



OFFICIAL REPORT
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Justice Sub-Committee on Policing

Thursday 8 December 2016

Session 5



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JUSTICE SUB-COMMITTEE ON POLICING
4th Meeting 2016, Session 5

CONVENER

*Mary Fee (West Scotland) (Lab)

DEPUTY CONVENER

*Margaret Mitchell (Central Scotland) (Con)

COMMITTEE MEMBERS

*John Finnie (Highlands and Islands) (Green)

*Rona Mackay (Strathkelvin and Bearsden) (SNP)

*Ben Macpherson (Edinburgh Northern and Leith) (SNP)

*Liam McArthur (Orkney Islands) (LD)

*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Michael Matheson (Cabinet Secretary for Justice)

CLERK TO THE COMMITTEE

Diane Barr

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Justice Sub-Committee on Policing

Thursday 8 December 2016

[The Convener opened the meeting at 13:01]

Decision on Taking Business in Private

The Convener (Mary Fee): Good afternoon, everyone, and welcome to the fourth meeting in session 5 of the Justice Sub-Committee on Policing. Agenda item 1 is a decision on taking business in private. Are members content to take in private item 3, which is consideration of today's evidence, and item 4, which is consideration of our work programme?

Members indicated agreement.

John Finnie (Highlands and Islands) (Green): Convener, I should have flagged it up to you that I would like to make a declaration of interests. I am a police pensioner, and police pensions are mentioned in the papers.

The Convener: Thank you for that.

Scottish Government Policing Priorities and Budgeting 2017-18

13:02

The Convener: Item 2 is a financial planning evidence session. I welcome the Cabinet Secretary for Justice, who is accompanied by Don McGillivray, deputy director of the police division of the Scottish Government. I invite the cabinet secretary to make an opening statement.

The Cabinet Secretary for Justice (Michael Matheson): I am grateful for the opportunity to discuss policing with the Justice Sub-Committee on Policing. I am sure that members will want to discuss a number of issues and challenges, but I start by saying that we have a great deal to be proud of in relation to policing. Police officers and staff throughout Scotland do great work in our communities every day, and many parts of our police service are world class. As the Cabinet Secretary for Justice, I see my job as being to ensure that officers and staff, who show great commitment to keeping our communities safe, are effectively supported to do so.

The Government is responsible for providing the policy and legislative framework for policing and the broad financial envelope in which policing operates. The Scottish Police Authority and the chief constable are responsible for the planning and delivery of policing services.

In the past few months, we have updated a key part of the policy framework for policing, with the publication in October of refreshed strategic police priorities. The development of the new priorities was based on extensive engagement with local police scrutiny committees, other public services and third sector partners, as well as members of the public. The priorities mirror the expectations and aspirations that we have set out for many other public services. There is the need to adapt to the changing nature of our society and to be accountable for the actions that we take; the need to work closely with partners; and the need to ensure that, when a response is required from the police, it is effective. In line with the Christie principles, the need to work to prevent the requirement for such a response wherever possible, by addressing potential issues before they escalate, is equally important.

Most important is that the priorities stress the need to place the community at the heart of policing. Those aspirations are reflected in the seven priorities that we have set out: localism, inclusion, prevention, response, collaborative working, accountability and adaptability.

Police Scotland and the Scottish Police Authority are translating those priorities into a strategic change and development programme through the policing 2026 project. That will provide the service with a long-term vision and strategy for delivering transformational change in the coming decade, with a particular focus on what needs to be done over the next few years to move in the right direction.

I am clear that such change is necessary, and it must start now because of the changing nature of communities and the demands on the police. The strategy is due to be shared for consultation early in the new year.

In planning how to move forward, we must reflect on the solid progress that has been made. We have delivered a level of specialist policing capability across the country that previously would not have been possible. We now have significantly more local elected members involved in police scrutiny than we did before the reform. We are making good progress towards delivery of the police reform savings target of £1.1 billion by 2025-26.

Members will be aware that police finance has been the subject of significant attention recently. Within the funds that are available to the Scottish Government, we have offered real-terms protection to the police revenue budget to the end of this parliamentary session. That commitment compares well with those for other public services.

The SPA is forecasting an overall budget overspend for the current year of around £17.5 million, although the settlement that is linked to the i6 information technology project is likely to reduce that to some extent. Through policing 2026, the SPA and Police Scotland aspire to have a service that is fit for the future by improving the quality of the service to the public in a way that is sustainable and in keeping with the budget.

The required changes are significant and will not be achieved overnight. Members will be aware of the chief constable's public comment that he sees this taking two to three years to realise fully. Of course, actions by the United Kingdom Treasury to bring Police Scotland's VAT status into line with that of other police services in the UK would be a substantial help. The chief constable set out in June that, since its creation, Police Scotland has paid more than £76.5 million in VAT.

I look forward to working with the sub-committee as we seek to deliver our ambition for policing over the parliamentary session.

The Convener: Thank you for those opening remarks. The committee has a number of questions for you and I invite Stewart Stevenson to ask the first.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): In your opening remarks, I heard you talk about great work in our communities and about communities being at the heart of policing, and I heard reference to more elected members being involved in scrutiny and to the local scrutiny committees. My questioning is anchored around those themes.

In my area, the majority of—if not all—local councillors see that there is more effective collaboration, communication and working. Is that representative of what is happening across Scotland? Are there things still to do that will make the relationships between communities and the police even better?

