



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Public Audit and Post-legislative Scrutiny Committee

**Thursday 2 March 2017**

**Session 5**



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Pàrlamaid na h-Alba

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**PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE**  
**6<sup>th</sup> Meeting 2017, Session 5**

**CONVENER**

\*Jenny Marra (North East Scotland) (Lab)

**DEPUTY CONVENER**

\*Liam Kerr (North East Scotland) (Con)

**COMMITTEE MEMBERS**

\*Colin Beattie (Midlothian North and Musselburgh) (SNP)

\*Monica Lennon (Central Scotland) (Lab)

Alex Neil (Airdrie and Shotts) (SNP)

\*Gail Ross (Caithness, Sutherland and Ross) (SNP)

\*Ross Thomson (North East Scotland) (Con)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Andrew Flanagan (Scottish Police Authority)

John Foley (Scottish Police Authority)

Chief Constable Philip Gormley QPM (Police Scotland)

Paul Johnston (Scottish Government)

Don McGillivray (Scottish Government)

David Page (Police Scotland)

Kerry Twyman (Scottish Government)

**CLERK TO THE COMMITTEE**

Terry Shevlin

**LOCATION**

The James Clerk Maxwell Room (CR4)



## Scottish Parliament

### Public Audit and Post-legislative Scrutiny Committee

Thursday 2 March 2017

[The Convener opened the meeting at 09:00]

### Decision on Taking Business in Private

**The Convener (Jenny Marra):** Good morning and welcome to the sixth meeting in 2017 of the Public Audit and Post-legislative Scrutiny Committee. Please switch off electronic devices so that they do not affect the committee's work.

Agenda item 1 is a decision on whether to take item 3 in private. Do members agree to do so?

**Members** *indicated agreement.*

## Section 22 Report

### “The 2015/16 audit of the Scottish Police Authority”

09:00

**The Convener:** Under agenda item 2, we will take oral evidence from two panels on the Auditor General for Scotland's report, “The 2015/16 audit of the Scottish Police Authority”. I welcome to the meeting John Foley, chief executive of the Scottish Police Authority; Andrew Flanagan, chair of the board of the Scottish Police Authority; Philip Gormley, chief constable of Police Scotland; and David Page, deputy chief officer in Police Scotland.

Before I invite Andrew Flanagan to make an opening statement, I want to put the evidence session into context. Policing is a crucial public service, and it is vital that the people of Scotland have full trust in the capabilities of those who lead the SPA and Police Scotland. However, when we took evidence from the Auditor General, she said that the SPA has not yet

“been able to demonstrate that it is living up to the standards that are expected of people who are responsible for spending public money.”

She highlighted on-going and unacceptable weaknesses of financial leadership in both the Scottish Police Authority and Police Scotland, and confirmed that she had not before prepared audit reports in consecutive years

“on such a relative lack of progress in such a significant area.”—[*Official Report, Public Audit and Post-legislative Scrutiny Committee*, 26 January 2017; c 30-1.]

I will highlight briefly some of the more alarming specific concerns that the Auditor General and her colleagues from Audit Scotland highlighted to us, which we will interrogate fully this morning.

A potential funding gap of almost £200 million faces the SPA and Police Scotland. That has been described as a “conservative” estimate.

It is not clear what reforms have been achieved from the £200 million-worth of reform spending.

The SPA approved a one-line budget for Police Scotland of almost £1 billion with very little detail on what the money would be spent on. That situation has been described as “not acceptable”.

There were numerous errors in the valuation of assets that were held for sale and investment properties.

Very unusually, Audit Scotland received nine draft versions of the SPA's annual report and accounts to audit.

Finally, I repeat the Auditor General's recommendation that she has made since November 2013: the SPA needs to develop a long-term financial strategy. In fact, the Auditor General considered a financial strategy to be of such importance that she and her colleagues referred to it 19 times in their oral evidence to us. That stands in sharp contrast with the SPA's written submission to the committee, which made no reference at all to a financial strategy, and the SPA did not consider it worth mentioning to the committee that it has prepared an action plan for the Auditor General's section 22 report, which was presented at its board meeting last Friday.

I invite Andrew Flanagan to make an opening statement.

**Andrew Flanagan (Scottish Police Authority):** Good morning, committee. Thank you very much for the opportunity to make some introductory remarks.

The written submission that John Foley provided last week gave further context for the 2015-16 audit, so I will restrict my remarks to the development of the operational and financial strategy to bring policing in Scotland on to a sustainable footing.

As the Auditor General has indicated to the committee, there is a projected revenue deficit in the policing budget. Our own detailed work indicates that, without an effective transformation plan, that deficit would be around £60 million in the coming financial year. The Auditor General has given a projection of what that deficit might look like over the remaining years of this parliamentary session, and I take no issue with her projections, although they are on the basis that no remedial action would be taken.

As the Scottish Government has not conducted a spending review beyond 2017-18, it is more challenging to state with accuracy what the deficits may be beyond the next year, as that would necessitate an assumption about funding levels. Given the indications from the Scottish Government that it will protect the policing budget in real terms, our assessment is that a deficit of around that level would be an on-going feature.

The key variable in all that is the assumption that there will not be an effective transformation plan. I would like to be clear with committee members today that both the SPA and Police Scotland have identified the clear strategic need for just such a transformation plan. Earlier this week, we began that process, addressing the twin issues of service development and financial sustainability with the launch for public consultation of "Policing 2026: Our 10 year strategy for policing in Scotland".

Subject to the outcome of that consultation, Police Scotland will develop three-year implementation and financial plans. The SPA will then approve those plans and hold Police Scotland to account for their delivery. The Scottish Government has given the SPA a commitment to continued funding of £61 million for 2017-18 to support reform and change; that is very welcome.

Our initial focus for that investment will be on the transformation of Police Scotland's corporate services and business support functions, and on improvements in officer productivity. Corporate services and business support functions will be leaner and will operate with fewer people as they are transformed. We will support our staff through that process with a continued commitment to consultation, no compulsory redundancies and retraining where possible. There will be no change to the number of police officers next year but, as operational productivity increases, Police Scotland will be able to reduce the levels of recruitment of police officers over 2018-19 and 2019-20.

Through its governance and scrutiny role, the SPA will ensure that phased and modest reductions in officer recruitment will take place only after we have seen demonstrable improvement in Police Scotland's operational capacity. We do not believe that it is possible to move faster to achieve financial balance. There are only three major cost elements: officer pay, staff pay and non-pay costs. Officers cannot be made redundant; redundancy for staff is not compulsory; and the current voluntary redundancy/early retirement scheme often results in up-front costs equivalent to a year's salary. Non-pay costs are not sufficiently large to release the required level of savings; in any event, we are often locked into contracts of more than one year in length.

The only realistic way of moving towards a position of financial balance by the end of 2017-18 would have been to begin to reduce officer recruitment without having an effective transformation plan in place and before improvements in officer productivity had been realised. That was not an approach that the SPA considered to be prudent or consistent with our responsibilities to maintain policing or to achieve best value; nor would it have been an approach that the chief constable considered acceptable in terms of operational viability and risk.

Instead, we expect that the early benefits of investments in 2017-18 will result in a reduction from the predicted operating cost deficit, but will not immediately eliminate it. However, we are confident that real progress will be demonstrated towards arriving at a financially sustainable position by 2020. It will then be for the chief constable at that time to demonstrate to the SPA

the required proportions of staff and officers, based on his or her operational assessment of threat, risk and harm, as well as available budget, and to demonstrate that key performance measures can be maintained and delivered.

Those are the assumptions that underpin our strategy, but it is important to recognise that it is a draft strategy. We have embarked on a 10-week consultation, and our assumptions will be refined and our plans finalised in light of the views that we receive. The SPA board will then, in June, recommend a final strategy to the Cabinet Secretary for Justice for approval. Following that, detailed three-year implementation and financial plans will be developed for approval by the SPA.

I am conscious that the committee has, rightly, focused on leadership in its consideration of this and previous audit reports. A key responsibility of leadership—perhaps its primary responsibility—is to set out a long-term direction for the service, so that the decisions that are taken and the priorities that are set in the short to medium term are the right ones. In our strategy document, I believe that we have set out a cogent and compelling proposal for doing just that.

I also accept that the other half of the equation is ensuring that we implement change effectively and deliver improved outcomes for the public and the workforce alike. The refreshed leadership of both the SPA and Police Scotland, which the chief constable and I have worked together to build, should increase confidence on that front.

We believe that the implementation of the strategy, the delivery of financial sustainability and the reinforcement of the financial leadership will resolve the matters that the Auditor General for Scotland raised. Thank you.

**The Convener:** May I ask why the action plan was not referred to this committee?

**Andrew Flanagan:** I think that it is simply a matter of the timing of when it went to the SPA board. I apologise if we should have followed up with the action plan.

**The Convener:** I think that it went to the board on Friday, but I assume that it was prepared in advance of that. I think that you prepared it, Mr Foley. Is that correct?

**John Foley (Scottish Police Authority):** Yes; my officers prepared it in conjunction with officers from Police Scotland.

**The Convener:** The committee needs all the information that is available if it is to be able to do its job.

**John Foley:** I accept that, convener. I apologise, and I undertake that in future we will make such information available to the committee.

**The Convener:** Thank you very much.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** The Auditor General for Scotland told us that it is unprecedented in the public sector for three section 22 reports to be produced in consecutive years. Does that indicate a problem of competency?

**John Foley:** The issue that presents itself in that regard is that, as a result of the 2014-15 audit, we recognised that there were serious issues to do with financial leadership in both the SPA and Police Scotland. At that point, we took on board actions, which we made public. We appointed interim senior chief financial officer support in both the SPA and Police Scotland, and we reorganised the functionality of finance to create a single chief financial officer position, which will sit in Police Scotland. That is important.

We also strengthened the financial team in Police Scotland, with the addition of more professionally qualified accountants. We had a complement of around 20 at the time, which we are increasing. We are also improving the experience and skills mix. One of the issues that emerged in 2014-15 and followed into 2015-16 related to capital accounting, which by and large resulted in the Auditor General modifying her opinion. We have strengthened that area and increased training on the fixed asset system that we operate—asset 4,000. We have also implemented a procedure whereby at each and every audit committee of the police authority it is incumbent on the senior accountants to present technical updates and give assurance to the authority that measures have been implemented.

We took that range of measures, which were all implemented. When we came before the Public Audit Committee on 10 February 2016, that was approximately six weeks before the accounting period that you are looking at at the moment. Those measures, which were being applied at that time, had not been applied and would not have had full effect in 2015-16.

The measures are well under way. We are also recruiting a permanent chief financial officer, and we hope that that person will be in situ for April.

**Colin Beattie:** Forgive me for saying so, but this is the third time that we have heard all the reassurance.

At last year's evidence session on the audit, Andrew Flanagan, as chair of the SPA, said in his opening remarks:

"I have been a chartered accountant for almost 40 years and I have never before received such a serious audit report. It is important for me to say that I fully accept the Auditor General's recommendations and that they will be implemented. I do not expect such a report to be repeated, and I will do everything necessary to ensure that it is

not.”—[*Official Report, Public Audit Committee*, 10 February 2016; c 2.]

It didn't work, did it?

09:15

**Andrew Flanagan:** I think that that is right. In addition to Mr Foley's comments, I would say that not only is it unprecedented to have three audit reports of this nature but the challenge of the amalgamation of 10 legacy organisations into one, and the speed with which it has been done, has meant that the challenges and the problems go deeper than I had envisaged when I was here after being in post for only five months.

It is all taking longer to achieve, especially bringing in the skills that we need to fix the problem. I fully acknowledge what I said last time. I think that perhaps, if I am guilty of something, it is naivety about the depth of the problems, the changes that needed to take place and the time that it would take to implement them.

However, I believe that with the improvements that we have made in the past year—the Auditor General acknowledges that improvements have been made—we are now on the right path. With a clear strategic direction, the recruitment of additional financial skills that has already been embarked upon, and the appointment, as John Foley said, of a new financial leader for Police Scotland, I think that we can make far more rapid progress in the year to come.

**Colin Beattie:** Last year, you employed an officer on secondment from PricewaterhouseCoopers for six months, between June and December, at a cost of £131,100. Does it seem like an act of desperation to bring in somebody from outside at huge expense when your budgets are under pressure?

**John Foley:** It is not an act of desperation. The requirement was to have senior financial resource that had capability to deliver, because capability was part of the issue. In the reorganisation, we decided to create one chief financial officer position, as I have said. That resulted in the finance director within Police Scotland leaving the service. We are in consultation with the finance director who was within the SPA regarding potential redundancy—

**Colin Beattie:** You make it sound as though all this came up towards the beginning of last year, but the reality is that we are three years into this and we are still sitting here listening to—frankly—platitudes about what is happening.

