



Meeting	Forensic Services Committee
Date	3 February 2025
Location	Online
Title of Paper	Q3 Finance Report
Presented By	Fiona Douglas, Director of Forensic Services
Recommendation to Members	For Discussion
Appendix Attached	Yes – Appendix A – Finance Report Q3 2024/25

PURPOSE

The purpose of this report is to provide Members with an update on the financial position of Forensic Services for Quarter three (nine months ending 31 December 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

- Q3 net expenditure is forecasted to be overspent to budget by circa £270k, with underspends made against pay budgets partially offsetting non-pay pressures arising during the year.
- This overspend represents 0.6% of the overall budget for 2024/25.
- Plans are in place to mitigate this overspend to ensure a break even outturn by the end of the year.
- Finance are confident with the plans in place to deliver a balanced budget come year end. Furthermore, Senior Leadership Teams have committed to deliver full year spend within their budgeted funding allocation.

Capital

- Full year forecast is a spend of £0.8m which is an (20%) underspend versus the full year budget of £1m.
- Forecasted underspends are driven by several projects but mainly the Livescan Demographics project which has now been pushed into 2025/26 for delivery.
- Actual spend to end of period nine (end of December 2024) was £200k. This is £400k behind a year-to-date budget of £600k. The phasing of the remaining spend is mostly in March 2025.

Reform

- Overall spend is forecasted as flat to the previous forecast at £800k which is £0.3m under budget. This reflects less staff resources being available than required throughout the majority of the 2024/25 financial 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.



SCOTTISH POLICE
AUTHORITY
ÙGH DARRAS POILIS NA H-ALBA



**FORENSIC
SERVICES** | SEIRBHISEAN
FOIREANSACH

SPA Forensic Services

Finance Report

Quarter 3: 2024/25



Summary

Revenue:

G	A	A
Oct	Nov	Dec

Overspend forecast

Capital:

G	G	G
Oct	Nov	Dec

Underspend forecast

Projects:

G	G	G
Oct	Nov	Dec

Underspend forecast

Whilst the revenue forecast is predicted to be overspent Finance is confident the plan (Slide 5) Forensics have in place will ensure this overspend will not happen.

BAU Capital

Year to date (period 9)

- £0.4m/40% underspent YTD budget vs actuals
- In line with forecast YTD forecast vs actuals

Full year forecast (at Q3)

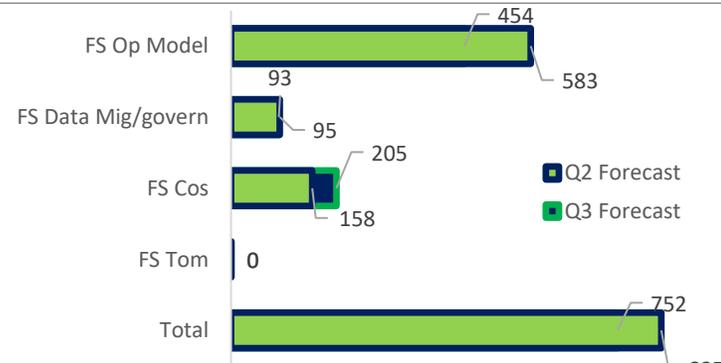
- Underspent**
Q3 forecast: £0.8m
Full year budget: £1m
Looking forward spend is mostly anticipated in March 2025
 - The forecast has reduced in Q3 due to projects being pushed into next financial year. During the remaining months of the financial year capital will be monitored to understand predicted spend vs budget.

Revenue Summary

Q3 forecast is an overspend of £300k to budget. With spend looking overspent it is key that focus is kept on delivering full year spend within the budgeted funding available.

