



<b>Meeting</b>	<b>Authority Meeting</b>
<b>Date</b>	<b>28 November 2024</b>
<b>Location</b>	<b>Merchants House, Glasgow</b>
<b>Title of Paper</b>	<b>Financial Planning - Budget Proposal 2025/26</b>
<b>Presented By</b>	<b>James Gray, Chief Financial Officer</b>
<b>Recommendation to Members</b>	<b>For Approval</b>
<b>Appendix Attached</b>	<b>Appendix A – Budget Proposal 2025-26</b>

**PURPOSE**

The purpose of this report is to set out the revenue, capital and reform budget requirement for policing for financial year 2025-26.

The contents of this report have been discussed through the SPA/PS Budget Development Group and is now recommended for Authority approval.

This paper is presented for approval.

## 1. BACKGROUND

- 1.1 The Scottish Government is expected to announce its 2025-26 budget on 4 December 2024, with Parliamentary consideration and approval anticipated by the end of February 2025.
- 1.2 Significant consideration has been given to policing's requirements for revenue, capital and reform for the financial year 2025-26, and this was set out in detail in the Parliamentary submission to support pre-budget scrutiny at the Criminal Justice Committee held on 30 October 2024.
- 1.3 Since the pre-budget scrutiny session, the UK Budget announced national insurance contribution changes that will result in a significant cost pressure for policing. The 2025-26 budget proposal attached at Appendix A has been updated to reflect these changes which were unknown at the time of the Parliamentary submission.

## 2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 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.
- 2.2 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.
- 2.3 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.
- 2.4 The budget requirements for 2025-26 are set out below and in more detail at Appendix A:
  - £84.4m of additional core revenue funding to fund Public Sector pay assumptions, additional national insurance costs announced

as part of the UK budget, 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.

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

2.5 The proposed budget request is inclusive of Forensic Services and SPA Corporate.

### **3. FINANCIAL IMPLICATIONS**

3.1 The financial implications are set out in detail within the report and in Appendix A.

3.2 It is not possible for policing to deliver the savings required in a flat cash or reduced funding scenario without significantly impacting the workforce. The scenarios in Appendix A highlight that savings of this level can only be achieved by implementing a pay freeze alongside significant workforce reductions, some of which is not possible in the timescales available.

### **4. PERSONNEL IMPLICATIONS**

4.1 As noted above, if we are unable to secure the additional funding required, there will be significant workforce implications and further workforce reductions will be necessary.

4.2 Potential workforce implications are set out in detail within Appendix A of the report.

### **5. LEGAL IMPLICATIONS**

5.1 At this stage there are no legal implications associated with this report.

**6. REPUTATIONAL IMPLICATIONS**

6.1 In the event that the budget requirements are not secured, there will be internal and external reputational implications for policing.

**7. SOCIAL IMPLICATIONS**

7.1 At this stage there are no social implications in this report

**8. COMMUNITY IMPACT**

8.1 There will be community implications as a result of the budget requested in this report. These will be set out in detail in any subsequent organisational redesign proposals.

**9. EQUALITIES IMPLICATIONS**

9.1 At this stage there are no equality implications in this report.

**10. ENVIRONMENT IMPLICATIONS**

10.1 At this stage there are no environmental implications in this report.

**RECOMMENDATIONS**

Members are requested to discuss the budget proposal as set out in this paper and associated appendix and approve the submission of the updated proposal to Scottish Government.



**POLICE  
SCOTLAND**  
POILEAS ALBA



**SCOTTISH POLICE  
AUTHORITY**  
ÙGH DARRAS POILIS NA H-ALBA

Finance

# 2025-26

# Budget Proposal

November 2024



# 2025-26 budget proposal

Scotland's policing model faces **increasing challenges** due to changes in the external environment, including **increasing demand, the changing nature of crime, technological advancement, public trust & confidence and wider economic challenges**

Through the 2024-25 budget settlement, Scottish Government supported our commitment to develop a revised model of policing to better serve the needs of our communities. Our [recently published 3-year business plan](#) will help us to realise this ambition, but many of our commitments have significant investment requirements. It is therefore essential that this commitment from Scottish Government is maintained to realise the 2030 Vision: Safer communities, less crime, supported victims and a thriving workforce, and deliver the revised model of policing.

The next phase of Scottish policing reform will **see us re-shape Police Scotland to meet the challenges of the next ten years** and to **realise our 2030 Vision**. Our 3-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**.

The 3-year business plan details our **planned commitments to 2027**. Our transformation journey will continue to focus on **developing our overall organisational capability and visibility in our communities**, but also ensuring that each of our respective business areas are as efficient and effective as possible. **Productivity, efficiency savings and benefits realisation will therefore remain a key focus**, particularly where they unlock reinvestment into new capability and support increased capacity and enhanced capability in frontline policing. This will allow us to focus our expertise, support other agencies and the people of Scotland.

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 Police Staff roles** while also achieving **maximum efficiency to support frontline capacity and capability**. 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 will also work to **establish a clear position on the right size of our police officer 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.

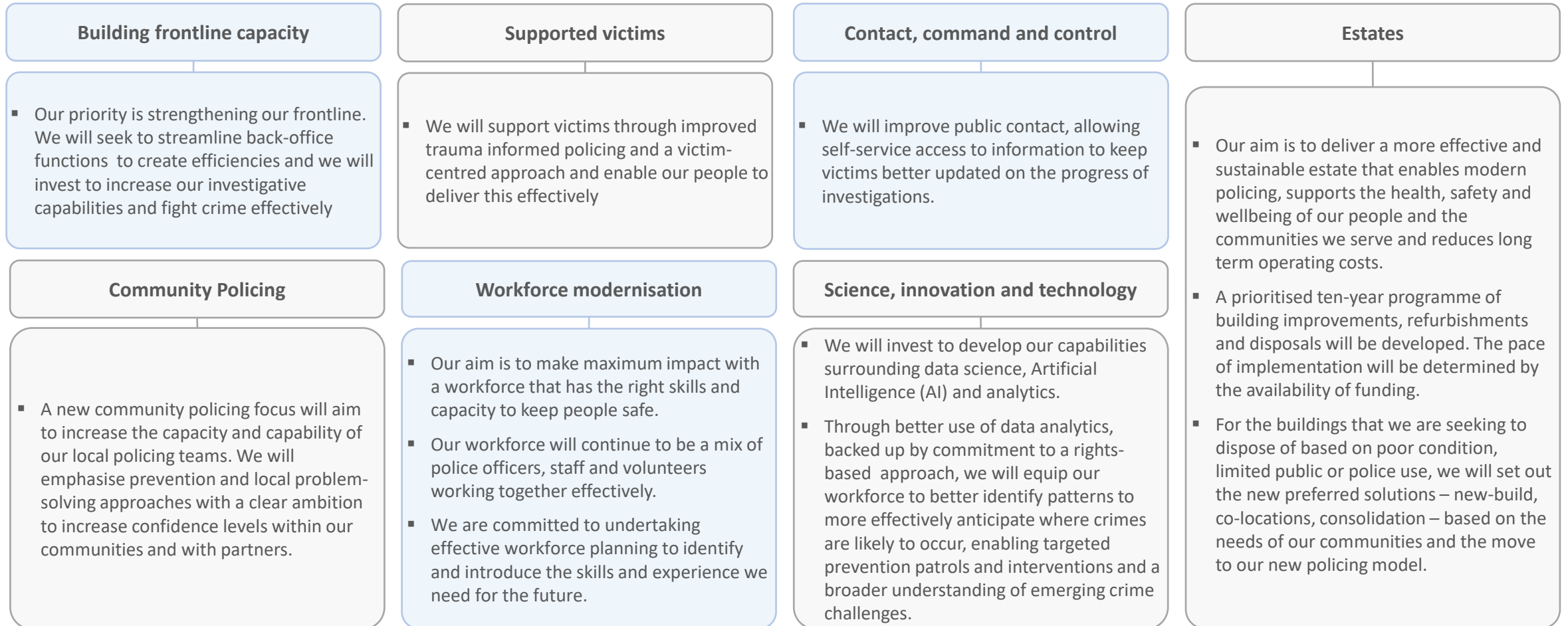
Many of the business plan commitments have **significant investment requirements** and where known, or can be reasonably estimated, an assumption has been included in our financial plan. However, there are still some elements that are yet to be quantified. Page 4 of this document summarises the **budget requirement for 2025-26**:

- **£84.4m of additional core revenue funding** to fund Public Sector pay assumptions, additional national insurance costs announced as part of the UK budget, 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.
- **Reform to be maintained at ~£25m** to support Change and Transformation, with no additional ask for VR/VER funding; and
- A **capital allocation of £83m** to: deliver our **basic rolling replacement programme** including the replacement of fleet, systems and policing equipment; commence the delivery of the **estates masterplan** to maintain and upgrade properties; investment in **Change and Transformation**, including technology, data, supporting AI and innovation, and spend to save initiatives.

Our financial planning assumptions will be reviewed on a regular basis to reflect any changes in our operating model and/or the future funding position.

# Vision and Business Plan commitments

## Vision: Safer communities, less crime, supported victims and a thriving workforce



# 2025-26 budget requirement

The budget proposal reflects the **budget requirement for 2025-26** to support the **year 2 delivery of the Police Scotland vision, priorities and workforce modernisation, including strengthening frontline policing**, all of which is described in our 3-year business plan.



## Additional revenue requirement

**Pay award: Yr 1: 4.75%, Yr 2: 2.25%**  
Based on Public Sector Pay Policy as per recent discussions with SG. It is assumed that any future **changes to PSPP will be fully funded.**

Impact of **legislative change** that is significantly higher than our BAU activity.

Specific **inflationary** pressures

Additional **national insurance** costs

**Other cost pressures self-funded**

**£59.1m + £25.3m = +£84.4m**



## Capital requirement

- Rolling replacement: £28.6m
- Airwave radio replacement: £13.5m
- Body Worn video: £3.9m
- Estates: £25.1m
- Modern contact & engagement: £2.8m
- Digital, Innovation and AI: £2.6m
- Other change: £3.2m
- IFRS16 expenditure (leases): £3.3m

**£83.0m**



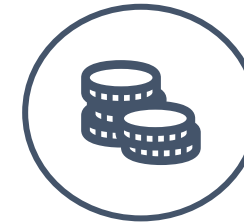
## VR/VER funding

The financial plan includes **~£4m for VR/VER funding** funded from the superannuation benefit expected in 2025-26.

Any further funding to be identified from core revenue or reform funding.

No additional ask to Scottish Government in 2025-26.

**To be funded from overall budget**

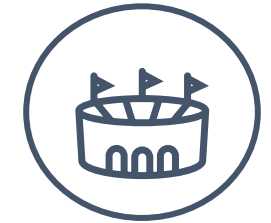


## Funding mechanisms

Discussion with Scottish Government re options to **manage capital receipts risk**, with the preference that upfront capital funding is provided, and potential for borrowing.

Discussion with Scottish Government re the **ability to move away from annual funding cycles** and to utilise funding across financial years.

**N/A**



## Commonwealth Games

There is currently no provision included in the plan for CWG as we are still at the very early stages of planning. It is assumed that this event will be fully funded with no detrimental impact on the policing budget.

We will work with our partners to assess the requirements to support the delivery of a safe and secure event, including the impact on resources and finance.

**Funding requirement TBC**

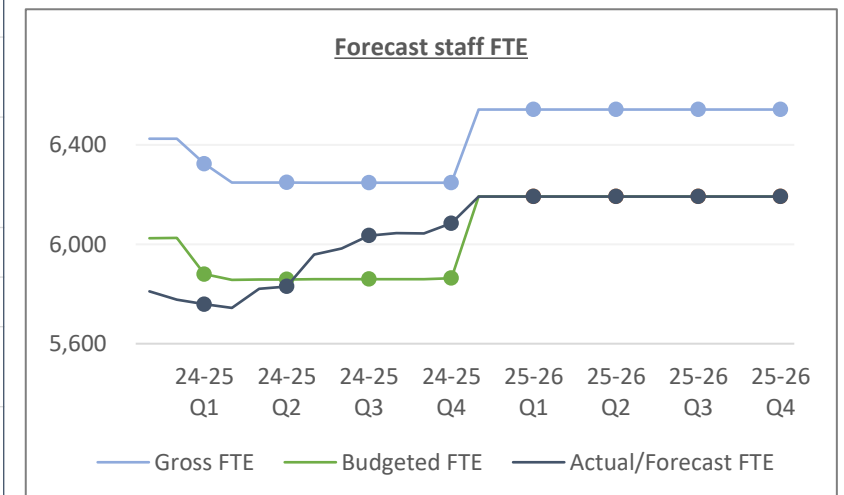
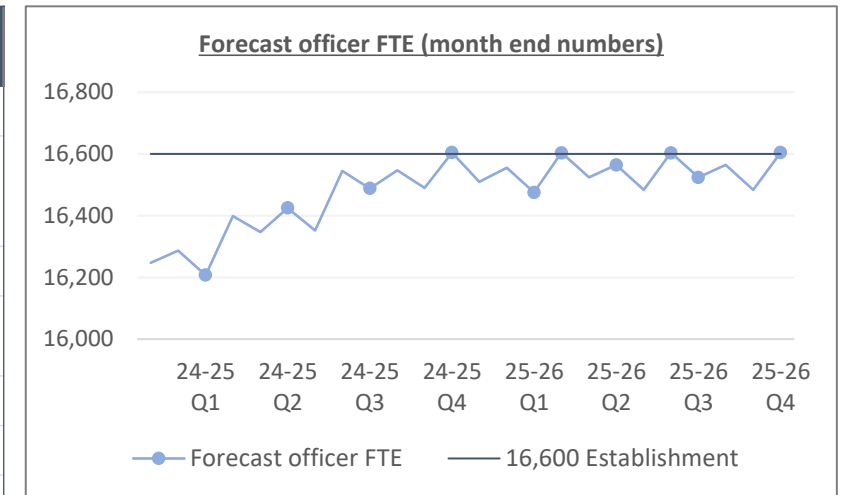


# Revenue budget

# Financial planning assumptions

Policing is **sensitive to changes** in the external environment and must be able to adapt to the **ever-changing demands, without the benefit of the certainty of future funding**. The **key baseline financial planning assumptions and sensitivity analysis** of the medium-term financial profile are detailed below.

