FC v budget</i>	<i>-4.4</i>	<i>13.0</i>

### DCC Crime & Op Support

- Underspends in supplies and services (£0.8m), police officer OT (£0.2m), ICT related costs (£0.1m) and over recovery on income (£0.1m).

	£m	FTE
Q3 Forecast	39.9	633.0
Actual	38.7	633.2
<b>YTD variance</b>	<b>1.2</b>	<b>-0.2</b>
<i>FY FC v budget</i>	<i>0.7</i>	<i>-51.5</i>

### DCC Professionalism, Digital & Transformation

- Underspends in external legal costs and legal liability claims (£0.3m) and other non-pay costs (£0.1m).

	£m	FTE
Q3 Forecast	67.1	738.3
Actual	66.7	738.1
<b>YTD variance</b>	<b>0.4</b>	<b>0.2</b>
<i>FY FC v budget</i>	<i>2.5</i>	<i>0.5</i>

### DCO Corporate services, People & Strategy

- Underspends in ill health pensions (£0.5m) due to delays in OHS approvals and other non-pay costs (£0.2m) offset by overspend in estates costs due to higher than expected property repairs costs for outstanding work in progress from our current contract provider Mitie (£0.3m).

	£m	FTE
Q3 Forecast	88.3	943.2
Actual	87.9	943.6
<b>YTD variance</b>	<b>0.4</b>	<b>-0.4</b>
<i>FY FC v budget</i>	<i>7.4</i>	<i>88.0</i>

### Corporate centre

- Overspends in police officer costs (£0.4m), Operation Talla overtime costs (£0.2m) and other non-pay costs (£0.1m).

	£m	FTE
Q3 Forecast	675.7	17,147.3
Actual	676.4	17,146.8
<b>YTD variance</b>	<b>-0.7</b>	<b>0.5</b>
<i>FY FC v budget</i>	<i>-17.4</i>	<i>0.6</i>

### Forensic services & SPA corporate

- Forensic Services (£0.2m under) – underspend in police staff costs (£0.1m) and supplies and services (£0.1m).
- SPA Corporate (in line with forecast)

	£m	FTE
Q3 Forecast	33.9	571.9
Actual	33.7	572.5
<b>YTD variance</b>	<b>0.2</b>	<b>-0.6</b>
<i>FY FC v budget</i>	<i>0.3</i>	<i>9.3</i>

