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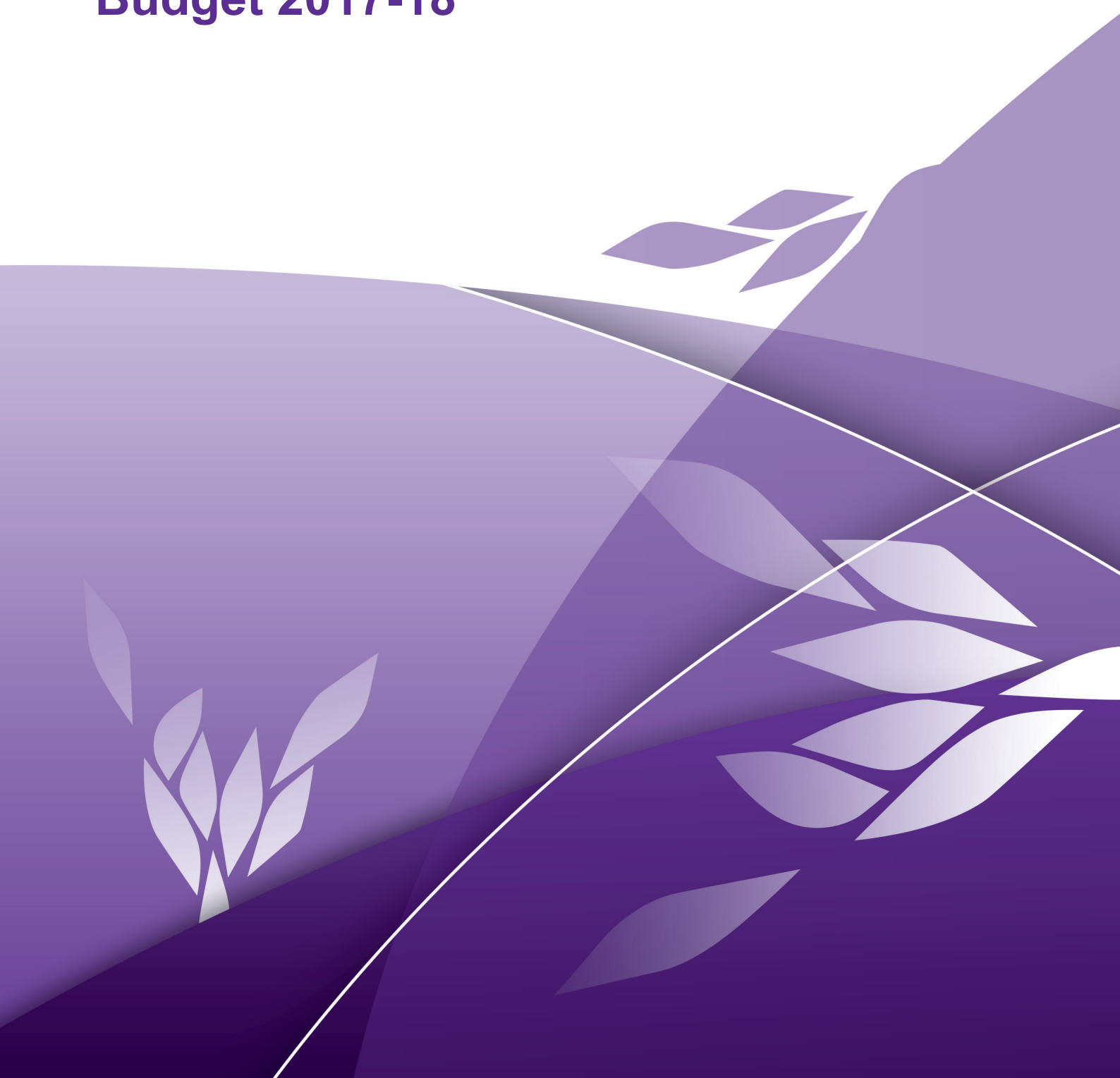
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Justice Committee

Scottish Government's Draft Budget 2017-18



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Justice Committee

Remit: To consider and report on matters falling within the responsibility of the Cabinet Secretary for Justice.



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Introduction

The Committee reports to the Finance Committee as follows—

1. The Scottish Government's Draft Budget 2017-18 was published on 15 December 2016.¹ The Justice Committee focused this year's scrutiny on the Crown Office and Procurator Fiscal Service (COPFS) budget. In 2016 the COPFS had a change of leadership, with James Wolffe QC appointed as Lord Advocate, Alison Di Rollo appointed as the Solicitor General for Scotland, and David Harvie appointed as the Crown Agent.
2. As the draft budget was published later in the year than normal, the Justice Sub-Committee on Policing undertook some pre-budget scrutiny (ie scrutiny prior to actual publication of the draft budget) of police financial planning for 2017-18. This included consideration of the short term financial planning being undertaken by Police Scotland and the Scottish Police Authority for the year ahead in preparation for the 2017-18 Scottish Government draft budget.²

Overview

3. Table 1 below reproduces both cash and real terms figures from the Draft Budget 2017-18 on the following areas of spending:
 - the Justice portfolio
 - the COPFS portfolio
 - the ring-fenced central government grant to local authorities to pay for criminal justice social work
4. Although, as stated, the focus of the Committee's scrutiny this year is solely the COPFS budget, other headline justice figures, with real term adjustments (ie figures adjusted for the effects of inflation), are presented in this report for general interest, and to help put in context the COPFS financial allocation. All real terms figures in this briefing are expressed in 2016-17 prices.

Table 1: Justice, COPFS and Criminal Justice Social Work

	2016-17 budget £m	2017-18 draft budget £m
Cash Terms		
Justice	2,513.8	2,580.3
COPFS	113.5	111.1
Criminal Justice Social Work	88.0	86.5
Real Terms		
Justice	2,513.8	2,543.4
COPFS	113.5	109.5
Criminal Justice Social Work	88.0	85.3

Source: Draft Budget 2017-18 (tables 7.01, 7.02, 14.01 and 14.02)

5. More detailed (level 2) cash terms figures are set out in table 2.

Table 2: Justice, COPFS and Criminal Justice Social Work (cash terms)

	2016-17 budget £m	2017-18 draft budget £m
Justice		
Community Justice Services	26.6	33.6
Judiciary	32.0	31.6
Criminal Injuries Compensation	17.5	17.5
Legal Aid	138.4	137.2
Scottish Police Authority	1,069.8	1,092.4
Scottish Fire & Rescue Service	294.4	316.4
Police Central Government	79.1	92.9
Safer & Stronger Communities	5.1	4.1
Police & Fire Pensions	350.6	350.6
Scottish Prison Service	355.7	361.0
Miscellaneous	42.6	37.4
Scottish Courts & Tribunals Service	102.0	105.6
Total	2,513.8	2,580.3
COPFS		
Resource	109.9	107.5
Capital	3.6	3.6
Total	113.5	111.1
Criminal Justice Social Work		
Total	88.0	86.5

Source: Draft Budget 2017-18 (table 7.01 and 14.01)

6. The figures in the above tables appear to provide for a cash terms reduction in COPFS funding for 2017-18. However, evidence from the COPFS³ stated that it is effectively a flat cash settlement, with the apparent cash terms decrease being accounted for by:
 - a change in non-cash provision relating to depreciation costs;
 - in-year funding for the Violence against Women initiative which is reflected in the 2016-17 budget figure but not yet in the draft budget figure of 2017-18.
7. Clearly, a flat cash settlement would still represent a real terms reduction in COPFS funding. The COPFS draft budget is explored in more detail later in this report.
8. Table 3 sets out percentage changes in proposed funding between 2016-17 and 2017-18 (in both cash and real terms). The table uses the figures set out in the Draft Budget 2017-18 and thus highlights the apparent cash terms decrease in COPFS funding.

