Public Audit Committee

3rd Report, 2014 (Session 4)

Report on Police reform

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Public Audit Committee

3rd Report, 2014 (Session 4)

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Public Audit Committee

Remit and membership

Remit:

The remit of the Public Audit Committee is to consider and report on—

(a) any accounts laid before the Parliament;

(b) any report laid before or made to the Parliament by the Auditor General for Scotland; and

(c) any other document laid before the Parliament, or referred to it by the Parliamentary Bureau or by the Auditor General for Scotland, concerning financial control, accounting and auditing in relation to public expenditure.

(Standing Orders of the Scottish Parliament, Rule 6.7)

Membership:

Colin Beattie  
Willie Coffey  
Bruce Crawford (from 8 May 2014)  
Bob Doris (until 8 May 2014)  
James Dornan  
Hugh Henry (Convener)  
Colin Keir  
Ken Macintosh  
Mary Scanlon (Deputy Convener)  
Tavish Scott

Committee Clerking Team:

Clerk to the Committee  
Jane Williams  
Assistant Clerk  
Jason Nairn  
Committee Assistant  
Thomas Williams
INTRODUCTION

1. The move to a single police service in Scotland has been the most significant change to policing since 1967. More than 24,000 police and staff, and at least, 1,000 properties were transferred to two new bodies, the Scottish Police Authority (SPA) and Police Scotland on 1 April 2013. These two new bodies were established within 18 months of the proposal being announced by the Scottish Government.

2. The Scottish Police Authority is responsible for maintaining the police service, promoting policing principles, continuous improvement of policing and holding the Chief Constable to account. Police Scotland, directed and controlled by the Chief Constable, is responsible for providing policing services to help improve the safety and wellbeing of people, places and communities in Scotland.

3. This report sets out the Committee's views on the efficiency and effectiveness of the planning and early implementation of these new arrangements. It follows on from the Auditor General for Scotland's (AGS) reports entitled Learning the lessons of public body mergers: Review of recent mergers.

Hugh Henry MSP proposed that the draft of the report considered and decided upon at the meeting on 7 May be agreed by the Committee. The proposal was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir, James Dornan) Against 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Abstentions 0. A minority/dissenting statement by Hugh Henry MSP, Mary Scanlon MSP, Ken Macintosh MSP, and Tavish Scott MSP is set out in Annexe B to this report.


4. The Committee recognises the hard work of everyone involved in the transition to the SPA and Police Scotland in ensuring the continued delivery of front line services during this time of considerable change.

5. The Committee would like to thank all those who provided evidence to the Committee (details of whom can be found in Annexe A).

BACKGROUND

6. In its mergers report the AGS identified a number of key recommendations for future mergers including that the Scottish Government should:

   - develop robust cost and savings estimates for future mergers and, with merging bodies, regularly review and revise those as necessary as the merger proceeds;
   - develop performance reporting systems and key performance indicators that measure the benefits expected from the merger body and aim to publically report performance information no more than two years after the start date of the new body;
   - schedule a post implementation review within six months of the start date of the new body to identify lessons learned, monitor progress in meeting the strategic aims and objectives, and assess if the merger is on course to deliver the long term benefits. The results of the review should be shared with the Scottish Government to support wider learning and sharing of lessons.

7. One such future merger was that of police services proposed by the Scottish Government in the Police and Fire Reform (Scotland) Act 2012⁵ (the "Police Reform Act").

8. The Police Reform Act⁶, as well as creating a single fire service, created a new structure for providing police services. This new structure brought together eight police forces, the Scottish Police Services Authority (SPSA) and the Scottish Crime and Drug Enforcement Agency into two new national bodies – the SPA and Police Scotland.⁷

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⁴ Police reform: Progress update 2013. This report is hereafter referred to as the "Police reform report".
⁵ The Police and Fire Reform (Scotland) Bill was introduced into the Scottish Parliament on 16 January 2012 and received Royal Assent on 7 August 2012.
⁶ This report focuses on police reform, and more specifically the police service merger. The Police Reform Act created a single police service and a single fire and rescue service, providing both services with a new purpose, a statutory framework for delivery and appropriate oversight and scrutiny arrangements. The Act also provided a statutory footing for independent custody visiting. It abolished the unitary police and fire authorities and joint police and joint fire boards by bringing together a number of local authorities to form joint boards.
9. In addition to creating the SPA and Police Scotland, the Act implemented wider reforms including the creation of the independent Police Investigations and Review Commissioner and gave new roles to the AGS and HM Inspectorate of Constabulary for Scotland (HMICS).

10. In taking evidence on the mergers report in September 2012, the Committee explored with the Scottish Government how the lessons from the mergers report had informed the planning for and implementation of the police service merger.

11. The Scottish Government explained that by 1 April 2013, a framework would be in place which would—

"reflect the up-to-date guidance from the Scottish Government on how to track benefits, measure costs and savings and respond to the recommendations in the Audit Scotland report, as our general approach to measuring performance in public bodies emerges."

12. It was then confirmed that police service merger had already taken account of this guidance.

13. The Scottish Government also confirmed that benefit realisation plans would provide more detail on a range of issues including how the Scottish Government will know whether the aims of the police merger are being met and what those actions will cost. The overarching performance reporting framework which was in place before the police mergers took place was also to be refreshed and updated and should be in place by 1 April 2013.

14. The AGS in the Police reform report comments that as of March 2013, the proposed benefits realisation plan, whilst acknowledged by gateways reviews as being of a high standard, has yet to be finalised.

15. In this report the Committee explores the extent to which key recommendations identified in the mergers report (repeated at paragraph 6) have been acted upon in the creation of a single police service.

COSTS AND SAVINGS

16. The AGS highlighted that a key recommendation from the mergers report was—

"on the need for good information about the costs and savings that are expected from the mergers and on those costs and savings being reviewed regularly as the reform progresses."

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9 Public Audit Committee, Official Report, 26 September 2012, Col 806.
10 Public Audit Committee, Official Report, 26 September 2012, Col 812.
17. This information is important because it allows public bodies to monitor, control and be accountable for the costs of the merger, to budget and plan future service delivery and identify opportunities to make cost reductions.\textsuperscript{13}

**Outline business case**

18. The Committee heard from the AGS that the outline business case for police reform, published in September 2011 by the Scottish Government, included estimated costs and savings arising from three different options for police reform, including the option of creating a single police service. These costs and savings were informed by the sustainable policing team (led by senior police officers) who developed a target operating model based on the optimal idea of policing in the future. That team then produced high level figures for savings that could be made.\textsuperscript{14}

19. Audit Scotland explained that these figures were then used to inform the Financial Memorandum (FM) which accompanied the Police Reform Bill. The FM—

   \textquote{“splits out the costs and savings associated with reform into costs and savings associated with the restructure into a single police structure, and costs and savings with wider police reforms regardless of the structure.”}\textsuperscript{15}

20. The FM estimated the total cost of implementing police reform (including the police service merger) would be £137 million by 2016/17 which would deliver savings by 2026 of £1.1 billion. It was expected that the majority of the costs would fall within 2013/14 and 2014/15 with the majority of the savings being delivered in the first few years and recurring thereafter.

21. The Scottish Government Bill team explained to the Finance Committee in February 2012 that—

   "The projected savings for police were benchmarked against efficiencies that have been delivered by police forces in England and Wales and the projections were quality assured by KPMG and Deloitte.”

22. The Bill team also commented that—

   "For us, the outline business case was sufficient to justify introducing the Bill. The next stage of the process is being led by the two services [police and fire services]. That is when we expect the outline business case to be turned into a full business case.”\textsuperscript{16}

23. In February 2012, the Scottish Government confirmed that the journey from outline business case to full business case (FBC) was underway.\textsuperscript{17}

\textsuperscript{13} [Learning the lessons of public body mergers: Review of recent mergers, paragraph 47.]
\textsuperscript{14} [Public Audit Committee, Official Report, 20 November 2013, Col 1759.]
\textsuperscript{15} [Public Audit Committee, Official Report, 20 November 2013, Col 1761.]
\textsuperscript{17} [Finance Committee, Official Report, 22 February 2012, Col 715.]
24. At that time the Finance Committee welcomed these assurances that the FBC was being worked on as it should provide greater accuracy of the costs and savings resulting from police reform (including the police service merger). The Finance Committee also observed that until the FBC was developed it would be difficult to assert that the savings could be achieved within the timescale set out in the FM.\textsuperscript{18}

25. However, the AGS reported in November 2013 that—

"The development of a full business case, based on the creation of a single police service, was not carried out and the police did not develop alternative costs and savings estimates."\textsuperscript{19}

26. In December 2013 the Scottish Government explained that the outline business case was comprehensive and was based on a significant amount of research, on the police objective analysis cost allocation modelling that was undertaken and on a range of consultant, internal and external advice.\textsuperscript{20} According to the Scottish Government this was robust and sufficient for the purposes of the FM for the Police Reform Bill. The Scottish Government commented—

"The intention was always to have an outline business case and to have a full business case and it was always going to be a requirement that the full business case would need to be fulfilled by the leadership of the organisation [the SPA]."\textsuperscript{21}

27. The Scottish Government also confirmed that—

"There is a need for a full business case, which is what the Police Authority is working on now with support from us, from Police Scotland and from others."\textsuperscript{22}

\textbf{Pressures}

28. The Committee heard of the impact of time pressures on providing a full business case. The Act received Royal Assent in August 2012, the appointment of the Chair of the SPA and the Chief Constable then took place (on 31 August and 1 October 2012 respectively). The SPA and Police Scotland then required to be operational by 1 April 2013.

29. As explained by the Scottish Government the focus was on restructuring to deliver Police Scotland and the SPA in time to effectively support the Commonwealth Games, maintain police performance and to achieve the savings that were made in the first financial year, and in doing so, deliver a balanced budget.\textsuperscript{23}

\textsuperscript{19} Police reform: Progress update 2013, paragraph 69.
\textsuperscript{20} Public Audit Committee, Official Report, 18 December 2013, Col 1929.
\textsuperscript{21} Public Audit Committee, Official Report, 18 December 2013, Col 1944.
\textsuperscript{22} Public Audit Committee, Official Report, 18 December 2013, Col 1926.
\textsuperscript{23} Public Audit Committee, Official Report, 18 December 2013, Col 1931.
30. The Chief Constable commented that—

"The view was taken that time would have been too compressed to convert the outline business case into a full business case and then to move towards agreeing a financial strategy."²⁴

31. This view was reiterated by other witnesses such as Her Majesty's Inspector of Constabulary for Scotland (HMICS) who commented that—

"Whether we took the time to create a full business case was less important in my view, because my focus was the operational delivery around getting the finance, estates, ICT and people development strategies right and then the delivery strategy underpinned by the finance available."²⁵

32. The AGS also stated that—

“Given the stage of reform, it is my view that the financial strategy is the more important document for SPA and Police Scotland to now focus their time, effort and resources into developing.”²⁶

33. The Scottish Government identified the consequences of delaying parliamentary consideration of the Police Reform Act whilst a full business case was completed as:

- the savings likely to be achieved in 2013/14 of £64 million would not have been realised; and
- it would not have been possible to take the necessary decisions around how to deliver savings until the SPA and Police Scotland were established.²⁷

Definitions

34. The SPA clarified that—

"The term "financial strategy" has been taken out of context a little bit. What we are looking for is a corporate strategy, which will be an agreement between the SPA and Police Scotland on how we will move forward. That will involve an ICT strategy, a property strategy, a fleet strategy and an HR strategy...all of those things end up with a bottom line, which will be the financial strategy... which should be available before the beginning of the next financial year [April 2014]."²⁸

35. In written evidence to the Committee the Scottish Government identified that the relevant documentation will be a Police Scotland Organisational Corporate Strategy and underpinning Finance Strategic Delivery Plan. The Finance Strategic Delivery Plan will reflect the costs and savings arising from a range of strategic and operational decisions that are being made under the new single structure.

²⁶ Auditor General for Scotland, written submission, 31 January 2014
36. The Scottish Government suggested that—

"given this context, the term "full business case" is essentially interchangeable with the term "financial strategy". Whichever term is used, what is required is a plan setting out how savings will be delivered on a sustainable basis."  

37. The AGS explained that the purpose of a full business case according to HM Treasury, is to revisit the outline business case in advance of an investment decision and set out the recommendation for the option which optimises value for money. An FBC should include (amongst other things) detailed arrangements for the successful implementation of the project or programme including updated economic and financial appraisals.

38. The AGS indicated that—

“by way of comparison the purpose of a financial strategy is to demonstrate how an organisation intends to use its financial resources to meet strategic objectives and ensure long term financial sustainability.”

