



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

PUBLIC AUDIT COMMITTEE

Wednesday 20 November 2013

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PUBLIC AUDIT COMMITTEE
15th Meeting 2013, Session 4

CONVENER

*Hugh Henry (Renfrewshire South) (Lab)

DEPUTY CONVENER

*Mary Scanlon (Highlands and Islands) (Con)

COMMITTEE MEMBERS

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

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

*Bob Doris (Glasgow) (SNP)

*James Dornan (Glasgow Cathcart) (SNP)

*Colin Keir (Edinburgh Western) (SNP)

*Ken Macintosh (Eastwood) (Lab)

*Tavish Scott (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Miranda Alcock (Audit Scotland)

Vic Emery (Scottish Police Authority)

John Foley (Scottish Police Authority)

Caroline Gardner (Auditor General for Scotland)

George Graham (Her Majesty's Inspector of Constabulary for Scotland)

Chief Constable Sir Stephen House (Police Scotland)

Fraser McKinlay (Audit Scotland)

Michael Oliphant (Audit Scotland)

CLERK TO THE COMMITTEE

Jane Williams

LOCATION

Committee Room 5

Scottish Parliament

Public Audit Committee

Wednesday 20 November 2013

[The Convener *opened the meeting in private at 09:32*]

10:04

Meeting continued in public.

Decision on Taking Business in Private

The Convener (Hugh Henry): Welcome. I convene the 15th meeting of the Public Audit Committee in 2013. I ask everyone to make sure that their electronic devices are switched off, so that they do not interfere with the broadcasting system.

Does the committee agree to take item 6 in private?

Members *indicated agreement.*

Section 23 Report

“Police reform: Progress update 2013”

10:05

The Convener: Item 4 on our agenda is consideration of a section 23 report, “Police reform: Progress update 2013”, from Audit Scotland on behalf of the Auditor General for Scotland. The Auditor General is here with a team from Audit Scotland, so I invite her to present the report and then bring in her colleagues if they want to comment.

Caroline Gardner (Auditor General for Scotland): Thank you. Police reform has involved one of the biggest and most complex restructures in the public sector since devolution, and the biggest change in policing since at least 1967. More than 24,000 police officers and staff, and at least 1,000 properties, transferred to two new bodies, the Scottish Police Authority and Police Scotland, on 1 April 2013.

Much has been achieved during the transition period. Exhibit 1 in the report gives examples of progress towards the objectives of reform. A complex piece of legislation was passed, local policing plans were agreed for each local authority area and specialist national services were established.

Members will recall that the Public Audit Committee took evidence on our report, “Learning the lessons of public body mergers: Review of recent mergers”, in September last year. Following that meeting, the committee was interested in exploring how the recommendations and good practice in the mergers report had informed planning for police reform.

We examined the efficiency and effectiveness of the planning and early implementation of reform, and we commented on the extent to which the recommendations of the mergers report were implemented. We also looked at the costs and savings associated with reform and considered whether the governance arrangements are consistent with good practice.

We did not look at operational performance as part of the audit. It is still early days in the life of the new police service. However, Police Scotland’s reports to the SPA show that front-line services were maintained throughout the very significant changes.

We found that planning for reform was hampered by a lack of baseline information in non-operational areas such as finance and staffing, and by different views on what the SPA’s statutory

responsibility to maintain the police meant in practice.

We found that some of the recommendations from our mergers report were implemented. In particular, the Scottish Government did considerable preparatory work to ensure that the chair of the SPA and the chief constable of Police Scotland were in post six months before 1 April 2013, in line with our recommendation.

However, for a number of our recommendations, implementation is still in progress or did not happen. For example, we recommended that robust costs and savings estimates should be developed and regularly reviewed, but the outline business case, which was produced in September 2011, has not been updated. Appendix 2 of our report gives a summary of progress against all the recommendations in the mergers report.

The SPA and Police Scotland estimate that they will need to save £64 million in 2013-14 to stay within their allocated budgets. That is £22 million more than was identified in the outline business case. The SPA and Police Scotland have plans in place to deliver most of the savings in 2013-14, as members will see in exhibit 5, but they have not yet agreed a financial strategy that shows how savings will be achieved beyond 2013-14. We think that that needs to be done urgently, so that the strategy is in place for the beginning of the next financial year.

In part 3 of the report we look to the future and identify the significant challenges and risks that the SPA and Police Scotland will face in delivering the savings that are required. A lack of flexibility in managing police officer and staff numbers contributes to the challenges. We also identify important governance issues that need to be resolved urgently, which include finalising the structure of the SPA and making permanent senior appointments. There needs to be clear agreement between the SPA, the Scottish Government and Police Scotland on their respective roles and responsibilities and how they will work together in future.

Better information is needed to support effective scrutiny of police performance. In particular, the Scottish Government, the SPA and Police Scotland need to agree how they will report on performance and how they will assess and report on whether the objectives of reform and associated benefits are being delivered. Our recommendations are intended to help to ensure that the new police service for Scotland has good service and sustainable finances, so that it can look ahead to achieving the wider objectives of reform.

My colleagues and I will be happy to answer questions from the committee.

The Convener: Thank you. You mentioned how well staff have made the merger work. That is testimony to the hard work of everyone, from top to bottom, in ensuring that the transition was smooth. The exercise could easily have gone badly wrong, with all sorts of consequences, and credit is due to everyone who has been involved.

It is also worth putting on record, so that there is no doubt about any comments that might be made in discussion with you, Auditor General, or later with witnesses in other evidence sessions, the point that any criticisms of process are not criticisms of our police or their ability and willingness to perform their duty. At the same time, though, I think that questions have to be asked.

One of the things that would be useful to help me, at least, would be to bring some clarity about who is responsible for what. There are times when I am just not sure about who should have done something or why something was not done. It has been suggested that there has been no robust business plan. Who would have been responsible for producing the business plan?

Caroline Gardner: The legislation that led to police reform was based on an outline business case that was prepared by a police reform team that drew together the information that was available at the time. The intention initially was that the outline business case would be updated into a full business case for the option that was chosen. The outline business case looked at three options: having the status quo, three regional police forces or one police service for Scotland. The expectation was that the full business case that was prepared would focus on the preferred option of a single police service. The Scottish Government expected the police service to do that through, first, the eight legacy police forces, then the new Police Scotland, working with the Scottish Police Authority.

That has not happened so far. The intention now is that there will not be a full business case because the reform is already very well under way. Instead, there will be a financial strategy for the way policing will work under the new arrangements. The formal responsibilities are for Police Scotland and the SPA to do that work together, with support from the Scottish Government where required. We think that it is critical that the financial strategy is in place to recognise and support the excellent work that police officers do around Scotland every day and to ensure that the objectives of reform are the focus of future work, rather than the need to make savings to balance the budget.

The Convener: I think that you indicated that you would have expected a robust business plan to have been prepared. What I am trying to get to is who should have prepared that business plan. Was it the police? Was it the SPA? Was it the Government?

Caroline Gardner: In evidence to the Finance Committee when it was considering the bill and its financial memorandum, the Scottish Government was very clear that it expected the police service to do it: the eight legacy forces; then, as the new arrangements came into place, the SPA and Police Scotland. The SPA has asked Police Scotland to prepare a financial strategy, and we understand that that work is in progress. However, it has not been completed and agreed between the SPA and Police Scotland.

The Convener: Right. Who is then responsible for driving the financial strategy? You said that it should be done between the SPA and Police Scotland, but when two bodies are involved and each takes some responsibility, there is often the capacity for inertia or inaction. Who is ultimately responsible for ensuring that the financial strategy happens?

Caroline Gardner: The expectation is that Police Scotland will prepare the financial strategy and that it will be approved by the SPA as part of its governance and oversight role for policing in Scotland.

The Convener: Okay, so it is Police Scotland's responsibility. Who is responsible for identifying how savings will be delivered beyond 2013-14? Is it the SPA or is it Police Scotland?

Caroline Gardner: That is the main purpose of the financial strategy. It should set out the way in which the new police service will operate in Scotland right across the piece over the years in which savings are intended to be delivered. It gives the opportunity to step back and look at different ways of providing police services and the savings that can be generated by doing that, and to pull all that together into a single picture.

The Convener: In terms of identifying savings and making decisions about staffing numbers, who would be responsible for that? Would it be the SPA or would it be Police Scotland?

10:15

Caroline Gardner: Again, that is the central purpose of the financial strategy. The financial strategy pulls together the numbers across the years that it covers, but we expect it to be underpinned by a robust workforce plan for staffing numbers, an estates plan for the buildings and other assets that are owned, and an information and communication technology plan

for the way in which technology will support new ways of working.

The Convener: In advance of that strategy being prepared, who would have the ultimate responsibility for those decisions?

Caroline Gardner: It is a shared responsibility between Police Scotland and the SPA, as we say in our report, with support from the Scottish Government where that is needed.

The Convener: Right. Have you seen progress on your concern about a lack of good data on non-operational areas?

Caroline Gardner: It is too early for us to say that, until the financial strategy is in place. Does Michael Oliphant want to add something?

Michael Oliphant (Audit Scotland): Yes. We identified that there was a lack of good baseline data in relation to not only finance but human resources, procurement and estates. I will take procurement as an example. We know that around 1,500 contracts that have been pulled together from the legacy forces are in place and that some of the contracts that can perhaps be looked at over this year are currently being worked on. Obviously, some of the contracts from the legacy forces have some time before they expire. Therefore, a limited amount can be done with the contracts that are currently in place on when they can be brought together and looked at on a national basis to drive efficiency savings.

The Convener: Okay. Finally, the Auditor General said, I think, that the change is one of the biggest, if not the biggest, of the service changes that have been introduced since devolution. Would you expect the process for any future significant service change not to involve a robust business plan? Would you expect the efficiency and other targets to have been clearly identified?

Caroline Gardner: In my introduction, I referred to the report that Audit Scotland published in early 2012 on managing public sector mergers, which made a very clear recommendation on the need for good information about the costs and savings that are expected from mergers and on those costs and savings being reviewed regularly as the reform progresses. We think that that is important in any merger and that it is particularly important in a merger that covers a service of such great public interest in which one of the drivers for reform is the need to maintain front-line services while making savings.

The Convener: So business plans should be prepared well in advance and all the detail should be clearly identified.

Colin Beattie (Midlothian North and Musselburgh) (SNP): The first thing to note is the remarkable progress that has been made within a

very short time. Maintaining the front-line services must have been quite a challenge during that period.

I want to touch on what the Auditor General said about certain information not always being available for things such as HR. That gives every good reason for creating a single body to bring all of that together. Has much progress been made on pulling those areas together? I think that you mentioned 10 HR functions.

Caroline Gardner: I will ask the team to come in in a moment, but one of the report's findings was that the lack of baseline information and clarity on roles and relationships made some of that progress more difficult than it might otherwise have been. That really adds to the sense of urgency to get the financial strategy in place and make progress on those things now.

Does Michael Oliphant want to add a bit of detail on that?

Michael Oliphant: Yes. With HR, procurement and finance, obviously, many of the strategies are underpinned by having the correct ICT systems in place. Both SPA and Police Scotland are working towards getting the information technology infrastructure in place, and I understand that they plan to have an ICT strategy approved before the end of this year.

Colin Beattie: I want to touch on something that is perhaps a little more sensitive. The problems or frictions between the SPA and Police Scotland are obviously well documented, and the report touches on them. Do they seem to have been resolved, or are they still an issue?

Caroline Gardner: We mentioned in our report the difficulties caused by poor relationships between all four parties—the Scottish Government, the SPA board, SPA senior staff and Police Scotland—and some of the reasons for them, which are primarily to do with different interpretations of what is meant by the SPA's duty to maintain the police service.

We know that agreement was reached on roles and responsibilities in June this year, and that there is agreement on the operating model that will be in place. That obviously represents progress, and we understand that the people involved are working hard to lay the groundwork for effective working relationships in future.

We need to see that bearing fruit in the form of an agreed financial strategy so that everyone can be clear on how these challenging circumstances will be managed in future.

Colin Beattie: The report does not specifically say anything about it, but I assume that the Scottish Government intervened strongly in order to bring all that together and resolve the frictions.

Caroline Gardner: We do mention that in the report; my colleagues will give me the paragraph reference in a moment.

In January this year, and again in June, the Scottish Government worked with the SPA and Police Scotland with the support of Her Majesty's Inspectorate of Constabulary for Scotland to clarify what the preferred governance option would be and to agree the SPA's role. The Government had previously taken the view that it was for the SPA and Police Scotland to move that forward, but it intervened at two critical points when the process appeared to be taking longer than anyone had expected.

Do we have the paragraph number?

Michael Oliphant: Yes, that information is at paragraphs 42 to 44 in part 1 of the report.

Bob Doris (Glasgow) (SNP): I associate myself with the convener's remarks at the start of the meeting about the excellent job that has been done in making the merger and the development of a single force happen in Scotland. However, we should rightly scrutinise the mechanisms by which that has happened to ensure that it has been done as appropriately as possible.

First, I want to ask about the speed of reform. I appreciate that, as has been mentioned, there was an interim business case, but a full business case was never published. I do not think that any assumption was made that there was a lack of robustness or otherwise—we just do not know, because a full business case was never produced. It is important to put that on the record.

You mention in the report, Ms Gardner, that one of the reasons for speed was the need to make efficiency savings as quickly as possible and, with the Commonwealth games on the horizon, to have a stable and embedded Police Scotland to provide security and management. Is there a degree of mitigation in those two factors that explains why Police Scotland moved from an interim business case straight to a financial strategy without producing a full business case? That is not an excuse—frankly, we would rather have a full business case—but is there at least an understanding of the reasons why Police Scotland did what it did?

Caroline Gardner: We recognise in the report the achievements of the reform process so far and specifically that some of the work—in particular the passing of the legislation and the appointment of the SPA board and the chief constable—was done against a very short timescale. I am sure that that is one of the reasons for the failure to update the outline business case to a full business case and for the decision to move straight to a financial strategy instead.

As you say, there were pressing circumstances, including the Commonwealth games and the financial savings that needed to be made, which was one of the real drivers for the reform. In my view, however, that highlights the importance of getting in place a financial strategy that demonstrates how those financial challenges will be met while front-line services are maintained. That challenge is as strong as it ever was.

Bob Doris: It is helpful to put that on the record. It is clear that a judgment call had to be made on whether to move to a full business case or to implement reform, and the decision was made to implement reform and move to a financial strategy.

In relation to the move to a single police force, one of the things that I found most interesting in your report was that it highlights the emergence of a lack of local data for the previous forces. It might be worth putting some of that information on the record.

Paragraph 36 on page 15 of the report states:

"The police-led reform team had a lot of operational information from individual forces before reform but they did not have sufficient data on non-operational areas such as finance, assets, the workforce and contracts."