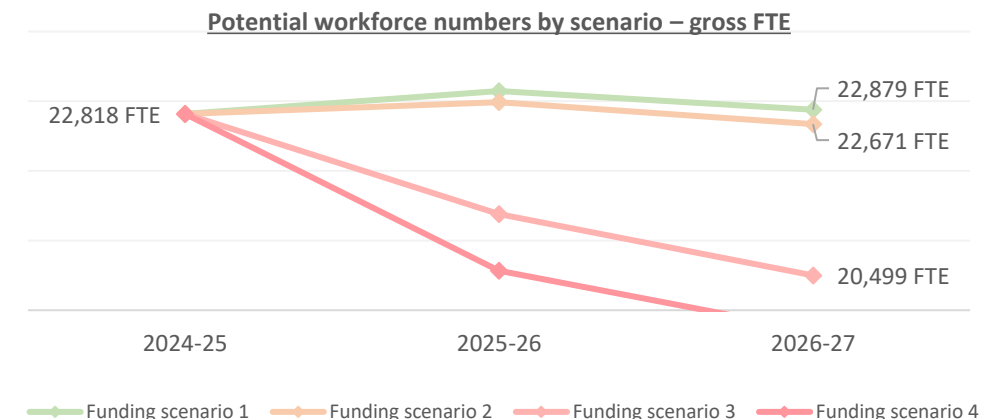
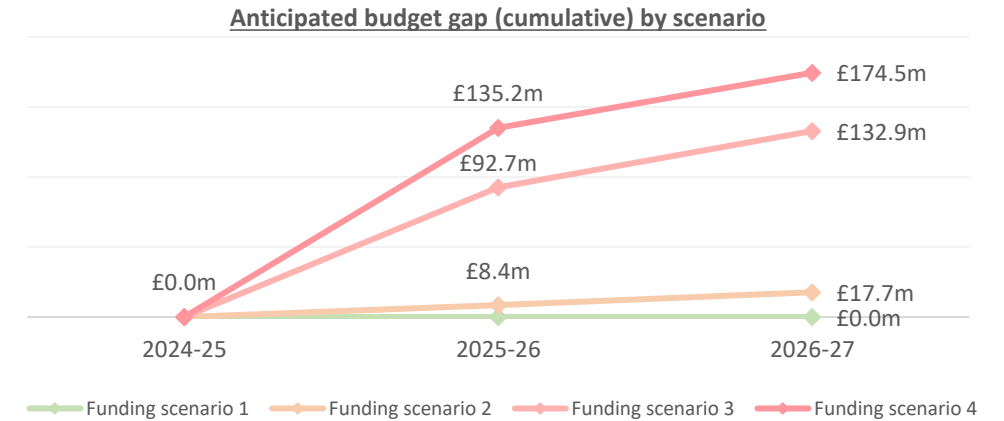
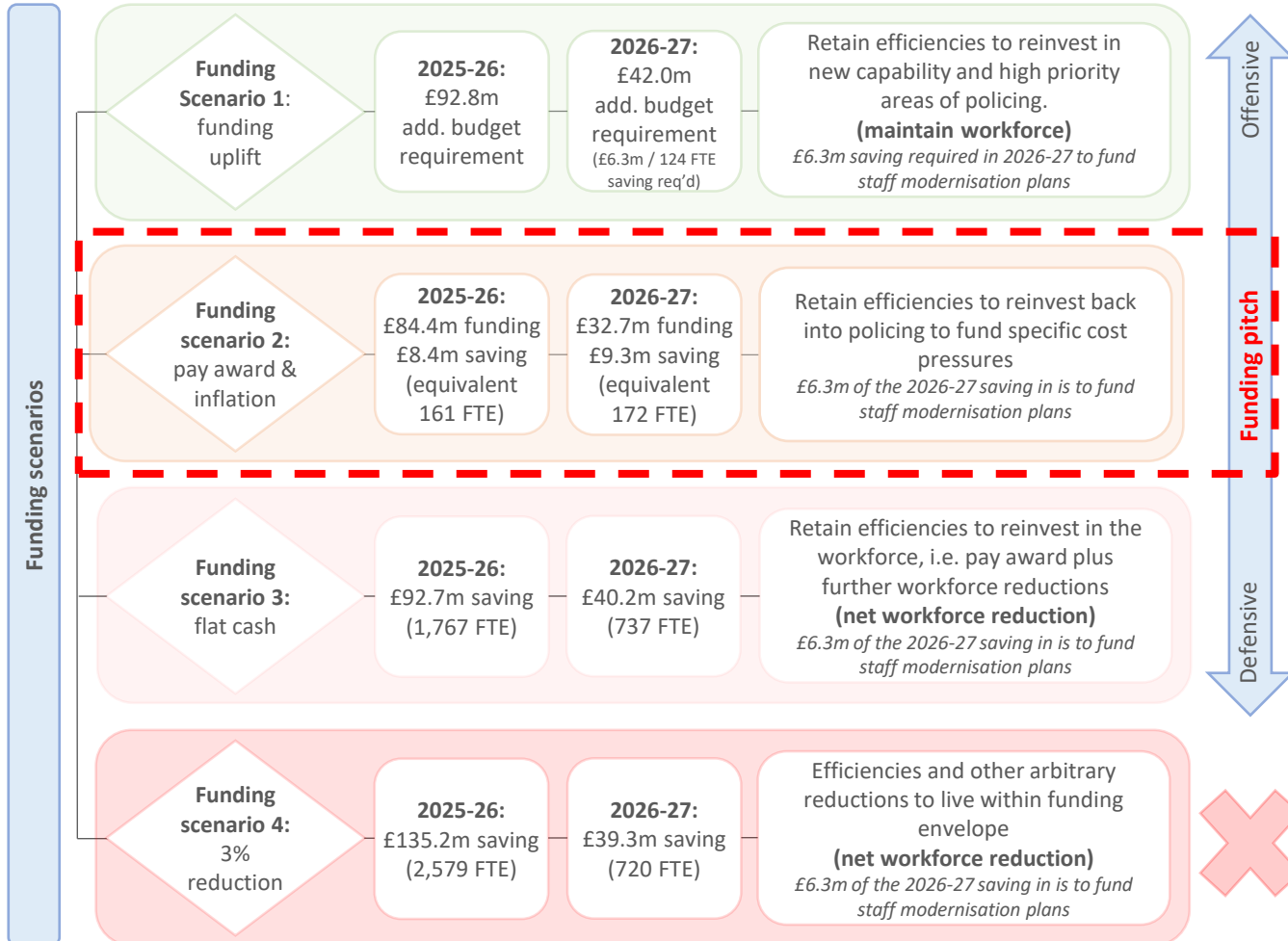
Key assumptions	Sensitivity 1%	Sensitivity 2%
Assumes that funding is received to cover pay award, inflation and legislation additionality.	Up to £59m	
Public Sector Pay Policy (multi-year 9.3%) still applicable as per discussions with SG. Baseline scenario - front loaded PSPP (Year 1: 4.75%, year 2: 2.25% and year 3: 2%) Assumption that any changes to PSPP over the period will be fully funded.	£12m (225 FTE)	£24m (450 FTE)
Inflation assumed at 2% for 25-26 and 1.7% for 26-27 as per SG planning assumptions.	£2.2m	£4.4m
Officer and recruitment assessments based on an attrition of 80 officers per month (Authority paper, 27 June 2024) – see “Forecast officer FTE”(high point 16,604).	£0.3m	£0.6m
Staff recruitment to support workforce modernisation & strengthen frontline policing.	£0.2m	£0.4m
Combined average vacancy factor saving 5.4% / reduced pay saving 1.2%.	£3.2m	£6.3m
National insurance costs based on the updated £5,000 threshold and an additional 1.2% NI contribution (contribution: 15%). It is assumed that the NI costs will remain at this level.	£9m	£18m
Revenue profile assumes that benefits from estates, procurement & ICT non-pay are reinvested. No assumption included for workforce efficiencies at this stage.	Dependent on funding	
Workforce modernisation plans assume an FTE increase in 2025-26 to be funded from the non-recurring superannuation credit. Assumption that workforce savings will be identified to fund new posts from year 3 onwards.	£6.3m	
No allowance for slippage of RIG non-pay spend into future years.	Up to £3.0m	
Additional funding to be received in-year for SG funded initiatives, i.e. DESC.	Up to £3.0m	
Commonwealth Games not included in the financial plan at this stage – assumption that these costs will be fully funded.	TBC	
Work is ongoing to develop the business case for the Forensics toxicology and future funding requirements. No provision is included in the plan at this time. Future funding requirements to be confirmed via business case.	No cost in 2025-26	



