

The Scottish Police Services Authority



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Auditor General for Scotland

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Summary



SPSA was set up to provide support services to the police, and the Crown Office and Procurator Fiscal Service.



Background

1. The Scottish Police Services Authority (SPSA) was established in 2007 under the Police, Public Order and Criminal Justice (Scotland) Act 2006 (the Act). It was set up as a national organisation to provide a range of support services to Scotland's eight police forces and the Crown Office and Procurator Fiscal Service (COPFS).

2. SPSA's main objective is to improve the efficiency and effectiveness of services which support Scottish policing. It also provides more formal governance arrangements for those services which were already provided on a national basis prior to 2007. SPSA now provides:

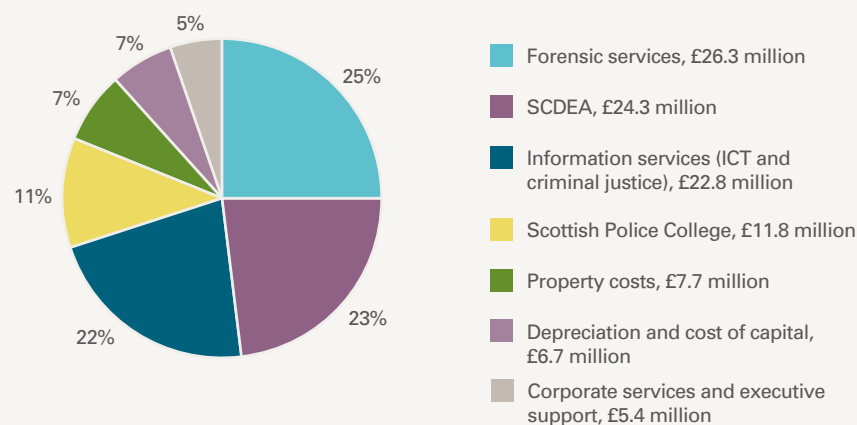
- forensic services such as fingerprint and DNA analysis and other scene of crime services
- criminal justice services. This includes managing national databases such as the criminal history system and the automatic number plate recognition system
- information and communication technology (ICT) services. SPSA provides forces with day-to-day ICT support, and works with the Association of Chief Police Officers in Scotland (ACPOS) and forces to develop national and force-specific ICT systems
- training, learning and other development for new recruits, police officers and staff at the Scottish Police College
- corporate support services for itself and the Scottish Crime and Drug Enforcement Agency (SCDEA).

3. The services provided by SPSA and SCDEA make an important contribution to achieving the Scottish Government's national outcomes

Exhibit 1

SPSA's 2010/11 budget by service area

Most of SPSA's 2010/11 budget is allocated to forensic services, ICT and SCDEA.



Source: Audit Scotland from SPSA information

of living our lives safe from crime, disorder and danger and delivering public services that are high quality, continually improving, efficient and responsive to local people's needs.¹ For example, forensic services are essential in the investigation of crime, providing scientific evidence that helps identify those responsible and bring them to justice. The Scottish Police College works with forces to ensure that police officers and staff are properly trained throughout their careers.

4. Some of the services now provided by SPSA, such as the Scottish Police College, were already centralised, stand-alone services before SPSA's creation. Other services, in particular forensics and ICT support, were previously managed by each of the eight police forces and transferred to the new organisation; forensics in 2007 and ICT in 2008. This staged approach was to allow the transfer of ICT to be informed by the experience of the forensic services. The Scottish Drug Enforcement Agency was created in June 2000 and became SCDEA under the Act.

5. SPSA's budget for 2010/11 is £105 million. The budget for SCDEA is ring-fenced (£24.3 million) and a further £2.43 million is allocated for specific projects in the college, SCDEA, ICT and forensics. SPSA allocates the rest of its budget across each of its services. Forensic and ICT services together make up around half of the total budget ([Exhibit 1](#)).

6. SPSA charges for some of its services. In 2010/11, SPSA expects to generate £5.4 million of additional income, mainly from subleasing property, the use of college facilities for conferences and training for non-police customers, and through contributions from forces for specialist ICT services.

7. Initially, 886 staff transferred to SPSA on 1 April 2007, a further 303 were seconded to SPSA by forces at that time and 350 ICT staff transferred to SPSA one year later. SPSA currently employs 1,360 staff (full-time equivalent) and has 340 police officers on secondment from forces, mainly to SCDEA (227) and the Scottish Police College (97).

The governance arrangements for Scottish policing

8. SPSA is an independent non-departmental public body (NDPB). However, it is integral to the Scottish police service and has to operate within the existing governance and accountability arrangements for policing. Three groups share responsibility for the governance of the police in Scotland:

- Scottish ministers have overall responsibility for policing policy.
- A police authority or a joint police board governs each of the eight Scottish police forces. These authorities are responsible for setting police budgets and ensuring that best value is obtained from public money.
- Chief constables are responsible for the operational aspects of policing within their force areas.

9. This tripartite structure makes it difficult to agree policing priorities at a national level. This difficulty was highlighted in the *Independent review of policing in Scotland*, which concluded that:

- only Scottish ministers are accountable for national policing decisions. Within existing police governance arrangements, there is no requirement on chief constables or police authorities or boards to consider the national perspective
- there is no national forum in which to consider how overall police resources should be used to ensure that national risk is managed effectively and best value achieved.²

10. In its response to the *Independent review of policing in Scotland*, the Scottish Government announced in June 2009 that it would establish a

Scottish Policing Board (SPB). The board first met in November 2009 and meets quarterly. The SPB's role is to identify and consider the key strategic priorities for policing across Scotland. During 2010, the SPB's discussions have focused on managing the impact of the forthcoming reductions in public sector budgets on the police service. The outcome of these discussions will be of relevance to both individual forces and SPSA.

About this report

11. This report provides an assessment of SPSA's development, its achievements to date and what needs to happen to enable it to meet the challenges ahead. We did not review SCDEA and the services it delivers in this audit. Although SPSA maintains SCDEA, it is a separate entity and has operational autonomy.

12. The report draws on a range of evidence gathered using qualitative and secondary research methods. Details of our audit approach are set out in [Appendix 1](#). In summary:

- we reviewed relevant documents and best practice checklists
- we carried out in-depth interviews and discussion groups with SPSA staff and board members, police and Crown Office customers and key stakeholders such as the Scottish Government and ACPOS. Customer interviews were conducted with staff from the Strathclyde, Lothian and Borders, Grampian and Central Scotland Police forces and with COPFS.

13. This report examines:

- SPSA's origins and how it evolved ([Part 1](#))
- what it has delivered to date ([Part 2](#))
- the challenges ahead ([Part 3](#)).

14. As public sector bodies face substantial budget cuts over the next few years, there will be an increasing focus on the potential for shared services to deliver the necessary savings. The findings from this audit are intended to help other organisations understand better what is involved in developing shared services to improve efficiency. Building on our work and the experience of other shared service organisations, we have developed a checklist of questions for the Scottish Government and public bodies to consider when planning future shared service initiatives ([Appendix 2](#)).

Summary of key messages

- SPSA's early development was hampered by a lack of clarity on how it was to deliver its long-term benefits. This was compounded by poor information about the services transferred, leadership problems and sometimes difficult relationships with its customers.
- SPSA has improved the service quality, productivity and efficiency of many of its forensic, criminal justice and training services. Supporting and developing ICT systems has been challenging and SPSA is not yet able to meet all of its customers' ICT needs.
- SPSA has achieved its efficiency targets and made £5.3 million of savings in the three years since it was set up. However, there is potential for even more savings if SPSA and its customers work together to realise these.
- There are significant challenges ahead which SPSA will need to meet with less money. It needs to act quickly to improve organisational support and focus budgets on its priorities.

- It is difficult for SPSA, the police and other criminal justice bodies to agree national service delivery priorities.

Recommendations

The Scottish Government should:

- ensure that lessons learned from the experience of SPSA in developing shared services are fully reflected in any new guidance and shared across the public sector
- review the composition and membership of the SPSA board
- review how it sets savings targets to encourage criminal justice bodies to work together to deliver savings across the justice sector
- invite SPSA to be a full member of the Scottish Policing Board.

The Scottish Government should work with SPSA, the police and other criminal justice bodies to develop:

- effective mechanisms for prioritising key national projects
- systems to measure performance and efficiency savings across the justice sector.

SPSA, the police and other criminal justice bodies should work together (through the commissioning and monitoring group or some other agreed mechanism) to develop:

- criteria for identifying priority areas for SPSA to deliver
- an agreed approach for commissioning new projects which ensures that different delivery options are fully evaluated and the expected benefits, timescales and cost implications are clearly identified.

SPSA should:

- clearly identify priorities in its work programme and align its funding to deliver these priorities
- engage more effectively with customers and provide clear and precise information on the progress, costs and expected timescales for the services being delivered, in particular in relation to ICT services
- speed up plans to improve its financial management systems, so that the board and staff have relevant and accurate cost information to enable them to prioritise service delivery and maximise the value for money achieved
- develop further leadership, management and customer service skills across the organisation to support delivery of its strategic priorities
- use workforce planning to improve the capability and capacity of SPSA staff involved in ICT work.

SPSA's board should:

- act cohesively and take collective responsibility for the decisions made by the board
- offer appropriate support and challenge to SPSA.

Part 1. SPSA's origins and early years



SPSA faced a number of difficulties during its set up and early years.



Key messages

- SPSA's early development was hampered by a lack of clarity on how it was to deliver its long-term benefits and by limited support from some key stakeholders.
- A lack of robust information created difficulties in setting the initial budget and when transferring services from police forces.
- SPSA's governance arrangements are complex and the board has found its role challenging.
- SPSA's early performance was affected by leadership changes and poor customer engagement.

Many of the initial actions identified to establish SPSA were not followed through

15. SPSA's origins lie in a review of police force structures commissioned by Scottish ministers in 1999.³ A group of representatives from the Scottish Executive, ACPOS and the Convention of Scottish Local Authorities (COSLA) recommended that while there should be no change to the number of police forces in Scotland, savings could be made by bringing together and extending the support services that were already provided on a national basis.⁴ At that time these 'common police services' included the Scottish Police College, the Scottish Criminal Record Office (SCRO) and the Scottish Police Information Strategy (SPIS).⁵

16. In June 2001, the Scottish Executive Justice Department undertook an initial consultation on reforming the common police

services to provide a basis for more detailed planning for change. The consultation identified the need for a detailed implementation plan, with clear commitments from all sides to ensure that the expected outcomes were delivered to an agreed timetable. In this work, the Justice Department also recognised the importance of identifying:

- the potential costs and savings of the proposed new arrangements
- what services to include and the rationale for selecting these
- how to fund the new arrangements taking account of the need to deliver good-quality, locally accountable services at the lowest cost.

17. The 2001 consultation was the only guidance used by the Scottish Executive to help establish SPSA.⁶ Although the 2001 consultation accurately identified many of the key issues likely to affect the development of the new organisation, several of the actions identified were not completed. In particular, the Scottish Executive did not develop estimates of the potential costs and savings of setting up SPSA, nor did it develop detailed implementation plans, which had the support of key stakeholders.

