

Criminal Justice Committee
Wednesday 30 October 2024
32nd Meeting, 2024 (Session 6)

Police Scotland and Scottish Police Authority – Pre-budget Scrutiny

Note by the clerk

Introduction

1. Each year, subject committees in the Parliament carry out pre-budget scrutiny in advance of the publication of the Scottish Government's budget for the forthcoming financial year.
2. The aim is for the committees to collect evidence on spending priorities and make recommendations to the relevant Cabinet Secretary before the Scottish Government finalises its budget.
3. At this evidence session on the proposed 2025/26 budget, the Committee will hear from:
 - Chief Constable Jo Farrell, Deputy Chief Constable Jane Connors and Chief Financial Officer James Gray, Police Scotland

Followed by

 - Martyn Evans, Chair, Lynn Brown, Chief Executive and Fiona Douglas, Director of Forensic Services, Scottish Police Authority
4. At a previous meeting this year, the Committee heard from Community Justice Scotland and Social Work Scotland.
5. At subsequent meetings in the autumn, the Committee plans to hear from other organisations within the criminal justice sector and then from the Cabinet Secretary for Justice and Home Affairs. Thereafter, the Committee will produce a short report with its recommendations.
6. The written submission that has been submitted from the above organisations is set out in **Annex A** to this paper.

Focus of the Pre-budget Scrutiny

7. Last year, the focus of the Criminal Justice Committee was a general one on the financial pressures on organisations in the criminal justice sector. The Committee's report is [published online](#).

8. This year, the Committee is again focusing on the financial pressures facing organisations in the criminal justice sector and views on the main priorities for 2025/26. Of particular interest to the Committee is the pressure on capital budgets and investment in policing, the fire and rescue services, prisons, courts, community justice, criminal social work and the third sector.

Action

9. Members are invited to discuss budget matters with the witnesses at today's meeting.

**Clerks to the Committee
October 2024**

Annexe A: Submissions from Police Scotland and Scottish Police Authority

Police Scotland

Police Scotland: Budget 2025-26 requirement

October 2024

Summary

1. Policing in Scotland represents major and successful public sector reform. Funding allocations have resulted in approximately £200m being removed from the annual cost base compared to legacy arrangements while improving service to the public.
2. The next phase of Scottish policing reform will see us re-shape Police Scotland and work to realise our 2030 Vision. Our recently published 3-year business plan is the first of two detailed plans outlining the actions Police Scotland will take to move from our current operating model to our revised model of policing, which is affordable, sustainable and delivers improved service to communities.
3. Scottish Government committed to the next phase of reform with the revenue budget settlement for 2024-25. We are seeking continued commitment to that journey in response to our 2025-26 budget proposal. This will allow us to deliver improvement and transformation at the pace and scale required to keep people safe across Scotland now and in the future.
4. We are wholly committed to achieving the maximum impact from our existing workforce - every police officer, every member of staff and every volunteer needs to be supported, enabled and empowered to deliver for our communities every single day.
5. Our commitment is to ensuring the greatest possible impact with our current workforce. This will be driven by being as efficient as possible and ensuring that we support improvement and efficiency with partners across the system.
6. We are already working to achieve this. Our work with partners to reduce the burden of mental health related demand; our work to drive improvement and greater efficiency across the Criminal Justice system; our work to respond more effectively to repeated calls to locate those missing from home; our work to automate and simplify corporate processes - these are all key areas where we are focussed on creating maximum capacity from within our existing workforce by improving how we work and how the wider system operates.
7. We have begun work to assess the optimal size and shape of our workforce - it will be for the Chief Constable to determine the appropriate balance of warranted powers, skills and experience we need to keep the communities of Scotland safe.

Our assessment of our baseline workforce establishment of officers, staff and volunteers will be critical to inform future funding plans and proposals.

8. We are also committed to delivering a more effective and sustainable estate that enables modern policing, supports the health, safety and wellbeing of our people and the communities we serve and reduces our long-term operating costs.

9. A prioritised ten-year programme of building improvements, refurbishments and disposals is being developed. The pace of implementation will be determined by the availability of funding. For the buildings that we are seeking to dispose of based on poor condition, limited public or police use, we will set out the new preferred solutions - new-build, co-locations, consolidation - based on the needs of our communities and to support effective policing across communities.

10. Grant in Aid funding will continue to be the primary source of funding for the capital programme. Activity to improve and modernise the police estate is estimated to require approximately £256m of capital investment by 2028-29 and our Estates Masterplan also provides an opportunity to realise up to £50m-£80m of capital receipts over the next 5-10 years. We are proposing the use of statutory borrowing powers to fund specific projects that will transform the police estate and provide a return on investment, making debt repayments affordable and manageable.

