

News release

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Weak financial leadership continues in Scotland's police bodies

The Scottish Police Authority and Police Scotland continue to suffer from weak financial leadership and considerable budget pressures, the Auditor General has reported today.

This is the third consecutive year that Caroline Gardner, the Auditor General for Scotland, has drawn the Scottish Parliament's attention to substantial issues found during the annual audit of the Scottish Police Authority (SPA).

Inaccurate records and poor financial management led to another challenging annual audit and significant corrections were needed to the SPA's accounts. These issues led to the auditor modifying her opinion on the accounts for a third consecutive year.

In 2015/16, the SPA managed total spending of £1.1 billion. While the accounts feature more detail on how reform funding from the Scottish Government has been used, the SPA needs to be more open about how it allocates funding to Police Scotland and what this is expected to achieve.

The SPA prepared an initial long-term financial strategy in March 2016, following the Auditor General's recommendation that it do so in 2013. This must be continually updated to reflect new information, such as the Policing 2026 Programme currently under development.

Updating the strategy is essential given the scale of the financial challenge facing the SPA and Police Scotland. Audit Scotland estimates that they could face a cumulative funding gap of almost £190 million by 2020/21. These projections include the Scottish Government's commitment to maintain a real terms increase in the policing budget for the duration of the current parliamentary session.

Caroline Gardner said: "The Scottish Police Authority and Police Scotland are among the largest and most important public bodies in the country. It's therefore unacceptable that I've had to report to the Parliament on weak financial leadership and management in all three years of their existence.

"Substantial improvement is required now to deliver the strong financial leadership, long-term planning and robust scrutiny that will be needed if policing in Scotland is to withstand the major challenges ahead."

The Auditor General will report again on the progress of the SPA and Police Scotland in 2017.

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Notes to editors

1. The SPA's accounts for 2015/16 are unqualified. This means that they show a true and fair picture, follow accounting standards and that the income and expenditure for the year is lawful. For the third consecutive year, the auditor has issued a modified conclusion for the SPA accounts on certain matters which are required to be reported by exception. This does not impact on the unqualified opinion on the accounts.

2. The auditor expressed an identical modified opinion on the 2014/15 accounts. The reason for the modified opinion in 2015/16 relates to a different aspect of property, plant and equipment accounting records. There was insufficient consideration given to the identification of surplus assets, and

numerous errors were identified in the valuation of assets held for sale and investment properties as a result of assets being revalued under the incorrect asset category.

3. 2015/16 was the third full year of operation for the SPA and Police Scotland. This is the fourth report the Auditor General has made to the Scottish Parliament on progress made by the two bodies since their establishment on 1 April 2013. The first was [Police Reform](#), and the others were subsequent [Section 22 reports](#) published in December 2014 and 2015.

4. 12. The SPA's total Departmental Expenditure Limit (DEL) budget for 2015/16 was £1,089 million made up of £1,051 million revenue DEL and £38 million capital DEL. At the end of 2015/16, there was a £20.5 million overspend on the revenue budget (2014/15: £1.4 million overspend) and a £19.4 million underspend on the capital budget (2014/15: £3.1 million overspend). Exceptionally, in November 2016, the Scottish Government allowed the SPA's capital budget underspend to be offset against the revenue budget overspend, resulting in a £1.2 million overspend for 2015/16.

5. Audit Scotland's estimated projections set out that the SPA could have a cumulative deficit of almost £0.2 billion (£188.248 million) in real terms by the end of the current parliamentary session (for the period to 2020/21). See Exhibit 1 for more detail.

6. During 2015/16, the SPA and Police Scotland terminated a contract to deliver a major ICT programme (i6) which had begun in July 2013. This has implications for the benefits expected from police reform. Audit Scotland is reviewing the i6 programme in detail and will report in early 2017.

7. This report has been made under section 22 of the Public Finance and Accountability (Scotland) Act 2000, which allows the Auditor General to draw the Scottish Parliament's attention to matters of concern arising from an audit of accounts. The Auditor General will present this report to the Scottish Parliament's Public Audit and Post-legislative Scrutiny Committee in January 2016.

8. Audit Scotland has prepared this report for the Auditor General for Scotland.

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