There was a lack of agreement on some aspects of the new organisation and how it was to deliver the long-term benefits

18. The Scottish Executive carried out a full formal public consultation on the proposed legislation to establish SPSA in 2005.⁷ Stakeholder groups were supportive of the principle of a single organisation providing police support services. However, a number of stakeholders expressed

concern about some of the underlying principles in the proposed model and how it would work, particularly in relation to:

- the inclusion of independent lay members on the board of SPSA. This represented a move away from existing tripartite arrangements for policing which involve representatives of central government, local government and chief constables
- the provision of 100 per cent of funding by central government. This differed from the joint funding arrangements in place for other police services and raised concerns about ownership
- the intent to appoint a chief executive or senior strategic officer as the accountable officer for SPSA. This raised concerns about the level of bureaucracy and that chief constables would be less able to influence the delivery of the services SPSA was to provide.

19. The Scottish Parliament Justice Committee fully considered all the views expressed in response to the 2005 consultation. No substantive changes were made to the Bill and the Act establishing SPSA was passed on 25 May 2006, with SPSA being established on 1 April 2007.

20. Police forces and police authorities remained concerned that their autonomy for delivering local policing might be undermined. This resulted in difficulties in developing common working practices in advance of SPSA's establishment. For example, the first chief executive of SPSA had intended to transfer some staff before 1 April 2007 to create a 'virtual' corporate services department to carry out preparatory work for SPSA. However, directors in the common police

3 *Review of police and fire structures*, Scottish Executive, 2000.

4 Prior to September 2007, the Scottish administration was referred to as the Scottish Executive. It is now called the Scottish Government. When dealing with the earlier period this report refers to the Scottish Executive, but in all other instances to the Scottish Government.

5 The common police services were created in 1967.

6 The Scottish Government later published guidance on shared services in December 2007, *Shared Services Guidance Framework*.

7 *Supporting police, protecting communities*, Scottish Executive, February 2005.

services did not release staff from their duties to allow this to happen. Consequently, the Scottish Executive had to provide the necessary support as no one else was available to do it; for example, developing a common set of terms and conditions for new staff joining SPSA.

21. SPSA's difficulties were compounded by a lack of clarity about how it was to deliver centralised services and make savings for the police. A number of practical issues were never clearly addressed and these uncertainties created difficulties for SPSA in its early years. In particular, there was a lack of clarity on the nature of the relationship between SPSA and individual police forces. It was not clear if SPSA and the police were to work together as equal partners to deliver savings through shared services or if SPSA alone should decide how to deliver these. Nor was it clear what 'maintaining' SCDEA, as described in the legislation, meant in practice for SPSA.

22. As a result, customers and other stakeholders developed different understandings of SPSA's role. Rather than discussing its remit with customers and defining it more clearly, SPSA assumed that it had to meet all of its customers' needs and took on tasks that it did not have the funding to deliver. For example, at the time of transfer there was a backlog of approximately 8,000 forensic cases awaiting analysis. It was not clear if forces or SPSA were responsible for dealing with this backlog. However, SPSA took on the challenge of dealing with the backlog without any additional funding to assist in reducing it.

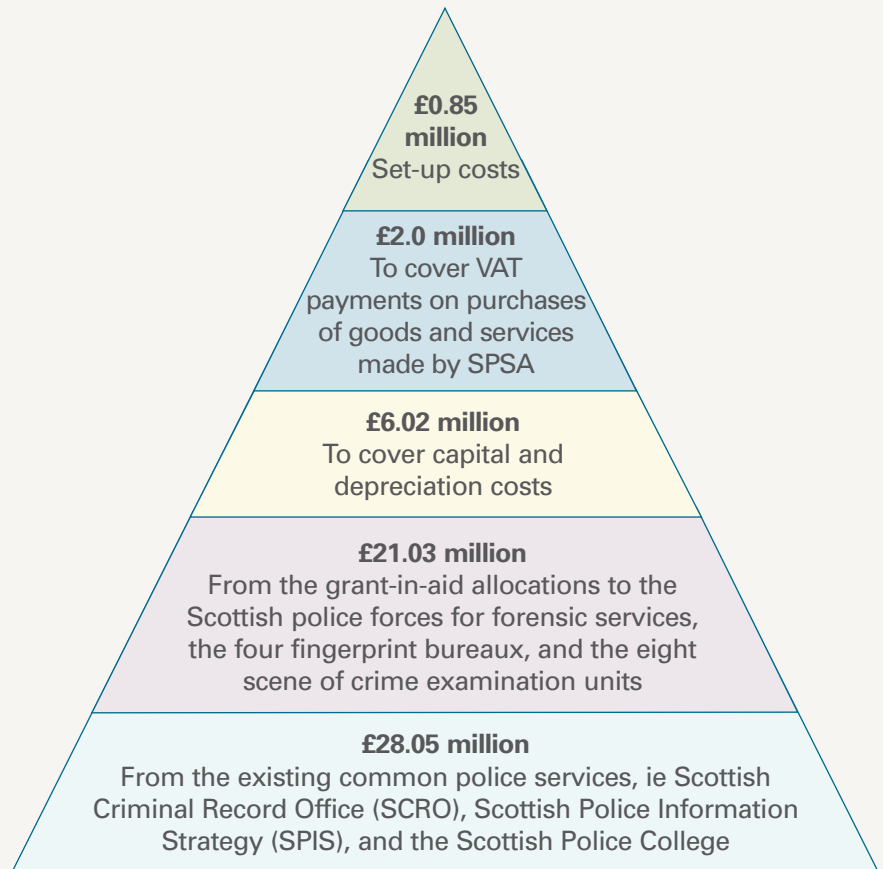
SPSA's initial budget was based on incomplete information

23. The Scottish Executive provided almost all of SPSA's initial funding. To set the 2007/08 budget of £81.1 million it attempted to identify existing levels of expenditure on each

Exhibit 2

SPSA's budget for 2007/08

The initial budget was based on estimates of expenditure on the services that SPSA would provide.



Note: £0.85 million value is to cover initial set-up costs, eg salaries of board members and senior executives and audit costs. The diagram does not include the £23.3 million ring-fenced allocation to SCDEA; this later increased to £24.7 million.

Source: Audit Scotland from Scottish Government information

of the services that SPSA would be providing (Exhibit 2). The Scottish Executive set the budget by:

- reallocating to SPSA the amount set aside in the spending review for the common police services in the financial year 2006/07.⁸ This was to cover SPSA's provision of the services formerly provided by SPIS, SCRO and the Scottish Police College
- top slicing forces' grant-in-aid by an amount, agreed by ACPOS and forces, as representing the cost of forensic services at the time

- estimating other sums of money to cover the initial set-up costs, capital and depreciation costs and VAT.

24. SPSA believes that some of the funding provided in 2007/08 was insufficient, in particular the funding for forensic services. There was no clear or consistent basis for calculating the cost of forensic services and the estimates provided by forces did not take account of changes in demand, investment needs or some overhead costs. The four forensic laboratories in Scotland also had different approaches to charging for work carried out for COPFS. For example, one laboratory requested payments

only when analysis resulted in a case going to court, other laboratories did not charge for any of the forensic services they provided. So, while the whole of COPFS's budget for forensic services was transferred to SPSA, this was less than it had cost forces to provide the service. Initially SPSA received £2 million for the work it carried out for COPFS. However, based on an analysis of the volume of work completed for COPFS at the time, SPSA estimates that the value of the forensic services provided to COPFS was around £5 million.

25. As set out in the Scottish Government's spending review, SPSA's budget increased by 2.7 per cent each year from 2007/08 to 2010/11.⁹ However, the Scottish Government then top sliced this amount by two per cent for efficiency savings giving an actual increase of 0.7 per cent each year (Exhibit 3).

26. For 2008/09, SPSA received £16 million additional funding for ICT services, which was identified as the 2007/08 level of police force spending on these services. However, SPSA did not receive this funding transfer for the start of the 2008/09 financial year, as SPSA and forces were still negotiating on some points of detail.

The transfer of staff and assets was affected by poor information, a lack of co-operation and short timescales

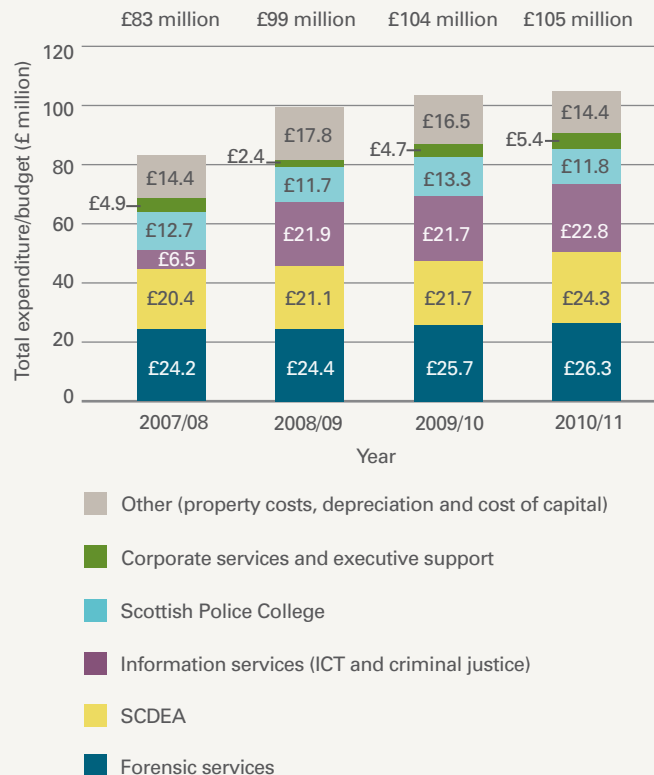
27. The transfer of services to SPSA can be grouped into four categories:

- Staff and assets transferring from the existing common police services.
- A change in SCDEA's status from a separate operational unit to one being maintained by SPSA.
- Forensic staff and assets transferring from individual forces on 1 April 2007.

Exhibit 3

Changes in SPSA's funding 2007/08 to 2010/11

The funding for information services increased in 2008/09 when ICT staff transferred to SPSA. Other changes in business unit funding arise from allocations of additional funding for specific projects.



Source: Audit Scotland from SPSA information

- ICT staff transferring from individual forces on 1 April 2008.

28. The transfer of staff and equipment to the Scottish Police College and criminal justice business units from the already centralised common police services went relatively smoothly. There was sufficient information available on staff costs, job descriptions, services provided and the equipment used to allow the units to plan how they would deliver services. Senior managers also transferred with the services. The transfer arrangements for the Scottish Police College were partly informed by an HMICS inspection in 2006, which identified preparatory actions that the college

and SPSA should take. These included developing a national strategy to ensure that priority demands were met; developing a cost base; and agreeing a basis for funding training growth and managing savings.¹⁰

29. SCDEA is now maintained by SPSA and uses some of their corporate support services, such as media and communications and finance, which it previously provided for itself. This caused some short-term disruption to the agency as some of its staff transferred to SPSA. However, continuity has largely been maintained as SPSA deployed these staff in roles that allowed them to continue providing support to SCDEA.

