



Meeting	Forensic Services Committee
Date	28/10/2024
Location	By video conference
Title of Paper	Q2 Finance Report
Presented By	Fiona Douglas, Director of Forensic Services
Recommendation to Members	For Discussion
Appendix Attached	Yes – Appendix A – Finance Report Q2 2024/25

PURPOSE

The purpose of this report is to provide Members with an update on the financial position of Forensic Services for Quarter two (six months ending 30 September 2024) of the financial year 2024/25, 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 2024/25 for the Authority and Police Scotland on 13 March 2024.
- 1.2 Forensic Services' agreed allocation was a revenue budget of £44.0 million, capital spend of £1.3 million and reform budget of £1.2m to support transformational change.

2 FURTHER DETAIL ON THE REPORT TOPIC

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

Revenue

- Q2 net expenditure forecast is a break even position to budget of £44.0m, with lower pay costs offsetting higher non-pay costs.
- Lower pay spend reflects lower staff numbers than budget. It is forecast that this will gap will continue to reduce.
- Forensics have implemented an efficiency plan to help with the various pressures in the revenue budget. This is targeted at £380k savings for 24/25 across the non-pay costs. An updated plan has come forward at Q2 with most costs being non-recurring savings associated to staff costs. This plan is to be monitored and reviewed monthly with focus on this being key to delivering a flat budget position at year end.

Capital

- Full year forecast is also a break-even position to budget at £1m.
- Several new projects have been added at Q2 as other projects have slipped into next financial year or aren't required. Any changes in delivery timelines will be incorporated into the next forecast.
- Actual spend to end of period six (end of September 2024) was flat to forecast and behind budget by £0.1m. The phasing of the remaining spend is mostly in Q4.

Reform

- Overall spend is forecasted to be £0.3m under budget. This reflects less project / change staff resources being available than required during the first half of the year.

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. The report highlights that staff numbers are below budget.

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 invited to discuss and note the report.



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SPA Forensic Services

Finance Report
Quarter 2: 2024/25



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Summary

Revenue:

G	G	A
Jul	Aug	Sep

Break even forecast

Capital:

G	G	G
Jul	Aug	Sep

Break even forecast

Projects:

G	G	G
Jul	Aug	Sep

In line with forecast

Whilst forecasts are break even there are financial risks to the revenue budget related to the efficiency plan and legal threats.

BAU Capital

Year to date (period 6)

- **Underspend**
£0.1m/36% underspent vs budget
- **Break even**
YTD forecast vs actuals

Full year forecast (at Q2)

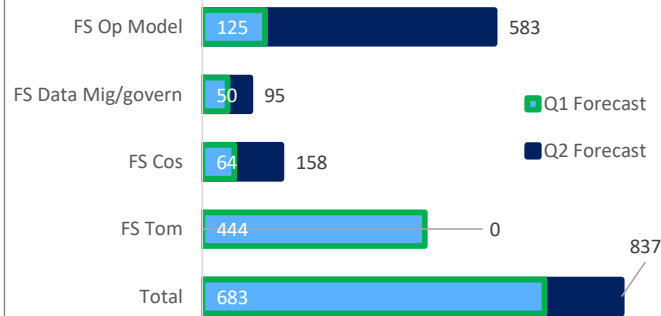
- **Break Even**
Q2 forecast: £1m
Full year budget: £1m
Looking forward spend is anticipated to start from Period 7
- The forecast has remained flat with some areas not requiring budget or after going through the procurement process require less budget. This is offset by several new requirements at Q2 forecast.

Revenue Summary

Q2 forecast is to net break even. With spend looking flat to budget it is key that focus is kept on efficiency plan.

	Year to date				Full Year			
	Budget £m	Actual £m	Var £m	%	Budget £m	Q2 FC £m	Var £m	%
Pay	19.1	18.9	0.2	1.0	38.5	38.1	0.4	1.0
Non-pay	2.8	3.0	-0.2	7.4	5.6	6.0	-0.4	7.1
Income	0.0	0.0	-	-	-0.1	-0.1	-	-
Total	21.9	21.9	-	-	44.0	44.0	-	-

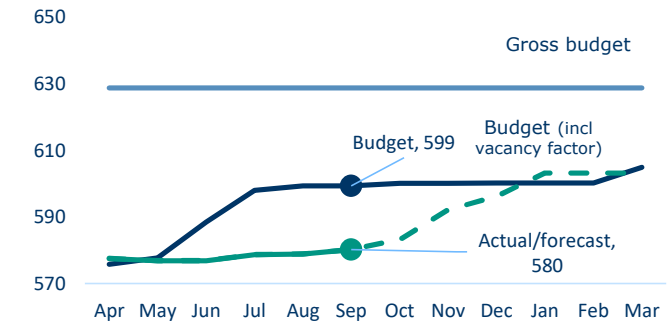
Projects (£000)



- Q2 forecasted project spend has increased vs Q1 by £154k. This is due to staff resources being available and prioritised to FS projects.
- Full year spend is expected to be £837k which is within the budget of £1.1m allocated for 24/25. £489k (58% of forecast) is expected to be spent from October 24 to March 25.