It goes on to list a variety of things on which no robust data was held pre-reform.

Paragraph 37 shows that that was verified by PricewaterhouseCoopers in its review, which explored baseline data. It is difficult to create a baseline where one does not exist and where forces are moving quickly to a single police force.

Given that there was no baseline data, because no such data existed pre-reform, what progress has been made on auditing savings in this financial year? How confident are you that Police Scotland is getting its financial strategy right?

Caroline Gardner: There are two aspects to that. First, it is clear that differences in the information held, and in the way in which it was held, by the eight legacy forces contributed to challenges in getting the baseline that was required in making significant decisions. That is the case and will continue to be so. Secondly, there is a challenge around the Scottish Government putting measures of success around the objectives of reform. The objectives are threefold: maintaining front-line services in the face of financial reductions; increasing access to specialist and national police services; and better engagement at a local level in policing. I ask Fraser McKinlay to pick up on some of that.

Fraser McKinlay (Audit Scotland): I will be brief. Mr Doris rightly pointed out that paragraph 37 says that we picked up the issue as part of our earlier work for the Accounts Commission on baseline information, when the police were still the

responsibility of local authorities. He is right that the lack of information made the work difficult.

Our document is designed to be helpful, and we hope that it will inform future mergers. However, perhaps our challenge to everyone in the system is to recognise up front that, with an outline business case that informs a financial memorandum to an important bit of legislation, it is important that people are aware as early as possible whether there are gaps in data. That should be properly understood at the outset, rather than when something has already been launched. We are very clear that we are not looking for perfection in any of the processes, which are necessarily difficult and complex. However, I suppose that the lesson for the future is that people should be as clear as they can be about what information there is, and if there are gaps it is important that those are flagged up as early as possible.

Bob Doris: I asked about the future, and it seems that a financial strategy is emerging. Ms Gardner, how do you feel that that is going? Of course, we will ask the police that when they give evidence later. Do you have a view on the financial savings that are being made in the current financial year?

Caroline Gardner: We go into the financial savings that are being made in the financial year in some detail in part 2 of the report. I will ask Michael Oliphant to pick that up in a moment, if that would be useful. In relation to the financial strategy, I think that it is still too early to say. We know that the SPA has asked Police Scotland to prepare the financial strategy but that it has not yet been discussed with the SPA or agreed as a way forward. We will keep an eye on that through our annual audit of the SPA and we will report back to this committee at the appropriate time.

Michael Oliphant: I draw the committee's attention to exhibit 5 on page 23, which outlines the progress that the SPA and Police Scotland are making towards the savings target of £64 million in 2013-14. At the time of our audit, we identified that £8.5 million of savings in relation to the target had still to be identified, but we understand that since the audit work was completed, subsequent reports to the SPA board show that the gap is now down to just under £3 million, so progress has been made in identifying the savings. It will be the end of the financial year before a picture can be obtained of whether the savings have been realised.

The Convener: So there is a small gap for this financial year—the gap is not £8.5 million.

Michael Oliphant: Reports to the SPA board in October show that the gap is now down to just below £3 million.

The Convener: Have you had any indication of how the £1.1 billion will be saved? The figure of £64 million is substantial, but it pales into insignificance compared with £1.1 billion. Is there any plan for how the £1.1 billion saving will be achieved?

Caroline Gardner: Again, that is absolutely the purpose of the financial strategy that is in preparation; that is why we think that it is so important. The purpose of the financial strategy is to show how those savings can be made while protecting front-line services.

10:30

The Convener: Do the SPA and Police Scotland accept the figures you have identified and that there will have to be real-terms savings of up to £68 million in 2014-15 and £63 million in 2015-16?

Caroline Gardner: We clear all our reports for factual accuracy. I think that, in this case, the £68 million figure came from the SPA and Police Scotland, but Michael Oliphant will keep me straight.

Michael Oliphant: In the absence of a financial strategy our analysis involved making some projections beyond 2013-14 up to 2018-19, to see what the additional pressures were. I believe that the evidence submitted to the Justice Committee by the SPA and Police Scotland shows that they have done similar analysis that covers the next couple of years. I think that they identified £139 million in the next two years, which is pretty close to what we identified, which was about £133 million in the next two years. The figures were pretty close, but the analyses were done independently and there will always be slight differences in methodology and assumptions.

The Convener: Is the £1.1 billion a real-terms cut?

Caroline Gardner: The £1.1 billion comes from the outline business case in the financial memorandum. I am not sure of the basis on which that was prepared, relative to our figures, but Michael Oliphant may be able to tell you more.

Michael Oliphant: The £1.1 billion is the net recurring savings over the period to 2026.

Mary Scanlon (Highlands and Islands) (Con): I would like to pick up on a point that the convener made about who does what. It seems that who did what on 1 April was different from who did what on 26 June. Three months into the single force, there was a very significant transfer of responsibilities. I am looking at paragraph 44. After trying to get our heads around the roles of the SPA and Police Scotland, we discover that

“the Scottish Government and HMICS became ... concerned that the focus on delivering support services was distracting the SPA board from its ... strategic ... governance role.”

We then find out that

“The SPA ... agreed that responsibility for all support functions, other than those”

in

“the Act, would be transferred to Police Scotland.”

We are only seven months into a single force, yet after three months a significant tranche of responsibilities was transferred from the SPA to the police. Is that on-going, or have we now settled into who does what and what the responsibilities are of Police Scotland and the SPA? I know that there have been media reports about job descriptions and so on.

Three months into a newly merged single police force, people were still arguing about who does what and a significant change was made. Is that in the past? Are we now moving forward to people accepting their responsibilities, or are there still questions about who does what?

While I am at it, there is a recommendation in paragraph 46, which says:

“Considerable work is now required by the SPA board, the SPA senior management team, Police Scotland and the Scottish Government to build mutual confidence, trust and respect.”

I am asking two questions: have all the roles and responsibilities settled down, and have the bonding sessions and the team building started yet?

Caroline Gardner: You are quite right that there were very different interpretations of what was meant by the requirement in the legislation that the SPA should “maintain the Police Service” in Scotland. Some of those differences have been very well rehearsed over the past few months. As we say in the report, the Scottish Government intervened in January and then again in June to resolve that. Agreement about roles and responsibilities is now in place and the SPA and Police Scotland are moving forward on that basis.

We understand that work is now going on to ensure a common understanding of all the roles and responsibilities—not just those of the SPA and Police Scotland, but those of people in Government and HMICS—to make sure that the whole system works properly. You may want to explore that in questions later this morning.

We think that that work is really important, to help the new service move forward with the financial strategy and the other things that will need to be in place to ensure good governance of policing in Scotland.

Mary Scanlon: On your recommendation on the bonding sessions, are you confident that the parties are merging into a single police force and singing from the same hymn sheet?

Caroline Gardner: It is early days. We hear that people are working hard on the issues, which is good. You will need to explore the matter with the witnesses from whom you will hear later this morning.

Mary Scanlon: We talked about the savings gap. In paragraph 66 you say:

“around 800 police staff will need to leave through voluntary redundancy and early retirement”.

Your report was published this month, but I appreciate that the research was probably done a month or two ago. Are you talking about 800 redundancies being needed between now and the end of March?

Caroline Gardner: I refer to Michael Oliphant for the detail, but I think that 800 is the total figure for 2013-14. Further on in paragraph 66, we talk about progress so far—up to the time when the work was done.

Michael Oliphant: The estimates are from the SPA and Police Scotland and not from Audit Scotland. Exhibit 6 gives a wee bit more detail on the profile. When we did the work, 542 applications had been received in the year, of which 314 had been accepted by the SPA and the employee. That is not to say that 314 people left at that point; people might have agreed to leave later in the year.

Mary Scanlon: The figure of 800 redundancies applies to the period from 1 April this year to 31 March next year. You are not saying that there must be 800 redundancies starting from now.

Caroline Gardner: The figure is for the financial year, as you will see in exhibit 6.

Mary Scanlon: On the need to make savings, I will not go over the point about lack of data or a business case. I was concerned by the example that you give in paragraph 96. You say:

“Police Scotland prepared a business case for a new policing centre in Dalmarnock, identifying the significant savings which could be generated by enabling a number of existing buildings to be sold. The SPA board has been reluctant to make a decision specifically on Dalmarnock without knowing how it would fit into a longer-term strategy on managing the police estate across Scotland or whether it meets the requirements for Scottish Government approval. This delay reduces the opportunity for making the early savings identified in the original business case.”

Are people just passing the buck by saying that they need a long-term strategy and cannot do things? It seems to me that Police Scotland and the SPA are not working together and that there is more internal wrangling than there is a focus on

savings. As you said, the project could make “significant savings”, but it has been thwarted because Police Scotland and the SPA cannot agree with each other.

Caroline Gardner: That is a good example of why the long-term financial strategy is so important. On the one hand, we know that the service needs to make significant savings, which will be challenging—that was one of the drivers for reform. On the other hand, we all know that it is easy to make savings that are not in the best long-term interests of the service.

By developing a financial strategy that is underpinned by workforce plans, estate plans and so on, people can start to balance options for different ways of providing the service and consider potential costs and benefits and different scenarios for the savings that will come through. The strategy provides the framework within which individual decisions about service provision can be made. Fraser McKinlay might want to add to that.

Fraser McKinlay: I just emphasise why we think that the financial strategy is important. The longer-term efficiency and effectiveness of the new service will be sustained by the service's doing things differently. It is not just about cutting things; there must and will be a discussion about redesigning how police services are managed, some of which will potentially involve investing up front, in a spend-to-save scenario.

That is one of the reasons why it is important that the SPA and Police Scotland are clear about not just what they can do immediately but how police services will be delivered differently in the new set-up in the longer term, to improve the service for communities throughout Scotland and deliver the savings that they know that they need to make.

Mary Scanlon: My point is that there are opportunities to make savings, but savings cannot be made because of the lack of a financial strategy and lack of agreement between the two parties. Is that correct?

Caroline Gardner: As Fraser McKinlay and I have both said, the reason why the financial strategy is so important is so that those decisions can be made with a long-term, rather than a short-term, focus.

Tavish Scott (Shetland Islands) (LD): Paragraph 84 of the report states that

“police reform could save more than £1.1 billion over 15 years”,

which the Auditor General has mentioned. What was the financial basis for that figure?

Caroline Gardner: That figure is drawn directly from the financial memorandum that accompanied

the legislation, which was drawn from the outline business case that was prepared in considering options for reform. Those options were the status quo, three regional police forces or a single police service for Scotland.

Tavish Scott: Are you confident that that figure was accurate at the time that it was presented?

Caroline Gardner: We believe that the figure was accurate for the purposes of the outline business case, which at that time was examining—at a very high level and in broad terms—three specific options for reforming the police service. We do not think that it is accurate enough to inform current planning for the single service that is now in place.

It was initially expected that the Government would update the outline business case to a full business case, but the decision was taken not to do that, which is why the focus on the preparation of a financial strategy by Police Scotland is a critical part of the reform.

Tavish Scott: As you say, it was a high-level figure, but what was the financial basis for it? How was the figure constructed?

Caroline Gardner: The figures in the outline business case covered three options, based on the best information that was available at the time. I ask Michael Oliphant to take you through more of the detail on what was available, and what was not, at that stage.

Michael Oliphant: The development of the outline business case was based on work that was done by the sustainable policing team back in 2010—

Tavish Scott: Sorry—what is the sustainable policing team? Is it part of the Government?

Michael Oliphant: It was a project that was led by senior police officers to look at opportunities for future savings in policing.

The team developed a target operating model—excuse the jargon—based on the optimal idea of policing in the future and produced high-level figures for savings that could be made. The Scottish Government used those figures to inform the outline business case, which—as the Auditor General mentioned—was deemed to be fit for purpose at that time. It was still expected that the options would be examined in more detail so that more robust estimates could be made from a full business case.

Tavish Scott: But a full business case was never delivered.

Michael Oliphant: No.

Tavish Scott: Therefore, no one knew whether there was any accuracy in those high-level figures.

Caroline Gardner: The full business case was not developed from the outline business case. The Government then moved on, with an expectation that a financial strategy would be developed by the service to provide that information. That work has still not been completed or agreed.

Tavish Scott: That is the situation now, but we were told at the time that the reform would save £1.1 billion. It is clear that there was no detailed assessment of whether the figures were accurate. As the last sentence in paragraph 69 of the report notes, the alternative models that you have described were never—correct me if I am wrong—properly financially scrutinised.

Caroline Gardner: As you say, there were high-level figures in the outline business case to enable a decision to be made between the three options that were being considered at that time. The Government felt that those figures were good enough to inform the financial memorandum that accompanied the legislation. That was the subject of a fair amount of discussion with the Finance Committee when that committee was scrutinising the financial memorandum.

At that point, the Government gave a commitment that a full business case or financial strategy would be developed by the service. That has not happened at this point, although we understand that it is under development.

Tavish Scott: So, in short, Parliament was told over the whole period that the reform would save £1.1 billion, but there was no basis for that figure whatsoever.

Caroline Gardner: I cannot agree with that. We know that broad high-level figures were pulled together in the outline business case that the Government felt were sufficient to inform the financial memorandum—

Tavish Scott: Which we do not have.

Caroline Gardner: The Government made a commitment at that stage that the full business case would be prepared; that commitment has now moved on to a financial strategy—

Tavish Scott: Which we still do not have.

Caroline Gardner: We are still waiting to see it.

Tavish Scott: Okay, I take that.

When paragraph 80 of the report states that

“It is therefore not clear which costs are a direct consequence of introducing a single service and what savings could have been achieved by delivering services differently”,

would it be fair to say that we will never know? We will never know, because Audit Scotland has not come across any figures that would allow us to

understand whether those options were properly financially explored at the time.

10:45

Caroline Gardner: One of the recommendations that we make in the report is that there should be a full post-implementation review—again, apologies for the jargon—to look at those questions. It is obviously harder to do that by collecting data in retrospect than by using data that has been collected at the time. Our point now is about looking ahead to ensure that policing is sustainable and has proper governance in place with the new arrangements, so having the required information is critically important for the future.

Tavish Scott: I understand that, but my contention is that we were told that something was going to happen and that it was based on the financial figure that was quoted. I am trying to understand where that figure came from, but that is not clear, as you have said.

The last sentence in paragraph 79 states:

“the Scottish Government does not distinguish between the costs specifically associated with restructuring and those arising from wider police reforms as identified in the Financial Memorandum.”

Would you be so good as to explain what that means?

Caroline Gardner: I will ask Michael Oliphant to do that, as he is the person who is absolutely on top of the figures.

Michael Oliphant: The financial memorandum splits out the costs and savings associated with reform into costs and savings associated with the restructure into a single police service, and costs and savings associated with what would have happened with wider police reforms regardless of the structure. What we say in the report is that we have not seen from our monitoring and reporting a comparison made with the split that is identified in the financial memorandum.