11. Our budget requirement for 2025-26 is:

- £59.1 m of additional core revenue funding to fund Public Sector pay assumptions, specific inflationary pressures and the impact of new legislation, primarily the Domestic Abuse (Protection) (Scotland) Act 2021 and the Police (Ethics, Conduct and Scrutiny) (Scotland) Bill, the impact of which is significantly higher than we are able to absorb within our BAU activity (Note: revenue uplift based on PSPP assumptions - each additional 1 % = additional £12m).

- Reform funding to be maintained at ~£25m to support Change and Transformation, with no additional ask for VRNER funding.

- An increased capital allocation of £83m to deliver our basic rolling replacement programme including the replacement of fleet, systems and policing equipment; to support delivery of the estates masterplan to maintain and upgrade properties; investment in Change and Transformation, including technology, data, process automation, supporting AI and innovation, and spend to save initiatives.

12. It is critical that Police Scotland moves towards more appropriate future funding arrangements such as securing multi-year funding commitments from Scottish Government, the exercise of statutory borrowing powers and the establishment of a facility to enable the carry forward of financial reserves.

13. This is established practice in other large public sector organisations across the UK and would allow us to supplement our grant-in-aid funding, support longer term operational and financial planning and deliver a larger capital programme more appropriate to an organisation of our size.

14. While we will always operate in a dynamic operational environment, managing

and responding to changing threat, harm and risk, delivery of the commitments within our longer term organisational plan requires that the current annualised funding and investment cycle moves to a longer term approach. We believe that our established track record of excellence and professionalism in operational and financial planning and management offers assurance that Police Scotland is ready to work in this way.

The first phase of policing reform

15. The creation of Police Scotland represented major public sector reform and was an innovative and ambitious response to austerity to protect and improve services. Approximately £200m per annum has been saved for the public purse since Police Scotland was established in 2013.

16. The nature of criminality and the threat it poses to communities continues to evolve. It is critical that our service is able to proactively manage and reduce threat, risk and harm across Scotland. Our planning anticipates continuing public sector budget challenges, technological advancements, increasing demand, changing threats and shifting demographics. We are committed to working collaboratively with partners, drawing on relevant experience to drive reform across the criminal justice system and the wider public sector.

The second phase of policing reform

17. The next phase of Scottish policing reform is under way. The Scottish Government gave a clear commitment to our ambition of continued long term service transformation and improvement with the 2024-25 budget settlement. That commitment has enabled us to re-invest in our workforce and begin to reshape our services to ensure that they are sustainable and affordable. We have developed our 2030 vision of a service that delivers safer communities, less crime, supported victims and a thriving workforce - Scottish Government's continued commitment in responding to our 2025-26 budget proposal will enable us to progress further towards that vision of improved service across Scotland's communities.

18. We have made clear that our focus is on strengthening the impact of our frontline as we work towards the 2030 vision. Our officers, staff and volunteers face high levels of demand and complexity every day and we are wholly committed to supporting them to address and manage that demand better.

19. Our recently published three-year business plan constitutes the first of two detailed plans covering the periods 2024-27 and 2027-30, outlining the actions Police Scotland will take to move from our current operating model to our revised model of policing, which is affordable, sustainable and delivers improved service to communities.

20. Our longer-term vision means that:

- we will better define our role when dealing with vulnerable people;

- we will work with partners to drive improvement across the Criminal Justice system to free our people up from unreasonable and unnecessary demands which reduce our frontline capacity;

- we will ensure that our people are supported and equipped with the right training, the right equipment and the right data at their fingertips to deliver the best possible service.

21. We have made progress already in areas such as the rollout of a single national crime recording system and the national implementation of the Digital Evidence Sharing Capability DESC which will let officers send evidence digitally to prosecutors.

22. We have also awarded the contract for Body Worn Video, and we are determined that this vital technology will be rolled out across our frontline in the months ahead.

23. We are committed to putting community policing at the heart of our service and enhancing the visibility, capability and capacity of our frontline. We will establish a new Cyber Command to tackle the growing threat of online crime and harm. We will enhance our capacity to undertake historic criminal investigations, and we will prepare to ensure a safe and secure Commonwealth Games in 2026 and maintain Scotland's reputation as a world leading venue for major events in the years ahead. The Chief Constable will be accountable for ensuring the correct balance of skills, experience and police powers across our workforce. Our 3-year plan makes clear that we will seek to modernise the Police Scotland workforce through the right investment in Police staff support while also achieving maximum efficiency to support frontline capacity and capability.

24. As part of our second phase of reform we are committed to undertaking effective workforce planning to identify and introduce the skills and experience we need for the future. We are working to establish a clear position on the right size of our police officer, staff and volunteer workforce to address the changing scale and complexity of demand, threat and risk and to keep people safe. We will continue to engage with Scottish Government as this work progresses over the coming months while we also focus on achieving maximum impact from our current workforce of police officers, staff and volunteers.