Table 3: Proposed changes in spending, 2017-18 compared with 2016-17

	Cash Terms %	Real Terms %
Justice		
Community Justice Services	+ 26.3	+ 24.4
Judiciary	- 1.3	- 2.8
Criminal Injuries Compensation	0.0	- 1.7
Legal Aid	- 0.9	- 2.3
Scottish Police Authority	+ 2.1	+ 0.7
Scottish Fire & Rescue Service	+ 7.5	+ 5.9
Police Central Government	+ 17.4	+ 15.8
Safer & Stronger Communities	- 19.6	- 21.6
Police & Fire Pensions	0.0	- 1.4
Scottish Prison Service	+ 1.5	0.0
Miscellaneous	- 12.2	- 13.4
Scottish Courts & Tribunals Service	+ 3.5	+ 2.1
Total	+ 2.6	+ 1.2
COPFS		
Resource	- 2.2	- 3.5
Capital	0.0	- 2.8
Total	- 2.1	- 3.5
Criminal Justice Social Work		
Total	- 1.7	- 3.1

Source: SPICe

COPFS funding

9. As noted earlier, the Justice Committee's scrutiny of the Draft Budget 2017-18 focused on funding for the COPFS.
10. Given that the Draft Budget 2017-18 was published later than usual, on 15 December 2016, there was only time for the Justice Committee to arrange one post-publication evidence session on 20 December 2016 before reporting to the Finance Committee.
11. To inform this session, which was with the Lord Advocate and the Crown Agent, the Committee took into account budget-related issues that had been raised as part of its current inquiry into the role and purpose of the COPFS. The remit of the inquiry includes consideration of whether the COPFS has the resources it needs to carry out its role.⁴
12. The evidence received during the inquiry highlighted a number of areas where a perceived reduction in the quality of some COPFS services has been caused by a lack of resources and/or policy decisions affecting the allocation of resources.
13. Table 4 sets out level 3 figures for the COPFS.

Table 4: COPFS

	2016-17 budget £m	2017-18 draft budget £m
Cash Terms		
Staff Costs	73.4	72.3
Office Costs	3.9	3.9
Case Related	13.4	13.4
Centrally Managed	19.2	17.9
Capital Expenditure	3.6	3.6
Total	113.5	111.1
Real Terms		
Staff Costs	73.4	71.3
Office Costs	3.9	3.8
Case Related	13.4	13.2
Centrally Managed	19.2	17.6
Capital Expenditure	3.6	3.5
Total	113.5	109.5

Source: Draft Budget 2017-18 (table 14.03)

Presentation of budget information

14. The presentation of the COPFS funding in draft budget documents formerly included a breakdown by area of work (eg solemn cases and summary cases). From 2011-12 those documents instead provided a breakdown by type of activity (eg staff costs and office costs).
15. In evidence to the Committee, the Auditor General identified that one of the improvements the recently established [Budget Process Review Group](#) (of which she is a member) is seeking is to better link public money with outputs: “such as the sheriff and summary courts”. She added that: “the more comprehensive, easy to use and linked to performance information can be, the better it is”.⁵
16. To enable the Committee to compare this year’s draft budget with previous budgets in terms of output, it asked the Lord Advocate to present the details of the COPFS budgets since 2012 by area of work.
17. In a letter to the Committee⁶ the Crown Agent, David Harvie, provided budget information broken down by function for 2013-14 and 2014-15. The table below contains figures representing the running costs only and include both cash and non-cash expenditure (depreciation). Mr Harvie indicated that figures for later years are not currently available.

Table 5: COPFS expenditure by function

Category	2013-14 £m	2014-1 £m
High Court	30.3	32.1
Sheriff & Jury	24.5	25.2
Summary	32.2	35.1
Serious Casework/Other	19.1	15.5
Total	106.1	107.9

Conclusion: The presentation of budget information by area of work provides a useful method of linking spend with output. The Committee appreciates that presenting data by type of activity also has its benefits and would encourage the COPFS to ensure that annual details of spend are publicly available in future in both formats.

Scottish Government priorities for the COPFS portfolio in 2017-18

18. The Draft Budget 2017-18 sets out the Scottish Government's priorities for the COPFS portfolio in 2017-18, to:
- prosecute complex, serious and organised crime and significant financial crime before the High Court and Sheriff and Jury courts;
 - take action to recover associated proceeds of crime;
 - prosecute hate crime, domestic abuse, stalking and sexual offending, all of which involve significant equalities issues for those who have protected characteristics across all sections of society;
 - continue to work with Police Scotland to implement a domestic abuse Standard Police Report as well as working together to improve our Joint Protocol to improve the quality of cases reported and lead to better informed decision-making;
 - meet the challenges arising from changes in the legal environment, including changes in the causes of crime, judicial decisions and planned legislation; and
 - implement the statutory 'milestone' charter developed under the Inquiries into Fatal Accidents and Sudden Deaths (Scotland) Act.⁷

Current financial year: a flat cash settlement

19. In written evidence to the Committee, David Harvie explained that whilst the draft budget showed a cash terms reduction in COPFS funding for 2017-18 (from £113.5m in 2016-17 to £111.1m in 2017-18), it was actually a flat cash settlement. The explanation was that:
- the draft budget figure for 2017-18 is only lower than the draft budget figure for 2016-17 as a result of a change in non-cash provision relating to depreciation costs, which the submission describes as "an accounting adjustment with no effect on the resources available to fund operational activity";⁸ and
 - the difference between the draft budget and budget figures for 2016-17 reflects an additional sum of £0.95m transferred in-year, in respect of the Violence against Women initiative, which will also be provided during 2017-18.
20. In his oral evidence to the Committee, Mr Harvie stated that whilst the budget provided a flat-cash settlement, it did represent a real terms reduction in the revenue budget, telling the Committee that: "we have a real-terms reduction on the revenue budget of around £1.4 million".⁹ Mr Harvie added that the implications of the draft settlement were that: "we will have to absorb inflation increases in pay and non-pay costs, together with inescapable increases such as the new apprenticeship levy and increases in contract costs."¹⁰

21. In response to questions about concerns raised by the Scottish Criminal Bar Association (which called cuts to the COPFS budget “absolutely astonishing”)¹¹ the Lord Advocate, the Rt Hon James Wolffe QC, stated that whilst he would have liked more money he was satisfied that the draft budget provided a “sound settlement”.¹² He said it was consistent with the settlement for other justice agencies and that he was confident, having planned for this scenario, that it provided enough funding to enable the COPFS to: “continue to prosecute crime in the year ahead effectively, rigorously and in the public interest”.¹³
22. Mr Wolffe added that, if additional funding was required from the Scottish Government to fulfil the fundamental function of the COPFS, he would: “not hesitate to ask for it”.¹⁴
23. As noted above, the COPFS is due to receive an additional £0.95m of in-year funding during 2017-18 in respect of the Violence against Women initiative. The Lord Advocate confirmed that relevant funding would be sufficient for the COPFS to continue to develop its domestic violence work.¹⁵
24. In response to questions about the clarity of a process under which funds are allocated ‘in-year’, and asking whether it would be better to include the monies in the draft budget figure (given that the Scottish Government is committed to providing it), Mr Harvie agreed that the funding: “could equally be presented in that way”.¹⁶

Recommendation: The Committee is concerned that a flat-cash settlement for the COPFS means that it will have to absorb inflation increases and other costs. It recognises the pressure on all public sector funding, but seeks a reassurance from the Scottish Government that if the Lord Advocate found it necessary to request additional funding support in 2017 that any such request would be looked upon favourably.