Tavish Scott: And why is that?

Michael Oliphant: There are two components to it, the first of which is the costs and savings that the SPA and Police Scotland must deliver, which, as we discussed earlier, are the £64 million and so on. Secondly, in terms of the Scottish Government's police reform budget, which is outlined in exhibits 7 and 8, there are costs of reform that are not necessarily factored into the costs and savings that Police Scotland and the SPA must deliver, so we need to pull those together to get an assessment of the overall costs and savings associated with reform.

Tavish Scott: Is it your contention that it is very difficult to understand from an audit point of view

what is a cost of reform and what is a saving that was layered on to the organisation right at the start in the OBC?

Michael Oliphant: In the information that we have received, we have not seen a definitive split between savings associated with the single police force and savings associated with reform.

Tavish Scott: So in terms of the audit, we cannot tell what the saving is.

Michael Oliphant: We cannot see the differentiation.

Tavish Scott: That is very helpful indeed. Thank you very much.

Paragraph 72 states that the SPA and Police Scotland have not yet agreed a financial strategy. First, why have they not agreed a financial strategy?

Caroline Gardner: I think that that question would be better addressed to Police Scotland and the SPA. We say in the report that we think that the process was hampered by a lack of good baseline data, by a lack of clarity about what was meant by the SPA's responsibility

“to maintain the Police Service”

and by the time that was spent on dealing with those difficulties and putting good relationships in place.

Tavish Scott: I apologise for asking that question, which was unfair. One of the sentences in paragraph 72 states:

“The police-led reform team did not agree to provide financial information to the Government before the chief constable was appointed.”

Does that mean that the reform team refused to provide the information?

Caroline Gardner: There was a lot of discussion about how the information would be brought together and agreed. Again, I will ask Michael Oliphant to talk you through what we know about that.

Michael Oliphant: As we say in paragraph 72, in July the Scottish Government's portfolio direction board, which was overseeing the reform process, requested a financial strategy from the police-led reform team. The team provided some high-level savings information around the time that the chief constable was appointed but did not go into any detail about how the savings would be generated or go into any of the assumptions used. It was high-level information, but it was not a financial strategy as we would see it.

Tavish Scott: Yes. You have been very clear indeed about that evidence.

The Convener: Sorry, but just before you leave that point, can Mr Oliphant just clarify something? Did the police-led reform team refuse to provide that information to the Government?

Michael Oliphant: They were reluctant to provide it in advance of the chief constable being appointed.

The Convener: Remind me again who was in the police-led reform team.

Michael Oliphant: The police-led reform team was senior police officers. The Association of Chief Police Officers in Scotland had a role in it.

The Convener: We had the Scottish Government bringing in the biggest change in service delivery since devolution, the Scottish Government underpinning some of the finances associated with that and the Parliament being asked to approve the changes. The Scottish Government believed that it needed information in order to deliver the fundamental change that it was committed to and the police-led reform team refused to provide that information to the Scottish Government.

Caroline Gardner: We see in that issue some of the challenges that came from the previous police governance arrangements, in which we had eight separate police forces around Scotland, which were local authority services reporting to either a police board or one of the two committees of the unitary authorities and in which the chief constables were the people with access to the detailed information that was needed. They led the work that informed the outline business case and the decision about which options for reform would be taken forward, and they were the people who had the information that was needed to inform the full business case and is now needed to inform the financial strategy.

The Convener: This is not a criticism of the Scottish Government, but how can the Scottish Government do its job, provide information and be accountable to the Parliament when we have a police-led reform team that refuses to provide essential information to the Scottish Government at a critical stage in the process? Is that not an outrage?

Caroline Gardner: It certainly hampered the planning for reform, as we say in the report. The lack of baseline information made it much more difficult to plan for how the savings would be achieved and is one of the factors that has contributed to the delay to a financial strategy being in place.

The Convener: I think that it is scandalous that when a democratically elected Government that is accountable to this Parliament is bringing in a controversial change, on which Parliament is

being asked to make a decision, a police-led reform team refuses to provide information to allow that democratically elected Government to engage with Parliament.

The issue goes much further than your report and the finances involved. There is an issue about democratic relationships and whether those who have information can refuse to provide it to Government, which needs it to make a decision. It is not about allowing Government ministers to interfere in operational decisions; that is a separate issue. It is about allowing the Government and Parliament to make a decision.

Caroline Gardner: Under the previous governance arrangements for policing in Scotland, the Accounts Commission reported on some of the challenges that came from the tripartite structure and the ambiguous role that ACPOS played in managing and planning for policing in Scotland. The arrangements that we have now should make it more straightforward to see that through.

I ask Fraser McKinlay to come in.

Fraser McKinlay: I will make a similar point, convener. It is worth remembering that the primary line of accountability for police services at the point that we are talking about—back in 2012—was still joint boards and local authorities. That is important. You made a reasonable point about it taking place at a critical point in the process, which I am sure you will want to explore with those who were much more closely involved in it.

We do not want to suggest that people were not giving the information out of badness. We were just about to embark on the biggest change to police services that there has been, as you said, and a new chief constable was about to be appointed. I think—the team can keep me right on this—that there was a sense of wanting to ensure that everything was all lined up for the new chief constable as he came into that new job.

I take your point, convener, but, as Caroline Gardner says, the issue reflects the complexity of the situation. We were merging not just Scottish Government bodies but local authority bodies, in effect, and completely changing the accountability framework around that. The issue is another example of the complexity that that threw up.

The Convener: I do not think that anyone is suggesting badness—I am not ascribing any particular motive. I am concerned that a police-led reform team is telling a democratically elected Government to go whistle when it tries to get information. That is not a healthy situation.

Tavish Scott: I will stay on paragraph 72. Mr Oliphant helpfully mentioned the information on high-level savings that was submitted, but the report states:

"This did not include details on how Police Scotland would achieve the savings or any assumptions used."

Did you understand why there was no detail or any information on the assumptions behind the detail?

Michael Oliphant: As the Auditor General mentioned, there was difficulty in getting good baseline information on policing costs, which is why not enough detail was provided in the information on high-level savings that was submitted at that time.

Tavish Scott: Would it therefore be fair to note that answer in the context of the big figure of £1.1 billion that was trotted out at the start of the whole process?

Michael Oliphant: Yes—as we have said in previous answers, enough analysis was done at the time of the outline business case to inform the process at that stage but, as we now know, a full business case was not developed. We would have expected more robust estimates on costs and savings to be provided at that time.

Tavish Scott: That is helpful—thank you.

I have one last question, on paragraph 106 and the governance issues, which strikes at the convener's latter point on accountability. The report states:

"As the chief constable controls most of these resources but does not report to the accountable officer, it is particularly important that effective financial controls are in place".

Do you find it curious from an audit point of view that the chief constable controls the resources but does not report to the accountable officer?

Caroline Gardner: No. Committee members will know that the question of what the SPA's role meant—specifically its duty "to maintain" Police Scotland—was at the heart of a lot of the discussions and disagreements on how the new arrangements would work in practice.

We think that it is quite possible for the new arrangements to work: for the chief executive to be the accountable officer and for the chief constable to be accountable for delivering policing in Scotland. However, for that to work well in practice it is critical that good financial and performance information is available—and is agreed by the two officers to cover the important things—and, more widely, that there is good governance in place with good internal controls, internal audit and so on. As our report says, there is more to be done on all of that.

Tavish Scott: Indeed, and the lack of a financial strategy does not exactly command confidence that those things are in place, does it?

Caroline Gardner: A financial strategy is important for a whole range of reasons—

Tavish Scott: But in the context of this—

Caroline Gardner: It is at the heart of that relationship.

Tavish Scott: Okay—thank you.

Ken Macintosh (Eastwood) (Lab): As well as highlighting the lack of a financial strategy, the report highlights the lack of a workforce strategy. By that, do you simply mean a plan to identify how redundancies will be managed, or do you mean a strategy for the division of responsibilities within the overall police service—in other words, between police officers and civilian staff and so on?

Caroline Gardner: We mean the latter, and more than that. As Fraser McKinlay said, the reform provides a real opportunity to look again at the way in which policing is delivered in Scotland, and to look at opportunities for making savings and improvements in efficiency and effectiveness.

At the heart of that are people's jobs: what they do and how they are organised. The workforce strategy should be looking ahead to changes that are needed in the way that police officers are deployed, and at the relationship between different ranks in the command structure and between police officers and police staff. It needs to look at the way in which the savings will be made and, much more important, the way in which policing will be delivered in future to maintain front-line services.

Ken Macintosh: A decade back, there was a drive towards civilianisation—I think that that was the term used—to get police officers to deliver front-line services with some of the back-room services being delivered by civilian staff. At paragraphs 89 and 90, the report implies that a disproportionate burden of the savings—if I may put it in that way—will fall on the civilian staff. Am I reading that correctly?

11:00

Caroline Gardner: No; what we do in those paragraphs is state, as a matter of fact, that a large proportion of the police budget is accounted for by staffing costs—for police staff and police officers—and the need to make the savings that underpin the reform means that it will be important to look at staffing costs as well as property costs, information and communications technology costs and so on.

Elsewhere in the report, we make the point that the Government's commitment to 17,234 police officers and a policy of no compulsory redundancies limits flexibility in looking at staff costs. It is entirely appropriate for this or any Government to make such commitments, but that means that the long-term look at how financial

savings can be made and front-line police services maintained becomes important.

Ken Macintosh: I entirely agree that those are appropriate decisions for the Government to take. However, I want to be clear about what you are saying. You say that 64 per cent of the budget is accounted for by police officer costs, and that

“Some savings will be achieved through reducing the number of senior police officer posts”,

and you say that only 11 per cent of the budget goes on property and supplies. You seem to be pointing a finger at the 20 per cent of the budget that is accounted for by police staff costs.

Caroline Gardner: We are simply recording factually the make-up of the police budget and what the money is currently spent on and highlighting the importance of a financial strategy that clearly sets out the changes that are envisaged to achieve the savings that are required.

Ken Macintosh: It is envisaged that 800 civilian posts will go this year. There is a lack of a financial strategy, so we are not clear about where future savings will be made. Are you aware, from the outline business case or elsewhere, that future savings are envisaged in the same area?

Caroline Gardner: That is very much a question for Police Scotland and the SPA, when you ask them about their overall thinking about how savings will be achieved and front-line services maintained.

Ken Macintosh: Is it clear to you whether civilianisation has been reversed?

Caroline Gardner: We have not looked at that so far and, in the absence of a financial strategy, it is too early to say whether civilianisation has been reversed.

Ken Macintosh: You flag up a number of worrying issues in your report. An issue that does not have the highest profile in your report, but about which I think that the public will be worried, is the use and reporting of crime statistics. In paragraph 114, you say that there is a concern about consistency, and you go on to say:

“performance reports to the SPA board are now more selective and have less trend and comparative information”.

Should we be worried about that?

Caroline Gardner: I will ask Miranda Alcock to talk you through some of the background to that. We are clear that the information that is currently being reported to the SPA covers less ground than was covered in the information that was previously reported, before Police Scotland was established.

Miranda Alcock (Audit Scotland): Members might be aware that the previous forces all

reported their performance against the Scottish policing performance framework, which covered a wide range of performance indicators. With the creation of a new force, it is perfectly appropriate for police performance to be reviewed and for consideration to be given to what performance data the SPA now needs if it is to ascertain whether the objectives of reform are being met, what changes there are and what benefits are accruing to communities.

An approach has still to be agreed between the SPA and Police Scotland and, in the absence of that, the performance reports that the chief constable presents to the board tend to focus primarily on crime and detection rates and road safety and do not address some of the wider performance indicators that were in the Scottish policing performance framework.

Ken Macintosh: Can you think of examples of areas that are not covered which parliamentarians and the public might be concerned about?

Miranda Alcock: Indicators that were previously reported on included answering times for emergency calls, diversionary measures for young people and reports to the procurator fiscal. Forces reported on a wide range of activities. It will be important that the SPA and Police Scotland agree what measures they want to use to assess whether Police Scotland is delivering on the objectives of reform. Whether they use the measures that were formerly used or new measures that relate specifically to reform is for the SPA and Police Scotland to decide.

The Scottish policing performance framework had been going since about 2007, so we had quite a few years’ information, which could be used to identify trends, make comparisons and consider improvements in performance.

Ken Macintosh: One of the things that we want to measure is change. After all, if you want to measure the success of the reforms, you want to be able to see how things—not only Crown figures but localism, efficiency and so on—have changed. Are you suggesting that at the moment the picture is not entirely comprehensive?

Miranda Alcock: The final “Scottish Policing Performance Framework Annual Report, 2012-13”, which has been published by the Scottish Government and goes up to March 2013, provides a good baseline for the eight previous forces, among which were, of course, the unitary forces for Dumfries and Galloway and for Fife. However, although good baseline information on operational matters is available, the SPA and Police Scotland need to agree how they will report that and make it consistent with the Scottish Government’s statistical publications on recorded crime and detection rates. It is important that they reach that

agreement so that they can start to collect the information from April and report it the following year. Basically, the systems for collecting the information have to be in place and collecting it in April.

Ken Macintosh: My final very brief question relates to paragraph 53 and Bremner house, which has recently drawn a lot of attention. You say that

"The Scottish Government rented Bremner House"

but I am not clear about who took the initial decision or who should unpick or follow up the matter. Who is to blame here? Is it the Scottish Government, Police Scotland or the SPA?

Caroline Gardner: We have included Bremner house as an example of difficulties that have been caused by the delay in agreeing the roles and responsibilities of the players involved, especially the SPA and Police Scotland. We have already discussed the fast pace of reform; as part of the preparation for the new arrangements the Scottish Government rented Bremner house before the SPA had been appointed. In considering how it wanted to carry out its crucial role of maintaining the police service, the SPA felt that the accommodation was not suitable for its needs. It is one of the issues that need to be resolved now as part of the SPA's establishing its permanent structure, recruiting permanent staff and getting geared up to fulfil the new role that was agreed in July and August. We have highlighted the issue as being symptomatic of the uncertainties about roles and responsibilities.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Overall, the Auditor General's report is extremely positive—[*Laughter.*] I beg your pardon?

The Auditor General's recommendations are positive. In my opinion the main recommendation is the focus on the financial strategy, which is very important. The rest of Audit Scotland's recommendations—important though they are—do not seem to me to stand out particularly from other reports that I have seen over many years. Given the Auditor General's opening remark that this is the biggest change in Scotland's police forces since 1967, involving 24,000 staff, 1,000 properties, eight forces, eight chief constables and 32 councils, I think that the police's achievement is absolutely remarkable.

Much has been made by members around the table of the full business case. Can you say, or speculate on, where, with regard to audit, we would have been had we had that full business case? Would we be in a better place than we actually are? I feel that you have been—correctly, in my view—leaning us towards the importance of the financial strategy as the focus of our attention.