# Funding scenarios based on front loaded PSPP

Pay award - year 1: 4.75%, year 2: 2.25% & years 3-5: 2.00%

The charts below indicates the impact of the **four funding scenarios**. From the below it is clear that **flat cash funding or a funding reduction** would have **significant operational consequences** for the organisation with **tactical measures** having to be taken to **balance the budget**.





# Cashable savings and efficiencies to deliver flat cash

The summary below highlights the **savings required to live within a flat cash funding** settlement over the medium term.

With a flat cash funding settlement, **the organisation would have to absorb future cost pressures including inflation and pay award**, which is by far the most significant year-on-year pressure.

**Tactical, short-term actions** would have to be implemented to deliver **£92.7m of cashable savings** in 2025-26, which is **not possible through workforce reductions alone**.

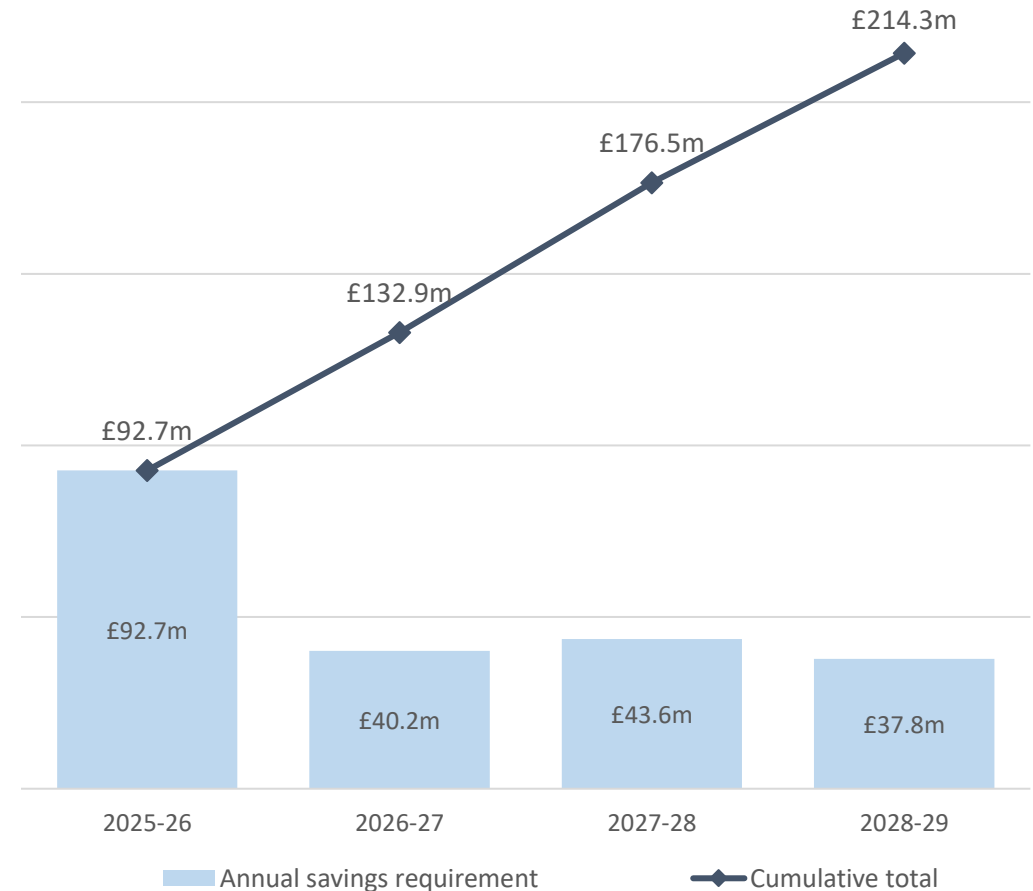
Practically, this would require a **pay freeze to be implemented in 2025-26** saving ~£28m, as well as significant workforce reductions. This would mean **no further officer recruitment from now through until the end of March 2026** which could see **officer numbers drop to circa 15,240 by March 2026** (based on current pay and workforce assumptions).

In addition to officer reductions, a **large-scale staff exit programme and/or recruitment pause** would also be necessary to deliver further savings. In order to achieve the necessary savings, the staff workforce would have to **reduce by up to 400 FTE** in 2025/26 at a potential cost of up to £28m (based on average VR/VER exit costs). This is not feasible within the timescales available. Given the size and scale of the reductions required, the organisation would potentially need to move to **compulsory redundancy**.