	Year to date				Full Year			
	Budget	Actual	Var		Budget	Q3 FC	Var	
	£m	£m	£m	%	£m	£m	£m	%
Pay	28.9	28.3	0.6	2	39.3	38.5	0.8	2
Non-pay	4.1	4.7	-0.6	15	5.4	6.5	-1.1	20
Income	0.0	0.0	-	-	0.0	-0.1	-	100
Total	33.0	33.0	-	-	44.7	45.0	0.3	0.7

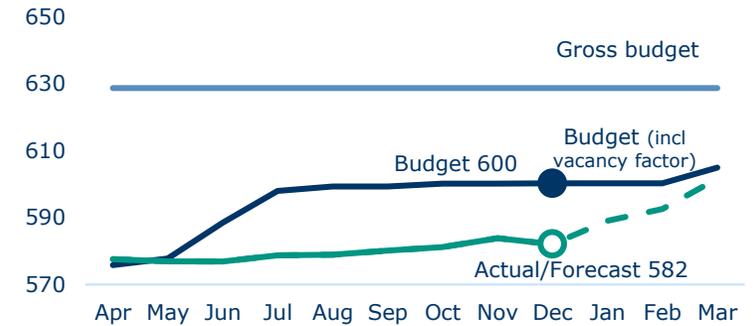
Projects (£000)



- Q3 forecasted project spend has remained flat to Q2.
- Full year spend is expected to be £750k which is within the budget of £1.1m allocated for 24/25. £204k (27% of forecast) is expected to be spent in the last quarter of the year.

Staff Headcount (FTE)

Overall staff numbers are forecasted to rise throughout the year up to 602FTE by March 2025 with budget being 594.4FTE.



Issues, Threats & Opportunities

Threat: With revenue expected to be overspent to budget by year end it is imperative that Forensics take steps to pull this overspend back to within the budgeted funding for financial year 2024/25.

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 Q3 forecast numbers.

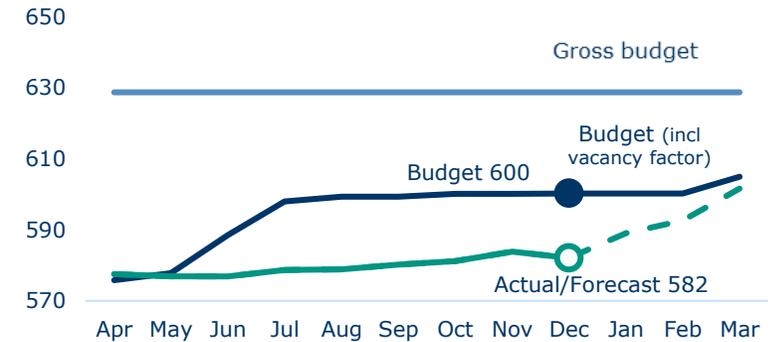
Issue: Per the Scottish Government (SG) statement Forensics is reminded to control spend on hospitality, events and non-essential travel. Additionally, other than critical roles recruitment is to be frozen to help support SG in balancing their budget for 2024/25.

Pay Summary

	Year to date				Full Year			
	Budget	Actual	Var		Budget	Q3 FC	Var	
	£m	£m	£m	%	£m	£m	£m	%
Pay	28.5	28.0	0.5	2	38.8	38.2	0.6	2
Overtime	0.4	0.3	0.1	25	0.5	0.3	0.2	40
Total	28.9	28.3	0.6	2	39.3	38.5	0.8	2

- The overall staff pay forecast is an **underspend of £0.8m** at year end.
- The year-to-date actual pay spend is £0.6m 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 overall Forensics is predicted to be overspent to budget. This area should be looked at for bringing that forecasted overspend down.
- 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



