



Agenda Item 8

<b>Meeting</b>	<b>Authority Meeting</b>
<b>Date</b>	<b>20 February 2025</b>
<b>Location</b>	<b>Merchants House, Glasgow</b>
<b>Title of Paper</b>	<b>Financial Performance Quarterly Report</b>
<b>Presented By</b>	<b>James Gray, Chief Financial Officer</b>
<b>Recommendation to Members</b>	<b>For discussion</b>
<b>Appendix Attached</b>	<b>Yes: Appendix A – Quarter 3 Finance Report</b>

**PURPOSE**

The purpose of this report is to provide Members with an update on the financial position of the SPA and Police Scotland for quarter three (Q3) of the financial year 2024-25.

This paper is presented for discussion.

## 1. BACKGROUND

- 1.1 The Board approved the 2024-25 annual budget on 21 March 2024 which set out the spending plans for Police Scotland, Forensic Services and SPA Corporate regarding revenue, capital, and reform for the coming financial year.
- 1.2 The Authority received a core revenue funding increase of £75.7m (5.6%), £18.4m of which was required to meet the additional cost of the 2023-24 pay award. An additional £3.2m of revenue funding has been awarded in-year and this has been reflected in the revised budget.
- 1.3 Anticipated cost pressures (premises costs, new technology, ill-health retirements, injury pensions), inflationary pressures and assumptions for 2024-25 pay have been included within the budget build. The budget report highlighted the key budgeting assumptions that are sensitive to change, and which could result in a material change to the 2024-25 budget. The overall financial position continues to be monitored and reported throughout the year.
- 1.4 The budget allocation for 2024-25 includes a core budget for a maximum of 16,600 officers (plus externally funded additionality e.g. Local Authorities) and police staff at 2023-24 budgeted levels.
- 1.5 A change in the employer pension contribution rates payable has resulted in a short-term benefit for the organisation. This has been used to fund VR/VER exit packages and other organisational cost pressures.
- 1.6 Capital funding of £66.1m (including capital receipts and IFRS 16 adjustments) was allocated in the original 2024-25 budget, representing an uplift of £11.7m (22.1%). An additional £7.0m of IFRS16 capital funding has been allocated in-year to cover year-end accounting adjustments and £0.1m for a capital programme initiative.
- 1.7 Similar to previous years, £25.0m has been ring-fenced to support reform and transformation.

- 1.8 Capital and reform allocations have been made in line with the Chief Constable's priorities of service delivery against areas of greatest threat, risk and harm, strong investment in digital capabilities, focus on change that most benefit our communities and people and spend to save initiatives.

## 2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 Finance provides the routine monitoring report which outlines the year to date and forecast position for the revenue, capital, and reform budgets.
- 2.2 Appendix A provides the detailed quarter three (Q3) finance report including the additional capital and revenue allocations noted above.

### **Revenue**

- The Q3 net expenditure forecast is £2.5m over budget, funded by a contribution from Reform to support overall pay award pressures.
- There are a number of significant offsetting variances that form part of the Q3 forecast.
- The main overspends (£32.3m) relate to pay award pressures (£20.5m), an increase in expenditure (£7.0m) relating to bids approved by the Revenue Investment Group (RIG) predominately supporting overtime, staffing divisional uplifts, workforce modernisation, learning training & development, and other items; and additional non-pay costs (£4.8m - third-party payments £3.2m and supplies & services £1.6m).
- Against the above overspends, the main underspends (£29.8m) relate to one-off benefits (£8.9m), Police Staff pay costs (£7.2m) and Police Officer pay costs (£7.1m) as both are running below the budgeting assumptions; over-recovery of income (£4.3m) and reduction in other costs (£2.3m).
- The forecast position will be closely monitored along with any threats and opportunities that materialise throughout the remainder of the financial year.
- The year-to-date actual position versus budget is an underspend of £10.0m, explained by underspends in police staff costs

(£3.9m), non-pay (£2.7m) and police officer costs (£0.7m) and an over-recovery of income (£2.7m).

### **Capital**

- The capital forecast at Q3 (excluding IFRS16 transactions) is £65.3m. When combined with IFRS16 capital, the overall position is a £3.3m forecast overspend against budget.
- This forecast overspend is fully funded and primarily compensated by an increase in capital receipts (£2.4m) and other capital grants receivable (£0.9m).
- Business as usual capital expenditure increased by £11.4m (net) mainly due to additional capital bids of £18.7m (fleet, airwave and tasers) approved through Capital Investment Group (CIG) and other items (£0.1m) offset partially by an underspend within Estates (£7.4m).
- Against these increases, change capital expenditure decreased by £7.2m, namely Digitally Enabled Policing Programme (DEPP) £5.6m and other change projects of £1.6m; and movement in the slippage allocation due to overprogramming £3.7m.
- IFRS16 right of use (ROU) assets £2.8m over mainly due to extension of current leases and anticipated new leases. IFRS16 ROU assets represent technical accounting adjustments required at year end.
- CIG previously approved an overallocation of investment to be managed across financial years to mitigate the potential risk of slippage. This has been reflected in the Q3 forecast where appropriate. These actions will allow effective management of slippage over the remaining months of the financial year.
- Committed and uncommitted spend will continue to be monitored throughout the year and tracking of these is highlighted in Appendix A.
- The year-to-date capital spend at P9 is under budget by £12.0m (net of slippage).

- The underspend of £12.0m is mainly due to: estates (£9.7m) - £6.7m due to delays with external suppliers and transformation type spend £3.0m; digital division (£3.8m) under due to various timelines extending including mobility, laptop refresh and storage; DEPP (£3.1m) under due to budget being higher than needed for COS phase 3 / DSEG and Body Worn Video; offset by Divisional Division airwave (£2.6m) over in line with previous commitment to support airwave replacement and other items (£2.0m, net of slippage).

### **Reform**

- The reform forecast at Q3 is £0.2m over budget position (fully funded).
- The Q3 forecast includes £2.5m to support organisational pay award pressures.
- Full year slippage of £5.5m has been achieved due to policing in a digital world training and capability (£2.1m) due to changing project plans for Action Fraud and Training; Estates transformation (£2.0m) due to focus on Estates masterplan in year; transformation resource (£1.1m) due to slippage in recruiting timescales; Enabling Policing for the Future (£1.1m) due to realignment of costs to transformation resource line and an underspend on E-financials; DEPP (£0.7m) due to delays in body worn video and other items net (£0.8m).
- Committed and uncommitted spend will continue to be monitored throughout the year and tracking of these is highlighted in Appendix A.
- The year-to-date reform spend at P9 is under budget by £0.4m (net of slippage).

### **3. FINANCIAL IMPLICATIONS**

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

### **4. PERSONNEL IMPLICATIONS**

4.1 There are no personnel implications in this report.

### **5. LEGAL IMPLICATIONS**

5.1 There are no legal implications in this report.

### **6. REPUTATIONAL IMPLICATIONS**

6.1 Failure to maximise funding or control costs may lead to operational or financial consequences likely to harm the reputation of Police Scotland and the SPA.

### **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 asked to note the year-to-date and Q3 forecast position for revenue, capital, and reform at appendix A.



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**SCOTLAND**  
POILEAS ALBA



**SCOTTISH POLICE**  
**AUTHORITY**  
ÙGHDARRAS POILIS NA H-ALBA

**Finance**

Corporate Finance team

# Appendix A

# Finance report

## Quarter 3 2024/25



# Revenue budget



# Finance dashboard

Q3 2024/25

Year to Dec 2024

## Revenue

A	A	A
Oct	Nov	Q2

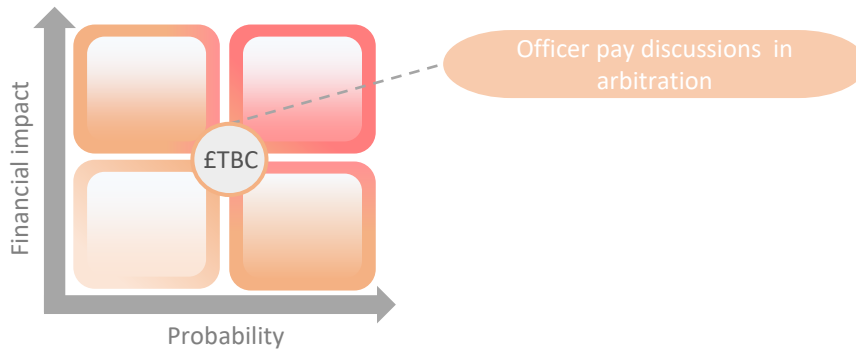
- YTD £10.0m under budget which is in line with our expectations to fund in-year pay award costs.
- FY Q3 forecast in line with funding - £2.5m overspend offset by contribution from Reform to support pay award pressures.