Caroline Gardner: We are reflecting the current state of play. As you said, a lot has been achieved and we now think it critical that we get a clear picture of how the savings that are needed will be achieved while front-line services are protected. As I have said many times this morning, that is one of the drivers of reform.

We know that the full business case was not prepared from the outline business case, and what is needed now is a detailed financial strategy that sets out how savings will be achieved and how the service is going to be delivered. That will be critical not just for audit but because it will underpin a sustainable Police Scotland for the future, and good governance—on behalf of us all—of a crucial public service.

Willie Coffey: Thank you for that. A comment was made earlier by, I think, Mary Scanlon that savings cannot be made without a financial strategy. Of course, that is not the case; savings can be made without a financial strategy. Paragraph 63 of the report shows that in the financial memorandum, which was based on the outline business case, savings were estimated at £25.4 million, which the Auditor General just mentioned. However, Police Scotland actually made savings of £34 million. So, even at that stage, with the outline business case, Police Scotland was making savings. Is that correct?

Caroline Gardner: The importance of a financial strategy is that it helps to ensure that savings that are made are the right ones and that they will deliver sustainable policing for the long term, rather than their being easy savings in the short term. We have not reviewed that at this stage, so I am not making any value judgments about the way in which the savings have been made.

However, we talked earlier about the example of Dalmarnock; the Scottish Police Authority—for reasons that I entirely understand—is reluctant to make decisions about one significant investment without having the wider context for how it fits in. The financial strategy should produce that wider context as a basis for making decisions about staffing, estates, ICT and so on. It is what helps us to ensure that the long-term decisions are sustainable and will support effective policing for all of us.

Willie Coffey: The point that savings cannot be made without a financial strategy is therefore just not true. I presume that we all, no matter our walk of life, could make savings without having a financial strategy.

Caroline Gardner: The financial strategy helps ensure that they are the right savings.

Willie Coffey: Okay. Paragraph 82 of the report is about VAT. We know that Police Scotland has

been required by the United Kingdom Government to pay VAT, which could amount to £22 million every year being paid to the UK Exchequer. Previously, the eight separate Scottish police forces did not pay VAT, and my understanding is that the Police Service of Northern Ireland, which is a unitary police force, does not pay VAT. Do you have any information for us about why a single police force in one part of the United Kingdom does not pay VAT but a single police force in another part of the United Kingdom does pay VAT?

Caroline Gardner: Our understanding is that the position in Scotland relates to the type of body that Police Scotland is compared with the predecessor forces. On the whole, local authority bodies can reclaim their input VAT but central Government bodies cannot. The police forces' transition from being local government bodies to being a central Government body is the underpinning factor in this case. However, I stress that we are not tax experts, so that point might be worth exploring with other witnesses.

Willie Coffey: I hope, convener, that we will explore that in our subsequent discussions about what we decide to do. It seems to me that the two unitary police forces in the United Kingdom should be treated in the same way in respect of VAT; our force is being asked to pay a substantial sum of money to the Exchequer. Perhaps our Conservative and Liberal colleagues could help us with an explanation of why it is appropriate that the unitary police force in Northern Ireland does not pay VAT but the one in Scotland does.

Tavish Scott: Oh, come on.

The Convener: Can I just stop things there for a minute? This is a committee of the Parliament and we are supposed to be here doing a job on behalf of Parliament, so I am not going to indulge tit-for-tat exchanges between members of parties about what the other parties should be doing. We have plenty of opportunity—

Willie Coffey: It is an audit issue.

The Convener: Excuse me. We have plenty of opportunity to take that up. Willie Coffey is right that there is an issue that we need to explore about VAT and whether there were options available that could have avoided VAT. We will do that as an audit committee, so let us leave the party-political bickering out of the discussion and just do our job as a committee.

Colin Keir (Edinburgh Western) (SNP): Thank you for that, convener.

I think that what has happened since the inception of the idea of a single force—I will back up Willie Coffey on this one—has been absolutely remarkable. Having sat on the Justice Committee,

I know that the process was incredibly complex. I commend for the record each and every person who was involved in the considerable amount of work that was done on the issue, because it certainly was not easy.

In developing the single force from the previous forces, the police-led reform team was reluctant to give information prior to the chief constable being appointed. I feel that that was relatively understandable, because I do not believe that it had all the information to enable it to give definitive answers. That is not in the report, but it was explained at a meeting of the Justice Committee—members will be able to find it in the relevant *Official Report*. That takes us back to the comments that the Auditor General made about the baseline problems.

I have just one question. The general problem in the back of my mind has been that of different forces using different ICT systems. In a practical sense, how easy has it been to merge the reporting of costs that come from that?

11:15

Caroline Gardner: Obviously, the previous eight forces had different systems for all sorts of things including finance, HR and operational management. That cannot be fixed overnight. Michael Oliphant will give a quick update on what we know so far about progress in that area.

Michael Oliphant: We understand that progress has been made on a number of those issues. I mentioned the importance of IT in relation to being able to develop good information on HR by bringing together the data from the previous forces. It is not the case that the information cannot be obtained; it is just a bit time consuming to go through all the different systems to bring together consistent information.

We know that the board approved an IT blueprint a few months ago. As I said earlier, that approval mentioned the hope that a more detailed ICT strategy would be brought to the board for approval by the end of this year.

Colin Keir: That takes me back to the issue of speed in moving from the legacy forces to the single force. The fact that we are just getting that information now helps to explain why the reform team might have been a bit reluctant to provide incomplete information at the time.

Michael Oliphant: As we say in our report, we recognise that it takes time to rationalise and amalgamate systems and to create new support systems that will be fit for purpose for the SPA and Police Scotland in the future.

Caroline Gardner: I echo the point that was made earlier about the importance of

understanding what data are available and where the gaps are so that we can look at ways of compensating for that.

Colin Keir: I am just trying to defuse the situation in which a lot of heat has been generated over use of words such as “refuses” and “reluctant”. In my opinion—for what it is worth—there were valid reasons for the reform team’s reluctance to provide information that, because of the speed issue, was incomplete. It was felt that it would be better for something of that magnitude to come from the chief constable, who was to be appointed shortly thereafter.

The Convener: I thank the Auditor General and her colleagues for providing useful back-up information.

11:18

Meeting suspended.

11:24

On resuming—

The Convener: I welcome to the meeting Sir Stephen House, who is the chief constable of Police Scotland; Vic Emery, who is the chair of the Scottish Police Authority; John Foley, who is the interim chief executive officer of the Scottish Police Authority; and George Graham, who is Her Majesty’s Inspector of Constabulary for Scotland.

You have heard us explore some issues with the Auditor General. Clearly, some are the responsibility of Police Scotland and some are the responsibility of the Scottish Police Authority, but we have identified a number of issues where there is an overlap.

I will start by asking about Audit Scotland’s report. Chief Constable, you were reported as saying that you think that the report is “naive”. Is that correct?

Chief Constable Sir Stephen House (Police Scotland): Yes.

The Convener: In what way is it naive?

Chief Constable House: The report is not naive in its content. I was very clear in saying that; I checked the clarity of my message afterwards with Miranda Alcock and Michael Oliphant, who were present at the meeting at which I gave that input.

The point that I made is that a limited number of people—a handful—with particular interests will read the report from cover to cover. They will pay a great deal of attention to it and will pick out the issues of concern, because clearly there are such issues in the report, but they will also see a balanced picture that makes positive comments

about the progress that has been made and says that we have carried out a number of the recommendations in relation to public merger bodies.

Unfortunately, the media do not read such reports from cover to cover and, in publishing what they think it is all about, they do not provide the subtle in-depth analysis that is required. They simply go for headlines, some of which have been, in my view, very misleading. We wrote to a number of newspapers and tried to correct what they had said, because it has an impact on the public and on my staff. People would see the report differently if they had a detailed understanding of it.

The Convener: You are not critical of the report, but of the media coverage.

Chief Constable House: I made it clear—I stress again that I checked this with Miranda Alcock and Michael Oliphant—that what I said was not an attack. I went out of my way to say that the report is welcome, that we accept the recommendations and that we will, as we would always do, work towards achieving them. That is not to say that I agree with everything in the report—far from it. I do not agree with everything in it, but I accept that it comes from a positive position and that it tries to help us to move forward. The reporting on it has not come from the same direction.

The Convener: Right. What do you not agree with?

Chief Constable House: In the report?

The Convener: Yes.

Chief Constable House: I heard the Auditor General say that it was not the report’s role to look at operational performance. I accept that, although the report comments on the fact that since Police Scotland has been in place violent crime has gone down by nearly 14 per cent and general crime across the country is down. However, I do not think that it gives enough credit or space to the efforts of everybody who has been involved across all the agencies to create a single police service, with an oversight body, under new legislation in such a short timescale.

I also do not think that the report accurately reflects the situation in relation to performance, which you discussed with the previous panel. Miranda Alcock mentioned that when she was invited to come in by the Auditor General. The report makes huge references to the Scottish policing performance framework and it seems to suggest—I am pretty sure that Miranda Alcock said this, although I do not claim that I am quoting her—that every police authority used it as a measure of performance. That is not accurate. I

was the chief at Strathclyde Police for five years before I came to Police Scotland, and although we had regard to the framework, we reported on a monthly performance framework, which seemed to satisfy the board members over the five years.

A performance regime exists within Police Scotland on which it is perfectly possible to report to the Scottish Police Authority at every meeting. The data exist and can be presented, and I am happy to do that reporting, but we are in a three-way debate with Government because of statisticians' concern that the figures that we would choose to put before the public would not be officially certified because we are not a statistical body. I am held accountable by the Scottish Police Authority for the performance of the organisation and I am keen to report that performance in a consistent and comprehensive way at every monthly meeting—or more regularly, should the chair and members of the authority want that. At the moment, I cannot do that. That is why there are some concerns, but I do not think that the report quite makes that clear. It seems to suggest that we are in some way unwilling or unable. We are neither.

11:30

The Convener: Who produces the SPPF?

Chief Constable House: The SPPF has been produced by an amalgamation of the police services, because it covered all eight forces. It has been under significant review and I would not want anyone to think that it is a management tool. It might be an auditing tool, but it is certainly not a management tool because it is not produced regularly enough. The reports that we run on Police Scotland are produced every week; we manage the organisation by looking at performance almost daily because we cannot afford to wait for quarterly or annual reports.

Also, the SPPF does not go into sufficient detail on violent crime and does not include any input on organised crime or counterterrorism. It does not do very much on child protection, nor does it do an awful lot on sexual offences or sexual assaults. It does not give a complete picture. It does give a broader picture of the health of organisations, but we produce that and seek to do so through our human resources reports to the Police Authority. The SPPF provides information on response calls, which is of interest, but the public are far more interested in knowing that the police are being responsive than they are in hearing about minute-by-minute or second-by-second response times. The UK police service has moved away from using response times as targets because of concerns about putting too much pressure on officers who attend emergency calls.

The Convener: So did you not rate the SPPF?

Chief Constable House: The SPPF is a useful tool for auditing purposes, but it is not a performance management tool.

The Convener: Okay.

Are you committed to delivering the £1.1 billion of savings that have been identified? How will that be done?

Chief Constable House: I am committed to achieving those savings. The difficulty with the £1.1 billion—this came out during your earlier evidence session—is that it does not include inflationary pressures, so it does not include pay inflation or incremental general economic inflation. If the committee was to ask whether we are confident that we will save £1.1 billion over the next 12 to 13 years, I would say that we believe that we have already made a pretty good start on achieving it. You heard the earlier witnesses say that we are about £3 million away from balancing the budget this year.

We can do a lot more. The difficulty is that we are also faced with finding savings around inflationary pressures, which is going to be a challenge for us.

The Convener: How will the savings be achieved?

Chief Constable House: We are already considering significant restructuring of the organisation. I completely understand why the earlier panel of witnesses and the Auditor General made a significant and central point about the lack of a financial strategy. I would have been delighted to go into 1 April this year with a fully formed financial strategy, but that was simply impossible.

We are now working very closely with the Scottish Police Authority and the Scottish Government on developing the general approach to saving the money that we need to save at the same time as we reshape the police service. We are therefore looking at all aspects of the service; we are looking at the shape of the workforce and at our property strategy—Dalmarnock was part of that—and we are looking at our vehicle fleet and procurement policies to see whether we can save money on contracting. The report mentions that there are 1,500 separate procurement contracts across Police Scotland, but we inherited those and are working to reduce that number every month to make it more rational.

We are looking at all aspects of policing in order to provide as good a service as we possibly can while saving, and while hitting what the Auditor General said is a challenging target.

The Convener: I will come back to this later because other members want to come in.

However, could you just clarify who determines what front-line policing is? Is it the SPA, you, or the Scottish Government?

Chief Constable House: I do not mean to be difficult, but the answer depends on what we mean when we talk about front-line policing. We have to define that.

The Convener: What is your definition?

Chief Constable House: My definition would be services that impact on the public and that the public care about. That goes all the way from police officers patrolling in public to control rooms where people receive our 999 calls, to the specialist units who provide specialist support, air support teams, firearms teams, roads policing teams, child protection teams and so on. The vast bulk of that is delivered by uniformed police officers, but they can do that only because of support from their police staff colleagues.

The Convener: Under your definition, is it you, the SPA or the Scottish Government that makes the decisions about that?

Chief Constable House: I would divide up matters slightly differently. I would much rather look at operational decisions—which are mine to take—tactical decisions; and strategic decisions. In the main, it falls to the Police Authority to take strategic decisions about the police service's direction of travel and big investment decisions, such as those about Dalmarnock, control rooms and IT systems such as i6, which has not been mentioned and is an IT solution that will bring the country together on one platform. I take a positive view of how the strategy is being developed, because we are developing it together and the authority is asking for our input.

I heard people say on a number of occasions during the previous evidence that we produce the financial strategy for the authority, but we do not. We will not produce a financial strategy for the authority, but are working with the authority—with officers and members—to develop a financial strategy that will meet the needs of the organisation and the country. It is not up to us to write that and to say to the authority, "There you go—we think that's the right thing." We want to take a much more joined-up approach than that.

The Convener: Is it you, the SPA or the Government that decides what a visible police presence is?

Chief Constable House: All three have a part in that. It is clear that the Scottish Government has decided to have 17,234 officers, with the intention that as many of those officers as possible will be visible to the public and will provide a direct service to the public. The authority wants to scrutinise us to ensure that we are translating the

officers that we have—they form 65 per cent of our budget—into people on the street and people who deliver a direct service to the public in whatever way. Exactly how officers are deployed to deal with particular issues and emerging problems is part of my remit. I do not do that on my own, but with my team.