25. Our multi-year plan to 2027 sets out clearly where we will focus and invest as we move forward on the journey to a more sustainable and affordable model of policing - this next wave of reform offers a major opportunity to improve the organisation and the service we deliver.

26. The investment in each of our areas of focus will depend on funding allocated by the Scottish Government and the pace at which we can generate efficiencies and savings for re-investment. Scottish Government committed to the next phase of reform with the revenue budget settlement for 2024-25. We are seeking continued commitment to that journey in response to our 2025-26 budget proposal. This will allow us to deliver improvement and transformation at the pace and scale required to keep people safe across Scotland now and in the future.

2024-27 business plan priorities

27. The next phase of reform will see us introduce significant change across the following areas:

- Building frontline capacity - Our priority is strengthening our frontline and we are assessing the required strength of our police officer workforce. We will seek to streamline back-office functions to create efficiencies, and we will invest to increase our investigative capabilities and fight crime effectively.
- Community Policing - A new community policing focus will aim to increase the visibility, capacity and capability of our local policing teams. We will emphasise prevention and local problem-solving approaches with a clear ambition to increase confidence levels within our communities and with partners.
- Supported victims - we will support victims through improved trauma informed policing and a victim-centred approach and enable our people to deliver this effectively.
- Workforce modernisation - Our aim is to make maximum impact with a workforce that has the right skills and capacity to keep people safe. Our workforce will continue to be a mix of police officers, staff and volunteers working together effectively. We will ensure that we plan effectively to introduce and develop the skills we need in Police Scotland.
- Science, innovation and technology - We will invest to develop our capabilities surrounding data science, process automation, Artificial Intelligence (AI) and analytics. Through better use of data analytics, backed up by commitment to a rights-based approach, we will equip our workforce to better identify patterns in order to more effectively anticipate where crimes are likely to occur, enabling targeted patrols and interventions and a broader understanding of emerging crime challenges.
- Estates - Our aim is to deliver a more effective and sustainable estate that enables modern policing, supports the health, safety and wellbeing of our people and the communities we serve and reduces long term operating costs.

2025-26 Budget Requirement

28. The budget requirement for 2025-26 to enable Police Scotland to deliver improvement and transformation at the pace and scale required to keep people safe across Scotland now and in the future is summarised below:

Revenue funding: £1,477.8m

£59.1 m of additional core revenue funding to fund Public Sector pay assumptions, specific inflationary pressures and the impact of new legislation, primarily the Domestic Abuse (Protection) (Scotland) Act 2021 and the Police (Ethics, Conduct and Scrutiny) (Scotland) Bill, the impact of which is significantly higher than we are

able to absorb within our BAU activity. Any remaining cost pressures will be self-funded by the organisation.

The 2025-26 revenue requirement is based on the Public Sector Pay Policy published by Scottish Government in May 2024 which sets out a multi-year public sector pay framework with a proposed uplift of 9.3% over the next three years.

With pay accounting for over 85% of the annual revenue budget, pay award is by far the most significant cost pressure each year. Any changes to PSPP or pay award expectations would require to be funded to ensure sustainability of the service. In addition to the £59.1 m quoted above, each additional 1 % pay increase would require an additional £12m of additional recurring funding.

Reform funding: £25m

Requires to be maintained at ~£25m to support Change and Transformation, with no additional ask for VRNER funding.

Capital funding: £83m

Increased capital funding is required to deliver our basic rolling replacement programme including the replacement of fleet, systems and policing equipment; commence delivery of the estates masterplan to maintain and upgrade properties; investment in Change and Transformation, including technology, data, process automation, supporting AI and innovation, and spend to save initiatives.

Multi-year planning & funding arrangements

29. Our annualised budgeting and planning cycle has driven short term decision making and has made multi-year organisational planning and investment difficult. Our 3-year plan signals our commitment to working differently in future and we are seeking Scottish Government's commitment to offer Police Scotland longer term certainty on future funding allocations to enable effective long-term decision making in line with our own planning cycles.

30. Police Scotland also seeks to establish more appropriate future funding arrangements to support long term planning and investment such as the exercise of statutory borrowing powers and the establishment of a facility to enable the carry forward of financial reserves.

31 . This would allow us to supplement our grant-in-aid funding, support longer term operational and financial planning, deliver a larger capital programme (including our Estates Masterplan) more appropriate to an organisation of our size and bring Police Scotland into a similar position as other UK Police Forces and Local Authority bodies.

32. We believe that our established track record of excellence and professionalism in operational and financial planning and management offers assurance that Police Scotland is ready to work in this way.