Michael Matheson: I have been clear about the need to embed policing in our local communities. Policing is a success when it has the consent of the public. Communities play an important part in helping to reduce crime and in preventing it from occurring in the first place.

In the first couple of years of policing reform, the local scrutiny structure was not as effective as it could have been. That is why we carried out detailed work to look at how we could improve the operation of the scrutiny committees. That involved working jointly with the Convention of Scottish Local Authorities to look at how we could support the committees more effectively and ensure that they have an opportunity to feed directly into the SPA and into Police Scotland's senior officer structure, as and when it is appropriate to do so.

Some of that work is on-going—for example, COSLA is still looking at aspects of how it could improve the operation of the scrutiny committees. However, the general feeling is that the committees are operating more effectively. They have been given clearer direction regarding their role of looking at local policing plans, holding local commanders to account and considering how the plans are delivered. We have a local policing plan for each of the 32 local authorities, and they get broken down into individual ward plans.

We have been doing work in Police Scotland on how local scrutiny committees can escalate issues to senior officers in Police Scotland—that piece of work is still being taken forward—so that, if a committee is unhappy with the response that it receives from a local commander, or if it feels that there is insufficient progress in or attention being given to a particular area that it has concerns about, it has a mechanism to escalate the issue. If a committee feels that additional national resource is needed to support its local policing objectives or targets, that can be escalated as well. A considerable amount of work has been taken forward over the past year to embed localism

much more effectively in how policing is delivered at a local level.

There have also been operational changes in Police Scotland. Local commanders have been given greater scope to operate in ways that they believe more effectively reflect local circumstances, rather than everything being set at national level. Therefore, there is greater flexibility in the ways in which local commanders can respond to some issues.

A key part of the work that we carried out in developing the strategic policing priorities was engagement with local community groups and organisations such as COSLA. In the past, COSLA challenged us on how some aspects of local policing were being delivered and how the priorities were being set. The new strategic policing priorities were launched in partnership with COSLA, which is very supportive of the refreshed approach that we are taking to policing.

Stewart Stevenson: The convener is looking anxiously at her watch, so I will try to be concise. I am sure that the committee will help with that.

You talked about greater scope for autonomy for local commanders, and about the role of scrutiny committees in reviewing local policing plans. Does it work the other way round as well? Is there an opportunity for the scrutiny committees to propose changes? Clearly, the local commanders are at the centre of the needs of communities, but they are also at the centre of the national strategies. I want to test whether the communication works in both directions.

Michael Matheson: That is exactly what some of the work that we have been doing over the past year is trying to achieve—to make sure that there is that opportunity at the local level.

In taking forward a proposed local policing plan, local commanders look at what the national policing priorities are and then look at how those can be effected at a local level within their command. At the same time, they look at local issues that they want to address but which might not be reflected in the national priorities. They blend those together in a local policing plan that reflects those different priorities, to try to ensure that policing is delivered as effectively and efficiently as possible at a local level.

That process allows a local scrutiny committee to consider the plan before it is finalised. The committee can reflect on it, feed into the process and say to the local commander, “We do not think that you have the balance right. There are areas that we would like greater priority to be given to.” That engagement with local commanders shapes how those priorities are addressed in the finalising of a local policing plan. There is a considerable

amount of opportunity for the committees to engage.

13:15

Regional meetings involving the SPA, Police Scotland and local scrutiny committees to look at shared issues have also been taken forward. The aim is to bring those bodies together in a regional setting to explore issues and look at how matters can be progressed.

The approach is not perfect yet, but it is certainly moving in the right direction. It is being strengthened, and it is seen as a key priority in the work that we are doing with COSLA. COSLA sees it as a priority for it, as well, and Police Scotland and the SPA see it as an important priority.

Stewart Stevenson: In your previous answer, you referred to the consent of the public. That touches on the trust between the public and the police. That trust was somewhat eroded by the deployment of armed police, particularly in the Highlands. Are you now satisfied that the SPA provides effective governance over that so that there is no opportunity for public confidence to be eroded in any material way from that source and other similar sources?

Michael Matheson: I think that there is greater understanding of the sensitivities around those issues. Members of the sub-committee will be aware that there has been an uplift in the number of armed police officers in Police Scotland in recent months. The handling of and the approach to that were entirely different from how the matter was handled previously.

I am determined to ensure that, when such significant policy decisions are made, their policy and operational implications are properly understood and recognised. I am keen to give the sub-committee the assurance that that approach will govern how such decisions are taken forward in the future so that there is effective scrutiny, which the SPA does, alongside appropriate engagement at a national level on how policy changes might play out at a local level.

Liam McArthur (Orkney Islands) (LD): I want to follow up on that point. Stewart Stevenson fairly identified one of the issues that have been a source of tension. Stop and search is another obvious example.

I suppose that, until now, the challenge function has been provided by our predecessor sub-committee and the Parliament, but there have undoubtedly been concerns in Police Scotland, not just in local communities. Police officers have been concerned about what they saw as a Strathclyde model being rolled out across the board. This is not just about those two issues, as a

marker has now been set on them. What assurances can you give that the concerns in Police Scotland about similar issues in the future will be dealt with in a way that fully takes cognisance of how policing operates in different parts of the country, so that forces do not feel that a single model, whether that is a Strathclyde model or whatever, is being rolled out in an almost unthinking fashion in communities in which it is wholly inappropriate?

