

# The 2019/20 audit of the Scottish Police Authority



AUDITOR GENERAL 

Prepared for the Public Audit and Post-Legislative Scrutiny Committee by the Auditor General for Scotland  
Made under section 22 of the Public Finance and Accountability (Scotland) Act 2000  
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# Auditor General for Scotland

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## Introduction

1. This is the seventh report the Auditor General for Scotland has made to the Scottish Parliament, under section 22 of the Public Finance and Accountability (Scotland) Act 2000, on the Scottish Police Authority and the Police Service of Scotland (Police Scotland) since their establishment on 1 April 2013. The annual report and accounts of the Scottish Police Authority includes the financial results of Police Scotland.

2. This report provides an update to Parliament on issues identified in previous statutory reports on the Scottish Police Authority:

- Financial position
- Leadership and governance
- Performance management.

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## Key messages

- **The Scottish Police Authority has built on the progress highlighted in last year's statutory report. It has made improvements to its financial planning and management, and its 2019/20 financial outturn was within the revised budget approved by the Scottish Government.**
- **There has been stability in the leadership of the Scottish Police Authority and Police Scotland and the Authority has made good progress in developing the capacity of its corporate function. There has also been progress in relation to organisational governance.**
- **Progress remains slow in other important areas. The Scottish Police Authority is not yet operating to a financially sustainable budget. Police Scotland has failed to develop a detailed workforce plan. Without firmer progress on these key areas, they will find it difficult to deliver the ambitions of the new Joint Strategy for Policing.**
- **The Scottish Police Authority, Police Scotland and the Scottish Government need to identify a model for policing in Scotland that is financially sustainable.**

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## The auditor's opinion on the Scottish Police Authority's 2019/20 annual report and accounts

3. The auditor gave unqualified opinions on the Scottish Police Authority's annual report and accounts for 2019/20. Sustaining the good progress previously reported, the financial statements were of a good standard and the audit team received good support from finance staff. I am pleased to report that, despite the impact of the Covid-19 pandemic, the annual report and accounts were signed off in line with the original planned deadline of 30 September 2020.

4. An Emphasis of Matter paragraph has been included in the Independent Auditor's Report reflecting greater uncertainty in property values highlighted by the valuer due to the Covid-19 pandemic. The audit opinion is not modified in respect of this matter.

## Financial position

- 5.** The Scottish Police Authority approved its 2019/20 budget in March 2019. The budget clearly identified the financial challenges facing the organisation and provided detailed information on the available funding and planned expenditure for revenue, capital and reform. The budget forecast a revenue deficit of £24.6 million.
- 6.** In March 2020, the Scottish Police Authority incurred net additional costs of £2.2 million because of the Covid-19 pandemic. The costs related to cancelled annual leave, overtime payments and the purchase of personal protective equipment.
- 7.** The Scottish Police Authority reported a total resource outturn (revenue and capital) of £1,205.6 million in 2019/20, against a budget of £1,179.0 million, resulting in an overspend of £26.6 million (2.2 per cent). This was a £26.8 million overspend on revenue, offset by a £0.2 million underspend on capital. As in 2018/19, the Scottish Government agreed to provide additional cash (£32.9 million in 2019/20) to enable the Scottish Police Authority to meet cashflow requirements.