Revenue profile

33. The medium-term revenue profile and indicative funding requirements to sustain the policing service and deliver the business plan commitments are detailed below (based on the PSPP pay assumptions noted above):

Revenue budget requirement	Year 1 2024-25 (£m)	Year 2 2025-26 (£m)	Year 3 2026-27 (£m)	Year 4 2027-28 (£m)	Year 5 2028-29 (£m)
Police officer costs	929.8	970.8	991.5	1,012.1	1,033.1
Police staff costs	289.2	314.7	327.0	338.4	345.1
Non pay costs	219.5	214.2	219.6	222.1	228.4
Income	(44.8)	(45.2)	(45.5)	(45.9)	(46.2)
Reform	25.0	25.5	25.8	26.0	26.3
New legislation	-	6.2	9.3	18.7	25.4
Savings to be identified	-	(8.4)	(17.7)	(21.4)	(24.1)
Total revenue budget	1,418.7	1,477.8	1,510.0	1,550.0	1,588.0

Additional budget requirement	Year 1 2024-25 (£m)	Year 2 2025-26 (£m)	Year 3 2026-27 (£m)	Year 4 2027-28 (£m)	Year 5 2028-29 (£m)
Additional funding requirement	-	59.1	32.2	40.0	38.0
% increase	-	4.2%	2.2%	2.6%	2.5%

34. The funding requirement assumes that public sector pay, specific inflation and new legislation will be fully funded, and that any remaining cost pressures will be self-funded by the organisation. This includes funding staff modernisation plans that are essential in delivering the Revised Model of Policing.

Legislation

35. Historically Police Scotland has absorbed the impact of legislative changes such as The Age of Criminality Responsibility (Scotland) Act 2019 and The Hate Crime and Public Order (Scotland) Act 2021. However, our assessment is that the operational and financial implications of current legislation is significantly higher than we are able to absorb within our BAU activity. Over the last 12 months, Police Scotland has undertaken more robust analysis of the financial and operational implications of new legislation to inform this position.

36. For example, the Domestic Abuse (Protection) (Scotland) Act 2021 cannot be implemented in the same way as equivalent legislation in England and Wales, the result being that Police Scotland will incur significant legal costs if implemented as originally proposed. The anticipated cost for 2025-26 has been included in our budget bid, and the service will continue to work closely with Scottish Government to define the operational and financial implications along with the future funding requirements.

Legislation	25-26 £m	26-27 £m	2year total £m	Add cost by 28-29 £m
Revenue (Reform + BAU)	4.5	6.9	11.4	20.7
Additionality (officers / staff)	1.7	2.4	4.1	4.7
Total revenue additionality	6.2	9.3	15.5	25.4
Capital	0.2	-	0.2	-
Opportunity cost	5.9	0.6	6.5	-
Total Cost	12.3	9.9	22.2	25.4

Legislation	25-26 £m	26-27 £m	2 year Total £m	Add. cost by 28-29 £m
Domestic Abuse (Protection) (Scotland) Act 2021	4.2	5.9	10.1	21.5
Police (Ethics, Conduct and Scrutiny) (Scotland) Bill	4.5	3.4	7.9	3.3
Other	3.6	0.6	4.2	0.6
Total Cost	12.3	9.9	22.2	25.4

Commonwealth Games

37. We will prepare to ensure a safe and secure Commonwealth Games in 2026 and maintain Scotland's reputation as a world leading venue for major events in the years ahead.

38. Police Scotland is not yet in a position to determine the impact on our resources

or the associated policing costs. We will work with our partners to assess the requirements to support delivery.

39. It is our expectation that there will be no detriment to the policing budget arising from Glasgow hosting the Commonwealth Games in 2026, and that all incremental costs incurred from the games will be fully recoverable.

Implications of flat cash or reduced revenue funding

40. The next phase of Scottish policing reform will see us re-shape Police Scotland and work to realise our 2030 Vision. Our recently published 3-year business plan is the first of two detailed plans outlining the actions Police Scotland will take to move from our current operating model to our revised model of policing, which is affordable, sustainable and delivers improved service to communities.

41. Scottish Government committed to the next phase of reform with the revenue budget settlement for 2024-25. We are seeking continued commitment to that journey in response to our 2025-26 budget proposal. This will allow us to deliver improvement and transformation at the pace and scale required to keep people safe across Scotland now and in the future.

42. If funding is not sufficient, there would be significant operational consequences and **both officer and staff numbers would reduce** in a way that would damage our frontline capacity. If Police Scotland must take short-term measures, particularly around police officer recruitment, to achieve maximum savings at pace, there will be an immediate impact on service delivery in communities as well as our plans to achieve our 2030 vision.

Financial modelling

43. As part of our budget submission, Scottish Government asked us to model two funding scenarios - (i) flat cash and (ii) a 3% cash terms funding reduction.