Recommendation: The Committee understands that this is the final year of additional funding for the prosecution of complex cases involving domestic abuse and sexual offences. It believes that it would be more transparent to include any predictable funding for specific purposes within future draft budgets.

Cost pressures

25. In last year’s budget report, the previous Justice Committee noted that the COPFS was able to absorb the bulk of the additional costs in 2015-16 arising from unanticipated work, an increase in the reporting of complex historic sex abuse and domestic abuse cases, and new requirements required by legislation. It also noted that these cost pressures were significant and likely to persist in 2016-17.

26. In its response to that report the Scottish Government indicated that “work is being undertaken to identify future business demands (through the Justice Systems Planning Group which reports to the Justice Board) to establish a new equilibrium within the system”.¹⁷
27. The evidence received during the Committee’s current inquiry into the role and purpose of the COPFS, and the written submission from the Crown Agent on the Draft Budget 2017-18, suggests that significant cost pressures persist. During the inquiry, a lack of staff resources was highlighted as an on-going issue, whilst non-staff costs such as estate costs and the cost of ‘churn’ in the court system were also raised. In his opening statement to the Committee, the Lord Advocate acknowledged that the COPFS, along with other stakeholders in the criminal justice system, needed to reform and gave a commitment to: “working with all the agencies involved as we seek to create a justice system that reflects the needs of 21st century Scotland”.¹⁸

Staff levels

28. During the course of the Committee’s inquiry, witnesses from a variety of backgrounds have praised the professionalism and dedication of the COPFS staff. However, an opinion expressed by a number of those giving evidence was that many of the current challenges facing the service are due to it being under-resourced in terms of staffing.¹⁹
29. Fiona Eadie of the Procurators Fiscal Society and FDA told the Committee about the impact of stress on staff and indicated that it needs to be addressed, saying that—
-  “The committee will have seen that, across the civil service, an average of 7.2 working days are lost due to sickness; within the COPFS that figure is 10.3 days. Of those sickness absences, 27 per cent are due to mental ill health, of which 76 per cent are recorded as being due to stress”.
30. Stephen Murray of PCS Scotland, agreed, and clarified that the nature of the sickness leave meant that staff shortages tended to last for a long period time, he told the Committee that: “People are very stressed, which leads to them being off sick, and it is not always short-term sick leave. Often, what makes the figures so high is people being off on long-term sick leave”.²⁰
31. The Committee heard from Mr Harvie that staff numbers in the COPFS are currently at their highest levels since 2010. He stated that the number of legal staff: “has been growing each year for the past three or four years”. He added that the number of front-line staff (deputes and senior deputes on permanent or fixed-term contracts, including trainees) had also increased, saying it: “was 285 in 2009, and now it is 354”.²¹
32. The Committee received conflicting information on the number of prosecutors currently employed by the COPFS. In its written submission to the COPFS inquiry

the Procurators Fiscal Society Section of the FDA put the number of full-time equivalent (FTE) permanent prosecutors in 2016 at 515, saying this was a: “drop however from the position in 2009 when we had 558 FTE prosecutors (a drop of 7.7%)”.²²

33. In Mr Harvie’s letter of 5 January 2017 he stated that as of 31 October 2016 there were 534²³ prosecutors employed on permanent or fixed term contracts. He explained that this was the result of a recruitment exercise earlier in 2016, saying that: “There were 515 prosecutors as at the end of July 2016 and 534 at the end of October 2016”, adding that: “Of the 534 prosecutors employed at 31 October 2016, 21 were fixed-term”.²⁴
34. In response to questions about how the COPFS’ will save £1.4m in the next financial year, Mr Harvie confirmed that, whilst there would be no compulsory redundancies, both staff and non-staff costs would be reduced, telling the Committee that: “We are planning for 50 per cent savings on staff costs and 50 per cent on non-staff costs”.²⁵ In his written submission Mr Harvie indicated that staff reductions would also: “continue in subsequent years if our budget continues to remain flat in cash terms”.²⁶
35. When asked whether staff reductions would include fiscal deposes, Mr Harvie confirmed that the number might decrease, adding that the COPFS would: “seek to avoid that where possible”.²⁷
36. The Committee also heard concerns, both during its inquiry into the COPFS and from the Auditor General, about the financial implications of the Crown Office’s use of short-term staff contracts by the COPFS and the need for it to have a workforce plan.²⁸
37. The Auditor General outlined to the Committee the importance of a workforce strategy, saying: “It is important to have a longer-term view of what the staffing is likely to be for different types of staff and to ensure that that is developed in a consistent rather than a stop-go way”.²⁹
38. Ms Gardner added that an essential element of a workforce strategy is to invest in, and retain, trained staff—

 “It is clear that it is not sensible for any of us to train people whom we do not have a role for in the longer term ... For any organisation, it is important to have a core of well-qualified, well-trained people who are able to do the job and who are building up the capacity and the confidence to do it in a way that is consistent and in line with the overall objectives that the organisation is trying to achieve”.³⁰
39. The Committee understands that the nature of the COPFS’ work means that there will always be an element of its workforce on short-term contracts, but has heard during its inquiry about the negative consequences of having an unnecessarily high number of temporary staff.

40. In response to questions about whether the COPFS was striking the right workforce balance the Crown Agent acknowledged that the: “balance between permanent and fixed-term staff was a significant issue” and gave a commitment that it: “will change dramatically”.³¹
41. Mr Harvie explained that despite constrained budgets, the COPFS had prioritised training staff, telling the Committee that: “We have managed to increase the training budget by 75 per cent during the course of the five-year period that I mentioned”.³² Mr Harvie went on to outline some measures that the COPFS was about to take to retain trained employees, such as identifying temporary posts which should be permanent and filling them on a competitive basis by existing staff, confirming that this work would begin: “in the first quarter of the year” [2017].³³

Conclusion: The Committee notes that, following a period of decline, COPFS staff numbers have recently been on an upward trend. Despite this, during its inquiry into the COPFS, it heard real concerns from a number of criminal justice stakeholders about a current lack of resources within the Crown Office. Given this, any reduction in staff numbers would concern the Committee.

Recommendation: The Committee welcomes the work that the COPFS is undertaking to develop a workforce strategy and recommends that it inform the long-term financial strategy. It is important to retain experienced and trained staff, so that they can provide a return on investment. The Committee welcomes the commitment from the Crown Agent to doing so.