## Financial sustainability

- 8.** In March 2020, the Scottish Police Authority approved the new Joint Strategy for Policing. This is a refresh of Policing 2026, following the Scottish Government's introduction of the new Strategic Police Priorities in December 2019. This strategy sets out ambitious plans to transform policing in Scotland. Delivery of the strategy will require robust planning.
- 9.** In May 2018, the Scottish Police Authority approved a three-year financial plan to achieve financial balance by 2020/21. The plan to achieve financial balance was dependent on Police Scotland reducing police officer numbers by 750 by the end of 2020/21, with a reduction in officer numbers of 400 by the end of 2019/20. In February 2019, the Scottish Government and Police Scotland agreed that the planned reductions would not proceed, due to the risks associated with EU withdrawal. The cost of maintaining these officers in 2019/20 was £17 million, which the Scottish Government agreed to fully fund. As at 31 March 2020, police officer numbers were at their highest level since the introduction of Police Scotland, in April 2013 (17,431 FTE).
- 10.** Financial scenarios developed by Police Scotland indicate that the deficit will increase unless significant action is taken either to increase funding or to reduce the cost of its workforce. Since the annual audit was completed, the Scottish Police Authority has reviewed its intention to prepare new three and ten-year financial plans. Reflecting the uncertainty associated with Covid-19, it is now developing a five-year financial plan, due in spring 2021, which is expected to outline revised plans to achieve financial balance. The current model of policing in Scotland is not financially sustainable. It is now a matter of urgency that the Scottish Police Authority, Police Scotland and the Scottish Government reach agreement on what needs to be done to achieve financial sustainability. While I accept that Covid-19 has presented challenges for financial planning, it is important that the Scottish Police Authority continues to look at the longer term. This might involve the development of alternative scenario plans.

## Workforce planning

- 11.** More than 85 per cent of the Scottish Police Authority and Police Scotland's revenue expenditure relates to payroll costs. Police Scotland is responsible for developing and implementing workforce plans and these are scrutinised and approved by the Scottish Police Authority. Over a number of years, Police Scotland has failed to develop effective workforce planning. In the 2017/18 statutory report by the former Auditor General on the Scottish Police Authority's financial statements, she reported that insufficient progress had been made in developing a workforce strategy. In May 2019, the Authority approved the Framework for Strategic Workforce Planning 2019-26, which sets out a direction to support the preparation of workforce plans. Police Scotland was still in the process of developing a strategic workforce plan during 2019/20. The plan was endorsed by the Police Scotland Strategic Leadership Board in November 2020, with final

approval by the Scottish Police Authority expected in spring 2021. This is only the first step in embedding workforce planning. Following its approval, Police Scotland will need to implement, monitor and regularly review the plan, with appropriate scrutiny from the Scottish Police Authority.

## Transformation

**12.** Police Scotland produced a Digital, Data and ICT Strategy (DDICT), approved in 2018, and a new Estates Strategy and Fleet Strategy, approved in 2019, to support the delivery of Policing 2026. They remain important to the delivery of the refreshed strategy. While Police Scotland has developed strategies to support change, their implementation is heavily reliant on receiving additional funding. In recent times, most public bodies have been required to fund transformation from within existing budgets. The Scottish Police Authority and Police Scotland need urgently to review their supporting strategies, in consultation with the Scottish Government, and develop transformation activity that is deliverable within agreed funding.

## Leadership and governance

**13.** In last year's statutory report, the then Auditor General highlighted that there had been significant changes in leadership, both in the Scottish Police Authority's board and in its corporate function. The lack of stability in the chief executive role had limited the ability of the organisation to develop its corporate function and there continued to be a lack of clarity and shared understanding between the bodies involved in policing in Scotland about roles and responsibilities.

**14.** In March 2020, the Cabinet Secretary for Justice convened a round table of all parties involved in policing and scrutiny of policing in Scotland, including my predecessor. Issues discussed included clarity of roles and responsibilities, the role of the accountable officer and the size and capacity of the Scottish Police Authority. The key themes coming out of this discussion were: a need for greater clarity around roles and responsibilities; differing views as to whether the role of accountable officer should sit with the chief executive of the Scottish Police Authority or the Chief Constable; and a need to develop the capacity of the Scottish Police Authority to support it to hold Police Scotland to account.

**15.** The Scottish Government also commissioned an independent review of the role of the Scottish Police Authority, the Chair and Members, the report of which was published in August 2020. The review commented on a number of areas, including: governance and accountability arrangements; the role of the accountable officer; and the time commitment and remuneration of Authority members.

**16.** The Scottish Police Authority and the Scottish Government have developed a revised Governance and Accountability Framework, which was published on 1 October 2020. And the Parliament's Justice Sub-Committee on Policing took evidence on police governance and accountability from the Cabinet Secretary for Justice on 5 October 2020.