Flat cash implications

44. The immediate impact of a flat cash revenue funding settlement would be a **significant slowdown of police officer recruitment**. Based on current assumptions, flat cash could see officer numbers reduce to 15,100 / 15,200 by March 2026. This would have an immediate impact on communities across Scotland and our ability to keep people safe now and in the future. With a flat cash funding settlement, the organisation would have to absorb future cost pressures including an annual pay award and inflation. Cashable efficiencies would have to be "banked" to be reinvested into pay award, but further savings would also be required.

45. The ability to deliver change and transformation programmes, and therefore our 3 year business plan commitments, would be severely impacted as our reform funding would have to be repurposed to support the required workforce reductions, e.g. VRNER exit costs.

3% cash terms revenue funding reduction

46. Reduced funding in cash terms would have severe operational consequences, causing a significant disruption to frontline services and would compromise our ability to deliver effective policing services across Scotland. The level of savings required in 2025-26, if funding is reduced in cash terms would see **police officer numbers drop below 15,000 by March 2026** (based on current pay and workforce assumptions) along with a **large-scale staff exit programme**, which in itself would create a significant cost pressure of staff exit costs. Given the size and scale of the workforce reductions that would be required, the organisation would need to break with established policy and undertake a programme of compulsory redundancy across our staff workforce. We do not wish to take this step.

47. In addition to the significant workforce reductions, a funding reduction would also require a pay freeze to be implemented in 2025-26 which would have a further adverse impact on the workforce in terms of recruitment challenges, retaining staff, increasing workloads as workforce numbers reduce and a consequent impact on staff morale.

48. A cash terms funding reduction would significantly undermine our ability to deliver on the commitments set out in our three-year plan and would jeopardize the journey to our 2030 vision of safer communities, less crime, better supported victims and a thriving workforce.

Capital and Transformation

49. Our capital plan indicates that Policing requires ~£565m of capital investment over a 5-year period (2024-25 - 2028-29) to deliver a policing service fit for the 21st century. Capital expenditure can be split into three broad categories: Rolling Replacement, Estates and Change & Transformation.

50. Investing in these areas will lead to the more efficient delivery of service through the use of new technologies, improved working conditions and equipment for officers and staff, a more effective service provided to the public, and end of life buildings being vacated and replaced with newer facilities presenting redevelopment opportunities and a reduction on carbon consumption.

Rolling replacement

- The basic rolling replacement programme will upgrade legacy assets across our systems, our fleet, and officer safety/ specialist policing equipment.
- Digital Division rolling replacement includes the replacement of the basic technology requirement to maintain an effective policing services e.g. mobile device refresh, infrastructure upgrades.
- Fleet replacement includes the purchase of replacement of aging diesel response vehicles and ULEV.

- Officer safety equipment comprises the rolling replacement of body armour, firearms and supporting taser capability with a focus on keeping officers safe. Specialist policing equipment facilitates the diverse equipment needs of operational policing.
- Forensic Services replacement enables the replacement, update and upgrade of the scientific services provided. The majority of the forensics capital requirement is related to the ongoing replacement of laboratory equipment.

Estates

51 . The Estates Masterplan will deliver a more effective, sustainable estate that enables modern policing, supports the health, safety and wellbeing of our people and the communities we serve, and reduces long-term operating costs. Our ability to implement the Estates Masterplan will be determined by the availability of funding.

52. The masterplan aligns to the 2030 Vision for Police Scotland and has 6 key principles:

- Community confidence,
- Thriving workforce,
- Ensuring safety and dignity in custody co-location,
- A sustainable estate and aligned to wider government policy.
- A combination of new build, co-locations and consolidation will be used for buildings that are being disposed of.
- There will also be planned maintenance of remaining properties, housing, sustainability investment and EV infrastructure.

Change & transformation

53. Change and transformation relates to new and innovative investment to transform the organisation making it more efficient and effective. This includes the following:

- Digitally Enabled Policing: Body worn video capability to be provided to the front line, improving transparency, supporting investigations, including of violence towards the police or complaints about police, reducing pressure on the wider criminal justice system and increasing early guilty pleas.
- Modern Contact & Engagement: Progression of an updated Command and Control system, harnessing the latest technology to better respond to calls for service. Continuation of Unified Communications and Contact Platform and National Integrated Communications Control Systems projects.
- Data Drives Digital: key workstreams include data reporting transformation, data migration, force wide analytics, GDPR Structured and Un-Structured Data and Master Data Management (MOM).