9 Spending review 2007, Scottish Government.

10 Scottish Police College – primary inspection 2006, HM Inspectorate of Constabulary for Scotland.

30. The transfer of staff and assets for those services that were previously delivered by individual forces was less well managed. In the case of forensic services, there was less than a year to develop the transfer arrangements from when the Act was passed to the start date. The short timescales, a lack of information within forces on the staffing, equipment and assets used to deliver the existing forensic services, and reluctance by some forces to agree what particular services to transfer all affected the transfer process. In particular:

- there was insufficient time to establish what assets should be transferred and to create a robust system for documenting asset transfers
- some decisions about staff transfers were delayed until November 2006, frustrating attempts to finalise plans on service delivery. In particular, the transfer of scene of crime staff to the forensic services was only agreed after ministerial intervention late in 2006.

31. The transfer of ICT staff in April 2008 proved even more problematic:

- It was difficult to get agreement on which ICT services would transfer. ACPOS was involved in lengthy discussions with forces to agree which services should transfer to SPSA. Despite this some inconsistencies remained. For example, it was agreed that Grampian Police would retain responsibility for its own web development work and Strathclyde Police negotiated directly with the Scottish Executive to continue to employ staff to develop the forces' use of the Airwave radio system.¹¹
- Forces had invested in different types of ICT equipment to support a wide range of local and national

processes. Some of these systems extend beyond individual forces, linking to other service providers such as COPFS and local councils.

- There were complications around asset transfer due to SPSA's VAT status. As an NDPB, SPSA is liable to pay VAT while police forces, as a local authority service, can recover any VAT paid. If ownership of ICT assets transferred to SPSA, then SPSA would be liable for VAT on any replacement ICT equipment bought for forces to use. After protracted discussions with HM Revenue and Customs (HMRC), the Scottish Government agreed that forces would remain the owners of their ICT assets although, in future, SPSA would act as an agent and buy ICT equipment for forces. The arrangement is known as the 'agency agreement' and came into effect in July 2009.
- SPSA developed service level agreements for ICT with seven of the eight forces. However, Strathclyde Police has not accepted its ICT service level agreement and is seeking instead to have one service level agreement for all the services provided by SPSA including ICT, training and forensics.

32. The wide variability in how individual police forces managed their forensic and ICT services and the need to harmonise staff terms and conditions further complicated the transfer of staff. The new forensic services brought together eight crime scene examination units, four fingerprint bureaux, and four forensic laboratories all working to different shift patterns, standards and processes and all costing different amounts. In the case of ICT, there was 350 staff with around 200 different job titles, 750 contracts and 190 suppliers,

and each force had different ways of identifying and recording their assets and license agreements.

SPSA's ability to operate effectively was affected by the difficulties it experienced when services were transferred

33. SPSA's performance was affected by transfer difficulties and other early decisions:

- The lack of robust information on the volume, types and costs of current levels of service and on the level of demand meant that SPSA was unable to effectively plan, prioritise, monitor and report on service performance.
- The difficulties with transferring staff led to low staff morale and high turnover. This was especially apparent in corporate services and ICT, where staff felt disengaged from the new organisation and unsure how to adjust to their new position as service provider. Many ICT staff worked at the same location, alongside their previous police force colleagues, but the relationship had changed. It took time for SPSA staff to adjust both to their new employer and the different type of relationship needed to deal with its customers.
- The lack of good information from forces on the ICT systems used meant SPSA was unable to structure its staff to meet customers' needs.

34. A number of practical decisions about how SPSA was to operate had to be made and the long-term implications of some of these were not fully considered:

- The development of the terms and conditions for staff new to SPSA was rushed. SPSA did not consider the long-term implications

¹¹ Airwave is the radio communication system used by police forces and other emergency services across the UK.

of agreed future salary increases when it adopted these terms and conditions.

- The financial system selected is not compatible with systems used by forces and does not meet SPSA's financial management needs. SPSA plans to replace this with a new system in 2010/11, which will improve its financial management and efficiency monitoring. As an interim measure corporate services, working with the individual business units, has developed a system to monitor expenditure and identify where each unit can make savings.
- SPSA adopted an organisational structure with five business units (criminal justice, ICT services, forensics, SCDEA and the Scottish Police College) linked to a central corporate body. This approach allows other support services to be added easily. However, in the early days it limited integration between business units and resulted in them working in silos, hampering the development of a corporate ethos. In 2009, the interim chief executive formally established an executive committee which has helped ensure a more corporate and cohesive approach at this level within SPSA.

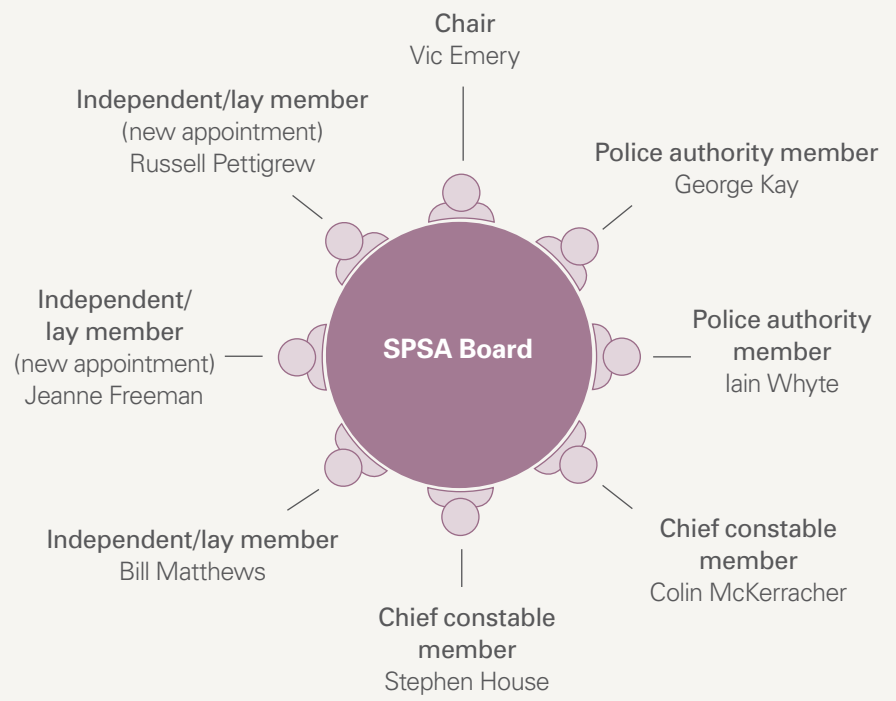
SPSA's governance arrangements are complex and the board has found its role challenging

35. The Act defined the composition of the board for SPSA. The board includes chief constables, representatives from police authorities, independent members and an independent convenor (or chair). Its membership reflects the local governance arrangements for police and was designed to ensure that the new organisation would develop to meet the police's needs (Exhibit 4).

Exhibit 4

Make-up of SPSA board

Scottish ministers approve all board appointments.



Notes:

1. Members from the police authorities are agreed by the Scottish Police Authorities Conveners Forum and approved by Scottish ministers.
2. Members from police forces are agreed by ACPOS and approved by Scottish ministers.
3. Names reflect members as at October 2010. New lay member appointments were made in September 2010.

Source: Audit Scotland

36. The board's composition has created some tensions. There is a potential conflict between a chief constable or police convenor's statutory responsibility for local policing and their role on the board of a national body, making decisions in the interests of Scotland as a whole. This has proved difficult for some board members and meant that they have not always been able to support the board's decisions publicly. Audit Scotland's recent report *The role of boards* states that 'all board members must take collective responsibility for decisions made by the board. If boards do not take collective responsibility for their decisions, the risk of poor performance and potential for board decisions to be undermined increases'.¹²

37. SPSA's chief executive is not a member of the board. While this is not unusual for NDPBs, our report *The role of boards* states that 'excluding the chief executive from board membership appears to be at odds with his or her formal accountable officer role and accountability to the Scottish Parliament for the proper use of public money'. The report includes a recommendation that the Scottish Government should review the rationale for why some chief executives are not board members.

38. An unusual feature of the board is its governance of SCDEA. While SCDEA is not a separate public body in its own right, it is a separate entity

within the legislation. A single grant is paid by Scottish ministers to the SPSA, including an amount ring-fenced for SCDEA. There is a single accountable officer for the SPSA as a whole, including SCDEA. This arrangement was put in place to avoid creating two new police bodies with different governance arrangements and to achieve value for money by the sharing of support services. The Director General of SCDEA is appointed by, and reports to, the SPSA board. The Director General has similar autonomy for operational decisions as chief constables.¹³ While the board approves SCDEA's corporate plan it has limited involvement in its development or in detailed discussion of the major issues facing SCDEA. These are discussed directly with the Scottish Government, the Serious Organised Crime Taskforce and ACPOS. However, the board has an important role in monitoring performance against SCDEA's strategic objectives, scrutinising and challenging non-operational matters, including finance and risk management, and is liable for any damages awarded against the Director General.

39. Audit Scotland's auditors have reported on the complexity of these arrangements.¹⁴ Since 2008, the board has split its meetings to allow separate consideration of SCDEA and SPSA business and ensure sufficient attention is paid to SCDEA matters. However, ACPOS and the Scottish Police Authorities Conveners Forum (SPACF) remain concerned that the governance arrangements for SCDEA do not provide appropriate accountability or ensure a good strategic fit with national policing needs.

40. The chief executive of SPSA is the accountable officer for both SCDEA and SPSA. This means that the chief executive is personally

answerable to the Scottish Parliament for both the propriety and regularity of SPSA's and SCDEA's finances and for the economical, efficient and effective use of the resources placed at their disposal.¹⁵ The financial controls and regulations are common for both SPSA and SCDEA and subject to annual audit. However, the chief executive is not a member of the board and has no management responsibility for the Director General. At the time of our audit it was not clear how the chief executive could fulfil her accountable officer responsibilities in relation to the economical, efficient and effective use of SCDEA's resources. As a result, SPSA has recently developed arrangements to improve the internal governance of SCDEA. These new arrangements will need time to bed in and it is too early to comment on their effectiveness.

Leadership changes and poor customer engagement affected SPSA's early performance

41. SPSA's difficulties during its early years were compounded by frequent changes in both the board and its senior executives (Exhibit 5). The chief executive, the board convenor and five of the seven senior staff initially appointed all left within the first two years. The board membership also changed and only two of the seven original board members now remain on the board. It took time to fill the vacancies, particularly the chief executive's position, where there was an interim appointment for almost 18 months. These changes left many key positions unfilled for several months at a critical time in the early development of SPSA.

42. The first chief executive left after a disagreement with the board. His departure was particularly difficult

for the board to manage, requiring protracted negotiations and resulting in significant negative publicity for SPSA.

43. SPSA's customer engagement was poor in the early years. The organisation tended to communicate only positive messages about its progress and did not acknowledge any service difficulties. This undermined credibility with customers and stakeholders who did not agree that SPSA was making good progress in delivering its services. SPSA's emphasis on its progress also made it difficult for SPSA staff to talk to their customers honestly about what SPSA could and could not provide.

The Scottish Government provided assistance but was slow to recognise the full extent of the difficulties facing SPSA

44. The relationship between the Scottish Government and individual NDPBs is managed on a day-to-day basis by civil servants known as sponsors. The Scottish Government Safer Communities Directorate is SPSA's sponsor.

