

# **Scottish Police Authority and the Police Service of Scotland**

## **Written submission to the Criminal Justice Committee**

### **Overview**

The Scottish Government's Resource Spending Review (RSR) published in May 2022 indicated that policing should plan for a flat cash funding settlement up until FY 2026-27, a departure from the Scottish Government's commitment to the real terms protection of police funding.

The Capital Spending Review (CSR) published January 2021 (updated in May 2022) also indicated a flat cash capital settlement, representing a significant funding shortfall compared to our capital requirements over the medium term.

Although the revenue settlement for 2023-24 was not as severe as flat cash, outlining an £80m uplift in cash terms, the allocation was a real terms cut in funding compared to 2022-23, with £37m required to continue to fund the 2022-23 pay award for officers and staff. As a result, the budgeted full time equivalent number of police officers in Scotland has reduced from 17,234 to 16,600 in 2023-24, a ~3.7% reduction. Of necessity, policing is also reducing police staff member costs in proportion to the reduction in officer numbers and reducing overtime spending.

Hard choices are being taken to maintain effective policing within the funding available, including a pause on police staff recruitment other than for some critical or externally funded posts. Consequently, some of the things policing does will be done differently or take longer. The level of service in relation to some police work will reduce and our performance reporting is beginning to reflect those pressures.

Policing continues to respond to increasing and increasingly complex community and individual needs, evidenced by a higher number of contacts into policing. Areas which encounter the greatest demand and which carry the greatest risk are being prioritised for resources to ensure policing continues to address harm and protect the vulnerable.

However, demands on policing continue to rise and over the last year we have seen increasing rates in some crime categories and, with reduced capacity and limited investment, a reduction in detection rates.

The future funding position remains uncertain. The Scottish Government's recently published Medium Term Financial Strategy (MTFS) states that "economic conditions are set to remain challenging as inflationary pressures continue" and that "pressures on funding are expected to be most severe in 2024-25".

Initial analysis, based on an illustrative 2% pay award for 2024-25, other unavoidable pressures and potential savings, indicates that for policing in Scotland to operate within a flat-cash funding allocation during 2024-25, savings of ~£50m would be

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required, including a further 600 FTE reduction in officers and a further 200 FTE reduction in staff members to be implemented by 1 April 2024. This is in addition to the 3.7% reduction required as a result of the 2023-24 budget settlement.

It is impossible to achieve further reductions of this scale by 1 April 2024 through natural attrition which ultimately means we will have to reduce the workforce further in-year and throughout 2024-25 to generate the savings required to fund pay awards. This would require urgent management of our officer recruitment profile as well as ongoing staff reductions.

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 service design and efficiency focused work.

## Scottish Government Resource Spending Review - May 2022

[The SPA / Police Scotland submission to the Scottish Government's RSR process](#) outlined how responsive, effective, operationally competent policing is a pre-requisite for safety and security; for social cohesion; and for a vibrant and sustainable country.

The submission highlighted that for the service to stay ahead of growing volumes of complex demand, increasing levels of vulnerability, ever evolving threats and risks, forthcoming legislative requirements, and ensuring a sustainable and resilient service, Scottish Government's investment in policing must go significantly beyond real terms protection or flat cash to allow the service to keep pace with the rising cost of change, service transformation and the introduction of new technology to enable that.

## Transformation of Public Services

Since the creation of a single national service, policing has already delivered the financial and operational benefits of significant reform that the RSR now requires of the wider public sector.

The RSR states that it is "essential to drive reform across public services" and the Government supports "An enhanced focus on delivering efficiency savings across the public sector" through a variety of levers, including:

- Innovation;
- efficiency;
- improvement in procurement;
- collaboration; and
- Reducing the public sector workforce.

Policing in Scotland has successfully delivered one of the most significant Reform programmes in the UK over the past 20 years by integrating eight separate police services and two supporting bodies into a single national police service delivering substantial cost savings and service improvements. As a result, over £200 million has been removed from the annual cost base compared to legacy arrangements including

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through significant reductions in chief officer, senior officer and staff numbers, as well as efficiencies and improved working practices. Delivering necessary savings is an achievement and an enormous ongoing challenge.

As the significant financial benefits from reform and transformation have already been realised through the creation of the single service, it is not possible for Police Scotland to deliver substantial savings for a second time through efficiency or restructuring.

Further significant cuts can only be achieved through a pay-freeze or by funding future pay awards via workforce reductions, alongside radical targeted action to reduce the overall non-pay cost base, i.e. significant reductions in the number of police buildings to save on utilities, non-domestic rates and maintenance costs.

The benefits of co-location of services are well evidenced. Through the work of the Blue Light Collaboration Programme we continue to work with Scottish Fire and Rescue Services (SFRS) and the Scottish Ambulance Service (SAS) to further explore additional opportunities for Blue Light Collaboration. We will continue to explore options for considering how Blue Light services could be more efficiently and effectively integrated and shared to achieve further cost savings and improve service delivery outcomes.