**John Foley:** No—we are absolutely taking action. We identified where the problems were last year around the time that we came before the Public Audit Committee on 10 February 2016 and

we took action to address those problems. There were issues of competency in the finance function, so it was necessary to bring on board a senior finance person with appropriate skills.

I took action and went on a trawl around the public sector to see whether anyone with seniority and experience was available but that did not result in us identifying anyone; there was no availability. I then had to go to the private sector to secure that resource. The person we secured had the relevant skills and experience, having formerly been a finance director of a local authority in Scotland. The local authority had had its accounts qualified for several years, so the profile fitted. That was the reason for appointing the individual.

I will just clarify something. The committee asked about the cost of that post up to the end of December. The individual is still there, because we need to have someone there until the new chief financial officer is in post.

**Colin Beattie:** So that cost is on-going.

**John Foley:** The cost is on-going.

**Colin Beattie:** Given the poor history on the financial side, how does the SPA scrutinise and challenge financial performance? Clearly that has not been working.

**John Foley:** The SPA has a finance committee, which we have strengthened recently. The challenge happens when the accountants present their papers on the management accounts, forecasting, budgeting and so on; the finance committee scrutinises and challenges financial performance on that basis.

We also have an audit committee, which scrutinises and challenges mainly financial information. It also scrutinises other types of information, but I will stick to the financial information.

**Colin Beattie:** Is that a new process?

**John Foley:** No, the process has always been there.

**Colin Beattie:** But it has not worked.

**John Foley:** It has not worked, and one of the reasons for that is not that the committee has not asked the right questions. On several occasions last year, the committee sought assurances from the accountants that all was well with the fixed assets, which is the issue that primarily presents itself in the modified opinion, and assurances were given by the accountants that all was well.

**Colin Beattie:** That is shocking. Competent accountants would have known that it was not right.



**John Foley:** They ought to have done, but that is part of the problem and that is why we had to reorganise the finance function and begin the recruitment process for the chief financial officer as well as strengthening the reporting to the authority.

**Colin Beattie:** A chief financial officer will not change the competencies of the accountants that you have got, who have been feeding you wrong information. Presumably, those accountants are no longer there.

**John Foley:** Some of them are no longer there. I would hope that the chief financial officer can influence better performance from the accountants. I would expect that to be the case; that would be a prerequisite of the job and we would expect that to be so.

Another measure that we introduced to strengthen matters was that, whereas in the period of the accounts that you are looking at today there was no reporting line at all from the finance director of Police Scotland to the SPA accountable officer, that has now changed. There is a reporting line from the chief financial officer of the—

**Colin Beattie:** It took three years to work that out?

**John Foley:** Yes, it did. Members will be aware that there were early difficulties in the relationship between the Scottish Police Authority and Police Scotland.

**Colin Beattie:** What you are describing is a very passive system of challenge, to be honest, even at this point.

**John Foley:** I do not agree that it is passive, because there are formal committee meetings. The chair of the finance committee is now also a qualified accountant; that was not the case in the past, and for the vast majority of the year that we are looking at there was not a qualified accountant in that position to challenge the accountants. That has changed, and the challenge now is very real at each and every committee.

**Colin Beattie:** You are saying that accountants were giving reassurances.

**John Foley:** Yes.

**Colin Beattie:** Were they not qualified people?

**John Foley:** Yes.

**Colin Beattie:** So the person who has been brought in is a qualified accountant.

**John Foley:** Yes.

**Colin Beattie:** What are the implications of that? You are implying that other people were not.

**John Foley:** It is not that the other people were not qualified. They were qualified. To clarify, I was saying that the chair of the finance committee is now a qualified accountant, so that helps to strengthen the process. When we recruit the new chief financial officer, that person will have a degree of competency and experience that will be tested at interview and it will be clear from their curriculum vitae that they have the capability, capacity and experience to do the job.

**Colin Beattie:** When will you have this chief financial officer?

**John Foley:** We hope to have that chief financial officer in place in April. We are recruiting at the moment and are at quite an advanced stage. Interviews will take place shortly. Prior to that person being appointed, we will have the services of the interim chief financial officer from PWC.

**Andrew Flanagan:** It is worth giving a bit of context around this discussion. The amalgamation of the 10 organisations into one inevitably meant that the people who had been working in finance before had no experience of the scale of operation that they were now being asked to account for. They were also working with legacy systems that had not been rationalised and streamlined into single systems.

**Colin Beattie:** Have those systems now been integrated into one single system?

**Andrew Flanagan:** No, they have not.

**Colin Beattie:** Excellent.

**Andrew Flanagan:** I inherited a situation in which the level of challenge from the SPA to Police Scotland was so strong that it had resulted in some breakdown in the relationship between Police Scotland and the SPA. When that challenge came, the issue was not only about the competency of the staff. When they were asked questions of detail, it was difficult for them to dig down into the legacy information that they had and bring forward sensible, consolidated responses.

**Colin Beattie:** If you are still working with those legacy systems, it must still be difficult for them to dig down and get adequate information.

**Andrew Flanagan:** It is. An example of that would be in the auditor's report, when—

**Colin Beattie:** It is three years on from integration and we are still working on eight systems. Integration was supposed to be a method of improving efficiency as much as saving money.

**Andrew Flanagan:** Those opportunities still exist.

**Colin Beattie:** They obviously exist but nothing has been done about them.

**Andrew Flanagan:** Police Scotland decided—rightly, in my opinion—to focus on operational policing in the initial period and ensure that it was maintained at the level that the legacy forces had provided. The organisation was less interested in getting the financial systems and processes sorted out.

**Colin Beattie:** You are telling me that we have had a problem with the financials over the past three years and still potentially have it because we still have eight legacy systems that are difficult to get into and get information from. Are you satisfied that the system is fit for purpose?

**Andrew Flanagan:** As the policing 2026 strategy sets out, there is a need for transformation of the back-office functions in Police Scotland, not just in finance but across the piece.

**Colin Beattie:** There has been a need for three years.

**Andrew Flanagan:** There has indeed. We are now tackling that and setting out a long-term direction for it.

**Colin Beattie:** But we have been told that every year.

**Andrew Flanagan:** With the changes in leadership that have taken place, we now have an opportunity to tackle it differently.

**Liam Kerr (North East Scotland) (Con):** Do you recall how much the two interim CFOs who were in post cost? What were the running costs—the salary—and did they receive a pay-off when they ceased in the post?

**John Foley:** The answer to your latter question is no, they received no pay-off when they left.

The first interim CFO who joined us was an experienced ex-finance director from local government and her daily rate was £350. She was part time—three days a week. Therefore, the cost was not as significant as you might expect it to be for that type of resource.

The cost of the interim CFO on secondment from PwC is £950 a day. Before we appointed the person from PwC, I contacted the wider public sector but did not achieve my goal of securing a secondment on better terms.

**The Convener:** Mr Flanagan, you said that the legacy systems have taken three years to come together and have still not come together. Is that a fault with the Police and Fire Reform (Scotland) Act 2012?

**Andrew Flanagan:** No, I do not think that is a fault with the act. Following its passage, there was an extended debate between the SPA and Police Scotland about who should have responsibility for managing the finance and other back-office functions. The final determination on that was that Police Scotland, rather than the SPA, should have that responsibility. That creates a situation in which the SPA's role is simply the governance of finance. As I mentioned, that decision having been made, Police Scotland's focus at a leadership level was more about operational policing than some of those other issues. Therefore, there has been a delay in tackling some of the issues.

**The Convener:** So the delay has been due to the leadership's focus on other things and the delay in making decisions on the issues by the leadership of both organisations.

**Andrew Flanagan:** Inevitably, that was the case. Given a choice of priorities—

**The Convener:** Do you mean that it was down to leadership?

**Andrew Flanagan:** I think that the chief constable of the day decided that he would prioritise policing matters as a first step and that the other issues would resolve themselves in due course.

**The Convener:** Is the delay in the administrative function coming together in any way due to the number of redundancies among police staff throughout the country?

**Andrew Flanagan:** That is not the issue. Redundancies have taken place where they are possible. Unless we transform the underlying systems and processes, we have a workforce that is working hard to stand still.

**The Convener:** However, the people who were made redundant administered those underlying processes.

Mr Gormley, do you have a view on the matter?

09:30

**Chief Constable Philip Gormley QPM (Police Scotland):** I support what the chairman of the SPA said in the sense that, in the early days, the decisions that were made were clearly focused on operational policing.

**The Convener:** Do you have a view on the fact that the underlying processes were administered by police staff who have since been made redundant?

**Chief Constable Gormley:** The redundancies fell across the whole of the organisation. The principal point is that we do not yet have a set of

corporate functions that are properly constituted to deliver for a national police service. This year, with the production of "Policing 2026", we are embarking on a plan to deliver corporate functions that are fit for a national service. As Mr Flanagan has described, we have inherited eight—some might say 10—legacy arrangements, which have been connected but not transformed, so we have resource in those areas that we know we can redirect into operational policing. We know that we can deliver those functions much more effectively, and we know that they are underpinned by systems issues that we must deal with. From my point of view, that is where I must start. What I need is a set of corporate functions that enables me to lead the organisation and make the right resourcing decisions to protect the public.

**The Convener:** I understand that those reforms have still to be made, but the point that I am making is that there were people in post who performed the backroom functions. Mr Flanagan tells us that there has been a delay in getting those functions together. Is that in any way due to the loss of expertise through the redundancy process?

**Chief Constable Gormley:** No, I do not think that it is, because the expertise, experience and skills that are needed to run corporate services for a national organisation are of a fundamentally different order from those that were needed for the precursor arrangements. One of the issues that we are confronting is that some of the individuals concerned, who are very good, hard-working people, were simply not experienced in the transformation that we needed to make or the scale of the operation that we are now responsible for.

**The Convener:** But it is clear that they have not been replaced by people with that experience, because the transformation has still not been made.

**Chief Constable Gormley:** With respect, convener, that is the point of the plan—it represents a recognition of that. Part of the purpose of the restructuring that we, along with the Scottish Police Authority, are putting in place is to get that level of expertise in place. One of the first things that I had a conversation about with the chair of the SPA when I arrived at Police Scotland was the absence of capability at the right level. I wanted to reshape the top of the organisation, and I was supported in doing that. I now have a deputy chief officer who is not a police officer but who has deep expertise on finance and transformational change. The fact that David Page operates at the level of a deputy chief constable is a demonstration of the fact that we take the issue as seriously as we take operational policing. Ultimately, if we do not organise and manage our

resources properly, that impacts on operational performance.

I started with a determination to get in place at the right level people with the right skills and expertise who would be supported by people who understand how to operate in this environment, and that is what we are starting to build.

**Monica Lennon (Central Scotland) (Lab):** Mr Foley, you said that you have been trying to headhunt credible senior financial people, but it sounds as though those people do not want to touch Police Scotland or the Scottish Police Authority with a bargepole. What is the reason for that? It is all very embarrassing, is it not?

**John Foley:** I am sorry if that is the impression that I gave, because that is not the case. When I trawled around the public sector looking for a senior chief financial officer, there simply was not one available. It was not the case that nobody wanted to take on the role; somebody would have had to have been free for a considerable period of time to cross over into Police Scotland.

**Monica Lennon:** So no one could make themselves available and we are now paying £950 a day for someone to enjoy a secondment. Is that correct?

**John Foley:** No one could make themselves available but, as I said, I then went round the private sector. My approach involved a combination of looking round the audit firms in Scotland to see whether there was any available resource there and going to headhunters in the private sector to establish who they had available. As I said, the person we appointed had experience that was particularly relevant to dealing with some of the issues that were presenting themselves. He had experience of working for a local authority in Scotland that had had its accounts qualified for a number of years, so he was well versed in understanding how to get financial redress.

At £950 a day, the rate of pay for the individual concerned is much lower than the figures that I was quoted by headhunters, who all quoted me figures that were well in excess of £1,000.

**Monica Lennon:** You are telling us that you are getting good value for the public pound.

**John Foley:** We need to have someone who is experienced and knows what they are doing, because not having someone like that means that the risk is much greater. In that respect, we are getting good value. We are trying to manage a situation of risk. We are not pretending that the finance function is anything other than in a difficult place, so we need to have someone with the appropriate skills and experience to lead that work—and we need to do that work while we recruit a permanent chief financial officer.

**Monica Lennon:** You know that it is this committee's job to follow the public pound. Your budget is almost £1 billion, so we are not talking about a few pounds here. Why did you think that it was acceptable to present a one-line budget?

**John Foley:** My recollection of the budget paper that was presented to members at the particular meeting was that it contained the summary number. However, the members had debated the detail of the budget, and Police Scotland's accountants had worked on it for a number of months. Therefore, there had been quite a lot of discussion among the senior finance people and the committee members prior to the budget being approved.