Support for victims and witnesses

42. The Crown Office employs around 100 Victim Information and Advice (VIA) staff to help support victims and witnesses. Whilst the proposed COPFS budget for 2017-18, as discussed, remains flat and therefore does not directly increase VIA's funding, the Justice portfolio budget does include a significant increase for voluntary organisations working in the criminal justice sector to support victims and witnesses. Funding rises from £5.4m in 2016-17 to £15.8m in 2017-18, in very marked contrast to the flat cash settlement that generally prevails elsewhere in the Justice and COPFS budgets.³⁴
43. This additional funding was welcomed by the Lord Advocate who told the Committee that—



“My view is that, as prosecutors, we cannot do our job unless we give confidence to victims that they will be enabled to speak up through the justice system; that is an important part of the work that prosecutors do. We

cannot provide all the support that victims need, because our primary obligation is to prosecute crime”.³⁵

Conclusion: The Committee has heard first-hand during its current COPFS inquiry about the negative experiences of some victims and witnesses involved in the criminal justice process and welcomes increased funding for voluntary organisations to support them. The Committee would appreciate information from the Scottish Government on its plans for this additional funding.

Estates strategy

44. The Committee heard that 50% of the £1.4m savings that the COPFS is expected to achieve in the next year is to come from non-staff costs. In his written evidence to the Committee the Crown Agent described the largest non-staff cost as the COPFS estate and stated that work is on-going on an estates strategy. Mr Harvie indicated that savings would be achieved by: “not renewing leases on offices we rent when the leases expire and making better use of storage facilities for papers retained under our document retention policy”.³⁶
45. In response to questions on the timescale and on the percentage of the estate that will be reduced, Mr Harvie clarified that: “I have not set a target because I have asked for an analysis of the options”.³⁷

Recommendation: The Committee appreciates that opportunities will present themselves over the next financial year, but given that £0.7m is to be saved through non-staff costs. It recommends that any estate savings that can be predicted be included in the estates strategy, to inform financial planning.

Long-term financial planning

46. Audit Scotland published its report: [Scotland's Public Finances: Addressing the Challenges](#) in August 2011, in which it recommended that public bodies develop long-term financial strategies to highlight areas where costs could be reduced and savings made. In evidence to the committee, the Auditor General noted that: “although the work is now under way for the Crown Office, we feel that it could have started earlier than it did”, adding that the COPFS had committed to: “have something in place by the end of this year”.³⁸
47. In his written submission, Mr Harvie indicated that the COPFS was currently reviewing its: “medium-term financial strategy in the course of the year and considering a number of budget scenarios to enable us to plan for the next few years”.³⁹ When asked about long-term financial planning, Mr Harvie explained that the scenario planning work that had been undertaken for the medium-term

strategy meant that: “We feel that we are in a significantly more robust position in the medium and long term”,⁴⁰ adding that the strategy would be constantly revisited.

48. The Committee heard from the Auditor General that a long-term financial strategy is a key element for the COPFS being able to identify its priorities and plan for future work. The Auditor General said that: “Given the increased focus that I imagine there will be on historical sex abuse and cybercrime, the COPFS will need to consider how it is responding to such pressures”.⁴¹
49. In response to questions about whether the COPFS is able to continue to fund specialist services, the Lord Advocate confirmed that this was possible within the budget settlement, and pointed to the changes the COPFS had already embraced and absorbed, saying that he was: “confident that it will go on being able to adapt to change and to deal with the challenges that face it”.⁴²

Recommendation: The Committee is disappointed at the delay in the COPFS producing a long-term financial strategy. It welcomes the work that the new Lord Advocate and his team are doing to finalise a financial sustainable plan for the next five years and hope that this plan will identify future predicted demands and priorities, and clarify how these will be met. Given recurring concerns from the Auditor General over delays in producing the strategy, the Committee would be concerned if the plan were not completed by the first half of 2017.

Efficiency savings

50. During the Committee’s inquiry into the role and purpose of the COPFS a number of concerns were raised about the financial cost of ‘churn’ in the court system, the move to centralised case marking, and the decision to take fewer precognitions for financial reasons.

Churn

51. When asked whether Audit Scotland had done any analysis of the cost of ‘churn’, or unnecessary delays in the COPFS and the court system, Mark Roberts explained that within its report on the *‘Efficiency of prosecuting criminal cases through the sheriff courts’* it had estimated the cost of churn in the system as a whole (the Crown Office, the court service and the police service), as: “up to about £10 million during 2014-15. That was for cases that turned over unnecessarily in the course of that year”.⁴³ Mr Roberts added that work is currently underway to reduce churn in the system. The Crown Agent agreed that Audit Scotland’s assessment was the most recent and confirmed its estimate of £10 m of churn within the sheriff courts: “per annum for the entirety of the system”.⁴⁴

Centralised case marking

52. In response to questions about any savings made through the centralisation of case marking, the Lord Advocate said that there had been savings in training staff as: "That targeted group of individuals will be responsible for the vast bulk of marking, which means that there will be no need to train larger numbers of staff so intensively".⁴⁵

Precognitions⁴⁶

53. The Committee heard from some witnesses during its COPFS inquiry that the decision to reduce the number of precognitions taken was made for financial reasons, but a consequence of this decision was that the prosecutor was deprived of information which might lead to the early resolution of a case.
54. The Lord Advocate told the Committee that taking fewer precognitions had been a policy decision and not one taken for financial reasons, stating that: "it was a deliberate policy decision taken against the background of the radical change in practice that followed from the changes in the law of disclosure".⁴⁷
55. The Crown Agent described the cost and impact of this decision as "intangible", as the: "way in which a trial is conducted has changed so dramatically since disclosure and particularly since the provision of those police statements".⁴⁸

Conclusion: The Committee notes the financial cost of 'churn' in the sheriff courts and the differing views on the impact of the policy decisions to centralise case marking and reduce the number of precognitions taken. These are issues which the Committee will consider in more detail in its report on the role and purpose of the COPFS.

Conclusion: The new leadership within the COPFS provides an ideal opportunity to take a fresh look at the priorities, resources and demands on the prosecution service and to implement changes to improve its efficiency and effectiveness.

Police funding

56. As indicated in the introduction of this report, the Justice Sub-Committee on Policing undertook pre-budget scrutiny of the Scottish Police Authority (SPA) and Police Scotland's financial planning for 2017-18. It wrote to the Justice Committee setting out its views. The letter is attached at Annexe A of this report. More detailed figures for SPA and Police Central Government funding are set in Annexe B (tables 6 and 7).

57. On 22 December Audit Scotland published its 2015/16 Audit of the Scottish Police Authority. In her report the Auditor General for Scotland, Caroline Gardner, highlighted concerns about the SPA and Police Scotland's "weak financial leadership" and "a shortage of capacity and competency in key areas, such as capital accounting".⁴⁹

Conclusion: The Justice Committees notes the views of the Justice Sub-Committee on Policing, proposed police funding in the 2017-18 Draft Budget and Audit Scotland's 2015-16 audit report. The Committee and the Justice Sub-Committee on Policing will continue to scrutinise the effectiveness of the SPA and Police Scotland's financial management systems during 2017, ahead of next year's audit.

¹ The Scottish Government's annual budget is usually available in September but its 2017-18 Draft Budget was not published until 15 December 2016 as a consequence of the UK Government's Spending Review being published on 23 November 2016.

² Police funding forms part of the budget set out for the Justice portfolio. The COPFS funding is in a portfolio of its own.

³ David Harvie, Crown Agent, Crown Office and Procurator Fiscal Service, written submission, page 2.

⁴ Justice Committee [remit](#) for its inquiry into the *Role and Purpose of the Crown Office and Procurator Fiscal Service*.

⁵ Official Report, Justice Committee, 13 December 2016, Col. 19.

⁶ David Harvie, Crown Agent, COPFS, letter, 23 December 2016.