45. SPSA's management statement states that the sponsor should advise Scottish ministers on a framework of targets and objectives for SPSA and SCDEA in line with wider strategic aims; suggest an appropriate budget; determine how well SPSA is achieving its strategic objectives; and whether it is delivering value for money.¹⁶ The sponsor is responsible for monitoring SPSA's performance and risk assessment, and communicating with SPSA.

46. The sponsor provided support to SPSA in its early years, for example by:

- setting only four strategic objectives for its first year, which focused on short-term priorities

¹³ Police, Public Order and Criminal Justice (Scotland) Act 2006, Chapter 1, Section 30 (3).

¹⁴ *Scottish Police Services Authority report on the 2008/09 audit*, Audit Scotland.

¹⁵ Scottish Government letter to SPSA's Accountable Officer, 22 September 2010 and Memorandum to Accountable Officers of Other Public Bodies.

¹⁶ The management statement sets out the broad framework within which SPSA operates. It details the rules and guidelines relevant to SPSA's functions, duties and powers; the conditions under which public funds are paid to SPSA; and how SPSA is to be held to account for its performance.

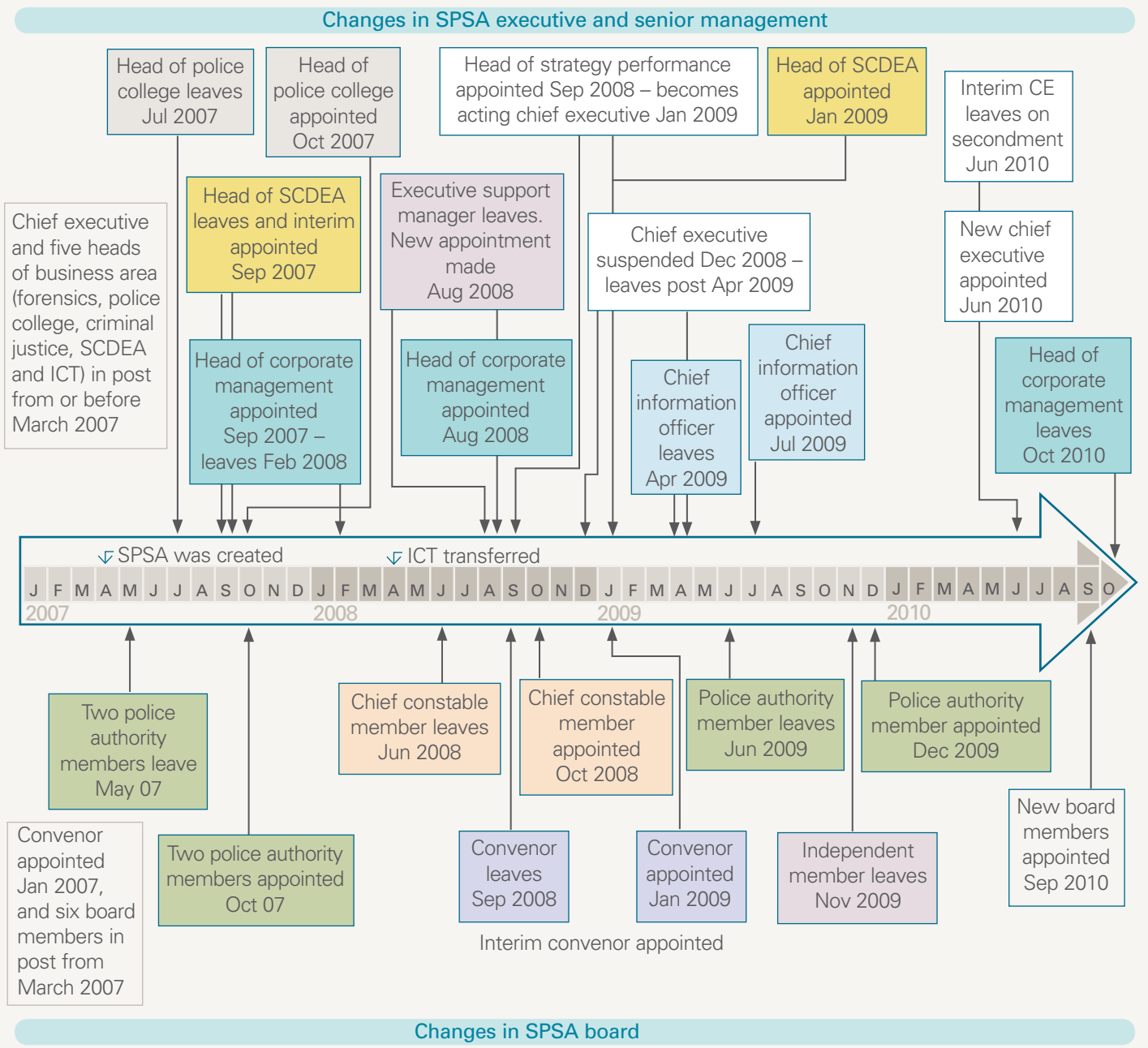
for the new organisation. These related to:

- developing a plan to integrate ICT services from April 2008 onwards
- developing a three-year plan to deliver annual efficiency savings
- completing the integration of the fingerprint service with the forensics service
- establishing SPSA as an integrated national authority, delivering support services for the police and other criminal justice partners
- negotiating with HMRC about SPSA's VAT status. Despite the Scottish Government's efforts, HMRC's final decision was that SPSA is liable for VAT. As a result, the Scottish Government, SPSA and forces developed the agency agreement for ICT procurement. Under this agreement SPSA can buy ICT goods and services

Exhibit 5

Changes in SPSA personnel

The board and senior management team has changed substantially since 2007.



Source: Audit Scotland

on behalf of forces and all VAT charged to SPSA can be reclaimed by forces.

47. There was regular communication between the sponsor and, separately, the board convenor and chief executive. However, the sponsor did not fully recognise all the difficulties facing SPSA in its first 18 months. For example, board members consider that the Scottish Government could have provided more support when dealing with the departure of the first chief executive.

48. A 2009 internal audit report on the Scottish Government's sponsorship of SPSA recommended that the Scottish Government could improve its governance by strengthening and formalising meetings with SPSA and by monitoring progress against SPSA's strategic priorities in written reports.¹⁷

Recommendations

The Scottish Government should:

- ensure that lessons learned from the experience of SPSA in developing shared services are fully reflected in any new guidance and shared across the public sector (see checklist at [Appendix 2](#))
- review the composition and membership of the SPSA board.

The SPSA board should act cohesively and take collective responsibility for the decisions made by the board.

Part 2. What SPSA has delivered to date



Despite the early problems, SPSA has delivered efficiency savings and improved many of its services.



Key messages

- SPSA has improved the service quality, productivity and efficiency of many of its services:
 - Criminal justice services and the Scottish Police College have continued to deliver core services in line with customer needs and have developed new services.
 - Forensic services has significantly improved productivity and developed a new delivery model designed to meet future forensics needs.
 - Corporate services and executive support have also established systems and approaches to support SPSA's service delivery.
- Supporting and developing forces' ICT systems has been challenging and SPSA is not yet able to meet all of its customers' ICT needs.
- SPSA has delivered savings of £5.3 million in line with its targets.
- Potentially SPSA and its customers could deliver significant savings by working in partnership. However, there is limited incentive to do this as efficiency targets are set for individual organisations rather than the criminal justice sector as a whole.

SPSA has made good progress in improving services in a number of areas

49. Despite the difficulties SPSA experienced when it was first established, the organisation has improved the service quality, productivity and efficiency of many of its services (Exhibit 6).

50. SPSA is now starting to realise benefits from more interaction between its service areas. In particular, the forensic services now work with criminal justice to use information held in the national criminal history system to reduce the backlog of samples requiring analysis. The criminal history system allows SPSA to identify when forensic analysis is no longer required for cases that COPFS has decided will not proceed. Also, criminal justice is now providing data management services to forensics as both business areas use similar approaches.

Criminal justice is delivering a wider range of services to more users

51. The SPSA criminal justice business area provides and manages integrated information systems for the eight Scottish police forces and the wider criminal justice community within Scotland. These include the criminal history system, the Scottish intelligence database, automatic number plate recognition and the Crimestoppers Scotland call centre.

52. Criminal justice has continued to deliver against existing requirements while developing additional functions. In particular it:

- provides training in national systems to other users of its databases including staff in councils and other police forces
- now manages Scottish data on the UK-wide Violent and Sex Offender Register (VISOR) database which stores and shares information and intelligence on individuals identified as posing a risk of serious harm to the public
- developed an automated process for disclosing any previous convictions for police officers and staff witnesses taking part in court proceedings in response to recent legislation. SPSA estimates this process could save in excess of 66,000 hours of staff time annually

by releasing officers to frontline duties and speeding up the disclosure process.

The Scottish Police College has continued to meet its customers' training needs and improve quality

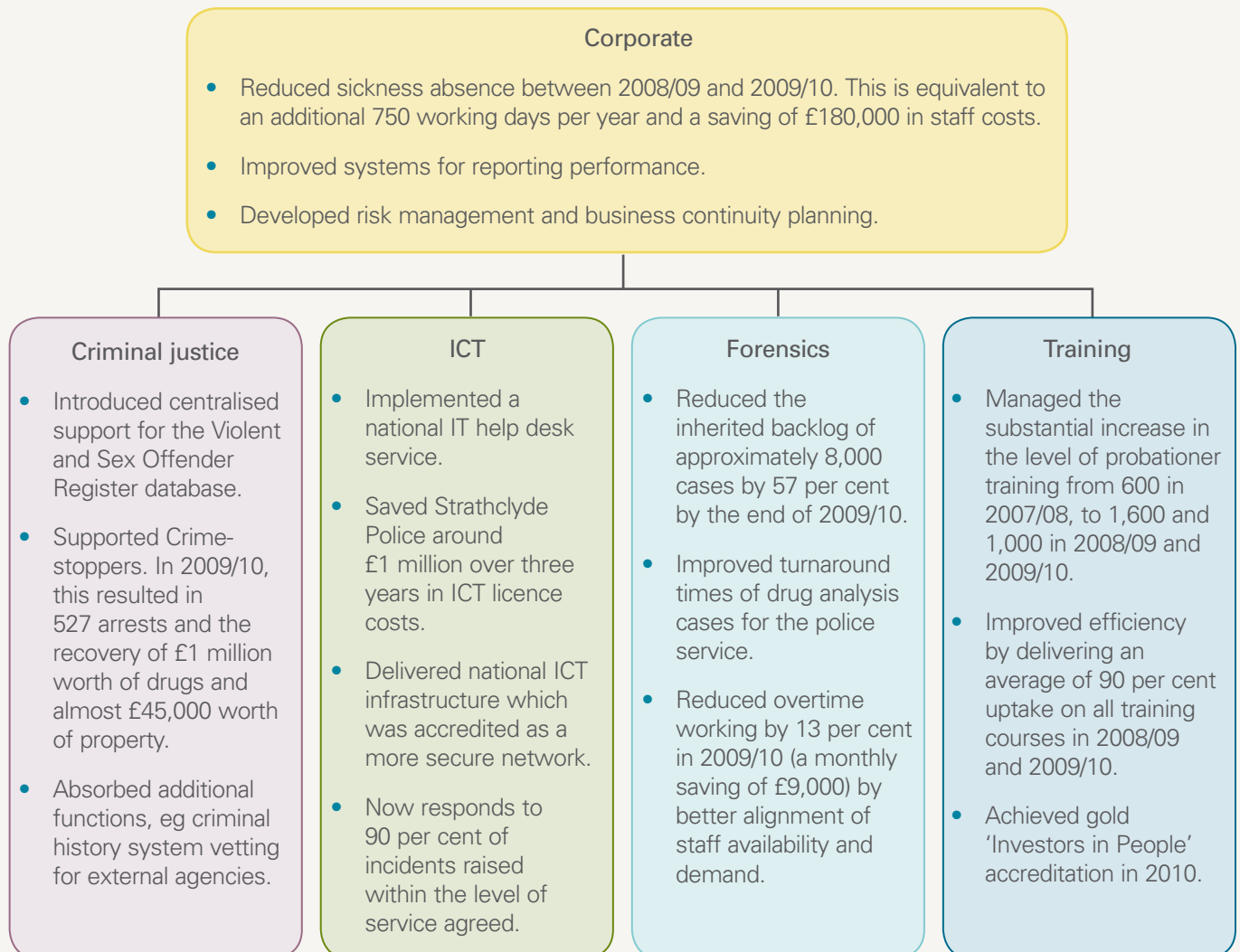
53. SPSA provides training and education services to the Scottish police service. The Scottish Police College is the central police training establishment and provides a comprehensive programme of training for officers of all levels, including new recruits and specialist training, for example for detectives and traffic officers.