- Policing in a Digital World: workstreams such as digital dogs, police cyber alarm, and Cyber Choices Scotland. Future years will focus on fraud and cybercrime reporting and analysis system as well as the cyber training and capability project.
- Forensic Services Core Operating System (FS COS): an improved and fit for purpose Core Operating System which builds public confidence from the current foundation.
- Science, innovation and technology: investment to develop our capabilities in process automation; data science; Artificial Intelligence (AI) and analytics, to become more data driven and to create more efficient processes.
- Cyber Security: crease our investigative capability, with improved use of technology, building our future response through cyber and online training for the workforce and availability of support and guidance.

54. Increased capital investment is necessary to deliver our investment plans, such as the Estates Master Plan and Digital Strategy.

55. Capital plans indicate that Policing in Scotland requires an average of £115m of funding per annum to be sustainable, but as an organisation we are seeking a stepped increase in our funding to allow us to build our capacity and capability to deliver a significantly larger capital programme in future years.

56. Police Scotland also seeks to establish more appropriate future funding arrangements to support long term capital planning and investment such as the exercise of statutory borrowing powers and the establishment of a facility to enable the carry forward of financial reserves.

57. This would allow us to supplement our grant-in-aid funding, support longer term operational and financial planning, deliver a larger capital programme more appropriate to an organisation of our size and bring Police Scotland into a similar position as other UK Police Forces and Local Authority bodies.

58. We believe that our established track record of excellence and professionalism in operational and financial planning and management offers assurance that Police Scotland is ready to work in this way.

59. The indicative 5-year capital programme is summarised below.

Indicative 5-year programme:

Programme		24-25 (Q1 forecast) £m**	25-26 (projection) £m	26-27 (projection) £m	27-28 (projection) £m	28-29 (projection) £m	Total estimated requirement £m
Estates (including EV infrastructure)		22.4	25.1	44.0	66.0	80.2	238.0
Rolling Replacement	Fleet	14.9	8.7	12.7	13.0	13.2	62.5
Rolling Replacement	Digital & technology	10.7	12.5	17.0	17.0	14.0	71.2
Rolling Replacement	Specialist policing & safety equipment	6.8	5.4	5.5	5.8	5.9	29.4
Rolling Replacement	Forensics equipment and maintenance	1.0	2.0	2.0	2.0	2.1	9.1
Change portfolio		14.3	12.5	19.4	31.8	31.1	109.1
Total capital requirement		70.1	66.2	100.6	135.6	146.5	519.0
Airwave replacement		7.4	13.5	-	-	-	20.9
IFRS 16 expenditure*		8.4	3.3	8.6	2.1	3.0	24.2
Total capital investment requirement		85.9	83.0	109.2	137.7	149.5	565.3
% uplift from 24-25 capital funding (£64.6m)		-	+28%	+69%	+113%	+131%	-
% uplift from 24-25 capital funding (£64.6m) + IFRS 16 funding (£7.0m)		-	+16%	+53%	+92%	+109%	-
Potential capital receipts		(2.7)	(6.9)	(27.3)	(6.8)	(9.1)	(52.8)
Total reform investment requirement		27.0	28.6	32.6	28.6	23.3	140.1

*£7.0m additional IFRS16 funding will be provided in 2024-25 through the Spring Budget Revision (SBR) for leases, however, lease costs are to be managed within the core allocation from 2025-26 onwards. **Q1 forecast requires £11.3m of slippage still to be delivered.

Impact of capital under-funding

60. The single largest source of capital funding for Scottish Government is the capital block grant which is driven by UK Government's spending priorities and fiscal plans. This translates into an annual capital grant-in-aid allocation to Police Scotland, which is the primary source of funding for our capital investment plans.

61 . Our approved 2024-25 capital allocation is £64.6m, which is supplemented with proceeds from asset sales. If this funding was maintained into future years, i.e. flat cash, then this would significantly impact the organisation 's ability to maintain and invest in essential infrastructure, technology and equipment.

62. Failure to invest limits our prevention, problem solving & proactivity, and unless our funding is increased, capital allocations will continue to be over-committed, ultimately leading to sustainability issues and the risk that projects and programmes will not be delivered to support the achievement of our 2030 vision.

63.As an organisation we have prioritised meeting health and safety requirements and basic repairs of our estate but as a result our buildings have continued to deteriorate. The Estates Masterplan has been developed to deliver a more effective, sustainable estate that enables modern policing, supports health, safety and wellbeing of our people and our communities. However, the ability to deliver the estates masterplan will be significantly reduced in a flat cash funding environment.

64. In the event of insufficient capital funding , available funding would largely be directed to reactive repairs while buildings would still deteriorate and be at end of life. Older, end of life buildings are not fit to meet the demands of modern policing, impacting on operational efficiency, the wellbeing of officers and staff, and the services provided to the public. It also does not demonstrate best value to continue to invest in older facilities that are no longer fit for purpose, and which will have a significantly negative environmental impact.