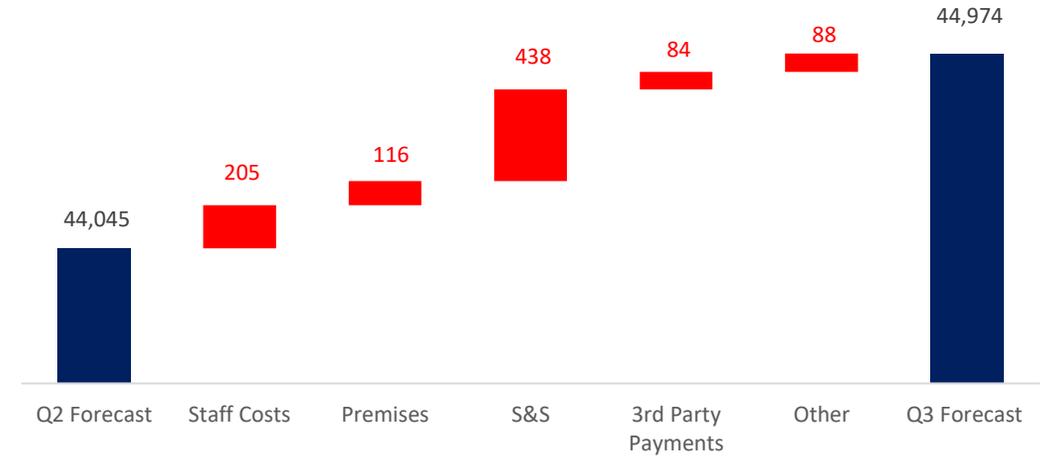
- Actuals at P9 are 582 FTE and underspent to budget by £0.6m.
- The broken line is the Q3 forecast. From March 2025 602FTE are expected to be in place. This is accounting for any leavers within the organisation and that all the vacancies identified as external hires are filled.
- The target FTE for 2024/25 is 595.4 FTE. Therefore, at Q3 forecast it is anticipated that Forensics will reach there FTE budget come year end if current levels of recruitment continues.
- Forensics is reminded that this is a key area of focus to reduce overall expected overspent of budgeted funding for 2024/25.

Non-Pay Forecast Summary

	Year to date				Full Year			
	Budget	Actual	Var		Budget	Q3 Forecast	Var	
	£m	£m	£m	%	£m	£m	£m	%
Premises	0.1	0.2	-0.1	100	0.1	0.3	-0.2	200
Transport	0.1	0.2	-0.1	100	0.2	0.2	-	-
Supplies & Services	2.8	3.2	-0.4	14	3.7	4.3	-0.6	16
ICT	0.4	0.4	-	-	0.6	0.7	-0.1	17
3 rd Party Pymts	0.6	0.6	-	-	0.7	0.9	-0.2	29
Admin	0.1	0.1	-	-	0.1	0.1	-	-
Total	4.1	4.7	-0.6	15	5.4	6.5	-1.1	20

- The non-pay Q3 forecast is £6.5m; £1.1m higher than budget. There are various material pressures such as premises, Supplies & Services and Third-Party payments. The movement from Q2 to Q3 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 alongside implementing a plan to get expected spend within the overall budgeted funding for 2024/25. For further detail on this please see slide 5.

Overall Revenue Forecast – detailed waterfall (£000)



- At Q3 there is an overspend variance relating to property repairs/fixture and fittings (£114k) coming in higher than Q2 forecast.
- The main overspend variance at Q3 is within supplies and service operational kits (£339k), equipment maintenance costs (£37k) and specialist consumables (£21k). Operational kits is a pressure area within Forensics and is being looked at to maintain a balanced budget in this area.
- Logistic costs within Third Party Payments have increased by £70k since Q2 forecast as demand for testing has increased.
- Other costs – legal costs have increased at Q3 from work performed on ongoing Employment Tribunals.

Revenue forecast

- At Q3 it was identified that an overspend to budget of **£262k (0.6%)** was likely if no action was taken in the remaining three months of the year.
- Whilst this is a small percentage of the FS budget finance and management recognise that action is required.
- This position was discussed in detail between SPA finance, the Forensic Service Director and Senior Management Team. This tactical meeting understood the issue and discussed measures to ensure that Forensics immediately address the overspend and achieve a balance budget.
- The list below outlines some of the options that Forensics will look to control spend on in the coming months. All options are being considered taking cognisance of the budget position and operational impact.
- In many cases, options being consider involve delaying spending for a short period of time.

Option	Potential operational impact
1. Delay external recruitment where start dates have not been confirmed.	<ul style="list-style-type: none"> Impact on capacity. Risk of losing staff.
2. Halting any property repairs till April 2025 and reviewing refurbishment work already completed that may be capital spend.	<ul style="list-style-type: none"> Short delay in improvements. Financial impact on 2025/26.
3. Delay training into 2025/26.	<ul style="list-style-type: none"> Financial impact on 2025/26
4. Investigate options to re-allocate spend from revenue to reform for work completed through business case development.	<ul style="list-style-type: none"> No operational impact. Depends on availability of reform funding.
5. Logistics spend to be reviewed to see if any opportunities exist to bring the spend down.	<ul style="list-style-type: none"> Potential for longer transit times.
6. Investigate all cost recovery funding for services provided to other police forces/ third party customers.	<ul style="list-style-type: none"> No operational impact. Challenges to charge where there are no existing agreements.