**17.** As can be seen from these developments, policing governance and accountability remain important. The Cabinet Secretary held a further round table meeting of stakeholders in November 2020. This group has agreed to take forward the recommendations from the independent review on the role of the Scottish Police Authority. Prior to these developments, in September 2019, Her Majesty's Inspectorate of Constabulary in Scotland (HMICS) published a thematic inspection of the Scottish Police Authority.<sup>1</sup> That report included recommendations in relation to policing governance arrangements. As with any external scrutiny reports, it is important that the Scottish Police Authority, Police Scotland and the Scottish Government consider and act on the recommendations. Given the ongoing

<sup>1</sup> *Thematic inspection of the Scottish Police Authority*, Her Majesty's Inspectorate of Constabulary in Scotland, September 2019.

importance of policing governance and accountability, we will continue to work with HMICS to monitor the progress of all of these developments.

**18.** While the Scottish Police Authority is currently operating with an interim chair and interim chief executive, there has been greater stability in the membership of the Authority. The Authority is currently operating at the minimum number of members allowed under the Police and Fire Reform (Scotland) Act 2012 (11 members, including the interim chair). Recruitment of a new chair and members was delayed by the Covid-19 pandemic but is now underway.

**19.** The Scottish Police Authority has also made changes to its committee structure, to provide more focused scrutiny. The appointed auditor has noted that the committees are undertaking a large volume of work. There is scope for senior management, board members and secretariat staff to work together to ensure that the volume and quality of information provided to the committees is appropriate and sufficient, without being burdensome.

### Corporate function

**20.** The Scottish Police Authority's corporate function is responsible for activities that support operational delivery, such as business planning, performance monitoring and reporting, and supporting the work of the Authority and its committees. As noted at paragraph 13, the lack of stability in the chief executive role limited development of the Scottish Police Authority's corporate function in previous years. But, over the past 12 months, there has been progress to develop the capacity and capability of staff within the team. Good progress has been made with the Scottish Police Authority's Improvement Plan, and an annual business plan for 2020/21 and a new corporate plan for 2020-2023 have both been approved.

**21.** The recruitment of a new permanent chief executive is due to begin after the new chair has been appointed, so that the new chair can be involved in the recruitment process. As a result, the interim chief executive's role has been extended to 31 March 2021. In November 2020, the interim chief executive announced a new corporate structure, including a number of new posts. The recruitment process is currently underway and the auditor will monitor the impact of the revised structure.

### Openness and transparency

**22.** The Scottish Police Authority is operating in an open and transparent manner. Authority and committee meetings are held in public, with items being taken in private only as permitted in the standing orders. While the Covid-19 pandemic has meant that members of the public cannot attend meetings in person, the organisation has adapted quickly to enable virtual meetings to be livestreamed.

**23.** The Police and Fire Reform (Scotland) Act 2012 requires an annual review of policing to be produced each year. For the first time, the Scottish Police Authority's 2019/20 annual report and accounts includes the Chief Constable's Annual Review of Policing. Combining the documents makes the information more accessible to the public.

### Performance management

**24.** In March 2019, a new performance framework was approved for Police Scotland. The performance framework contained a broad range of impact measures which were designed to allow Police Scotland to report progress against the strategic outcomes and objectives described in the Annual Police Plan. This did not deliver the expected improvements in performance reporting. Data was not available for all the measures included in the framework. The Policing Performance Committee also highlighted some areas for improvement in 2019/20.

**25.** The Authority approved a revised performance framework in June 2020. This is the first step in a series of improvements planned over the next three years. The revised framework is aligned to the new strategy and annual police plans. It is vital that there are robust performance management arrangements in place to measure

progress with implementation of the new strategy. The first reporting under the new framework took place in September 2020.

**26.** While the reporting of performance in the annual report and accounts has improved, management recognise that more could be done to improve the quality and accessibility of such reporting, in particular to give a balanced picture on what has been achieved relative to outcomes as described in the Annual Police Plan.



# The 2019/20 audit of the Scottish Police Authority

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