## Revenue variance (£m)

	YTD actual v budget	FY FC v Budget
Police Scotland	9.3	-2.8
Forensic Services	0.0	-0.3
SPA corporate	0.7	0.6
<b>Total</b>	<b>10.0</b>	<b>-2.5</b>

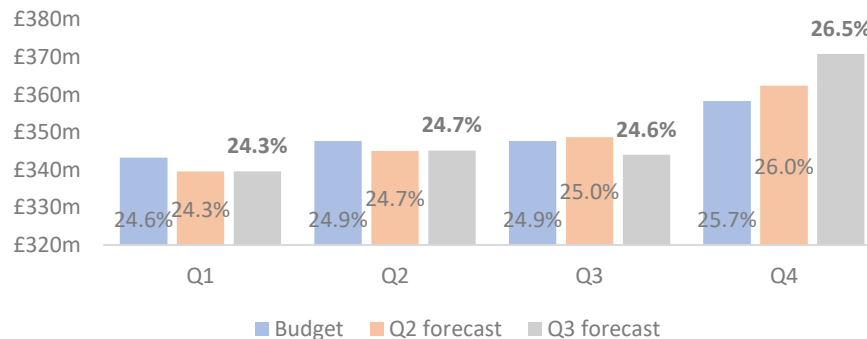
Key for variances: green = underspend red = overspend

## Threats

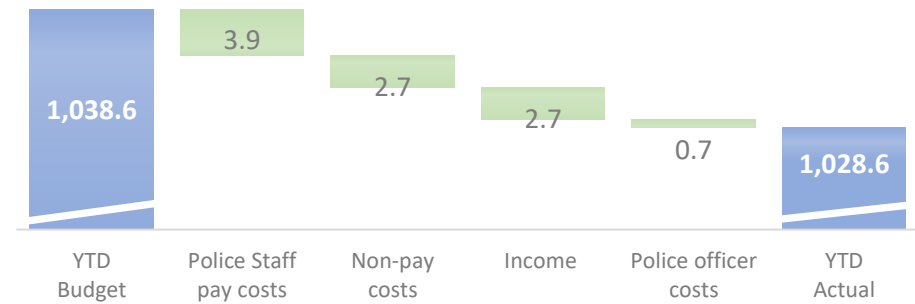


## Revenue spend profile (£m)

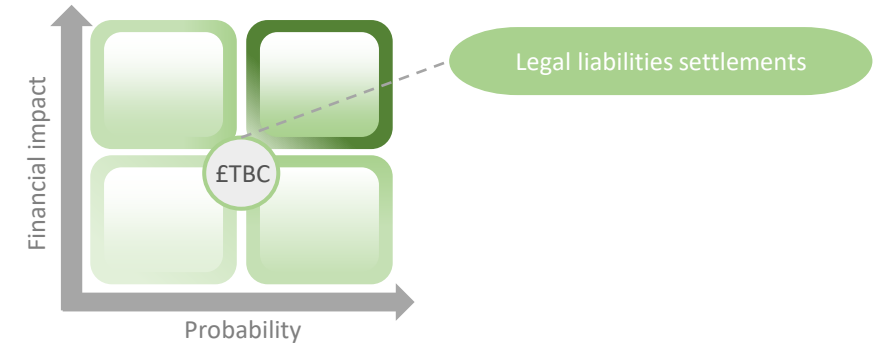
Q3 forecast in Q4 period includes uplift in pay award assumptions



## Revenue: YTD actual costs £10.0m lower than budget

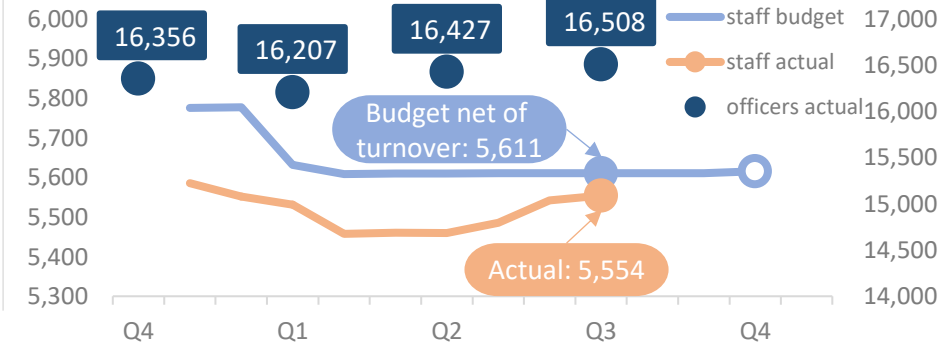


## Opportunities



## People numbers (FTE) – Revenue Budget

Staff headcount heading closer to budgeting assumptions at P9 due to increase in BAU and RIG approved posts



# Revenue

## (service area)

Budget / Forecast deliverability status is amber due to ongoing pay discussions.

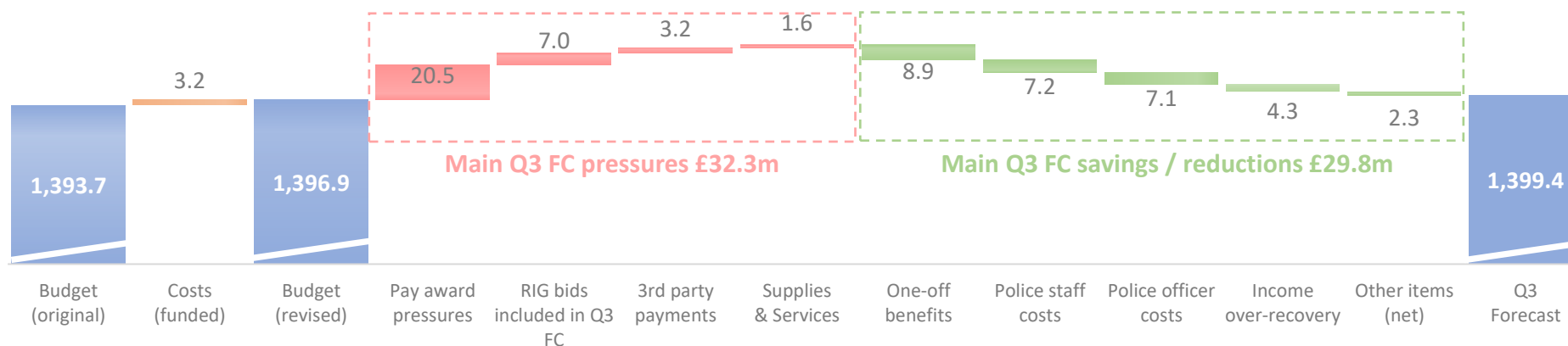
Q3 net expenditure forecast £2.5m over budget funded by a contribution from Reform budget £2.5m

Budget to Q3 forecast variances are highlighted in the graph

### Total expenditure £2.5m over budget

- Full year Q3 FC position in line with funding - £2.5m over budget supported by a contribution from Reform to support overall pay award pressures.
- The Q3 FC includes pay award pressures (£20.5m), Revenue Investment Group (RIG) costs (£7.0m), additional third-party payments (£3.2m, net) and supplies & services (£1.6m, net).
- The pressures above of £32.3m have been managed through savings and budget reductions totalling £29.8m; namely one-off benefits (£8.9m), underspends in police staff costs (£7.2m), police officer costs (£7.1m), over-recovery of income (£4.3m) and other reductions (£2.3m, net).
- The forecast position will be closely monitored along with any threats and opportunities that materialise throughout the remainder of the financial year.