⁷ [Scottish Government's Draft Budget 2017-18](#), page 147.

⁸ David Harvie, Crown Agent, Crown Office and Procurator Fiscal Service, written submission, page 2.

⁹ Official Report, Justice Committee, 20 December 2016, Col. 6.

¹⁰ David Harvie, Crown Agent, COPFS, written submission, page 2.

¹¹ Official Report, Justice Committee, 20 December 2016, Col. 5.

¹² Official Report, Justice Committee, 20 December 2016, Col 5.

¹³ Official Report, Justice Committee, 20 December 2016, Col 3.

¹⁴ Official Report, Justice Committee, 20 December 2016, Col 7.

¹⁵ Official Report, Justice Committee, 20 December 2016, Col 19.

¹⁶ Official Report, Justice Committee, 20 December 2016, Col 9.

¹⁷ Scottish Government response to the session 4 Justice Committee's report on the 2016-17 draft budget, page 6.

¹⁸ Official Report, Justice Committee, 20 December 2016, Col 3.

¹⁹ [Edinburgh Bar Association](#), [Glasgow Bar Association](#), [the Law Society of Scotland](#), the [Procurators Fiscal Society Section of the FDA](#), the [Faculty of Advocates](#), the [Scottish Justices Association](#), the [Scottish Criminal Bar Association](#), [PCS Scotland](#), [Scottish Police Federation](#), and [Victim Support Scotland](#).

²⁰ Official Report, Justice Committee, 15 November 2016, Col. 27.

²¹ Official Report, Justice Committee, 20 December 2016, Col 9.

²² Procurators Fiscal Society Section of the FDA, written submission, page 2.

²³ There are 534 prosecutors, 354 of whom are deputes and senior deputes. The remainder are qualified lawyers who perform a variety of roles, including specialist investigation and prosecution of complex cases, the investigation of deaths and conduct of FAIs, the provision of legal advice to ministers and management of teams of prosecutors.

²⁴ David Harvie, Crown Agent, letter of 5 January 2017, page 1.

²⁵ Official Report, Justice Committee, 20 December 2016, Col 6.

²⁶ David Harvie, Crown Agent, COPFS, written submission, page 3.

²⁷ Official Report, Justice Committee, 20 December 2016, Col 11.

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- ²⁸ Official Report, Justice Committee, 13 December 2016, Col.17.
²⁹ Official Report, Justice Committee, 13 December 2016, Col.16.
³⁰ Official Report, Justice Committee, 13 December 2016, Col. 17.
³¹ Official Report, Justice Committee, 20 December 2016, Col 13.
³² Official Report, Justice Committee, 20 December 2016, Col 18.
³³ Official Report, Justice Committee, 20 December 2016, Col 14.
³⁴ [Scottish Government's Draft Budget 2017-18](#), Table 7.13, page 71.
³⁵ Official Report, Justice Committee, 20 December 2016, Col 23.
³⁶ David Harvie, Crown Agent, COPFS, written submission, pages 2-3.
³⁷ Official Report, Justice Committee, 20 December 2016, Col 27.
³⁸ Official Report, Justice Committee, 13 December 2016, Col. 7.
³⁹ David Harvie, Crown Agent, COPFS, written submission, page 3.
⁴⁰ Official Report, Justice Committee, 20 December 2016, Col 12.
⁴¹ Official Report, Justice Committee, 13 December 2016, Col.22.
⁴² Official Report, Justice Committee, 20 December 2016, Col 18.
⁴³ Official Report, Justice Committee, 13 December 2016, Col.7.
⁴⁴ Official Report, Justice Committee, 20 December 2016, Col 23.
⁴⁵ Official Report, Justice Committee, 20 December 2016, Col 16.
⁴⁶ A precognition is a statement taken by a fiscal from a witness to a crime.
⁴⁷ Official Report, Justice Committee, 20 December 2016, Col 22.
⁴⁸ Official Report, Justice Committee, 20 December 2016, Col 22.
⁴⁹ Audit Scotland: [The 2015/16 audit of the Scottish Police Authority](#), page 5.

Annexe A

Letter from the Justice Sub-Committee on Policing



The Scottish Parliament
Pàrlamaid na h-Alba

Justice Sub-Committee on Policing

Margaret Mitchell MSP
Convener
Justice Committee

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By email

15 December 2016

Dear Margaret

Financial planning: Police Scotland and the Scottish Police Authority

The Justice Sub-Committee on Policing agreed, at its meeting on 10 November 2016, to undertake pre-budget scrutiny of the Scottish Police Authority (SPA) and Police Scotland's financial planning for 2017-18, and to write to the Justice Committee setting out its views.

The Sub-Committee took oral evidence from Police Scotland, the Scottish Police Authority, the Scottish Police Federation (SPF) and the Association of Scottish Police Superintendents (ASPS) on 24 November and from the Cabinet Secretary for Justice, Michael Matheson on 8 December. The Sub-Committee also considered written evidence provided by the witnesses and from Unison Scotland.

The Sub-Committee reports to the Justice Committee as follows—

Introduction

Since 1 April 2013, Scotland has had a single national police force. Reforms included new funding arrangements. The Scottish Government provides funding under the following budget lines:

- Scottish Police Authority – the SPA in turn passes on most of the budget to Police Scotland, whilst retaining a proportion to cover its own services and running costs
- Police Central Government – budget for police reform and other elements of national police funding
- Police Pensions – budget to meet the full pension costs of retired police officers (the sum actually provided is determined by the amount required to meet pension costs)

In addition, local authorities retain the ability to provide additional funds to supplement policing in their areas and Police Scotland can levy charges when providing some goods and services.

The Sub-Committee echoes the view expressed by the Cabinet Secretary for Justice, Michael Matheson, at his evidence session on 8 December, that—

“Police officers and staff throughout Scotland do great work in our communities every day, and many parts of our police service are world class.”¹

Our findings on the financial planning arrangements of Police Scotland and the SPA for the coming year are not a criticism of the continued hard work and dedication of those working for the police service.

The purpose of our investigation and findings is to ensure that the police service has sufficient resources and an effective sustainable financial management model to enable it to continue to provide the same high quality service that people have come to expect.

Forecast over-spend for 2016-17

The Scottish Government has committed to protecting the police revenue budget in real terms for the entirety of the current parliamentary session. The Sub-Committee investigated whether this commitment provides the necessary resources for Police Scotland to carry out its role effectively.

Andrew Flanagan, Chair of the SPA, told the Sub-Committee that whilst the commitment provided some reassurance the SPA “... still have financial challenges and we are trying to work out how we can live within the commitment”.²

¹ Official Report, Justice Sub-Committee on Policing, 8 December 2016, Col. 2.

² Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 2.

In 2015-16 Police Scotland overspent its 2015-16 budget by £8.1 million and is forecast to overspend its 2016-17 funding allocation by £17.5 million. The SPA Board considered a report at its 27 October 2016 meeting ([Financial Performance Report, Period 5 \(2016/17\)](#)) which set out information on areas of predicted over and underspend in relation to the current 2016-17 budget. It forecast an overspend of £17.5 million for 2016-17 (with a larger overspend in the resource budget being mitigated by a predicted underspend in the capital budget).

