



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Public Audit and Post-legislative Scrutiny Committee

**Thursday 17 December 2020**

**Session 5**



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Pàrlamaid na h-Alba

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**Thursday 17 December 2020**

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**PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE**  
**30<sup>th</sup> Meeting 2020, Session 5**

**CONVENER**

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

**DEPUTY CONVENER**

\*Graham Simpson (Central Scotland) (Con)

**COMMITTEE MEMBERS**

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

\*Neil Bibby (West Scotland) (Lab)

\*Bill Bowman (North East Scotland) (Con)

\*Alex Neil (Airdrie and Shotts) (SNP)

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

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Stephen Boyle (Auditor General for Scotland)

Pauline Gillen (Audit Scotland)

Liam Kerr (North East Scotland) (Con)

Gillian Woolman (Audit Scotland)

**CLERK TO THE COMMITTEE**

Lucy Scharbert

**LOCATION**

The Mary Fairfax Somerville Room (CR2)



## Scottish Parliament

### Public Audit and Post-legislative Scrutiny Committee

Thursday 17 December 2020

*[The Convener opened the meeting at 09:30]*

### Decision on Taking Business in Private

**The Convener (Jenny Marra):** Good morning, and welcome to the 30th meeting in 2020 of the Public Audit and Post-legislative Scrutiny Committee. I welcome Liam Kerr, who is joining us remotely for agenda item 2.

I remind members, witnesses and staff present that social distancing measures are in place in committee rooms and across the Holyrood campus. In addition, a face covering must be worn when moving around, exiting or entering the committee room, although it can be removed once you are seated at the table. I also remind everyone to turn any devices to silent mode, so that they do not disturb the committee's work.

Agenda item 1 is to decide whether to take items 3, 4 and 5 in private. Does any member object to taking those items in private?

As no member objects, we agree to take those items in private.

## Section 22 Report

### "The 2019/20 audit of the Scottish Police Authority"

09:30

**The Convener:** Agenda item 2 is to consider the section 22 report, "The 2019/20 audit of the Scottish Police Authority". I welcome our witnesses from Audit Scotland: Stephen Boyle, the Auditor General for Scotland, who is appearing in person; and Gillian Woolman, the audit director, and Pauline Gillen, a senior audit manager, both of whom are from audit services and are appearing remotely.

I understand that the Auditor General has a brief opening statement to make.

**Stephen Boyle (Auditor General for Scotland):** Good morning. I am presenting the report on the 2019-20 audit of the Scottish Police Authority under section 22 of the Public Finance and Accountability (Scotland) Act 2000. It is the seventh consecutive report that has been prepared by the Auditor General for Scotland following an annual audit of the SPA.

The appointed auditor has given an unqualified opinion on the annual report and accounts. Despite the impact of the Covid-19 pandemic, the annual accounts were signed off by the original planned deadline of 30th September, which is an indication of the continued progress of the SPA's financial management arrangements.

Over the past year, there has been greater stability in the leadership of both Police Scotland and the SPA, albeit with interim appointments for both the SPA chief executive and its chair. The SPA has begun to make progress in developing the capacity of its corporate function.

The governance and accountability of policing remain subject to much discussion. I welcome recent developments, including a revised governance and accountability framework between the Scottish Government and the SPA, and the development of corporate plans. Progress is also being made towards implementing the recommendations from Her Majesty's Inspectorate of Constabulary in Scotland's report, "Thematic Inspection of the Scottish Police Authority September 2019". In addition, discussions on the governance of and accountability for policing are on-going between the Cabinet Secretary for Justice and stakeholders. On completion of those steps, I will decide whether to undertake any additional audit work on policing governance as I finalise my forward work programme in 2021.

As planned, the SPA did not achieve financial balance in 2019-20. As in previous financial years, it has had to secure additional funding from the Government to support its cash flow requirements. Policing in Scotland is not yet financially sustainable. A revised medium-term financial plan is expected in early 2021, along with the workforce strategy. Those outputs are essential to enable the police, its funders in Government and those charged with scrutiny to make informed decisions about a financially sustainable policing model. Without that, it will be difficult for the SPA and Police Scotland to achieve the plans that are set out in the joint strategy for policing.

I am joined by my colleagues Gillian Woolman, who is the appointed auditor of the Scottish Police Authority, and Pauline Gillen. We will do our best to answer the committee's questions.

**The Convener:** Thank you very much, Auditor General. I invite Bill Bowman to open the questioning.

**Bill Bowman (North East Scotland) (Con):** I have a couple of questions about the financial statements. Paragraph 4 of your section 22 report says:

"An Emphasis of Matter paragraph has been included in the ... Auditor's Report"

because of the

"greater uncertainty in property values highlighted by the valuer due to ... Covid-19".