### Detailed budget to FY Q3 forecast (£m)



### Revenue variance by area (£m)

	Year to date			Full year		
	Budget £m	Actual £m	Var. £m	Budget £m	Q3 FC* £m	Var. £m
Police Scotland	1,001.5	992.2	9.3	1,346.6	1,349.4	(2.8)
Forensic Services	33.0	33.0	0.0	44.7	45.0	(0.3)
SPA Corporate	4.1	3.4	0.7	5.6	5.0	0.6
<b>Total expenditure</b>	<b>1,038.6</b>	<b>1,028.6</b>	<b>10.0</b>	<b>1,396.9</b>	<b>1,399.4</b>	<b>(2.5)</b>
<b>Funding</b>						
GiA - core				1,393.7	1,393.7	0.0
Contribution from Reform to support pay award pressure				0.0	2.5	2.5
GiA - other				3.2	3.2	0.0
				<b>1,396.9</b>	<b>1,399.4</b>	<b>2.5</b>

# Revenue

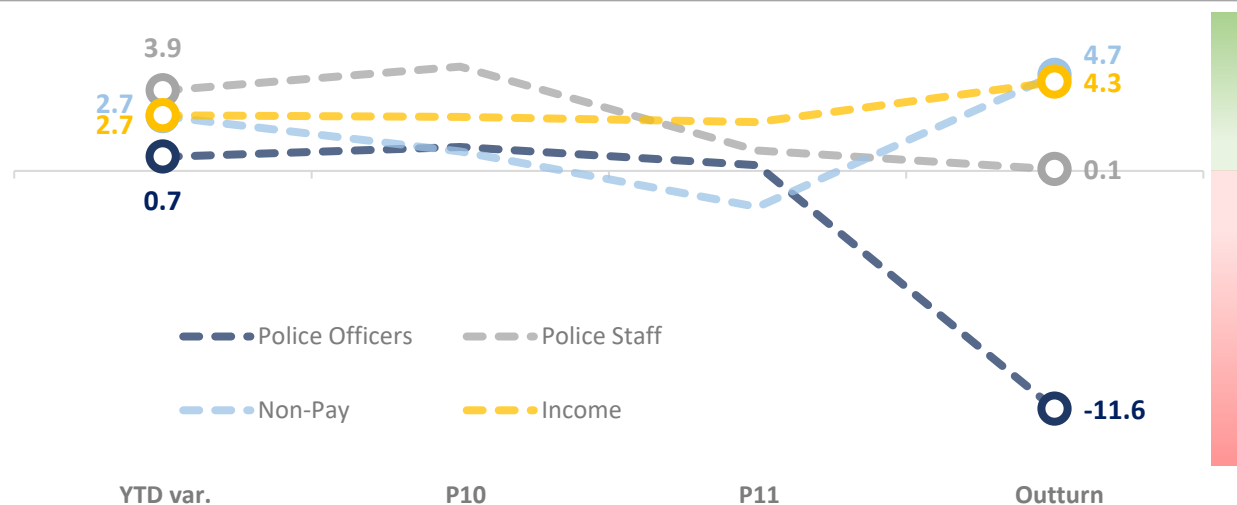
(service area)

Year to date under budget by £10.0m

## Revenue variance by spend type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	%	Bud £m	Q3 FC* £m	Var. £m	%
Police officers	695.4	694.7	0.7	0.1%	930.9	942.5	(11.6)	(1.2%)
Police staff	217.3	213.4	3.9	1.8%	291.8	291.7	0.1	0.0%
Non-pay	160.1	157.4	2.7	1.7%	219.1	214.4	4.7	2.1%
Income	(34.2)	(36.9)	2.7	7.9%	(44.9)	(49.2)	4.3	9.6%
<b>Total</b>	<b>1,038.6</b>	<b>1,028.6</b>	<b>10.0</b>	<b>1.0%</b>	<b>1,396.9</b>	<b>1,399.4</b>	<b>(2.5)</b>	<b>(0.2%)</b>

## Movement: YTD variance to FY FC variance (£m)



## Revenue variances

- The tracker on page 8 shows the RIG approved bids included in the Q3 forecast that will be closely monitored.
- Variances are explained in detail on pages 6 and 7.

## Revenue variances profile

- Police officer costs move to an adverse variance at the end of the year mainly due to pay award increase (£15.5m) offset by increase in budget (£1.2m, funded) and other favourable variance movements (£2.0m).
- Police staff costs moves to a reduced favourable variance position over the remaining months of the year, due mainly to pay award (£5.0m) and approved RIG bids (£1.7m) offset by increase in budget (£1.7m, funded) and other underlying underspends continuing (£1.2m).
- Non-pay costs profile projects an increasing favourable variance over the remaining months of the year due to one-off benefits (£8.9m) and other items (£0.8m) offset by increase in third party payments (£4.0m), premises costs (£1.8m), approved RIG bids (£1.0m) and supplies and services (£0.9m),
- Income favourable variance increases further due to one-off income (£1.3m) and over-recoveries (£0.3m).

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# Revenue

(spend type)

## Police officers variance by spend type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	Var. %	Bud £m	Q3 FC £m	Var. £m	Var. %
Police officer pay	652.4	652.4	0.0	0.0%	874.1	884.6	(10.5)	(1.2%)
Overtime - core	16.6	17.8	(1.2)	(7.2%)	21.9	24.7	(2.8)	(12.8%)
Overtime – non-core	2.5	2.5	0.0	0.0%	3.4	3.4	0.0	0.0%
Allowances	4.0	3.8	0.2	5.0%	5.3	4.9	0.4	7.5%
Pensions	19.9	18.2	1.7	8.5%	26.2	24.9	1.3	5.0%
<b>Total</b>	<b>695.4</b>	<b>694.7</b>	<b>0.7</b>	<b>0.1%</b>	<b>930.9</b>	<b>942.5</b>	<b>(11.6)</b>	<b>(1.2%)</b>

## Police staff variance by spend type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	Var. %	Bud £m	Q3 FC £m	Var. £m	Var. %
Staff pay and allowances	214.3	210.8	3.5	1.6%	287.8	287.9	(0.1)	(0.0%)
Overtime	2.7	2.5	0.2	7.4%	3.7	3.5	0.2	5.4%
Special constables	0.3	0.1	0.2	66.7%	0.3	0.3	0.0	0.0%
<b>Total</b>	<b>217.3</b>	<b>213.4</b>	<b>3.9</b>	<b>1.8%</b>	<b>291.8</b>	<b>291.7</b>	<b>0.1</b>	<b>0.0%</b>

## Police officer costs

- Overspend due to pay award increases (£15.5m) and core overtime costs (£2.8m) and oncosts (£0.4m) approved through the Revenue Investment Group offset by other underspends (£7.1m), namely, police officer pay and allowances (£3.3m), pensions (£1.3m), overtime (£0.5m) and other one-off savings (£2.0m).

## Police staff costs

- Underspend in police staff costs (£6.9m) and overtime (£0.3m) due to FTE and costs running below budgeting assumptions offset by pay award increases (£5.0m) and RIG approved bids (£2.1m).