Staff Headcount (FTE)

Overall staff numbers are forecasted to rise throughout the year up to 603FTE by January 2025 with budget being 594.4FTE.



Issues, Threats & Opportunities

Issue: Focus on the overall efficiency plan needs to be kept high to meet the target of £378k savings in year. Delivery of the plan has been included in the Q2 forecast numbers.

Issue: Staff resources continue to track 15.4 FTE lower than budget. Focus to be kept on recruitment to reach establishment.

Issue: Per the Scottish Government (SG) statement Forensics is reminded to control spend on hospitality, events and non-essential travel. Additionally, other than critical roles recruitment is to be frozen to help support SG in balancing their budget for 2024/25.

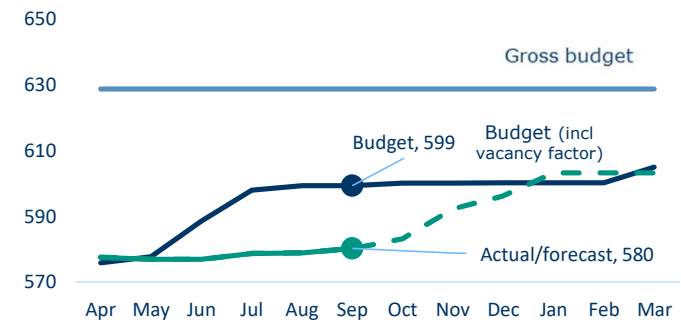
Threat: Forensics does not hold a routine legal budget. Various legal costs may arise during the remainder of the year. However, as these are highly uncertain, they have not been included in the Q2 forecast.

Pay Summary

	Year to date				Full Year			
	Budget	Actual	Var		Budget	Q2 FC	Var	
	£m	£m	£m	%	£m	£m	£m	%
Pay	18.9	18.7	0.2	1.0	38.0	37.8	0.2	0.5
Overtime	0.2	0.2	-	-	0.5	0.3	0.2	40.0
Total	19.1	18.9	0.2	0.5	38.5	38.1	0.4	1.0

- The overall staff pay forecast is an **underspend of £0.4m** at year end.
- The year-to-date actual pay spend is £0.2m under forecast and budget and this relates to the slow nature of recruitment in the financial year so far.
- The pay budget remains a key focus in 2024/25 as Forensics fills its vacancies to provide its services in line with its budget in the financial year.
- Forensics is reminded per the Scottish Government (SG) statement that other than critical roles recruitment is to be frozen to help support SG in balancing their budget for 2024/25.

FTE Summary



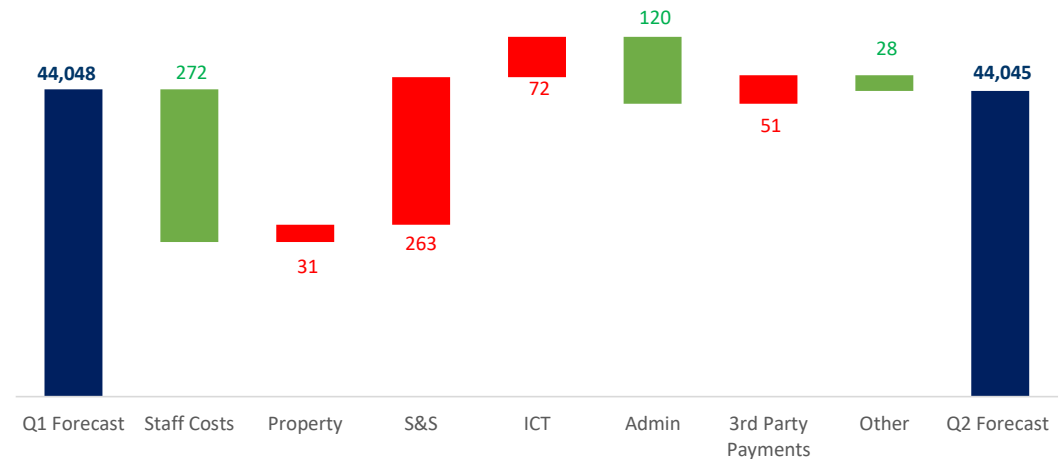
- Actuals at P6 are 580 and underspent to budget by £0.2m. However, there is a gap to budget including vacancy factor FTE of 14.4FTE to be filled (This gap being 1FTE less than at P5).
- The broken line is the Q2 forecast. From January 2025 603FTE are expected to be in place. This is assuming nobody leaves the organisation and that all the vacancies identified as external hires are filled.
- The target FTE for 2024/25 is 595.4 FTE. Therefore, at Q2 forecast there is an anticipated increase in FTE numbers of 8.5FTE.
- Forensics SMT has implemented over recruitment in the hope that FTE gap can be bridged at year end. The forecast of 603 FTE per January only assumes external hires to the organisation and does not include any retiral's or attrition of staff. Finance is happy with this approach in the hope that it bridges the FTE gap come year end.