We note that the opinion was not modified—or qualified, in old parlance—but will you explain the impact that Covid has had on the uncertainty of property values?

**Stephen Boyle:** I will hand over to Gillian Woolman. As the appointed auditor, she can set out the judgments that she has made in the audit opinion and give a little bit more detail about what property values have meant in relation to the judgments that we have reached.

**Gillian Woolman (Audit Scotland):** Good morning. Yes, an emphasis of matter paragraph has, indeed, been included in the independent auditor's report on the 2019-20 accounts. I think that you will find that, this year, audit reports on many public sector bodies will have such paragraphs in relation to the valuation of land and buildings. The Royal Institution of Chartered Surveyors issued guidance at United Kingdom level to assist valuers in their exercises this year. Valuers have said that there is currently more uncertainty than is normally the case for the values that they have ascribed to land and buildings. Therefore, in the audit report on any public sector or private sector body for which land and buildings are material to its balance sheet,

there will most likely be an emphasis of matter paragraph—[Inaudible.]

**The Convener:** Gillian Woolman's connection seems to have dropped. We will just give her a few moments, after which we will see whether we can get it back.

**Gillian Woolman:** [Inaudible.]—I hope that that is helpful.

**The Convener:** I am sorry, Ms Woolman. Your connection dropped. Could you take us through your comments again, please?

**Gillian Woolman:** Yes. I am sorry about that—the problem was not showing at my end.

**The Convener:** I do not know whether it was at your end or ours, but I will let you start again.

**Gillian Woolman:** Thank you. In relation to paragraph 4 of the statutory report that is before the committee, an emphasis of matter paragraph has been put in many audit certificates this year. Wherever land and buildings is a significant element of a balance sheet as at the end of March 2020, such a paragraph is often included. RICS guidance on that came out at UK level, which valuers used to reach their conclusions on values. They say that, because of the pandemic, there is currently more uncertainty than is normally the case about the values ascribed to such assets.

During the preparation of its accounts, the SPA's finance officers made a disclosure in that regard, which we have mirrored in our opinion. However, that does not affect the overall opinion that the accounts give a true and fair view.

**Bill Bowman:** I suppose that my next question is to ask whether that has an impact on the body's funding requirements.

**Gillian Woolman:** It will be important for financial planning to determine whether any forecast capital receipt might have to be revisited—that will have to be considered as future financial planning gets under way.

**Bill Bowman:** Do we know whether there are forecast capital receipts of any materiality?

**Gillian Woolman:** Capital receipts tend to play an important role in the capital plans of most public sector bodies. We know that the finance officers are working on their five-year plan. They will have to update all their assumptions in that regard in light of the new challenge concerning the values of land and buildings.

**Bill Bowman:** There might be implications for the future.

**Gillian Woolman:** Indeed.

**Bill Bowman:** I turn to another point. You said in the report that the SPA had a total overspend of £26.6 million and that

“the Scottish Government agreed to provide additional cash”

of

“£32.9 million ... to enable the Scottish Police Authority to meet cashflow requirements.”

Will you expand on the difference between the overspend and the cash being made available?

**Gillian Woolman:** I can bring you up to date on the high-level position. As you can imagine, that situation related strictly to the cash flow requirements at any point in time, so a timing difference would give rise to the difference between the ultimate cash flow requirement and the funding difference. That measure would be intended just to tide the SPA over according to how its cash flow was going at the time. We can get additional detail on the difference if the committee requires it, but we were certainly satisfied about that.

**The Convener:** I will bring in the Auditor General on that point.

**Stephen Boyle:** Gillian Woolman is correct that there is largely a timing difference between the year-end reporting on 31 March and the comparison with the budget.

I will amplify Ms Woolman’s point in reply to Mr Bowman’s earlier question about the longer-term uncertainty that exists in relation to property valuation. Many of the staff in Police Scotland are members of the local government pension scheme; there are extensive disclosures in the financial statements with regard to pensions. The local government pension scheme in particular is an asset-backed scheme, so many of the investments will be in commercial property assets and so forth. The uncertainty will, in due course, potentially feed through into financial implications not just for the Scottish Police Authority and its own employer contributions, but for all the employer organisations that are members of asset-backed schemes. That uncertainty, which we capture in the report and Gillian Woolman has captured in her audit opinion, mirrors the disclosures that the SPA has made in its accounts in that regard.

**Bill Bowman:** There is a lot more uncertainty around.

I go back to my other question on the cash injection of £32 million versus an overspend of £26 million. We are not just hiding—if I can use that word—a bigger overspend, are we?

**Stephen Boyle:** No—I am content that that is down to a timing difference. It is not unusual or

unique to the current financial year—we have seen in previous financial years in which the SPA has overspent its budgets that the amounts by which it has done so have been largely, but not exactly, the same as the additional cash flow requirements that it has received. That is then adjusted for in the subsequent financial year.