# Capital & Reform

**Capital:** Forecast deliverability status remains at amber

**Capital:** Year to date under forecast by £0.3m

**Capital:** FY Q3 forecast £5.2m over budget (fully funded)

**Reform:** Forecast deliverability status remains at amber

**Reform:** Year to date over forecast by £0.4m

**Reform:** FY Q3 forecast £1.9m under budget

\*DEPP = Digitally Enabled Policing Programme

\*\*EPF = Enabling Policing for the Future

\*\*\*MC&E = Modern Contact & Engagement

\*\*\*\*LPP = Local Policing Programme

\*\*\*\*NEDIP = North East Division Integration Project

\*\*\*\*RJLP = Rights & Justice Legislative Programme

## Capital variance by programme (£m)

	Year to date			Full year		
	Q3 FC £m	Actual £m	Var. £m	Bud. £m	FC £m	Var. £m
Estates	6.8	6.5	0.3	8.2	8.0	0.2
Fleet	3.8	3.8	0.0	8.5	12.2	-3.7
EV Infrastructure	3.2	2.7	0.5	3.2	4.5	-1.3
Digital division	3.2	3.5	-0.3	7.0	8.5	-1.5
SPE	1.6	1.6	0.0	3.6	4.0	-0.4
Weaponry	1.1	1.2	-0.1	3.2	2.5	0.7
Forensics	0.2	0.3	-0.1	1.6	1.3	0.3
<i>Change: legislative &amp; inflight</i>						
CJ service programme	0.8	0.7	0.1	3.6	2.2	1.4
Post mortem Toxicology	0.4	0.7	-0.3	0.0	4.3	-4.3
Data drives digital (DDD)	0.7	0.6	0.1	3.1	1.4	1.7
DEPP*	4.4	4.4	0.0	3.5	4.8	-1.3
Digital division	0.1	0.1	0.0	0.0	0.4	-0.4
MC&E***	1.5	1.4	0.1	3.1	2.6	0.5
LPP - NEDIP****	1.5	1.5	0.0	1.5	1.6	-0.1
Estates transformation	0.8	0.7	0.1	2.5	1.3	1.2
RJLP*****	0.1	0.0	0.1	1.1	0.3	0.8
Technical surveillance	0.3	0.3	0.0	1.8	0.7	1.1
Cyber capabilities	0.0	0.0	0.0	0.5	0.1	0.4
Other	0.0	0.0	0.0	0.1	0.0	0.1
Slippage	-0.2	0.0	-0.2	-2.4	-1.8	-0.6
<b>Total</b>	<b>30.3</b>	<b>30.0</b>	<b>0.3</b>	<b>53.7</b>	<b>58.9</b>	<b>-5.2</b>
<b>Funding</b>						
GIA				45.5	50.1	4.6
Reform				4.6	4.6	0.0
Cap receipts				3.6	2.9	-0.7
Other grants				0.0	1.3	1.3
<b>Total</b>				<b>53.7</b>	<b>58.9</b>	<b>5.2</b>

## Reform variance by work stream (£m)

	Year to date			Full year		
	Q3 FC £m	Actual £m	Var. £m	Bud. £m	FC £m	Var. £m
Transformation resource	7.7	7.7	0.0	12.1	10.4	1.7
SPRM	2.0	2.0	0.0	2.2	2.4	-0.2
Data drives digital (DDD)	0.4	0.5	-0.1	0.9	0.7	0.2
DEPP*	0.6	0.7	-0.1	1.2	0.8	0.4
EPF** (incl. change)	0.9	1.0	-0.1	3.8	1.3	2.5
Estates transformation	0.2	0.2	0.0	2.6	0.3	2.3
MC&E***	0.0	0.0	0.0	0.1	0.0	0.1
NEDIP****	1.0	1.0	0.0	1.1	1.0	0.1
CJ service programme	0.0	0.1	-0.1	0.3	0.1	0.2
P&D programme	0.2	0.4	-0.2	1.4	0.7	0.7
RJLP*****	0.0	0.0	0.0	0.4	0.0	0.4
VR VER	2.3	2.2	0.1	2.8	3.1	-0.3
Cyber capabilities	0.0	0.0	0.0	0.5	0.3	0.2
Cyber strategy	0.0	0.0	0.0	0.0	0.4	-0.4
Other	0.8	0.7	0.1	0.3	1.6	-1.3
Slippage mgt	0.0	0.0	0.0	-4.7	0.0	-4.7
<b>Total</b>	<b>16.1</b>	<b>16.5</b>	<b>-0.4</b>	<b>25.0</b>	<b>23.1</b>	<b>1.9</b>
<b>Funding</b>						
GIA				<b>25.0</b>	<b>23.1</b>	<b>-1.9</b>