Non-Pay Forecast Summary

	Year to date				Full Year			
	Budget £m	Actual £m	Var £m	%	Budget £m	Q2 Forecast £m	Var £m	%
Premises	-	0.2	0.2	100	0.1	0.2	-0.1	100
Transport	0.1	0.1	-	-	0.2	0.2	-	-
Supplies & Services	1.9	2.1	-0.3	16	3.7	3.9	-0.2	5
ICT	0.3	0.3	-	-	0.6	0.7	-0.1	17
Admin	-	-	-	-	0.1	0.1	-	-
Other	0.5	0.3	0.2	40	0.9	0.9	-	-
Total	2.8	3.0	-0.2	7	5.6	6.0	-0.4	7

- The non-pay Q2 forecast is £6m; £0.4m higher than budget. There are various material pressures such as premises, Supplies & Services and ICT. The movement from Q1 to Q2 is explained in further detail on the waterfall to the right.
- With forecasted spend for non-pay costs expected to be overspent to budget by year end it is key that focus remains on the efficiency plan to negate these pressures.

Overall Revenue Forecast – detailed waterfall (£000)



- Admin costs have been forecasted as a saving on the original budget. The main variances relate to printing costs (£17k) being lower than budget based on using run rate. Legal costs (£90k) have also been removed from the forecast as this is an unknown at the time and no underspends allows for this to be included as it did at Q1.
- Other costs - Income driven from services performed for the HNS makes up most of the favourable movement in other costs.
- The main overspend variances relate to property repairs (£31k) coming in higher than budgeted.
- Within supplies and services operational kits (£131k) and equipment maintenance costs (£44k) are higher than budgeted. Operational kits is a pressure area within Forensics and is being looked at to maintain a balanced budget in this area.
- ICT maintenance costs (£72k) have also increased beyond budget.



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Appendices

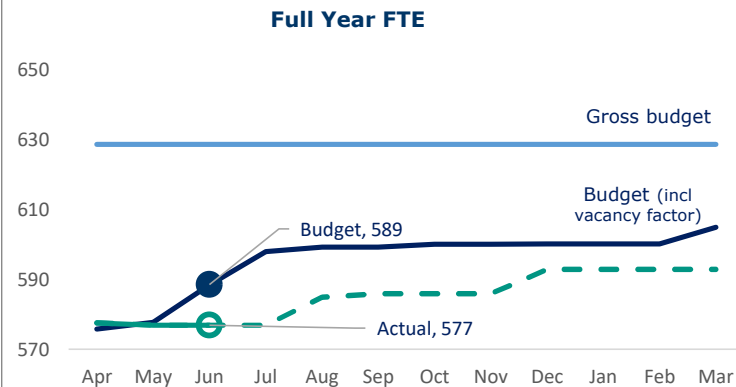
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Pay Forecast Summary

	Year to date				Full Year			
	Budget	Actual	Var		Budget	Q1 Forecast	Var	
	£m	£m	£m	%	£m	£m	£m	%
Pay	9.3	9.4	-0.1	1.1	38.0	37.9	0.1	0.3
Overtime	0.1	0.1	-	-	0.5	0.5	-	-
Total	9.4	9.5	-0.1	1.1	38.5	38.4	0.1	0.3

- The overall staff pay forecast is an **underspend of £0.1m** at year end.
- Current overspends in pay relate to vacancy factor being weighted heavily at the start of the year. This weighting reduces throughout the year as FTE headcount increases. This does not pose any issues as the overspend variance is anticipated to move to an underspend as we move through the year.
- The pay budget remains a key focus in 2024/25 as Forensics fills its vacancies to provide its services in line with its budget in the financial year.