The wider point that Bill Bowman makes, which we look to capture in the report, is that there is an inherent lack of stability in the financial position, in that Police Scotland and the SPA are continuing to overspend against their budget allocations. One of the key points that we make is that there is a need for a single view on what the financial sustainability of policing in Scotland looks like.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** I want to continue discussing the issues around the deficit. Your report indicates that officer numbers are at the highest level since the establishment of Police Scotland in 2013. At the same time, all the financial scenarios that we have seen that project the financial position for Police Scotland indicate that the deficit will increase, unless action is taken either to cut costs or increase funding.

The section 22 report says:

“The current model of policing in Scotland is not financially sustainable”,

and that it is a matter of urgency for everyone to get together and reach agreement on what action is to be taken in that regard.

However, I note that those issues have come up before. I have sat on this committee for several years, listening to the same problems, and we do not seem to be coming to a resolution. The budget problem is not new; it is repeated every year. We get a section 22 report—this is the seventh such report on the SPA—but we do not get a resolution. Do the parties that are involved—the Scottish Government, the SPA and Police Scotland—understand that the issue is urgent? Do they have a plan?

**Stephen Boyle:** There are a number of points in that, Mr Beattie—I will try to cover them all.

Of the costs that are captured in these sets of accounts, 85 per cent relate to staffing costs. Some of the financial savings that the SPA and Police Scotland have made in previous years have focused on their non-pay costs, so the 85 per cent of staffing costs that is captured in the budget is a higher ratio than would be the case for other police services across the United Kingdom. There are a number of reasons behind that, but the main one is, as I said, that the organisation has tended to reduce other parts of its budget rather than policing costs.

That leads me to the longer-term trajectory. Some of the analysis that Police Scotland's chief financial officer has undertaken in recent weeks suggests that, without an intervention around financial sustainability, its deficit could grow to up to £200 million over the next few years. Clearly, the level of sustainability would reduce further without a step change.

The two scenarios that the SPA has previously outlined are that Police Scotland would either receive significant increases in its base budget or that it would reduce officer numbers.

09:45

The latter scenario is dependent on having a workforce strategy. We heard confirmation in some of the responses to the report that the strategic workforce plan will be brought to the SPA for consideration in January. We had expected that to be delivered earlier, during 2020, but the pandemic inhibited progress. However, that marks a significant milestone for the SPA and those charged with scrutiny, because the workforce plan will provide a rounded picture and analysis that is based not just on a premise of either cutting police numbers or increasing the budget, but on wider scenarios, including looking at the ratio of police officers to other staff. All those things matter.

You are right that the financial issue is not new and that the situation has been many years in the making. I would have been confident of progress being made, and publicly reported, had it not been for the pandemic. However, it is clear, as we have often said, that we must urgently set out how policing can be made sustainable.

**Colin Beattie:** You did not answer one part of the question. Are you satisfied that all the parties involved—the SPA, Police Scotland and the Scottish Government—understand the urgent need to take action? If they understand the urgency, why has nothing been done already?

**Stephen Boyle:** It is hard for me to say with any conviction that they understand the urgency. My understanding and expectation is that that is well understood and appreciated. Indeed, I note the chief constable's comments about the importance of a workforce strategy and his commitment to bring that to the SPA in January for consideration before it is taken to the Scottish Government for approval.

There are genuine mitigating factors: had it not been for the pandemic, we would have been further forward. Nonetheless, with all the upheaval to policing that the committee has heard about over the years, the signs of progress are only recent. Early next year will be a key milestone in judging whether the progress will be translated into an effective and coherent workforce plan that

is linked to a coherent financial strategy for policing.

**Colin Beattie:** In its previous scrutiny of the SPA, the committee has questioned whether the SPA has adequate control over the budget, because it relies entirely on operational decisions that are made by Police Scotland. Does the model, as it has been set up, work? Is it effective? Is it the best possible model? The SPA does not seem to have much control over that.

**Stephen Boyle:** There are several factors. The model is complicated, as the committee has been told for many years. It is the subject of the HMICS scrutiny report of 2019 and the work of the round-table group that the cabinet secretary chairs.

The spending is, as you allude to, almost entirely within Police Scotland. It is then subject to scrutiny and approval by the SPA. The chief executive of the SPA is the accountable officer for that. The question whether the arrangement is effective has been considered many times, and it is part of the round-table group's on-going consideration. I am inclined to wait for the judgments that the group makes before settling on whether the matter should be subject to wider review or change. However, the perception that there is an imbalance between where money is being spent and where that spending is approved is, without doubt, a factor in the complexity of the matter.

**Colin Beattie:** Would you agree that, unless that issue is addressed, the SPA's ability to achieve financial sustainability will be severely circumscribed?