	Budget £000	Q3 Forecast £000	Variance £000
Pay	39,373	38,533	840
Non-pay	5,423	6,551	-1,127
Income	-84	-109	25
Total	44,713	44,974	-262

Looking Forward

- Forensics recognise that options may have operational consequences which will be considered, however, in most cases Forensics is looking to avoid impacting on the service. In many changes options will result in a short term pause in spend.
- Confirmation that no options will be selected that will have a direct reduction in service levels has been given from Forensic Services Senior Management Team.
- Furthermore, Forensics have confirmed they will send a communication to all staff to explain the budget position and request that any discretionary spend that will not have an impact on short term service levels is put in place.
- SPA finance will closely monitor this position and report to management for the remained of the financial year.
- Given the relatively small overspend and the options available, finance and the director are confident that a break-even outturn can be achieved by the end of the financial year.**



SCOTTISH POLICE
AUTHORITY
ÙGHDARRAS POILIS NA H-ALBA

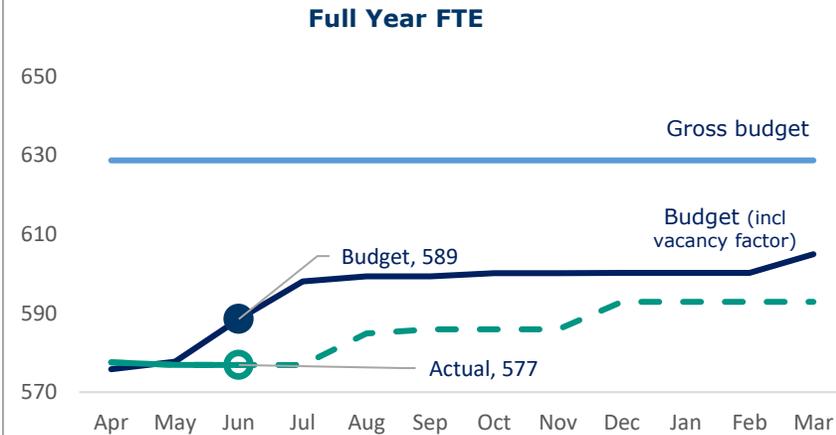
Appendices

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 593 FTE 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 1.4 FTE 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 18.5 FTE 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

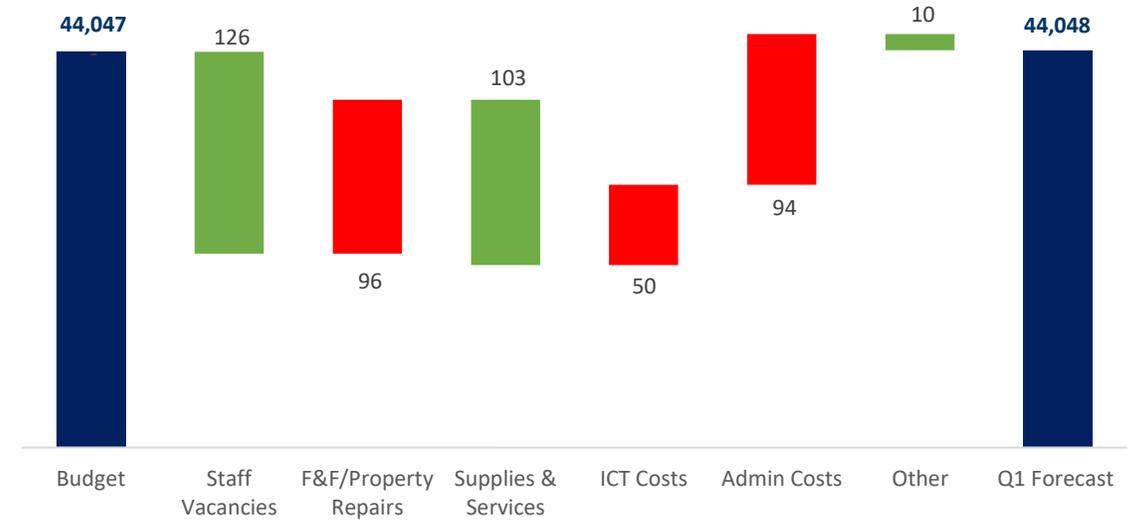
- At Q1 forecast it is expected that FTE will be 593 at year end. There are 577 FTE at the end of P3 with an additional 16 external candidates expected to join FS over the coming months. Assuming all these candidates are successful this would bring FTE numbers up to 593.
- The second table above also 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	Actual	Var		Budget	Q1 Forecast	Var	
	£000	£000	£000	%	£000	£000	£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)