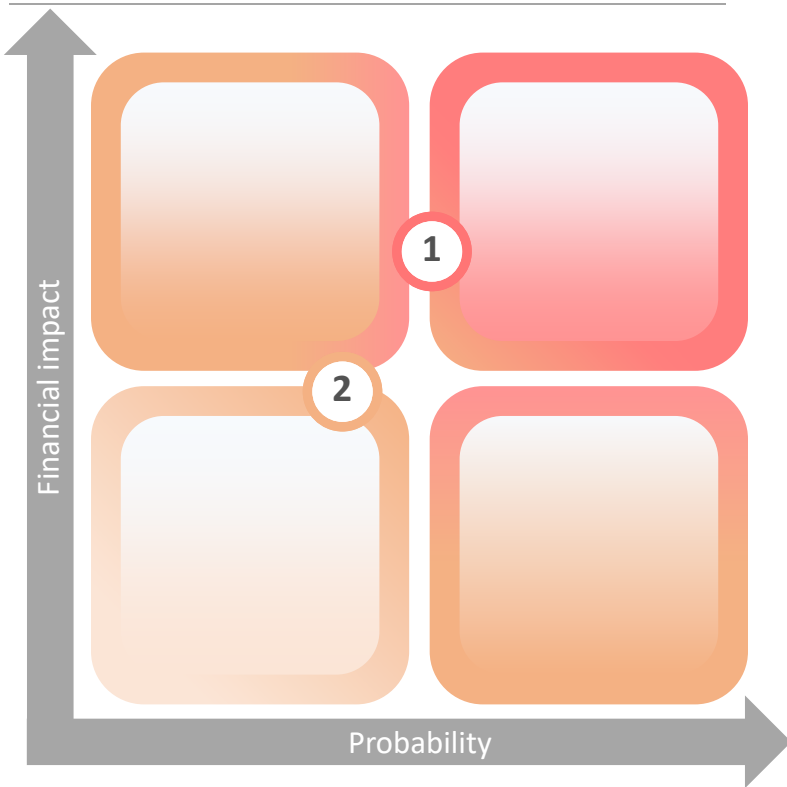
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# Risk analysis

The revenue and capital budget is carrying further risks that may materialise.

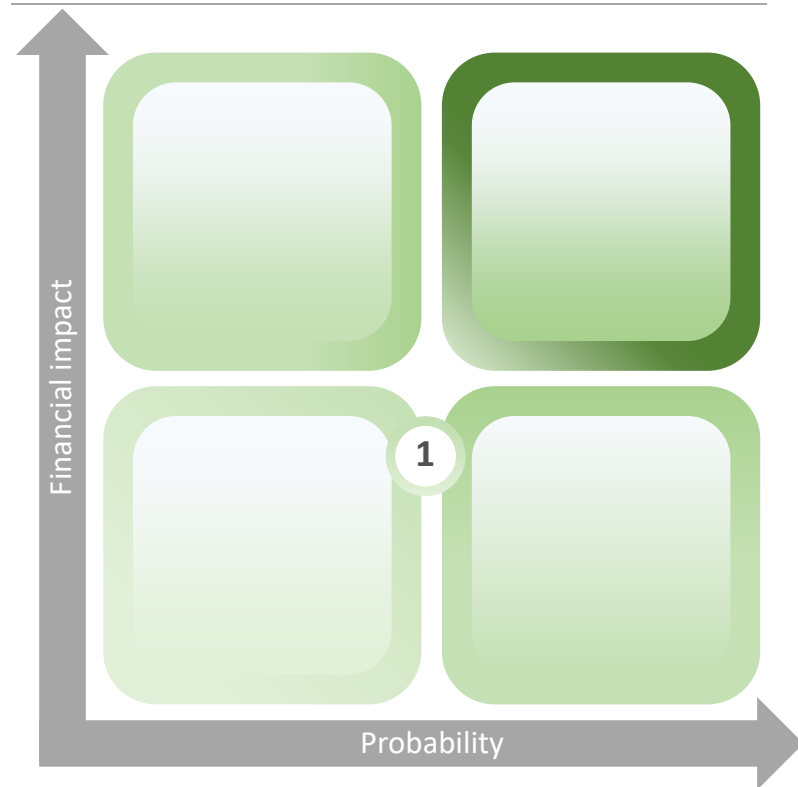
Threats and opportunities risks will continue to be monitored during the remaining months of the year.

## Threats



1. Any additional cost, that may arise above the Q3 provision, associated with the number of days officers have accumulated as re-rostered rest days and a change to annual leave arrangements for 2021/22 in light of COVID-19 infection rate increase, will remain under review by Finance and P&D.
2. Deliverability of capital and reform expenditure, in line with the available current funding, is at risk, which can be attributed to a combination of external factors (supply chain issues) and internal factors (recruitment delays for delivery resources and capacity restraints within procurement).

## Opportunities



1. Any prolonged impact of COVID could result in some further one-off savings in the non-pay budget, i.e. delays in the health system, delays in the justice system and delays in training. This will be closely monitored throughout the remaining part of the year.