**Given the extreme nature of the actions required to deliver savings, flat cash is not a feasible option:**

- A pay freeze would have an **adverse impact on the workforce** in terms of **recruitment challenges, retaining staff, increasing workloads** as workforce numbers reduce and low staff morale.
- We do **not have enough time available** to deliver a large-scale VR/VER programme by 1 April 2025.
- The ability to deliver a **basic policing service** would **severely compromised** through significant workforce reductions.

*\*includes 124 FTE staff savings required to fund workforce modernisation plans*



# Cashable savings and efficiencies to deliver 3% reduction

Reduced funding would have **severe operational consequences**, causing a **significant disruption to services** and would **compromise our ability to deliver policing services**.

It is not possible to achieve this level of savings, even if a pay freeze, full recruitment pause and large-scale staff exit programme was implemented for the duration of 2025-26.

Tactical, short-term actions would have to be implemented to deliver **maximum savings in 2025-26** to deal with a **3% funding reduction and absorb future cost pressures**. This would ultimately require **£135.2m of cashable savings in 2025-26** which is **not feasible nor possible through workforce reductions alone**.

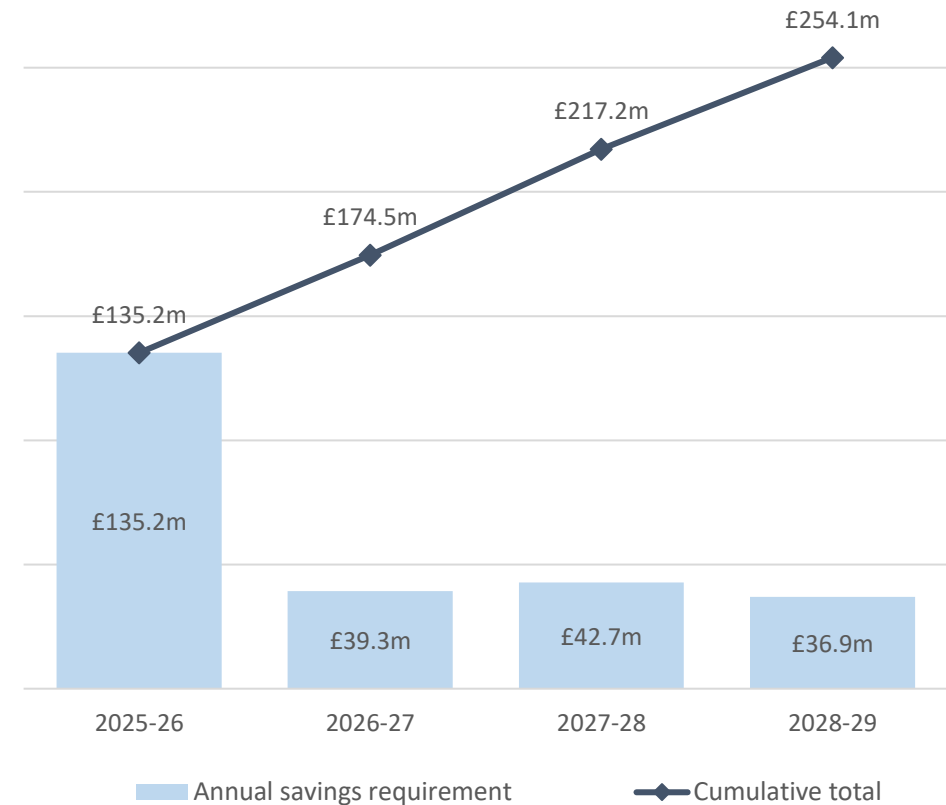
Practically, this would require a **pay freeze to be implemented in 2025-26** saving ~£28m, as well as significant workforce reductions. This would mean **no further officer recruitment from now through until the end of March 2026** which could see **officer numbers drop to circa 15,240 by March 2026** (based on current pay and workforce assumptions).

In addition to officer reductions, a **large-scale staff exit programme and/or recruitment pause** would also be necessary to deliver further savings. In order to achieve the necessary savings, the staff workforce would have to **reduce by up to 1,240 FTE in 2025/26** at a potential cost of up to £87m (based on average VR/VER exit costs). This is not feasible with the timescales and funding that is available. Given the size and scale of the reductions required, the organisation would need to move to **compulsory redundancy**.

Given the extreme nature of the actions required to deliver savings, a funding reduction is not a feasible nor possible option:

- A pay freeze would have an **adverse impact on the workforce** in terms of **recruitment challenges, retaining staff, increasing workloads** as workforce numbers reduce and low staff morale.
- We **do not have enough funding or time available** to deliver a large-scale VR/VER programme by 1 April.
- The ability to deliver a **basic policing service** would **severely compromised** through significant workforce reductions.

*\*includes 124 FTE staff savings required to fund workforce modernisation plans*



# Operational implications of flat cash or reduced funding

Scottish Government have supported our commitment to the **development of a revised model of policing** to better serve the needs of our communities. We have now developed our **multi-year plan to realise this ambition which will require the continued commitment from Scottish Government**. The view of Operational Policing is that **flat cash** or a **reduced funding settlement** will have **severe operational consequences** with potential impacts across a number of areas as outlined below. This will continue to be refined and will be a key part of the revised model of policing.

## **Caring for our most vulnerable people & communities:**

- A significant reduction in visible local policing.
- Challenges to our ability to protect the most vulnerable and fulfil our “wellbeing” remit with our partners.
- Inability to provide a support service to victims

## **Protecting our children and citizens from new threats:**

- An inability to increase local policing resources and enhance visibility and public confidence.
- An inability to augment national and local public protection services in the face of continued growth in reporting of sexual crime and domestic abuse.
  - An inability to effectively keep people safe in the online space.
  - An inability to support the implementation of new legislation

## **Our proactive capability will be reduced:**

- A reduction in local resources will undermine our ability to engage in collaborative problem solving and crime prevention.
- A reduction in Roads Policing resources will inhibit our ability to keep Scotland’s road users safe.
- Our capacity for the proactive investigation of Serious & Organised Crime Groups will be impacted.

## **Enabling a safe and secure Scotland:**

- Delays in attending calls for service and the nationwide adoption of a reduced attendance model.
- Our capacity to effectively respond to major events and incidents will be impacted.
  - Our capacity to manage community tensions will be impacted.

# **Business investment: Capital and Reform**



# Capital and reform investment requirement

The table below shows that **£565m of capital and £140m of reform** is required over the medium term to deliver the planned capital and reform programmes to support the Revises Model of Policing.