**Stephen Boyle:** That is part of the story, but not the entirety of it. It matters more that progress on the workforce strategy builds on the recent progress that has been made through the production of the digital, estate and fleet strategies. All those documents have to connect in the real world. As I said, that must move beyond the two scenarios of either cutting police numbers or increasing the budget. There has to be a rounded consideration of the requirements for policing, so both aspects are part of the story.

**Colin Beattie:** If we look back over the past two or three years, there have obviously been many issues with police information technology systems. I am not aware that the necessary upgrades and replacements that are required have been budgeted for. I wonder whether we still have a police force in which lots of different units are unable to speak to one another. Have you seen a plan to address that issue?

**Stephen Boyle:** I will ask the team to come in on that in a moment. We have certainly seen the digital data and information and communications technology strategy, which sets out quite



ambitious reforms, many of which have been years in the making. Part of the strategy has been implemented, with particular progress being made in mobile telephony. Consequently, there is improved communication, which has moved policing further forward. On whether all that has been translated into the budget, much will depend on the revised medium-term financial strategy that will be considered in the early part of 2021.

I ask my colleagues to provide any more updates that they can on that.

**The Convener:** Do you want to come on those points, Pauline Gillen? You do not have to, if you do not have anything to add.

**Pauline Gillen (Audit Scotland):** I do not have anything to add.

**Gillian Woolman:** The one thing that I would say is that we are conscious of the transformation strategy for digital data and ICT. There is a strategy in place, but the issue of full funding for supporting the fulfilment of all the ambitions continues to be part of the dialogue.

**Graham Simpson (Central Scotland) (Con):** Auditor General, I want to be clear on this issue, so I ask you to give me a simple answer, although maybe there is not one. In your report, you said that the

“model of policing in Scotland is not financially sustainable.”

Will you summarise what about that model makes it not financially sustainable?

**Stephen Boyle:** I will do my best, Mr Simpson.

We have repeatedly, year on year, seen unplanned deficits. The welcome transparency on the financial position in the past few years has shown clearly that, in order for the policing service to deliver as intended, under the direction of the chief constable and subject to scrutiny by the Scottish Police Authority, the police plan to make deficits over and above the budget allocation.

That leads us to say that, as the model is currently designed, policing will not be delivered in the confines of the budget that is made available to it by the Scottish Parliament. On the underlying mechanics of that and whether it is as simple as cutting police numbers—although I know that that is actually very complicated—or increasing the budget, our contention is that those are the only two options that have been presented, but we know that it is much more complicated than that.

That is why we have said for many years that, to have a rounded analysis, one of the key missing planks is a workforce strategy. A workforce strategy is complicated; it needs to include various scenarios on policing numbers, the ratio of police officers to police staff and how ICT estates all interconnect. Without all those strategies, we

cannot effectively say what the financial sustainability requirements will be. Hence the urgency for those to be produced.

**Graham Simpson:** Would it be fair to summarise that by saying that, if we want to continue with the current number of police officers, Police Scotland will need more money?

**Stephen Boyle:** Ultimately, it is for the police and the Government to decide the number and the ratio. It is clear from the numbers that have been reported this year and in previous years that sustaining the numbers by using the current model, with the current budget, will continue to produce overspends year after year.

**Neil Bibby (West Scotland) (Lab):** The report states:

“Police Scotland will need to implement, monitor and regularly review the”

workforce

“plan, with appropriate scrutiny from the Scottish Police Authority.”

Are you confident that Police Scotland and the SPA will be able to do that adequately? Will you monitor their progress? You said that we can expect the report in January. Is the work being undertaken at the necessary pace, given the length of time that it has taken the SPA to produce a workforce plan?

**Stephen Boyle:** We will monitor progress closely as part of our audit of the 2020-21 financial statements. We welcome the confirmation from the SPA and the chief constable that a report on progress will be brought to the SPA board in January for scrutiny. It will then be considered by the Government. That will be a key part of our audit work next year.

**Neil Bibby:** Your report states that

“In May 2018, the Scottish Police Authority approved a three-year financial plan to achieve financial balance”,

and that that plan was

“dependent on ... reducing police officer numbers by 750”.

It also states:

“The cost of maintaining these officers in 2019/20 was £17 million”.

We have heard about deficits and overspends in excess of £17 million. That plan was put on hold, and a new workforce plan is being developed. I appreciate what you have said about looking at things in the round. However, if there was no increased funding and all the cuts were to fall on police officer numbers, would we still be looking at a ballpark figure of 750 officers being lost in order to reach financial sustainability? Could the number be more or less than that?