65. The 2023 Digital strategy aims to support Police Scotland to adapt to changes in an increasingly digital-enabled world. Without continued , focussed investment in ICT infrastructure and future technology, there is a risk that as a national police service we will not have the tools and technologies to quickly adapt to the changing nature of crime and key systems could become outdated.

66. The ability to invest in essential upgrades and advances, such as cyber, digital forensics, data science, process automation and AI will be significantly reduced, impacting our ability to deliver the priorities and commitments outlined in the 3-year business plan.

67. Capabilities such as Body Worn Video, critical improvements in our Contact, Command and Control platforms, further development of our mobile platforms and Core Operating Solution are all at risk with reduced funding levels alongside the service design and efficiency focused work that is currently ongoing to deliver the Revised Model of Policing.

68. Key refresh programmes such as airwave would be delayed and would have a direct link to officer safety.

69. Any reduction in the fleet would have a significant impact in terms of increasing the average age and would result in increased repairs and maintenance costs within the revenue budget - est. additional revenue cost of £0.1 m per annum for every £1.0m reduction in capital.

Scottish Police Authority

Dear Convenor

Pre-Budget Scrutiny 2025-26

The Scottish Police Authority will attend the Criminal Justice Committee on Wednesday 30 October 2024 to give evidence as part of its pre-budget scrutiny. This written evidence sets out the context for the policing budget and the challenges and requirements for the years ahead. This information aims to support Committee Members' questioning on the day.

Context

Since 2012, policing has delivered one of the most extensive and successful structural public sector reform programmes in Scotland. Establishing a single national service in Scotland saw the biggest change in policing and the oversight of policing across the whole of the UK in decades.

Prior to this reform, Scotland's policing services were delivered by eight regional organisations and two national bodies.

This police reform journey has delivered £200 million per year of budgetary savings through efficiencies – a significant saving to taxpayers. Reform has not been without challenge, and further change is required in the period ahead. Notwithstanding this, I look back with conviction and confidence that Police Scotland and Forensic Services are delivering a service better than anything that preceded them.

Establishing and embedding the single service model provides the foundations for our reform and improvement journey to continue. The second phase of police reform is now underway which aims to ensure policing continues to deliver an effective service for the future.

The pressures on policing have changed dramatically over the last decade. Crime in the public space has reduced while cyber enabled crime and fraud has grown. With increasing complexity and vulnerability, policing has proven time and time again that it can adapt and change to keep up. However, the policing budget plays a key part in the pace of change and the financial constraints have made the pace slower than we need.

The Authority fully supports Police Scotland's efforts, under the direction of Chief Constable Jo Farrell, to take forward further service led reform. In September 2024, the Chief Constable set out a clear vision, with priorities and workforce modernisation that includes strengthening the frontline of policing. This has been considered in detail and fully supported by the Authority. This vision and plan explain

how Police Scotland will continue to adapt and change to deliver efficient, effective and sustainable policing services to the public.

The priorities for Police Scotland in the years ahead have been developed to be delivered by a workforce of circa 22,000. This incorporates funding for an officer establishment of up to 16,600 police officers. The Authority therefore expects the policing workforce to be modernised and the mix between officers and staff enhanced in support of frontline policing.

There will always be an element of uncertainty and unpredictability in policing. In recent years the covid pandemic, legislative change and major events have placed unprecedented demands on the service. Growing demand from non-crime related calls for service related to mental health, distress and vulnerability continue to place significant pressure on the service. The Authority supports efforts by policing to engage and work with partners to identify more effective and efficient solutions to this demand. The Chief Constable has set out her support for further public sector reform, including the criminal justice system, where circa 500 officers a day are being called to attend court.

Approach

As the Chair of the Authority, I have always sought to come to a shared, clear and evidenced based budget advocacy position with the Chief Constable. This allows us to make the most effective representations to the Cabinet Secretary for Justice. To support this process, the Chief Constable and I meet with a small key group on a regular basis through the year to consider the development of the budget requirement for the year ahead. I established this approach in 2022 and involve other Board members who chair our committees. These efforts culminate with a budget proposal going to the Authority's Resources Committee for detailed scrutiny and recommendation to the public session of the Authority in March each year.

Since taking office in February 2021, I have worked with the Chief Constable, the Accountable Officer and the Chief Financial Officer to ensure a balanced budget is set and achieved each financial year. I am very proud of the team effort which has eradicated a structural operating deficit.

In addition, since becoming Chair, our accounts have received a clean bill of health with no qualifications from our auditor or a Section 22 report. This has been a priority and critical objective for me while in office - without financial credibility we cannot effectively champion and advocate for investment or further improvement.

Annual budget setting is a major challenge. It fosters a financial environment of uncertainty and short-term decision making. The Authority would strongly advocate for a multi-year settlement approach to allow policing to reform and improve more strategically in the years ahead.