# Revenue

(spend type)

## Non-pay variance by spend type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	%	Bud £m	Q3 FC £m	Var. £m	%
Other employee	11.6	11.3	0.3	2.6%	20.4	14.4	6.0	29.4%
Premises	53.9	52.4	1.5	2.8%	72.7	73.0	(0.3)	(0.4%)
Transport	14.6	14.5	0.1	0.7%	19.4	19.5	(0.1)	(0.5%)
Supplies & Services	29.6	30.5	(0.9)	(3.0%)	39.7	42.0	(2.3)	(5.8%)
ICT	28.0	27.0	1.0	3.6%	37.2	36.4	0.8	2.2%
Administration	8.2	8.3	(0.1)	(1.2%)	10.4	11.0	(0.6)	(5.8%)
Third party payments	11.7	10.9	0.8	6.8%	15.6	18.8	(3.2)	(20.5%)
Other costs	2.5	2.5	0.0	0.0%	3.7	(0.7)	4.4	118.9%
<b>Total</b>	<b>160.1</b>	<b>157.4</b>	<b>2.7</b>	<b>1.7%</b>	<b>219.1</b>	<b>214.4</b>	<b>4.7</b>	<b>2.1%</b>

## Income variance by type (£m)

	Year to date				Full year			
	Bud £m	Act £m	Var. £m	%	Bud £m	Q3 FC £m	Var. £m	%
Specific grant funding	(6.3)	(6.3)	0.0	0.0%	(8.4)	(8.6)	0.2	2.3%
Funded officers and staff	(4.0)	(4.3)	0.3	7.5%	(5.4)	(5.7)	0.3	5.6%
Public fees	(3.2)	(3.7)	0.5	15.6%	(4.7)	(4.9)	0.2	4.3%
Rental and hire	(5.5)	(6.3)	0.8	14.6%	(7.4)	(8.3)	0.9	12.2%
Mutual aid	(0.4)	(0.8)	0.4	100.0%	(0.5)	(0.8)	0.3	60.0%
Services of police	(9.9)	(9.7)	(0.2)	(2.0%)	(12.8)	(12.1)	(0.7)	(5.5%)
Seconded officers	(0.8)	(0.9)	0.1	12.5%	(1.1)	(1.4)	0.3	27.3%
Other income	(4.1)	(4.9)	0.8	19.5%	(4.6)	(7.4)	2.8	60.9%
<b>Total</b>	<b>(34.2)</b>	<b>(36.9)</b>	<b>2.7</b>	<b>7.9%</b>	<b>(44.9)</b>	<b>(49.2)</b>	<b>4.3</b>	<b>9.6%</b>

## Non-pay

- Other employee costs (£6.0m under) – full budget for organisational change exit costs not required (£5.9m) and other underspends (£0.6m) offset by costs relating to RIG approved bids for training and development (£0.5m).
- Other costs (£4.4m under) - one off benefit for budget no longer required (£3.0m) and other underspends (£1.4m).
- Third party payments (£3.2m over) - liability claims (£2.7m) and other items (£0.5m).
- Supplies & services (£2.3m over) - consultants fees (£0.8m), RIG approved bids (£0.7m), clothing & uniforms (£0.6m), operational kits (£0.5m) and other supplies and services (£1.1m, net) offset by reduction in airwave costs (£0.9m) and underspend in investigative expenses (£0.5m)
- Other items net (£0.2m over).

## Income

- Over-recovery in income - Other income: vehicle recovery scheme (£1.3m), judicial expenses awarded to Legal Services (£0.7m) and other income (£0.8m); rental and hire (£0.9m) and other items (£0.6m, net)

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# Tracker

Key risk areas in term of financial deliverability are:

- Police staff costs
- Non-pay related costs

The tracker below shows the RIG approved spend included in the Q3 forecast that will be closely monitored due to their risk around financial deliverability

Expenditure	Detail	Approved bids £m	Headcount approved	Headcount in post early 2025	YTD Spend £m	Q3 forecast £m	Financial deliverability
Officer overtime (inc. on-costs)	To be managed through overtime management group.	3.4	-	-	2.7	3.4	
Staffing - divisional uplifts	Corporate Comms, Vetting, Data and Digital, P&D, etc.	2.3	81	52	0.2	0.8	
Workforce modernisation	Firearms and Explosive Licensing and Investigator roles.	2.4	101	52	0.1	0.7	
Learning, Training and Development	Delivering a) anti-racist training, b) driver training unit and c) probationer training.	2.5	35	15	0.1	0.5	
Other items	Wellbeing, risk mitigation investment, data/cyber investment, policing together, ASPS, armed policing, SCD and TSU.	2.5	22	8	0.5	1.6	
<b>Total RIG investment</b>		<b>13.1</b>	<b>239</b>	<b>127</b>	<b>3.6</b>	<b>7.0</b>	

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# Revenue

(further business area detail)

## DCC Local Policing

- Overspends due to pay award pressures associated with police staff (£1.6m) and police officer overtime (£1.1m), supplies & services (£0.7m), under-recovery of income (£0.3m), RIG costs (£0.1m) and other items (£0.2m, net) offset by underspends in police staff costs (£2.1m), transport costs (£0.4m) and administration costs (£0.3m).

	£m	FTE
Budget	120.8	1,953.1
Q3 Forecast	122.0	1,932.9
<b>FY variance</b>	<b>(1.2)</b>	<b>20.2</b>
<i>YTD variance</i>	<i>1.4</i>	<i>30.8</i>

## DCC Corporate

- Underspends in police staff costs (£1.9m) and ICT costs (£1.5m), reduction in airwave costs (£0.9m) and over-recovery in income (£1.4m) offset by pay award pressures (£0.9m), RIG costs (£1.0m), overspends in consultants fees (£0.6m), accident damage repairs (£0.4m) and other non-pay items (£0.3m, net).

	£m	FTE
Budget	169.9	953.6
Q3 Forecast	167.4	903.1
<b>FY variance</b>	<b>2.5</b>	<b>50.5</b>
<i>YTD variance</i>	<i>5.8</i>	<i>55.4</i>

## DCC Crime

- Overspends due to pay award pressures associated with police staff (£1.2m) and police officer overtime (£0.2m), RIG costs (£0.8m) and ICT costs (£0.4m) offset by underspends in police officer overtime (£0.5m), police staff costs (£0.5m), other costs (£0.9m, net) and over-recovery of income (£0.3m).

	£m	FTE
Budget	80.2	1,354.9
Q3 Forecast	80.6	1,322.4
<b>FY variance</b>	<b>(0.4)</b>	<b>32.5</b>
<i>YTD variance</i>	<i>1.3</i>	<i>39.0</i>

## Corporate centre

- Overspends due to officer pay award pressures (£15.0m), budget for RIG approved OT bids devolved to the divisions (£3.4m) offset by one-off benefits (£8.9m), underspend and other movements in police officer pay costs (£5.4m), over-recovery of income (£1.1m) and other items (£2.8m).

	£m	FTE
Budget	917.3	16,559.2
Q3 Forecast	917.5	16,436.3
<b>FY variance</b>	<b>(0.2)</b>	<b>122.9</b>
<i>YTD variance</i>	<i>(2.9)</i>	<i>173.0</i>

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## DCC Professionalism, Strategy and Engagement

- Overspends due to liability claims (£2.7m), RIG costs (£1.7m), legal costs (£1.0m), pay award pressures associated with police staff (£0.7m), clothing & uniforms (£0.5m), other third-party payments (£0.5m) and other non-pay items (£0.5m, net) offset by underspend in officer ill-health pensions (£2.3m) and over-recovery of income (£1.8m).

	£m	FTE
Budget	58.4	730.9
Q3 Forecast	61.9	742.7
<b>FY variance</b>	<b>(3.5)</b>	<b>(11.8)</b>
<i>YTD variance</i>	<i>3.7</i>	<i>4.4</i>

## Forensics services & SPA corporate

- Forensic Services (£0.3m over) - overspends in operational kits (£0.6m) and other non-pay items (£0.5m) offset by underspend in staff costs (£0.8m).
- SPA Corporate (£0.6m under) - underspend in staff costs (£0.4m) and other non-pay items (£0.2m).

