1. Introduction

1.1 This written evidence has been provided at the request of the Justice Committee to assist the Committee’s scrutiny of the Scottish Government’s draft budget 2012-13 and Spending Review 2011.

1.2 The Association of Chief Police Officers in Scotland (ACPOS) notes that the Justice Committee will focus its budget scrutiny this year on the specific areas of prisons and the courts and legal aid. The Committee may however consider some brief commentary from ACPOS on the Police elements of the draft budget and spending review to be of use in considering the budget as a whole.

1.3 In preparing the submission it should be acknowledged that much of the finer detail of the draft budget and spending review will emerge in the coming months. This submission therefore is primarily based on the “Scottish Spending Review 2011 and Draft Budget 2012-13” document prepared by the Scottish Government plus any other information it has been possible to glean about the likely impact on funding for policing in Scotland.

2. Initial views

2.1 ACPOS recognises the current climate of financial austerity poses many challenges to the public sector and acknowledges police budgets will not be immune from the measures that must be taken to control public spending.

2.2 It is therefore appreciated that the outcome of the spending review could have been considerably worse and that the proposed “flat cash” settlement for Police is considerably better than expected.

2.3 The Spending Review proposes that Police Grant remains flat at £480.3 million for each of the three years (2012-13 to 2014-15). In addition, it is stated that the Scottish Government have reached agreement with COSLA that individual local authorities will pass on all police grant contained within the General Resource Grant for policing to Police Boards/Authorities. It is vital that this agreement is followed through to ensure the budget for mainstream policing remains at around £942 million.

2.4 It should be emphasised however that budgets for policing face inflationary pressures which are not accounted for within the proposed settlement. This means that while it may be acknowledged “flat cash” is a reasonable settlement, it does not mean policing budgets will be immune from cuts.
2.5 While the current pay freeze in respect of Police Officers and Police Staff affords a degree of protection against pay inflation, pay costs will still increase due to pay increments. In addition, inflation is currently running at around 5% with many significant areas for Police, such as utility costs, vehicle fuel etc running substantially higher. The requirement to absorb these costs means cuts will need to be made elsewhere within Police budgets.

3. Features of police budgets

3.1 Policing, in common with other public services, relies on people to deliver the service and consequently staff costs account for the biggest part of the budget. What sets policing apart at the current time is the impact government policies have on operational and budget strategies and how these policies restrict forces’ options to deal with the budget challenges they face.

3.2 At present, Police Officer pays account for over 70% of forces’ net costs and the combined Police Officer and Police Staff pay costs are around 88% of net costs. Of the remaining 12% non-pay costs, many are fixed costs or demand-led which forces have limited control over. It should be noted the Police Officer element of the budget is increasing due to budget cuts, in recent years, having to be met from the remainder of the budget.

3.3 As a consequence, force budgets are now extremely sensitive to current Scottish Government policies, particularly maintaining Police Officer numbers at 17,234. Funding for the additional 1,000 Police Officers within the figure of 17,234 will continue to be ring-fenced and if forces’ Police Officer establishments fall below their respective share of the 17,234 figure, they will lose the equivalent funding for these officers.

3.4 The requirement to maintain Police Officer numbers has impacted significantly on forces’ budget strategies in recent years with significant cuts to non-pay budgets, instigating voluntary redundancy/early retirement schemes and use of general reserves. Most facets of these budget strategies are not sustainable in the medium to long term. Accordingly, a continued requirement to maintain Police Officers over time will hit Police Staff numbers hard, most likely to the detriment of front line policing and incurring redundancy costs which forces cannot afford.

4. Police reform

4.1 Funding for Policing in Scotland over the spending review period has become inextricably linked to Police Reform and the stated savings within the Outline Business Case.

4.2 While ACPOS is fully committed to the transition towards a single police force, concerns remain over the level of efficiencies quoted within the Outline Business Case. A significant element of these relates to savings in Police Officer and Police Staff pays. Questions remain over whether the level of savings quoted can be achieved, the timeline for delivering them and whether they are possible within current government policies. ACPOS will work with the Scottish Government to determine the underlying assumptions relating to these estimated savings and seek
to establish an agreed cost/benefits analysis to inform the Police Reform programme.

4.3 In particular, ACPOS has concerns over the proposed reduction in Police Staff numbers contained within the Outline Business Case and whether these can be achieved without substantial impact on service delivery and within the Scottish Government policy of no compulsory redundancies.

4.4 It will therefore be important to ensure the new single police force is structured in a way that is conducive to delivering the operational and financial resources (people and financial) to best effect. This includes deployment of Police Officers and Police Staff efficiently and cost effectively in roles that align best with the powers of the office of Constable, professional skills and salary costs. In addition, a critical factor will be the ability of the new organisation to manage its financial resources to best effect and deliver best value for the public purse. Policing operates within a dynamic environment and faces many challenges locally and nationally. The public rightly expect the police to meet these challenges while protecting their communities. To do so effectively requires the ability to borrow and hold reserves in order to maintain service delivery in the face of unbudgeted pressures without further drain on public finances.

5. Conclusion

5.1 ACPOS is fully aware of the challenges facing the public sector in the current financial climate and recognises the efforts of the Scottish Government in establishing a “flat cash” settlement.

5.2 That said a “flat cash” settlement still poses budget challenges for forces. Force budgets are now extremely sensitive to current Scottish Government policies and these constrain the options for addressing these budget challenges.

5.3 ACPOS is fully committed to delivering an efficient and cost-effective single police force, however this will only be possible within a financial environment which is flexible enough to allow the force to use its resources to best effect within the challenging, dynamic environment it operates in.

5.4 Some concerns remain over the level of efficiencies identified within the Outline Business Case and the timeline for achieving these. ACPOS remains committed to working with the Scottish Government to establish an agreed cost/benefits analysis to assist financial management planning.

ACPOS Financial Management Business Area
24 October 2011