54. The Scottish Government's policy of creating 1,000 extra police officers increased demand for training and presented a considerable challenge to SPSA. The Scottish Police College rescheduled other training and made staff and accommodation available to deliver this additional training. During 2008/09, the college trained over 1,600 new recruits, an increase of 140 per cent on the previous year. Working with its customers, the college has recently revamped its probationer-training programme for future use. It has also demonstrated its responsiveness to customer needs by, for example, agreeing to change the initial quota of places allocated for a training course to meet the specific needs of Central Scotland Police.

55. The Scottish Police College has also improved the quality of its training, receiving a Star Award for Innovation from the Scottish Qualifications Authority in 2009 for its qualification framework. The framework is designed to help police officers and staff make better choices about learning and professional development and provides a way for people to understand and compare different qualifications. The college was also awarded a gold 'Investors in People' accreditation in 2010.

Exhibit 6**SPSA service delivery**

SPSA has improved services in a number of areas.



Source: Audit Scotland

Forensic services have significantly improved productivity

56. The amalgamation of forensic services means that Scotland now has a fully integrated national 'crime scene through to court' service. This new service encompasses all of the main disciplines involved in helping the police to detect crime, from crime scene examination through to preparing evidence for court.

57. While there were early difficulties, forensic services can now demonstrate significant improvements including:

- reducing the time taken to analyse forensic evidence, in particular for major criminal incidents and routine DNA samples (80 per cent of criminal justice DNA samples are now analysed within four days compared to ten per cent in 2007). This improves the chances of linking offenders to unsolved crimes quickly, reducing police time and increasing the likelihood of detection. This has been achieved through investing in technology and developing new processes
- reducing overtime by nearly 13 per cent during 2009/10, saving £9,000 a month
- reducing the backlog of samples awaiting analysis by 57 per cent since 2007
- developing animation software which can be used in court to help juries better understand a crime scene
- developing a better understanding of the unit costs involved in

analysing forensic samples and the reasons behind the variation in costs between different laboratories.

58. Customers reported their increasing satisfaction with the forensic services provided, in particular in relation to serious criminal incidents, such as murder and serious assault. The forensic services have also completed a major strategic review of their services and identified options which balance cost with improving service quality and local access to laboratories.

Corporate services has established systems and approaches to support SPSA's service delivery

59. Underlying the successes of individual parts of SPSA is the implementation of new approaches and systems throughout the organisation. SPSA has made progress in:

- improving customer and stakeholder engagement. SPSA's relationship with ACPOS, SPACF and other stakeholders has been more positive over the last 18 months. This is due to determined efforts by the interim chief executive and convenor to develop an open and constructive dialogue with these stakeholders
- developing its risk management and business continuity planning. For example, recently developed contingency plans allowed forensic services to continue to deliver services to customers without any noticeable impact on service when the forensic laboratory at Edinburgh was damaged in an arson attack in February 2010
- improving its systems for reporting performance. All business areas now use a standard reporting template, which links business and corporate objectives, identifies the

expected benefits, performance measures and targets and assigns responsibility to an owner. This template is updated monthly and discussed at team, executive committee and board meetings, along with an assessment of the status in meeting the objective using the red-amber-green system

- developing a new approach to strategic and business planning. In developing its five-year strategic plan, SPSA sought the views of its staff and customers across all its business areas and used techniques such as SWOT analysis and PESTLE to help identify its perceived position and strengths in the eyes of its customers, staff and stakeholders. From the analysis, SPSA developed its future strategies using respected business development tools, such as the Ansoff Growth matrix, to identify a series of suggested growth strategies.¹⁸

SPSA is not yet able to meet all of its customers' ICT needs

60. The Act stated that SPSA should develop and maintain a strategy for the acquisition and use of information technology systems by police forces and to develop, procure, provide and support their information technology systems and equipment. SPSA's ICT services now cover three areas of demand from its customers:

- providing day-to-day support and maintenance for ICT systems within forces
- supporting the development and implementation of local projects in individual forces
- supporting the development and implementation of national ICT projects agreed by ACPOS.

61. ICT services transferred a year later than other services so SPSA has had less time to realise the efficiencies and service improvements seen elsewhere. In the last two years there have been some service improvements in ICT. For example, SPSA has established a 24-hour facility for all forces that deals with 3,000 incidents and service requests a week. It has supported a number of national projects, including a project to integrate the automatic number plate recognition system with the Scottish intelligence database. Where SPSA has been active, customers have expressed appreciation of the work done. For example, Grampian Police stated that SPSA supported them well when they needed to update their ICT systems as part of a major restructuring, with SPSA providing experienced staff. SPSA also helped Lothian and Borders Police to upgrade their networks and received an award for the management information system it developed for Strathclyde Police.

62. However, both the police and COPFS customers expressed considerable concern that SPSA is not yet meeting all their ICT needs.

63. The difficulties facing SPSA in delivering ICT services arise partly because of the increasing demand for ICT support for day-to-day, local and national projects. For example, in relation to day-to-day requests, SPSA is currently supporting almost 900 more printers and scanners and over 1,800 more monitors (a 12 and 13 per cent increase respectively) for forces than it did in 2008. Requests from forces to help with local projects are also rising as more local systems need replaced, and SPSA's national workload has also increased; in March 2008 there were 12 projects in ACPOS's national programme. At September 2010, only four of these 12 projects had closed with another two in the process of closing.

¹⁸ SWOT analysis, involves looking at the known strengths, weaknesses, opportunities and threats facing a business or project. A PESTLE analysis considers separately the external political, economic, social, technological, legal and environmental factors affecting the business. It is often used with a SWOT analysis to help with business planning. The Ansoff Growth matrix is a tool that helps businesses decide their product and market growth strategy.

However, seven new projects had started, in addition to several shorter-term projects which started and were completed within the period.

64. SPSA's budget has not increased in line with this rise in demand. SPSA estimates that if it was to meet all the current demands from forces, it would need an additional 200 staff. In addition, there is no effective mechanism for prioritising demand either between different local projects or between local and national work. As a result, SPSA does not know which projects to prioritise from the many demands made by customers.

65. SPSA's difficulties in meeting its customers' ICT needs are beginning to affect forces' and COPFS's own programmes for increasing efficiency and effectiveness. There is an increasing concern that core business may be affected. Our interviews with customers identified some current important projects that are waiting for input from SPSA ([Exhibit 7](#)).

66. ICT customers have expressed frustration at a lack of information from SPSA on progress and delivery dates for individual projects. They reported that often when SPSA has not met agreed timescales, it was late in notifying them of delays.

67. In November 2009, SPSA and ACPOS identified the need for a full review of ICT services, which was supported by the Scottish Government. After lengthy negotiations on the scope of the review, work began in May 2010. The review group is now identifying and prioritising what needs to be done to meet the current and future ICT needs of Scottish policing. The group is due to report in November 2010.

68. In preparation for the full review, ACPOS and SPSA discussed ICT provision with the eight forces early in 2010. It was agreed that SPSA should pilot an approach to eliminate the backlog of ICT requests in the

Exhibit 7

Examples of unmet ICT demand

1. Lothian and Borders Police make use of hand-held computers for a range of activities including issuing fixed penalty notices, taking statements from the public and recording details of incidents when on patrol. Officers download this information when they return to the station, providing a permanent record of the event and automatically updating related databases. This has allowed the force to reduce the number of support staff it employs, estimating yearly savings of £250,000 for support staff time and materials as well as releasing significant police officer time. After five years in use, the force now needs to either replace the system, or adopt a different way of working. The force has asked SPSA for assistance but SPSA is unable to state if or when it might identify a suitable replacement, leaving the force to take the issue forward without strategic or technical advice from SPSA.

2. Lothian and Borders Police upgraded its IT network in 2009/10, which improved its speed of operating but also required a higher level of maintenance support than the previous system. After discussion, SPSA agreed to recruit up to three employees to undertake the support work on the force's new system and the force agreed to cover a proportion of the ongoing employment costs of these three staff. At the time of writing this report, SPSA had yet to confirm costs with the police force and recruit the employees. Temporary staff were taken on in April 2010 to provide cover.

3. Strathclyde Police needs to replace its crime management system, which was criticised by HMICS in 2004 as not being fit for purpose. As the existing system ages, there is a growing risk to operational policing, and the need for a new system is becoming increasingly urgent as planning for the Commonwealth Games proceeds. The force has been working with ACPOS since 2006 (including SPSA since 2008) to identify a national system, for use in Strathclyde initially. However, in 2009, it was acknowledged that SPSA did not have the skills, experience or structure to deliver the solution preferred by ACPOS. As a result, the ACPOS national information management project team has had to put resources into developing a new business case for another system (in collaboration with SPSA and consultants). This is nearing completion. However, there is still no firm timetable for implementation and project costs are still indicative.

4. COPFS wants to make changes to the system used for disclosing evidence, in line with recent legislation. Currently police staff type up lists of evidence and provide these to COPFS staff who manually reconcile the list with the evidence they have received. This is time consuming for the police and COPFS. SPSA has developed an initial design of a process to automate this but does not have the resources to progress it beyond the design stage.

5. SPSA was unable to undertake scoping work on a project to develop an electronic means of delivering police standard prosecution reports to the Scottish Children's Reporter Administration (SCRA). Despite waiting for nine months and making funding available to pay for the work, ISCJIS (the body responsible for the integration of Scottish criminal justice information systems) and SCRA eventually asked consultants to do the work on behalf of SPSA.

Source: Audit Scotland

Strathclyde, Northern and Tayside force areas. This resulted in the removal of 80 per cent of the backlog of repair requests in the three areas over a four-week period and a 54 per cent reduction in the backlog of service requests. However, recent information suggests that backlogs are building up again. The review also concluded that ACPOS needed to develop a managed ICT programme taking account of the funding and development time needed and that SPSA and forces should assess their capability and capacity to support the programme.