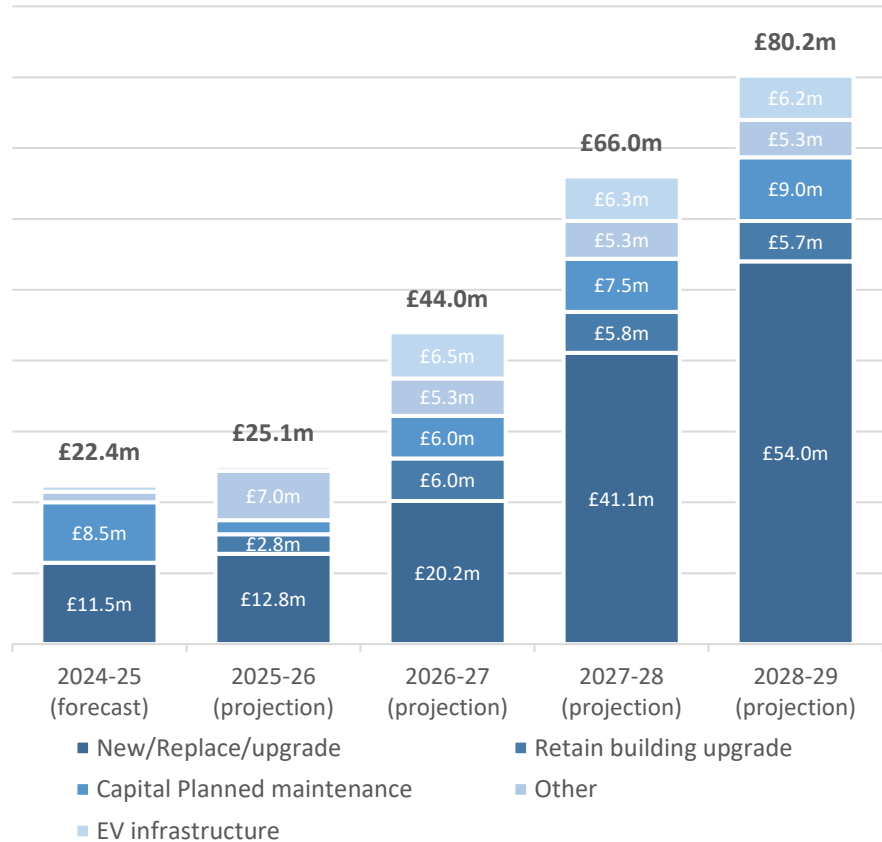
Programme		24/25 (forecast) £m	25/26 (projection) £m	26/27 (projection) £m	27/28 (projection) £m	28/29 (projection) £m	Total estimated requirement £m
Estates (including EV infrastructure)		22.4	25.1	44.0	66.0	80.2	<b>237.7</b>
Rolling Replacement	Fleet	14.9	8.7	12.7	13.0	13.2	<b>62.5</b>
	Digital & technology	10.7	12.5	17.0	17.0	14.0	<b>71.2</b>
	Specialist policing & safety equipment	6.8	5.4	5.5	5.8	5.9	<b>29.4</b>
	Forensics services equipment and maintenance	1.0	2.0	2.0	2.0	2.1	<b>9.1</b>
Change portfolio		14.3	12.5	19.4	31.8	31.1	<b>109.1</b>
<b>Total capital requirement</b>		<b>70.1</b>	<b>66.2</b>	<b>100.6</b>	<b>135.6</b>	<b>146.5</b>	<b>519.0</b>
Airwave replacement		7.4	13.5	-	-	-	<b>20.9</b>
IFRS 16 expenditure (leases)		8.4	3.3	8.6	2.1	3.0	<b>25.4</b>
<b>Total capital investment requirement</b>		<b>85.9</b>	<b>83.0</b>	<b>109.2</b>	<b>137.7</b>	<b>149.5</b>	<b>565.3</b>
<b>Potential capital receipts</b>		<b>(2.7)</b>	<b>(6.9)</b>	<b>(27.3)</b>	<b>(6.8)</b>	<b>(9.1)</b>	<b>(52.8)</b>
<b>Total reform investment requirement</b>		<b>27.0</b>	<b>28.6</b>	<b>32.6</b>	<b>28.6</b>	<b>23.3</b>	<b>140.1</b>

Note: further capital allocations for Forensics Services are included within the other capital lines above, i.e. Change, Digital, etc.

# Estates masterplan

The Estates Masterplan will deliver a more effective, sustainable estate that enables modern policing, supports the health, safety and wellbeing of our people and communities we serve, and reduces long-term operating costs.

**Estates – 5-year projection**



## Current state

The current Estate is not fit for purpose. It is not appropriate for officers and staff, communities and those using our facilities - many buildings are not meeting the requirements of a modern-day workforce and community needs.

## Principles

The estates masterplan aligns to the Vision 2030 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.

## Masterplan

Our estates plan sets out the buildings we intend to retain for the long term based on operational need condition. A prioritised 10-year programme of full building refurbishments will be developed and implemented at a pace based on the availability of funding.

## Investment type

A combination of new build, co-locations and consolidation will be used for buildings that are disposed. There will also be planned maintenance of remaining properties, housing, sustainability investment and EV infrastructure. Our ability to implement the Estates Masterplan will be determined by the availability of funding.

# Rolling replacement investment

It is anticipated that an **average of ~£35m is required per annum** in future years for the basic replacement programme to upgrade legacy systems, replace and maintain our fleet, and the replacement of officer safety and specialist policing equipment

## Digital Division

Digital Division rolling replacement includes the replacement of the basic technology requirement to maintain an effective policing services eg mobile device refresh, infrastructure upgrades.

## Fleet

Fleet replacement includes the purchase of replacement of aging diesel response vehicles and ULEV.

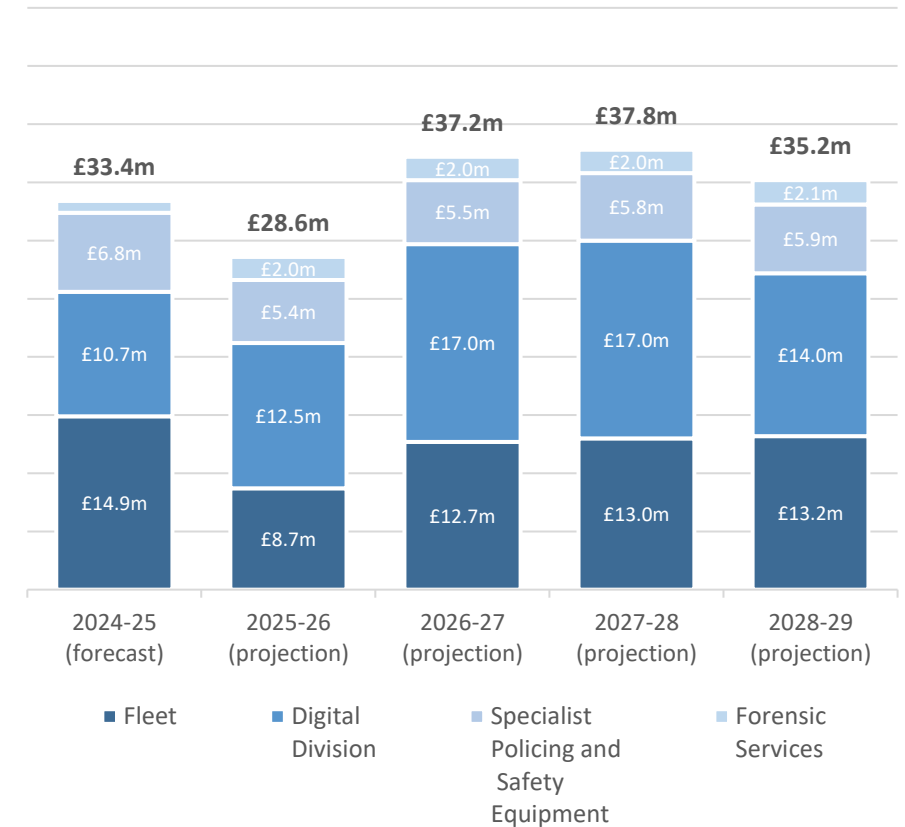
## Specialist policing & safety equipment