39. Given these definitions, the Committee is clear that a full business case does not serve the same purpose as a financial strategy. Neither is the Committee clear why the terms have been considered "interchangeable" and therefore the Committee would welcome clarification from the Scottish Government on the use of these two terms.

40. The Committee notes the evidence from Police Scotland and HMICS, which concurs with the AGS, that a decision was taken to focus on providing a financial strategy rather than a full business case. The Committee considers that by not developing a full business case neither the Scottish Government, Police Scotland nor the SPA were able to comprehensively test the accuracy of the projected costs and savings in the outline business case following parliamentary agreement to the Bill.

41. Whilst the Committee acknowledges the explanations given as to why the full business case has not been produced, it notes that a commitment was given to the Finance Committee that the full business case was expected and that work on it was underway. The Committee would therefore request an explanation from the Scottish Government as to why these assurances were given to the Finance Committee when this turned out not to be the case.

42. The full business case was particularly significant given that from 1 April 2013 onwards funding for policing was allocated to the SPA by the

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29 Scottish Government, written submission, 8 January 2014.
30 Auditor General for Scotland, written submission, 31 January 2014.
Scottish Government on the assumption that all the proposed savings would be delivered.

43. The Committee accepts, by a majority, the reasons given for not producing a full business case in the timescales set for the merger.

Finance strategic delivery plan

44. The AGS explained that —

"by developing a financial strategy that is underpinned by workforce plans, estate plans and so on, people can start to balance the options for different ways of providing the service and consider potential cost and benefits and different scenarios for the savings that will come through."

45. In that regard, the financial strategy helps to ensure that "the savings that are made are the right ones and that they will deliver sustainable policing for the long term, rather than their being easy savings in the short term."

46. The AGS however reported that the SPA and Police Scotland had not yet agreed a financial strategy (as at November 2013) to demonstrate how savings will be achieved after 2013/14. The AGS indicated a number of issues may have contributed to this including a lack of good baseline data and limited progress in understanding the costs of policing. These issues then contributed to the difficulties in preparing detailed options to help develop a financial strategy. The SPA also highlighted the lack of good and reliable data as providing it with a challenge from the start.

47. The importance of collecting good baseline data was a key recommendation in the AGS mergers report and Audit Scotland’s Best value in police authorities and police forces in Scotland: Overview report in relation to the costs of police activity.

48. Following the passing of the Police Reform Act, in July 2012 the Scottish Government requested a draft financial strategy from the police-led reform team to provide assurance that the SPA and Police Scotland could achieve the savings targets. However, as described by Her Majesty’s Inspector of Constabulary for Scotland George Graham (who was a chief constable involved in the reform process at that time), the police-led reform team—

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33 This sentence was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir, David Torrance) Against 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Abstentions 0.
34 Hereafter the Finance Strategic Delivery Plan is referred to as the “Financial Strategy”.
39 The Scottish Police Authority, written evidence, November 2013.
40 Audit Scotland (2012), Best value in police authorities and police forces in Scotland: Overview report, Available at: http://www.audit-scotland.gov.uk/docs/best_value/2012/bv_121120_police_overview.pdf
"were quite uncomfortable with committing a future police authority and a future chief constable to some of the decisions. For that reason we were reluctant to sign off....on some of the financial assumptions that were being made."\textsuperscript{41}

49. The police-led reform team then provided high-level savings information to the Scottish Government in November 2012, following the Chief Constable’s appointment. The Scottish Government confirmed that on the basis of this information—

"we got the reassurance that we needed at the time that the savings were credible and realistic."\textsuperscript{42}

50. This information did not however include details of how Police Scotland would achieve the savings or any assumptions used\textsuperscript{43} as there was difficulty in getting good baseline data on policing costs.\textsuperscript{44}

51. The AGS noted that the police-led reform team had a lot of operational information from individual forces before reform but they did not have sufficient data on non-operational areas such as finance, assets, the workforce and contracts. This made it difficult for the SPA to make informed decisions on the different options for delivering police services.\textsuperscript{45}

52. The Scottish Government acknowledged that as there were eight different forces and 10 different policing organisations operating in Scotland the creation of baseline information was challenging. However the Scottish Government commented that—

"One of the areas in which we have invested in reform is in the creation of a single finance ledger and the harmonisation of payroll and HR information, which will assist with the benchmarking and baselining of information."\textsuperscript{46}

53. In addition, further data on baseline costs was produced by the President of the Association of Chief Police Officers in Scotland in September 2012 which helped with the development of the savings plan for the first year of operation of the SPA and Police Scotland in 2013/14.

54. The Chief Constable explained, in November 2013, that—

"we are working on the financial strategy now and I expect that we will have it in the next couple of months, certainly before 1 April 2014."\textsuperscript{47}

55. The SPA added that, in relation to the production of the Financial Strategy, whilst Police Scotland is doing all the work with input from SPA, it will be jointly owned and agreed by SPA and Police Scotland. The SPA explained that the

\textsuperscript{41} Public Audit Committee, Official Report, 20 November 2013, Col 1783.
\textsuperscript{42} Public Audit Committee, Official Report, 18 December 2013, Col 1948.
\textsuperscript{43} Police reform: Progress update 2013, paragraph 72.
\textsuperscript{44} Public Audit Committee, Official Report, 20 November 2013, Col 1765.
\textsuperscript{45} Police reform: Progress update 2013, paragraph 36.
\textsuperscript{46} Public Audit Committee, Official Report, 18 December 2013, Col 1938.
\textsuperscript{47} Public Audit Committee, Official Report, 20 November 2013, Col 1786.
A single ledger is critically important in understanding where spend is being incurred and that whilst work on this was underway, it does not exist yet except in embryonic form.\textsuperscript{49}

56. In February 2013, the SPA commissioned a report from PwC to review baseline costs for policing. PwC found that the level and frequency of detailed analysis of budgeting and reporting varied considerably in the legacy organisations, which could undermine baseline information assumptions. The Accounts Commission's report \textit{Best value in police authorities and police forces in Scotland} also found that there was no consistent picture across Scotland regards costs.\textsuperscript{50}

57. The Committee is concerned that lack of data on baseline costs and non-operational data hampered the production of a financial strategy. This was despite this issue being identified as a concern in previous AGS reports\textsuperscript{51} and despite the Scottish Government's assurances to the Committee that it had taken cognisance of the recommendations in the mergers report.\textsuperscript{52}

58. The Committee therefore recommends that the Scottish Government reviews its framework for future mergers and strengthens the guidance it provides on the importance of identifying the availability of robust baseline information prior to any merger taking place, particularly where there are tight timescales for a merger. This will also then allow for the early identification of any gaps in baseline information which can then be addressed early in the merger process.

59. The Committee would welcome confirmation from the SPA of when the identification of baseline data for non-operational areas such as finance, HR and procurement will be complete.

60. The Committee has been advised that the Scottish Police Authority Board agreed its corporate strategy for 2014/15 and 2015/16 at its meeting on 26 March 2014. This draft strategy includes strategies for people, technology, organisational support and finances.\textsuperscript{53}

**Role and responsibilities**

61. There were differing interpretations of what maintaining the police service meant in practice.\textsuperscript{54} Maintaining the police service is a key role for the SPA and in December 2012 it decided that it would directly deliver all the main support

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\textsuperscript{48} A single ledger is a unified accounting system which records all the financial transactions of an organisation.


\textsuperscript{50} Police reform: Progress update 2013, paragraph 37.

\textsuperscript{51} \textit{Best Value in police authorities and police forces in Scotland} (November 2012); In the AGS report on the SPA predecessor: \textit{The Scottish Police Services Authority} (December 2010).


\textsuperscript{53} Scottish Police Authority, \textit{written submission}, 26 March 2014.

\textsuperscript{54} This sentence was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir, David Torrance) Against 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Abstentions 0.
functions for Police Scotland such as HR, finance and ICT. This 'business partnering' approach was not identified as an option in the outline business case.\textsuperscript{55}

62. However, the Scottish Government and HMICS became increasingly concerned that the SPA focus on delivering these support functions was distracting it from its important strategic and governance role. In June 2013, the Scottish Government therefore requested that the SPA board reconsider its decision to deliver services directly and instead focus on strategy, policy, scrutiny and engagement. The SPA Board agreed this change of direction in June 2013 with responsibility for all support functions to be transferred to Police Scotland.\textsuperscript{56}

63. The Committee also heard that there had been tensions between the leadership of the SPA Board, SPA senior management, the Scottish Government and Police Scotland.\textsuperscript{57} The Chief Constable explained that the crux of these tensions was the differing interpretations of ‘maintaining the police service’ but that the relationship was also under pressure because of the timescales, complexity and urgency of delivering a single police service.\textsuperscript{58}

64. The SPA explained that in considering its responsibility to maintain police services the SPA took advice from a number of different agencies on the governance arrangements. But that, although business partnering was compliant with the Act, —

"we probably tried to produce a model that was too radical for the environment at the time."\textsuperscript{59}

65. That said, the SPA confirmed that it would be taking its day to day HR and Finance services on the business partnering approach with Police Scotland.\textsuperscript{60}

66. The Scottish Government observed that such tensions might be inevitable when a completely new set of responsibilities was being introduced but that it had supported the process and intervened on occasion to provide a more helpful interpretation of the Act. In 2013 the Cabinet Secretary met with the SPA Board to ensure that there was absolute clarity about its role and responsibilities.\textsuperscript{61}

67. The Chief Constable, the SPA, and the Scottish Government\textsuperscript{62} all agreed that relationships are now positive with clear roles and responsibilities. A scheme of administration has now been approved by the SPA Board which sets out the schemes of delegation, the role profiles and organisational structures of the SPA and Police Scotland.\textsuperscript{63}

\textsuperscript{55} \textbf{Police reform: Progress update 2013, paragraph 41 and 43.}
\textsuperscript{56} \textbf{Police reform: Progress update 2013, paragraph 44 and Exhibit 2.}
\textsuperscript{57} \textbf{Police reform: Progress update 2013, paragraph 45.}
\textsuperscript{58} \textbf{Public Audit Committee, Official Report, 20 November 2013, Col 1791.}
\textsuperscript{59} \textbf{Public Audit Committee, Official Report, 20 November 2013, Col 1792.}
\textsuperscript{60} \textbf{The Scottish Police Authority, written submission, November 2013.}
\textsuperscript{61} \textbf{Public Audit Committee, Official Report, 18 December 2013, Col 1938.}
\textsuperscript{62} \textbf{The words “and the Scottish Government” were agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir, David Torrance) Against 3: (Hugh Henry, Mary Scanlon, Tavish Scott), Abstentions 0.}
\textsuperscript{63} \textbf{Public Audit Committee, Official Report, 20 November 2013, Col 1806.}
68. The Committee welcomes the confirmation from witnesses that the relationships between the SPA, Police Scotland and the Scottish Government have improved and are now positive.

Workforce and estates strategies

69. This delay in agreeing roles and responsibilities of SPA and Police Scotland then also delayed the development of longer term strategies for key areas such as workforce and estates. It was also difficult for the SPA to make decisions on individual proposals for delivering savings in the absence of these longer-term strategies. The Committee heard from the AGS that an example of the impact of this delay on the SPA was on whether it should retain or dispose of Bremner house. This property was rented by the Scottish Government in July 2012 as an interim location for the SPA but it has never been used for this purpose. Its annual rental charge is £132,000.

70. The SPA confirmed that the lease on Bremner House has now been terminated along with, from June 2014, Elphinstone House where the SPA is currently located. Where SPA will be located from June 2014 will be decided by its forthcoming property strategy. The Chair of the SPA Board stated that—

“This we are looking—the Police Scotland property people are looking—at the most suitable place for the SPA to reside.”

71. The Committee notes that following a property search and evaluation undertaken by the Police Scotland Estates Department and the Scottish Government, the Chief Executive of the SPA recommended to the Board that the SPA headquarters be located within Pacific Quay in Glasgow from June 2014. At its meeting on 26 February 2014 the SPA Board approved this recommendation which has also been subsequently approved by the Scottish Government.

72. The SPA and Scottish Government agreed that it was a ‘prudent’ decision to rent Bremner House in advance of the SPA being established given the timescales for establishing SPA and the desire to reduce the administrative burden on the SPA as it got up and running. It was also not associated with the previous police structure so it had some independence. Bremner House is now being considered as part of the SPA’s wider estates strategy.

73. The Committee welcomes the confirmation from the SPA that it would relinquish the lease on Bremner House on 31 March 2014. The Committee would however note the comments from the AGS that—

“We have included Bremner house as an example of difficulties that have been caused by the delay in agreeing the roles and

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64 Police reform: Progress update 2013, paragraph 96.
66 Police reform: Progress update 2013, paragraph 53.
68 Scottish Police Authority, written submission, 29 April 2014
70 Scottish Police Authority, written submission, 26 March 2014.
responsibilities of the players involved, especially the SPA and Police Scotland. ...We have highlighted the issue as being symptomatic of the uncertainties about roles and responsibilities." 71

74. The Committee heard that the delay in agreeing roles and responsibilities also impacted on the recruitment of permanent senior staff at the SPA. The AGS observed that this meant that organisational structures were not agreed resulting in senior management team appointments being made late and on an interim basis.