Chief Superintendent Gordon Crossan of the ASPS told the sub-committee that, if it had not been for an additional £55 million of reform money being provided Police Scotland's financial position would be worse, he said—

“There is also reform money in the budget. The current £17.5 million overspend and the capital budget include approximately £55 million of reform money. I suggest that we are about £80 million short of a sustainable budget to deliver the policing that the public expects.”³

When Mr Flanagan was asked to provide the Sub-Committee with some reassurance that the forecast overspend would be reduced, he could not, saying—

“We will not see a reduction in that figure in the current year. Over a timeframe of two to three years, we can bring it to within the financial commitments that the Government has made to us.”⁴

He explained that the reasons for this were that some cost savings were taking longer than expected, and that 90% of costs were “people costs”,⁵ which could not be reduced, such as the fixed number of police officers, the increase in wages and salaries, and the increase in national insurance contributions.

The Sub-Committee heard that there would be full cost recovery of the £17.9 million paid to Accenture as a result of the cancellation of the i6 programme. John Foley, Chief Executive Officer of the SPA confirmed that: “... all public money that was spent on the project has been recovered”, and that Police Scotland had received: “a substantial payment at the end of August” and was “scheduled to get another payment at the end of March”.⁶

Responding to questioning whether every single cost was accounted for, in particular: “Every man hour spent, every meeting that was held”,⁷ the Cabinet Secretary responded that: “I can give you an absolute assurance that there was no financial detriment to the public purse”, adding that: “with regard to the money that was spent by the SPA and Police Scotland for Accenture to develop i6, there was no loss to the public purse.”⁸

³ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 4.

⁴ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 4.

⁵ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 3.

⁶ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 17.

⁷ Official Report, Justice Sub-Committee on Policing, 8 December 2016, Col. 18.

⁸ Official Report, Justice Sub-Committee on Policing, 8 December 2016, Cols. 18-19.

The Cabinet Secretary indicated that recouping these funds may reduce the forecast overspend, stating that: “The SPA is forecasting an overall budget overspend for the current year of around £17.5 million, although the settlement that is linked to the i6 information technology project is likely to reduce that to some extent”.⁹

Conclusion: The Sub-Committee notes the Cabinet Secretary’s evidence that the forecast overspend of the 2016-17 budget may be reduced. However, evidence from policing bodies suggesting that levels of basic police funding are currently insufficient is a cause for concern.

Reform budget

When the Scottish Parliament passed the Police and Fire Reform (Scotland) Act 2012, to create a single police force, it agreed that 2015-16 would effectively mark the end of the time-limited police reform budget. However, for the 2016-17 budget the Scottish Government allocated an additional £55 million of reform money to Police Scotland.

A concern was raised by Gordon Crossan of ASPS about the need for this additional funding. He told the Sub-Committee that: “If £55 million of reform money is going in to prop up policing, that tells me that the current budget is not sufficient.” He asked for a 2017-18 budget that meets current needs, saying—

“Give the SPA and Police Scotland a budget that reflects what is needed to deliver policing now, then hold us accountable for delivering on that, rather than giving us a budget that is not sufficient to deliver policing and has to be propped up by reform money.”¹⁰

The Cabinet Secretary explained that although Police Scotland had been operational for over three years there was still some work to do to get the right mix of staff and expertise, stating that: “... we have not seen the transformation within the organisation”.¹¹

When asked whether reform money would be provided in next year’s budget to assist that transformation Mr Matheson explained that whilst he had previously extended the reform budget by one year, he could not confirm prior to the 2017-18 budget being published whether any reform money would be allocated this year.

Conclusion: It is clear that Police Scotland is still in transition. The 2017-18 budget should be sufficient for it to make the necessary changes to its staffing complement, ICT and estate to enable it to meet current challenges.

Long-term financial strategy

The written and oral evidence from the SPF, ASPS and the written evidence from Unison Scotland focused on a number of issues currently affecting those they represent. There was a clear message within that evidence that they wanted to see

⁹ Official Report, Justice Sub-Committee on Policing, 8 December 2016, Col. 3.

¹⁰ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 5.

¹¹ Official Report, Justice Sub-Committee on Policing, 8 December 2016, Col. 20.

urgent action taken to address these concerns. The written and oral evidence from Police Scotland and the SPA focused more on the longer-term financial planning work, 'policing 2026', that is being undertaken.

The Sub-Committee welcomes Police Scotland's appointment of David Page as Director of Corporate Services, Strategy and Change to address the wider challenges of changing demand, transformational change and achieving financial sustainability, and looks forward to considering the detail of that strategic work in due course.

Mr Crossan told the Sub-Committee that he welcomed Mr Page's appointment, saying that: "Previously, I had no confidence about moving forward, but I do now".¹²

Whilst information about the current work being undertaken on the 2026 police strategy provided useful context, the focus of the Sub-Committee's evidence session was financial planning for 2017-18, an exploration of the issues currently affecting staff and officers due to financial constraints, and how these might be addressed. Following the evidence session with the SPA and Police Scotland the Sub-Committee is left unclear about the short-term measures that are being taken to address current issues.

Conclusion: The appointment of Mr Page and the work being undertaken to deliver a long-term sustainable financial strategy are welcome. The Sub-Committee's expectation was that Mr Page and the SPA would address the immediate financial concerns raised by the union representatives during the evidence session and in written evidence and it was therefore disappointing that no measures to address immediate issues were proposed.

Communication

The written evidence from the three unions representing those working for Police Scotland indicated a strong feeling of being less involved in budget planning discussions than they had been previously.

The SPF told the Sub-Committee that it had "not been involved in any discussions", and added that there was "a desire to exclude us from such considerations".¹³ Whilst UNISON Scotland said that its: "police staffs branch has had no financial update and has been excluded from finance and investment meetings", and added that "Any SPA pretence about openness and transparency has been abandoned".¹⁴

In its written submission the ASPS said that whilst "specific discussions" had not taken place "the association has had regular conversations with PSoS [Police Scotland] and SPA around the present financial challenges and those lying ahead".¹⁵

In response to these views, Andrew Flanagan, Chair of the SPA, confirmed that union representatives were not involved in some financial discussions due to a

¹² Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 9.

¹³ Scottish Police Federation written submission, page

¹⁴ UNISON Scotland written submission, page 2.

¹⁵ ASPS written submission, page

recommendation that he had made as part of the recent Review of Governance in Policing, which was—

“... that the meetings of the financial and investment committees and, in fact, all the sub-committees of the board should be held in private, as we would not make any decisions in them. They were working groups to go into details, and all decisions would be reserved for the board. The board meetings will now be held in public on all occasions, which means that the public and stakeholders who are interested can go to them and hear the board’s deliberations.”¹⁶

In December 2015 the Auditor General reported that incomplete records and poor financial management had delayed the audit of the SPA’s accounts and that substantial corrections were needed. The Auditor General recommended that the SPA and Police Scotland collectively provide stronger leadership in strategic and operational financial management. In response David Page’s role as the Director of Corporate Services, Strategy and Change was created.

Mr Page explained that he had given a commitment to “establish better forums” of communication and provided details of a recent meeting with representatives of the SPF and Unison Scotland where they discussed “the planning around how we can achieve efficiencies, transform the back office and link the financial position with the 10-year strategy and technology”.¹⁷

John Foley confirmed the meetings that the SPA had held, that others were planned, and that some meetings had not taken place yet: “partly because we do not have enough detail to engage fully on the budget for next year”.¹⁸

This view was reiterated by the Cabinet Secretary, who confirmed to the Sub-Committee that financial planning meetings about the long-term financial strategy between Police Scotland, the SPA and staff representative organisations had taken place, and that—

“When the draft budget is published, I expect Police Scotland and the SPA to engage with trade unions and staff representative organisations on planning and taking forward the budget at a localised level”.¹⁹

Conclusion: The implications of the decision by the SPA that its Finance and Investment Committee should discuss budget and financial issues privately has left staff and officers feeling that they have less input to the budget decision making process. It is incumbent on Police Scotland and the SPA to ensure that its employees are confident that the financial management process is robust and informed, particularly given the Auditor General’s findings in last year’s audit about “poor financial management”.