SPSA has delivered savings of £5.3 million in line with its targets

69. SPSA has delivered against the efficiency savings expected of it in all its years of operation. In 2007/08, SPSA set its own efficiency target and achieved savings of £1.93 million. SPSA made these savings by using a number of different approaches including not filling staff vacancies; improved procurement in forensics and SCDEA, which together saved £600,000; and renegotiating a catering contract for the Scottish Police College, saving £160,000. SPSA re-invested these savings in for example, developing the new forensics laboratory in Dundee.

70. In 2008/09, the Scottish Government began top slicing SPSA's budget by two per cent each year as part of the Efficient Government Programme. SPSA is so far the only policing service that has had to manage real budget reductions, while also implementing pay increases agreed when staff transferred to the organisation.

71. The Scottish Government efficiency target for SPSA in 2008/09 was £1.45 million and SPSA exceeded this by one per cent (just under £9,000):

- Forensic services delivered over £500,000 of savings in 2008/09 by changing its working practices, allowing it to leave vacant staff positions unfilled.
- The Scottish Police College and SCDEA together made almost £700,000 of savings. The college exceeded its individual target of £222,000 in 2008/09 by almost a third, while SCDEA achieved its individual target exactly. SCDEA made savings by reallocating duties across its staff and not employing six additional officers, as planned. The college's savings arose from a wide variety of sources including staff savings and the use of better processes for delivering its training.
- Criminal justice exceeded its target in 2008/09 by just over £6,000. It realised £41,000 of savings by employing civilians to two posts previously filled by police officers.
- Most of ICT's £115,000 of savings came from reducing costs for computer maintenance and support, and systems rental.
- Corporate services made savings using a variety of approaches, most notably from a rates reduction at the Scottish Police College and by using national agreements to buy goods and services more cheaply.

72. In 2009/10, the target for savings was £1.67 million of which SPSA's contribution was £1.25 million and SCDEA was to contribute £420,000. SPSA reported total savings of £1.91 million to the Scottish Government. Just under £1 million of the 2009/10 savings arose through a board-endorsed policy of not filling staff vacancies and a recruitment freeze, with smaller amounts contributed through new ways of delivering training (just under £400,000) and better facilities management (£185,000).

73. Like many other public sector bodies, SPSA does not have baseline information on the quality of the services prior to 2007 and their costs. This means it is not possible to measure whether the savings that SPSA has reported have affected service quality or productivity.

SPSA provides services that can deliver savings across the criminal justice sector but there are no systems to measure this

74. Although SPSA was established to deliver long-term savings, primarily for the police, but also for the wider criminal justice sector, there are no systems in place to measure the extent of savings achieved. SPSA has estimated the value of some of its activities to forces. For example, in 2008/09, SPSA estimated that the development of a new and faster approach for drug testing produced savings of almost £105,000 for forces. However, SPSA is unable to estimate the savings realised by the police and others from most of its other activities.

75. Investments made by SPSA to improve its services can have widespread benefits. For example, SPSA has developed crime scene animation software, which is used in court to help juries better understand what happened at a crime scene. This has the potential to reduce substantially the time spent at court in a trial, thereby generating savings for the police, COPFS and the Scottish Court Service ([Case study](#)).

76. Other potential savings arising from SPSA activity can also only be realised in partnership with its customers. For example, there are currently more than 1,400 ICT applications in use across the eight forces and 750 different contracts. If forces used more of the same business processes than standard ICT solutions could be used which would realise efficiency savings for the forces and SPSA.

Case study

Use of crime scene animation

New ways of presenting forensic evidence can reduce trial costs.

Better forensic evidence in court can result in shorter trials – benefiting the whole criminal justice system. SPSA's forensic service has developed animation software that can be used to present evidence from a crime scene and reconstruct events. This improves jurors and court staff's understanding of what happened and means less time is needed to present evidence.

This software was used in the Khushbu Shah murder case which was heard at the High Court in Glasgow in 2009. The jury was presented with digital evidence using three-dimensional reconstruction and body mapping, panoramic images, audio recording and CCTV.

Based on data provided from criminal justice bodies, we estimate that each day less spent on a High Court trial reduces the cost of the trial by around £7,000. The Scottish Courts Service's costs decrease by £3,450 (£1,850 for staff and accommodation costs and £1,600 for judge, juror and other judicial costs). COPFS's costs for prosecutors and advocates decrease by £950 per day and defence counsel and solicitor costs decrease by £2,600 per day.

We have excluded costs for witnesses as this will vary significantly from case to case, but these may be substantial.

Source: Audit Scotland from information provided by COPFS, the Scottish Courts Service and the Scottish Legal Aid Board

77. The Scottish Government has traditionally set efficiency targets for individual organisations rather than for the criminal justice sector as a whole. However, this means that individual organisations consider their savings in isolation and limits the incentive for them to work together to reduce costs across the sector.

Recommendations

The Scottish Government should work with SPSA, the police and other criminal justice bodies to develop systems to measure performance and efficiency savings across the justice sector.

The Scottish Government should review how it sets savings targets to encourage criminal justice bodies to work together to deliver savings across the justice sector.

Part 3. What SPSA needs to do to meet the challenges ahead



SPSA faces significant challenges and it needs to act quickly to meet these.



Key messages

- There are significant challenges ahead which SPSA will need to meet with less money. It needs to act quickly to improve organisational support and focus budgets on its priorities.
- The board needs to improve how it operates to fulfil its role in supporting SPSA.
- It is difficult for SPSA, the police and other criminal justice bodies to agree national service delivery priorities.

SPSA needs to make faster progress in developing and implementing some important areas of organisational support

78. The current economic climate is focusing attention on the need for all public bodies to deliver their services with less money. Police forces are increasingly looking to SPSA to help them deliver these efficiencies.

79. SPSA has achieved much in its first three years. However, it acknowledges that there is still room for improvement before it becomes an efficient organisation that delivers services that meet all of its customers' needs. SPSA needs to give greater emphasis to a number of important areas:

- SPSA needs to ensure it communicates regularly with its customers across all its service areas. Customers need regular, clear and precise information on the progress, costs and expected timescales for the services being delivered. This is particularly the case for ICT.
- SPSA's workforce planning is still in its very early stages. The organisation needs to ensure that its strategic, financial and workforce plans are linked and that staff development is designed to

help SPSA achieve its goals. In particular, SPSA needs to further develop leadership, management and customer service skills across the organisation and significantly improve its ICT capability and capacity.

- Internal auditors carried out two audits on SPSA's asset management procedures in 2009 and recommended that SPSA develop more robust registers and processes for identifying and recording the value of its assets. It is not clear how far advanced SPSA is in terms of developing an overall plan to release efficiencies through better asset management. SPSA does not yet have a long-term capital replacement plan.
- SPSA needs better financial and performance information across all its service areas, including a better understanding of unit costs and the factors influencing them. This would:
 - improve its ability to manage budgets and help prevent over and under spending
 - provide a more accurate basis for setting charges and planning future service delivery
 - support a more integrated approach across SPSA for identifying organisation-wide efficiency savings and help deliver a sustainable long-term efficiencies programme.

80. SPSA does not yet have a comprehensive savings plan in place, although individual service areas are working to identify possible future savings. While it has now developed a format for reporting short-term and long-term savings for each of its business areas, some parts of the reports remain incomplete. Audit Scotland has a number of publications

to support organisations in delivering more efficient services.¹⁹

81. SPSA has made a promising start to tackling some of its challenges. Its new strategic plan for 2010-15 emphasises SPSA's commitment to working in partnership with its customers to improve services. This plan will be reviewed annually and supported by five-year strategies for each of SPSA's business areas and an overall annual plan for SPSA. The annual plan links with the Scottish Policing Performance Framework, Scottish Government's national outcomes and the six strategic priorities that Scottish Government set for SPSA for 2010/11. It identifies 18 corporate objectives to help deliver SPSA's strategic priorities. SPSA will measure performance in delivering its corporate objectives through a range of key performance indicators, which link to a wider range of objectives and measures for each business unit.

82. It is important that all business units finalise their plans and proceed with implementing them as soon as possible. This will ensure all business units are clear about what is required to take SPSA forward as a more efficient and effective organisation.

SPSA will have to deal with new challenges with less money

83. SPSA will have to manage a number of important developments and risks over the next few years. These include the planned restructure of the forensic services; progressing contract consolidation in ICT to deliver efficiencies; administering the ICT agency agreement; and taking part in the development of a new crime campus.

84. SPSA's wide-ranging review of its forensic services demonstrates how it is preparing for the challenges ahead, but implementing this will in itself be a challenge. SPSA has identified in its review both the potential benefits

19 See Audit Scotland report *Improving public sector efficiency*, February 2010 and toolkit at http://www.audit-scotland.gov.uk/docs/best_value/2010/bv_100809_efficiency_toolkit.pdf

from providing a specialised service through a national organisation and the internal and external challenges of realising those benefits. The review considered four options including retaining the existing structure while making savings through improved processes, better use of staff and developing better ways of working with customers (Exhibit 8). The outcome of the consultation exercise is due to be announced later in 2010.

- The first two options maintain the current network of forensic laboratories, fingerprint units and crime scene examination units. They do not alter the structure of the service and so do not affect staff through relocation or laboratory closure, but there are no accommodation savings.
- Option 2 allows for an upfront investment for a new case management system, thus reducing projected savings, but otherwise is no different from option 1. Options 3 and 4 also allow for an investment in the new case management system.
- Option 3 would make use of new accommodation in Dundee and Glasgow and lead to the closure of the facilities in Aberdeen and Edinburgh. While this option potentially delivers the largest amount of savings (around £7.4 million taking account of expected costs, over five years), there are risks to service delivery and staff losses through relocation.
- Under option 4, two high-volume processing units would exist in Dundee and Glasgow supported by four smaller local satellite laboratories (LSLs) based in Glasgow, Edinburgh, Dundee and Aberdeen. The LSLs would provide urgent fingerprint and drug analysis work. This option maintains direct access to

forensic expertise through existing gateways, but does not deliver as much of a saving as option 3.

85. SPSA faces a number of additional challenges. It believes that there is considerable potential for further savings for policing in general. For example, consolidating and rationalising ICT contracts could reduce the number of contracts from an estimated 750 to 350. However there are a number of barriers to overcome to achieve this, including the reluctance of some forces and ICT suppliers to engage fully with SPSA and complex procurement issues. Resolving similar issues has already delayed the introduction of a new financial management system for SPSA.

86. The difference in VAT status between SPSA and police forces remains a significant barrier to achieving savings in ICT. The agency agreement is proving inefficient and bureaucratic to administer, and delivery times are slow. SPSA expects to spend between £25 million and £30 million on ICT goods and services for forces annually and under the agency agreement forces will be able to recover between £4.4 million and £5.3 million of VAT on these purchases.²⁰

87. However, SPSA estimates that it requires 4.5 staff (full-time equivalent), at an estimated annual cost of £125,000, to administer the agency agreement. There are additional staff costs from Scottish Government staff and those in forces who also spend time administering the agency agreement (Exhibit 9, page 26).