	£m	FTE
Budget	50.3	647.3
Q3 Forecast	50.0	626.6
<b>FY variance</b>	<b>0.3</b>	<b>20.7</b>
<i>YTD variance</i>	<i>0.7</i>	<i>21.1</i>

# **Capital and Reform budgets**



# Finance dashboard

Q3 2024/25

Year to Dec 2024

## Capital

A	A	A
Oct	Nov	Q3

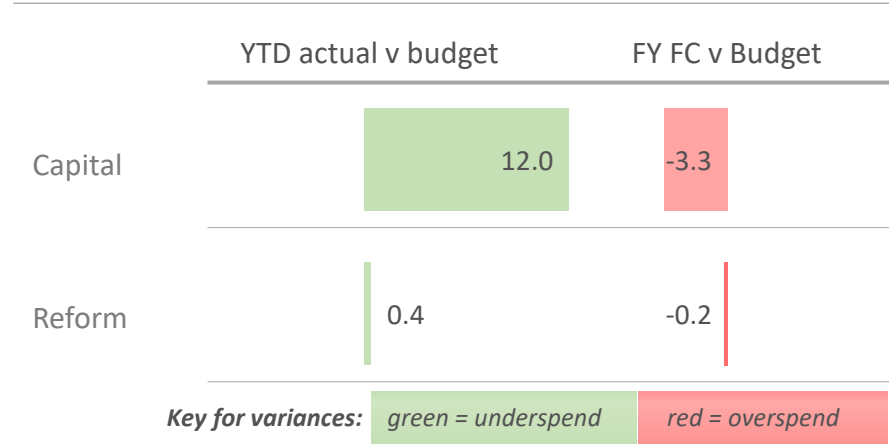
- YTD £12.0m under budget
- FY Q3 forecast £3.3m over budget (fully funded)

## Reform

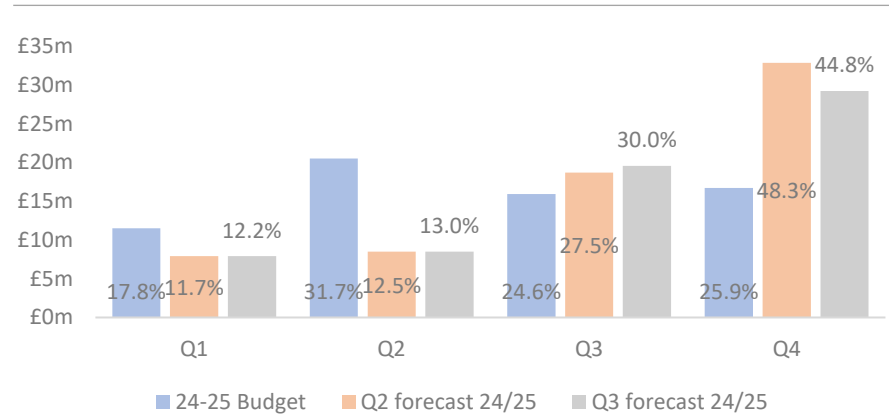
G	G	G
Oct	Nov	Q3

- YTD £0.4m under budget
- FY Q3 forecast £0.2m over budget (fully funded)

## Capital and Reform variances (£m)

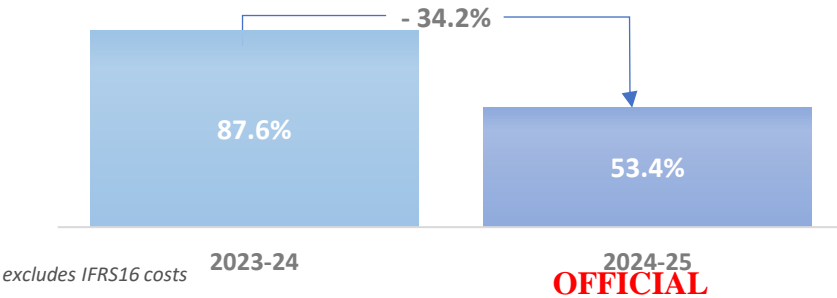


## Capital spend profile (£m)\*\*



## Capital: year to date : % of Q3 forecast spent

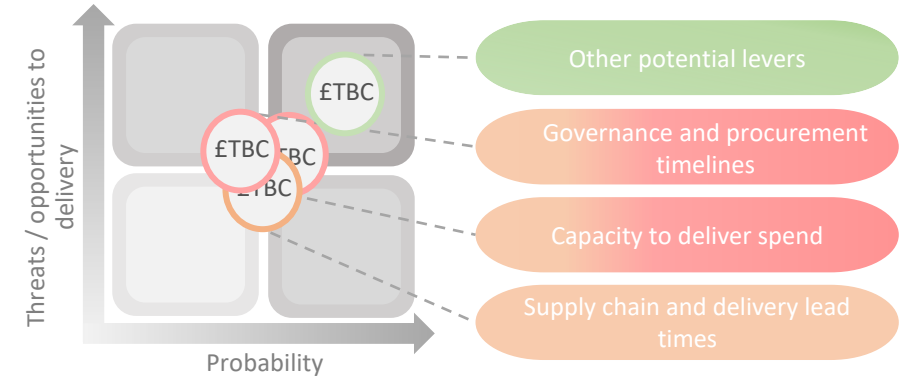
YTD % spend significantly less when compared with last year\*\*



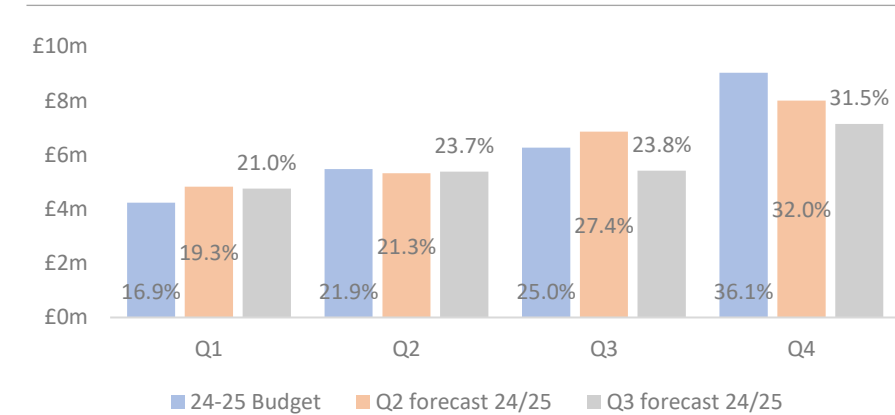
\*\* excludes IFRS16 costs

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## Threats and opportunities

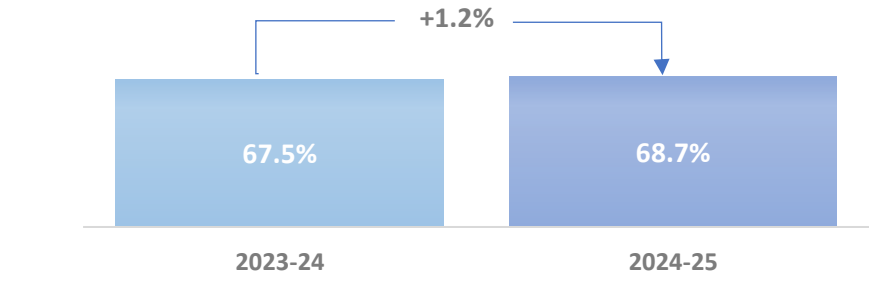


## Reform spend profile (£m)



## Reform: year to date : % of Q3 forecast spent

YTD % spend less when compared with last year



# Capital

Budget / Forecast deliverability remains at amber

- YTD £12.0m under budget
- FY Q3 forecast £3.3m over budget (fully funded)
- Significant spend of £29.3m (excluding IFRS16 assets) is required over the final quarter
- The organisation will move to daily forecasting for all capital areas to ensure successful delivery
- IFRS ROU assets represent technical accounting adjustments required at year end

## Year to date: £12.0m under budget

- Estates £9.7m under - BAU spend £6.7m under due to delays with OCS and Transformation spend £3.0m under as work on National Estates Programme stopped to be replaced by Estates Masterplan.
- Digital Division (rolling) £3.8m under due to various timelines extending including mobility, laptop refresh and storage.
- DEPP £3.1m under due to budget being higher than needed for COS phase 3/DSEG and Body Worn Video.
- Divisional Division (airwave) £2.6m over in line with previous commitment to support airwave replacement.
- Other items (net) £2.0m over net of slippage.