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

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.

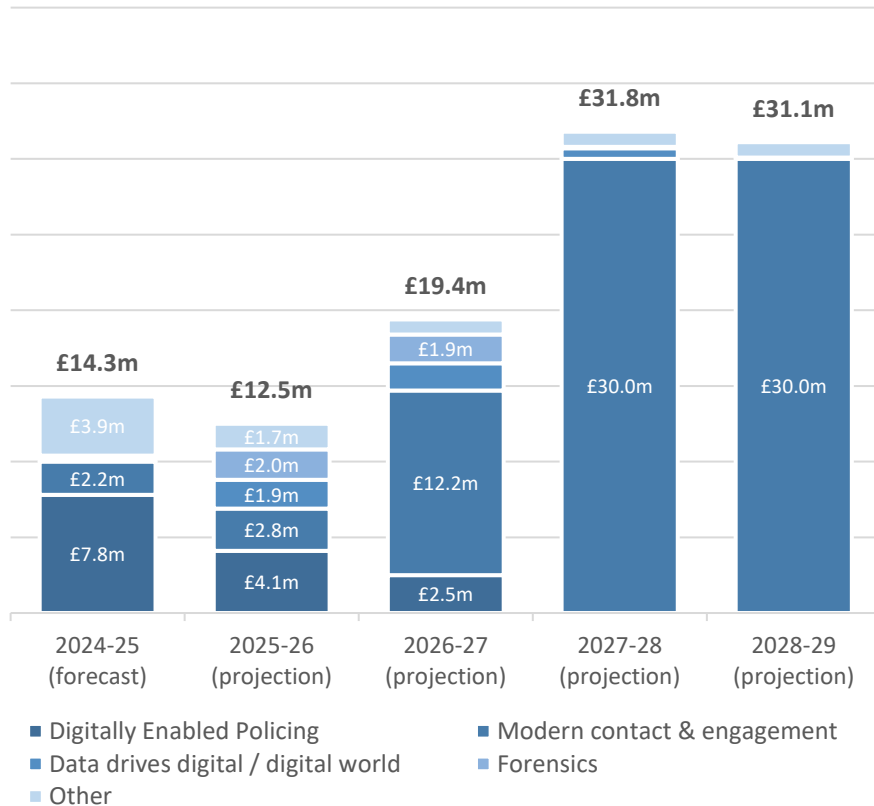
**Rolling replacement investment – 5-year projection**



# Change portfolio – capital investment

Change is an over-arching investment area defined as all investment that contributes towards **transformation** within SPA/Police Scotland. This includes investment in technology, data, AI, innovation and spend to save initiatives

Change and Transformation investment – 5-year projection



## Modernised contact and 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

The Data Drives Digital programme has a number of key workstreams including data reporting transformation, data migration, force wide analytics, GDPR Structured and Un-Structured Data and Master Data Management (MDM).

## Policing in a digital world

Capital spend will enable key 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 (Change)

The Forensic Services Core Operating System (FS COS) project is to ensure there is an improved and fit for purpose Core Operating System which builds public confidence from the current foundation.

## 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.

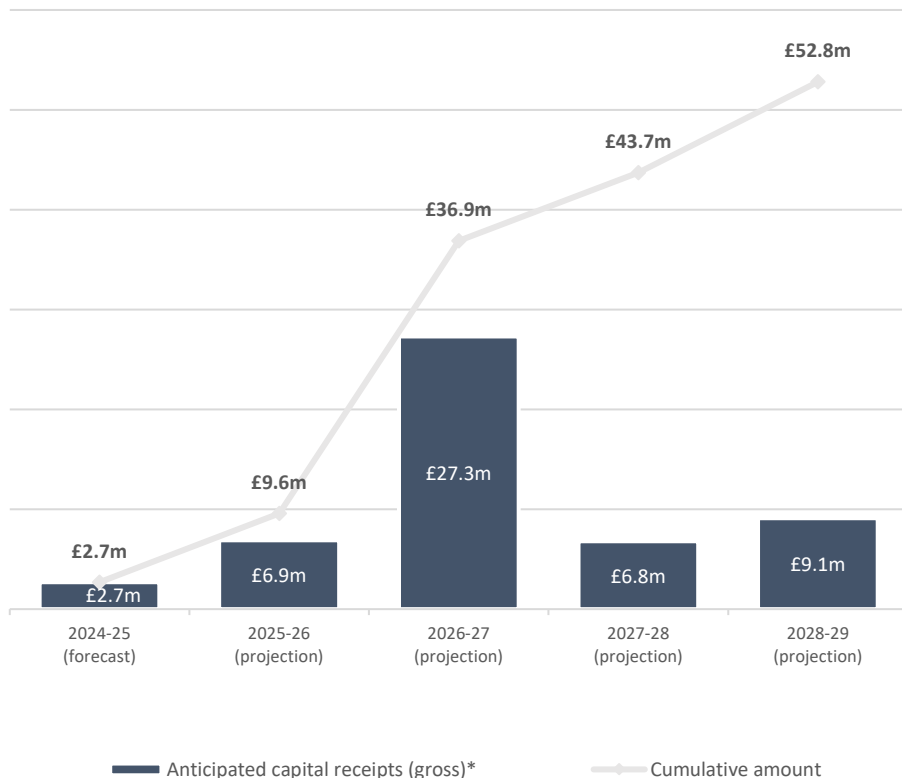
## Other

There are various other change programmes within the organisation that require capital investment. This includes but is not limited to Innovation and Artificial Intelligence, Technical Surveillance, Cyber Security, Criminal Justice and Enabling Technologies programmes.

# Funding the capital programme

Grant in Aid funding will continue to be the primary source of funding for the capital programme. The Estates Masterplan also provides an opportunity to **realise up to £50m-£80m capital receipts** over the next 5-10 years.