Against this current context, and the Authority's endorsement of Police Scotland's vision, priorities and workforce modernisation, we would make the following points in considering the overall policing budget for 2025/26 and future years:

Revenue

The Scottish Police Authority set a revenue budget of £1,418.7 million for 2024/25. An additional 4.2% (£59.1m) of revenue funding is requested for 2025/26.

This requirement would allow policing to maintain our overall workforce numbers, including up to 16,600 police officers. It will also address inflationary pressures that cannot be mitigated by savings, and meet a pay award aligned with the public sector pay strategy. Crucially, this would also support the continued reform of policing as outlined in Police Scotland's vision and 3-year business plan.

This revenue request incorporates additional funding required for proposed legislative change which will impact on policing, for example the Domestic Abuse (Protection) (Scotland) Act 2021 and the Police (Ethics, Conduct and Scrutiny) (Scotland) Bill.

In the event of a flat cash revenue settlement in 2025/26, policing would need to reduce its workforce headcount, across police officers and police staff, to achieve full year savings equivalent to approximately 1,300 people. This would require a freeze on officer recruitment and a staff exit programme. With such a large workforce reduction, there would be an inevitable impact on the service that policing would be able to deliver.

Capital

The Scottish Police Authority has a need for £83m capital investment in 2025/26 to deliver the basic rolling replacement programme of fleet, systems and policing equipment. This compares with a forecast spend of £67.5m in 2024/25. This investment for 2025/26 will also support delivery of a radical redesign of our estate which will be considered by the Authority in November prior to more formal consultation.

The Authority recognises that there is unprecedented demand across the public sector for capital funding. However, the result of a decade of underinvestment in the police estate and technology has now become the single most pressing investment issue for policing.

Over the next 10-years we anticipate net additional capital expenditure of circa £200m related solely to additional spend on the estate incremental to current budget levels, assuming all proceeds from property sales can be retained.

We recognise that this is a significant financial outlay at a time of considerable fiscal constraint. However, the current position is no longer sustainable. The Authority would welcome discussions with the Scottish Government about financial flexibilities with the management of capital receipts and the legal power of the Authority to borrow (under section 4(2b) of the Police and Fire Reform (Scotland) Act 2012 with Ministerial Approval). This borrowing power has never been exploited and could release the capital investment required beyond the regular grant funding.

Forensic Services

The Authority is also responsible for the provision of a unique, public and independent crime scene-to-court Forensic Service to policing, the Crown Office and Procurator Fiscal's Service and the Police Investigations and Reviews Commissioner. The Authority's Forensic Services are being delivered at a cost of £44 million in the current 2024/25 financial year. This represents 3.2% of overall policing budget and while work remains ongoing, we don't expect this percentage to significantly change in the year ahead. Over the last three years, Forensic Services has revised its operating model to develop a more flexible and sustainable service which can flex to meet continually changing demands.

However, the prevalence of drug driving in Scotland is a significant concern for policing and has far exceeded predictions when the legislation was introduced. This has had a considerable impact on the demand for drug driving toxicology services.

In recognition of the increased prevalence, the Scottish Government has provided an additional £2.2m to Forensic Services to support increased capacity to address demand, including the outsourcing of toxicology services.

Forensic Services and Police Scotland have been working to develop options for a long-term sustainable model that can meet this demand in the future. While options are still being fully explored and costed, we expect this to require circa £4-£5m additional revenue funding per year and approximately £10m one off capital funding. The costs and mix of revenue/capital funding will depend on the model adopted and the Authority expects this work to inform the 2026/27 budget and beyond.

SPA Corporate

The third element of the policing budget I would alert the committee to, are the costs associated with the governance and oversight of policing. The Authority's corporate function supports the Board in its oversight and scrutiny of policing and delivers a range of statutory functions including complaint and conduct matters and an independent custody visiting scheme. The corporate function was allocated 0.4% (£5.5m) of the policing budget in 2024/25. When benchmarked against other similar policing oversight bodies such as the British Transport Policing Authority (0.7%) or the Northern Ireland Policing Board (0.7%), this reflects favourably. The Authority does not expect this percentage to change in the year ahead.

CJ/S6/24/32/1

Finally, the Committee will be aware HMICS conducted a Strategic Review of the Scottish Police Authority which published in June 2024. This was a very positive report which highlighted significantly improved leadership, direction, governance and oversight of policing in Scotland by the Authority. My tenure as Chair of the Authority comes to an end on 31 January 2025, I am proud of all that have been achieved over the last 4-years. The Authority has developed itself as a strong, effective public body which adds significant value to the policing system.

I trust this submission aids members pre-budget scrutiny. We look forward to answering members' questions on Wednesday 30 October 2024.

Yours sincerely

MARTYN EVANS
Chair