75. The AGS also noted that a lack of senior management capacity has meant that SPA board members had to become involved in executive matters rather than fulfilling their appointed non-executive roles. 72

76. Since September 2012 there have been two interim chief executives and three directors of finance at the SPA. The SPA commented that it was not appropriate to recruit full time staff at that time although permanent staff were now being recruited. 73 The Committee recognises that the SPA was correct to draw on the expertise of interim staff to help ensure a smooth transition. 74

77. The Scottish Government acknowledged that the interim nature of senior management was not ideal but that there was a set of circumstances that was very difficult to pre-empt. 75 That said, it confirmed that recruitment exercises were now underway for permanent directors of finance for the SPA and Police Scotland as well as a permanent Chief Executive for the SPA. 76

78. In addition to the recruitment of permanent staff, the Scottish Government confirmed that it has also provided additional support to the SPA and Police Scotland. The Scottish Government has provided staff with senior public sector financial experience on secondment to SPA and Police Scotland at an additional cost to the Scottish Government of approximately £94,614. 77

79. The Scottish Government has also provided funding for the provision of private sector advice and expertise on financial matters to the SPA. The Scottish Government has closely engaged with the SPA and Police Scotland to build up the capacity of the new organisations and to provide support in developing the financial strategy and corporate strategy. 78

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72 Police reform: Progress update 2013, paragraph 52.
74 This sentence was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir, David Torrance) Against 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Abstentions 0.
77 Scottish Government, written submission, 5 February 2014.
80. The SPA explained that the costs to the tax payer of recruiting senior staff on an interim basis were largely neutral with £22,875 incurred by the SPA due to appointment costs and additional payments.79

81. The Committee welcomes the recruitment of permanent senior management and the provision of additional resource and support to the SPA and Police Scotland to enable the development of the financial strategy and corporate strategy.

82. The Committee would welcome confirmation from the Scottish Government that it is recording all additional costs in providing staff and support as part of its monitoring of costs arising from police restructuring (more on which is set out below).

Costs of restructuring police services

83. The Committee heard that the FM split the costs and savings associated with wider police reform into those associated with restructuring into a single police service and those costs and savings associated with wider police reform regardless of the restructuring.80

84. The Scottish Government has budgeted £147 million for police reform between 2011/12 and 2014/15 of which £36 million had been spent by the end of September 2013. In 2013/14 £60 million pounds has been set aside, part of which is for voluntary severance. In order to access the £147 million funding the SPA is required to complete a business case for each proposal explaining why it is a good use of the police reform funding. In the case of the funding for voluntary severance the SPA must explain how it will recoup the funding from closing down the posts.81

85. However the AGS reported that the Scottish Government has not distinguished between the costs specifically associated with restructuring and those arising from wider police reforms as identified in the Financial Memorandum.82

86. In evidence the Scottish Government explained that there is a recognition that there could be costs arising for other parts of the criminal justice system and that —

"we would want to ensure that we are clear about what those costs might be. We would do that by reflecting on it at the end of the first year of operation"83 and that—

"assuming that we are able to calculate those costs, it is rather too soon to do it at the moment, as there is insufficient reliable data for us to use."84

79 Public Audit Committee, Official Report, 20 November 2013, Col 1788; and SPA, written submission, 4 March 2014.
87. The Scottish Government also observed that not all the costs incurred by the SPA and Police Scotland may be attributable to police reform such as the improved communication and technology systems.\(^85\)

88. The Committee notes that the Scottish Government is tracking the actual costs of police reform. After the end of the current year (2013/14) it proposes to do a comparison with the costs of the previous structure for police services identified by Audit Scotland for the two previous years.\(^86\)

89. The Committee would however welcome confirmation from the Scottish Government that it will specifically identify the costs of restructuring the police service separately from those costs associated with wider police reform.

90. This will provide greater transparency of whether the estimated costs in the FM of restructuring police services have been realised. It will also enable a better assessment of the savings that can be attributed to police restructuring as compared with those savings associated with police reform.

**Value Added Tax (VAT)**

91. The AGS report notes that previously the eight police forces were able to recover VAT but that from 2013/14 a VAT liability of approximately £22 million will be required to be met each year by Police Scotland and the SPA.\(^87\)

92. The Committee heard that part of the funding for police reform of £147 million was to be used to meet the additional VAT costs arising from the creation of a single police service. The Scottish Government had not yet decided whether it would meet the VAT costs of Police Scotland and the SPA from 2015/16.\(^88\)

93. The Scottish Government explained that as part of the process of winding up the former police boards, discussions took place with HMRC about the VAT status of single police services. However HM Treasury had ruled that the new single police service would not be exempt from VAT under the Value Added Taxes Act 1994 (the VAT Act) because it would have no power of precept on local taxation.

94. The Scottish Government did consider options where a single police force could have been established which would have been VAT exempt. However these options were rejected as they would have presented significant practical problems such as being overly burdensome and complex or would not have meet the reform objective of a simplified landscape of a single police service.

95. The Scottish Government also sought UK Government approval to amend the VAT Act to provide for a similar exemption to that of the police service of Northern Ireland. This however was not viewed as an option by HM Treasury.\(^89\)

\(^87\) Police reform: Progress update 2013, paragraph 82.
\(^88\) Police reform: Progress update 2013, paragraph 85.
\(^89\) Scottish Government, *written submission*, 5 February 2014.
96. The Committee acknowledges the steps taken by the Scottish Government to try and ensure that the single police service was able to recover VAT and that the Scottish Government has agreed to meet the cost of this liability in the short term.

97. The Committee notes that the Scottish Government will decide its approach to funding the VAT liability from 2015/16 as part of the next spending review. Until this decision is made the SPA will have to assume that it will require to meet this additional cost every year from 2015/16.

**Future savings**

98. In relation to the long term savings target of £1.1 billion identified in the FM, the Chief Constable explained that whilst Police Scotland has made a start towards achieving those savings—

"it does not include inflationary pressures, so it does not include pay inflation or incremental general economic inflation....which is going to be a challenge for us."\(^{90}\)

99. He explained that—

"we are working very closely with the SPA and the Scottish Government on developing the general approach to saving money that we need to save at the same time as we reshape the police service. We are therefore looking at the shape of the workforce and at our property strategy...and we are looking at our vehicle fleet and procurement policies to see whether we can save money on contracting."\(^{91}\)

100. The AGS reported that the SPA's budget in 2013/14 was allocated by the Scottish Government on the assumption that the SPA would make savings of £42 million. However, as recognised by the Chief Constable, a further £22 million savings will have to be made in 2013/14 to meet inflation and other cost pressures such as pay increments.\(^{92}\)

101. Table 1 below, with figures provided by the Scottish Government\(^{93}\), shows by source the current split of savings required for 2013/14.

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92 Police reform: Progress update 2013, paragraph 64.
93 Scottish Government, written submission, 5 February 2014.
Table 1: Savings required to be delivered, by source from 2013/14 until 2015/16

<table>
<thead>
<tr>
<th>Source</th>
<th>2013/14 SG target (£m)</th>
<th>2013/14 Savings identified – all recurring in subsequent years (£m)</th>
<th>2014/15 SG cumulative target (£m)</th>
<th>2014/15 savings forecast, in addition to recurring savings (£m)</th>
<th>2015/16 SG cumulative target (£m)</th>
<th>2015/16 Savings forecast, in addition to recurring savings (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>37.8</td>
<td>32.2</td>
<td>6.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>12.7</td>
<td>6.1</td>
<td>7.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement</td>
<td>10.5</td>
<td>8.1</td>
<td></td>
<td></td>
<td>7.8</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41.8</strong></td>
<td><strong>61.0</strong>*</td>
<td><strong>88.2</strong></td>
<td><strong>46.4</strong></td>
<td><strong>108.7</strong></td>
<td><strong>21.6</strong></td>
</tr>
</tbody>
</table>

*this figure includes the expected savings from reform and those relating to inflationary and cost pressures.

102. Audit Scotland explained that taking into account the cost pressures it is estimated that savings of £68 million would be required in 2014/15 and £63 million in 2015/16. In the absence of a longer term strategy the AGS estimates that SPA and Police Scotland may also have to find a further £112 million of savings from 2016/17 to 2018/19 on top of the savings they need to make to achieve the target of £1.1bn by 2026.\(^94\)

103. In evidence the Committee heard from the SPA that of the £64 million of savings targeted for 2013/14 only £2.9 million was left to identify. From September 2013 weekly high-level finance meetings between Police Scotland and SPA have been held to review the forecasts for savings. The SPA and Police Scotland are confident that the target will be met by the end of 2013.\(^95\) The Scottish Government also confirmed its role in ensuring the savings are on track through regular contact and exchange of information with the SPA and Police Scotland.\(^96\)

104. **The Committee acknowledges**\(^97\) that the SPA and Police Scotland are on track to deliver the savings targeted for 2013/14.

105. **The Committee notes further correspondence received from the SPA (dated 26 March 2014) that its internal financial monitoring report states that it expects a forecast year end underspend for 2013/14 of £1.073 million. This indicates that policing has delivered savings of £64m in its first year, £63m of which are recurring. The Committee welcomes this indication and looks forward to the subsequent audit of these figures.**

106. **The Committee welcomed that on 26 March 2014 the SPA finally endorsed a corporate strategy for Police Scotland and approved a budget**

\(^94\) [Police reform: Progress update 2013, paragraph 87.](#)

\(^95\) [Public Audit Committee, Official Report, 20 November 2013, Col 1800.](#)

\(^96\) [Public Audit Committee, Official Report, 18 December 2013, Col 1944.](#)

\(^97\) The word "acknowledges" was agreed to by division: For 4: (Mary Scanlon, Tavish Scott, Ken Macintosh, Hugh Henry) Against 3: (Colin Beattie, Willie Coffey, Colin Keir), Abstentions 1 (Bob Doris).
for 2014/15, while noting that any savings reported have been achieved in the absence of agreed long term financial and corporate strategies. The Committee further noted the comments of the AGS that—

“the importance of a financial strategy is that it helps to ensure that savings are made are the right ones and that they will deliver sustainable policing for the long term, rather than their being easy savings in the short term.”

107. The Committee would welcome clarification from the SPA of how the savings delivered in 2013/14, particularly those identified as recurring, sit within the longer term savings plans set out in the financial and corporate strategies and that they are sustainable until 2026.

108. The AGS explained that a large proportion of the police budget is accounted for by staffing costs and the need to make savings that underpin the police service merger means that it will be important to look at staff costs as well as property costs, information and communications costs. In that regard, the AGS observed that the lack of a workforce strategy and delays in decisions on redundancy and early retirement could increase the risk that the savings required after 2013/14 may not be delivered or managed in a sustainable way.

109. The Committee heard that the process to be followed by the SPA and Police Scotland to agree the workforce strategy was as follows: Police Scotland would work with the SPA to provide a discussion document raising different issues for the SPA Board to consider. The workforce strategy will then arise from that consideration. This process was the same as for the other strategies including the ICT strategy.

110. The Chief Constable explained that it was a—

"misunderstanding that all our savings are predicated on staff....staff are a big chunk of the budget—65% of it is for police officers and 20% is for our police staff—but there are other elements. We are looking as closely as we can to try and find savings in non-people budgets."

111. The SPA explained that whilst 2,000 staff had expressed an interest in taking voluntary redundancy, not all these expressions of interest would be agreed because there is an operational need to retain certain staff. The example given was control room staff who need to be retained until the IT systems are in place. This was also an example of where the IT and human resources strategies overlap which in turn overlap with the property strategy. In that regard the SPA observed that this is where a number of strategies fit together to form the corporate strategy before the overall decision on service delivery can be made.

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100 Police reform: Progress update 2013, paragraph 90.
112. The Scottish Government confirmed that 56% of the savings for the year 2013/14 have come from reducing people costs but that this was not surprising given there were eight duplicating structures especially back-office roles. The Scottish Government then explained that not all of the savings have come from voluntary redundancy schemes—

"quite a lot of the savings have come from reductions in overtime and reductions in the number of senior officers."\(^{104}\)

113. In terms of the overall savings, the SPA explained that the hard work will be in years 1 to 3 and that—

"If we get the savings in those years, the primary year is year 1 that will roll forward for the next 10 years."\(^ {105}\)

114. The Committee notes the ambitious savings target of £1.1 billion savings for police reform are to be achieved over the period of 13 years with the greatest level of savings being made in year one and then recurring over the remaining years.