**Monica Lennon:** Do you not accept the criticism that there has been a lack of clarity and transparency? We had evidence in January from Audit Scotland, which described your processes as being very unusual. How many draft reports were there? Was it nine?

**John Foley:** Yes.

**Monica Lennon:** Do you think that that is acceptable?

**John Foley:** No, I do not think that that is acceptable. I would expect the finance people who produce the reports to be doing a better job in that respect. That issue has been recognised, and there can be no question but that we accept all the Auditor General's recommendations in full and we are taking appropriate steps to address them. Part of that involves recruitment—and not just of a chief financial officer. Additional resource has been and will be recruited to strengthen the position to ensure that we do not present nine drafts of the accounts to the Auditor General again.

**Monica Lennon:** Sticking with the audit process, why did the SPA try to get the figure of £198 million taken out of Audit Scotland's report? Was that not totally inappropriate?

**Andrew Flanagan:** That takes us back to my opening remarks. First, I stress that the Auditor General's figure of £198 million is based on our workings. We provided that information; she did not do her own workings on it. The only debate is about whether to provide the figure for the coming year, which is £60 million, or whether to take a longer-term position, which is what she preferred to do.

As I have said, a deficit is only a deficit once you know what the funding levels are. We do not know what the funding levels are for the two outer years on which the Auditor General was basing her calculations. Our preference was simply to work on a known number—the £60 million. In anyone's eyes, the sensible position would be to multiply £60 million three times, which comes to £180

million. However, the number makes no practical difference. The issue for us is how we tackle the £60 million deficit. If we tackle the £60 million, the figures for the subsequent years will be lower than they are at the moment. The important factor is that we start to tackle it, not whether a one-year or a three-year number is presented.

**Monica Lennon:** Is part of the problem not that there has been a breakdown in confidence and trust in the reliability of the information that we are getting? From the evidence that we have heard, part of the problem is that the board is largely conducting itself in private. There has been criticism not just from members of this committee but from one of your board members, who recently resigned, from the First Minister and from Derek Penman, Her Majesty's inspector of constabulary. Is the policy of holding SPA committee meetings in private not completely untenable?

**Andrew Flanagan:** You would have to go back to the governance review before starting to draw those conclusions. The governance review was based on the perception that the SPA's approach was not working. When I started working with the SPA, I was asked to conduct that review. It took six months and I consulted extensively over that period. We benchmarked a lot of other organisations in the public sector in Scotland as well as police governance models elsewhere in the United Kingdom and abroad. Fundamental to the governance review is that it is about more openness and transparency. Some people disagree with specific recommendations, but you have to take them in the round and look at them as a whole.

The review was published last March, the Cabinet Secretary for Justice approved the recommendations in May and HMIC's comments only came in December. At that 11th hour, it was too late to change the recommendations. I cannot cherry pick which recommendations I go with once the cabinet secretary has made a decision. The important thing to remember is that the review's recommendations have been implemented only since January and need to be given a chance to work. I have promised a review at the end of June. I will take all views from everyone into account, and our decision will be based on the evidence of how the changes are working in practice. I do not think that we should make our decision on an item-by-item basis; let us undertake a full assessment at the due time.

The board member's resignation was not about openness and transparency. I am personally very committed to openness and transparency and, despite what has been written in the press, the issue is not about the board member's approach but about the proper running of the board. If we are going to conduct our meetings in public, the

board members must be clear about their intentions and communicate their positions ahead of time. In this case, the board member did not do that, and that is what I took issue with—not with whether there is openness and transparency. Dissent is okay, but board members must be clear about their intentions. That is what I took issue with.

It is important to encourage constructive debate in order to go forward, but I think that, in this instance, raising the issue of openness and transparency was more about justifying a position. It is ironic that, if there had been openness and transparency from the member, the situation would not have arisen.

**Monica Lennon:** Is the issue not about the right of board members to have different opinions? The board members are there because they have the right skills to carry out effective scrutiny. As the chair, how do you ensure that the voices of board members who have an opinion that you do not want to hear are heard?

**Andrew Flanagan:** It is very important that they are heard. I believe strongly that that is how we get better decisions made. We have the discussion in public, but we have it with an understanding of where each board member is coming from and what their actions are going to be.

**Monica Lennon:** But I am not sure how many of your meetings are in public and how many are in private.

**Andrew Flanagan:** That is an important point. In this debate about committee meetings being held in private, what is not being recognised is that the governance review has increased the number of public board meetings from six to eight a year. We have squeezed down the agendas of the closed meetings and have pushed far more of the business into the main board meetings—that point was made by the Auditor General. We have decided that the committees cannot make decisions privately, which is what was going on before. Now, all board decisions have to be made by the full board, and we report any board decisions that are made outside the public board meetings when, for expediency, that needs to happen. The committees' work will be reported at the public board meetings as well. If you look at the governance review in total, you will see that we have increased the amount of openness and transparency rather than reduced it.

**Monica Lennon:** I have a final question. An issue that has arisen this morning probably illustrates why I am going to ask this question. The convener raised the issue that we received the board paper from your Friday meeting only this morning and few of us have had time to read it

closely. Why are public board papers made available only a short time before board meetings? Do you recognise that that makes it difficult for politicians, the public and the media to scrutinise the papers in good time?

**Andrew Flanagan:** That issue is addressed in one of the recommendations of the governance review, and it has been commented on. I will take those comments on board when we undertake our review in June.

That said, you cannot look at board papers in isolation from the discussion that takes place at the board meeting. Previously, early publication of the papers led to speculation in the press, which I do not think was the right thing. It did not inform the process. These are not public board meetings in the sense that the public engage in the board meeting; they just observe what is happening. Therefore, it is important not only that they see the papers but that they listen to the discussion that goes on at the meetings. The two things cannot be dealt with in isolation.

09:45

**The Convener:** Mr Flanagan, there was a resignation from the board last week, as we have just discussed. Can you confirm that the board member had never raised issues of transparency?

**Andrew Flanagan:** Not ahead of me raising the issue with her about what happened.

**The Convener:** She had not raised issues of transparency with you.

**Andrew Flanagan:** Her position on the committees meeting in private was a long-standing one.

**The Convener:** So she had raised the issue of transparency with you.

**Andrew Flanagan:** But this was not about transparency.

**The Convener:** Are you saying that the board meeting in private is not an issue of transparency?

**Andrew Flanagan:** The issue was her taking a dissenting position and not communicating that in advance. It was not about openness and transparency.

We have been very public. The governance review was published back in March and it said that clearly. Moi Ali had contributed as a member of the reference group for the governance review and her position had been consistent. At the board meeting in December, I recognised the consistency of her position. The issue was not that she disagreed with the decision but that she surprised me at the board meeting by wanting her position minuted.

**The Convener:** So had she raised issues of transparency with you or not?

**Andrew Flanagan:** Only on that very narrow point.

**The Convener:** So she had raised issues of transparency with you.

**Andrew Flanagan:** Yes. It is a matter of public record and I have accepted that.

**The Convener:** But you just said that she had not.

**Andrew Flanagan:** What I have said is that the point was not about openness and transparency.

**The Convener:** Mr Foley, did Moi Ali ever raise issues of transparency with you?

**John Foley:** As the chair said, Moi Ali was a member of the reference group for the governance review and her position was consistent that she believed that committee meetings should be open. That is not in question and it is in line with what the chair has just said.

**The Convener:** *The Herald* reported that Moi Ali felt that she was being punished for raising issues of transparency that you have just confirmed that she raised. Is that correct?

**Andrew Flanagan:** No, it is not. I took exception to the fact that she dissented publicly without informing me beforehand. That was a surprise and, as I said, it did not demonstrate openness and transparency on her part and I took issue with that.

**The Convener:** Is it in your standing orders that members of the board must inform you of any dissent before you go into a meeting?

**Andrew Flanagan:** It is a professional courtesy. I do not expect to have to write it down. It is what I would normally expect and what most board members in my experience have always done. That is why it was a surprise. The issue is not one of punishment but it needed further clarification, because she had said on many occasions prior to that that she would support the board's decision.

**Ross Thomson (North East Scotland) (Con):** I will follow on from a point that Monica Lennon made. Audit Scotland received nine drafts of the accounts from 31 July and the accounts were signed off in the middle of December. The Auditor General stated to the committee that that is longer than she would expect any public sector body to take—in fact, it was twice as long as any other public sector body took.

Ultimately, the chief executive of the SPA is accountable for the numbers continuing to change in between and for mistakes being made, and I am sure that you will agree that such a situation is

unacceptable. Can we have confidence in the figures that we have? You have admitted today that you need to do a better job and take appropriate steps to deal with the situation. Exactly what steps will you take to rectify the weakness in financial leadership? What assurances can we get from you that this will not happen again?

**John Foley:** There is no doubt that the audit took longer than expected. As I said, to present nine drafts of statutory accounts to the auditor is wholly unacceptable. There is no defence against that.

The measures that I have outlined, which will reorganise the finance function, will help to address that situation. The most significant change is that we now have the line of accountability from Police Scotland's chief financial officer to me as accountable officer. That is a big change and I can see improvements working as a result of that. This afternoon, I will sit down with the interim chief financial officer to go over next year's budgets and so on. Such one-to-one exchanges were not a regular feature before.

The measures are in place. In addition, to address some of the situations that arose—I am going back to fixed assets—the reporting of technical updates to the audit committee, the improvement in the competency of that function of finance, the additional training that has been undertaken and the additional recruitment will all help to support improvement. We will apply additional processes as part of the audit plan to have more regular communication and sharing of information between the chief financial officer and the accountable officer before the accounts are presented to the Auditor General.

In the past year to 18 months, we have appointed Scott-Moncrieff, which will undertake a review of the accounts and, this year, will do a detailed review of fixed assets before the accounts are signed off and passed over to the auditors. All those actions should ensure that there is no repeat of a situation in which nine versions of the accounts are sent to the auditors.

**Ross Thomson:** When we discussed the Auditor General's report with her, I asked about Police Scotland's record level of compensation payments in 2015-16, when it paid out about £1.27 million in damages. A claim is made almost every day. Why are payments increasing? What steps are you taking to reduce the amount of taxpayers' money that is paid out in damages? Is the situation another unintended consequence of making decisions in the absence of a financial strategy?

**John Foley:** People raise claims for damages against police services; that is common across the

United Kingdom. The financial strategy in isolation—not the overall strategy—would not necessarily reduce the number of claims from members of the public against serving or former police officers. Each claim is thoroughly investigated, legal advice is sought and a determination is then made as to whether the claim is at an acceptable level or should proceed through the courts. A process is wrapped around claims.

**Ross Thomson:** I appreciate that, but I want to dig deeper, because the figure for compensation in the previous year was £1.17 million and I want to find out why it increased to £1.27 million. When I talked about unintended consequences, I was using the words of the Auditor General, who said in evidence:

“the absence of a financial strategy risks making decisions that have unintended consequences.”—[*Official Report, Public Audit and Post-legislative Scrutiny Committee*, 26 January 2017; c 16.]

However, I appreciate your answer.

Audit Scotland’s report identified a funding gap of £190 million and highlighted weak leadership. Do you recognise the scale of the challenge that is ahead? What steps will you take to fill the funding gap? Is there a serious risk that the current financial mess will impede Police Scotland’s ability to do its day job?

**Andrew Flanagan:** That is what the policing 2026 programme is intended to answer. We have been clear about the changes that need to take place. The key aspect of the 2026 strategy is driving up police officers’ effectiveness and productivity—the chief constable will talk more about that. It is also about restructuring the back office—David Page can talk about how he sees that happening—as well as driving out further savings from non-pay costs. The whole thrust of the 2026 strategy is about addressing such issues and driving up the quality of the service from Police Scotland.

**Chief Constable Gormley:** In “Policing 2026”, we have, for the first time, taken a really deep look at the demands that we are confronting, what we think Police Scotland needs to deliver to the people of Scotland over the next 10 years and what capabilities we need if we are to keep people safe.

What we need will be a blend. There will be a blend of police officers, who we can make better use of. We can provide them with better technology that means that they can spend more time in communities and be more effective, because they have the information to enable them to make better decisions. We need police staff not in the transactional back office—we have described how we have too many people sticking

together legacy systems—but to provide capabilities for the complex needs that relate to vulnerability that we now deal with.

Because of work that we have done, we know that fewer than one in five of the calls for help from the public to our control rooms result in a crime being reported. We are dealing with much more complex issues, and the solution is not necessarily to arrest somebody. The issues are about vulnerability; we now have to deal with child abuse, child sexual exploitation and the way in which cyber is changing how old crimes are committed, inventing new crimes and making it impossible on occasions to understand where a crime was committed. New skills are involved; they are not the sorts of skills that I had 30 years ago, when I joined the police. We need police staff with the right expertise in those areas.