88. The Scottish Government is developing a new crime campus at Gartcosh in Glasgow. The development will house staff from COPFS, SCDEA, HMRC and some of SPSA's scene of crime and forensic services. One of SPSA's

strategic objectives for 2010/11 is to 'contribute to the successful delivery of the Gartcosh programme and put plans in place to establish efficient and effective facilities management in preparedness for the facility opening'.²¹ The Scottish Government is managing this significant capital project which will require robust project management to ensure it is delivered on time and within budget. SPSA will need to ensure it is fully involved in its development to ensure appropriate facilities management processes are put in place.

89. Managing all these areas will place significant demands on SPSA at a time when its budget is likely to be reduced and its costs will increase. Staff received a pay increase in September 2010 as SPSA implemented the last year of a three-year pay deal. While other parts of the public sector may freeze staff pay, the Scottish Government stipulated that SPSA must honour the existing pay deal until it expires in September 2011.

SPSA needs to focus budgets on priorities

90. Our report identifies some of the major and important areas of development that SPSA needs to progress urgently to improve its efficiency and effectiveness. However, managing all of these different work streams at the same time will be challenging.

91. SPSA, like other public sector bodies, will need to decide which areas have priority when setting budgets to ensure that it delivers services in line with its customer needs. While the budget for SCDEA is ring-fenced by the Scottish Government, SPSA can allocate most of its remaining budget across the other services as needed. To date, SPSA has allocated business unit budgets on an incremental basis and has not significantly altered the

²⁰ Based on a VAT rate of 17.5 per cent.

²¹ Strategic Plan 2010-15, Scottish Police Services Authority, April 2010.

Exhibit 8**Options for rationalising the current forensic estate**

SPSA's review identified four options involving a mixture of new investment and restructuring.

	Impact on SPSA business			Impact on SPSA customers			
	Total estimated net saving over five years (2010 to 2015)	Efficiencies from economies of scale and optimal asset use	Accommodation cost savings	Impact on staff		Availability of scientific response and analysis	Access to forensic consultant and expertise
Associated costs and risks of relocation				At the Aberdeen and Edinburgh laboratories			
Option 1 – Base case: maintains the current network of labs, fingerprint and scene examination units	£6.87 million*	No efficiencies from economies of scale and optimisation of assets	No further accommodation savings will be made	No staff relocation required	No closure of laboratories	Scientific response and analysis is available from four sites	Access to a forensic consultant remains at, or from, four locations
Option 2 – Base case: as above but includes investment in a new evidence management system (EMS)	£5.66 million	No efficiencies from economies of scale and optimisation of assets	No further accommodation savings will be made	No staff relocation required	No closure of laboratories	Scientific response and analysis is available from four sites	Access to a forensic consultant remains at, or from, four locations
Option 3 – The two laboratory model: two labs with eight crime scene examination units and EMS	£7.36 million	Increased efficiencies and optimisation of assets with potential for more efficient capital expenditure planning	Reduction to accommodation costs and further rationalisation of resources	Financial cost of relocating staff, risk of losing key staff and operational risk to service delivery	Closure of labs and fingerprint units in Aberdeen and Edinburgh	Local laboratory facilities reduced. Urgent local casework analysis is prioritised at the two high-volume labs	Access to a forensic consultant is from two locations, with no expected impact on time to reach a crime scene
Option 4 – Two high-volume processing units, four local satellite laboratories (LSL) and EMS	£5.93 million	Delivers some efficiencies and optimisation of assets. Potential for more efficient capital expenditure planning	Limited reduction of accommodation costs and some rationalisation of resources	Significant staff relocation needed, but risk is lower than option 3	All labs remain but staffing levels decrease in Aberdeen and Edinburgh	Scientific response and analysis remains available from four sites	Access to a forensic consultant remains at, or from, four locations

Note: * All options include **efficiencies** realised through the use of new processes and improved productivity, new staff structures and better shift systems, better procurement and other cost cutting initiatives, and better demand management and introduction of police presumptive testing.

Accommodation cost savings through the closure of existing sites delivers a financial benefit to SPSA, but unless these sites can be disposed or absorbed in rationalisation of the police force estate, the cost will simply shift (from SPSA to the police force).

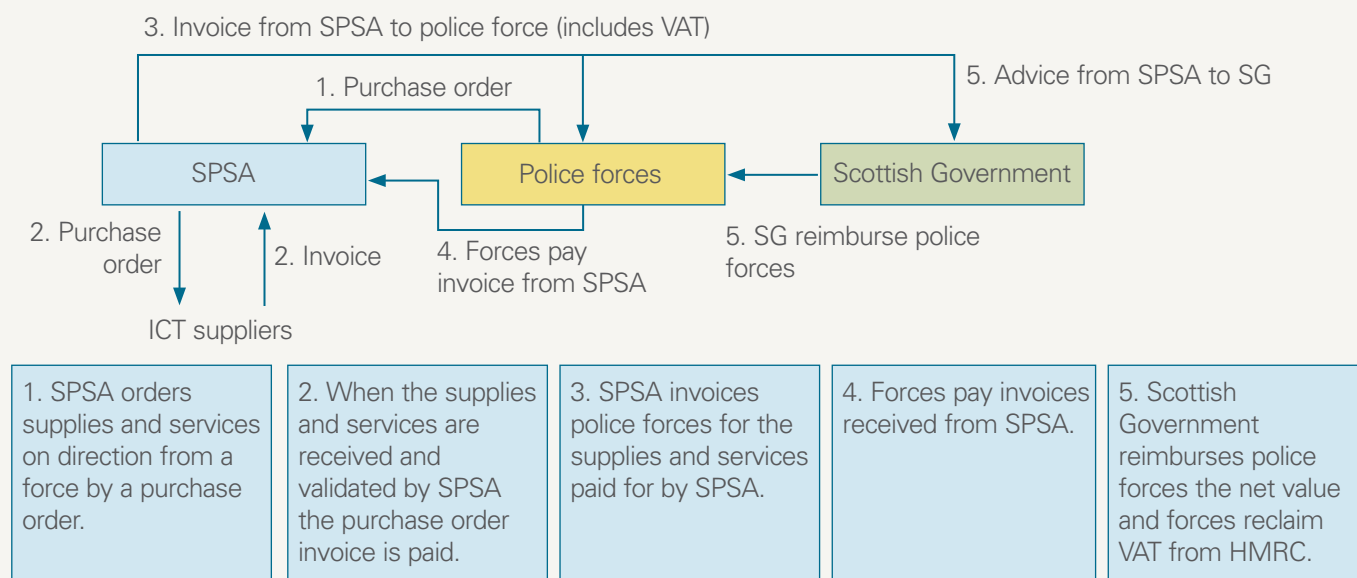
The evidence management system (EMS) investment will improve service delivery, resilience and drive efficiency.

Source: Audit Scotland (analysis of SPSA Forensic Modernisation options paper)

Exhibit 9

The agency agreement

Scottish police forces are able to recover VAT preserving the overall VAT benefit to Scottish policing.



Source: Audit Scotland

amount of funding given to each service area.

92. In previous years, when extra funding was needed, for example, to meet the commitment to increase police numbers by 1,000, the Scottish Government provided it. However, the current economic situation means that the Scottish Government may not have additional funding to allocate to specific projects in future years. SPSA will need to ensure that it allocates its budget to deliver its priorities and this may mean significant reductions in some areas of spending. For instance, police forces are already implementing recruitment freezes, which will reduce demand for Scottish Police College services. SPSA will need to determine if it should move funding away from the probationer-training programme to support other business unit priorities or allow the college to use the funding to support other training priorities and, potentially, income-generating initiatives.

The board must continue to support and challenge SPSA

93. The board has an important role to play in supporting SPSA to meet the challenges ahead. Our report *The role of boards* contains questions that board members should consider to ensure that they are governing well (Appendix 3).

94. Two of the key challenges facing boards of all public bodies are:

- ensuring there is strong leadership to make important decisions on spending priorities in the coming years, with chairs and chief executives working well together to ensure effective leadership
- board members recognising the importance of their role in scrutinising risk, financial management and performance.

95. SPSA was without a permanent chief executive from December 2008 to June 2010 when the current chief executive took up position. The chief

executive and convenor have dual responsibility for leading SPSA. To work together effectively they will need to understand and respect each other's roles. Given the challenges facing SPSA, it is important that the convenor (and other members of the board) quickly establish a balanced and appropriate working relationship with the new chief executive.

96. We have identified a number of other areas where there is potential for the board to improve its effectiveness. For example, by:

- carrying out regular and independent reviews of the board's performance and that of its subcommittees. It should also review the performance of board members and take appropriate action through training and succession planning to address any weaknesses. In November 2009, the convenor completed an assessment of SPSA board members' skills and performance. The board should build on this start, ensure it conducts similar

reviews in future and consider bringing in independent advice for this process. Our report *The role of boards* recommends that ‘public bodies should regularly review how they are operating and performing with support and advice from an external peer’

- challenging and scrutinising SPSA’s performance. The board regularly considers performance, financial management and risk at its monthly meetings. However, the board has an important role to play in identifying priorities and ensuring that budgets align to these. To do this effectively, it will need to be clear about the contribution that services make to strategic priorities and their value for money. SPSA’s understanding of its costs is not yet sufficient to provide this type of robust information to board members, although the proposed replacement financial system should help.

It is difficult for SPSA, the police and other criminal justice bodies to agree national service delivery priorities

97. For SPSA to move forward quickly, it needs to work with its customers to prioritise its workload. This is particularly challenging as SPSA provides services to many different customers, including individual forces, COPFS and ACPOS, all of whom have their own priorities ([Exhibit 10, overleaf](#)). Currently there is no effective mechanism to limit levels of demand or agree criteria which would enable SPSA to prioritise its work.

98. Demands for SPSA’s services from the police are made either through ACPOS or by forces themselves. ACPOS leads and

coordinates the direction and development of the police service in Scotland. It does this through ten business areas.²² ACPOS also has a business change programme board, which provides strategic direction, identifies priorities and manages major ICT projects to support operational and organisational developments in policing in Scotland. A senior police officer from each force sits on the board.

99. The ACPOS business change board and many of the individual business areas separately identify projects needing SPSA support across the full range of services that SPSA provides. These requests are in addition to the service demands made by individual forces. However, the separate business areas are not always fully aware of the staff and time needed to deliver the projects requested or how requests might affect other areas of SPSA service delivery.

100. SPSA has found it particularly difficult to meet the demands from the business change board. Although SPSA and ACPOS have now introduced a business case approach to ensure that new ICT projects are properly assessed, attempts to develop business cases for existing projects, so that the priority projects can be easily identified, have not progressed. The different needs of forces for the national systems being developed can also make it difficult for ACPOS to agree priorities. The difficulties in prioritising and delivering national police ICT projects have been recognised for a number of years and are being considered in the current ICT review. SPSA and ACPOS need to work jointly together to develop business cases and identify the resources required.

101. There is currently no mechanism for ACPOS and SPSA to agree priorities which include all the different service areas provided by SPSA. Recognising the need for this, SPSA, the Scottish Government, SPACF and ACPOS have agreed in principle to set up a customer commissioning and monitoring group to help develop service priorities. This group could have a key role in agreeing and prioritising the needs of customers for SPSA services and holding SPSA to account for delivery of its services. However, it is not yet clear how it will operate in practice to overcome the difficulties previously identified or reconcile decisions made with existing governance arrangements for policing in Scotland, which are designed to support local policing needs.