115. Given this 13 year timetable, the Committee would welcome confirmation from the SPA of how it will determine and record whether the savings delivered now and in later years are attributable to police restructuring rather than other financial pressures such as any future budget reductions.

**MANAGING PERFORMANCE**

116. In the mergers report, the AGS highlights the importance of public bodies developing their performance measurement systems while planning their merger. The AGS recommended that reporting systems and key performance indicators should be developed that measure the benefits expected from the merged body and that within two years from the start of the new body performance information should be publically reported.\(^{106}\) Robust performance information is important in enabling merged bodies to be able to demonstrate the impact of changes in the way they deliver services.\(^ {107}\)

117. The Committee heard that previously all eight police forces reported their performance against the Scottish policing performance framework (SPPF) which covered a wide range of indicators. The SPPF had been operating since 2007 which meant there was considerable information from which trends could be identified and comparison and improvements in performance considered.\(^ {108}\)

\(^{106}\) Learning the lessons of public body mergers: Review of recent mergers, paragraph 75 and recommendations page 25.
\(^{107}\) Learning the lessons of public body mergers: Review of recent mergers, key messages on page 24.
118. The approach to performance reporting for the single police service has yet to be agreed between the SPA and Police Scotland although most of the indicators from the SPPF have been incorporated into Police Scotland's performance management system (SCOMIS). Police Scotland extracts information from SCOMIS to provide performance reports at national, local and community planning level.

119. In the absence of an agreed performance system to assess whether Police Scotland is delivering on the objectives of police reform, Audit Scotland observed that the performance reports from Police Scotland presented to the SPA Board tend to focus on crime and detection rates. These reports do not include some of the wider performance indicators such as answering times for emergency calls and diversionary measures for young people.\(^{109}\)

120. The AGS also noted that papers provided to the SPA by Police Scotland did not always support good decision-making with financial and performance information rarely linked. The difficulties in providing good baseline information (on non-operational areas) had contributed to this. The Committee heard that although there was good baseline information on operational matters, the SPA and Police Scotland had yet to agree how they will report it and make it consistent with the Scottish Government’s statistical publications on recorded crime and detection rates. The AGS confirmed that this needs to be agreed and the systems for collecting this information in place so that from April 2014 the relevant performance information can be collected.\(^{110}\)

121. The Chief Constable explained that —

"a performance regime exists within Police Scotland on which it is perfectly possible to report to Scottish Police Authority at every meeting...but that we are in a three-way debate with the Scottish Government because of statisticians concerns that the figures that we would choose to put before the public would not be officially certified because we are not a statistical body."\(^{111}\)

122. In that regard, the Chief Constable did not consider that the AGS report accurately reflected the situation in relation to performance reporting and that whilst the SPPF is a useful tool for auditing purposes it is not a performance management tool.\(^{112}\) He explained that this was because it was not produced regularly enough, quarterly as opposed to the daily and weekly reports produced by Police Scotland to manage performance.\(^{113}\) He suggested that Police Scotland does provide comprehensive performance reports to the SPA but that these are currently restricted.

123. The SPA acknowledged the difficulties in bringing together the previous nine different systems into a single one for reporting data. However, it confirmed that—

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\(^{111}\) Public Audit Committee, Official Report, 20 November 2013, Col 1775.

\(^{112}\) Public Audit Committee, Official Report, 20 November 2013, Col 1774 and 1776.

\(^{113}\) Public Audit Committee, Official Report, 20 November 2013, Col 1775.
"These things are in progress and work is ongoing to put them in place. Once they are in place we will have the right tools to thoroughly scrutinise what Police Scotland is presenting to us."\textsuperscript{114}

124. The Committee heard from HMICS that the SPPF was an attempt to provide a public performance report which reported on a wide range of performance areas. However the statistics which informed that report were only cleared for publication quarterly, once they were consistent at a national level. HMICS has also been concerned about the need for the single police service to have a performance management monitoring process that can be published. Whilst SPA was the lead in developing this process, HMICS had recently provided two staff to assist with developing the previous SPPF into a performance framework that would represent a proper analysis of police performance.\textsuperscript{115}

125. HMICS explained that whilst Police Scotland was responsible for day-to-day, weekly and monthly management of performance, the SPA will be responsible for creating a performance management monitoring regime and a reporting mechanism that satisfies the requirements of the Scottish Government, Scottish Parliament, communities and Police Scotland.\textsuperscript{116}

126. The Scottish Government confirmed that the performance regime for the police service will be brought in by April 2014. That regime will be focused on the statutory purpose that is set out in the Act, the strategic priorities that the Scottish Government has set for the policing of Scotland and the way in which they will be measured; and the specific objectives that the SPA has set for Police Scotland.

127. The Scottish Government acknowledged that, given the policing performance framework is not yet in place, the information that has been provided to the SPA Board to date has not therefore been "subject to that overarching completed framework."\textsuperscript{117} However it was confirmed that there has been an incremental but specific increase in the level and spread of the performance information.\textsuperscript{118}

128. The Scottish Government is currently considering the role of the official statistics it produces and whether there is a need for the SPA or Police Scotland to produce official statistics. If that was to become the case, the Scottish Government confirmed that it would support the SPA and Police Scotland to meet the principles and protocols which are required by the UK Statistics Authority in order to provide official statistics.

129. The Committee acknowledges the Scottish Government's assurance that the SPA performance measurement system will be in place from April 2014.

130. The Committee however seeks confirmation from the Scottish Government that, as recommended by the AGS, that system will measure performance against the expected benefits of a single police service as well
as performance in operational and non-operational areas. This will enable the SPA Board and others to assess whether the expected benefits of the merger are being realised.

131. The Committee observes that prior to April 2013, the SPPF provided a wealth of performance information for the individual police forces over a number of years and that the new performance framework will not be implemented until April 2014.

132. The Committee would therefore welcome confirmation from the Scottish Government of how it proposes to link the previous trend and performance information with the new performance framework to assist the SPA Board and others to assess whether performance has improved as a result of police restructuring.

133. The Committee notes the Chief Constable’ comments about the use of the SPPF tool for auditing rather than management purposes. The Committee requests clarification of the extent to which the SPA and the Scottish Government have consulted users, stakeholders and staff on what performances measures might be most appropriate for the purposes of performance management.

134. The Committee also seeks clarification of when the Scottish Government anticipates reaching a decision on whether the SPA and Police Scotland should produce official statistics.

POST-IMPLEMENTATION REVIEW

135. It was a key recommendation of the mergers report that a post-implementation review should be carried out within six months of the start of the merged body. This will enable the new body to identify lessons learned and monitor progress in meeting the strategic aims and objectives.

136. The AGS report notes that the SPA and Police Scotland have no immediate plans to carry out a post-implementation review as the governance arrangements are not yet finalised 119.

137. In evidence the Scottish Government confirmed that it has started an internal consideration of what has been learned from Police reform and that the SPA would be part of that review. The Scottish Government explained that as Police Scotland and the SPA had been focussed on the transition process, it was understandable that they had not undertaken a six month post-implementation review.

138. Whilst the Committee notes the reasons given for Police Scotland and the SPA not yet beginning a post-implementation review, it recommends that such a review is now undertaken in order that any wider learning from the police service merger can be shared across the public sector.

139. The Committee seeks confirmation from the Scottish Government on when its post implementation review on police service merger will be completed.

140. The Committee notes the AGS comments that a lessons learned review on police reform which has been already undertaken by the Scottish Government focussed on what went well rather than what did not work effectively.\textsuperscript{120} The Committee seeks confirmation from the Scottish Government that its post-implementation review will examine all aspects of performance in relation to the merger and would welcome a summary of the key findings and associated actions to be undertaken.

\textsuperscript{120} Police reform: Progress update 2013, paragraph 60.
ANNEXE A: EXTRACT FROM THE MINUTES OF THE PUBLIC AUDIT COMMITTEE

LEARNING THE LESSONS OF PUBLIC BODY MERGERS

10th Meeting, 2012 (Session 4) Wednesday 20 June 2012

Section 23 report - Learning the lessons of public body mergers: The Committee took evidence on the Auditor General for Scotland's report entitled "Learning the lessons of public body mergers" from—

Mr Robert Black, Auditor General for Scotland;
Barbara Hurst, Director, Dick Gill, Portfolio Manager, and Andra Laird, Project Manager, Performance Audit Group, Audit Scotland.

Consideration of approach - Learning the lessons of public body mergers (in private): The Committee considered its approach to the Auditor General for Scotland's report entitled "Learning the lessons of public body mergers" and agreed to invite the relevant Scottish Government Accountable Officer to give oral evidence on the report at a future meeting.

13th Meeting, 2012 (Session 4) Wednesday 26 September 2012

Section 23 report - Learning the lessons of public body mergers: The Committee took evidence on the Auditor General for Scotland's report entitled "Learning the lessons of public body mergers" from—

Paul Gray, Director-General Governance and Communities, Dr Andrew Scott, Director, Employability, Skills and Lifelong Learning Directorate, and Christie Smith, Deputy Director, Police and Fire Reform Division, Scottish Government.

Consideration of evidence - Learning the lessons of public body mergers (in private): The Committee considered the evidence received at agenda item 3 and took evidence from—

Angela Cullen, Assistant Director, and Andra Laird, Project Manager, Performance Audit Group, Audit Scotland.

The Committee agreed to invite the relevant accountable officers from Skills Development Scotland and the Police Service of Scotland to give evidence to the Committee at a meeting anticipated to be in Winter 2013.

18th Meeting, 2012 (Session 4) Wednesday 05 December 2012

Section 23 report - Learning the lessons of public body mergers: The Committee considered and agreed to note the response from the Scottish Government on the Auditor General for Scotland's report entitled "Learning the lessons of public body mergers".
POLICE REFORM: PROGRESS UPDATE 2013

15th Meeting, 2013 (Session 4) Wednesday 20 November 2013


Caroline Gardner, Auditor General for Scotland; Fraser McKinlay, Director, Miranda Alcock, Portfolio Manager, and Michael Oliphant, Project Manager, Performance Audit and Best Value Group, Audit Scotland.

Section 23 reports - Police reform: Progress update 2013: The Committee took evidence from—

Vic Emery, Chair, and John Foley, Interim Chief Executive Officer, Scottish Police Authority; George Graham, HM Inspector of Constabulary for Scotland, Her Majesty's Inspectorate of Constabulary for Scotland; Sir Stephen House, Chief Constable, Police Scotland.

Consideration of approach - Police reform: Progress update 2013 (in private): The Committee considered the evidence received at agenda items 4 and 5 and took evidence from—

Caroline Gardner, Auditor General for Scotland; Fraser McKinlay, Director, Angela Cullen, Assistant Director, Miranda Alcock, Portfolio Manager, and Michael Oliphant, Project Manager, Performance Audit and Best Value Group, Audit Scotland.

The Committee agreed to invite the Scottish Government to give oral evidence

18th Meeting, 2013 (Session 4) Wednesday 18 December 2013


Leslie Evans, Director-General Learning and Justice, Paul Johnston, Director of Safer Communities, Hilary Pearce, Head of Police Finance Team, and Stephen Woodhouse, Head of Finance and Workforce Sponsorship Unit, Scottish Government.

The Committee agreed to seek written evidence from the Scottish Government and Audit Scotland on issues raised during discussion.

Consideration of approach - Police reform: Progress update 2013 (in private): The Committee agreed to defer consideration of this agenda item to a future meeting.
1st Meeting, 2014 (Session 4) Wednesday 15 January 2014

Consideration of approach - Police reform: Progress update 2013 (in private): The Committee considered the evidence received at its meeting on 18 December 2013 and took evidence from—

Caroline Gardner, Auditor General for Scotland.

The Committee agreed to receive further written evidence from Audit Scotland and to consider a draft report, in private, at a future meeting.

5th Meeting, 2014 (Session 4) Wednesday 19 March 2014


6th Meeting, 2014 (Session 4) Wednesday 26 March 2014


8th Meeting, 2014 (Session 4) Wednesday 23 April 2014

Section 23 report - Police reform: Progress update 2013 (in private): David Torrance was invited to declare any relevant interests. No such interests were declared.

The Committee considered a draft report on the Auditor General for Scotland's report entitled "Police reform: Progress update 2013." Various changes were proposed and decided upon and the Committee agreed to consider a revised draft report, in private, at a future meeting.

Bob Doris MSP proposed that the Committee should return to paragraph 43 (which was previously agreed at the Public Audit Committee meeting on 26 March 2014). The proposal was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir, David Torrance), Against 4 (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Abstentions 0.