## Revenue

The revenue budget provided by the Scottish Government in 2023-24 represented a real terms cut for Police Scotland which does not allow the organisation to maintain the workforce at the levels of previous years and at the same time make a fair pay award in 2023-24.

Police Scotland has already returned more than £200m to the public purse every year compared to legacy arrangements (as noted above). An additional £54m of savings have been assumed to ensure the service can live within the 2023-24 budget settlement.

Hard choices are being taken to deliver effective policing within the funding available and action is being taken to achieve these savings, with areas which encounter the greatest demand and carry the greatest threat, harm and risk prioritised for resources.

Officer numbers have already reduced to 16,600. Over the last year, the impact has been mitigated through a significant increase in overtime. The funding allocation for 2023-24 means the officer establishment will remain around 16,600 (plus additional funded officers) and a service model is being built which reflects that level. At the same time, the police staff pay bill will be reduced proportionately and overtime will be reduced.

Officer and staff pay accounts for over 85% of policing's revenue budget. The most significant revenue pressure for the organisation will continue to be annual pay awards. Each 1% pay increase in 2024-25 requires ~£11.5m of additional recurring funding, the equivalent of ~225 officers.

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The United Kingdom Office of National Statistics estimates that the Consumer Prices Index (CPI) has risen by 6.8% in the 12 months to July 2023, down from 7.9% in June. So in addition to the pay award, we are experiencing non-pay inflationary pressures, an increase in digital costs and the impact of the costs of ongoing and upcoming public inquiries.

Police Scotland will continue to seek ongoing savings and efficiencies through continuous improvement by accelerating estates co-locations, collaborating with other public bodies and delivering the green agenda through smarter energy practices and the transition to electric fleet. As a result, the estates footprint and fleet capability will become more cost effective, however these efficiencies alone are not sufficient to deliver the significant savings required to manage a flat cash funding position over the medium term.

Initial analysis based on an illustrative 2% pay award per annum for the period 2024-25 to 2027-28, plus an assessment of other unavoidable pressures and potential savings, indicates that for policing in Scotland to operate within a flat-cash funding allocation, ~£140m of recurring savings would be required to accumulate over this period - pay award assumptions alone would require a ~2,070 FTE reduction over the next four years, the equivalent of a 9.3% workforce reduction. These reductions are in addition to the 3.7% reduction already agreed as a result of the 2023-24 budget settlement:

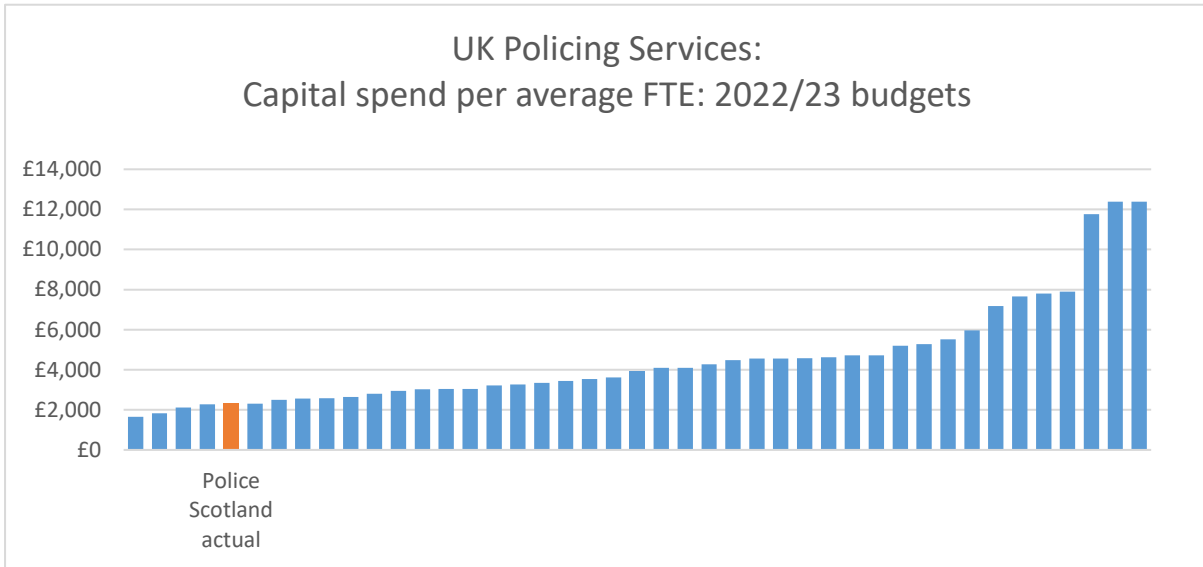
Impact of a flat cash settlement *	Impact of 2023-24 settlement (FTE)	Indicative workforce reductions required by 1 April each year based on illustrative 2% pay award / average salary				Reduction 2024 - 2028 (FTE)	Total reduction 2023 - 2028 (FTE)
		2024/25	2025/26	2026/27	2027/28		
Officers	634	595	326	319	313	1,553	2,187
Staff	189	198	109	107	104	518	707
<b>Total</b>	<b>823</b>	<b>793</b>	<b>435</b>	<b>426</b>	<b>417</b>	<b>2,071</b>	<b>2,894</b>
<b>Cumulative reduction (%)</b>						<b>9.3%</b>	<b>12.6%</b>

\* Proportionate reduction (based on average salaries)

## Capital and Transformation

In common with other public sector organisations, policing is facing significant financial challenges, including limited capital funding to meet current demands.