We also need infrastructure. We have inherited a range of systems from and a range of investment decisions by legacy forces—some of which perhaps made different decisions from those that they would have made if they had not known that they were heading for a single service—that were funded on different levels.

A big transformation job needs to be done; I will not be anything other than straightforward about that. We have some of the best policing that I have seen in 30 years in Scotland. The challenge is to make sure that we use as much of the public resource that we are given to operational effect. The policing 2026 strategy provides us with a route map that does two things: it reprises a route map to develop capabilities—the skills and services that we need to keep people safe now and into the future, which differ from those that we needed 10 years ago—and it provides a route through to a balanced budget, because we need to get to the point where we operate within whatever financial envelope we are given.

We could scale up that approach if more resource was made available, and it would be delightful if I had more resource, but I am a realist. We could scale it back if the political decision was made that there was greater public demand for health or education. At the moment, we are not organised in the most effective and efficient way, as we look forward to the world that we need to prepare for.

**Ross Thomson:** On police staffing and the experience that is needed, I understand that about 1,400 officers have departed from Police Scotland since its creation. That equates to about 40,000 years’ worth of experience, which is huge and is the very experience that we need. Given that we have a shortage of capacity and competency, as highlighted by the Auditor General, it is deeply worrying that we are losing people. I ask Police Scotland whether that situation highlights

something deeper that is going on. Does it suggest that people want to leave the new force?

My question to the SPA is about something that the Auditor General highlighted to the committee—the absence of the financial strategy and a risk of expenditure being reduced in ways that are not in the force's long-term interest. A response to that would be helpful.

**Chief Constable Gormley:** My unequivocal answer to the first question is absolutely not. We have seen a normal pattern of recruitment and retirement. In general, police officers retire at the 30-year point; that is normal churn. We have seen an aggregation—the number is much bigger because we are one force and not eight. There is no statistically significant difference between the rate of retirement and resignation under Police Scotland and the rate under the previous arrangements.

As important, if not more important, is the fact that the quality of our recruits—the people who offer their services to protect Scotland into the future—is first class. We are not struggling to recruit people. I have the great pleasure of swearing in every new recruit and attending the passing-out parades. The recruits are inspirational in their quality and come from across the age range, from people who are aged 18—although not many are school leavers or in their early 20s, because of the maturity that is needed to do the job—through to people who have had successful careers and want to contribute to keeping Scotland safe. We are recruiting people from 18 through to 50, and their quality gives me enormous optimism for the future of policing in Scotland.

There are challenges—we have talked about some of them this morning—but I am inspired by the staff I have.

**Andrew Flanagan:** On Ross Thomson's other point, we cannot have a long-term financial strategy in isolation from a corporate strategy for the organisation. We need to know what we are trying to achieve and then work out how we can best achieve that with the finances that are available.

The problem was that cost cutting was not going on in a strategic context—it was just a tight squeeze without changing the underlying way in which things were done not just by corporate services but by police officers. Unless we invest in measures behind officers and give them the tools, equipment and training that they need to do their jobs, we will not get the productivity gains that we have talked about. That is set out in "Policing 2026".

10:00

**Ross Thomson:** Mr Gormley said that Police Scotland is not struggling to recruit people, but I understand that you are struggling to do so in north-east Scotland. I hear from officers in Aberdeen all the time that, despite recruitment drives, it is still difficult to recruit and retain staff. Is that the case in the north-east?

**Chief Constable Gormley:** Historically, recruitment plans were different. It is clear that the north-east and Aberdeen have had a vibrant economy, which has affected the whole public sector. I would not want to say—I am not dissembling at all—that there are not different pressures in different parts of the country, but we do not struggle with the total.

We need to learn from the past, of course. We have had national recruitment campaigns, but we are now moving to more local recruitment campaigns, because the challenges of policing in the Highlands and Islands are very different from those in the central belt, and the commitment that will be made is different.

We need to reflect constantly on our recruitment and on our employment offer to ensure that it is competitive. An unintended consequence of the downturn is that we are not struggling in the way that perhaps we were in some of the more economically vibrant parts of Scotland.

**Ross Thomson:** Finally, I will follow on from a question that Alex Neil, who cannot be with us today, asked in a previous committee meeting. He highlighted the fact that we can see from the Auditor General's report that there are confidence and finance issues and that we have to ensure that the public have greater confidence in Police Scotland. We have talked about being open and transparent. I have no doubt that Alex Neil's question would be: from looking at the condition of Police Scotland's finances, is it fair to say that it is in crisis?

**Andrew Flanagan:** I do not believe so. We have to put things in context. Although a £60 million deficit is large and challenging, it is less than 6 per cent of our total expenditure.

There are many challenges with financing across the public sector, and we have made significant progress with what has been achieved over the past year. The relationship between Police Scotland and the SPA has been repaired, and that is leading to more openness, transparency, information and dialogue, and more influence from the SPA. The local engagement with Police Scotland, local authorities, scrutiny partners and other community organisations is unrecognisable compared with what it was 12 months ago. We actually—



**The Convener:** I am sorry to interrupt you, but if you would not say that there is a crisis, as Mr Thomson suggested, what would you say that there is?

**Andrew Flanagan:** There is a series of issues that we need to tackle with a long-term perspective, as is set out in the policing 2026 strategy. Operational policing in Scotland is still at an exceptionally high level. The chief constable came from forces down south, and members might have read in the press this morning about some of the challenges in England. If members want to talk about a crisis in policing, that would not be about policing in Scotland; it would be about policing in other parts of the country.

**The Convener:** With respect, I clarify that the committee and the Parliament are not scrutinising other parts of the UK; we are solely concerned with what goes on in Scotland. Would you describe the situation as challenging?

**Andrew Flanagan:** It is clearly challenging. In my experience, trying to put 10 organisations together at one time in any business or in any public sector situation is an extremely bold thing to do.

**The Convener:** How challenging is the situation?

**Andrew Flanagan:** It depends on where you look.

**The Convener:** How challenging is Police Scotland's financial situation?

**Andrew Flanagan:** We have set out in "Policing 2026" the fact that a three-year project is needed to fix that. Some elements of that are not hugely difficult or challenging. Introducing new technology to help police officers involves challenges—that depends on the spectrum that there is—but other areas are pretty straightforward.

**The Convener:** How challenging is the overall financial situation?

**Andrew Flanagan:** It is a matter of taking it steadily and dealing with it step by step. I think that we can fix it.

**The Convener:** It is a pity that the step-by-step approach has not happened over the past three years.

**Andrew Flanagan:** I was not there three years ago.

**Chief Constable Gormley:** May I come in, convener?

**The Convener:** Briefly.

**Chief Constable Gormley:** The question about a crisis or challenge was thrown out in relation to operational policing and the financial challenge.

Operational policing in Scotland is among the best that I have seen. The level of protection that Scotland enjoys against serious and organised crime threats and terrorism threats is the best in the UK. There are issues that we need to work through and we have a plan, but the operational delivery of Police Scotland is good.

**The Convener:** You say that operational policing is the best that you have seen, but do you mean in your career in Scotland?

**Chief Constable Gormley:** No. I mean that from my 32 years in policing across the UK, in a variety of rural and metropolitan forces, I see in Scotland some of the best policing in my career.

**The Convener:** Do you consider the current financial situation to be a challenge or a threat to that?

**Chief Constable Gormley:** We have a plan to deal with it.

**The Convener:** Is it a challenge or a threat?

**Chief Constable Gormley:** Of course it is a challenge. If we do not deliver on the plan, the situation will start to impact on our operational ability. I am completely confident about the quality of the staff I have and about what we are delivering, just as I am about what we are talking about in "Policing 2026", as we deal with the competing but complementary issues of balancing the budget and spending the money in the right place, and understanding the changing nature of demand, so that we organise ourselves to keep people safe into the future.

**The Convener:** As the man who is in charge of the thousands of police officers in Scotland, surely you need a strong administration and a sound financial plan to allow your police officers to do their work. Is that not the case?

**Chief Constable Gormley:** Absolutely. On the basis of the policing 2026 strategy, we will over the next three years get into the position where we have a balanced budget and we start to shift the spend into the areas where we need to develop the service for the future.

**Liam Kerr:** Mr Gormley, you talked earlier about the crime figures and on page 22 of "Policing 2026" you say that crime figures

"are not an accurate measure of demand".

You also say:

"Considering recorded crime in isolation is therefore not an accurate measure of demand".

Can you flesh out that point and tell me what you mean by it?

**Chief Constable Gormley:** The public turns to the police for a whole range of services. Recorded

crime will always be an important measure, but it is a small subset of the things that the public need us for. For example, managing sex offenders in the community is an enormous task for us. Every time that we lock up someone and they are put on the sex offenders register there is a regime that we have to put in place to keep the public safe. That does not feature in any crime report.

We are seeing increasing demands around an ageing population and dementia—people go missing. We have major events in Scotland, including a set of international events that take place in Edinburgh every year, and challenging sporting events during which we have to keep people safe. There are weather events—this time last year we saw a lot of flooding in Aberdeenshire and the north-east. We need to respond to all that.

People call us for a range of services that are not reflected in important, but incomplete, measures of recorded crime. The letters that I get from people are rarely about crime. They are usually about my staff having been able to touch someone at a point of crisis, such as by returning to their home someone with dementia who has wandered off, or by dealing humanely with someone who has been injured or killed in a road traffic collision. That is how we play an important part in people's lives, and in enabling communities to thrive and survive by dealing with antisocial behaviour and contributing to schools to enable young people to learn in an orderly environment.

The point that I am making in that paragraph is that the challenge is much broader than a conversation about recorded crime, which people like me sometimes reduce it to.

**Liam Kerr:** In that context, you are cutting 400 police officers by 2020. Is that not the case?

**Chief Constable Gormley:** No. I am glad that you have given me the opportunity to say this. We are going to embark on a measured process. Over the next three years, we will move 300 police officers from corporate support—the back office—to be refocused on communities.

**Liam Kerr:** What has changed in the back office? Those officers must have been there for a reason.

**Chief Constable Gormley:** The reason why they are there is that the back office has not yet been transformed. If you do not transform the human resources and information technology departments, for example, you will end up putting in more resource in order to stick them together.

The point of the three-year journey is to take out resource that is presently involved in mitigating some of the impacts of the legacy systems, and we will need to transform and invest in technology to do that. The policing 2026 strategy describes

the journey that we will embark on. We will take out that resource and reintroduce it to the world of policing. That is what those officers joined to deal with—they do not want to do the other stuff. That will enable us to refocus police officers on operational activity, which is what they should be doing.

As we achieve that, we will introduce technology that will improve their productivity. That will mean that they will not have to come back to the station or double key, or endure some of the frustrations that they experience at the moment. The number of productive hours for which those officers engage in bureaucracy and administration, rather than policing, will fall. As we get to that point, we will then slow down—

**Liam Kerr:** —Forgive me, Mr Gormley, we are very tight for time—

**Chief Constable Gormley:** I apologise.

**Liam Kerr:** —I appreciate your point, but my concern is that someone will still need to perform the back-office function, as that work still requires to be done. Officers will be moved out of that work—on to the streets, if you like—but what reassurance do they have that they will not still be doing the back-office work as well as being available as the extra resource on the streets?

**Chief Constable Gormley:** That is the point of the transformation journey. We have a strategy, and the plans will come forward as the strategy comes for consultation, and for conclusion when the budget is set. It will be a phased, co-ordinated transformation programme that will do what we have described in a logical and intelligent way. We will not disable payroll, or any other part of our organisation; we have the measures in place to allow those tasks to be performed. However, we will shift resource from unproductive work around bureaucracy and mitigating the legacy issues that arise from our inherited position to operational effect.

That has been categorised as a cut of 400. We will continue to recruit at the present level for the rest of the year—there will be no reductions this year—and we will start to introduce the transitional changes that I have described. As those changes are implemented, we will slow down recruitment. I will be held to account by the Scottish Police Authority and by a range of other institutions. Once we have banked that transformation, we can start to take the head count down and invest in the sort of capabilities that we need, which are not traditionally provided by police officers. Those are the issues to which I alluded earlier: challenges around vulnerability, cyber and other areas, in which we know that the answer is not necessarily to put in a police officer to protect the public from that particular threat.

**Liam Kerr:** On that point, there is a very small reference on page 55 of "Policing 2026" to the modernisation of terms and conditions. To be clear, are you changing the contracts of your officers in order to—

**Chief Constable Gormley:** I cannot do that. Those are set in regulations, so I do not have control around that.

**Liam Kerr:** What does modernisation mean, then?

**Chief Constable Gormley:** What we are talking about is a different kind of employment world. Our strategy looks at the next 10 years. The notion that anybody will necessarily want to join an organisation or institution like I did and expect to spend three decades there is not the world that we live in.