Bob Doris MSP proposed that the following text at paragraph 43—“The Committee notes the reasons given for not producing a full business case in the timescales set for the merger but there was a difference of an opinion within the Committee as to whether the reasons provided were justified” be deleted and the following text be inserted— “The Committee accepts, by a majority, the reasons given for not producing a full business case in the timescales set for the merger.” The proposal was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris,
Colin Keir, David Torrance) Against 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Abstentions 0.

Ken Macintosh MSP proposed that the Committee agrees the version of the draft report provided at the Public Audit Committee meeting of 19 March 2014. The proposal was disagreed to by division: For 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Against 5: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir, David Torrance), Abstentions 0.

Colin Beattie MSP proposed that the first line of paragraph 61 that—“The AGS reported that the lack of baseline data as well as draft strategies also contributed towards differing interpretation of what maintaining the police service meant in practice” be deleted and the following text be inserted—“There were differing interpretations of what maintaining the police service meant in practice.” The proposal was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir, David Torrance) Against 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Abstentions 0.

Willie Coffey MSP proposed that the words “and the Scottish Government” be inserted after the first “SPA” in paragraph 67. The proposal was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir, David Torrance) Against 3: (Hugh Henry, Mary Scanlon, Tavish Scott), Abstentions 0.

Colin Keir MSP proposed at that the following paragraph (after paragraph 68) be deleted—“However the Committee considers it regrettable that for seven months the focus of SPA and Police Scotland was diverted away from developing the financial strategy and corporate strategy whilst the approach of business partnering was developed.” The proposal was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir, David Torrance) Against 3: (Hugh Henry, Mary Scanlon, Tavish Scott), Abstentions 0.

Willie Coffey MSP proposed that the following text be inserted at the end of paragraph 76—“The Committee recognises that the SPA was correct to draw on the expertise of interim staff to help ensure a smooth transition.” The proposal was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir, David Torrance) Against 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Abstentions 0.

Bob Doris MSP proposed that the following paragraph (after paragraph 81) be deleted—“However the Committee notes that there have been increased costs arising from these interim appointments which will make it more challenging for the SPA to achieve its savings targets for 2013/14.” The proposal was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir, David Torrance) Against 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Abstentions 0.

9th Meeting, 2014 (Session 4) Wednesday 30 April 2014

Section 23 - Police reform: Progress update 2013 (in private): The Committee agreed to defer consideration of its draft report on the Auditor General for
Scotland's report entitled "Police reform: Progress update 2013" to a future meeting.

10th Meeting, 2014 (Session 4) Wednesday 7 May 2014

Section 23 Report - Police reform: Progress update 2013 (in private): The Committee considered a draft report on the Auditor General for Scotland's report entitled "Police reform: Progress update 2013". Various changes were proposed and decided upon. The Committee then agreed arrangements for its publication.

Willie Coffey MSP proposed that the word “acknowledges” be deleted and the word “welcomes” be inserted in paragraph 104. The proposal was disagreed to by division on a casting vote: For 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott) Against 4: (Colin Beattie, Willie Coffey, Bob Doris, Colin Keir), Abstentions 0.

The word “acknowledges” in paragraph 104 was agreed to by division: For 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott) Against 3: (Colin Beattie, Willie Coffey, Colin Keir), Abstentions 1 (Bob Doris).

Mary Scanlon MSP proposed that the follow text be inserted after paragraph 108— “The Chief Constable explained that Police Scotland had no policy of strategy of backfilling posts of support staff who leave, with police officers. He commented that—

"For accuracy’s sake that of course backfilling happens on a daily and on-going basis, but it is not part of a plan to do that."121

The proposal was disagreed to by division: For 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Against 5: (Colin Beattie, Willie Coffey, Bob Doris, James Dornan, Colin Keir), Abstentions 0.

Bob Doris MSP proposed that the following text, after paragraph 115 be deleted— The Committee notes that the savings required to be made each year may in reality be higher than those forecast by the FM for the Police Reform Act if the police service is to meet the additional costs such as VAT and inflation. The proposal was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, James Dornan, Colin Keir) Against 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Abstentions 0.

Hugh Henry MSP proposed that the draft of the report considered and decided upon at the meeting on 7 May be agreed by the Committee. The proposal was agreed to by division: For 5: (Colin Beattie, Willie Coffey, Bob Doris, James Dornan, Colin Keir) Against 4: (Hugh Henry, Ken Macintosh, Mary Scanlon, Tavish Scott), Abstentions 0.

121 Public Audit Committee, Official report, 20 November 2013, Col 1794.
ANNEXE B: MINORITY/DISSENTING STATEMENT BY HUGH HENRY MSP, MARY SCANLON MSP, KEN MACINTOSH MSP AND TAVISH SCOTT MSP

INTRODUCTION

1. The move to a single police service in Scotland has been the most significant change to policing since 1967. More than 24,000 police and staff, and at least 1,000 properties were transferred to two new bodies, the Scottish Police Authority (SPA) and Police Scotland on 1 April 2013. These two new bodies were established within 18 months of the proposal being announced by the Scottish Government.\(^\text{122}\)

2. The Scottish Police Authority is responsible for maintaining policing, promoting policing principles, continuous improvement of policing and holding the Chief Constable to account. Police Scotland, directed and controlled by the chief constable, is responsible for providing policing services to help improve the safety and wellbeing of people, places and communities in Scotland.

3. This report sets out the Committee's views on the efficiency and effectiveness of the planning and early implementation of these new arrangements. It follows on from the Auditor General for Scotland’s (AGS) reports entitled Learning the lessons of public body mergers: Review of recent mergers\(^\text{123}\) (published in June 2012) and Police reform: Progress update 2013\(^\text{124}\) (published in November 2013).

4. The Committee recognises the hard work of everyone involved in the transition to the SPA and Police Scotland in ensuring the continued delivery of front line services during this time of considerable change.

5. The Committee would like to thank all those who provided evidence to the Committee (details of whom can be found in Annexe A).

BACKGROUND

6. In its mergers report the AGS identified a number of key recommendations for future mergers including that the Scottish Government should:

   - develop robust cost and savings estimates for future mergers and, with merging bodies, regularly review and revise those as necessary as the merger proceeds;

   - develop performance reporting systems and key performance indicators that measure the benefits expected from the merger body and aim to publically report performance information no more than two years after the start date of the new body;


\(^{123}\) This report is hereafter referred to as the "mergers report".

\(^{124}\) This report is hereafter referred to as the "Police reform report".
schedule a post implementation review within six months of the start date of the new body to identify lessons learned, monitor progress in meeting the strategic aims and objectives, and assess if the merger is on course to deliver the long term benefits. The results of the review should be shared with the Scottish Government to support wider learning and sharing of lessons.

7. One such future merger was that of police services proposed by the Scottish Government in the Police and Fire Reform (Scotland) Act 2012\(^{125}\) (the "Police Reform Act").

8. The Police Reform Act, as well as creating a single fire service\(^{126}\), created a new structure for providing police services. This new structure brought together eight police forces, the Scottish Police Services Authority (SPSA) and the Scottish Crime and Drug Enforcement Agency into two new national bodies – the SPA and Police Scotland.\(^{127}\)

9. In addition to creating the SPA and Police Scotland, the Act implemented wider reforms including the creation of the independent Police Investigations and Review Commissioner and gave new roles to the AGS and HM Inspectorate of Constabulary for Scotland (HMICS).\(^{128}\)

10. In taking evidence on the mergers report in September 2012, the Committee explored with the Scottish Government how the lessons from the mergers report had informed the planning for and implementation of the police service merger.

11. The Scottish Government explained that by 1 April 2013, a framework would be in place which would—

"reflect the up-to-date guidance from the Scottish Government on how to track benefits, measure costs and savings and respond to the recommendations in the Audit Scotland report, as our general approach to measuring performance in public bodies emerges."\(^{129}\)

12. It was then confirmed that police service merger already take account of this guidance.\(^{130}\)

13. The Scottish Government also confirmed that benefit realisation plans would provide more detail on a range of issues including how the Scottish Government will know whether the aims of the police merger are being met and what those actions will cost. The overarching performance reporting framework which was in

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\(^{125}\) The Police and Fire Reform (Scotland) Bill was introduced into the Scottish Parliament on 16 January 2012 and received Royal Assent on 7 August 2012.

\(^{126}\) This report focuses on police reform, and more specifically the police service merger, and not fire service reform. Audit Scotland proposes to report on the implementation of fire service reform later in 2014.

\(^{127}\) Police reform: Progress update 2013, paragraph 1.


\(^{129}\) Public Audit Committee, Official Report, 26 September 2012, Col 806.

\(^{130}\) Public Audit Committee, Official Report, 26 September 2012, Col 812.
place before the police mergers took place was also to be refreshed and updated and should be in place by 1 April 2013.\(^{131}\)

14. The AGS in the Police reform report comments that as of March 2013, the proposed benefits realisation plan, whilst acknowledged by gateways reviews as being of a high standard, has yet to be finalised.

15. In this report the Committee explores the extent to which key recommendations identified in the mergers report (repeated at paragraph 6) have been acted upon in the creation of a single police service.

**COSTS AND SAVINGS**

16. The AGS highlighted that a key recommendation from the mergers report was—

"on the need for good information about the costs and savings that are expected from the mergers and on those costs and savings being reviewed regularly as the reform progresses."\(^{132}\)

17. This information is important because it allows public bodies to monitor, control and be accountable for the costs of the merger, to budget and plan future service delivery and identify opportunities to make cost reductions.\(^{133}\)

**Outline Business Case**

18. The Committee heard from the AGS that the outline business case for police reform, published in September 2011 by the Scottish Government, included estimated costs and savings arising from three different options for police reform, including the option of creating a single police service. These costs and savings were informed by the sustainable policing team (led by senior police officers) who developed a target operating model based on the optimal idea of policing in the future. That team then produced high level figures for savings that could be made.\(^{134}\)

19. Audit Scotland explained that these figures were then used to inform the Financial Memorandum (FM) which accompanied the Police Reform Bill. The FM—

"splits out the costs and savings associated with reform into costs and savings associated with the restructure into a single police structure, and costs and savings with wider police reforms regardless of the structure."\(^{135}\)

20. The FM estimated the total cost of implementing police reform (including the police service merger) would be £137 million by 2016/17 which would deliver savings by 2026 of £1.1 billion. It was expected that the majority of the costs would

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\(^{133}\) Learning the lessons of public body mergers: Review of recent mergers, paragraph 47.


fall within 2013/14 and 2014/15 with the majority of the savings being delivered in the first few years and recurring thereafter.

21. The Scottish Government Bill team explained to the Finance Committee in February 2012 that—

"The projected savings for police were benchmarked against efficiencies that have been delivered by police forces in England and Wales and the projections were quality assured by KPMG and Deloitte."

22. The Bill team also commented that—

"For us, the outline business case was sufficient to justify introducing the Bill. The next stage of the process is being led by the two services [police and fire services]. That is when we expect the outline business case to be turned into a full business case."

23. In February 2012, the Scottish Government confirmed that the journey from outline business case to full business case (FBC) was underway.

24. At that time the Finance Committee welcomed these assurances that the FBC was being worked on as it should provide greater accuracy of the costs and savings resulting from police reform (including the police service merger). The Finance Committee also observed that until the FBC was developed it would be difficult to assert that the savings could be achieved within the timescale set out in the FM.

25. However, the AGS reported in November 2013 that—

"The development of a full business case, based on the creation of a single police service, was not carried out and the police did not develop alternative costs and savings estimates."

26. In December 2013 the Scottish Government explained that the outline business case was comprehensive and was based on a significant amount of research, on the police objective analysis cost allocation modelling that was undertaken and on a range of consultant, internal and external advice. According to the Scottish Government this was robust and sufficient for the purposes of the FM for the Police Reform Bill. Responding to questions about whether the Scottish Government initially planned to have a full business case prior to 1 April 2013 (the date the SPA and Police Scotland would be created) the Scottish Government commented—

"I do not think I can answer that question on a yes-or-no basis. The intention was always to have an outline business case and to have a full business case."

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139 Police reform: Progress update 2013, paragraph 69.
140 Public Audit Committee, Official Report, 18 December 2013, Col 1929.
case and it was always going to be a requirement that the full business case would need to be fulfilled by the leadership of the organisation [the SPA]."141

27. The Scottish Government also confirmed that—

"There is a need for a full business case, which is what the Police Authority is working on now with support from us, from Police Scotland and from others."142

Pressures
28. The Committee heard of the impact of time pressures on providing a full business case. The Act received Royal Assent in August 2012, the appointment of the Chair of the SPA and the Chief Constable then took place (on 31 August and 1 October 2012 respectively). The SPA and Police Scotland then required to be operational by 1 April 2013.