## Forecast: £3.3m over budget

- £3.3m funded overspend offset with additional grant funding and capital receipts.
- BAU increased by £11.4m (net) mainly due to additional capital bids of £18.7m approved through CIG (fleet, airwave and tasers) and other items (£0.1m) offset partially by an underspend within Estates £7.4m.
- DEPP programme £5.6m under:
  - £4.2m reduction in BWV due to budget being higher than needed for Digital and Estates works along with a reduction in expected staff capitalisation and device purchases in year.
  - £1.4m reduction (COS phase 2 and 3, DSEG and Data Migration) due to confirmed project plans.
- Other projects £1.6m under
- IFRS ROU assets £2.8m over mainly due to extension of Newton House lease and new Fettes replacement workshop.
- CIG previously approved an overallocation of investment to be managed across financial years to mitigate the potential risk of slippage. This has been reflected in the Q3 forecast where appropriate. These actions will allow effective management of slippage over the remaining months of the financial year.

## Capital variance by programme (£m)

	Year to date			Full year		
	Budget £m	Actual £m	Var. £m	Budget £m	Q3 FC £m	Var. £m
Estates	16.8	7.1	9.7	22.3	14.9	7.4
Digital Div (rolling)	7.5	3.7	3.8	10.4	10.5	(0.1)
Digital Div (airwave)	2.8	5.4	(2.6)	5.5	12.7	(7.2)
Fleet	10.5	11.5	(1.0)	10.7	22.2	(11.5)
SPE	3.5	2.1	1.4	4.2	4.5	(0.3)
Weaponry	1.5	0.8	0.7	1.8	1.7	0.1
Forensic services	0.5	0.2	0.3	1.0	0.8	0.2
<b>Total BAU</b>	<b>43.1</b>	<b>30.8</b>	<b>12.3</b>	<b>55.9</b>	<b>67.3</b>	<b>(11.4)</b>
DEPP <sup>①</sup>	5.8	2.7	3.1	9.7	4.1	5.6
Other projects	3.9	2.5	1.4	5.7	4.1	1.6
<b>Total change</b>	<b>9.7</b>	<b>5.2</b>	<b>4.5</b>	<b>15.4</b>	<b>8.2</b>	<b>7.2</b>
<b>Total before slippage</b>	<b>52.8</b>	<b>36.0</b>	<b>16.8</b>	<b>71.3</b>	<b>75.5</b>	<b>(4.2)</b>
Slippage	(4.8)	(0.0)	(4.8)	(6.5)	(10.2)	3.7
<b>Total Core Capital</b>	<b>48.0</b>	<b>36.0</b>	<b>12.0</b>	<b>64.8</b>	<b>65.3</b>	<b>(0.5)</b>
<i>IFRS ROU assets</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>8.4</i>	<i>11.2</i>	<i>(2.8)</i>
<b>Funding</b>						
GIA - core				63.3	63.3	0.0
GIA – IFRS 16				8.4	8.4	0.0
Capital receipts				1.5	3.9	2.4
Other				0.0	0.9	0.9
<b>Total</b>				<b>73.2</b>	<b>76.5</b>	<b>3.3</b>

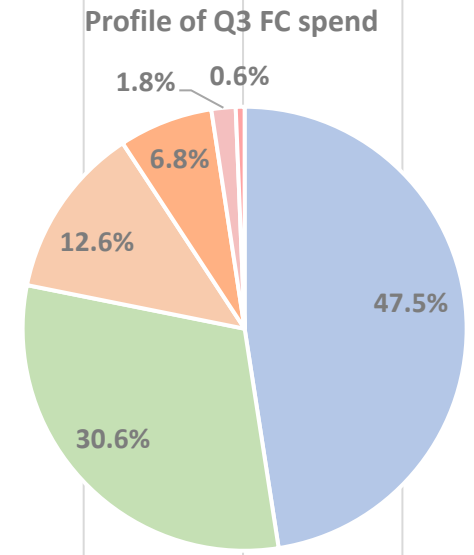
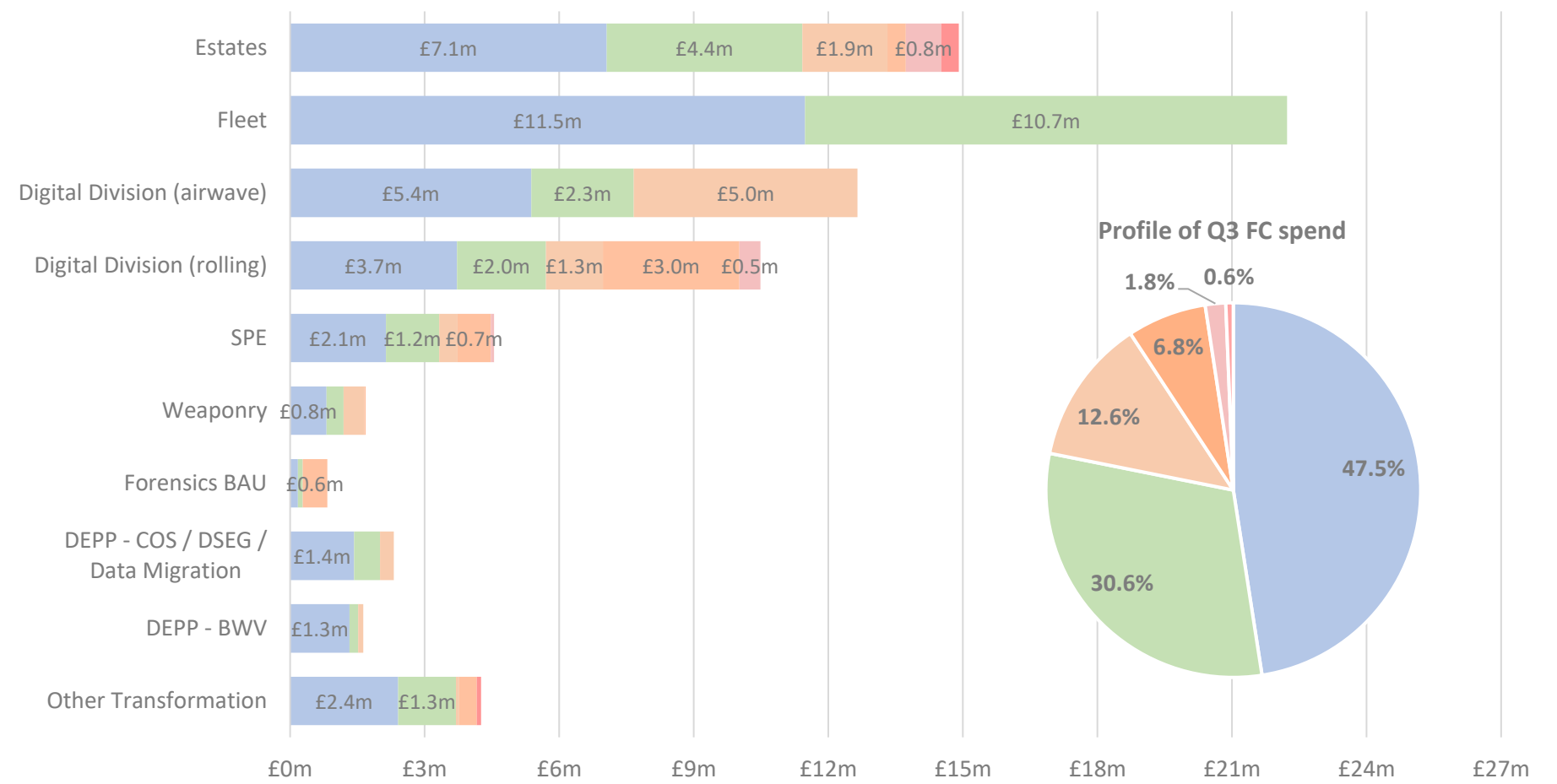
① DEPP = Digitally Enabled Policing Programme