Michael Matheson: There is a danger of our straying into operational issues that are for the chief constable. There will always be elements in policing that will require a national approach. The challenge is whether the approach at a local level can be sufficiently nuanced to reflect local circumstances, for example in rural areas. In scrutinising, the SPA considers whether those issues have been considered in the course of any policy change or new approach that Police Scotland has proposed in operational matters.

The approach that the chief constable now takes is to give local commanders greater opportunities to reflect on how policing should be delivered in their local command areas in a way that is not set centrally for local commanders to follow. They have been given greater scope to be able to reflect local circumstances. That is an operational issue for the chief constable to determine, but there is very clear oversight by the SPA in ensuring that such issues are considered when significant policy matters are being looked at.

Liam McArthur: What you have described—very fairly, I think—is the latitude that is given to local commanders, but in a sense that is by permission whereas before there were chief constables in each of the legacy areas who were a balance of equals in relation to the police force generally. Now, the chief constable gives permission to local commanders. If local commanders do not agree with the position that is taken by the chief constable, how is that resolved? Is the SPA the clearing mechanism for concerns that are raised by local commanders?

Michael Matheson: We cannot get into a situation in which there is a right of appeal for a local commander to go behind the chief constable's back if they are not happy about decisions. Let me deal with the example of the deployment model for armed officers that was used in the early stages of Police Scotland. The reality is that three of the legacy forces were operating that model. Two of them had rolled it out extensively and were using armed firearms officers to respond to normal incidents. That had been happening, and the model was then deployed at a national level. In some areas that practice was being taken forward, but it was not a

national approach; it was the approach that those individual legacy forces had chosen to take.

We are trying to achieve a form of what I often describe as consistent flexibility. We want a level of consistency in how the service operates across the country, but there is a level of flexibility in that to reflect local circumstances and needs. For example, I do not expect the need for firearms officers on the streets of Orkney to be similar to the need in the central belt. Therefore, it is for the chief constable and the SPA to find a way in which they can have a deployment model that reflects the different levels of risk and potential demand, while at the same time making sure that there is a level of consistency in how the service operates overall.

I have no doubt that, if something happens in an area where there has been a different approach, people will ask why there has been a different approach. It is a matter of trying to get that balance, and it is an operational issue for the chief constable to decide how that can best be achieved across the country.

John Finnie: I understand the position that is often repeated by politicians about the three forces. It is not my intention to question it and I know that it is the position that is represented by Police Scotland, but it is certainly not my understanding of the position regarding Northern Constabulary.

I will move on to another issue—scrutiny, I agree that there has been tremendous improvement, not least in local policing and the nature of engagement with Police Scotland. You gave the example of the increase in the number of armed officers, when party leaders and justice spokespersons were brought together to have the rationale for that explained to them, and consensus was built around that decision.

One of the frailties of the previous model was that there was no one on local police boards who was qualified to a certain level of vetting to enable them to scrutinise the chief constable. That has been replaced by suitably vetted people doing that scrutiny centrally. What is the relationship between that and local policing, particularly with regard to controversial areas such as surveillance? There must be some cross-communication about counterterrorism, for example.

Michael Matheson: Are you referring to the external scrutiny of the actions of Police Scotland and the chief constable in those matters.

John Finnie: Formerly, police boards and committees could scrutinise chief constables on everything except counterterrorism, for instance, because they would need to have been cleared to a certain level of vetting prior to being able to do

that. I understand that that has been replaced with central vetting.

Michael Matheson: There is a level of that, which is taken forward by the SPA. At a national level, there is also a CONTEST—counterterrorism strategy—board, which brings together a range of partners who are involved in the CT environment to look at our approach and ensure that we have the appropriate state of preparedness. That meets on a regular basis and is chaired by the director general for learning and justice, Paul Johnston. That brings in the police and other stakeholders as well, who all have a part to play.

There is external scrutiny of the way in which Police Scotland takes forward some of these policy areas. We also engage with partners in other parts of the UK to compare the approaches that we are taking. There is consideration of how the police are dealing with such matters.

When it comes to issues such as surveillance and interception, there are robust external scrutiny processes, such as the interception of communications commissioner and the surveillance commissioners. They are responsible for independently looking at the way in which Police Scotland operates in those areas and reporting on that. Mr Finnie will be aware of the report on issues relating to interception in the counter-corruption unit that came out in the last year or so, which came about as a result of an inspection. That regime will change following the Westminster Investigatory Powers Act 2016 and there will be a single commissioner with responsibility. That role continues to have external oversight and there will continue to be robust external oversight of the way in which Police Scotland operates in covert areas.

John Finnie: That is very reassuring. It would seem passing strange to others if I did not mention the Pitchford inquiry. We have been engaged in correspondence about that. You have addressed the current situation, but concerns remain about the past. Could you do the equivalent of the Pitchford inquiry to address those concerns, which are held by people from a wide range of backgrounds, including environmentalists and trade unionists, who have been wronged by the police service?

Michael Matheson: I understand the concerns that members have raised and, where individuals believe that there has been wrongdoing, I have repeatedly asked for that evidence to be presented to me. I will always consider such information.

John Finnie will be aware that, as soon as the Scottish Parliament became responsible for those policy areas, I directed Her Majesty's inspectorate of constabulary in Scotland to undertake a review

of police surveillance tactics and approach. The terms of reference for that review are still to be finalised. It will be led by HMICS and the chief inspector, Derek Penman. Once that piece of work has been done, we will consider whether there are further measures that need to be taken.