One example would be some of the really deep technical skills that we need to protect people, such as children, online. We can offer a professional challenge like no other institution that I have ever come across, but we cannot pay as well as the banks and the insurance companies. We need to recognise that reality.

I had some experience of that at the National Crime Agency. We could attract young graduates who were excited at that point by the opportunity to contribute. However, when they wanted to have families, and they had the sort of financial commitments that we all make as we enter the next stage of life, they wanted to go and earn more money. We then found that people who had satisfied those needs wanted to come back and contribute.

We need to organise our employment offer around how people live their lives. It is about the ability for people to come into the organisation, go out and come back in; the ability to connect ourselves with other institutions that are relevant, whether those are in the private or the public sector; and the ability to develop our leadership skills, because in future there will be less command and control and more negotiate and influence in dealing with some of the more complex challenges. We need to organise ourselves around that picture of the workforce.

**Liam Kerr:** On page 50 of the report, you accept that underspending the capital budget to balance the books is not sustainable. We discussed the press earlier, and we have all seen significant reports about the state of the estate, if I can put it that way. The auditor general projects a £200 million deficit by 2020. Can you give us any reassurance on that? How do you sort the estate while reducing the deficit, or will we see a fire sale of some description?

10:15

**Chief Constable Gormley:** No, the strategy will ensure that form follows function. As we organise ourselves around what we know we need to do now to keep people safe, and as we think about the sort of capabilities that we need to develop, we will make decisions from that about the infrastructure that we need. We have inherited an estate that was not designed for a national service. It was organised around the needs of eight individual organisations. Inevitably, there will be some rationalisation that can take place. Inevitably, in the world that we are talking about, where we need to share information and knowledge and to innovate, there is a logical presumption that being co-located with some of our most important partners would add better value both in terms of our operational effect and in the spend of public money. As we move the strategy forward—and let us be clear that we are in a listening phase, having launched our consultation—we need to think about what the estate should look like going forward and how we can use public money in the best way that we can.

**Liam Kerr:** I am looking through the document and I do not immediately see a specific address to the more rural areas. In terms of rationalisation, people will have significant concerns that police presence is being cut, whether that is officers or the estate, and that there is no presence in rural areas because police are dealing with cybercrime and are just not visible. How do you reassure people in the rural communities? I do not even see a specific mention of them in the 2026 forward planning.

**Chief Constable Gormley:** In the document, we talk about the diversity of the communities in Scotland. I take your point, and if the language needs to be clearer to recognise that we have urban, city and rural communities, we can take that on board and reflect that as we go forward through the consultation. On your more substantive point about presence in communities, the whole principle behind 2026 is to enable us to put more out there, so that we do not have officers committed to non-productive work in the back office but we enable them to be more visible in the community for more of their working day. There are plenty of examples from elsewhere of how the use of body-worn technology, such as video or smart devices, means that officers do not have to come back to a station to input material or to be briefed. They can be made much more effective, and the whole principle behind 2026 is to improve our operational effect and our visibility in communities, whether in cities or rural areas.

We need to police private space in a way that we never did when I joined: issues such as domestic abuse, abuse of children within the home

and elder abuse are all new challenges that we need to protect people from. I do not want to overstate the case, but we are seeing a whole range of vulnerabilities opening up, particularly for young people, in the digital space. The strategy is about making the police visible in all the places where we live our lives.

**Gail Ross (Caithness, Sutherland and Ross) (SNP):** You said that the merger was difficult and none of us would dispute that, but I want to touch on something that has been discussed quite a lot this morning. When Police Scotland became a single force, you let a lot of staff go and you closed a number of police stations, and yet we are hearing that there are still officers that you want to take from backroom duties to put on front-line policing. Why, then, were the staff let go, if the officers are now performing those background duties?

**Chief Constable Gormley:** That is one of the unintended consequences of the way that we were organised. There was a lot of duplication and some of that duplication has been stripped out. Officers have not left, beyond the normal retirement rate, so we have retained the number of police officers at or about 17,234, which is a matter of public record. We have had to focus the cost-saving activity on the other parts of the organisation, which are police staff and non-pay costs. I am not an accountant, as is probably self-evident, but there are only three moveable budget pots that you can organise yourself around.

The point of the strategy is to get us beyond the position where we are making in-year tactical decisions to try to balance the budget, and to the position where we have a long-term plan that enables us to understand what we need to do and to do it in an organised, safe and measured manner that delivers the improvements that we know that we need to make.

**Gail Ross:** On the subject of long-term planning and the 10-year strategy, you said in your opening remarks that you were aiming to be financially sustainable by 2020 and the document that was given to the board states:

"A Long-term Financial Plan should be developed that supports the delivery of the Policing 2026 Strategy".

I do not think that anybody would disagree with that, but Andrew Flanagan said in his opening statement that long-term financial planning was very difficult because he did not know what the Scottish Government's budget was going to be. How can you plan financially for the long term?

**Andrew Flanagan:** I referred to the spending review because, if we want to calculate a deficit, we need to know the level of funding. Because that is not known, it is not clear what the deficit is. That does not stop us planning what our own

finances will be and what we think we can achieve with that.

The other important point that I made is that we can develop a financial strategy only in the context of a corporate or total organisational strategy, because we need to know what we are doing. The two things are interlinked. We cannot create a lavish corporate strategy without understanding how much money we have available; equally, we cannot determine what budget we need if we do not know what we are trying to achieve. Those two things are completely interlinked.

We will set this out by, first, consulting on the policing 2026 strategy. Once the consultation is complete and we know what the final strategy looks like, we will build the final long-term financial strategy. That is not to say that we have not been working on that; a lot of work has already been done. The more immediate issue for us is the coming year's budget. We are clearer about that and the Government has told us what its funding proposals are. There is an increase in the amount of capital that the Government is prepared to fund us for and there is further continuation of the reform money. That will allow us to come up with a very clear plan, starting down this path, for the coming year. The 2026 strategy provides us with the direction to go in, so we can make decisions in the current year that are relevant to the long-term direction that we are going to take, rather than do the piecemeal cost-cutting that has been done up until now.

**Gail Ross:** Why was a 10-year strategy not put in place in 2013?

**Andrew Flanagan:** I do not have the answer to that. I was not involved at the time.

**Gail Ross:** Okay. You also referred earlier to Police Scotland and the SPA agreeing that Police Scotland would take responsibility for financial matters. When you realised that Police Scotland was concentrating on operational matters rather than the financial side, why did the SPA not step in and say that it would take over the financial side?

**Andrew Flanagan:** Again, that is not a matter for me, because I was not around at the time. However, I do not think that the model of the SPA running back-office services for Police Scotland is the right one, so I am not uncomfortable with the decision that was taken. My focus has been making sure that Police Scotland would place sufficient concentration and focus on those things in order to run them effectively. I think that Police Scotland has accepted that position, so I do not think that that should be a major issue going forward. Could it have been addressed earlier? Yes, it could have, but, as I pointed out in response to earlier questions, throughout quite a

difficult amalgamation the focus was on policing, rather than back-office functions.

**Gail Ross:** I want to get a handle on how the money is spent. I said in a previous evidence session that when I had a look at the audit report, I thought that there was a lot of it missing because it is the lightest audit report that we have seen in this committee since I have been a member. The report is very light on the detail of where the money is spent. I asked about budget holders across the organisation and the different divisions. Obviously, there is also the overall financial accountability.

How low down the scale does that accountability go? To each individual chief superintendent? I asked previously who would make the decision if you needed a new police car in Wick and how that would fit into the overall budget.

**Andrew Flanagan:** That is an area that Police Scotland is looking to change. It is more appropriate that David Page answers that question.

**David Page (Police Scotland):** In future, we will devolve budget responsibility to the deputy chief constables, the assistant chief constables and, ultimately, the chief superintendents—in effect, to the business unit level—to give them both accountability and responsibility. We will set the budget through the SPA, in line with the Government settlement, but I want to change it from being a central finance problem, whereby the police are doing one thing and the requests are then coming over the wall into the central area. I am going to centralise the numbers, if you like, but then allocate the responsibility. We will have monthly reporting, such as there would be in any business. The chief constable and the deputy chief constables have agreed to the model. Each deputy chief constable, each ACC and each chief superintendent will have their own budget.

**Gail Ross:** I have one last question. As you said, the Scottish Government has given you an extra £25 million for 2017-18. In your written submission, you say that reform funding is being spent on VAT. Is that sustainable?

**John Foley:** Reform funding has been spent on VAT from the outset—since 1 April 2013. There is no doubt that it is a drain on resource, because we cannot recover it. Unless the situation changes, VAT will continue to cost us approximately £25 million a year.

**Colin Beattie:** I am looking at the written submission from the SPA, which refers to the “internal auditors”. Who are the internal auditors?

**John Foley:** The internal auditors are from Scott-Moncrieff, which is a well-respected firm of accountants.

**Colin Beattie:** They provide the internal audit function.

**John Foley:** They do. At present, we also have two employees who are internal auditors.

**Colin Beattie:** You highlight a technical change in accounting standards that was not picked up by the internal auditors.

**John Foley:** A review of the accounts was carried out after they had been handed over to Audit Scotland, but the review did not alert the auditors to the fact that the change to international financial reporting standard 13 had not been implemented within the finance function.

**Colin Beattie:** I think that that is another example of internal audit failing, convener. None of the accountants picked that up, and your internal auditors did not pick it up. That seems to be unsatisfactory. It is basic stuff.

**John Foley:** It is. There are about 20 qualified accountants in the organisation; I would have expected at least one of them to pick up on the fact that the reporting standard had changed.

**Colin Beattie:** You would have thought that, would you not?

**John Foley:** Yes.

**Colin Beattie:** We have been discussing your recruitment of accountants. There were previously eight police authorities with accountants buried in each of them. Do we now have more accountants in total than we had prior to the merger?

**John Foley:** No, we do not have more accountants in total than we had prior to the merger. At the point in time that you are looking at, we would have had fewer. Subsequent to that, we have recruited accountants in key areas to strengthen what the Auditor General rightly highlights in her report as areas of weakness.

**Colin Beattie:** You are not recruiting accountants just to fix issues that we have found here.

**John Foley:** No. We are recruiting accountants to positions that are necessary to sustain us in the future as well as to mitigate the risk of some of the failings that have occurred.

**Colin Beattie:** What happened to all the accountants who were working in the different police authorities?

**John Foley:** Some accountants left under the early retirement and voluntary redundancy scheme over the first three years.

**Colin Beattie:** “Some”? Did a lot of them do that?

**John Foley:** I do not have the precise figure, but I am willing to furnish the committee with that figure in writing.

**Colin Beattie:** I would be interested to know the figure. It is a sensitive area, if you are recruiting accountants just to fix problems that you have. If you had an integrated system, would you need fewer accountants?

**John Foley:** Theoretically, we would, if it all worked perfectly, but we do not have that integrated system. For example, at the moment, we have a large number of payrolls and part of the plan is to consolidate those payrolls.

**Colin Beattie:** How many payrolls are there?

**John Foley:** It is in the high teens. There are 17 or 18 payrolls.

10:30

**Colin Beattie:** Has any back-office function been successfully integrated since the police merger?

**John Foley:** There have been areas of integration within—

**Colin Beattie:** Are they significant areas?

**John Foley:** No. To answer your question, I say that in my view no function has been completely integrated, but there will be elements—

**Colin Beattie:** So what has been happening in the past three years?

**John Foley:** There will be elements of integration within functions. In Police Scotland, there will have been elements of modernisation and improvement in the HR department, for example—

**Colin Beattie:** We keep coming back to the same thing. You have had three years. You have not just been planning this for three years—there must have been some implementation; something must have been put in place to bring things together.

**John Foley:** There have been some elements of consolidation within that period—

**Colin Beattie:** But not major consolidation.

**John Foley:** There has not been consolidation of an entire line function. For example, in the finance area, there is a software package called eFinancials, but it does not do everything for finance, where you would perhaps expect more consolidation to have taken place.

**Colin Beattie:** It sounds as though you have quite a job ahead of you.

**John Foley:** Yes.

**The Convener:** Monica Lennon will ask a very brief question.

**Monica Lennon:** In the light of the recent changes to non-domestic rates, what assessment has been carried out within Police Scotland on the financial impact on the police estate?

**David Page:** The change will provide a reduction for the forthcoming year but that will come through in our published accounts, which do not go to the board until 22 March.

**Monica Lennon:** I am sorry. Did you say “a reduction”?

**David Page:** A reduction, yes.

**Monica Lennon:** So, there will be a reduction overall.

**David Page:** Yes.

**The Convener:** Mr Flanagan, there is a projected £188 million funding gap by the end of this parliamentary session. Are you confident that you will be able to fill it without a cut to services?