102. The newly established Scottish Policing Board (SPB) also has an important role to play in agreeing strategic priorities for Scottish policing. Many of these will have an impact on SPSA as it provides much of the support needed to ensure their effective delivery. The SPB membership includes the Scottish Government, police authorities and joint boards, chief constables and COSLA.²³ However, SPSA is not a member of the SPB although it may be invited to attend individual meetings. This means SPSA does not always have the opportunity to provide informed input to discussions on the practical implications of adopting different strategic priorities.

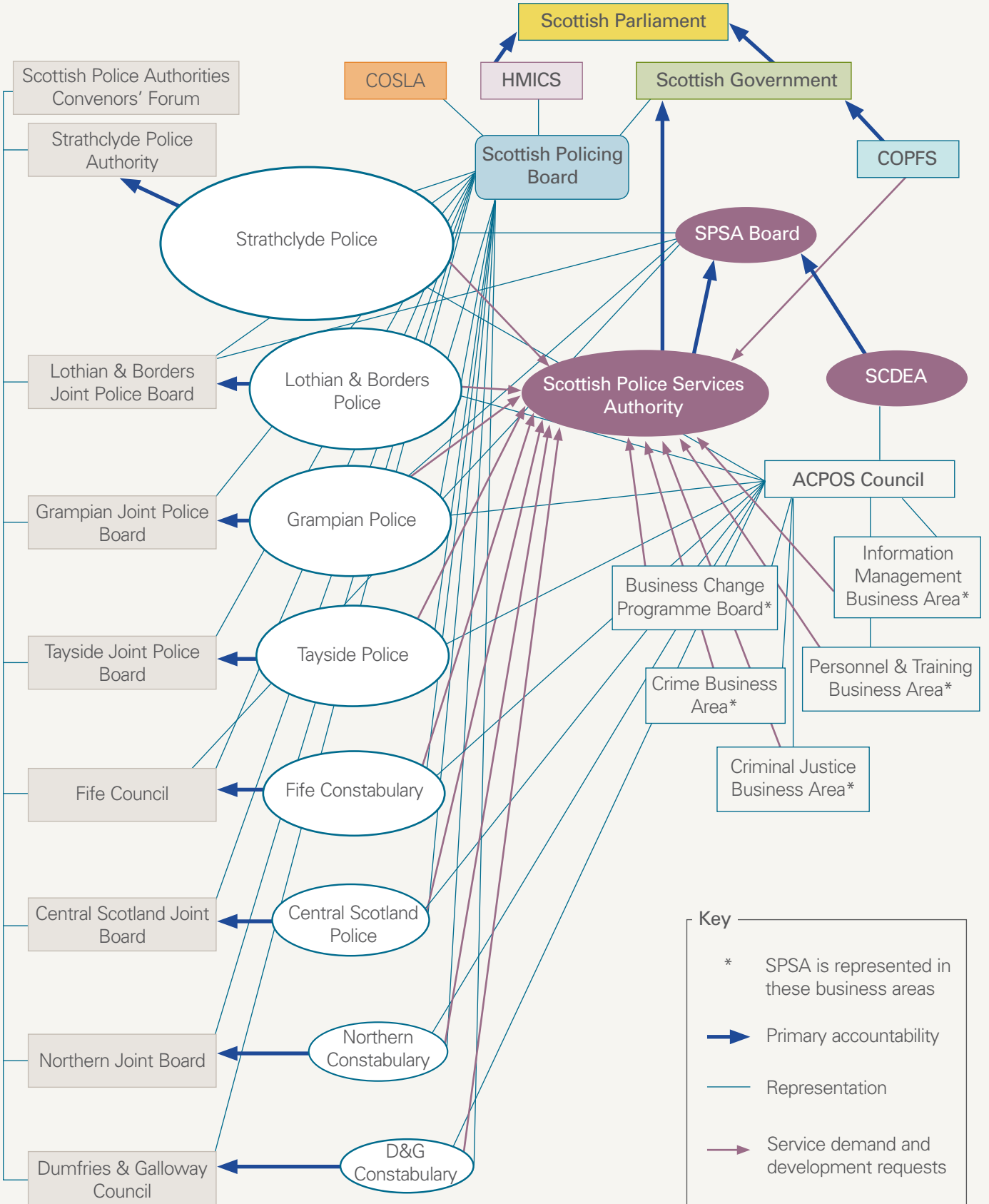
103. The Scottish Government, and increasingly the Scottish Policing Board, have an important role to play in supporting SPSA to set priorities for the services it delivers which will, in turn, support national and local priorities for Scottish policing.

²² There are currently ten business areas: professional standards, road policing, crime, operational policing, criminal justice, information management, equality and diversity, personnel and training, finance management and performance management.

²³ COSLA’s involvement reflects the relationship between central and local government as defined by the concordat and the role of local authorities in funding police authorities and joint boards.

Exhibit 10

Service demands on SPSA and lines of accountability in Scottish policing



Recommendations

The Scottish Government should invite SPSA to be a full member of the Scottish Policing Board.

SPSA, the police and other criminal justice bodies should work together (through the commissioning and monitoring group or some other agreed means) to develop:

- criteria for identifying priority areas for SPSA to deliver
- an agreed approach for commissioning new projects, which ensures that different delivery options are fully evaluated and the expected benefits, timescales and cost implications are clearly identified.

SPSA should:

- clearly identify priorities in its work programme and align its funding to deliver its priorities
- engage more effectively with customers and provide clear and precise information on the progress, costs and expected timescales for the services being delivered, in particular in relation to ICT
- speed up plans to improve its financial management systems, so that the board and staff have relevant and accurate cost information to enable them to prioritise service delivery and maximise the value for money achieved
- use workforce planning to improve the capability and capacity of SPSA staff involved in ICT work

- develop further leadership, management and customer service skills in staff to support delivery of its strategic priorities.

SPSA's board should offer appropriate support and challenge to SPSA.

Appendix 1.

Audit approach

The objectives for the audit were to:

- evaluate how SPSA was set up and has evolved
- assess what SPSA has delivered to date
- assess SPSA's capacity to meet future challenges and risks.
- Interviews with key staff in four Scottish police forces (Lothian and Borders, Strathclyde, Central Scotland, and Grampian Police).
- Interviews with customers in the Crown Office and Procurator Fiscals Service, and the Scottish Crime and Drug Enforcement Agency (SCDEA).

Our audit covered a number of sources:

- Document reviews including shared service guidance; best practice checklists; SPSA papers and board minutes; internal and external audit reports; efficiency reports provided to Scottish Government; and Scottish Executive papers relating to SPSA's set up.
- Interviews with staff in the Scottish Government Police and Community Safety Directorate, the Association of Chief Police Officers in Scotland (ACPOS), the Scottish Police Authorities Conveners Forum (SPACF), and the National Policing Improvement Agency (NPIA).
- Interviews with SPSA board members and selected SPSA staff in each of the business areas: corporate services, ICT, criminal justice, the Scottish Police College and forensic services. Our interviews broadly covered three themes:
 - SPSA set-up and current structures.
 - SPSA's performance and delivery.
 - SPSA's capacity to deliver in the future.
- Focus groups with staff in the forensic services about the modernisation programme.

Appendix 2.

Questions for Scottish Government and public bodies to consider when planning shared service initiatives

Checklist	Assessment	Required actions
<ul style="list-style-type: none"> • Have you developed a clear, strategic vision, which identifies the benefits that you and your partner organisations want to achieve by changing service delivery arrangements? For example, will the change in service arrangements improve efficiency, increase effectiveness, improve productivity or service quality, improve standards or consistency of services? • Have you and your partners identified the other important factors to consider? For example, political acceptability, sustainability, employee support? • Are you sure that the scope of the proposed change is achievable with the funding and staff available and that it will ultimately deliver all of the required benefits? • Have you undertaken a full options appraisal for the new arrangements? Do you have clear reasons for why the specific services have been selected? Have you explained these reasons to key stakeholders? • Have you identified the set-up costs needed and do you know over what period they will be recovered? • Do partners understand all the implications of the preferred option (for example, giving up direct control of a service, becoming a service commissioner rather than provider)? Are partners committed to help deliver the preferred option? • Are you and partners clear about how the benefits will be delivered? Is it clear how benefits and costs will be distributed? Is this fair and equitable? Do partners agree with these plans? • Have you identified the barriers to achieving these benefits and developed strategies to overcome them? • Have you identified your key stakeholders and customers or service users? Do you have a comprehensive strategy for engaging with them throughout the development of your proposals to ensure that their concerns are fully considered? • Have you considered the most appropriate organisational structures to deliver the new arrangements? Are there cultural differences between the current organisations that need to be addressed to deliver an effective single organisation? • Have you collected detailed and robust baseline information on how the services are currently delivered, for example, staffing levels, staff terms and conditions, unit costs, asset use, service standards etc? How confident are you that the baseline information is robust and accurate? For example, have you had it independently verified? 		

Checklist	Assessment	Required actions
<ul style="list-style-type: none"> • Do you have clear and robust service management and governance arrangements, both for the transition period and for the new arrangements? Is it clear who is responsible for scrutiny and monitoring progress and how they will perform this role? • Have you developed a clear, detailed implementation plan for the new arrangements? Is the plan supported by all the partners? Is your implementation plan properly costed? • Does this plan: <ul style="list-style-type: none"> – identify contingency arrangements if funding is reduced? – allow time to standardise and simplify processes in partner organisations before you begin implementing the new service process? – allow for small-scale testing beforehand to ensure that all the issues and challenges are identified? – allow enough time for new systems to be properly tested, changes to be made if the systems don't work, and then tested again? – allow sufficient time for staff negotiations on changes to working conditions? • Have you discussed the implementation plan with people who have gone through similar changes and taken on board their experiences? • Have you put in place a strong project team that will help you deliver the new service? Does this include representatives from each of the partner organisations who will work with you to make the change happen? Does the team have the right level of seniority and sponsorship? • Do you have plans in place to move to a common set of processes and controls? How long will this take and how does it fit with your IT plans and changes to job roles and structure? • Have you developed a communication strategy to ensure that customers are fully aware of the changes being introduced and know how these changes will affect them? • Are there clear arrangements for reporting on performance? Will the systems and processes being introduced have the capacity to provide you with the necessary information? 		

Appendix 3.

Questions for board members

Checklist	Assessment	Required actions
<ul style="list-style-type: none"> • Am I confident that the board have the right information to assess the organisation's and the management's performance? • Am I sure that the board has effectively assessed the risks facing the organisation and has plans in place to manage those risks? • Am I confident that the board has the right skills, knowledge and expertise? • Does the financial and performance information I receive as a board member tell me how the organisation is performing? • Is the relationship between the chair and chief executive effective, balanced and appropriate? • Do the chair and the chief executive understand and respect their respective roles? • Does the board know when to stay out of the day-to-day running of the organisation? • What more could the board do to be open and transparent? • Are we learning and sharing enough from other boards? • How could we improve and develop our system of induction, training and assessment of board members? • Do I think our committee structure enhances our scrutiny work, slows us down, or draws us into too much detail? • Am I confident that the board makes the best decisions? 		

The Scottish Police Services Authority

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