I am still of the view that the most effective way to consider those issues would have been for the Pitchford inquiry to have been able to examine issues in Scotland. Those issues relate to a national unit that was based in the Metropolitan Police—the officers at that time were not in our jurisdiction but were in the jurisdiction of the Home Office and the Home Secretary. Some of their operations meant that those officers came into Scotland. Members will be aware that the Northern Irish justice minister is of the same view as I am that it would be better to consider those issues in the Pitchford inquiry.

I know that the legal adviser to the Pitchford inquiry has given some clarification as to how the inquiry will consider those issues should they arise during the course of the inquiry. We will consider whether further measures are necessary once we have received HMICS's report.

Rona Mackay (Strathkelvin and Bearsden) (SNP): Cabinet secretary, you have talked about the importance of community cohesion. Are you concerned about the lack of black and minority ethnic police officers in Scotland? Are any steps being taken to encourage more people from those communities to consider policing as a career?

Michael Matheson: It is important that Police Scotland recognises that its service needs to reflect the communities that it serves, which means ensuring greater diversity in the police force. Since last year, Police Scotland has undertaken a number of measures to try to increase diversity in the force, and it has also made some policy announcements.

Police Scotland has created the positive action team, which goes to particular types of events to try to encourage people from minority ethnic groups to consider a career in the police service, whether as an officer or on the staff side. That work has been carried out since last August, and Police Scotland has attended a whole range of events in order to promote careers in Police Scotland to people from minority ethnic groups.

Work has also been taken forward to change some of the criteria that the organisation uses. For example, Police Scotland announced that individuals requiring to wear a hijab if they joined the police could do so as part of their standard uniform. It also removed the requirement for a driving licence, as that was seen as a potential barrier to those from minority ethnic groups who might join the service, and it developed a buddying

system to try to support them. A range of work is taking place.

The chief constable has previously stated in a public forum that he recognises the need to make sure that the service is reflective of the communities that it serves. The police service is not yet where it needs to be on that; there is a lot more work to be done, and I want to encourage the service to do whatever is possible. However, it has certainly started a range of work to address those issues.

13:30

Rona Mackay: On staffing levels, is the current staffing complement fit for purpose, and is the police force well enough equipped to deal with evolving crime trends? What impact has the VAT bill had on the staffing level? We are talking about a considerable amount of money, and I understand that the requirement to pay VAT has now been extended to the emergency services mobile communications programme.

Michael Matheson: I will deal with the question in two parts, although they are linked.

On staffing, the committee will be aware that, with the amalgamation of 10 organisations and with the eight legacy forces, there has been a significant level of staffing change in the service. Although there has been a transition over the past couple of years, effective transformation within the service and the right balance between civilians and officers in order to get the correct mix of staff have not yet been achieved.

As the chief constable has stated, the new and emerging threats that we face—for example, around cybercrime—require the service to have the right type of expertise in its staffing complement to deal with the issues effectively, and the work and thinking on how to achieve the right staffing mix are key parts of the policing 2026 strategy. The strategy looks at the potential demands facing the service in the next 10 years, as best as can be predicted given the increasing levels of vulnerability, the ageing population and the fact that the ways in which people contact the police service are changing significantly. This is all about making sure that the service has a clear strategy and direction for the next 10 years and about how it should meet the challenges, and that will include looking at the mix of staff and officers in the organisation.

There is no doubt that the VAT bill is a significant element in some of the financial challenges that Police Scotland faces. As the chief constable has already set out, Police Scotland has, since its inception, already paid some £76.5 million in VAT. As for the emergency mobile communications system that will replace the

Airwave system used at present by the emergency services, particularly the police and fire services but also the ambulance service, and which we and the Home Office are working jointly on, the cost of irrecoverable VAT to Police Scotland over the lifetime of the new system is likely to be in the region of £64.7 million.

The part that I find particularly unacceptable is that, of the forces and fire services across the UK that are engaged in the development and consideration of the new programme, the only territorial forces around the table that will not be allowed to recover VAT are Police Scotland and the Scottish Fire and Rescue Service. That is another potential area of irrecoverable VAT that Police Scotland will lose out on and which other forces and fire services in the UK will be able to recover.

The Convener: I see that Liam McArthur and Margaret Mitchell want to ask supplementaries. Cabinet secretary, I appreciate the fullness of your answers, but I must ask you to be a bit more concise, as we have a number of questions that we still need to get through.

Michael Matheson: I will try my best.

Liam McArthur: And so will I, convener.

Cabinet secretary, you spoke earlier about the balance between police officer numbers and civilian staff numbers. I take what you have said about the unpredictability of what will happen over the next 10 years as an indication that you will be moving away from a hard-and-fast guarantee of police officer numbers. In a sense, that would address one of the concerns about the number requirement at the moment—in other words, the disproportionate reduction in civilian staff and its impact on the service's ability to perform.

Michael Matheson: Police Scotland is taking forward the 2026 strategy to give it the space and opportunity to take a look at the next 10 years and consider what the right mix should be and how we make sure that we have a responsive, agile service that is sustainable, live within its financial means and deliver a good quality of service to the public. That is an important part of the wider work around the 2026 strategy, because we need to make sure that the service has the right mix of expertise to meet those new and emerging demands and that it can deliver the best possible service to the public when they contact it.

Liam McArthur: But that will not involve setting out a specific number of officers.

Michael Matheson: In the present financial year, we have made it clear to Police Scotland that we expect it to maintain the commitment to having about 1,000 extra police officers. I am also clear that the service in the coming years must reflect

the changing demands that it faces. Once Police Scotland has completed that piece of work, we will have an opportunity to discuss what that might look like in the future.