## Gross capital receipts projection



- 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.
- Disposals provide a variable level of funding derived from the sale of assets, the majority of which are surplus buildings. The SPA is currently awaiting ministerial approval to retain the 2024-25 capital receipts which is sought each year to support the capital programme.

Whilst this is a welcome supplement to grant-in-aid, the level of anticipated receipts over the medium term are beyond the SPA's ability to match capital income and expenditure in an individual financial year. Therefore, we are seeking to work with the Scottish Government to look at options for future capital receipts to help manage this risk.

Our preference is for Scottish Government to provide additional up front capital funding to SPA each year alongside the usual core capital allocation, with the proceeds from asset sales retained by Scottish Government in the longer term.

### **Benefits:**

- Central management of capital receipts would put less pressure on SPA/Police Scotland to spend the receipts immediately, which would allow better planning, providing stability for the delivery of the Estates Masterplan and the future capital programme.
- Scottish Government can align the management of capital receipts with national priorities and market conditions.
- Scottish Government can create opportunities for cross-departmental collaboration in terms of delivering on government priorities.
- Borrowing is the only viable option for funding of specific projects that transform the police estate and provide a return on investment, making debt repayments affordable and manageable. The SPA would access the PWLB and seek to comply with the CIPFA Prudential Code for managing and monitoring debt.

# Implications of flat cash

Capital plans indicate that Policing requires **~£565m of capital funding** over a five-year period to: **maintain existing assets** through the basic rolling replacement programme; **deliver the estates masterplan** to maintain and upgrade properties; and to invest in **technological change and transformation**

Our capital allocation for 2024-25 is £64.6m (including IFRS16 capital), which is supplemented with proceeds from asset sales as previously noted. 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.

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 Revised Model of Policing.

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. Capital funding would largely be directed to reactive repairs, but 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 significant environmental impact.

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.

- The ability to invest in essential upgrades and advances, such as cyber, digital forensics, data science and AI will be significantly reduced, impacting our ability to deliver the priorities and commitments outlined in the 3-year business plan and could compromise sensitive police data and public safety.
- 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.
- Key refresh programmes such as airwave would be delayed and would have a direct link to officer safety.

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.

# Reform (revenue allocations)

Reform investment is also essential to enable **service re-design** to deliver **operational and financial benefits**.  
The key change and transformation programmes with large reform spend are detailed below.

Programme	Q1 forecast 24/25 £m	Projection				
		25/26 £m	26/27 £m	27/28 £m	28/29 £m	Total £m
EPF (incl.ESR)	4.1	4.8	10.6	7.1	7.1	33.7
Estates Transformation	5.4	5.8	5.8	5.8	5.8	28.6
Cyber Security	0.7	3.6	3.3	3.2	2.6	13.4
Policing in a digital world	2.9	3.0	3.0	2.9	1.4	13.2
Enabling Technologies	1.8	1.7	2.7	2.7	1.0	9.9
Data drives digital	2.3	0.7	0.3	0.5	0.0	3.8
Digitally Enabled Policing	1.6	1.3	0.7	0.1	0.0	3.7
Other resources	3.5	3.6	3.2	3.3	3.4	17.0
Other	4.7	4.1	3.0	3.0	2.0	16.8
<b>Reform requirement*</b>	<b>27.0</b>	<b>28.6</b>	<b>32.6</b>	<b>28.6</b>	<b>23.3</b>	<b>140.1</b>

## Capital linked projects

Policing in a digital world, digitally enabled policing, modernised contact & engagement and estates are all projects requiring both capital and reform funding.

## Enabling policing for the future (EPF)

EPF workstreams, including the enabling services review (ESR) will look at how we deliver certain services. What changes we can make to remove duplication and repetition in our structures and systems.

## Cyber security programme

This Cyber Security Programme seeks to address internal vulnerabilities to mitigate the risk of cyber related attacks. The programme will ensure that our cyber security is robust and progressive by transforming our cyber capacity and capability.

## Enabling technologies

Digital resources and enabling technologies including APU Management, Configuration and Live Asset Management, Cloud Orchestration and Observed.

## Resources

In order to deliver the significant number of change programmes across the organisation, additional resources are required. Type of resource will vary by project but may include Change, Digital, People & Development, Finance, procurement specialist and estates staff to support delivery.

## Other

There are various other change programmes within the organisation that require reform investment. This includes but is not limited to Technical Surveillance, Legislative Change, Forensics, P&D and Criminal Justice.

\*Reform budget allocations to be maintained at ~£25-£26m with any overallocation to be managed through slippage.

# **Government Policy and Legislation**



# Government Policy and Legislation

Historically the service has absorbed the impact of legislation changes such as Age of Criminality Responsibility and Hate Crime. However, **the operational and financial implications** of the legislation detailed below are **significantly higher than we are able to absorb within our BAU activity**.

We will **continue to work closely with Scottish Government** to define the operational and financial implications, and future funding requirements.

Legislation	2025-26 £m	2026-27 £m	2 year Total £m	FY additional cost 28-29 £m
<b>Capital</b>	<b>0.2</b>	<b>-</b>	<b>0.2</b>	<b>-</b>
Revenue (Reform + BAU)	4.5	6.9	11.4	20.7
Additionality (officers / staff)	1.7	2.4	4.1	4.7
<b>Revenue additionality/incremental cost</b>	<b>6.2</b>	<b>9.3</b>	<b>15.5</b>	<b>25.4</b>
Opportunity cost	5.9	0.6	6.5	-
<b>TOTAL COST</b>	<b>12.3</b>	<b>9.9</b>	<b>22.2</b>	<b>25.4</b>

## Additionality cost

New additional cost pressures as a direct result of legislative change – requires additional funding from Scottish Government.

Examples of additional expenditure include new permanent legal staff, external solicitor fees, other external payments and an uplift in police officers.

Legislation	2025-26 £m	2026-27 £m	2 year Total £m	FY additional cost 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
<b>TOTAL COST</b>	<b>12.3</b>	<b>9.9</b>	<b>22.2</b>	<b>25.4</b>

## Opportunity cost

Costs that are included within existing revenue budget and therefore could be absorbed.

Examples include officers and staff temporarily working on project teams and time required to attend training.

The financial assessment is based on the information available at this time and will continue to be refined as more information becomes available, particularly for areas such as Domestic Abuse (Protection) (Scotland) Act 2021, XL Bullies / Dangerous Dogs and other legislation where the full operational implications are still being assessed.

For example, the Domestic Abuse (Protection) (Scotland) Act 2021 cannot be executed in the same way as it is in England and Wales, the result being that we will incur significant legal costs if implemented as currently written. The anticipated cost for 2025-26 and 2026-27 is included in our budget bid based on a pilot being rolled out in the initial years. There will be further significant additional costs from DAPs and other legislation from 2027-28 onwards, however, any changes to the implementation start dates or key assumptions will have financial implications.