¹⁶ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 10.

¹⁷ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 7.

¹⁸ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 6.

¹⁹ Official Report, Justice Sub-Committee on Policing, 8 December 2016, Col. 16.

Financial demands

The Sub-Committee heard about financial challenges in a number of areas within Police Scotland. Some had been inherited, such as an ageing IT infrastructure and estate, and some were as a result of financial decisions, such as the reduction in staffing levels.

IT and estate

i6 efficiency savings

In its written submission to the Sub-Committee the SPF indicated that financial constraints meant that Police Scotland did not have enough capital resource to invest in both the care and maintenance of its estate and upgrading its IT capability, and said that greater investment was needed for both—

“Information received by the SPF suggests the level of investment needed to upgrade the police estate to a reasonable standard sits in the region £200 Million. Quite simply this is a crisis that needs urgent attention.”²⁰

The Scottish Government expects Police Scotland to achieve efficiency savings of £1.1 billion between 2012 and 2025-26. The implementation of a single IT system, known as the i6 programme, was expected to contribute to achieving those efficiency savings.

Gordon Crossan of ASPS told the Sub-Committee that—

“I have significant concerns that many of the savings that were predicted were dependent on the IT solution that has not materialised but our budget is still expected to reflect those predicted efficiency savings.”²¹

In response to questions about whether the expected efficiency savings of £100 million in 2016-17 and £101 million for 2017-18, from moving to the i6 programme would be realised, Mr Matheson told the Sub-Committee that: “It would be wrong to categorise i6 as being the way in which the savings were to be achieved.” Mr Matheson went on to explain that—

“... i6 was not the tool that would deliver the savings, because a significant amount of them had already been achieved, and we are on course to hit the 2025-26 target.”²²

Conclusion: The Sub-Committee notes the different evidence on the importance of achieving improvements in the ICT systems as a basis for Police Scotland achieving efficiency savings. Whilst it is regrettable that the expected efficiency savings of a single ICT system will not be realised the Sub-Committee welcomes confirmation that Police Scotland is on target to meet its £1.1 billion efficiency

²⁰ Scottish Police Federation, written submission, page 2.

²¹ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 4.

²² Official Report, Justice Sub-Committee on Policing, 8 December 2016, Col. 20.

savings by 2025-26. The Sub-Committee looks forward to seeing the detail of how this is to be achieved.

Effective ICT system

The Sub-Committee heard how new and emerging areas of crime are proving challenging for Police Scotland's current IT system. A key area being cybercrime. Andrea MacDonald of the SPF explained how a lack of investment in Police Scotland's ICT system was impacting on the ability of police officers to tackle cybercrime, saying that: "For us to police that, we need an efficient ICT system, but we are still struggling, even with the basics."

She outlined some of the inefficiencies of the current system and suggested that a single IT system would be more efficient—

"We do not have a single input so, when an officer makes an arrest, they might have to input the same details six, seven or maybe more times into different systems. That keeps officers off the street for longer."²³

Chief Superintendent Crossan of ASPS described the importance of an IT system that enables staff to improve the service they are providing, the ideal being a system which will: "... meet the challenges that are coming over the hill relating to cyber and other types of crime", he added that it was: "fundamental" to invest in "ICT, training and the wellbeing of our staff".²⁴

John Foley acknowledged that Police Scotland's IT infrastructure and estate both required: "considerable investment" but warned that whilst some IT improvements were underway: "... it will take a number of years to address all the matters that need to be addressed in relation to capital investment".²⁵

With regards to the police estate, Mr Foley referred to an "additional £2 million in funding" that had been provided by the Scottish Government to invest in the estate and explained that consideration was being given as to how best to use those funds.²⁶

Mr Matheson told the Sub-Committee that it was important to have the right mix of staff to tackle new and emerging crimes, saying—

"As the chief constable has stated, the new and emerging threats that we face—for example, around cybercrime—require the service to have the right type of expertise in its staffing complement to deal with the issues effectively, and the work and thinking on how to achieve the right staffing mix are key parts of the policing 2026 strategy".²⁷

²³ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Cols 11-12.

²⁴ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Cols 12-13.

²⁵ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 12.

²⁶ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 11.

²⁷ Official Report, Justice Sub-Committee on Policing, 8 December 2016, Col. 11.

Conclusion: It is essential that Police Scotland adapts to meet the challenges of tackling new crimes, such as cybercrime. To do so it must provide adequate investment in its ICT infrastructure and training to enable staff to provide an efficient and effective service, both now and in the future.

Reduced staffing levels

Since the creation of Police Scotland there has been a reduction in its civilian staffing complement. The Sub-Committee heard of the impact less staff and more demand was having on existing staff.

Unison Scotland stated in its written submission that there had been: "...nearly 2000 police staff jobs shed" since Police Scotland had been established and that as a result the remaining civilian staff were "carrying an increased workload".²⁸

Andrea MacDonald of the SPF told the Sub-Committee that officers were doing work far in excess of the budget, which was "manifesting itself in more stress, higher absence levels and more problems at work" and she called for immediate action, saying that: "Our staff are at the point at which they do not have the capacity to give more to work even if they wanted to."²⁹ Gordon Crossan of ASPS agreed, saying that the additional pressure meant that: "... a significant amount of our staff are either off ill or off with work-related stress".³⁰

Andrew Flanagan acknowledged the pressures on staff and told the Sub-Committee that the 'Policing 2026' strategy will consider both immediate and long-term solutions, saying it will give a: "... sense of the things that we need to do not only in the longer term, but in the more immediate phase with regard to the direction in which we go and the steps that we take first to alleviate some of the issues and problems".³¹

In response to questions about concerns around the reduction in civilian posts and whether the Scottish Government remained committed to retaining police officer numbers, Mr Matheson said that: "the right balance between civilians and officers in order to get the correct mix of staff have not yet been achieved",³² and that this was being considered as part of the 'Policing 2026' strategy. In relation to police officer numbers, Mr Matheson stated that—

"In the present financial year, we have made it clear to Police Scotland that we expect it to maintain the commitment to having about 1,000 extra police officers. I am also clear that the service in the coming years must reflect the changing demands that it faces. Once Police Scotland has completed that piece of work, we will have an opportunity to discuss what that might look like in the future."³³

²⁸ UNISON Scotland, written submission, page 2.

²⁹ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Cols. 7-8.

³⁰ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 18.

³¹ Official Report, Justice Sub-Committee on Policing, 8 December 2016, Col. 19.

³² Official Report, Justice Sub-Committee on Policing, 8 December 2016, Col. 11.

³³ Official Report, Justice Sub-Committee on Policing, 8 December 2016, Cols. 12-13.

Recommendation: The Sub-Committee recognises the changing nature of Police Scotland's work and looks forward to considering staffing complement proposals once the 'Policing 2026' strategy is published. The Sub-Committee notes that the Scottish Government's approach seems to move away from its current commitment to maintain 17,234 police officers. Given the urgent nature of the concerns raised by all three unions, we recommend that Police Scotland and the SPA prioritise this part of the 2026 strategy and communicate with staff about their intentions as soon as possible.