The Convener: Before I bring in Margaret Mitchell, I want briefly to ask about vulnerable people. The police quite often spend a considerable amount of time giving support and assistance to vulnerable people, whether they be the elderly, the young or individuals with mental health problems. I know that the police have a number of initiatives but how are you going to support them and ensure that there is enough resource for the police to do their job of protecting vulnerable people?

Michael Matheson: I should put my remarks in context by pointing out that Police Scotland deals with more than 3 million 101 and 999 calls a year. Almost 80 per cent of those calls are not about crimes, but about missing persons and other issues such as vulnerabilities that the police find themselves having to deal with.

That is not just a challenge for Police Scotland; it is a challenge for the public sector to be much more effective in addressing the needs of those with those types of vulnerabilities. For example, I do not believe that at the moment our services deal effectively with individuals who present in distress and who might have an underlying mental health issue. There is no other out-of-hours service, so people's default is to contact the police. The police then have to deal with the situation; they might take someone to an accident and emergency department and find themselves there for several hours, only for the person sometimes to be discharged with no other immediate service input.

The challenge in the future, I believe, is for Police Scotland to collaborate with other parts of the public sector, including our health service, local authorities and third sector organisations, so that we meet those individuals' needs much more effectively. The policing 2026 strategy will also look at how those types of demands on the police service can be better managed. Some of the work that has been taken forward by Police Scotland with us in Government is about what we can do to foster greater collaboration within the public sector to meet some of those demands.

I am conscious that I am taking up time, convener, but I just want to say that the Netherlands is testing out a first-responder type of service to deal with individuals who present in distress and who have mental health issues. It is the same as the way in which we use first responders to deal with someone who has been physically injured in an accident. There is a need for our public sector to respond much more effectively to such issues. I am keen to see

progress being made, but it will require collaboration across public services.

Margaret Mitchell (Central Scotland) (Con): Cabinet secretary, in your opening statement and during the questioning, you referred to the VAT liability that Police Scotland has incurred. Can you confirm that the Scottish Government rejected proposals from the Treasury to channel funding for Police Scotland through Scotland's local authorities? Had it not rejected those proposals, Police Scotland would not have had any such liability. Is it not the case that that was done because the Scottish Government at that time considered that the projected savings would far outstrip the cost of VAT liability?

Because we have a centralised service, Police Scotland has to pay VAT, just like the British Transport Police, the Ministry of Defence police and the Civil Nuclear Constabulary. There is no hiding place. Is this not a mess of the Government's own making?

Michael Matheson: I am not aware of the offer that the member has referred to. My problem is that the Treasury seems to give nationally funded organisations the right to recover VAT when it suits it and not when it does not suit. For example, the member referred to BTP, the CNC and MOD police, but they are UK-wide forces. Police Scotland is the only territorial force in the whole of the UK that is unable to recover VAT.

Since the decision not to allow Police Scotland to recover VAT, the Treasury has sought to give other nationally funded services that right. There is an element of double standards there. No matter what the debate was back when Police Scotland was created, and no matter the warnings that that would be one of the consequences, that does not make it right. Right now, Police Scotland is getting a double whammy from the UK Government. Not only does it have to live within more limited budgets as a result of the austerity policies that are being pursued by the UK Government, it is not able to recover VAT. If the Treasury can find it within itself to allow the Olympics legacy agency or nationally funded academy schools to recover VAT, it can apply the same standards when it comes to one of Scotland's most important public sector services. Our police and fire and rescue services should be put on an equal footing with other territorial forces in the UK and allowed to recover VAT.

Margaret Mitchell: We have had a pretty good shot at this, but I remind you that VAT is meant to prevent additional burdens in local taxation. When you took the decision to create a centralised police force, you knew that it would incur VAT and that there would be no exemption in that respect. For the exemptions that you have mentioned, there must be a distinct policy reason, and no such

policy reason was forthcoming from Police Scotland.

We have hammered this to death. There is clearly a difference of opinion—and it is not just from me. Unison's police staff in Scotland has criticised the Scottish Government for calling for the VAT bill to be scrapped a full three years after ministers were first told that, if they proceeded with the reforms, the service would have to pay vast amounts of money that should be going into front-line services. You simply cannot come here and blame everyone else for a decision that the Scottish Government took with its eyes wide open.

13:45

Michael Matheson: You are right that there is a policy distinction: the UK Government chooses to apply the policy when it suits it. As far as VAT recovery is concerned, it clearly does not suit the UK Government to apply that policy. It has been happy to give the right to recover VAT to other nationally funded services that have been created since Police Scotland was created, but it continues to refuse to enable Police Scotland and the Scottish Fire and Rescue Service to recover VAT.

The reality is that the UK Government is applying double standards on this matter, and it is potentially damaging key public services in Scotland. I hope that all members of the committee who recognise the important and valuable role that the police and fire services play in our communities would support the Scottish Government in trying to get the UK Government to see the light on the issue and stop discriminating against those services.

Ben Macpherson (Edinburgh Northern and Leith) (SNP): I also remind the committee that, at our previous meeting, Andrea MacDonald of the Scottish Police Federation said in relation to the VAT issue:

"It remains unfathomable why the Westminster Government continues to punish Police Scotland in that way."—[*Official Report, Justice Sub-Committee on Policing*, 24 November 2016; c 24.]

The Convener: Does Margaret Mitchell want to follow up with questions about the budget?