**Andrew Flanagan:** Yes. Through the consultation on the policing 2026 strategy, we have a proposal that sets out relatively clearly how we want to go about that. Fundamental to the policing 2026 strategy is that it foresees an improvement—not a reduction—in service and will allow us to facilitate the necessary financial cuts in order to achieve balance by 2020.

**The Convener:** Can you outline for the committee and the public where the majority of the cuts will fall?

**Andrew Flanagan:** They will fall in four areas. One is the back office, about which we have spent a lot of time speaking today. I think that we can also get substantial savings out of non-pay costs. Currently, we spend about £170 million on non-pay costs and we believe that we can cut into that quite significantly—

**The Convener:** What will be cut from non-pay costs?

**Andrew Flanagan:** That will mostly be about renegotiation of some of our contracts. It will take time to do that because, as I mentioned in my opening remarks, we often have contracts that last more than one year. We expect and have signalled that there will, as productivity gains come through, be a small reduction in officer numbers. However, that does not lead to a particularly significant impact on money because the current proposal is that we would start to recruit specialist staff—the non-police staff that the chief constable talked about earlier.

**The Convener:** What kind of contracts are you talking about making savings in?

**Andrew Flanagan:** One came to the board recently that I think was for hard facilities management, which is maintenance of our properties. Cost savings were released through that.

**The Convener:** Okay. So you are going to plug the funding gap by a reduction in police numbers. Is that correct? You will be trying to reduce—

**Andrew Flanagan:** No—that is not what I said.

**The Convener:** I am sorry. I thought that you just said that. Could you clarify?

**Andrew Flanagan:** I said that there would be a modest reduction in police officer numbers at the end of the period that will mostly allow for an increase in employment of the specialist resources that the chief constable mentioned earlier.

**The Convener:** Would they be specialist police officers?

**Andrew Flanagan:** No. They would be civilian staff.

**The Convener:** Okay. Just so that the committee is clear—maybe I am misunderstanding this—you did say that there will be a reduction in police numbers.

**Andrew Flanagan:** We have said that clearly throughout this week.

**The Convener:** The contracts will be rationalised. The first area that you mentioned was a further reduction in back-office staff. Is that correct?

**Andrew Flanagan:** Yes—but that will happen only after we have changed the back-office systems and processes. David Page has more responsibility in that area, so perhaps it would be better if he answers the question.

**The Convener:** Before I bring in Mr Page, I will raise another issue. I am aware that you are quite confident in the plan, so it must be pretty well costed and you must have figures for the savings. You must have quite a clear idea of how many back-room staff will be made redundant in the next phase. What is that number?

**Andrew Flanagan:** We have estimates. As we have spelled out in the policing 2026 strategy, detailed financial and implementation plans will be developed that will formulate the numbers after the consultation period and once the strategy is approved.

**The Convener:** What are the estimates?

**Andrew Flanagan:** I do not know, off the top of my head, and I do not think that—

**The Convener:** Do you know them, Mr Page?

**David Page:** Yes, but at the moment they are draft estimates that have to be submitted to the board on 22 March. As you rightly said, we are making planning assumptions behind the scenes. Based on how we have operated in the past, we have to improve engagement with the unions and the federations about our intent and how we do things, and we have to make sure that we have robust business cases.

A number of members have made the point that, if we are going to shrink the back office, which we have said in the strategy we will do, we cannot do that unilaterally and have police officers just walking out of jobs, because there is work to do. Therefore, we must work out what we will do with that work, how we will automate it and how we will do it in different ways. That is part of the consultation process that we need to go through with the unions. We also need to develop technology capabilities to alleviate pressures.

**The Convener:** We would fully expect there to be a consultation process, but I am interested in the estimated reduction in back-office staff. Will you tell the committee what that estimate is?

**David Page:** It would not be appropriate to say that until I have cleared it with the board. In addition, I would first want to discuss the matter with the unions.

**The Convener:** Okay, but you can confirm that reductions are planned?

**David Page:** Yes, I have a planning assumption.

**Andrew Flanagan:** It is also important that we recognise that there are no facilities for compulsory redundancies in the public sector—we endorse that. We also want to look at where we can retrain and redeploy staff, rather than see them exit the organisation because, in total cost, an exit is an expensive solution.

**The Convener:** Mr Page, the last time hundreds of back-office staff left or were made redundant from their jobs in the police service a lot of backfilling went on and police officers were being paid a substantially higher salary to do those same jobs. Do you agree with me that that happened and that it was a false economy?

**David Page:** It makes sense for all organisations that undergo transformation to use temporary resource when full-time resources are being released in order to bridge the gap that is created by that transformation. In Police Scotland, the intention was to release the staff—the police staff, if you like—to reduce the costs, and to bridge the gap temporarily by having police officers in transitional roles, but we failed to do the transformation and they ended up being there longer than they should have been. Having them

in post was more expensive than what should have been done.

**The Convener:** Were temporary staff rather than police officers doing those back-room jobs?

**David Page:** No. We released full-time police staff from jobs and backfilled them with police officers in a transition role, with the underlying assumption that we would do the transformation, which would mean that we could then release the police officers, who were doing that job temporarily, back to their day jobs. Unfortunately, we did not deliver the corporate back-office transformation, so those police officers have been in the roles a lot longer than they should have been. That has been more expensive than what should have been done.

**The Convener:** It was bad financial planning.

**David Page:** It was more about poor execution of the transformation.

**The Convener:** You agree with me that it was a false economy.

**David Page:** Yes.

**The Convener:** Mr Flanagan, I understand that you are a chartered accountant. Why did you allow capital spending to be offset against revenue?

**Andrew Flanagan:** That was not a decision for me; the Scottish Government took the decision to allow us to do that. I felt that spending money on capital or reform without a clear sense of where we were going was not a sensible approach. Therefore, rather than spend money and then finding in a year's time—or whenever—that we had made the wrong decision, it was better to slow down the spend and deal only with essential items or obvious need to spend. On a secondary level, that helped to offset the operational or revenue overruns that we had.

**The Convener:** Whose suggestion was the offset? Was it the SPA or the Scottish Government's suggestion?

**Andrew Flanagan:** It was not a suggestion in that way. We knew that there were overruns and that it would not be sensible to continue spending capital in a particular fashion without a long-term plan. The fact is that the two things helped to balance, or net out, each other.

**The Convener:** I understand that, but I understand that the Scottish Government had to give you permission to do that in your budget. Did the SPA seek that permission from the Scottish Government, or did the Scottish Government suggest that that might be a way to deal with the situation? Mr Foley might be able to answer that.

**John Foley:** It was not so much a suggestion as a course of action that was based on a

forecast, because we knew with a reasonable degree of certainty what the final outturn position would be. I wrote to the Scottish Government to seek authority to offset in that exceptional circumstance—it was an exceptional circumstance—but that request was based on our knowledge of the forecast for the year.

**The Convener:** So, based on the forecast, the SPA sought permission from the Scottish Government to make that offset.

**John Foley:** Yes.

**The Convener:** Mr Flanagan, a long-term financial strategy was published this time last year. How satisfied are you with that?

**Andrew Flanagan:** The strategy had to be at a very high level, as is noted in the Auditor General's report. In the absence of an organisational strategy, it was possible only to make very broad-brush assumptions. Generally, I am quite confident that the assumptions that were made in that piece of work are still valid over the longer term, but we now have a basis for a much more detailed calculation, which takes into account the current position and the evolution that will take place under the policing 2026 strategy.

**The Convener:** The police were given money for police reform, and it sounds as though that money was needed. Mr Foley confirmed earlier that all the functions of Police Scotland have failed to come together and are still operating quite separately. Why was the money for police reform spent on recurring revenue expenditure?

**John Foley:** Perhaps I could respond to that. There were groups of individuals who could be defined as working largely on projects such as i6 and the modernisation of terms and conditions. In those circumstances, it is not unusual for people who have been extracted from their normal roles to be grouped together to deliver projects that we consider to be reform projects, which would be charged against reform funding, although capital expenditure is another option, at times.

**The Convener:** What was the reform money spent on?

**John Foley:** There would have been groups of people within Police Scotland who were working on the i6 project, which, as you will be aware, failed. There were also groups of people who were working on the modernisation—"harmonisation" might be a better description—of staff terms and conditions. That is a major project that is still ongoing. At that point in time, those projects would have been funded from reform funding, because it was determined that that was reform activity.

**The Convener:** Okay.



Mr Foley confirmed earlier that there were nine drafts of the audit. Why was that?

**John Foley:** To be frank, the drafts that were handed over to Audit Scotland contained a large number of errors.

**The Convener:** Were those errors made by your internal accountants?

**John Foley:** Yes—they were made by the accountants. It is not uncommon to have more than one version of an audit. Rightly, when an auditor does their job, they will identify things that might require change or amendment, but from experience one would not expect nine drafts to be produced.

**The Convener:** Indeed.

Mr Flanagan, I started off by talking about the action plan, which was considered by your board last Friday. Can you confirm that the board was satisfied with the action plan?

**Andrew Flanagan:** We think that the action plan is appropriate, measured and considered. The issue for us is to make sure that it is executed properly. I have charged the chair of the audit committee with overseeing that process. David Page has given major input to the action plan and has responsibility for the resources that will effect the changes. John Foley will also oversee that process. I think that the plan is a good one, but a lot of detailed follow-up will be required to make sure that it is implemented.

10:45

**The Convener:** An issue for us this morning is that it seems from your evidence that many of the problems date from some time back. The people who were involved are no longer accountable and are not in front of us, so there is no accountability. Will you personally be accountable for implementation of the plan?

**Andrew Flanagan:** Ultimately, yes. The chief constable and I are ultimately responsible for everything that happens in our organisations.

**The Convener:** Chief Constable Gormley, some police officers across the country will be aware of this meeting, and all officers will be aware of the financial challenges that face Police Scotland. The deficit of £188 million was widely reported. Has that affected morale among your staff?

**Chief Constable Gormley:** That will almost certainly have had an impact; it would be naive to suggest otherwise. What probably also frustrates people in equal measure is the way in which Police Scotland is portrayed, in some respects, because people are proud of what they do and do a very good job, so it is not nice to read less than

complimentary things about oneself or one's organisation. They are also frustrated—

**The Convener:** It is fair to clarify that none of the current scrutiny is about individual police officers or the job that they are doing. This is about the finances that underpin their jobs.

**Chief Constable Gormley:** I know, but I say with respect, convener, that I am talking about the overall narrative around the institution of Police Scotland, which inevitably affects how people feel. I am not saying that some of it is not justified; I am just saying that that is the reality of where we are.

On finances, I think that police officers would probably say that the approach to addressing the financial plan thus far has resulted in some piecemeal tactical decision making to try to solve in-year problems, so people are confronted with a range of decisions that frustrate them, and they do not have access to some of the equipment, technology and approaches that they know are out there and want.

We are attempting with the 2026 strategy and the implementation plans that we develop behind it to provide a strategic level of coherence to how we approach the funding challenge. As I said, there are twin imperatives for us: we have to bring the organisation in within the finances that are made available to us, and we must have the capabilities, the technology, the infrastructure and the equipment to enable the officers to do their jobs. The approach that has been taken thus far has not, on occasions, recognised that the two issues are connected.

**David Page:** From a police staff perspective there is a slightly different dynamic, because they have taken the bulk of the cuts over two or three years, as a number of members have said. A lot of the pressure has been in the corporate back office. All those staff are hugely committed to doing the best job that they can do, but they have had to work in an environment in which their numbers have been depleted and then supplemented by police officers who are very willing but do not have the right skills.

We have not delivered the technology capabilities. The business-as-usual things that we need to do are my number 1 priority—before we get into transformation. Staff are aware of the standards that we set and try very hard to meet them. My immediate job is to ensure that when people set out with the ambition to operate to the right level—because no one sets out to fail—they have the right skills and experience. One of my first jobs, tasked by the chief constable, is to ensure that when people commit to operate to new standards they have the right skills and capabilities. There is a process that we will have to go through over a number of months, to ensure

that people have the skills and capabilities to do the job that they aspire to do. That is an executive responsibility.

**The Convener:** Thank you Mr Page. I thank all four of you for your evidence. We will have a two-minute comfort break.

10:48

*Meeting suspended.*

10:51

*On resuming—*

**The Convener:** We welcome our second panel of witnesses on the Auditor General for Scotland's report entitled "The 2015/16 audit of the Scottish Police Authority". They are Paul Johnston, director general, learning and justice; Don McGillivray, deputy director, police division; Ann Thomson, head of the police powers and finance unit; and Kerry Twyman, deputy director, finance programme management. All are from the Scottish Government. I invite Paul Johnston to make an opening statement.