Non-criminal work

The Sub-Committee heard that the police service is facing "unprecedented levels of demand",³⁴ especially in dealing with non-criminal matters, which are responsible for about 80% of its work. In particular assisting those with mental health issues was a very resource intensive area of work, which might more appropriately be undertaken by the health service.

Andrea MacDonald of the SPF told the Sub-Committee that a combination of a reduction in staff and an increase in demand meant that: "We have a workforce that is stretched to breaking point", she described the morale of the police staff and the police officers as "extremely low".³⁵ Chief Superintendent Gordon Crossan agreed, adding that—

"The biggest risk to Police Scotland is that, as our officers are put under more and more pressure to deliver more and more services, the discretion of effort that they get now will be taken away from them".³⁶

When asked about the impact that increased demands were having on staff, Andrew Flanagan admitted to: "an enormous amount of pressure in the system" in relation to non-crime related areas, such as missing persons cases, and said that "support systems and tools"³⁷ were needed to assist staff. He added that the solution was not to increase the police budget, but the health service budget instead, saying that: "It would be far better for the NHS to have additional funding to meet the needs".³⁸

Mr Matheson added that the challenges facing Police Scotland were due, in part, to it being the only: "out-of-hours service". He told the Sub-Committee that the solution was for public services to work together and that the Scottish Government was willing to assist Police Scotland to: "foster greater collaboration within the public sector to meet some of those demands".³⁹

Conclusion: The Sub-Committee appreciates the importance of Police Scotland's role as the 'service of first response and last resort', and understands the increasing resource pressure this brings. We welcome the Scottish

³⁴ Scottish Police Federation, written submission, page 1.

³⁵ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 20.

³⁶ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 17.

³⁷ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Cols. 18-19.

³⁸ Official Report, Justice Sub-Committee on Policing, 8 December 2016, Cols. 22-23.

³⁹ Official Report, Justice Sub-Committee on Policing, 8 December 2016, Col. 13.

Government's offer to assist the relevant public bodies to collaborate to provide this service and hope that sufficient funds should be provided to enable the health service and the police service to fulfil their respective roles.

VAT liability

Local police and fire services had previously been exempt from paying VAT, but Police Scotland is not, as it is a national body.

Andrea MacDonald of the SPF described the UK Government's decision to ask Police Scotland to pay VAT as "unfathomable", as it: "has now set a precedent with its proposals for academy schools and the National Crime Agency, which will not pay VAT".⁴⁰

When asked about the impact on the police budget of paying VAT on services and materials, Andrew Flanagan clarified that the VAT is managed through the reform budget and not from within Police Scotland's direct budget, but estimated that the SPA: "expect this year's unrecoverable VAT to be in the order of £25 million".⁴¹

The Cabinet Secretary provided details to the Sub-Committee of the financial impact on Police Scotland of paying VAT, saying that: "... since its creation, Police Scotland has paid more than £76.5 million in VAT".⁴²

The Cabinet Secretary added that the expected VAT that will be paid over the lifetime of the emergency mobile communications system that will replace the police Airwave system, is "... likely to be in the region of £64.7 million".⁴³

Conclusion: The Sub-Committee appreciates the impact that paying £25 million of VAT this year will have on public sector finances and supports ongoing efforts to resolve this issue.

Yours sincerely

Mary Fee MSP
Convener, Justice Sub-Committee on Policing

⁴⁰ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 24.

⁴¹ Official Report, Justice Sub-Committee on Policing, 24 November 2016, Col. 24.

⁴² Official Report, Justice Sub-Committee on Policing, 8 December 2016, Col. 3.

⁴³ Official Report, Justice Sub-Committee on Policing, 8 December 2016, Cols. 11-12.

Annexe B

Detailed figures for the SPA and Police Central Government funding

Table 6: Scottish Police Authority

	2016-17 budget £m	2017-18 draft budget £m
Cash Terms		
Resource	1,053.6	1,072.4
Capital	16.2	20.0
Total	1,069.8	1,092.4
Real Terms		
Resource	1,053.6	1,057.1
Capital	16.2	19.7
Total	1,069.8	1,076.8

Source: Draft Budget 2017-18 (table 7.07)

Table 7: Police Central Government

	2016-17 budget £m	2017-18 draft budget £m
Cash Terms		
Resource	61.3	85.4
Capital	17.8	7.5
Total	79.1	92.9
Real Terms		
Resource	61.3	84.2
Capital	17.8	7.4
Total	79.1	91.6

Source: Draft Budget 2017-18 (table 7.09)

Annexe C

Extracts from the minutes of the Justice Committee and associated written and supplementary evidence

7th Meeting, 2016 (Session 5) Tuesday 25 October 2016

Draft Budget Scrutiny 2017-18 (in private): The Committee agreed to focus its scrutiny of the Scottish Government's Draft Budget 2017-18 on the budget for the Crown Office and Procurator Fiscal Service.

9th Meeting, 2016 (Session 5) Tuesday 15 November 2016

Work programme (in private): The Committee considered its work programme, including considering further its approach to the scrutiny of the Scottish Government's Draft Budget 2017-18, and agreed [. . .] (b) witnesses for its evidence session on the Scottish Government's Draft Budget 2017-18.

12th Meeting, 2016 (Session 5) Tuesday 13 December 2016

Draft Budget Scrutiny 2017-18: The Committee heard evidence in preparation for its scrutiny of the Scottish Government's Draft Budget 2017-18 from—
Caroline Gardner, Auditor General for Scotland, Angela Cullen, Assistant Director, and Mark Roberts, Senior Manager, Audit Scotland.

Written evidence

 [Audit Scotland](#)

13th Meeting, 2016 (Session 5) Tuesday 20 December 2016

Draft Budget Scrutiny 2017-18: The Committee took evidence on the Scottish Government's Draft Budget 2017-18 from—
Rt Hon James Wolffe QC, Lord Advocate;
David Harvie, Crown Agent and Chief Executive, Crown Office and Procurator Fiscal Service.

Written evidence

 [Crown Office and Procurator Fiscal Service](#)

Supplementary written evidence

 [Crown Office and Procurator Fiscal Service](#)

1st Meeting, 2017 (Session 5) Tuesday 10 January 2017

Draft Budget Scrutiny 2017-18 (in private): The Committee considered a draft report to the Finance Committee on the Scottish Government's Draft Budget 2017-18. Various changes were agreed to and the Committee agreed its report.

Annexe D

List of other written evidence

- ” [Aberdeen City Council](#)
- ” [Angus Council](#)
- ” [Argyll and Bute Council](#)
- ” [Criminal Injuries Compensation Authority](#)
- ” [East Ayrshire Council](#)
- ” [Highland Council](#)
- ” [HM Inspector of Constabulary in Scotland](#)
- ” [HM Inspector of Prisons for Scotland](#)
- ” [Inspectorate of Prosecution in Scotland](#)
- ” [Midlothian Council](#)
- ” [North Ayrshire Council](#)
- ” [Orkney Islands Council](#)
- ” [Parole Board for Scotland](#)
- ” [Scottish Borders Council](#)
- ” [Scottish Fire and Rescue Service](#)
- ” [Scottish Police Authority](#)
- ” [Scottish Prison Service](#)