29. As explained by the Scottish Government the focus was on restructuring to deliver Police Scotland and the SPA in time to effectively support the Commonwealth Games, maintain police performance and deliver a balanced budget.143

30. The Chief Constable commented that—

"The view was taken that time would have been too compressed to convert the outline business case into a full business case and then to move towards agreeing a financial strategy."144

31. This view was reiterated by other witnesses such as Her Majesty's Inspector of Constabulary for Scotland (HMICS) who commented that—

"Whether we took the time to create a full business case was less important in my view, because my focus was the operational delivery around getting the finance, estates, ICT and people development strategies right and then the delivery strategy underpinned by the finance available."145

32. The AGS also stated that—

"Given the stage of reform, it is my view that the financial strategy is the more important document for SPA and Police Scotland to now focus their time, effort and resources into developing."146

33. The Scottish Government identified the consequences of delaying parliamentary consideration of the Police Reform Act whilst a full business case was completed as:

141 Public Audit Committee, Official Report, 18 December 2013, Col 1944.
142 Public Audit Committee, Official Report, 18 December 2013, Col 1926.
143 Public Audit Committee, Official Report, 18 December 2013, Col 1931.
146 Auditor General for Scotland, written submission, 31 January 2014
• the savings likely to be achieved in 2013/14 of £64 million would not have been realised; and

• it would not have been possible to take the necessary decisions around how to deliver savings until the SPA and Police Scotland were established.\textsuperscript{147}

Definitions
34. The SPA clarified that—

"The term "financial strategy" has been taken out of context a little bit. What we are looking for is a corporate strategy, which will be an agreement between the SPA and Police Scotland on how we will move forward. That will involve an ICT strategy, a property strategy, a fleet strategy and an HR strategy...all of those things end up with a bottom line, which will be the financial strategy... which should be available before the beginning of the next financial year [April 2014]."\textsuperscript{148}

35. In written evidence to the Committee the Scottish Government identified that the relevant documentation will be a Police Scotland Organisational Corporate Strategy and underpinning Finance Strategic Delivery Plan. The Finance Strategic Delivery Plan will reflect the costs and savings arising from a range of strategic and operational decisions that are being made under the new single structure.

36. The Scottish Government suggested that—

"given this context, the term "full business case" is essentially interchangeable with the term "financial strategy". Whichever term is used, what is required is a plan setting out how savings will be delivered on a sustainable basis."\textsuperscript{149}

37. The AGS explained that the purpose of a full business case according to HM Treasury, is to revisit the outline business case in advance of an investment decision and set out the recommendation for the option which optimises value for money. An FBC should include (amongst other things) detailed arrangements for the successful implementation of the project or programme including updated economic and financial appraisals.

38. This compares with a financial strategy where the purpose is to demonstrate how an organisation intends to use its financial resources to meet strategic objectives and ensure long term financial sustainability.\textsuperscript{150}

39. Given these definitions, the Committee is clear that a full business case does not serve the same purpose as a financial strategy. It is unhelpful therefore that these terms have been considered as being "interchangeable".


\textsuperscript{149} Scottish Government, \textit{written submission}, 8 January 2014.

\textsuperscript{150} Auditor General for Scotland, \textit{written submission}, 31 January 2014.
40. The Committee would therefore welcome a detailed explanation from the Scottish Government as to how it considers that, in relation to the creation of a single police service; the full business case is essentially interchangeable with the financial strategy.

41. The Committee notes the evidence from Police Scotland and HMICS, which concurs with the AGS, that a decision was taken to focus on providing a financial strategy rather than a full business case. The Committee considers that by not developing a full business case an opportunity was missed to comprehensively test the realism and validity of the projected costs and savings in the outline business case following parliamentary agreement to the Bill.

42. This is particularly significant given that from 1 April 2013 onwards; funding for policing will be allocated to the SPA by the Scottish Government on the assumption that all the proposed savings will be delivered.

43. Whilst the Committee acknowledges the explanations given as to why the full business case has not been produced, it notes that assurances were provided to the Finance Committee that the full business case was expected and that work on it was underway.

44. The Committee would therefore request an explanation from the Scottish Government as to why these assurances were given to the Finance Committee when this turned out not to be the case.

Finance Strategic Delivery Plan

45. The AGS explained that —

"by developing a financial strategy that is underpinned by workforce plans, estate plans and so on, people can start to balance the options for different ways of providing the service and consider potential cost and benefits and different scenarios for the savings that will come through."

46. In that regard, the financial strategy helps to ensure that "the savings that are made are the right ones and that they will deliver sustainable policing for the long term, rather than their being easy savings in the short term."

47. The AGS however reported that the SPA and Police Scotland have not yet agreed a financial strategy to demonstrate how savings will be achieved after 2013/14. The AGS indicated a number of issues may have contributed to this including a lack of good baseline data and limited progress in understanding the costs of policing. These issues then contributed to the difficulties in preparing

151 Hereafter the Finance Strategic Delivery Plan is referred to as the "Financial Strategy".
detailed options to help develop a financial strategy. The SPA also highlighted the lack of good and reliable data as providing it with a challenge from the start.

48. The importance of collecting good baseline data was a key recommendation in the AGS mergers report and Audit Scotland’s *Best value in police authorities and police forces in Scotland: Overview report* in relation to the costs of police activity.

49. Following the passing of the Police Reform Act, in July 2012 the Scottish Government requested a draft financial strategy from the police-led reform team to provide assurance that the SPA and Police Scotland could achieve the savings targets. However, as described by Her Majesty’s Inspector of Constabulary for Scotland George Graham (who was a chief constable involved in the reform process at that time), the police-led reform team—

"were quite uncomfortable with committing a future police authority and a future chief constable to some of the decisions. For that reason we were reluctant to sign off...on some of the financial assumptions that were being made."\(^{158}\)

50. The police-led reform team then provided high-level savings information to the Scottish Government in November 2012, following the Chief Constable’s appointment. The Scottish Government confirmed that on the basis of this information—

"we got the reassurance that we needed at the time that the savings were credible and realistic."\(^{159}\)

51. This information did not however include details of how Police Scotland would achieve the savings or any assumptions used as there was difficulty in getting good baseline data on policing costs.\(^{160}\)

52. The AGS noted that the police-led reform team had a lot of operational information from individual forces before reform but they did not have sufficient data on non-operational areas such as finance, assets, the workforce and contracts. This made it difficult for the SPA to make informed decisions on the different options for delivering police services.\(^{162}\)

53. The Scottish Government acknowledged that as there were eight different forces and 10 different policing organisations operating in Scotland the creation of baseline information was challenging. However the Scottish Government commented that—

\(^{155}\) Police reform: Progress update 2013, paragraphs 70-71.

\(^{156}\) The Scottish Police Authority, *written evidence*, November 2013.

\(^{157}\) Audit Scotland (2012), *Best value in police authorities and police forces in Scotland: Overview report*, Available at:


\(^{160}\) Police reform: Progress update 2013, paragraph 72.


\(^{162}\) Police reform: Progress update 2013, paragraph 36.
"One of the areas in which we have invested in reform is in the creation of a single finance ledger and the harmonisation of payroll and HR information, which will assist with the benchmarking and baselining of information.\(^{163}\)

54. In addition, further data on baseline costs was produced by the President of the Association of Chief Police Officers in Scotland in September 2012 which helped with the development of the savings plan for the first year of operation of the SPA and Police Scotland in 2013/14.

55. The Chief Constable explained, in November 2013, that—

"we are working on the financial strategy now and I expect that we will have it in the next couple of months, certainly before 1 April 2014."\(^{164}\)

56. The SPA added that, in relation to the production of the Financial Strategy, whilst Police Scotland is doing all the work with input from SPA, it will be jointly owned and agreed by SPA and Police Scotland. The SPA explained that the single ledger\(^{165}\) is critically important in understanding where spend is being incurred and that whilst work on this was underway, it does not exist yet except in embryonic form.\(^{166}\)

57. The Committee is concerned that lack of data on baseline costs and non-operational data has delayed the production of a financial strategy. This was despite this issue being identified as a concern in previous AGS reports\(^{167}\) and despite the Scottish Government's assurances to the Committee that it had taken cognisance of the recommendations in the mergers report.\(^{168}\)

58. The Committee therefore recommends that the Scottish Government reviews its framework for future mergers and strengthens the guidance it provides on the importance of identifying the availability of robust baseline information prior to any merger taking place. This will also then allow for the early identification of any gaps in baseline information which can then be addressed early in the merger process.

59. The Committee would welcome confirmation from the SPA of when the identification of baseline data for non-operational areas such as finance, HR and procurement will be complete.

60. Given the Scottish Government's suggestion that a full business case is essential interchangeable with a financial strategy, the Committee would welcome confirmation from the Scottish Government of the extent to which it expects the financial strategy to:

\(^{163}\)Public Audit Committee, Official Report, 18 December 2013, Col 1938.
\(^{164}\)Public Audit Committee, Official Report, 20 November 2013, Col 1786.
\(^{165}\)A single ledger is a unified accounting system which records all the financial transactions of an organisation.
\(^{166}\)Public Audit Committee, Official Report, 20 November 2013, Col 1786-87.
\(^{167}\)Best Value in police authorities and police forces in Scotland (November 2012); In the AGS report on the SPA predecessor: The Scottish Police Services Authority (December 2010).
\(^{168}\)Public Audit Committee, Official Report, 26 September 2012, Col 806 and 812.
• revisit to outline business case;

• set out recommendations for the options which optimise value for money;

• include the details of the updated economic and financial appraisals, detailed benefits and risk register, project and change management plans; and

• set out arrangements for a post implementation evaluation.\(^{169}\)

61. The Committee notes witnesses’ assurances that the Financial Strategy should be in place for 1 April 2014. However at the time of publication of this report the Financial Strategy has not been agreed and made public by the SPA Board.

62. The Committee therefore requests confirmation from the SPA of when the Financial Strategy as well as the Corporate Strategy (including the workforce, ICT, estates, human resources and fleet strategies) will be agreed and published.

Role and responsibilities

63. The AGS reported that the lack of baseline data as well as draft strategies also contributed towards differing interpretations of what maintaining the police service meant in practice. Maintaining the police service is a key role for the SPA and in December 2012 it decided that it would directly deliver all the main support functions for Police Scotland such as HR, finance and ICT. This ‘business partnering’ approach was not identified as an option in the outline business case.\(^{170}\)

64. However, the Scottish Government and HMICS became increasingly concerned that the SPA focus on delivering these support functions was distracting it from its important strategic and governance role. In June 2013, the Scottish Government therefore requested that the SPA board reconsider its decision to deliver services directly and instead focus on strategy, policy, scrutiny and engagement. The SPA Board agreed this change of direction in June 2013 with responsibility for all support functions to be transferred to Police Scotland.\(^{171}\)

65. The Committee also heard that there had been tensions between the leadership of the SPA Board, SPA senior management, the Scottish Government and Police Scotland.\(^{172}\) The Chief Constable explained that the crux of these tensions was the differing interpretations of ‘maintaining the police service’ but that the relationship was also under pressure because of the timescales, complexity and urgency of delivering a single police service.\(^{173}\)

\(^{169}\) Auditor General for Scotland, written evidence, 31 January 2013.

\(^{170}\) Police reform: Progress update 2013, paragraph 41 and 43.

\(^{171}\) Police reform: Progress update 2013, paragraph 44 and Exhibit 2.

\(^{172}\) Police reform: Progress update 2013, paragraph 45.

\(^{173}\) Public Audit Committee, Official Report, 20 November 2013, Col 1791.
66. The SPA explained that in considering its responsibility to maintain police services the SPA took advice from a number of different agencies on the governance arrangements. But that, although business partnering was compliant with the Act, —

"we probably tried to produce a model that was too radical for the environment at the time."\(^{174}\)

67. That said, the SPA confirmed that it would be taking its day to day HR and Finance services on the business partnering approach with Police Scotland.\(^{175}\)

68. The Scottish Government observed that such tensions might be inevitable when a completely new set of responsibilities was being introduced but that it had supported the process and intervened on occasion to provide a more helpful interpretation of the Act. In 2013 the Cabinet Secretary met with the SPA Board to ensure that there was absolute clarity about its role and responsibilities.\(^{176}\)

69. Both the Chief Constable and the SPA agreed that relationships are now positive with clear roles and responsibilities. A scheme of administration has now been approved by the SPA Board which sets out the schemes of delegation, the role profiles and organisational structures of the SPA and Police Scotland.\(^{177}\)

70. The Committee welcomes the confirmation from witnesses that the relationships between the SPA, Police Scotland and the Scottish Government have improved and are now positive.

71. However the Committee considers it regrettable that for seven months the focus of SPA and Police Scotland was diverted away from developing the financial strategy and corporate strategy whilst the approach of business partnering was developed.