Bob Doris: The convener has pursued an interesting line of questioning. It is worth mentioning that when Sir Stephen House was the chief constable of Strathclyde Police, a significant restructuring of community police shift patterns took place in Glasgow. The Scottish Government had a political strategy to have more high-profile visible policing, with 1,000 additional police officers, but it was for Sir Stephen to decide how best to deploy the extra officers on the ground in Glasgow, where police visibility dramatically increased. That is a nice example of the interaction between politicians and operational policing.

A couple of points emerged from the previous evidence session. An interim business plan was produced, then the Government and agencies went to full delivery of Police Scotland instead of producing a full business plan. Audit Scotland's report says that the two reasons for that were the need to make financial savings as quickly as possible, which might have been compromised by awaiting a full business plan, and the need to embed the new integrated Police Scotland as quickly as possible in order to ensure a seamless transition for security and safety, with the Commonwealth games on the horizon. Do our witnesses believe that those were the reasons for not producing a full business plan? If not, what were the reasons?

Chief Constable House: What Bob Doris has said is correct in general. The situation is indicative simply of time pressure. A lot of people say that the reform was 18 months in the planning, and I accept that timetable. However, I was appointed from 1 October 2012, so I had six months to get this up and running. A huge amount of work had been done beforehand by the Government and the police reform team, but six months is not a great deal of time to get such a thing going. As has been mentioned, an aspect of that was ensuing that both Scotland and the UK were confident that we were preparing effectively for the Commonwealth games. What the Audit Report mentions is really shorthand for the compressed nature of the time involved.

From day 1, Vic Emery and I engaged on how to make the financial savings and get a balanced budget. We were called before the Justice Subcommittee on Policing fairly early on—it was within a couple of months of Police Scotland being set up—and we were asked whether we accepted

the budget and whether we would achieve it. We both said—I can speak for Vic on this matter—that we accepted and would achieve it. To do that at the same time as the restructuring and maintaining performance across a wide range of measures meant that we had to put our foot on the accelerator. The view was taken that time would be too compressed to convert the outline business case into a full business case and then to move towards agreeing a financial strategy. We simply would not have had the time or the people to devote to that, although it might have been the ideal approach, had we had an 18 month or two-year lead in. I accept the concerns that that was not done, but that was a feature of time and complexity. We were bringing together nine budget, financial and HR systems into one, which was particularly challenging.

George Graham (Her Majesty's Inspector of Constabulary for Scotland): Some of the evidence that was given this morning was very helpful in its recognition of the complexity and the amount of work that has gone into this. That was very positive.

I do not have any details about why the work did not move on to a full business case. Once the bill was going through Parliament and the decision had been made to create a single police service, the focus necessarily needed to change, in my view at least, to look at the interdependent business strategies—the things that connect to make policing possible—and to continue the most significant achievement, which is that service delivery still goes on. We are thinking about a finance strategy, an ICT strategy, an estates strategy—all of those things ultimately lead to a business strategy, underpinned by the finance available. It is important to recognise that all those things are interdependent and need to be put together in a very short timescale while we still deliver. Whether we took time to create a full business case was less important in my view, because my focus was on the operational delivery around getting the finance, estates, ICT and people development strategies right and then the delivery strategy underpinned by the finance available.

Bob Doris: The Auditor General said that there is £61 million in reported efficiency savings in the current financial year against a £64 million target. If the gap between the interim business plan and delivery had been extended by, for example, three to six months to allow for the development of a full business plan, could those efficiency savings have been met in this financial year?

Chief Constable House: In responding, I will try to adopt the words and tone of the report. That would have been even more challenging, because

of the compression of time. In addition, we were restructuring as we were going along.

The previous panel mentioned that a number of people have left the organisation under voluntary redundancy or early retirement. Some disappointment is expressed in the report about the length of time that that takes. To be blunt, it takes the time that it takes. We must work within the law, and we must consult the unions and individual members and listen to their concerns, views and suggestions about what we should do. It all takes time, and time is the factor that I will talk about. The more preparation and reporting time that we had spent on the matter, the less time we would have had to engage with hitting the budget target. Had we done that, we would have been sitting here in front of you trying to explain why we were not going to balance our budget, whereas I am confident that we will balance our budget this year.

11:45

Bob Doris: That is very helpful. With apologies to other members whom I know are keen to ask questions, I have a final question.

Under the previous agenda item, much was made of paragraph 72 of the Audit Scotland report and the Scottish Government's request in July 2012 to the police-led reform team for financial strategy information. Paragraph 72 states:

"The police-led reform team did not agree to provide financial information to the Government before the chief constable was appointed."

Sir Stephen, you are the chief constable, but in July 2012 there were eight chief constables across Scotland and 32 local authorities with an input. We have heard that there was very uncertain baseline data because there was no alignment of the collection of statistics by each joint board and police authority. Do you think that it was right that the police-led reform team held off in that way until you were appointed? Did it make a difference to the quality of the data that was available once you were in post? What was the significance of the delay? Was it necessary, or was it simply wrong?

Chief Constable House: It was certainly not done out of badness or a disregard for the requirements, but you are quite correct in saying that the situation was much more complex then, with eight chief constables and the local authorities. The Convention of Scottish Local Authorities in particular had a strong central role in how policing was rolled out in those days pre Police Scotland.

Again, we must look at the situation that people faced, because nobody knew in the July who the chief constable was going to be. I think that I was interviewed for the job only the week before that.

Kevin Smith was leading the police reform at that time; he was the president of ACPOS and he had stood aside as chief constable of Central Police to take on the full-time role of leading the police reform. It must be recognised that he was asked at the time to provide more detailed information than he had. Half of the report that is before us talks about the fact that we struggled to get baseline data and financial data, so it is not surprising that the data was not easy to produce. It was not a case of just pushing a button on a computer, getting a print-off and passing it to the Government—that simply was not the case.

The outline business case took months to produce and was a complex piece of work. I think that what happened was not a refusal but an inability. Kevin Smith expressed loudly and clearly his concern, which the chiefs supported, that someone should be in place leading the organisation so that there could at least be a dialogue between an operational leader and the chair of the SPA—the members had not been appointed at that time—to assess what the future looked like in very broad parameters before the organisation started giving detailed information that might turn out to be wrong because the organisation had gone in a slightly different direction.

There was a compressed timescale, which meant that we missed the step of completing the business case, but we are now going straight towards developing a joint financial strategy.

Bob Doris: Would you have been concerned about the quality of the data that would have been provided to the Scottish Government in July 2012, given what you know now? I would be interested to know that.

Finally, you said that you do not think that the delay was a snub to the Scottish Government and that there were reasons for it. I think that it is fair to check that the police-led reform team was not asking anyone to go whistle but was just trying to get the baseline data sorted to get a coherent plan to give to the Government.

Chief Constable House: I want to be accurate about this. It is quite clear that civil servants wanted the data; they required it, and asked for it in written format. However, I think that it was simply not available at that time. Had it been created, I think that it would have been false and would just have reflected a moment in time. When I took up the job four or five months later, I would have looked at the data and said that I did not recognise it. Things move fast in such situations, so the more reports that are produced, the more of the moment they are. There was an evolving process and I genuinely believe that the work that we are doing now to produce the overall business

plan for the organisation is the right thing to do going ahead.

The Convener: I would like some clarification on that point with regard to concerns about data quality and whether the data even existed. How was the Scottish Government able to justify the biggest change to services since devolution if the information did not exist or there were concerns about the data quality?

Chief Constable House: With respect, convener—I heard Caroline Gardner say this before—you would have to ask the Scottish Government. It is not my role to tell you how the Government was able to do that. I am on record as being—for a variety of reasons—a strong supporter of a single service, and I remained so throughout the lead-up to the change, but I cannot answer that question.

The Convener: I do not doubt your support for a single service, but justifications were made for its creation that were based on cost savings, which were based on efficiencies. According to you, that information was either not of sufficient quality or did not exist. Given the facts—and leaving aside your belief in a single police force—how could you justify that? How could the Scottish Government come to a conclusion if that information was not there?

Chief Constable House: I need to draw a distinction here and be clear in what I am saying. It is quite clear—it was clear early on—that a single service will save money. There will be efficiency measures in it, and I believe that it will produce superior performance and protection for the public in Scotland.

If the Government had been happy with me writing that as a detailed business case on 1 October when I got the job, I would have written it, but that is not what it wanted. The outline business case is a pretty thick document, and it is clear that the developed full business case would have been an even weightier and more detailed document.

The thrust of the Auditor General's report is that baseline data has been difficult to come by across the board because it is collected and maintained in different ways. As was mentioned briefly, a couple of the authorities were unitary authorities, and the way in which they reported information and held data was completely different because they were part of a unified council delivery service. The picture is much more complicated.

Again, I stress that we were—and Kevin Smith was—not trying to resist. Civil servants wanted the data, and it was their job to want it, but I cannot give you any detail on what the Government should have based its decisions on. I just know that there are some fairly obvious big-picture points about how a service will work. It will save

money—indeed, it is on course to save £64 million in the first year.

George Graham: Perhaps I can help out on that. What we are discussing is historical, so I ask you to indulge me for a moment not as HMICS but as a former chief constable who was involved in some of the discussions and debates in July 2012. I stress that much of the financial data was public and available. Every police authority set and completed budgets, so information on the way in which policing was budgeted for was all very much in the public domain up to the end of March 2012.

Part of the data that was sought in July 2012 referred to options for saving money moving forward. I and many other chief constables were quite uncomfortable with committing a future police authority and a future chief constable to some of the decisions. For that reason, we were reluctant to sign off—if that is the right term—on some of the financial assumptions that were being made. That was much more an issue for the authority. I would never have characterised that as a refusal or even a reluctance to give data—it was much more that some elements of the data were about the options for savings, which now need to inform the financial strategy moving forward.

I hope that that helps members to understand where out-going chief constables found themselves in July 2012.

The Convener: So, was it a stupid question?

George Graham: No, the question is absolutely fine. It is entirely appropriate, and I hope that I have provided at least some illumination—

The Convener: No, not my question.

George Graham: Oh—sorry.

The Convener: Was the question that the civil servants asked a good one?

George Graham: I was wondering whether you wanted me to be so bold as to say that the convener had asked a stupid question.

The Convener: No, you were very diplomatic.

George Graham: Apologies, convener. Can you clarify which question you think was stupid before I give an answer?

The Convener: The one that the Scottish Government asked.

George Graham: No—I think that it was entirely legitimate.

The Convener: So, it was a legitimate question, but there was no information to provide an answer.

George Graham: I think that the information was in the minds of chief constables who, at that point, were making a lot of different decisions

about saving money in their own forces, as they had been doing until the end of March 2012. We are now no longer the people who are responsible for delivery, so there was a reluctance in that regard. The data that I was uncomfortable giving would have been speculative in relation to the savings that could be made.

The Convener: So the information was in the minds of chief constables, on paper or wherever. Is it appropriate for chief constables to say, “Although we’ve got the information in our minds or elsewhere, you’re not getting it just now”?

George Graham: That was certainly appropriate for me at the time because, largely, I was not going to be responsible for leading the new police service and was not going to be responsible to the authority. I could certainly speculate for days about the art of the possible in the future, but that is not useful to you.

The Convener: I was not asking about speculation. You said that the information was there and was in your minds. The Scottish Government asked for it on behalf of ministers, and it was not given. You think that that was appropriate.

George Graham: It is a little bit more complex than that. In my view, some of the ideas, thoughts, suggestions and possibilities needed to be subject to much more rigorous scrutiny before anybody could say that the information was viable.

The Convener: Okay.

Tavish Scott: But there was not any rigorous scrutiny, because we never got a business plan, did we? That is what the Audit Scotland report shows.

George Graham: No, and that is now part of the process of trying to figure out the interdependencies that I have described of how to deliver effective policing services within the available budget. That is what a financial strategy will need to deliver. In my view, it is clearly an issue of timing and how we get sensible longer-term and shorter-term decisions made.

Tavish Scott: On paragraph 72 of the report, as the issue has come up, was the chief constable on the police-led reform team or did his former authority, Strathclyde Police, have a representative on it?

Chief Constable House: Technically speaking, I was not involved in the police reform team until towards the end of October, but I guess that the minute that I took up the role on 1 October, most people looked to me to lead, although Kevin Smith stayed in place for another month after that. Until that point, every force had people involved in the police reform team.

Tavish Scott: Who was involved from your force at the time? Which senior rank was involved?

Chief Constable House: The lead person from Strathclyde at the time was Neil Richardson, who was seconded to work for the Scottish Government.

Tavish Scott: Sorry. Did he represent Strathclyde Police?

Chief Constable House: I am sorry—your question was more precise than my initial answer. Actually, he did not represent Strathclyde; he led on behalf of the Scottish Government and ACPOS.

On who the senior people were in Strathclyde, there were many hundreds of working groups, and every force put people forward. For example, one of my assistant chief constables in Strathclyde led on creating a national firearms response plan. She—it was a she at that point—would have worked with senior officers from other forces to try to pull all that together.

Tavish Scott: Just to understand, the police-led reform team was not a group of, say, 12 men and women from across Scotland; many more than that were involved. People came and went.

Chief Constable House: It was a massive team of people, who were brought in to provide specialist input and then went back, or did that as part of their day job on top of their normal duties.

Tavish Scott: Right. So it is not possible to say how many people were involved at any particular time.

Chief Constable House: I am sure that it would be, but I would need to go away and come back to you with some indication of that. I do not have that information at the moment.

Tavish Scott: Okay.

I would like to deal with the financial strategy. I think that you said in your answer to the convener right at the start that there would not be a financial strategy in place on 1 April 2014. Did I pick that up correctly?

Chief Constable House: Yes, you did.

Vic Emery (Scottish Police Authority): No, you will have.

Chief Constable House: Sorry, no. If I said that, I got my year wrong. I am sorry, but will you repeat the question?

Tavish Scott: The simple question is, when will there be a financial strategy?

Chief Constable House: Sorry. We are working on the financial strategy now, and I expect that we

will have it in the next couple of months—certainly before 1 April 2014. We will work together on it. Again, I stress that it is not a case of my people writing it, giving it to the Scottish Police Authority and saying, “Do you approve this or not?” We know that that does not work, and we do not work in that way. We work in a far more conjoined way than that to create a strategy.

I am sorry if I misled you, but I probably meant before that we were never going to have a strategy in place for 1 April 2013.

Tavish Scott: But from its minutes of August, it seems that Mr Emery’s board expected it to be ready by now. We keep being told that you are all working together collegiately. Why was one thing said in board minutes in August, but you are saying to us today that the financial strategy should be ready in a couple of months’ time, after Christmas?

12:00

Chief Constable House: I guess that the answer to that question is that this is a complicated piece of work involving, as the Auditor General has made clear, a massive range of issues, a £1 billion-plus budget and plans to save the same amount of money by 2027. It is a big undertaking but the work is on-going and I am confident that it will be in place.