FTE Summary



- The Q1 forecast is for 593FTE to be in place by December 2024. This is assuming nobody leaves the organisation and that all the vacancies identified as external hires are filled.
- The target FTE for 2024/25 is 595.4 FTE. Therefore, at Q1 forecast there is an anticipated gap of 1.4FTE come year end.
- Actuals at P3 are 577 and in line with budget. However, there is a gap to budget including vacancy factor FTE of 18.5FTE to be filled (This gap being the same as at P2).

Recruitment Summary

	FTE
Actuals (30 June 24)	577
In flight external candidates	16
Forecasted FTE Total	593

External candidates	16
Internal candidates	19
In-flight Recruitment Total	35

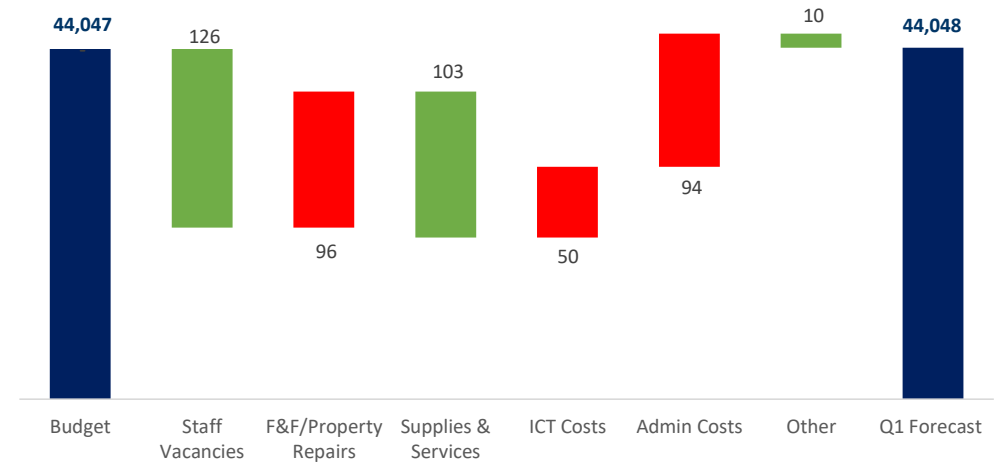
- At Q1 forecast it is expected that FTE will be 593 at year end. There are 577 FTE at the end of P3 with an additional 16 external candidates expected to join FS over the coming months. Assuming all these candidates are successful this would bring FTE numbers up to 593.
- The second table above also highlights that FS is recruiting a further 19 candidates to fill vacant roles. However, please note this has no impact on the overall FTE numbers within FS as these individuals will then create vacancies in the roles they leave.
- It is important that Forensics aims higher than the budget including vacancy factor of FTE 595.4 due to the internal/external candidate mix of in-flight recruitment and likely attrition in roles which will likely stall the growth in FTE.

Non-Pay Forecast Summary

	Year to date				Full Year			
	Budget £000	Actual £000	Var £000	%	Budget £000	Q1 Forecast £000	Var £000	%
Premises	19	105	-86	452	76	172	-96	126
Transport	49	51	-2	4	194	200	-6	3
Supplies & Services	926	1,099	-173	19	3,700	3,597	103	3
ICT	148	148	-	-	593	643	-50	8
Admin	26	22	4	15	103	196	-93	90
Other	208	148	60	29	832	816	16	2
Total	1,376	1,573	-197	14	5,498	5,624	-126	0.3

- The non-pay Q1 forecast has come in at £5,624k which is slightly higher than budget by £126k. There are various material pressures such as premises, ICT and Admin costs. These costs are also offset by forecasted overspends in Supplies & Services. The movement from Budget to Q1 is explained in further detail on the waterfall to the right.
- With forecasted spend for non-pay costs expected to come in ahead of budget by year end it is key that focus remains on the efficiency plan in order to negate these pressures.

Non-Pay Revenue forecast – detailed waterfall (£000)



- Supplies and services have been forecasted as a saving on the original budget. The main variances relate to Specialist consumables/Ops equipment looking like underspending (£213k) based on current run rate expenditure. This is offset by overspends on the FS Cos Ignite consultancy (£50k) and equipment maintenance contracts being higher than budget (£35k).
- The main overspend variances relate to Property repairs (£84k) coming in higher than budgeted. ICT maintenance costs (£62k) have also increased beyond budget. Admin costs have increased due to a provision (£96k) for legal costs being included in the forecast. This provision relates to two possible Employment tribunals that previously weren't budgeted for.