Margaret Mitchell: Yes. Perhaps we can bring in Mr McGillivray, given that he has been here for 45 minutes and we have not heard from him at all. At our meeting on 24 November we were told that police officers' representatives and staff had been excluded from discussions on financial planning. Do you think that that is acceptable, Mr McGillivray? Does the cabinet secretary consider it acceptable?

Michael Matheson: If the convener does not mind, I will respond on behalf of the Scottish

Government and bring in my officials as appropriate.

The involvement of staff representative organisations and unions in financial matters should be taken forward in any public sector organisation. When the draft budget is published, I expect Police Scotland and the SPA to engage with trade unions and staff representative organisations on planning and taking forward the budget at a localised level. I expect any part of the public sector to do that: when a public sector organisation is setting its budgets and considering how to take them forward, it should engage with staff representative organisations on the issues that might arise.

Margaret Mitchell: The SPF went further and said that it considered itself to be frozen out of the talks. We know that the strategy is due to be published in mid-January without the SPF being consulted at all.

The convener asked you about the demands on policing. Recorded crime might be falling, but the demands on policing are going through the roof. We know about the difficult situations the police are dealing with—public protection and people with mental health issues, for example—all of which place more demands on the police. The SPF is concerned that those demands are not being recognised in the funding and that funding might be taken away because, if recorded crime is down, what are the police doing with the rest of their time? The SPF has put down a strong marker that staff want to be recognised and listened to, but so far that has not happened. Is that acceptable, cabinet secretary?

Michael Matheson: You might be confusing several different issues. Of course, those are the same staff organisations who support Police Scotland's right to recover its VAT, which would, of course, assist in meeting some of the financial demands on the service—

Margaret Mitchell: We have covered that issue, cabinet secretary. You seem preoccupied by it—

Michael Matheson: The member has confused several issues, so let me deal with a couple of them. Finances and the financial planning that goes on in the SPA and Police Scotland is not the 2026 strategy. The unions and the police representative bodies, whether we are talking about the Association of Scottish Police Superintendents or the Scottish Police Federation, have been involved in that process and will continue to be involved, and a draft strategy for public consultation will be published in January.

The member referred to financial planning. The budget that will be published next year will allow Police Scotland and the SPA to undertake financial planning and engage with their staff and

trade union representatives as any other public sector organisation would and as I expect them to. With all due respect, the member is confusing two separate issues that are being taken forward at present.

Margaret Mitchell: I imagine that the two are interlinked, cabinet secretary, because the demand is there now—the financial planning pressures are now—and it is the resource issue that the Scottish Police Federation is talking about.

Let us concentrate on financial planning. It is at a stage at which the SPA is looking at it and has had detailed discussions on it. The Scottish Police Federation feels that it has been frozen out. It is not me saying that—it is the federation. There is a communication difficulty at the very least because there is a perception among our hard-working rank-and-file officers that their views are simply not being taken into account at the most important points—when people are beginning to look at budgets, forming views on budgets and coming up with a plan.

Michael Matheson: I can only reiterate the point that I have made. I expect the SPA and Police Scotland to engage with staff and trade union representatives in a meaningful way when they know what their budget will be. The draft budget for the forthcoming financial year will not be published until next week. There will then be an opportunity for Police Scotland and the SPA to consider what further engagement would be appropriate.

However, that is entirely separate from your suggestion that the federation and the unions have not been involved in the policing 2026 strategy work. They clearly have been.

Margaret Mitchell: I take the point about the strategy work, but there are clearly pressures now, and they have been increasing over the years. They were increasing as we waited for the strategy, which we have been waiting for for quite some time. However, we have killed that debate and I am heartened that you have at least acknowledged that it is absolutely crucial that staff are involved, even if you have not acknowledged that it is unacceptable that they have not been involved so far. I still consider that that is unacceptable, and I think that they do, too.

Let us move on to i6, which is another area of financial planning—

The Convener: Before we move on to i6, Stewart Stevenson will ask a supplementary question.

Stewart Stevenson: Cabinet secretary, do the police know what their budget for next year is, and are they in a position to talk about it to anyone?

Michael Matheson: Like other parts of the public service, the police will find out their budget next week, when the finance secretary publishes the draft budget. I expect that there will then be an opportunity for engagement with staff and trade union representatives in all our public services about what those budgets will look like.

Margaret Mitchell: That suggests that they do not have a clue what they want until they see the budget, but we all know that that is not the case. The police are quite focused and know exactly where they want the resources to be targeted, regardless of the budget.

How much money was spent on i6 before the contract was terminated?

Michael Matheson: I think that the SPA and Police Scotland spent around £17 million on i6.

Margaret Mitchell: So, it is not true to say that there was no financial detriment from that information and communication technology project being cancelled.

Michael Matheson: Sorry—what do you mean by that?

Margaret Mitchell: There is a statement saying that the project was terminated in July 2016 and that it would result in no financial detriment to the police budget. That is slightly different from acknowledging that £17 million was spent on a system that has not come to fruition. Is it the case that £17 million was spent up to the point at which the i6 contract was terminated?

Michael Matheson: Margaret Mitchell is also confusing this issue. There was no detriment because the contract was cancelled by the SPA. There was no detriment to the public purse from the settlement that was agreed—

Margaret Mitchell: I understand that perfectly.

Michael Matheson: —because Accenture accepted that it was unable to deliver what had been set. There was no detriment to the public purse.

Margaret Mitchell: But £17 million was spent going through the process.