Workforce and Estates Strategies

72. This delay in agreeing roles and responsibilities of SPA and Police Scotland then also delayed the development of longer term strategies for key areas such as workforce and estates. It was also difficult for the SPA to make decisions on individual proposals for delivering savings on the absence of these longer-term strategies.\(^ {178}\) The Committee heard from the AGS that an example of the impact of this delay on the SPA was on whether it should retain or dispose of Bremner house.\(^ {179}\) This property was rented by the Scottish Government in July 2012 as an interim location for the SPA but it has never been used for this purpose. Its annual rental charge is £132,000.\(^ {180}\)


\(^{175}\) The Scottish Police Authority, *written submission*, November 2013.


\(^{178}\) Police reform: Progress update 2013, paragraph 96.

\(^{179}\) Police reform: Progress update 2013, paragraph 53.
73. The SPA confirmed that the lease on Bremner House has now been terminated along with, from June 2014, Elphinstone House where the SPA is currently located. Where SPA will be located from June 2014 will be decided by its forthcoming property strategy. The SPA confirmed that it will likely need only 50 percent of the properties currently held and that Police Scotland are currently looking at where SPA should be based.¹⁸¹

74. The SPA and Scottish Government agreed that it was a 'prudent' decision to rent Bremner House in advance of the SPA being established given the timescales for establishing SPA and the desire to reduce the administrative burden on the SPA as it got up and running. It was also not associated with the previous police structure so it had some independence.¹⁸² Bremner House is now being considered as part of the SPA’s wider estates strategy.

75. The Committee welcomes the confirmation that the lease on Bremner House has been terminated. It would however observe that a decision on whether to terminate this lease could have been made earlier had the corporate strategy not been delayed due to uncertainty regarding the roles and responsibilities of the SPA and Police Scotland. In that regard a potential opportunity to realise greater savings may have been missed.

76. The Committee heard that the delay in agreeing roles and responsibilities also impacted on the recruitment of permanent senior staff at the SPA. The AGS observed that this meant that organisational structures were not agreed resulting in senior management team appointments being made late and on an interim basis.

77. The AGS also noted that a lack of senior management capacity has meant that SPA board members had to become involved in executive matters rather than fulfilling their appointed non-executive roles.¹⁸³

78. Since September 2012 there have been two interim chief executives and three directors of finance at the SPA. The SPA commented that it was not appropriate to recruit full time staff at that time although permanent staff were now being recruited.¹⁸⁴

79. The Scottish Government acknowledged that the interim nature of senior management was not ideal but that there was a set of circumstances that was very difficult to pre-empt.¹⁸⁵ That said, it confirmed that recruitment exercises were now underway for permanent directors of finance for the SPA and Police Scotland as well as a permanent Chief Executive for the SPA.¹⁸⁶

80. In addition to the recruitment of permanent staff, the Scottish Government confirmed that it has also provided additional support to the SPA and Police Scotland. The Scottish Government has provided staff with senior public sector

¹⁸³ Police reform: Progress update 2013, paragraph 52.
financial experience on secondment to SPA and Police Scotland at an additional
cost to the Scottish Government of approximately £94,614.  

81. The Scottish Government has also provided funding for the provision of private sector advice and expertise on financial matters to the SPA. The Scottish Government has closely engaged with the SPA and Police Scotland to build up the capacity of the new organisations and to provide support in developing the financial strategy and corporate strategy.  

82. The SPA explained that the costs to the tax payer of recruiting senior staff on an interim basis were largely neutral with £22,875 incurred by the SPA due to appointment costs and additional payments.  

83. The Committee welcomes the recruitment of permanent senior management and the provision of additional resource and support to the SPA and Police Scotland to enable the development of the financial strategy and corporate strategy.  

84. However the Committee notes that there have been increased costs arising from these interim appointments which will make it more challenging for the SPA to achieve its savings targets for 2013/14.  

85. The Committee would welcome confirmation from the Scottish Government that it is recording these additional costs in providing staff and support as part of its monitoring of costs arising from police restructuring (more on which is set out below).  

Costs of restructuring police services  

86. The Committee heard that the FM split the costs and savings associated with wider police reform into those associated with restructuring into a single police service and those costs and savings associated with wider police reform regardless of the restructuring.  

87. The Scottish Government has budgeted £147 million for police reform between 2011/12 and 2014/15 of which £36 million had been spent by the end of September 2013. In 2013/14 £60 million pounds has been set aside, part of which is for voluntary severance. In order to access the £147 million funding the SPA is required to complete a business case for each proposal explaining why it is a good use of the police reform funding. In the case of the funding for voluntary severance the SPA must explain how it will recoup the funding from closing down the posts.  

88. However the AGS reported that the Scottish Government has not distinguished between the costs specifically associated with restructuring and

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187 Scottish Government, written submission, 5 February 2014.  
189 Public Audit Committee, Official Report, 20 November 2013, Col 1788; and SPA, written submission, 4 March 2014  
those arising from wider police reforms as identified in the Financial Memorandum.\textsuperscript{192}

89. In evidence the Scottish Government explained that there is a recognition that there could be costs arising for other parts of the criminal justice system and that —

"we would want to ensure that we are clear about what those costs might be. We would do that by reflecting on it at the end of the first year of operation"\textsuperscript{193}

and that —

"assuming that we are able to calculate those costs, it is rather too soon to do it at the moment, as there is insufficient reliable data for us to use."\textsuperscript{194}

90. The Scottish Government also observed that not all the costs incurred by the SPA and Police Scotland may be attributable to police reform such as the improved communication and technology systems.\textsuperscript{195}

91. The Committee notes that the Scottish Government is tracking the actual costs of police reform. After the end of the current year (2013/14) it proposes to do a comparison with the costs of the previous structure for police services identified by Audit Scotland for the two previous years.\textsuperscript{196}

92. The Committee would however welcome confirmation from the Scottish Government that it will specifically identify the costs of restructuring the police service separately from those costs associated with wider police reform. This will provide greater transparency of whether the estimated costs in the FM of restructuring police services have been realised. It will also enable a better assessment of the savings that can be attributed to police restructuring as compared with those savings associated with police reform.

Value Added Tax (VAT)

94. The AGS report notes that previously the eight police forces were VAT exempt but that from 2013/14 a VAT liability of approximately £22 million each year will be generated by Police Scotland and the SPA.\textsuperscript{197}

95. The Committee heard that part of the funding for police reform of £147 million was to be used to meet the additional VAT costs arising from the creation of a single police service. The Scottish Government had not yet decided whether it would meet the VAT costs of Police Scotland and the SPA from 2015/16.\textsuperscript{198}
96. The Scottish Government explained that as part of the process of winding up the former police boards, discussions took place with HMRC about the VAT status of single police services. However HM Treasury had ruled that the new single police service would not be exempt from VAT under the Value Added Taxes Act 1994 (the VAT Act) because it would have no power of precept on local taxation.

97. The Scottish Government did consider options where a single police force could have been established which would have been VAT exempt. However these options were rejected as they would have presented significant practical problems such as being overly burdensome and complex or would not have met the reform objective of a simplified landscape of a single police service.

98. The Scottish Government also sought UK Government approval to amend the VAT Act to provide for a similar exemption to that of the police service of Northern Ireland. This however was not viewed as an option by HM Treasury.  199

99. The Committee acknowledges the steps taken by the Scottish Government to try and ensure that the single police service was not liable for VAT and that the Scottish Government has agreed to meet the cost of this liability in the short term.

100. The Committee notes that the Scottish Government will decide its approach to funding the VAT liability from 2015/16 as part of the next spending review. Until this decision is made the SPA will have to assume that it will require to meet this additional cost every year from 2015/16.

Future Savings

101. In relation to the long term savings target of £1.1 billion identified in the FM, the Chief Constable explained that whilst Police Scotland has made a start towards achieving those savings—

"it does not include inflationary pressures, so it does not include pay inflation or incremental general economic inflation....which is going to be a challenge for us."  200

102. He explained that—

"we are working very closely with the SPA and the Scottish Government on developing the general approach to saving money that we need to save at the same time as we reshape the police service. We are therefore looking at the shape of the workforce and at our property strategy...and we are looking at our vehicle fleet and procurement policies to see whether we can save money on contracting." 201

103. The AGS reported that the SPA's budget in 2013/14 was allocated by the Scottish Government on the assumption that the SPA would make savings of £42 million. However, as recognised by the Chief Constable, a further £22 million

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199 Scottish Government, written submission, 5 February 2014.
savings will have to be made in 2013/14 to meet inflation and other cost pressures such as pay increments.\textsuperscript{202}

104. Table 1 below, with figures provided by the Scottish Government\textsuperscript{203}, shows by source the current split of savings required for 2013/14.

Table 1: Savings required to be delivered, by source from 2013/14 until 2015/16

<table>
<thead>
<tr>
<th></th>
<th>2013/14 SG target (£m)</th>
<th>2013/14 Savings identified – all recurring in subsequent years (£m)</th>
<th>2014/15 SG cumulative target (£m)</th>
<th>2014/15 savings forecast, in addition to recurring savings (£m)</th>
<th>2015/16 SG cumulative target (£m)</th>
<th>2015/16 Savings forecast, in addition to recurring savings (£m)</th>
</tr>
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<tbody>
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<td>People</td>
<td>37.8</td>
<td>2013/14</td>
<td>32.2</td>
<td>6.0</td>
<td></td>
<td></td>
</tr>
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<td>Property</td>
<td>12.7</td>
<td>2014/15</td>
<td>6.1</td>
<td>7.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement</td>
<td>10.5</td>
<td>2015/16</td>
<td>8.1</td>
<td>7.8</td>
<td>108.7</td>
<td>21.6</td>
</tr>
<tr>
<td>Total</td>
<td>41.8</td>
<td>61.0*</td>
<td>88.2</td>
<td>46.4</td>
<td>21.6</td>
<td></td>
</tr>
</tbody>
</table>

\*this figure includes the expected savings from reform and those relating to inflationary and cost pressures.

105. Audit Scotland explained that taking into account the cost pressures it is estimated that savings of £68 million would be required in 2014/15 and £63 million in 2015/16. In the absence of a longer term strategy the AGS estimates that SPA and Police Scotland may also have to find a further £112 million of savings from 2016/17 to 2018/19 on top of the savings they need to make to achieve the target of £1.1bn by 2026.\textsuperscript{204}

106. In evidence the Committee heard from the SPA that of the £64 million of savings targeted for 2013/14 only £2.9 million was left to identify. From September 2013 weekly high-level finance meetings between Police Scotland and SPA have been held to review the forecasts for savings. The SPA and Police Scotland are confident that the target will be met by the end of 2013.\textsuperscript{205} The Scottish Government also confirmed its role in ensuring the savings are on track through regular contact and exchange of information with the SPA and Police Scotland.\textsuperscript{206}

107. The Committee acknowledges that the SPA and Police Scotland are on track to deliver the savings targeted for 2013/14.

108. However these savings have been made in the absence of agreed longer term financial and corporate strategies and there is a risk therefore that the savings that have been delivered are short term and not sustainable.

\textsuperscript{202} Police reform: Progress update 2013, paragraph 64.
\textsuperscript{203} Scottish Government, written submission, 5 February 2014.
\textsuperscript{204} Police reform: Progress update 2013, paragraph 87.
\textsuperscript{205} Public Audit Committee, Official Report, 20 November 2013, Col 1800.
\textsuperscript{206} Public Audit Committee, Official Report, 18 December 2013, Col 1944.
109. The Committee would welcome clarification from the SPA of how the savings delivered in 2013/14 sit within the longer term savings plans set out in the financial and corporate strategies and that they are sustainable until 2026.

110. The AGS explained that a large proportion of the police budget is accounted for by staffing costs and the need to make savings that underpin the police service merger means that it will be important to look at staff costs as well as property costs, information and communications costs. In that regard, the AGS observed that the lack of a workforce strategy and delays in decisions on redundancy and early retirement could increase the risk that the savings required after 2013/14 may not be delivered or managed in a sustainable way.

111. The Committee heard that the process to be followed by the SPA and Police Scotland to agree the workforce strategy was as follows: Police Scotland would work with the SPA to provide a discussion document raising different issues for the SPA Board to consider. The workforce strategy will then arise from that consideration. This process was the same as for the other strategies including the ICT strategy.

112. The Chief Constable explained that it was a—

"misunderstanding that all our savings are predicated on staff....staff are a big chunk of the budget—65% of it is for police officers and 20% is for our police staff—but there are other elements. We are looking as closely as we can to try and find savings in non-people budgets."