**Stephen Boyle:** Police Scotland set the target of reducing officer numbers by 750 in order to reach financial sustainability. That number has featured a number of times in our reporting and in reporting by the SPA and Police Scotland, too. In truth, it feels as though the number is variable. I go back to the question of what the options and alternatives are. If it is not that number, the workforce strategy should set out the difference in relation to police officer numbers and the ratio of officer numbers to police staff.

In relation to the evolution of the workforce strategy, we know that the nature of crime means that it is now less likely to happen on the street and more likely to be perpetrated in the home environment, which might necessitate a different skill mix in policing. We expect all such matters to be captured in the updated workforce strategy.

We know that the work is progressing and is being led by one of the deputy chief constables. We expect a rounded analysis to be taken to the SPA board. We will closely track and monitor progress through our work next year.

**Alex Neil (Airdrie and Shotts) (SNP):** I want to pick up on two themes. Colin Beattie said that a lot of Police Scotland's expenditure is not really under its control. A fair amount of the work that Police Scotland has had to undertake, particularly in recent times, has been as a result of referrals from the Crown Office. When the Crown Office asks the police to carry out an investigation—whether or not it is justifiable—is there any requirement on the Crown Office to transfer any of its budget resources to Police Scotland, or does Police Scotland have to bear the entire burden and call on its resources to undertake what are, in some cases, spurious inquiries on behalf of the Crown Office?

**Stephen Boyle:** I will ask Gillian Woolman to supplement my comments. She is the auditor of the Crown Office, so she will have insight beyond my understanding.

My assumption is that there is no resource transfer. If the police intend to undertake an investigation, they will do so through their own resources. I will pause there to see whether Gillian wishes to add anything.

10:00

**Gillian Woolman:** The Crown Office and Procurator Fiscal Service sets its budget each year in discussion and dialogue with the Scottish Government, taking account of the volume of activity. During the year, there is no virement of budget dependent on activity levels between Police Scotland and the Crown Office. Each year, budgets are subject to scrutiny dependent on each body's relevant activity levels.

**Alex Neil:** As a supplementary question, given the very tight resources that Police Scotland is working with to meet all its objectives—particularly this year with Covid—when it receives an instruction from the Crown Office that it might regard as not high priority, does it still have to follow that to the Crown Office's timescale, given everything else that is going on? Does Police Scotland have the power to say to the Crown Office that it does not have the resources to follow that instruction in the foreseeable future, or does it simply have to carry out the Crown Office's instruction and go ahead, even if it thinks that it is not a high priority in relation to the justice resources of the country and the police resources that are available to it?

**Gillian Woolman:** The area that Mr Neil described is beyond my remit as the appointed auditor for both the Crown Office and the Scottish Police Authority; what Mr Neil described is very much to do with operational activity.

**Alex Neil:** Perhaps we should write to the chief constable to ask what his leeway is. Clearly, resources are tight and there is such a big job for Police Scotland to do, which—on the whole—it does extremely well. However, there are perhaps undue pressures on Police Scotland that might release some resources for higher priorities.

My second theme is about the effectiveness and governance of the SPA. I have two questions for the Auditor General. First, how much of the SPA budget goes to the SPA per se and how much of it ends up with Police Scotland? Second, in his report, he quite rightly makes a great deal of the stability in membership of the SPA, which has taken only eight years to achieve. However, he does not mention the effectiveness of the SPA board or the governance arrangements. Will the Auditor General comment on those points?

**Stephen Boyle:** I may draw on colleagues in relation to the first point in order to set out the scale of SPA spending relative to that of Police Scotland—they might have the ratio of spend at their fingertips. Clearly, however, the SPA spend is a very minor proportion of the overall budget as it incorporates largely governance-led activity. Importantly, however, it also captures the cost of forensic services, which are a small but significant part of its activities.

Before I address Alex Neil's second point, I will pause for a moment and invite Pauline Gillen to set out the relative ratio.

**Pauline Gillen:** As the Auditor General said, the extent of SPA expenditure is considerably smaller than that in relation to Police Scotland. If we consider the figures in the annual report on accounts, from total expenditure of just over £1 billion, only £3.6 million was allocated to SPA

corporate services. That gives the committee an idea of the small scale of expenditure that is allocated to the SPA.

**Alex Neil:** My second point was about effectiveness and governance.

**Stephen Boyle:** We have made commentary on that, and other organisations have similarly made assessments of the effectiveness of the governance arrangements. The issue is also subject to the considerations of the cabinet secretary and the stakeholder round table.

The HMICS inspection report on the SPA in September 2019 set out 14 recommendations, if I recall correctly, on how best to improve its organisational effectiveness and aspects of its governance arrangements. From that, we have seen some signs of progress against those recommendations. In particular, there is a revised corporate plan, and an organisational strategy for the SPA is beginning to be populated, which is welcome. This year, a governance and accountability framework has been produced between the SPA and the Scottish Government. All those measures are welcome. There have also been changes to the SPA's committee arrangements.