The Convener: Before we move on from that, I want to ask Mr Emery to clarify who is producing the strategy. Is it the SPA with input from Police Scotland or does Police Scotland produce it for you to have a look at?

Vic Emery: The term “financial strategy” has been taken out of context a little bit. What we are looking for is a corporate strategy, which will be an agreement between the SPA and Police Scotland on how we will move forward. That will involve an ICT strategy, a property strategy, a fleet strategy and an HR strategy—in other words, all of those things that end up with a bottom line, which will be the financial strategy. We need to get all those building blocks in place and we are working with Steve House’s team in Police Scotland to produce the strategy, which, as he has said, should be available before the beginning of the next financial year.

The Convener: Who has ownership of that and who is responsible for ensuring that it is delivered—the SPA or Police Scotland?

Vic Emery: Police Scotland is doing all the work with input from the SPA. The bulk of the people are with Police Scotland but we will jointly own the strategy at the end of the exercise.

The Convener: Okay. So it is a joint document that will be signed off by both bodies.

Vic Emery: Absolutely.

The Convener: So we cannot actually say to either the SPA or Police Scotland, "You've failed to produce the strategy." This is joint activity all the way down the line and the strategy will not be agreed unless there is agreement by both parties.

Vic Emery: It is true to say that it will not be agreed without agreement by both parties.

Tavish Scott: With regard to your board's governance and scrutiny role, paragraph 110 of the Audit Scotland report says:

"financial and performance information are rarely linked, there are inconsistencies in how financial information is reported and there is limited use of trend information."

Do you recognise and accept the statements in that paragraph?

Vic Emery: Up to today, I accept and recognise that wording.

Tavish Scott: So what have you done about it?

Vic Emery: As I have said publicly, I think that the Audit Scotland report is a thoughtful piece of work that makes a number of recommendations, many of which we already have in train. We are working with Steve House's team on understanding how that information is put together; indeed, you have heard this morning a little bit about the difficulties in bringing together nine different ways of doing business in one single way of presenting data. Things such as a single ledger, for example, are critically important in being able to understand where all the spend is being incurred, and that does not exist at the moment except in embryonic form.

These things are in progress and work is ongoing to put them in place. Once they are in place, we will have the right tools to thoroughly scrutinise what Police Scotland is presenting to us. At the moment, the SPA is making a big input into that reporting. With the information that we have, we are comfortable that the year 1 savings will be delivered.

Tavish Scott: Can I take it from what you have said, then, that your board members are not micromanaging the organisation any more? That is what I infer from paragraph 52, which says that board members' involvement in executive matters has made it

"more difficult for them to provide effective scrutiny, challenge and support."

Vic Emery: Again, board members have been involved at a lower level than I would have liked because of the lack of people when the SPA started up. However, they have now moved back into a more scrutiny and governance-based role instead of bringing horsepower to the delivery of

some of these figures. That work is now solely a matter for Police Scotland.

Tavish Scott: Am I right in thinking that you are currently on your second interim chief executive?

Vic Emery: Yes.

Tavish Scott: What is happening there? Why have you not been able to make a full-time appointment?

Vic Emery: There are three stages to what we are trying to do. Our first stage was to make sure that we got through 1 April 2013 without any impact on service to the public. The second stage was to consolidate. We are well into that now. The third stage will be to go forward into a larger reform programme.

It was not appropriate at the time to bring in full-time staff. Our first interim chief executive was from the Scottish Police Services Authority, which was the previous body—one of the nine that we talked about previously. She indicated that she did not want to carry on and that she wanted to leave. We were not in a position to recruit a permanent person at that time, so we recruited a second interim person.

The advert for the permanent position is now in the public domain. We hope that we will have a permanent person in place before the end of January.

Tavish Scott: What is the position with your director of finance? You have had three of them since 1 April 2013. Is that correct? That is what it says in paragraph 101 of the report.

Vic Emery: Yes. Three individuals have been fulfilling that role for us.

Tavish Scott: You have had three directors of finance and two interim chief executives.

Vic Emery: That is correct.

Tavish Scott: At what cost to the taxpayer that could be spent on policing?

Vic Emery: The cost to the taxpayer is neutral. Those roles were always going to be there.

Tavish Scott: So there were no contract costs, no recruitment costs and no other costs that the SPA board incurred?

Vic Emery: There was a minor cost in doing that, but it was not a big amount of money.

Tavish Scott: I am sure that you would be happy to share with the committee all the costs that were involved.

Vic Emery: We are happy to do that. It is FOI-able.

Tavish Scott: I was not asking you to FOI it; I was asking you to share it with the committee. Thank you.

The Convener: How long have you been in post, Mr Emery?

Vic Emery: I was appointed on 1 September 2012.

The Convener: So you have been in post over a year. In that time you have had three directors of finance—you have not been able to get a permanent one. You have had two interim chief executives—you have not been able to get a permanent one. I would have thought that a senior management position in the SPA would be an attractive proposition. What is it that makes people so reluctant to commit themselves to your organisation?

Vic Emery: We did not advertise a permanent position until recently. We advertised and we are waiting to get a response to that. I am not detecting that anyone is reluctant to join the SPA.

The Convener: Why, then, have your interim staff moved on?

Vic Emery: The interim staff to whom Tavish Scott referred—the chief executive and the finance guys—came from agencies as interim staff. They wanted a full-time job, so they took opportunities to move on.

The Convener: They wanted a full-time job, but at that point you were not prepared to offer a full-time job.

Vic Emery: The organisation was planning who would carry out which roles and responsibilities. That work was concluded recently when the board agreed the scheme of delegation and the organisation's structures.

The Convener: You have been in post for over a year. You are supposed to be holding Police Scotland to account and working with it, and yet you have had a merry-go-round of senior officials. That hardly provides either stability or continuity. Do you think that that has been helpful?

Vic Emery: What has been very positive is that since I was recruited we have put in place a 13-person board, which took some time to do. We appointed the chief constable and the senior management team. We empowered the directors of the SPA on 3 December when we passed standing orders. Up to the beginning of April, our concentration was on ensuring a smooth transition. While we were talking about the maintenance functions for the police, we were also getting on with a smooth transition to a single force, which was highly successful.

The Convener: Do you now have your senior management team in place?

Vic Emery: We do not have that in place at the moment. We have very good people doing those roles, and the jobs are being advertised as we speak.

Colin Beattie: My first question is to seek clarification regarding paragraph 7 of the SPA's written submission, which says:

"we invite community councillors, local authority councillors, and local MSPs to 'meet the board'."

I do not remember ever getting an invitation to meet the board. How did that happen?

Tavish Scott: I completely agree with that.

Vic Emery: I cannot comment on specific instances, but we do that. We have a team that invites MSPs and local councillors to meet the board when we visit each community to have our board meetings. Since our inception we have had 14 board meetings in 11 community areas.

The Convener: Can I clarify what you said for the record? You said that you cannot comment on specific cases, but is this not a letter to the committee from you?

Vic Emery: Yes, but I cannot comment on why councillors or MSPs do not know that we are having these community sessions.

The Convener: Why did you put the bit about inviting them into your submission then?

Vic Emery: My information is that we do that. It could be that we have not had a board meeting in the areas that the members represent. I do not know.

Colin Beattie: The message to take back might therefore be that the system needs to be looked at to ensure that it is effective. I, for one, would welcome an opportunity to attend a board meeting.

It has been well documented that in the past there have been tensions between the SPA and Police Scotland. How are relations now?

Chief Constable House: My view is that relations are positive and getting better. We had a four-hour session yesterday afternoon with all my deputies and directors, all members of the Police Authority and a few senior officers.

I will not hide the fact that there were tensions, because there were. I will state again for the record, as I have done continually throughout, that there is no personality clash between me and Vic Emery, nor is there a power struggle between us; far from it.

I will say what I believe the issue was. Although I do not know in which particular paragraph, the Auditor General's report refers to the wide interpretation of what the legislation meant in

terms of the police authority “maintaining” the police service in Scotland. That was the crux of the issue. The Auditor General has clearly laid out, with timescales, the different models that were proposed. The Government stepped in and clarified what it wanted under the legislation. That was bound to drive questions about who was leading what, but the tension was constructive because we want to do the best job that we can. The SPA clearly wants to hold Police Scotland to account in an authoritative and comprehensive way, which is also what I want, because it gives me a mandate to operate as the chief constable in Scotland.

My view is that the relationship is positive. It has been under pressure because of timescales and the complexity and urgency of the project, but I think that it is positive. We have an interim chief executive and a team with which we are working very positively, and there has been significant improvement on a number of issues, even in the past three months since the Auditor General's report was researched. For example, a comment was made about there being no single ledger. We have made huge progress on that and on reporting to the finance committee that is chaired by a member of the SPA and to the HR and audit committees.

Also, as you heard Vic Emery say, 14 board meetings have been held around Scotland. I smiled when Mr Beattie said that he would like to be invited to one of them. Those meetings are not short. The time probably pales into insignificance compared to the meetings that you attend, but we are looking at four hours of scrutiny of a significant amount of material in significant detail. The meetings are all streamed live on the internet; you can watch them if you cannot actually attend. It is not an exaggeration to say that we are engaged every day at senior level with staff from the SPA in doing the job that we are charged to do.

Colin Beattie: Does the SPA have a similar view?

Vic Emery: Absolutely. The relationships are good, and I think that they are getting better. We had a conference yesterday on how we make decisions going forward and what our mutual work plan will be for the next year. That was attended by all the senior people at the SPA and all the senior command team from Police Scotland. That was very successful, and I think that we are getting on better all the time.

12:15

Colin Beattie: Paragraph 44 of Audit Scotland's report makes strong mention of the Scottish Government's intervention. How important was the Scottish Government's intervention in sorting out

the roles, responsibilities and so on between Police Scotland and the SPA?

Vic Emery: We took advice from a number of different agencies on the best way to put the governance arrangements together. The Scottish Government was one of the organisations that we talked to. The Justice Committee gave us advice regarding what it would expect. We took advice from HMICS, and we considered how to proceed in the most effective way. A number of different parties contributed to how we agreed to proceed with our governance arrangements.

Colin Beattie: It would seem from Audit Scotland's report that it was the Scottish Government that put a bit of force behind sorting things out.

Vic Emery: The original arrangements were completely compliant with the expectations of the Police and Fire Reform (Scotland) Act 2012 and what that act asked us to do. The new arrangements are equally compliant. With hindsight, I would say that we probably tried to produce a model that was too radical for the environment at the time. We have now modified it, with advice from the Scottish Government, so that the model is much more useable as regards the way ahead.

Colin Beattie: Can we assume that, as of this point, not a lot of time is being wasted trying to sort out roles, responsibilities and so on, and that that is all done and finished? Everybody is clear about that.

Vic Emery: With those roles and responsibilities comes a scheme of administration that sets out who does what and what limits of authority we have. All that has been agreed and the board has signed it off.

Ken Macintosh: As well as highlighting the lack of a financial strategy, the Auditor General said that there is a lack of an overall workforce strategy. Who has responsibility for drawing up such a strategy?

Chief Constable House: I refer to my earlier comment—it is the same for all strategic developments. The authority has strategic oversight and helps to set the strategic direction, I guess along with the Scottish Government, as regards where the Police Service goes for Scotland. My people are working on that, and doing so very closely with John Foley and his people to present a document. It will be not the finished document but a discussion document raising different issues for the board members to look at. From that, we will synthesise a strategy to take forward. It is the same principle for everything, including an ICT strategy.

Ken Macintosh: Is that with the same deadline of 1 April next year?

Chief Constable House: Yes. It is as Vic Emery said earlier. I was probably making bad use of jargon. We are looking at a whole corporate strategy, which will have within it a suite of specific strategies: ICT, finance, workforce—human resources, as we would call it—property and the vehicle fleet. A number of those form the overall corporate plan.

Ken Macintosh: A number of issues have been highlighted. The Auditor General highlights the fact that, without

“an overall workforce strategy,”

there is a

“risk that the required savings, in particular after 2013/14, will not be delivered ... in a sustainable way.”

This year’s savings depend on losing 800 police staff. That is a sizeable number. Does your workforce strategy foresee similar levels of savings and a depreciation in numbers of civilian staff for the next four or five years?

Chief Constable House: There is a general and understandable simplification as regards how we are going to make the savings. Everybody says that we cannot reduce the number of police officers, therefore the reduction will have to be in police staff.

We will look at the 7,500 police staff across Scotland—the number is a bit less now—to ensure that we use them as efficiently as we can. Anyone who brought together nine organisations into one would be bound to look at that, because there must be duplication. We will change structures as we move forward, which is bound to bring opportunities for staff who want to go. We will have no compulsory redundancies; we are talking about voluntary redundancy and early retirement.

The misunderstanding is that all our savings are predicated on staff. As numerous people have pointed out, staff are a big chunk of the budget—65 per cent of it is for police officers and 20 per cent is for our police staff—but there are other elements. We are looking as closely as we can to try to find savings in non-people budgets.

You quoted a figure of 800. We are approaching that number, but there is no direct equation to say that, if we do not get that number, we will not balance the budget. I am confident that we will balance the budget this year. If we do not reach the 800, that will be because we are complying with all the legislation that we are required to comply with and we are trying to treat our people as sensitively and appropriately as possible.

It takes four to six months from somebody putting up their hand and saying, “I’d quite like to

go,” to their exit from the organisation. If somebody wants to leave later, it might happen later. We might wish to hold on to somebody, because otherwise the danger is that, in the rush to cut budgets, we will lose staff whom we can ill afford to lose, as the Audit Scotland report says.

We ask people to apply for voluntary redundancy and people put their hands up, but it is worth pointing out that that does not guarantee that they will get voluntary redundancy. We are holding on to hundreds of people in the organisation whom we need for our operational delivery for the time being—it is not a case of people going when they want to go. The position is a bit more sophisticated than being all about the people going to balance the budget.

Vic Emery: This is where all the strategies come together to form a corporate strategy. About 2,000 people have expressed interest in taking voluntary redundancy; 330 of them are control room staff, but we cannot let them go at the moment, because we have an operational need to keep them until we get in place an IT system that will facilitate the situation.

That is where the IT and human resources strategies overlap. That will overlap with the property strategy, because we must ask where we will put a reduced number of control centres that are more digitally enabled. A number of strategies must fit together before the overall decision can be made. In the meantime, we need to keep the people on because, if they left, that would have an impact on the service.

The savings are of £1.1 billion until 2026, but the hard work is in years 1 to 3. If we get the savings in those years—the primary year is year 1—that will roll forward for the next 10 years. The hard graft is in years 1 to 3, because the savings must be recurring—they cannot be one-time savings. The hard work is in the first year, which is pretty much done. We need to consolidate that to get the savings by year 3, which will roll forward.

Ken Macintosh: I appreciate that the issue is complicated and I appreciate the information that you have given. The Auditor General’s report says that, this year alone, staff reductions account for well over 50 per cent of your savings. That has a number of implications.