The Scottish Government Capital Spending Review indicates a ~£50m flat cash funding allocation up to FY 2025-26. The graph below shows that our current capital allocation is among the lowest in UK policing on an average FTE basis. This is significantly short of the funding required to improve conditions and equipment for the wellbeing of officers and staff; enable a better service to be provided to the public; and create time saving efficiencies through the use of new technologies.



Capital investment can be categorised into two broad categories (1) rolling replacement investment and (2) change and transformation. It is estimated that the current capital allocation represents a 10%-30% reduction in purchasing power due to the current high inflation environment, and that current levels of funding are not sufficient to meet even the rolling replacement programme.

Capital plans indicate that Policing in Scotland requires ~£548m over a five year period, an average of £110m each year, to be sustainable. The £250m funding available in a flat cash funding environment is significantly short of this demand, representing a £298m funding shortfall.

In order to manage the shortfall in the short term, all capital and reform bids have been approved to proceed in 2023-24 but the actual pace of delivery is restricted within the funding available. This is not a sustainable position as we are simply pushing cumulative under-funding into future years. We are already seeing significant spend in the first four months of the current financial year, indicating that capital spend may have to be slowed or stopped as part of the Quarter 2 financial review.

Unless funding is increased, capital allocations will continue to be over-committed ultimately leading to sustainability issues, as noted above, and the risk that projects and programmes cannot be completed within the funding available. As a result, the organisation will be unable to make the investment required to meet the objectives of the Joint Strategy for Policing, and will restrict the ability to deliver against organisational strategies: such as estates, fleet and digital.

The risks of underfunding are detailed below:

- The current level of funding is not sufficient to maintain the existing size of the estate - as an organisation we have prioritised meeting health and safety requirements and basic repairs but as a result buildings continue to deteriorate.
- The ability to deliver estates transformation and co-location projects will be significantly reduced.

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- 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 £0.1m per annum for every £1.0m reduction in capital.
- The roll out of ULEVs will stall at ~40% of the overall fleet as a lower level of funding would be insufficient to purchase the level of charging infrastructure required to support a fully electric fleet.
- The organisation would continue to invest only in diesel vehicles which does not meet the requirements of the Fleet Strategy and has both environmental and financial implications.
- Without continued, focussed investment in ICT infrastructure and future technology, the ability to support all other enabling strategies diminish and there is a real and credible risk that as a national police service, we will not have the tools and technologies to quickly adapt to the changing nature of crime.
- This comes with significant operational impacts around replacing ageing and obsolete systems, inability to deliver new capabilities that support operational policing and increase risk of cyber attacks with resultant impacts on public trust and confidence.
- In addition, key refresh programmes such as airwave would be delayed and would have a direct link to officer safety.

Reform of Police Scotland will continue to focus on developing organisational capability such as Body Worn Video, essential improvements in critical national infrastructure such as 999/101 service centres and technology related to combating cyber crime - but also in ensuring that the organisation is as fit for purpose, efficient and effective as possible while living within the funding available, i.e. through investment in digital capability, the roll out of Enabling Policing for the Future (EPF) and the wider roll-out of the Strategic Efficiency Redesign and Reinvestment Review (SERR).

Significant and urgent service re-design programmes are all in progress, focusing on modernising contact and engagement with communities, delivering effective local policing, public protection, policing in a digital world, and protecting vulnerable people (including our response to mental health demands and needs). All of these programmes seek to address the changing and growing needs of communities, alongside introducing the necessary reforms to enhance efficiencies as potentially resources and the workforce continue to reduce in future years. Without adequate transitional investment, these programmes cannot progress at the required pace, and could lead to further impacts on services within communities.

Similar to capital, transformational requirements are significantly higher than the £20m funding available each year. As a result of current funding levels, some urgent and necessary transformation activity may have to be slowed, if not stopped in some areas.

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.

Continued investment and transformation in our fleet and estates workstreams would either be slowed or have to be deprioritised.

## **Conclusion**

Policing in Scotland represents major and successful public sector reform. Funding allocations have resulted in £200m being removed from the annual cost base compared to legacy arrangements while improving service to the public. This has been achieved through meeting the criteria demanded by the Scottish Government's Resource Spending Review.

Responsive, effective, operationally competent policing is a pre-requisite for safety and security; for social cohesion; and for a vibrant and sustainable country.

Policing will continue to drive efficiencies and improvements, including through collaboration with local councils and blue light partners. The pace and scale of further reform depends on funding.

However, with pay accounting for 85% of police spending, further significant savings can only be realised through reducing the size of our workforce, which in turn will result in further reductions in our operational service delivery to Scotland's communities.