Michael Matheson: The SPA had a settlement with Accenture on the basis of its failure to deliver what it had been paid for, and that settlement ensures that there was no detriment to the public purse.

Margaret Mitchell: Is that every single cost? Every man hour spent, every meeting that was held—has all that been accounted for?

Michael Matheson: I do not know that I can be any clearer, other than to say that, with regard to the money that was spent by the SPA and Police

Scotland for Accenture to develop i6, there was no loss to the public purse.

Margaret Mitchell: So we have a clear and detailed estimate and outline of every single penny that was spent.

Michael Matheson: I can give you an absolute assurance that there was no financial detriment to the public purse.

Margaret Mitchell: What about the detriment of time lost with these efficiency savings and the six things that were germane to making Police Scotland more efficient? Those things are now all gone.

Michael Matheson: The compensation that the SPA has received from Accenture reflects some of the wider issues over and above the financial aspect of detriment to the public purse. The Parliament's predecessor sub-committee on policing recognised that the problems with i6 did not happen just as a result of Police Scotland. They go back many years to the legacy forces trying to develop a single police computer system for all the forces. When the predecessor committee considered the issue in February—if I recall correctly—it recognised that the failure in the delivery of i6 was not a failure on the part of Police Scotland but a result of the private sector company failing to deliver on the contract that it had committed to. It was a private sector failure rather than a public sector failure.

The fact that there has been no detriment to the public purse is a reflection of the very tight contract and the oversight that Police Scotland and SPA applied to make sure that there would be no financial detriment to the public purse if Accenture failed to deliver. Police Scotland has said that, now that it has drawn a line under i6, its future approach will be to look at developing IT system modules to address some of the areas that i6 was intended to address.

I hope that Margaret Mitchell and other committee members fully recognise that there has been no financial detriment to the public purse as a result of the cancellation of i6.

Margaret Mitchell: Equally, we are way behind the ball.

I think that another member has a question.

Liam McArthur: The savings targets around the time that the legislation was being considered were, I think, £100 million for 2016-17 and £101 million for 2017-18. Do those targets still pertain?

Michael Matheson: Are you referring to the £1.1 billion over the course of police reform?

Liam McArthur: Yes.

Michael Matheson: Until 2025-26.

Liam McArthur: Yes, but for 2016-17 the target was £100 million and for 2017-18 it was £101 million.

Michael Matheson: During the past three years, there have been recurring savings that will accumulate to £880 million by 2025-26. Police Scotland has gone over some of the savings targets that it had intended to reach in each individual year. It is still projected to be on target by 2025-26.

Liam McArthur: It is interesting that you say that. Although I take your point on there being no financial detriment on i6, a couple of weeks ago we were told something else by witnesses, including from the ASPs.

The ASPs's submission says:

"Most of the savings were predicated upon significant investment in the service's IT infrastructure through creation of a single IT solution".

Gordon Crossan even said:

"I have significant concerns that many of the savings that were predicted were dependent on the IT solution that has not materialised but our budget is still expected to reflect those predicted efficiency savings."—[*Official Report, Justice Sub-Committee on Policing*, 24 November 2016; c 4.]

I am interested to know how those points square with each other. The delivery mechanism for the savings appears to have been undermined, but you say that there is no financial detriment from the project.

14:00

Michael Matheson: It would be wrong to categorise i6 as being the way in which the savings were to be achieved. I have set out that the police are significantly already on course to achieve those savings, without—

Liam McArthur: Was the expectation that i6 would deliver the savings towards 2025—

Michael Matheson: Some of the measures within i6 would have helped to create greater efficiency in the service and contribute towards savings. However, i6 was not the tool that would deliver the savings, because a significant amount of them had already been achieved, and we are on course to hit the 2025-26 target.

As I mentioned, in the first three years, we saw the transition to a single police service in Scotland but we have not seen the transformation within the organisation. That will be a key part of the 2026 strategy. There is a view that still greater efficiencies can be found on the corporate side of the organisation and those need to be realised to improve its efficiency and how it provides services, supports officers and serves the public. The 2026

strategy will assist in ensuring that the service continues to move forward.

The savings are projected to be on target for £1.1 billion up to 2025-25. As I have mentioned, £880 million of recurring savings have been identified and achieved.

Liam McArthur: I struggle to understand how that squares with the ASPS's suggestion that

"Most of the savings were predicated upon significant investment in the service's IT"

and Gordon Crossan's comment that

"the savings that were predicted were dependent on the IT solution that has not materialised but our budget is still expected to reflect those predicted efficiency savings."—[*Official Report, Justice Sub-Committee on Policing*, 24 November 2016; c 4.]

Michael Matheson: It would be fair to characterise that as part of the process that would contribute towards the savings—

Liam McArthur: The ASPS is wrong.

Michael Matheson: You would have to clarify with the ASPS exactly on what basis it made that assertion. The financial memorandum that accompanied the Police and Fire Reform (Scotland) Bill said that the savings were not predicated on the delivery of i6.

Liam McArthur: Gordon Crossan also suggested that

"we are about £80 million short of a sustainable budget to deliver the policing that the public expects.—[*Official Report, Justice Sub-Committee on Policing*, 24 November 2016; c 4.]

He was pointing to the £55 million of reform money and, I think, suggesting that it is propping up policing. In the absence of the i6 solution, what commitment can you give that the £55 million of reform funding will remain in place to plug at least part of the £80 million gap that the chief superintendent suggests exists?