I have suggested that a deliberate policy of civilianisation of police services was followed a decade or so back. I am trying to identify whether that policy has ended. We know of examples of police staff posts having to be backfilled. Has the civilianisation policy officially ended?

Chief Constable House: As I have said on a number of occasions, we have at this moment no policy or strategy of backfilling the posts of support staff who leave with police officers. I say for

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

There was a big push in civilianisation in the last decade, although I have to say that there was less of a push in Scotland than in England and Wales, where a much higher proportion of police jobs were turned into civilian posts. I think that there will be a rebalancing and we are looking at some of those issues. As Vic Emery has pointed out, there will always be a need for highly trained and professional civilian colleagues to work alongside police officers in control rooms. We do not need pure police officers in control rooms and custody centres but nevertheless feel that there has to be a balanced workforce instead of having all-civilian staff and are looking at exactly that issue as part of the workforce plan.

Ken Macintosh: Can I clarify whether you are shown the Auditor General's report in advance to check for factual accuracy?

Chief Constable House: Yes. We see a couple of versions and are asked to check for factual accuracy.

Ken Macintosh: The reason that I ask is that earlier you suggested that the information in paragraphs 111 and 112 on page 34 was inaccurate. Is the statement in paragraph 112 that

"Each force reported performance against the SPPF indicators quarterly"

true or not?

Chief Constable House: I do not take issue with what those paragraphs say but they seem to suggest that that was the performance regime for policing. It might have been in seven other forces but it certainly was not in Strathclyde Police. Moreover, I do not think that the statement in paragraph 112 that

"Most of these indicators have been incorporated into Police Scotland's performance management system (SCOMIS)"

is true because SCOMIS—or the Scottish operational and management information system—was being developed in Strathclyde Police when I arrived there early in 2008. There is some overlap between the systems but they stand alone; they are not the same system.

Ken Macintosh: The committee is used to getting reports from the Auditor General that we trust for their accuracy because they are shown to people beforehand. If the statements in question are not true, why did you not say so beforehand? Why are you saying it now?

Chief Constable House: We responded with a very detailed letter about accuracy but I do not know whether that particular issue was raised. As

you have made quite clear, we should have raised those points.

In turn, I want to make it clear that the report contains factual inaccuracies. For example, the text in the bottom right-hand quadrant on page 41 suggests that 32 local commanders report to the deputy chief constable responsible for local policing. That is not accurate. I can understand why people would think that—after all, there are 32 councils in Scotland and the law says that each local council must have a local commander—but actually 14 divisional commanders report in.

I can only apologise to you and the Auditor General. We must have missed that—I did not look on the last page myself—but I can say that it is not accurate.

Ken Macintosh: Your apology to the committee will be headline news tomorrow.

Chief Constable House: Well, I am apologising for not reading the last page of the report, not for anything else. However, time remains, so who knows?

Ken Macintosh: A more important point can be found in paragraph 114 of the report, in which the Auditor General clearly says that

"performance reports ... are now more selective".

You said earlier that you believe them to be comprehensive. Given the huge implications that that will have for public trust and confidence, what are your comments on that statement?

Chief Constable House: I thank you for raising the point and agree that the Auditor General has concerns about this. I cannot do so right now, because it is restricted, but I am very happy to make available our internal performance report, which comes out every week, is 30 pages long and covers a wide range of performance issues. We also have a single-sheet graphical representation of the organisation's performance across the board, which is available throughout the organisation—

Ken Macintosh: But those are performance management tools, are they not?

Chief Constable House: They are.

Ken Macintosh: What I am talking about is public accountability, which is not quite the same as performance management. As far as public accountability is concerned, do you agree that you are now being more selective and less comprehensive?

12:30

Chief Constable House: No. We are keen to produce these reports to the police authority on a regular basis and in public, but a debate is on-

going with the Scottish Government about its concerns. The simple fact is that we are not a qualified statistical body and the Government's position, which I understand, is that its people are the only ones who are allowed to produce crime statistics. The reality, of course, is that it creates its annual crime statistics from the reports that we produce.

This is a source of some frustration. I would like to take to the authority regular reports on our performance and am quite certain that the authority would like to understand our performance at a detailed level. We are doing some of that at authority meetings and meetings of sub-committees. I can understand why the Auditor General has made that comment, but I have to say that it is not entirely clear why this is happening. It is certainly not happening because of any reticence on my part or on the part of my organisation to tell the public how we are doing—far from it. I would like to broadcast how we are doing.

Ken Macintosh: Do you think, then, that it is your job to decide how you are audited, or is it the job of the Auditor General and the public?

Chief Constable House: It is entirely the Auditor General's decision, but if I am criticised in passing for not producing full performance figures when I am perfectly willing to do so at a public meeting, I think that I have a right to say, "I don't think that the situation's quite correct at the moment."

The Convener: Did you take the matter up with Audit Scotland and draw it to its attention before the final draft of the report came out?

Chief Constable House: At the three and a half-hour interview that I had with Miranda Alcock from Audit Scotland one Friday night, I raised a number of issues. One of them was our current performance situation, which is that we are not quite able to produce what we would like to produce.

George Graham: I hope, convener, that I might be able to provide some context to public performance reporting and monitoring and indeed performance management. The SPPF was an attempt by the Scottish police service—the eight police forces and the SPSA—to create at least a broad canvas of public performance reporting, but the statistics that were utilised were cleared for only quarterly announcement in a public forum once the Government was satisfied that they were consistent at a national level. After all, it is entirely sensible that we all use the same data.

That was the previous process. With the move to a single national organisation, HMICS has been particularly exercised by the need to have a performance management monitoring process that

can be publicly displayed. We have tried to define a little bit the role of the Scottish Police Authority, which should be in the vanguard, or the lead, of performance monitoring and management and oversee all of that nationally. It is taking that role on; in fact, two HMICS staff have recently been transferred to the SPA to assist with the development of what one might call enhancements to what had been the SPPF and do something that the SPA and the public of Scotland would be content with and would agree represented a proper analysis of the performance of policing in Scotland.

Because Police Scotland is responsible for the day-to-day, weekly and monthly management of performance and the delivery of improvements that everyone wants, it will have management tools such as SCOMIS and other arrangements in place. Also, local authorities are still intrinsically interested in ensuring that local scrutiny and engagement bodies regularly get local data, and my lead inspectors have attended meetings of those bodies and listened to beat commanders being held to account on police performance data. Lots of data is still being shared.

The role of Audit Scotland and HMICS is to satisfy the Parliament, the Government and Scotland's communities that the data is accurate and has integrity. We not only examined the issue last year but have recently completed a review and I have confidence in the data that is being used. The task and challenge for the SPA is to create a performance management monitoring regime and a reporting mechanism that satisfies the Government's national aspirations with regard to consistency as well as the requirements of the Parliament, communities and Police Scotland. We will do our best to support that on-going work and ensure that it is delivered as quickly as possible.

Ken Macintosh: I do not think that I will get an answer to this question—well, I might well get an answer—but I am intrigued by the issue of Bremner house. Does anyone know who recommended to the Government that that property be rented?

Vic Emery: I cannot comment on that. I know that the Scottish Government entered into a lease on Bremner house before the SPA was formed and that it was one of 800-odd properties that we had access to. The Government was quite rightly prudent in that respect, because it was not sure where the SPA would go so it deliberately took out a short, two or three-year lease on the property. We have terminated the lease on that property. We have also terminated the lease on Elphinstone house, which is where the SPA has been operating up to now. We are trying to ensure that we make good use of Bremner house between

now and the expiry of the lease, which I think is in September next year.

Ken Macintosh: So none of the panel members knows whose recommendation it was.

Chief Constable House: To be clear, despite my photograph appearing on the front page of a national newspaper next to Bremner house, I have never visited Bremner house and I have no knowledge of why it was recommended.

The Convener: When you say that you have terminated the lease, Mr Emery, do you mean that you have given notice that the lease will finish at the end of the three-year period?

Vic Emery: Yes.

The Convener: So you will still be liable for the rent up until that point.

Vic Emery: Up until that point, yes.

The Convener: And when does the lease on Elphinstone house finish?

Vic Emery: The lease on Elphinstone house finishes in June.

The Convener: June next year?

Vic Emery: Yes.

The Convener: Right. Where will you be located after that?

Vic Emery: That will be decided as part of the property strategy that we are waiting for. We have a lot of property. We probably need only about 50 per cent of the properties that we have and we are looking—the Police Scotland property people are looking—at the most suitable place for the SPA to reside.

James Dornan (Glasgow Cathcart) (SNP): I have a question for Vic Emery. I am trying to put to bed the interim appointments discussion. In your opinion, did having interim appointments make any difference to how the SPA did its work over that period?

Vic Emery: No. I would say that having interim appointments has made no difference whatsoever. An interim chief executive, John Foley, is sitting next to me. He took on that role recently. Within a couple of weeks, he had caught up with all the issues and had engaged with all the stakeholders, particularly with Police Scotland—he has formed a very solid relationship with it and has moved the whole process forward.

James Dornan: That is great. I just wanted to go back to that point to try to finalise it.

On the issue of the £8.5 million gap in savings for this year that is mentioned in the report, the previous panel told us that the gap was now £3

million. I am not sure whether someone from this panel mentioned that figure again.

Chief Constable House: I can confirm that the savings gap is now £3 million. The difference is simply because, when the report was compiled, the figure was £8.5 million, so it was entirely accurate at that time.

James Dornan: Is that difference mostly based on more people taking the voluntary redundancy or early retirement packages? Paragraph 66 of the report mentions that 314 of 542 applications for those packages had been approved. Are both those figures now higher?

Chief Constable House: Yes. On a weekly basis, the HR committee oversees people leaving the organisation to ensure that the process is being done appropriately and properly for the individual and to ensure that it is in the interests of the organisation—that the right people are going and that we will not have to re-employ people in those posts. It is simply a case of getting people through that process.

Also, we are being flexible about when people go. If people say that they would like to stay until the end of the year or if we need them to stay perhaps until the end of March next year to complete a task, that is what is happening. We are not solely dependent on people going to bridge that savings gap and there will be a bit of a lag in the number of people going because of the length of time that the process takes.

John Foley (Scottish Police Authority): Just to pick up on that point, about two months ago we established a weekly high-level finance meeting to review the forecast. That meeting consists of me and the heads of finance for Police Scotland and the SPA. We review the forecast weekly and revise it. The additional staff who are leaving towards the end of the year make up part of that figure, but it also includes things such as procurement initiatives and various other efficiency savings. At the moment, we are about £2.9 million short of breaking even at the year end. However, all the people involved in that committee are confident that we will bridge the gap and meet the budget by the end of the year.

James Dornan: The report takes us only up to September and, clearly, that is one thing that has moved on since the report was written. Is there anything else that has moved on since the writing of the report that we should know about?

Vic Emery: There has been significant progress on the specific plan to deliver what the report refers to as the financial strategy but what I call the corporate plan, which rolls in the HR, ICT and property strategies so that we have a holistic view of how to move forward. We fully expect the plan to be delivered by the end of the financial year.

Chief Constable House: Across the board—in everything that we have talked about today and in acknowledging the concerns of the Auditor General about the overall financial strategy, or corporate plan—we are much closer to creating that plan and we are doing so collaboratively and constructively. The performance of the organisation and day-to-day policing is moving on, too. Since the report was written, many indicators are improving across the board. We will use the report as a road map to ensure that we continue to make those improvements.

James Dornan: There is no doubt that there are matters that must be sorted but, in the main, I agree with some of my colleagues that the report is positive. It is not just us that say so—the assistant chief of police of the Norwegian police service says that it has been a remarkable transition in such a short period and, Chuck Wexler, the executive director of the Washington-based Police Executive Research Forum, says pretty much the same thing.

Although our job in the Public Audit Committee is to ensure that we get value for money and point out what still needs to be done, where will Police Scotland be in a year's time? Will you come back to us then? Would it be clear to us at that point what the vision for and financial situation of Police Scotland is? Would we be a lot further forward than we are now?

Chief Constable House: I will probably be back in front of the committee in a year's time and it is entirely appropriate that I should be. In a year's time, we will have continued to make progress on performance and we will have dealt with some intractable issues for the public in Scotland. For example, we are seeing a significant increase in sexual assault. We have created a national and local rape investigation task force to focus on that. The Commonwealth games will have been and gone. We are planning for a safe and secure games and I am confident that we will be looking back on a successful event for Scotland.

The budget will have been balanced in year 1. Bearing in mind—Vic Emery said this far more succinctly than I did—that the first three years are the difficult ones, if we establish year-on-year savings, we get a long way towards the £1.1 billion saving figure. We have already made savings in year 1, but there is more to do in year 2.

What has not been mentioned is the decision that we took early on to de-risk day 1. To ensure that operational delivery continued, we did not introduce significant ICT changes. The authority has now supported fully that work through the i6 programme, which will move forward and bring together a lot of national systems. Vic Emery has mentioned the issue about command and control systems. The legacy forces' systems are still in

place and we are bringing forward plans as part of the ICT and building strategies to the authority to see how we can make those systems even more efficient. That is key to the organisation because it allows us to be much more flexible in the deployment of our resources and work in different and new ways that will be more cost effective while maintaining the standard of service to the public.

Mary Scanlon: You have been called "Sir Stephen" and "Chief Constable House". How should we address you?

Chief Constable House: Entirely as you would like, Ms Scanlon.

Mary Scanlon: Okay, Steve, here we go. [Laughter.] James Dornan mentioned that the report was started in September. However, we have a response from Police Scotland and the Scottish Police Authority in front of us that was written in the past few days.

I note that you are responsible and accountable to the Police Authority. In the Police Scotland submission, you say:

"we will take careful consideration of the recommendations made."

No commitment is therefore made to do that in the submission. However, Vic Emery's submission says:

"We will work with partners to follow through on those recommendations."

Are you still considering the recommendations? Is Vic Emery working through the recommendations? Are there recommendations that you do not agree with? Where are we on this issue?

12:45

Chief Constable House: There are no recommendations that we do not agree with, because the recommendations have quite clearly been written by the Auditor General to improve policing across Scotland, so we would not disagree with any of them. Maybe my language is not formally correct. The report has been produced and you have called us in front of you to answer to the report's findings. We in Police Scotland accept the recommendations completely. They are useful and we will work with Audit Scotland.

I will tell you what I am hoping for the next time a report is produced—I would welcome another report on the progress that has been made. I return to where I started when the convener asked the question. There are a few factual issues in the report that perhaps we missed, but I do not take issue with the locus of the report, the reason why it was written or the intent of the people who wrote

it. Miranda Alcock has been involved in policing all the while I have been in Scotland and I know her good intent, and I know the same for the Auditor General. All that we are concerned about is that we take on board the issues.