**Paul Johnston (Scottish Government):** Thank you, convener. I appreciate the opportunity to give evidence on the Auditor General's report on the 2015-16 accounts of the Scottish Police Authority. In her conclusions, the Auditor General sets out that the SPA and Police Scotland have taken steps to improve financial leadership and governance but that those have not yet had a chance to have an impact. I recognise that.

We have already heard from the SPA and Police Scotland about the action that they are taking to respond to the recommendations of the Auditor General. I expect to see clear progress on all the issues that are set out in their action plan. My colleagues in the Scottish Government and I will be working with the SPA, and my expectation is that future reports from the Auditor General will point to significant and sustained improvements.

The Scottish Government is responsible for providing the policy and legislative framework for policing. It is also responsible for the financial envelope within which policing operates. The SPA and the chief constable are responsible for the detailed planning and delivery of policing. In terms of the policy and legislative framework for which the Government has responsibility, the purpose of policing was set out clearly by the Parliament in 2012 as being,

"to improve the safety and wellbeing of persons, localities and communities in Scotland".

In October 2016, the Scottish ministers updated a key part of the policy framework for policing with the publication of the new strategic police

priorities. Those priorities focus on localism, inclusion, prevention, response, adaptability and collaboration. Importantly, they also set out the need for transparency and accountability. That is so that public confidence in policing will be continuously improved.

The "Policing 2026" consultation document sets out the way in which Police Scotland and the SPA will fulfil those important priorities in the years ahead, and I welcome that. I also welcome the recent recognition from Derek Penman, Her Majesty's chief inspector of constabulary, that overall policing performance remains strong and that the single service is better placed than the legacy forces that it replaced to respond to future challenges.

That is the policy framework. In relation to finance, the Scottish Government has made, and continues to make, significant investment in policing. There is a commitment to protect the police revenue budget in real terms in every year of this parliamentary session, delivering an additional £100 million of investment by 2021. As a result, the budget for the SPA sets out an increase to the resource budget of £19 million for 2017-18 on top of an increase of £17 million for 2016-17. The Scottish Government has also continued to provide reform funding in 2016-17 and 2017-18. The reform budget will allow Police Scotland to focus on the process of transforming the service to reflect the changing nature of crime and society, and to continue to meet the VAT costs that Police Scotland continues to pay, unlike every other territorial force in the United Kingdom.

At stage 1 of the Budget (Scotland) Bill, the Cabinet Secretary for Finance and the Constitution announced a further £25 million of reform funding for 2017-18, taking the total for next year to £61 million. That will support the implementation of the "Policing 2026" strategy and allow Police Scotland to deliver a police service that is capable of meeting changing demands of crime and society for the next 10 years.

Those commitments from the Scottish Government provide the SPA and Police Scotland with greater certainty about their future direction and budget, enabling them to plan effectively for the future. The "Policing 2026" strategy sets out a proposal for the future of policing and it is subject to full consultation.

I will conclude by saying something briefly about my role as director general for learning and justice and accountable officer for the learning and justice portfolio. I have a number of arrangements in place to support the discharge of my responsibilities. I regularly meet the chair of the SPA. We agree and review his objectives, and governance, finance and organisational capability are regular items on our agenda. The importance

of a clear and sustainable long-term financial strategy along with robust annual financial planning is well understood and is being taken forward under the leadership of the chair and the chief constable.

I am supported in my responsibilities by the colleagues who are with me today and other colleagues in the safer communities directorate. Don McGillivray is head of the police division, Ann Thomson is head of police powers and finance, and Kerry Twyman is head of the finance programme management division in the finance directorate. Between us, we maintain regular engagement with the SPA and Police Scotland, seeking to support their increased effectiveness. Those arrangements are underpinned by a governance and accountability framework that is publicly available and is kept under review.

We will continue to work with and support the SPA and Police Scotland to reach a sustainable financial position and to ensure that the policing vision of sustained excellence in service and protection is delivered. I know that the committee will want to discuss specific issues that are raised in the Auditor General's report and we are happy to do so.

**Colin Beattie:** Do you have confidence in the leadership and management ability of the SPA and Police Scotland?

**Paul Johnston:** I recognise that the Auditor General has now, in three reports, highlighted the need to strengthen the organisational capability of the SPA and Police Scotland. I have confidence in the steps that are being taken to do that. They have already been described to the committee by the previous witnesses.

**Colin Beattie:** Do you have confidence in the people concerned?

**Paul Johnston:** Yes. As I said in my opening statement, my colleagues and I work regularly with those from whom the committee has heard this morning and with a range of other colleagues in the SPA. I have confidence in the way in which they are undertaking the necessary steps to bring about the transformation.

**Colin Beattie:** Given that we have had three years of lack of progress, it is hard to see where your confidence comes from.

**Paul Johnston:** I would answer that in a number of ways. It is crucial that we recognise the strong organisational and operational performance of policing in Scotland.

**Colin Beattie:** That is a separate issue from what we are discussing at the moment.

**Paul Johnston:** Yes, well, we have heard from those who have responsibility for leading policing

and, as I say, their performance in that regard is strong. I also recall appearing in front of your predecessor committee a year ago when a significant number of issues were raised and I can point to the steps that have been taken to address many of those specific issues by the SPA and Police Scotland.

However, that does not take away from the fact that I recognise that the Auditor General has identified a range of very significant issues that must be addressed to ensure that confidence in the organisation of the SPA and Police Scotland is maintained.

11:00

**Colin Beattie:** The reality is that there have been three years of no substantial progress. We have just heard that there has been no substantial systems integration. There seems to have been a bit of tinkering around the sides, but we are still looking at a number of HR systems in the teens and at attempts to pull them together. There are different accounting systems from the legacy police force areas that do not speak to one other. After three years, I find that incredible. I know that there is a lead-in time for doing these things, but there are no indications of detailed planning to cover the work.

**Paul Johnston:** There have been a number of strategy documents to help to underpin the work—

**Colin Beattie:** We see those coming in front of the committee, and they change every year.

**Paul Johnston:** I recognise the challenges that exist and the time that it has taken to move from stabilisation of the new organisation into that more transformational space. "Policing 2026" sets out a clear and compelling long-term plan for transformation, and that is, as we now know, subject to—

**Colin Beattie:** Why was that not done two or three years ago? You seem to have wasted a load of time here that could have been spent productively in making systems more efficient. Yes, that would involve saving money, but it would also involve making the delivery of support for the police more efficient.

**Paul Johnston:** I fully recognise that it has taken a significant time to stabilise the organisation. I think that we all recognise the scale of the reform that we have undertaken in recent years, and I am sure that there will be lessons to be learned as we evaluate the success of that reform. Nonetheless, I hope that we can now focus on the proposals that have been set out, which should provide that long-term sustainability for the organisation.

**Colin Beattie:** At what point were you aware that there were difficulties and delays in integrating the back offices?

**Paul Johnston:** It is clear to me that a huge amount of work has been undertaken to try to ensure that the organisation functions effectively, and I think that that is what we have seen happen over the past three years of policing. I recognise that the integration of the back offices has taken time, as we heard this morning, and it must proceed at pace. My colleague Don McGillivray, as head of the police division, may wish to say something further about that.

**Don McGillivray (Scottish Government):** The fundamental issue here, which came out strongly with the previous panel, is financial leadership and capability. We have had strong operational leadership from the police in the first three years, but it has become very clear over that time that the financial leadership needed to be strengthened in order to deliver change and development on the financial side. We have seen some of those changes happen. We have had new interim chief financial officers appointed in Police Scotland and, for a period, in the SPA, and a new deputy chief officer has come into Police Scotland.

My view is that the real cause is the financial leadership and capability. Most of the other issues are symptoms of that fundamental issue. In our engagement with Police Scotland and the SPA over the period, there has been a strong focus on what is being done to improve the financial leadership and capability in order to improve the delivery of change on the corporate side of the organisation. Over the past 12 to 18 months, we have seen some fairly significant change on that side of the business, and it now has in place not only the people but a plan that it can execute to make that happen.

**Colin Beattie:** We are talking about weak financial leadership, but that does not explain why a management decision has not been taken before to integrate the back-office systems. That is not about financial management; it is about leadership. It is about someone setting the agenda and deciding that that should be done. The whole ethos of combining the forces into Police Scotland was to gain efficiencies in the back office, but we are now hiring accountants to paper over gaps on the financial side—we do not know whether other gaps have been papered over elsewhere—just because we have not yet gained those efficiencies.

**Don McGillivray:** The efficiencies were not the whole objective of police reform; there were significant operational objectives in terms of improving national capabilities and creating more effective national access to policing capabilities, and a lot has been achieved on that front.

**Colin Beattie:** No one is arguing about the operational side. We are looking at the leadership that should be driving the efficiencies in the back offices—human resources and the eight systems that should be talking to each other.

**Don McGillivray:** We agree with you that, in the first couple of years of reform, the leadership on that side of the business could have been stronger. Since that has become clearer, we have worked with the SPA and Police Scotland to strengthen that side of the business.

**Colin Beattie:** You have strengthened the financial side.

**Don McGillivray:** Yes.

**Colin Beattie:** What about the leadership? The financial side is only one part of the back office.

**Don McGillivray:** David Page's appointment is the key answer to your question. He is in a leadership position—a position that is equivalent to that of a deputy chief constable—so we now have a much more senior person in the leadership team who is focused on the corporate side of the business and who has skills gained from a range of organisations where, over his career, he has created transformation and delivered change. I point to that as the key thing that has changed.

**Colin Beattie:** Leadership goes up and down the whole organisation.

**Don McGillivray:** Of course.

**Colin Beattie:** You can bring in the right person at the top but, unless you have the right people to deliver, you will have difficulties.

**Paul Johnston:** I agree. That is why I welcome the fact that there is a specific focus in "Policing 2026" on the development of leadership at all levels. The reform will not happen without a determined focus. Some work has been undertaken on the development of that greater leadership capability, and the Government has sought to invest energy in the recruitment of capable board members to provide overarching scrutiny of the organisation. I accept that the development of leadership capability is essential.

**Colin Beattie:** Surely there was some leadership in the eight police authorities that existed before. Did that vanish overnight?

**Paul Johnston:** No. I think that the work that has been achieved to date has required strong leadership. We are dealing with complex reform and we need to recognise the challenges in their overall context.

**Colin Beattie:** I confess that I am not yet convinced about the leadership issue, but I will leave it at that just now.

**Monica Lennon:** I would like to return to the issues of governance and transparency, which we covered in the earlier evidence session. The Auditor General's report emphasises the importance of strengthening the SPA's governance arrangements. Mr Johnston, you have explained that you are in regular contact with the SPA and see up close how it conducts its business. What is your opinion of the SPA's record on governance and transparency?

**Paul Johnston:** As you have identified, we have sought to provide support to the SPA as it works through its approach to governance and seeks to become increasingly effective in that. As you heard from Mr Flanagan, he completed a governance review last year, whose recommendations are now being implemented. Many aspects of that governance review are already having a positive impact. I think that there were 30 recommendations, a number of which focused on the need to strengthen the localism in the organisations, and that work is progressing well.

It is absolutely clear that, following the governance review, there has been an attempt to ensure that the board meets more frequently—at least eight times a year—and does so in public. However, I recognise that there are still issues that the SPA needs to work on. It is very important that board papers are made available so that the public can look at them at the same time as a board meeting is taking place.

I am aware of some of the changes that have been made to committee arrangements and they need to be examined carefully. I point to two things: first, the chair is committed to reviewing the effectiveness of the governance arrangements later this year and secondly, Her Majesty's inspector of constabulary, Derek Penman, has said that he will be scrutinising those governance arrangements in the course of the year. That is welcome in order to ensure that we can all have confidence that the governance arrangements represent best practice.

**Monica Lennon:** We all welcome the shift to holding meetings in public. I know that you were sitting in the gallery when we took evidence earlier, so you will know that a very experienced board member, who has served on other public body boards in Scotland, resigned in the past week. From what the chair has said, it sounds as though he is a man who likes to be in control and who does not like surprises. When board vacancies arise, we want people to feel that their integrity will be valued, that their skills will be recognised and that they will not be stifled in any way. Given what we have heard this morning and the media interest and public concern around Moi Ali's resignation, are you comfortable with the

message that the chair wants to know in advance what people think so that there will be no dissent when such important board meetings take place?

**Paul Johnston:** Those are matters that will be discussed further between the Scottish Government and the Scottish Police Authority in the coming days.