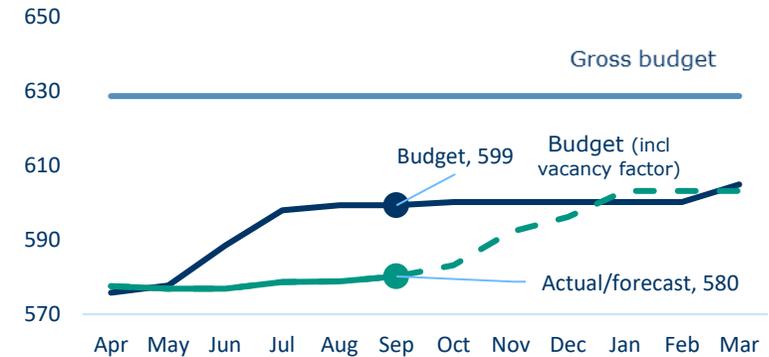
- Supplies and services have been forecasted as a saving on the original budget. The main variances relate to Specialist consumables/Ops equipment looking like underspending (£213k) based on current run rate expenditure. This is offset by overspends on the FS Cos Ignite consultancy (£50k) and equipment 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.

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



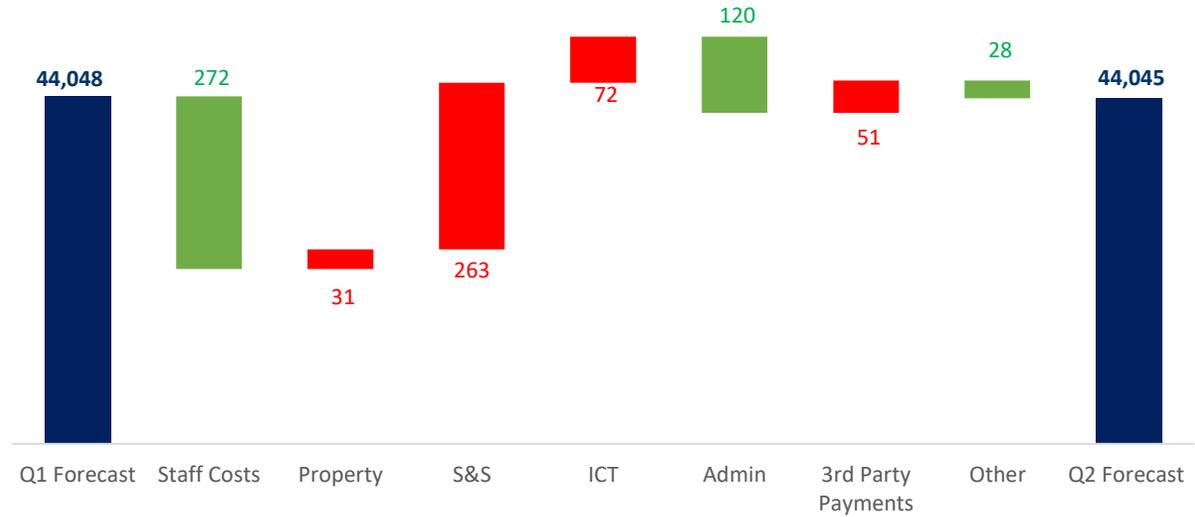
- Actuals at P6 are 580 and underspent to budget by £0.2m. However, there is a gap to budget including vacancy factor FTE of 14.4FTE to be filled (This gap being 1FTE less than at P5).
- The broken line is the Q2 forecast. From January 2025 603FTE are expected to be in place. This is assuming nobody 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	Actual	Var		Budget	Q2 Forecast	Var	
	£m	£m	£m	%	£m	£m	£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.