However, I do not come here to sit mutely and say that I agree with everything in the report. There has to be a dialogue. I see the position that we are in more positively than the report does, but the most important thing is how the media see it. That is not under the control of the Auditor General, or indeed of the people who write the report, but that is what causes me concern, because it damages the confidence of the public and of my staff, and I must go on record as saying that police officers, civilian staff and special constables have done an outstanding job in getting us to where we are. It would not have happened without them, and it would not have happened without growing partnership with the authority or without the support of the civil servants and the Scottish Government. I know that I could be criticised for it, but I see ourselves as being in a positive position, and I want that to continue.

Mary Scanlon: I do not think that you need to lecture MSPs on what we would like the media to say or not to have said over the past 14 years. As the convener has pointed out, that is beyond our control.

Chief Constable House: Of course.

Mary Scanlon: I read your response before I read the report, thinking that if you had agreed to everything, I would not need to look critically at the report. What surprised me was that you said you would

“take careful consideration of the recommendations”,

but you then went on to mention your multimember ward plans, the new single number, the corporate website, specialist units and so on. Those are all the responsibility of the new sub-committee that was set up by the Scottish Parliamentary Corporate Body, of which I am a member. I remind you that the role of the Public Audit Committee and the reason for having two Opposition MSPs as convener and deputy convener is to scrutinise how effectively and efficiently resources have been used in implementing Government policy.

You said that you are

“looking at a range of options that will allow us to contribute towards those required savings.”

However, Mr Emery’s submission states:

“As we speak, some four months out from the start of the 2014-15 financial year we have not yet identified where all of these future savings will come from.”

One witness is looking at savings and the other is wondering where they are coming from. It does not give me confidence that things are as joined up as I would like.

Chief Constable House: To be honest, I do not recognise that analysis at all. I read the report in its draft form and when I was asked to check for factual accuracy. I should have read to the last page; I acknowledge that. However, we have read the report significantly. If I may say so, you have made a somewhat semantic analysis of what our letters are saying.

Mary Scanlon: I am quoting your words.

Chief Constable House: Yes, but we are both concerned—

Mary Scanlon: You are looking at options, but Mr Emery has no idea where the savings are coming from in four months’ time. I am using the words from both of you.

Chief Constable House: It is not for me to defend Vic Emery, but he has a significant record in the private and public sector, and to suggest that he has not got a clue where the savings are coming from is not accurate, and I do not think that it really reflects the role that he carries out. Vic Emery and I talk about this on a regular basis. I am responsible for an organisation that spends £1.1 billion of public money every year. I take that responsibility extremely serious. We are trying to find the savings to balance the budget.

You have already heard from a number of people, including the Auditor General, that we are pretty close to doing that for year 1. Those are recurring savings, so we are a long way towards finding the £1.1 billion that we are charged with saving. I have raised the issue of inflation, which is more of a challenge, and the question of VAT has also been raised, but there is not a fag paper between me and Vic Emery, or between the organisation that I lead and the Police Authority, on the fact that we have got to try to find those savings.

Mary Scanlon: I take my responsibilities very seriously as well, and I am using your quotes to ask how we move forward. I am not focusing on the past. I am looking at the position this week.

Vic Emery: I think that the question of how we move forward was answered by John Foley earlier. We have already heard that £2.9 million is not yet identified. Until it is identified, I will not be a happy bunny. John Foley is meeting his finance committee members and Police Scotland weekly to identify how we will close that gap, and I will not rest until we have done that. That small element is getting smaller and smaller and we are identifying where the savings are coming from.

Mary Scanlon: I would not be doing my job right if I did not pick that up.

Vic Emery: Absolutely.

Mary Scanlon: My second question is on a point that has not been raised today. Paragraph 29 of the report states that a number of recommendations from project reviews “were not fully implemented”. A number of reviews have been commissioned by the SPA and the police, including reviews by KPMG in October 2012 and March and April 2013 and PricewaterhouseCoopers in February 2013. The report states that they all

“highlighted significant concerns about financial management”.

Is that where you spent £355,000 on consultants and then ignored their recommendations and what they had to say? Am I right to tie those reviews in with exhibit 8 on page 28, which shows that £355,000 was spent on consultants?

John Foley: Part of the £355,000 for consultants will relate to KPMG and PWC. On the reports that were produced, KPMG came up with eight major items or issues that it believed required addressing. Going back to the finance committee that we set up about eight weeks ago, I note that we have discharged five of the eight issues of concern 100 per cent—we have dealt with them and they no longer exist—and the other three are at various stages of being discharged, ranging from 60 to 90-odd per cent. We are confident that they will be discharged by the end of the financial year, being 31 March.

Mary Scanlon: So the consultants on which you spent £355,000 made about eight recommendations, of which you have implemented five and three are outstanding. The Auditor General reports that

“A number of recommendations from these reviews were not ... implemented, including the gateway review recommendation to update and use the business case”

and so on. Is that still accurate?

John Foley: The Auditor General’s report was based on information in July and August, I believe—I was not there at the time, but that is just an aside. Subsequently, we have worked through a lot of the recommendations, including the recommendation on the weekly finance meeting, and they have been discharged as advised. However, I do not believe that the total cost of those appointments equates to £355,000. Their cost is included in that overall figure for consultants in the year to date.

Mary Scanlon: Okay. My final two questions are also up to date rather than being focused on the past. First, the report says that the Scottish Government, the SPA and the police need to

agree their respective roles and responsibilities. Is that in place? Secondly, the report says that the SPA and Police Scotland have not yet agreed how performance will be reported or how they will assess and report on whether the objectives of reform are being achieved. Can we safely say that both those things are now on course?

Vic Emery: We can. We can absolutely confirm, as I said earlier, that the board has met and has approved the schemes of administration, the schemes of delegation and the role profiles and organisational structures of the various organisations, so that is absolutely behind us.

Mary Scanlon: So the roles and responsibilities and the performance reporting are in place.

Vic Emery: The performance reporting is partially in place. I think you heard from George Graham that people from HMIC have been transferred over to the SPA, and that team is seeking accreditation so that the SPA can be a statistical organisation that is able to report into the public domain.

Willie Coffey: Chief Constable, you have quite correctly answered the questions that members have raised in relation to the full business case. You have properly put that to bed, despite people being scandalised and outraged during the previous evidence session by the possibility of that work not having been carried out. I will ask you the same question that I asked the Auditor General. What would have been the impact on the service had you proceeded to the full business case?

Chief Constable House: This is partly speculation, but I do not think that it would have been beneficial to have done that work at the time. We were working to a very compressed timeline. It might have been necessary to produce a full business case before the chief constable was appointed. I do not want to get into the history too much, but there were four or five candidates and it was clear that there were different visions and views, so the organisation could have been shaped in slightly different ways. To have provided a full business case before that stage would have caused a bit of confusion. We would have had to go back and unpick it, as I think someone said earlier.

The minute the chief constable was appointed, we moved on to day-to-day business and getting up and running for day 1. Quite rightly, the Scottish Police Authority was immediately on to me saying that it wanted a corporate plan and a corporate strategy for the whole organisation, which had to include ICT, finance, HR, buildings—how we were going to reduce the number of buildings, which we were going to lose, and how that would all hang together—how we would provide a service to the public and how we would

meet the Government's three expectations for the single service. The landscape would have been too crowded, and the situation too complex, for a full business case to have been provided in that short period. I do not think that it would have added anything; rather, it would have diverted people from work that needed to be done, and we would have had to revisit it a couple of months later.

Willie Coffey: For me, probably the most important recommendation in the Auditor General's report relates to the development of the financial strategy. We have agreed about that. Do we have the business skills within the two organisations to develop that strategy and put it together? You have said that you are not statisticians, and I do not expect Police Scotland to be business analysts either. Where are those skills coming from to assist the organisation to get a correct and accurate financial strategy?

Chief Constable House: I emphasised to the Justice Committee the role played by Police Scotland's interim director of finance and interim director of HR, and by corporate services, in getting us ready for day 1. They have the skills. Those directors, who are still interim for reasons that have already been discussed, have significant experience in the public and private sectors. I believe that we have the skills within the organisation, which, in combination with the skills that have been brought in by senior people in the SPA and indeed by SPA members, means that a significant level of skill is in place.

Occasionally, we will want to go outside. I, too, am scandalised when I look at consultancy and so on. The figure of £355,000 covers consultancy across the whole of police reform; it might even cover what the Scottish Government did by way of consultancy—I do not know. Sometimes, however, we have to bring in key experts who we would not want to employ on a full-time basis, as that would be wasteful. Sometimes, we want an independent assessment of how things are working.

We can combine all that with the experience of my senior police officers. Although I am not a trained statistician by any means, I have been working with police budgets for 33 years, including five years at Strathclyde and now at Police Scotland. All my colleagues have similar experience. Managing budgets is a fundamental part of a senior police officer's role. It is not just a case of going out and spending what we want to get the results that we need. We have to do that within a proper public spending envelope. The determination is there. What has been achieved so far in nearly reaching a balanced budget in year 1 is evidence of that determination and of our ability.

Willie Coffey: My final question relates to the provision of information for local communities through the new IT system. I have been on the committee for a number of years, and I must take the opportunity to ask about the issue. Previous reports from the Auditor General have always discussed police response times in relation to incidents in the community, for example. However, such reporting was inhibited by the variety of different IT systems in place among the different forces in Scotland.

Now that we have a single force and—presumably—a single IT system, will that enable you to provide more localised and consistent information across Scotland at the level at which communities think that they need it? I ask that in light of the fact that multimember wards, which Mary Scanlon mentioned, are pretty big. Providing information at the multimember ward level might not give the picture that communities in such wards need. From the discussions that I had with the local commander in Kilmarnock last week, I am hopeful that movement is being made towards the provision of such localised information, which will let people know what is happening in specific parts of their community.

13:00

Chief Constable House: The legislation requires us to go down to the level of having 32 local policing plans, but we took the decision to go down to the level of having 353 plans. I acknowledge that that does not always mean that distinct communities will recognise their area in one of those plans, but we have got as close to that as we could do for day 1.

We are looking at our IT system and our internet offering to ensure that the public can find highly localised information that shows what the crime trends were in the previous year and what they are in the current year, with a link to a contact in the local community team and the sergeant who leads that team, who will see what they can do to help the local community. Last year, we consulted 20,000 people. This year, we will talk to 30,000 people, as well as writing to all MSPs, MPs and councils to get their input. We are trying to get down to as local a level as we can, but I cannot make promises—my ICT director would kill me if I overpromised. We will try to do whatever we can on that.

We want to recognise distinct local communities, wherever they are in Scotland. For example, we have a division with a chief superintendent in charge of it that covers the whole of the old Northern Constabulary area. I was contacted by Shetland Islands Council and Orkney Islands Council, which told me that that was all very well, but that the chief superintendent

works in Inverness and they were interested in their chief inspectors on the islands. We have maintained that sort of structure to provide the consistency of approach that we wanted.

Willie Coffey said that he met the divisional commander in Kilmarnock, Gillian MacDonald. The public care a bit more about their chief superintendent divisional commander than they do about their chief constable, but the reality is that it is the community sergeant and the inspector who are important and who matter. It is important that the public can access those people and talk to them as directly as possible to influence the policing that they want.

The Convener: I want to finish by taking you back to the tensions between national and local policing, which Willie Coffey has touched on. You discussed what a visible police presence is and spoke about front-line policing and so on. We now have a national structure. Will that mean that, in the area that I represent—which covers two local authority areas: East Renfrewshire Council and Renfrewshire Council—police numbers will stay at the level that they were at in February 2012? Might they go up, depending on circumstances? Is it possible that they could go down, depending on pressures elsewhere? Within the total to which you are committed, will police numbers in every local authority area in Scotland be frozen at the February 2012 level? Will that be guaranteed?

Chief Constable House: We are committed to maintaining the total of 17,234. We are looking at maintaining the integrity of our 14 divisions and our service to the 32 local councils, where that integrity exists. At the moment, East Renfrewshire is within the greater Glasgow division. That was done because we consulted the councils and that is what they opted for. Were they to opt for a different arrangement in future, we would certainly consider that.

The system that we have designed is based, fundamentally, on a community model. Reference has been made to what we did in Strathclyde. We regard community policing as the bedrock of what we do, but it is essential that those community cops and the public they serve get the specialist assistance that they need. One of the requirements of the 2012 act—and the Government's intent—was that there would be equal and fair access across Scotland to all specialist services, and that is something that we have majored on. That is the next layer.

At the top level, there are some national assets. The obvious one is the helicopter, which was a Strathclyde asset and is now used all over the country. It has visited every one of the 14 divisions and has taken part in 200 searches for missing persons throughout Scotland.

The volume of officers is the same but we are looking at being much clearer about them getting equal access to the specialists—because that is what the Government requires—while locking in community police numbers.

The Convener: So you would not be able to say to me that officer numbers for the Renfrewshire Council area, for example, would stay as they were in February 2012 because there may be occasions when, for operational reasons, they would go above that level and, equally, there would be occasions when they might fall below it because of pressures elsewhere.

Chief Constable House: I will give you a real example. Within the first week of Police Scotland going live, there were two homicides in Fife. In that instance, we deployed officers from the murder investigation teams to Fife and, within four hours of those murders taking place, the divisional detectives in Fife were released back to their divisional duty because we managed to reinforce them with specialist detectives to investigate those homicides.

If you did a count on the last day of March and one in the first week of April, you would find that the numbers were significantly increased because of those homicides. The same has happened in various parts of the country.

The Convener: So how can you guarantee to maintain the numbers in Dumfries and Galloway at the February 2012 level of 511?

Chief Constable House: We guarantee that we will continue to provide the community policing. The 2012 act says that each authority area must get adequate policing but it does not define what adequate means. It also says that they must get fair and equal access to specialist services.

It is interesting that you picked Dumfries and Galloway. Within the first couple of months, that area also had two homicides, and murder investigation teams were then based at Stranraer to detect and solve those murders, so numbers went up, not down. On 1 April, we also put in armed response officers, providing a permanent armed presence within Dumfries and Galloway, which has never been the case before. The area had extra assets for both those things.

The Convener: Will Dumfries and Galloway be guaranteed 511 officers?

Chief Constable House: I cannot give a guarantee on that because, sometimes, the number will be much higher than that. I do not envisage that the number will drop down while we have 17,234 officers because, for communities in areas such as Dumfries and Galloway in which travelling time is a particular issue, we have to have the asset in the area. There is no point in

saying that we will have loads of cops who can do uniformed patrolling but we will base them 30 or 40 miles away. We can do that only with specialists who are required for particular incidents.

The Convener: Chief Constable, Mr Graham, Mr Foley and Mr Emery, I thank you for your contributions. It has been a long evidence-taking session. I am not sure whether we will need clarification on any further issues but, if we do, we will come back to you in writing.

We now move into private.

13:08

Meeting continued in private until 13:25.

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