# Capital

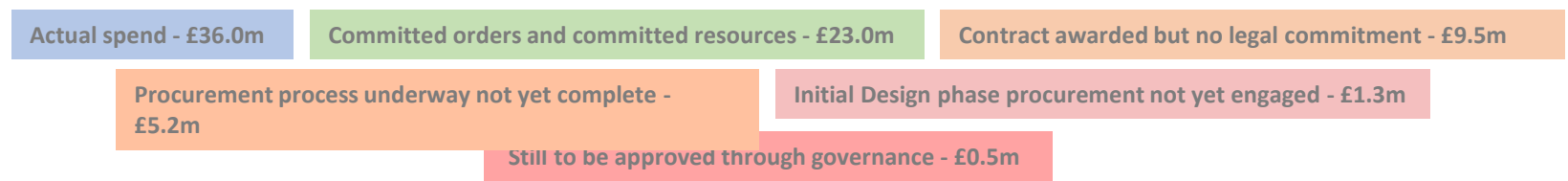
As at Period 9 £59.0m is spent or committed to date

This leaves £6.3m still to be committed to meet the funded position of £65.3m (excluding IFRS16 ROU assets £11.2m)

## Capital by categorisation of spend status (£m)



Actuals   Green   Amber - Contract Awarded   Amber - Procurement underway   Red - Initial Design   Red - Governance



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DEPP = Digitally Enabled Policing Programme  
 COS = Core Operating Solution  
 DSEG = Digital Support and Evolution Group  
 BWV = Body Worn Video

# Reform

Budget / Forecast deliverability remains at green

- YTD £0.4m under budget
- FY Q3 forecast £0.2m over budget (fully funded)
- Forecast includes £2.5m contribution to support organisational pay award pressure

## Year to date: £0.4m under budget

- Transformation resource £0.9m, PDW £0.7m, EPF £0.7m, DEPP £0.4m, Digital Division projects £0.4m and other items £1.0m under mainly due to slippage / delays in programme spend.
- Offset by anticipated slippage of £3.7m.

## Forecast: £0.2m over budget

- £0.2m funded overspend offset with additional grant funding.
- Q3 forecast is under budget by £2.3m. This projected underspend will be used as a contribution to support organisational pay award pressure.
- Q3 forecast variances:
  - Policing in a digital world £2.1m under due to changing project plans for Action Fraud and Training
  - Estates Transformation £2.0m under due to focus on Estates Masterplan in year
  - Transformational resource £1.1m under due to slippage in recruitment timescales
  - EPF £1.1m under due to realignment of costs to transformation resource line and an underspend on E-financials.
  - DEPP £0.7m under due to confirmed contract start dates in Body Worn Video
  - Other items £1.3m under
  - Other projects £0.5m over due to various additional costs such as recruitment campaign and three-year business plan.

## Reform variance by work stream (£m)

	Year to date			Full year		
	Budget £m	Actual £m	Var. £m	Budget £m	Q3 FC £m	Var. £m
Transformation resource	11.4	10.5	0.9	15.6	14.5	1.1
Estates transformation	1.5	0.9	0.6	3.3	1.3	2.0
Policing in a digital world (PDW)	0.8	0.1	0.7	2.9	0.8	2.1
EPF ①	2.6	1.9	0.7	3.6	2.5	1.1
DEPP ②	0.5	0.1	0.4	0.9	0.2	0.7
MC&E ③	0.6	0.3	0.3	0.8	0.4	0.4
Digital Division	0.6	0.2	0.4	0.8	0.6	0.2
DDD ④	0.5	0.3	0.2	0.7	0.5	0.2
LPP ⑤	0.3	0.0	0.3	0.4	0.0	0.4
P&D Programme	0.1	0.2	(0.1)	0.3	0.2	0.1
Other projects	0.8	1.1	(0.3)	1.2	1.7	(0.5)
<b>Total before slippage</b>	<b>19.7</b>	<b>15.6</b>	<b>4.1</b>	<b>30.5</b>	<b>22.7</b>	<b>7.8</b>
Slippage	(3.7)	(0.0)	(3.7)	(5.5)	(0.0)	(5.5)
	<b>16.0</b>	<b>15.6</b>	<b>0.4</b>	<b>25.0</b>	<b>22.7</b>	<b>2.3</b>
Contribution to Revenue Budget to support pay award				0.0	2.5	(2.5)
				<b>25.0</b>	<b>25.2</b>	<b>(0.2)</b>
Budgeted Contribution from Revenue Budget				(5.0)	(5.0)	(0.0)
<b>Total</b>				<b>20.0</b>	<b>20.2</b>	<b>(0.2)</b>
<b>Funding</b>						
GIA - core				20.0	20.0	0.0
Other grant funding				0.0	0.2	0.2
				<b>20.0</b>	<b>20.2</b>	<b>0.2</b>

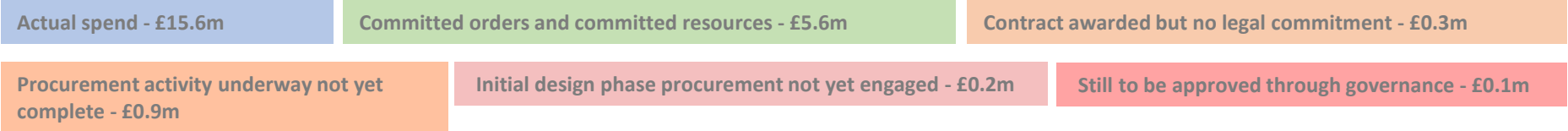
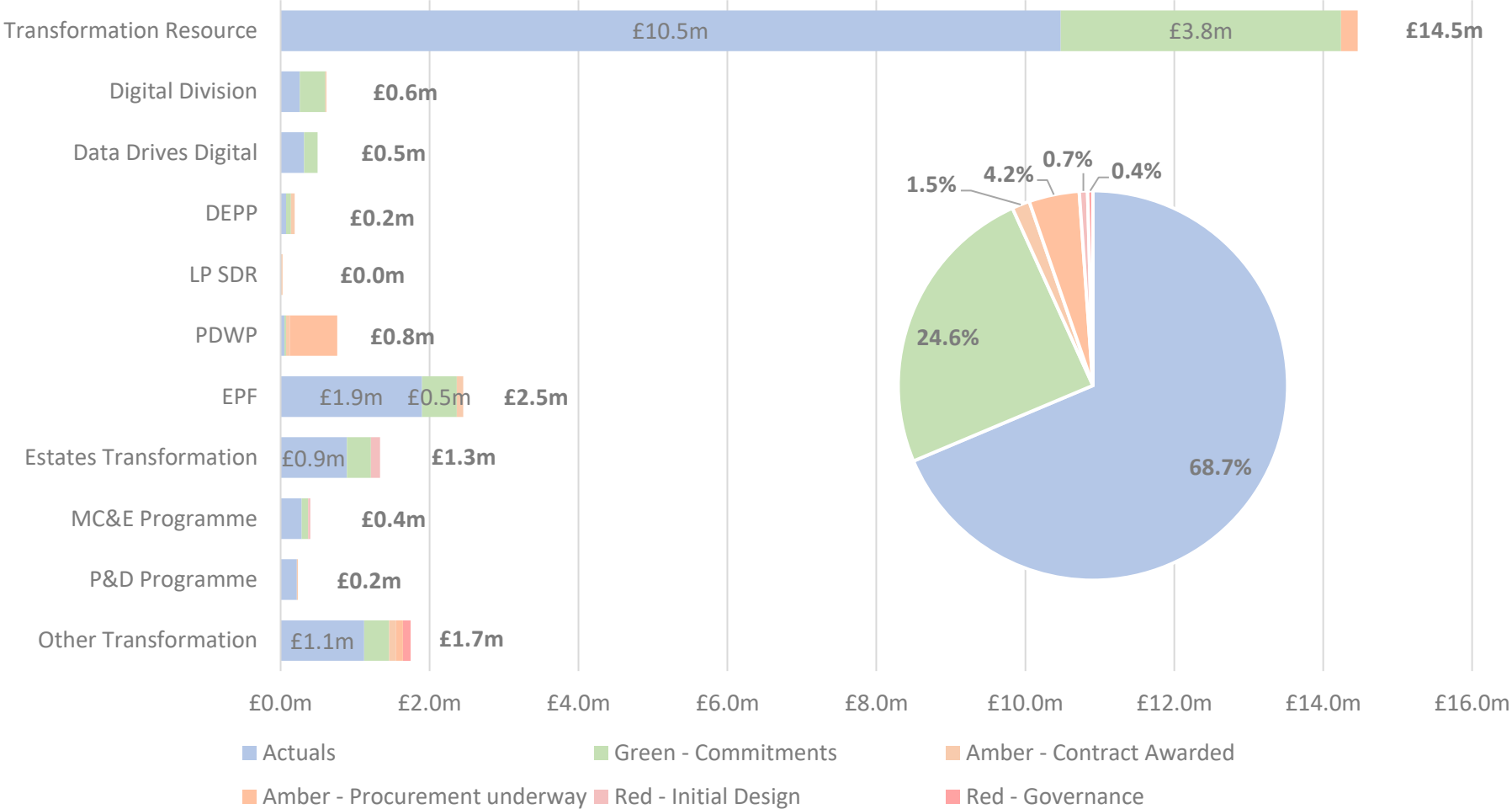
① EPF = Enabling Policing for the Future  
 ② DEPP = Digitally Enabled Policing Programme  
 ③ MC&E = Modern Contact & Engagement  
 ④ DDD = Data Drives Digital  
 ⑤ LPP = Local Policing Programme