**Monica Lennon:** So you are concerned.

**Paul Johnston:** We want to take seriously the concerns that have been raised by Moi Ali and ensure that they are fully and carefully considered. The "On Board" guidance, which applies to all public bodies in Scotland, makes it clear that board members should have the ability to express their views clearly and to express their dissent. What I heard from the chair is not an objection to that dissent being expressed, but his desire to have some advance knowledge of the likely position that board members would set out at a future meeting. As I said, the issue requires further discussion between the Scottish Government and the SPA.

**Monica Lennon:** I recognise that there might be some timing issues around communication. We have learned that just last Friday there was another blunder in making the public papers available, because they were only put online 15 minutes before the meeting. Mr Flanagan said that it is useful for the public to read the papers while listening to the meeting, but we would all recognise that is not necessarily how the public would choose to get the information. Will we see a recognition that the information should be available in a way that would allow not only the public to choose the method that best fits with their daily life but the media to go about their legitimate aim of holding public bodies to account?

**Paul Johnston:** That is another matter that needs to be considered carefully as we review the arrangements that have only recently been put in place. I will ensure that that takes place.

**Monica Lennon:** Thank you.

**Ross Thomson:** When did you take up your current post, Mr Johnston?

**Paul Johnston:** I have been in my current post since June 2015.

**Ross Thomson:** How long was your predecessor in post?

**Paul Johnston:** I am sorry, but I do not know the exact length of time.

**Ross Thomson:** Can you give us a rough estimate?

**Paul Johnston:** Four years or so.

**Ross Thomson:** As Monica Lennon touched on, in your opening remarks you emphasised the close collaboration that you have with your colleagues in the SPA and Police Scotland and how regularly you meet and communicate. It may be a simple question, but why did no one see the current financial state coming?

**Paul Johnston:** We are absolutely aware of the fact that Police Scotland and the SPA need to grapple with the financial pressures that they, in common with all public service organisations, have been dealing with in recent years. We have been seeking to support the SPA and Police Scotland in doing that. Indeed, it is through that collaboration and close working in recent years that we have ensured that, year on year, the policing budgets have come in at the end of the year broadly on budget, within a variance of less than 1 per cent.

**Ross Thomson:** Okay. I am just trying to understand. I know from my council experience that, when we project and look to the future, there is usually a clear dashboard, and if something flashes up red we know that it needs to be addressed. I am just trying to find out how we reached the situation that we are now in without anything ever having been flagged up earlier—I do not know whether the matter was even flagged up to the minister.

11:15

**Paul Johnston:** I would not wish to suggest for a moment that we are not aware of the financial challenges that the Scottish Police Authority and Police Scotland have been grappling with. We are very much aware of the pressures that the police face. The police have described the ways in which demand for their services has increased. That is exactly why there has been close engagement between the Government, the Scottish Police Authority and Police Scotland. We have sought to ensure that the police have adequate resources to fulfil all their responsibilities and that there is value for money for the taxpayer.

**Ross Thomson:** On resources, “Policing 2026” states that the workforce numbers will be protected in 2017-18, but no such commitment is in place for future years. I think that Mr Flanagan highlighted that in answering questions. Mr Gormley said again this morning that we will have around 300 fewer officers by 2020. The committee and the Parliament need an urgent assurance from the Scottish Government that any changes that are made to Police Scotland’s approach will not put public safety at risk.

**Paul Johnston:** That is absolutely recognised. It is important to emphasise that “Policing 2026” is a consultation document. The Government has made it clear that it expects the full consultation to

proceed and that Parliament will be informed before any changes are made to the officer workforce numbers.

**Ross Thomson:** Do you agree that, if the Scottish Government does not sort out the mess, that will heavily impede Police Scotland’s work to keep people safe? I asked the SPA about that earlier.

**Paul Johnston:** The Scottish Government will continue to work closely with the Scottish Police Authority and Police Scotland to ensure that there is a sustainable budget for policing, because it is absolutely essential that effective police services continue to be delivered in the future, as has been the case previously and as is the case at present.

**Liam Kerr:** In the interests of time, I will ask a quick question. We heard from Mr Flanagan that the challenges of the merger were underestimated and that it has taken longer than planned. Mr Johnston raised the VAT issue, in relation to which the Scottish Government was clearly warned about the consequences of the merger. There is no integrated system. We heard in response to Mr Beattie’s question that 17 or 18 payrolls are running, so there is no significant back-office integration, which shows an extraordinary lack of planning and project management. Who is responsible for that and who is being held to account for it?

**Paul Johnston:** We are already doing work to ensure that there is a full evaluation of police and fire reform. The Auditor General has described that reform as among the biggest public service reforms that have taken place since devolution. I would not accept any characterisation of it as having failed—I am not suggesting that the committee has used that word—in any way, but I absolutely accept that we need to ensure that we take the time to learn lessons to feed into the way in which policing and fire services operate in the future and lessons that will apply to other areas of public service reform and transformation.

**Liam Kerr:** So a review that will identify where the ball was dropped and by whom, which led to the situation that we are in, is going on. Is that correct?

**Paul Johnston:** There is a full evaluation of police and fire reform, which is looking at the original aims of that reform—those aims were set out and agreed by Parliament. An independent exercise is being carried out to evaluate the success of that reform and to ensure that lessons are learned for the future.

**Liam Kerr:** When will there be a report on that?

**Paul Johnston:** I do not have the timetable to hand, but my colleague Don McGillivray might

have something on that. If not, we can certainly follow up with further information to the committee.

**Don McGillivray:** I will need to check the exact date. We can let the committee know that.

**Liam Kerr:** I would be very grateful for that. Thank you.

**Gail Ross:** I will ask the question that I asked earlier. The 10-year strategy is being put in place now. Why was it not put in place in 2013?

**Paul Johnston:** The strategy that was put in place to take us from 2013 to 2016 focused largely on the phase during which large organisations would be brought together and on ensuring that there would be organisational stability and that effective policing services would continue to be delivered. Now that that stability has been achieved, what we are seeing is the long-term transformational plan.

**Gail Ross:** Would you say that the strategy for the three years up to now has been a success?

**Paul Johnston:** I would say that the strategy has certainly been a success in terms of the delivery of effective operational policing. We can point to a great deal of evidence in that regard. I have already referred to the views of the chief inspector of constabulary on operational policing. I know that the committee's focus is on the finances, and we have recognised and continue to recognise the challenges that exist in terms of overall financial leadership and the importance of strong, effective governance and accountability. Those are challenges that we continue to address.

**The Convener:** Mr Johnston, you heard me ask the previous panel about offsetting revenue against capital. We eventually got to the point where the SPA said that it had sought permission from you. How comfortable were you with that?

**Paul Johnston:** Kerry Twyman has responsibility for finance in the Scottish Government, so I will hand over to her in a moment. However, it is important to be clear that, as you heard, it was a request that came to us from the SPA as it sought to balance its different budget lines and ensure that, at the end of the year, it came in as close as possible to a balanced budget. I also want to make clear the fact that granting such permission is not something that we would expect to see happening year on year.

**Kerry Twyman (Scottish Government):** As Paul Johnston has outlined, we monitor the financial situation closely month on month via returns that come in and discussions with the financial team. Once we became aware of the situation, in the way that Mr Foley described, and the request to potentially offset the sum involved, we looked at the wider Scottish Government position and our allocation proposals to ensure

that we could incorporate the request without further damaging or putting any pressure on the wider position. Once we decided that we could take on board the offset, we agreed to it via an amendment to the budget allocation and monitoring letter, and we continue to monitor the position closely. As we have said, it is a reasonably one-off offset. We look at the wider position and are constantly managing budgets, but we would not expect the offset to set a precedent across the Scottish Government. It is reasonably one-off.

**The Convener:** So if the same request were to be lodged with the Scottish Government next year, you would refuse it.

**Kerry Twyman:** No. Actually, we have had a similar request for 2016-17, and an amount was transferred at the spring budget revision. We decided to approve it on the same basis as before. We looked at the wider position and saw that we were able to incorporate the request; we also looked at the wider work around the 2026 strategy and were content that this would not be something that would continue once the wider budget position was brought into balance.

**The Convener:** You have already had a request for the next financial year.

**Don McGillivray:** For this financial year.

**Kerry Twyman:** For this financial year—2016-17.

**The Convener:** Mr Johnston, how comfortable are you with that consistent underspend in capital to offset revenue? Is it good for the police?

**Paul Johnston:** It is not what we want to see on an on-going basis. It is important that the reform money that has been made available for next year is used for transformational reform activity. The Scottish Government is putting in place the processes that will support the Scottish Police Authority to do that.

**The Convener:** How much money is available for reform next year? It was £61 million last year, I think.

**Paul Johnston:** The total budget for this coming year is £61 million, but we need to recognise that a chunk of VAT has to be taken off that. The balance will be available for reform activity.

**The Convener:** You would not expect it to be spent on revenue again.

**Paul Johnston:** No. Our clear expectation—and that of Police Scotland, with which we have discussed the matter—is that the available reform funding for the next financial year will be spent on ensuring that the plan that is set out in "Policing

2026” can be delivered with the benefit of that investment.

**Don McGillivray:** Just to be clear: the reform budget contains both capital and revenue. That is set out by the Scottish Government. What we want is for the revenue part of it to be clearly focused on delivering transformational change. There is a revenue component in the reform budget that pays for people to do real work to deliver change. We want the work to be focused on that. The budget is not all about capital; it has a revenue component.

**The Convener:** Mr Johnston, will we still have 17,234 police officers in Scotland one, two and three years hence?

**Paul Johnston:** “Policing 2026” sets out a proposal from the chief constable and the SPA around the optimisation of the workforce mix in Police Scotland in order to respond to changing demands on the workforce. It makes it clear that, both this year and next year, there would be no reduction in officer numbers. We have also heard that any subsequent reduction would be contingent on some of the efficiencies that have been described actually being in place. That is Police Scotland’s proposal. It needs to be subject to the full 10-week consultation. Ministers have made it clear that the Scottish Government’s position at the end of that is something that they will set out to Parliament in advance of any changes taking place.

**The Convener:** Therefore, this year and next year, the Scottish Government can guarantee 17,234 officers, but, the year after next, it is not so certain.

**Paul Johnston:** The proposal from the SPA and Police Scotland would, as I understand it, involve some changes being made in the year after next.

**The Convener:** Does that mean fewer police officers?

**Paul Johnston:** It means changes in the overall workforce—

**The Convener:** Does it mean fewer police officers?

**Paul Johnston:** —which could mean a small reduction in the number of officers, provided that it is possible to have that increased capacity of officers on front-line policing responsibility. It is important to put it in that context. As I have said, whether that takes place is something that requires us to await the outcome of the consultation.

**The Convener:** For all the time that I have been in Parliament, the Scottish Government has used that 17,234 figure as quite a totemic one on which it was not prepared to compromise. What you are

saying is that, after the next couple of years, we are very likely to see a reduction in the number of police officers in Scotland.

**Paul Johnston:** What Parliament has heard is the recognition on the part of ministers that it is important that, for the long term, Police Scotland has the correct mix of officers and staff in order to protect the people of Scotland and address future demands. I cannot make any definitive statements about specific numbers today. You will appreciate that that must await the outcome of the consultation and decisions by ministers about what they see as being acceptable for the future.

**The Convener:** I understand the terms in which you put that and the language that you use around skill mix. However, that is often a very sophisticated way of saying that there will be fewer police officers.

Finally, if the current financial situation were not as it is—we are looking at a £188 million deficit—would ministers be even considering looking at the skill mix and a reduction in the number of police officers?

**Paul Johnston:** Ministers have made it clear that they want Police Scotland to have a very clear long-term strategy for the delivery of excellent policing in Scotland. That is what this—

**The Convener:** I understand that. Any minister would expect an excellent strategy. You have confirmed for me that the Scottish Government and Scottish ministers will consider a reduction in policing numbers after the next couple of years. Is that due to the financial situation that Police Scotland finds itself in? That is what I am asking.

**Paul Johnston:** I want to be clear: I cannot state what Scottish ministers will agree to. They have made clear that Parliament will be informed about the outcome of the consultation and whether there will be changes in the workforce mix, so I want to—

**The Convener:** No, indeed, you cannot second-guess ministers, but you have confirmed that the issue of policing numbers will be on the table or will be considered. I am asking you whether that consideration is being made because of the current financial situation.

**Paul Johnston:** Ultimately, I do not think that it is. When I look at “Policing 2026”, I see a case being made around the changing demand to which Police Scotland is subject. Of course financial pressures are in the mix but, as I read the document and as we have heard from the chief constable, the demand that exists requires a variety of responses and, in some cases, it requires to be met by staff members who are not officers. Therefore, we need to ensure that Police Scotland can work on that strategy, in consultation



with the people of Scotland. After that happens, we can come back to the Parliament with ministers' conclusions on it.

**The Convener:** I thank all four panellists very much for their evidence this morning.

11:30

*Meeting continued in private until 11:39.*



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