As the committee will know, Dame Elish Angiolini recently published a very extensive report that makes recommendations and judgments about the effectiveness of the SPA. That report is under active consideration by the cabinet secretary with regard to the way forward, and it is to be captured as part of the work of the round table—and no doubt beyond that.

Our overall assessment is that there are signs of progress, but it is probably too early to say definitively that all the work that needs to be done to achieve the stable platform for delivering policing in Scotland in future has yet been done. As I said in my introductory remarks, we will actively take stock of the situation and we will decide where best any additional audit work by Audit Scotland fits into any future considerations.

**Alex Neil:** I draw your attention to the letter that was sent to the justice secretary last week by the immediate past chair of the SPA, Professor Susan Deacon, and which was published at the weekend. In it, she says:

"I remain of the view that there are fundamental flaws in many aspects of the current arrangements for governance and accountability".

Professor Deacon also wrote that the principle of an arm's-length relationship between the police and the Government

"needs to be explored and developed further",

and that Police Scotland and its watchdog are

"joined at the hip".

From the audit work that has been done on the SPA, can you give me three examples from last year, the period covered by your work, of where the intervention of the watchdog board—the SPA—materially impacted on decisions or processes within Police Scotland?

**Stephen Boyle:** You have referred to Professor Deacon's response to the cabinet secretary, which I have seen, too. I have read Professor Deacon's comments, and I listened carefully to the comments that she made to the committee in February, referring to her experiences as the past chair of the SPA. That is an important and welcome intervention. It is a sign that Government, the SPA and policing in the round are listening to alternatives.

I note the recommendations from Dame Elish's report. Extensive as they are, many of them will require potential changes to legislation, and all of them will no doubt be considered with regard to what the model may look like in future if it is subject to change.

I will ask the team to contribute in a moment regarding interventions, but this is not a perfect set of circumstances, and I would not want to portray it as such. We have spoken about the financial sustainability challenges and about the absence of a workforce strategy, as we capture in our report. We also note that performance management arrangements are not as effective as they should be. In particular, we refer to the suite of information that the SPA should have at its disposal in order to discharge its scrutiny functions. That needs to be improved. Progress was sought to be made a couple of years ago, but it was only this summer when we saw a revised indication of a performance management framework. There is still much work to be done.

As regards interventions and effective scrutiny, I would give the example of the scrutiny of financial management arrangements. It is not that long ago since the SPA was presented with a single-line budget for Police Scotland to approve at the start of the year, which clearly marked a deficiency in arrangements. However, the analysis that the SPA now receives and the transparency of the financial management arrangements that it considers represent a big step forward.

To me, those are signs of progress, but I will check whether colleagues who are closer to the detail of the committee and the workings of the SPA wish to add anything.

**Gillian Woolman:** I assure Mr Neil that, through the annual audit process, we produce an interim report and a final report, both of which contain recommendations. Our annual audit report on the 2019-20 audit documents our follow-up of last

year's audit, in which we made 11 recommendations. We report back—the information comes into the public domain as it is published in due course—on all the areas where the SPA has completed action against our recommendations and on areas that are in progress.

I will give examples of three such areas. One relates to the overall control environment for systems of key control that relate to the finance functions. As the Auditor General says, strides forward have been made in financial management arrangements. We have also made recommendations in the past to do with the revisions of terms of reference of the committees, and we have reported on progress on that this year and made additional recommendations at the end of this year. Another important area relates to the Scottish Police Authority's internal risk management arrangements, on which a lot of progress has been made over the past 12 months.

Each year, we list recommendations and we monitor progress against them.

**Alex Neil:** Yes, but I think that that was precisely my point: any improvements have been the result of recommendations from the committee, Audit Scotland or other bodies. I want to know what added value, creative activity and level of scrutiny the people on the SPA board are actually providing. I have seen no evidence of that whatsoever.

We have just been through nine months of Covid and there have been some high-profile police investigations, several of which have been referred to the Crown Office, but I have seen no evidence of the board addressing policy issues to add value to the quality of the police service in Scotland.

My point is that, although all those improvements are welcome, they are a reaction to recommendations from the likes of your predecessor as Auditor General, the committee and others. When are we going to see the board doing its own thing and doing what it is set up to do? Its primary function is to hold Police Scotland to account, and I see no evidence of that.

**The Convener:** Auditor General, I will let you answer that, and then we will move on.

**Stephen Boyle:** The conclusion that we reach in the report, which is largely mirrored in other recent reports, is that there are signs of stability, certainly in the leadership of Police Scotland but also in the Scottish Police Authority. We point to the roles played by the interim chair and the interim accountable officer, both of whom have brought stability to the SPA.