# Reform

As at Period 9 £21.2m is spent or committed to date

This leaves £1.5m still to be committed to meet the funded position of £22.7m (excluding contribution to pay award)

## Reform by categorisation of spend status (£m) – Total £22.7m



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DEPP = Digitally Enabled Policing Programme  
 LPP = Local Policing Programme  
 PDWP = Policing in a Digital World Programme  
 EPF = Enabling Policing for the Future  
 MC&E = Modern Contact & Engagement

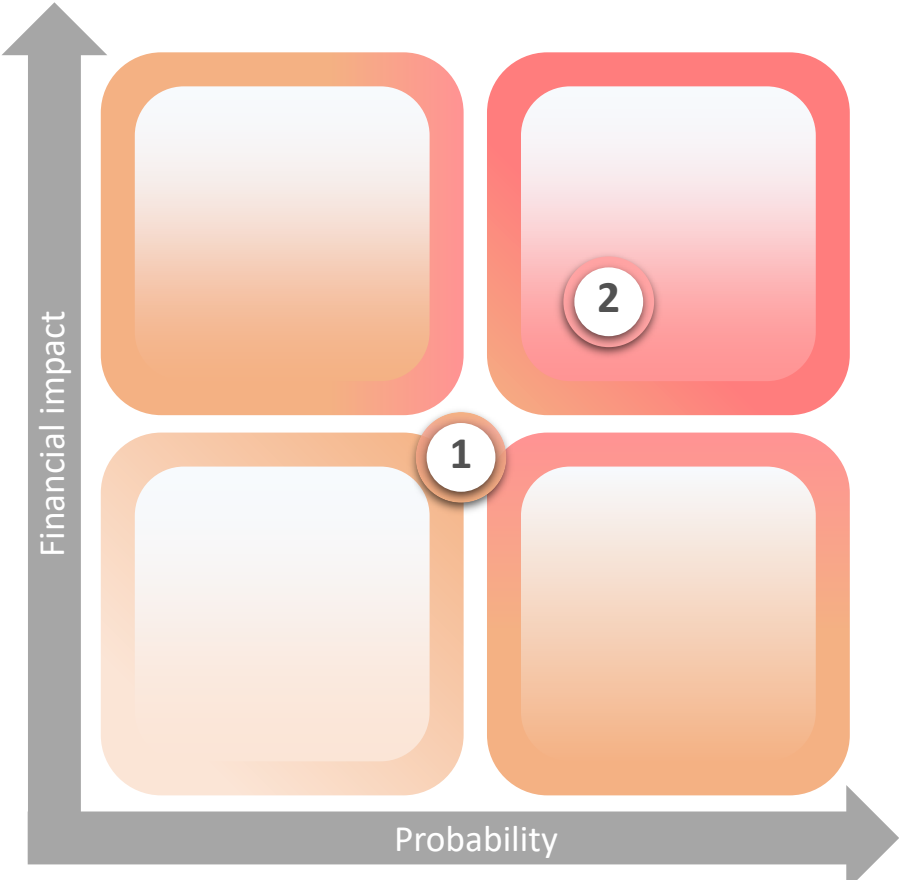
# **Risk Analysis**

# Risk analysis

The revenue and capital budgets / forecasts is carrying further risks that may materialise.

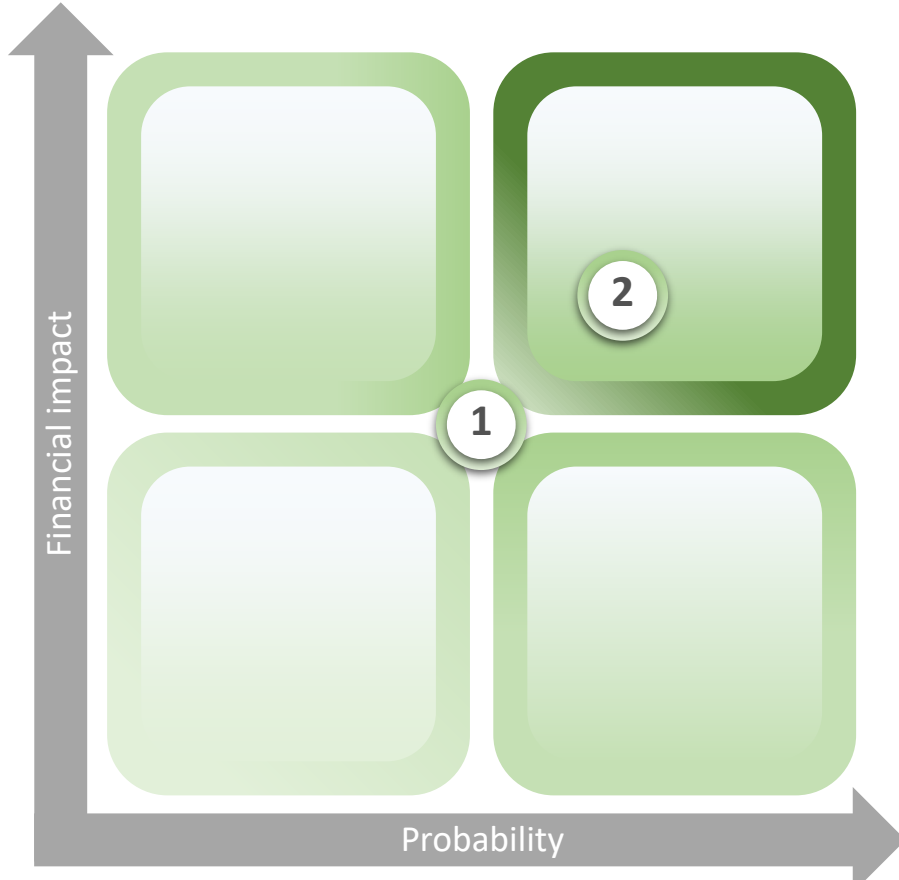
Threats and opportunities risks will continue to be monitored in Q4.

## Threats



1. Pay costs - Negotiations in relation to a pay award for police officers are currently subject to an arbitration process which we expect to conclude in February.
2. Capital - risk of potential further slippage, governance and procurement timelines, supply chain and delivery lead times and organisational capacity.

## Opportunities



1. Legal liabilities settlements are included in the Q3 FC. Any delay in settlement or change in £s will result in a potential underspend.
2. Capital - other potential levers to mitigate against slippage.