113. The SPA explained that whilst 2,000 staff had expressed an interest in taking voluntary redundancy, not all these expressions of interest would be agreed because there is an operational need to retain certain staff. The example given was control room staff who need to be retained until the IT systems are in place. This was also an example of where the IT and human resources strategies overlap which in turn overlap with the property strategy. In that regard the SPA observed that this is where a number of strategies fit together to form the corporate strategy before the overall decision on service delivery can be made.

114. The Scottish Government confirmed that 56% of the savings for the year 2013/14 have come from reducing people costs but that this was not surprising given there were eight duplicating structures especially back-office roles. The Scottish Government then explained that not all of the savings have come from voluntary redundancy schemes—

"quite a lot of the savings have come from reductions in overtime and reductions in the number of senior officers."

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208 Police reform: Progress update 2013, paragraph 90.
115. In terms of the overall savings, the SPA explained that the hard work will be in years 1 to 3 and that—

"If we get the savings in those years, the primary year is year 1 that will roll forward for the next 10 years."\(^{213}\)

116. The Committee notes the ambitious savings target of £1.1 billion savings for police reform are to be achieved over the period of 13 years with the greatest level of savings being made in year one and then recurring over the remaining years.

117. Given this 13 year timetable, the Committee would welcome confirmation from the SPA of how it will determine and record whether the savings delivered now and in later years are attributable to police restructuring rather than other financial pressures such as any future budget reductions.

118. The Committee notes that the savings required to be made each year may in reality be higher than those forecast by the FM for the Police Reform Act if the police service is to meet the additional costs such as VAT and inflation.

119. Given this challenge, the Committee considers it even more urgent that the SPA and Police Scotland agree their financial and corporate strategies to ensure that decisions to deliver savings can be taken now (which are sustainable for the future).

MANAGING PERFORMANCE

120. In the mergers report, the AGS highlights the importance of public bodies developing their performance measurement systems while planning their merger. The AGS recommended that reporting systems and key performance indicators should be developed that measure the benefits expected from the merged body and that within two years from the start of the new body performance information should be publically reported.\(^{214}\) Robust performance information is important in enabling merged bodies to be able to demonstrate the impact of changes in the way they deliver services.\(^{215}\)

121. The Committee heard that previously all eight police forces reported their performance against the Scottish policing performance framework (SPPF) which covered a wide range of indicators. The SPPF had been operating since 2007 which meant there was considerable information from which trends could be identified and comparison and improvements in performance considered.\(^{216}\)


\(^{214}\) Learning the lessons of public body mergers: Review of recent mergers, paragraph 75 and recommendations page 25.

\(^{215}\) Learning the lessons of public body mergers: Review of recent mergers, key messages on page 24.

122. The approach to performance reporting for the single police service has yet to be agreed between the SPA and Police Scotland although most of the indicators from the SPPF have been incorporated into Police Scotland's performance management system (SCOMIS). Police Scotland extracts information from SCOMIS to provide performance reports at national, local and community planning level.

123. In the absence of an agreed performance system to assess whether Police Scotland is delivering on the objectives of police reform, Audit Scotland observed that the performance reports from Police Scotland presented to the SPA Board tend to focus on crime and detection rates. These reports do not include some of the wider performance indicators such as answering times for emergency calls and diversionary measures for young people.\(^{217}\)

124. The AGS also noted that papers provided to the SPA by Police Scotland did not always support good decision-making with financial and performance information rarely linked. The difficulties in providing good baseline information (on non-operational areas) had contributed to this. The Committee heard that although there was good baseline information on operational matters, the SPA and Police Scotland had yet to agree how they will report it and make it consistent with the Scottish Government's statistical publications on recorded crime and detection rates. The AGS confirmed that this needs to be agreed and the systems for collecting this information in place so that from April 2014 the relevant performance information can be collected.\(^{218}\)

125. The Chief Constable explained that —

"a performance regime exists within Police Scotland on which it is perfectly possible to report to Scottish Police Authority at every meeting...but that we are in a three-way debate with the Scottish Government because of statisticians concerns that the figures that we would choose to put before the public would not be officially certified because we are not a statistical body."\(^{219}\)

126. In that regard, the Chief Constable did not consider that the AGS report accurately reflected the situation in relation to performance reporting and that whilst the SPPF is a useful tool for auditing purposes it is not a performance management tool.\(^{220}\) He explained that this was because it was not produced regularly enough, quarterly as opposed to the daily and weekly reports produced by Police Scotland to manage performance.\(^{221}\) He suggested that Police Scotland does provide comprehensive performance reports to the SPA but that these are currently restricted.

127. The SPA acknowledged the difficulties in bringing together the previous nine different systems into a single one for reporting data. However, it confirmed that—

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\(^{217}\) Public Audit Committee, Official Report, 20 November 2013, Col 1768.


\(^{219}\) Public Audit Committee, Official Report, 20 November 2013, Col 1775.

\(^{220}\) Public Audit Committee, Official Report, 20 November 2013, Col 1774 and 1776.

\(^{221}\) Public Audit Committee, Official Report, 20 November 2013, Col 1775.
"These things are in progress and work is ongoing to put them in place. Once they are in place we will have the right tools to thoroughly scrutinise what Police Scotland is presenting to us."

128. The Committee heard from HMICS that the SPPF was an attempt to provide public performance report which reported on a wide range of performance areas. However the statistics which informed that report were only cleared for publication quarterly, once they were consistent at a national level. HIMCS has also been concerned about the need for the single police service to have a performance management monitoring process that can be published. Whilst SPA was the lead in developing this process, HMICS had recently provided two staff to assist with developing the previous SPPF into a performance framework that would represent a proper analysis of police performance.

129. HMICS explained that whilst Police Scotland was responsible for day-to-day, weekly and monthly management of performance, the SPA will be responsible for creating a performance management monitoring regime and a reporting mechanism that satisfies the requirements of the Scottish Government, Scottish Parliament, communities and Police Scotland.

130. The Scottish Government confirmed that the performance regime for the police service will be brought in by April 2014. That regime will be focused on the statutory purpose that is set out in the Act, the strategic priorities that the Scottish Government has set for the policing of Scotland and the way in which they will be measured; and the specific objectives that the SPA has set for Police Scotland.

131. The Scottish Government acknowledged that, given the policing performance framework is not yet in place, the information that has been provided to the SPA Board to date has not therefore been “subject to that overarching completed framework.” However it was confirmed that there has been an incremental but specific increase in the level and spread of the performance information.

132. The Scottish Government is currently considering the role of the official statistics it produces and whether there is a need for the SPA or Police Scotland to produce official statistics. If that was to become the case, the Scottish Government confirmed that it would support the SPA and Police Scotland to meet the principles and protocols which are required by the UK Statistics Authority in order to provide official statistics.

133. The Committee acknowledges the Scottish Government's assurance that the SPA performance measurement system will be in place from April 2014.

134. The Committee however seeks confirmation from the Scottish Government that, as recommended by the AGS, that system will measure performance against the expected benefits of a single police service as well.

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as performance in operational and non-operational areas. This will enable the SPA Board and others to assess whether the expected benefits of the merger are being realised.

135. The Committee observes that prior to April 2013, the SPPF provided a wealth of performance information for the individual police forces over a number of years and that the new performance framework will not be implemented until April 2014.

136. The Committee would therefore welcome confirmation from the Scottish Government of how it proposes to link the previous trend and performance information with the new performance framework to assist the SPA Board and others to assess whether performance has improved as a result of police restructuring.

137. The Committee notes the Chief Constable’ comments about the use of the SPPF tool for auditing rather than management purposes. The Committee requests clarification of the extent to which the SPA and the Scottish Government have consulted users, stakeholders and staff on what performances measures might be most appropriate for the purposes of performance management.

138. The Committee also seeks clarification of when the Scottish Government anticipates reaching a decision on whether the SPA and Police Scotland should produce official statistics.

POST-IMPLEMENTATION REVIEW

139. It was a key recommendation of the mergers report that a post-implementation review should be carried out within six months of the start of the merged body. This will enable the new body to identify lessons learned and monitor progress in meeting the strategic aims and objectives.

140. The AGS report notes that the SPA and Police Scotland have no immediate plans to carry out a post-implementation review as the governance arrangements are not yet finalised. 227

141. In evidence the Scottish Government confirmed that it has started an internal consideration of what has been learned from Police reform and that the SPA would be part of that review. The Scottish Government explained that as Police Scotland and the SPA had been focussed on the transition process, it was understandable that they had not undertaken a six month post-implementation review.

142. Whilst the Committee notes the reasons given for Police Scotland and the SPA not yet beginning a post-implementation review, it recommends that such a review is now undertaken in order that any wider learning from the police service merger can be shared across the public sector.

143. The Committee seeks confirmation from the Scottish Government on when its post implementation review on police service merger will be completed.

144. The Committee notes the AGS comments that a lessons learned review on police reform which has been already undertaken by the Scottish Government focussed on what went well rather than what did not work effectively.\(^{228}\) The Committee therefore seeks confirmation from the Scottish Government that its post implementation review will scrutinise what worked well as well as not so well.

145. Finally, following the conclusion of the Scottish Government’s post-implementation review of the police service merger, the Committee would welcome a summary from it of the key lessons learned and any subsequent actions it has taken arising from that review.

\(^{228}\) Police reform: Progress update 2013, paragraph 60.
ANNEXE C: ORAL EVIDENCE AND ASSOCIATED WRITTEN EVIDENCE
Please note that all oral evidence and associated written evidence is published electronically only, and can be accessed via the Public Audit Committee’s webpages, at:
http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/29860.aspx

LEARNING THE LESSONS OF PUBLIC BODY MERGERS

10th Meeting, 2012 (Session 4) Wednesday 20 June 2012

ORAL EVIDENCE
Mr Robert Black, Auditor General for Scotland; Barbara Hurst, Director, Dick Gill, Portfolio Manager, and Andra Laird, Project Manager, Performance Audit Group, Audit Scotland.

13th Meeting, 2012 (Session 4) Wednesday 26 September 2012

ORAL EVIDENCE
Paul Gray, Director-General Governance and Communities, Dr Andrew Scott, Director, Employability, Skills and Lifelong Learning Directorate, and Christie Smith, Deputy Director, Police and Fire Reform Division, Scottish Government.

POLICE REFORM: PROGRESS UPDATE 2013

15th Meeting, 2013 (Session 4) Wednesday 20 November 2013

ORAL EVIDENCE
Caroline Gardner, Auditor General for Scotland; Fraser McKinlay, Director, Miranda Alcock, Portfolio Manager, and Michael Oliphant, Project Manager, Performance Audit and Best Value Group, Audit Scotland. Vic Emery, Chair, and John Foley, Interim Chief Executive Officer, Scottish Police Authority; George Graham, HM Inspector of Constabulary for Scotland, Her Majesty's Inspectorate of Constabulary for Scotland; Sir Stephen House, Chief Constable, Police Scotland.

18th Meeting, 2013 (Session 4) Wednesday 18 December 2013

ORAL EVIDENCE
Leslie Evans, Director-General Learning and Justice, Paul Johnston, Director of Safer Communities, Hilary Pearce, Head of Police Finance Team, and Stephen Woodhouse, Head of Finance and Workforce Sponsorship Unit, Scottish Government.

WRITTEN EVIDENCE IN RELATION TO POLICE REFORM: PROGRESS UPDATE 2013

• Scottish Police Authority to Public Audit Committee, dated 29 April 2014
Public Audit Committee, 3rd Report, 2014 (Session 4) — Annexe C

- Scottish Police Authority to Public Audit Committee, dated 26 March 2014
- Scottish Police Authority to Public Audit Committee, dated 4 March 2014 (70KB pdf)
- Public Audit Committee to Scottish Police Authority, dated 13 February 2014 (8KB pdf)
- Audit Scotland to Public Audit Committee, dated 31 January 2014 (136KB pdf)
- Public Audit Committee to Audit Scotland, dated 16 January 2014 (8KB pdf)
- Scottish Government to Public Audit Committee, dated 5 February 2014 (156KB pdf)
- Public Audit Committee to the Scottish Government, dated 16 January 2014 (72KB pdf)
- Her Majesty's Inspector of Constabulary for Scotland (159KB pdf)
- Police Scotland (150KB pdf)
- Scottish Government (125KB pdf)
- Scottish Police Authority (150KB pdf)
- Correspondence from Cabinet Secretary for Justice, Scottish Government to Public Audit Committee, dated 11 December 2013 (138KB pdf)
- Correspondence from Public Audit Committee to Cabinet Secretary for Justice, Scottish Government, dated 26 November 2013 (67KB pdf)

WRITTEN EVIDENCE IN RELATION TO LEARNING THE LESSONS OF PUBLIC BODY MERGERS

- Scottish Government (244KB pdf)
- Scottish Government - Supplementary evidence (153KB pdf)
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