Mr Neil is correct that there is still work to do—we have made a similar judgment ourselves. We note that work can be done on general arrangements in the SPA and on its governance set-up. The committee might recall that we previously expressed reservations about blurred lines of responsibility between executive and non-executive activity in the SPA. We are seeing less of that, which is a sign of progress in the executive leadership under the interim accountable officer, and her plan to populate a more effective SPA structure and to make it a more effective organisation in its own right, much of which she has already undertaken.

There are undoubtedly some things that still need to happen, Mr Neil. The volume of papers considered by the SPA's committees is too high and meetings are too long, much of which is covered in the report published this summer by Robert Black, another former Auditor General. There is also progress to be made on the diversity of the board in order to represent all of Scotland's people. Undoubtedly, there is work still to be done, but we are seeing signs of progress this year in the work of the authority and its executive.

**Graham Simpson:** It is very frustrating to hear that. Colin Beattie must be tearing out what is left of his hair. He turns up to every meeting and says that he has heard the same thing over and over again, and that is what we are hearing today.

10:15

I turn to an area that is addressed in paragraph 12 of the report, which is entitled "Transformation". We have already spoken about the workforce strategy, but there is also a digital data and ICT strategy, an estates strategy and a fleet strategy. According to your report, Auditor General, they all appear to rely on extra funding. You make the point that that is unusual in the public sector, as people are normally expected to produce strategies that fit within an existing budget, but that is not the case here. Why is that?

**Stephen Boyle:** You are right, Mr Simpson, that we make the point that transformation within public bodies ordinarily tends to happen within the confines of existing budget arrangements.

The scale of reform of policing has been noted by a number of commentators as perhaps the most significant piece of public sector reform that has taken place during the existence of the Scottish Parliament. There was recognition that some additional funding to support transformation would be needed. Sizeable reform budgets were created and supported via the revenue and capital position of police funding.

We welcome the progress that has been made with the creation of a strategy for digital data and

ICT, which are necessary components of organisational thinking. I have also mentioned a number of times this morning the importance of that being complemented by a workforce strategy.

All those components have to connect, so that there is a coherent financial plan that says how we can best deliver policing in Scotland, but that plan cannot be dependent on just the two scenarios that we have discussed of increasing the budget or reducing officer numbers. All those components have to be in place. As we say in the report in a number of places, the matter is pressing. It has been eight years since the creation of Police Scotland, and there is a pressing need and an urgency to get those components in place.

**Graham Simpson:** Do Police Scotland and the SPA accept your conclusion, in paragraph 12, that they need “urgently to review” their strategies? Have you spoken to them about that?

**Stephen Boyle:** That might be a line of questioning that the committee will wish to explore in more detail with the SPA and Police Scotland. In terms of Audit Scotland’s arrangements, we clear all our reports for accuracy and comment—in the case of this report, with the SPA.

That conclusion is our judgment. It is what we say needs to happen in order to get a sustainable financial model for policing.

**Gail Ross (Caithness, Sutherland and Ross) (SNP):** Good morning, Auditor General, and thanks for coming back to the committee—the same to Pauline Gillen and Gillian Woolman.

Your report states that the performance framework

“did not deliver the expected improvements in performance reporting”.

Can you expand on the extent to which it did not deliver? Also, are you aware of any reasons why the data that you needed was not available?

**Stephen Boyle:** I will start, and then invite Pauline Gillen to say more. There is a bit of history to that, and it absolutely matters that, for the SPA to discharge its scrutiny functions properly, it has to be in receipt of high-quality data and analysis. Through our audit work, we have seen that, historically, much of the data has come directly from Police Scotland and its own systems. That is why there is a proper recognition that, for the SPA to play its role in a more rounded way, it should be drawing on a wider range of sources and activity.

It is good that that is now captured in the SPA’s organisational corporate strategy, but the authority is not there yet. The plans to implement the strategy a couple of years ago did not deliver as intended, and from June this year it has had a new strategy. Pauline Gillen can give you a bit more

detail about some of the steps that did not transpire as intended.

**Pauline Gillen:** In April 2019, we introduced our revised performance reporting framework, which has a more outcome-focused approach. My answer may provide one of the illustrative examples for which Alex Neil asked earlier.

During the year, the authority members who sit on the policing performance committee, which is responsible for scrutinising policing performance, identified a number of areas for improvement that could be addressed in the current framework. Those include things such as improving the clarity and style of presentation to make it clear what progress had been made on performance during the year, and finding a better balance between quantitative and qualitative data.

As a result of that feedback, the performance framework was revised again and was approved by the authority in June 2020. The quarterly report goes to the policing performance committee before it goes on to the authority, so scrutiny of the revised framework is taking place. As the Auditor General said, the plan is that the quarterly performance report will now give a more detailed picture, using a wider range of performance measures and additional evidence, including tools such as benchmarking.