Michael Matheson: It is for the ASPS to explain the £80 million figure. The financial memorandum that was set out alongside the bill when it went through Parliament said that the reform budget was for the first three years. We have extended that for a further year into this financial year—that is the additional £55 million.

Liam McArthur: You are saying that that will be required on an on-going basis.

Michael Matheson: You are tempting me, I am sure, to pre-empt what the Cabinet Secretary for Finance and Constitution will announce next week. I will have to disappoint you and say that you will have to wait until this time next week to hear what he has to say on the reform budget.

Liam McArthur: You could have had an exclusive, cabinet secretary. Gordon Crossan was making the point that, whether the figure is £80 million or thereabouts, it is a quantum above the £55 million of reform funding. That is now the gap in the policing budget, which is incurring an overspend as things stand.

Michael Matheson: Bear in mind that we have given real-terms protection to the police budget for this parliamentary session, and that will allow an additional £100 million to be invested in policing.

Anything over and above that from the reform budget—which was, I stress, for the first three years and extended for a further year to allow us to invest the further £55 million into police reform—will have to be considered in the new budget, which will be announced next week. However, I assure the member that providing real-terms protection allows for an additional £100 million to be invested in policing in Scotland in this parliamentary session.

Liam McArthur: Even so, do you not accept that it still appears to be inadequate? It was suggested to us that the overspend was estimated to be around £18 million earlier this year. In August, we were told that it was up to £21 million and, in October, it was £27 million.

Michael Matheson: You will be able to assess whether the police budget is adequate once the budget is published next week. If parties around the table do not believe that it is, they are free to propose an amendment to it.

Liam McArthur: Is it sustainable for the overspend to have that trajectory?

Michael Matheson: One of the key parts of the policing 2026 strategy work that Police Scotland and the SPA are doing is to ensure that the police service is financially sustainable. If other parties in the Parliament think that more money should go into the police, they will be free to propose an alternative budget in an amendment to the draft budget.

Liam McArthur: Rona Mackay's earlier point about staffing levels in the force tends to suggest that the 2026 vision will take a bit of a hatchet to staffing levels to get the overspend into alignment.

Michael Matheson: You might wish to characterise the situation in that way but it is completely wrong. It is important for the Police Service of Scotland to have a clear sense of the way in which it will deliver its services to the people of Scotland during the next 10 years—public safety and security, the prevention agenda, the new and emerging demands that the service faces and the way in which it works with other parts of the public sector to fulfil some of those demands. It is good planning for the police to carry

out such work to ensure that they have a sustainable policing model and the right staff to deliver what we expect in the face of growing threats such as cybercrime, as we have set out in the strategic policing priorities and as the public would expect them to do.

The right thing to do is to ensure that we look forward over the next 10 years and think about what we need so that we can meet the demands much more effectively and ensure that the service is sustainable. I do not think that any member would seriously say that any part of our public sector has a blank cheque with which to run its service or that it does not have to acknowledge the financial environment in which it operates. However, the police also have to think about the challenges that they face to ensure that they deliver a service that is relevant and that the people of Scotland expect from them. Policing 2026 is about ensuring that the police can do that effectively.

The Convener: We are moving into our final five minutes and I still have two or three people who want to ask questions, so I ask everyone to be extremely concise.

Stewart Stevenson: To close down questions on the i6 system, do you agree, cabinet secretary, with a previous postgraduate lecture on computer projects that computer systems never save money? The money is saved by what the computer systems enable. In other words, it is saved elsewhere in the organisation and, if computer projects consider only the computer, they are a waste of time. They have to consider the system holistically—the organisation, how people operate with one another and the business that they are in. The changes in the way that people operate and the way that their business is run generate the savings. Therefore, as we go through a computer project, we will make organisational changes that provide benefits even if the computer is taken out of the equation, albeit that the computer will ultimately provide the additional benefit that justifies the expenditure.

Michael Matheson: Stewart Stevenson is not the person with whom I should get into an argument about computer systems, given his expertise in the field. ICT should help officers and staff in the organisation to provide a service; it is not an end in itself. The idea behind i6 was to achieve that but, as it has said, the SPA is minded to take a modular approach to future ICT investment and do it in a way that enables officers and staff in Police Scotland to provide the best possible service to the public.

Liam McArthur: The cabinet secretary will be aware of the report from Her Majesty's inspectorate of constabulary about reports of sexual exploitation by around 300 police officers

south of the border. The findings are truly appalling and have given rise to widespread concern among the public and, I imagine, among the majority of police officers. What assurances can the cabinet secretary give the committee and the Parliament that there is a clear pathway for any similar concerns to be raised and properly investigated in Scotland?

Michael Matheson: Irrespective of whether someone is an officer in the police service, such matters need to be treated very seriously and investigated thoroughly. I assure Liam McArthur that Police Scotland is gathering data to allow comparison with statistics in the HMIC report to consider the matter. Once it has completed that process, it will consider whether it needs to take any measures. We need to ensure that, if anyone has been abused in any shape or fashion, there is a clear process for the matter to be investigated thoroughly.

Liam McArthur: Will you come back to Parliament in due course if that is appropriate?

Michael Matheson: If I think that measures are required, I will do so. If it would be useful, I am happy to keep the sub-committee engaged with the process once Police Scotland has carried it out.

The Convener: That would be helpful.

As there are no further questions for you, cabinet secretary, I thank you for attending and the manner in which you answered questions.

14:12

Meeting continued in private until 14:25.

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