**Gail Ross:** The report states:

“it is vital that there are robust performance management arrangements in place”,

so that we can—[*Interruption.*]. Sorry—that was a dog.

The report states that performance management is “vital” so that we can measure progress on the implementation of the new strategy.

I know that we are only a few months into the new strategy, but from what you have observed so far, are you now confident that the new arrangements will make a difference?

**Stephen Boyle:** It is too soon to say. That is certainly part of our audit work during the current audit year, and we will continue to track and monitor it. In addition to the judgments that we make as auditors, there is a real onus on the SPA to satisfy itself that its members are having their voices heard on the adequacy of the new arrangements. We will continue to track progress and report back to the committee as necessary.

**Gail Ross:** The first report under the new framework was made in September 2020. Have you had a chance to review that report, or will that form part of your future work? It may be far too soon to ask that question, considering that the report came out only a couple of months ago.

**Stephen Boyle:** I will ask Pauline Gillen to comment on the judgments that she is making with regard to the recent reporting and whether that marks a step change of the kind that we have been calling for.

**Pauline Gillen:** Yes, it does. The reporting is now much better aligned with how the authority plans to achieve its strategic priorities. At the authority board meeting, there was positive feedback from members, and they felt that the report was an important step towards improvement. As the Auditor General said, we will, as the year goes on, continue to monitor reporting to the authority and the policing performance committee.

**The Convener:** I will bring in Liam Kerr.

**Liam Kerr (North East Scotland) (Con):** Thank you, convener—I am grateful to the committee for allowing me to attend, and to the Auditor General and the team for indulging me. I have just two questions, which rather wrap up some of the themes that we have explored today.

It seems to me, from my previous work with the committee, that every year the Auditor General comes back and says, “Look—the Scottish Government is having to make up a fairly significant shortfall.” That raises a question: at what point does the Scottish Government have to accept that it is not budgeting properly for policing in Scotland, and that it should work on the basis that the budget plus the bailout would be a more realistic funding floor in the future?

**The Convener:** Is your question for the Auditor General, Liam Kerr?

**Liam Kerr:** Yes, please.

**Stephen Boyle:** I think that I heard the cabinet secretary respond in the chamber that the financial position of and the funding available to the Police Service of Scotland through the SPA will form part of the Scottish Government’s consideration of the 2021-22 budget proposals.

Fundamentally, the position that is presented is not sustainable—as a recent committee member, you will have seen that too. As we touched on at a couple of points, we contend that a more rounded analysis of the workforce is needed. As we captured in the report, 85 per cent of Police Scotland’s costs relate to payroll for its workforce, but there is a gap in the analysis that would enable us to provide an answer on whether the solution is as simple as just increasing the budget—or reducing police numbers, which is the alternative that was presented.

A more rounded analysis is needed, built upon a strategic workforce plan that is connected with the impact that technology will have on how policing is delivered and what its estates needs and fleet

requirements will be. Those are key components, which go beyond those two stark scenarios of increasing the base budget or reducing numbers. The situation is more complicated than it is being presented as.

**Liam Kerr:** That will take time, no doubt. In paragraph 10 of your report, the point is made that the deficit will increase without additional funding or workforce cuts. I presume that there will be a time gap before anyone is in a position to make that call. Which do you consider is the most likely to happen? If it is workforce cuts, is that really an option, given next year’s pressures, such as the pandemic, the 26th conference of the parties, Brexit and the elections? Pressure on the police is only going to increase next year, is it not?

**Stephen Boyle:** From what I recall, the chief constable said that, partly because of the factors that you outline, it was agreed between the SPA, Police Scotland and the Scottish Government that now was not the right time for the proposed reduction of officer numbers by 750. Pre-pandemic, there were already the considerations of the UK’s withdrawal from the European Union and what was then the upcoming COP26 summit in Glasgow, and then there was the pandemic. Those factors all meant that it was not the appropriate time to reduce officer numbers.

The chief constable has also commented that a reduction in officer numbers would not happen in a single year anyway—it would be a phased approach. Therefore, a discussion is required about what that means for the budget for policing in Scotland for the 2021-22 financial year. You are right that it will not be resolved in one financial year. It has taken a long time to get to this point. I am optimistic about what will come through in the analysis of the workforce. I do not mean to labour that point, but it now feels like such an important component of a rounded picture, with the accompanying scenarios of what policing might look like in future.

**Liam Kerr:** I am grateful for that answer.

**The Convener:** As members have no further questions for the Auditor General, I thank Stephen Boyle, Gillian Woolman and Pauline Gillen for their evidence. I close the public part of the meeting, and we move into private session.

10:28

*Meeting continued in private until 11:23.*

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