

Budget Risk Assessment 2021/22

	Annual Budget	Detail	Mitigation
Comprehensive Spending Review (CSR)	£206.2m (Core Grant)	The multi-year CSR was again delayed. It is anticipated that it will be considered in the Autumn 2021 budget announcement. The CSR will consider the overall level of funding to be provided for policing within England and Wales.	Working with the national groups to ensure that all demand and profile data is provided to the HO for consideration by the Treasury. Lobbying central government to ensure the maximum level of resources for policing.
Funding Formula	£206.2m (Core Grant)	The review has again been delayed. The review of the funding formula will look at the way in which the grant is distributed. In a previous attempt to review the formula D&C were significantly adversely affected.	Active engagement in the consultation process. Lobbying of central government.
Council Tax Funding	£143.1m	Due to the COVID 19 pandemic the council tax funding has been volatile with an increase in the number of council tax payers requiring Council Tax Support.	Active engagement with the collecting authorities to ensure early sight of issues and problems. Spreading the support from the government for council tax over three years to mitigate future risk. Use of general balances if required.
COVID 19	Up to £7m Approx – PPE and income (excluding council tax impact above)	The COVID 19 pandemic has impacted upon the cost of PPE and the level of income generated by the Force. To date central government support has been available. However, this is not guaranteed for future years.	Minimal loss of income has arisen to date. Continuation of lobbying to central government for support the costs of the pandemic. Robust in-year budget monitoring to identify additional savings if required.
G7 June 2021		The funding for the G7 event to be held in June 2021 will come from central government. At this stage the detail is still being assessed.	The costs of the event are held and identified separately to ensure additional costs are recovered. Dedicated financial support is provided to the project.
National ESN Project	£10m	The national ICT programme includes the ESN project to replace the Airwave system. The costs of this project have been estimates at £10m for D&C. However, due to delays this could impact on the overall cost. There are also concerns over the ability for the project to deliver the operational requirements.	A national review of the programme is currently being undertaken. A reserve of £10m is being held to fund this project.
Future Capital funding		The overall level of grant for capital schemes has significantly reduced and does not cover basic expenditure required for ICT, Estates and Equipment. Once the ability to generate capital receipts reduces this will mean insufficient funds are available.	A proactive development approach to the disposal of assets to maximise capital receipts. Lobbying of central government around the level of capital grant available. Increasing the level of revenue contribution to capital by £1m per year over the life of the MTFS.
Increase in pay award above assumptions	£2.3m	The level pay award cannot be guaranteed as it is agreed nationally. This is an area of concern due to the fact that 83% of the overall budget relates to staffing. The announcement of a pause in the pay award for 2021/22 will reduce the risk. However, the remaining three years of the MTFS may be impacted upon.	The agreed pay award comes into effect part way through a financial year. Therefore, the immediate effect is reduced and provides time to build in the permanent increase into the MTFS. The MTFS assumptions are continually reviewed to ensure they are realistic.
Core Grant Assumptions	£206.2m	The assumptions in changes in the level of core grant are reassessed annually. Prior to 2019/20 the grant has been subject to a cash flat approach.	The increases are reassessed annually. The significant economic impact of the pandemic has increased the uncertainty after 2021/22.

Council Tax Assumptions	£137.4m	The assumptions of the level of council tax, tax base increases and surpluses are considered carefully. The tax base is based on proposed housing building levels and surpluses are based on historical trends.	The level of council tax, tax base increases and surpluses are reviewed annually. The tax base and surpluses are also tested at intervals during the financial year.
Special and Specific Grants	£5.8m	The pensions grant of £3.3m and part of the uplift grant of £2.5m continue to be awarded on a year by year basis. This poses a risk to long term certainty of these funding streams.	It is anticipated that both of these funding streams will form part to the CSR process during 2021. We will work with national groups to ensure this issue is taken into account and fully considered by the Treasury.
National Commitments	up to £2m	With the cessation of the Police Transformation fund there is a risk there will be a transfer of responsibility from the centre for national priorities that move to business as usual within force areas.	Actively engaging with the exit strategies for national projects. Engagement with national teams.
Pension Revaluations	Unknown	The Police Officer and Police Staff pension schemes are subject to triennial valuations. The employer rate can change depending on this valuation. These revaluations are especially susceptible to increases due to the increased pension remedy costs as a result of the McCloud judgement.	The police officer pension was revalued in 2018. The Police Staff pension was revalued with the impact built into the 2020/21 budget.
Counter Terrorism Grant	£1m	The Counter Terrorism grant is announced annually in March prior to the start of the year. The announcement comes after the budget for the year has been set.	The level of the grant means that any change is relatively low risk. It is assumed that no increase to the grant will be available even though the national amount set aside for Counter Terrorism has increased. Each Force is assessed as to the level of risk posed from Terrorism with D& C consistently assessed as low risk.
Grant Income	Up to £5m	Grant income is available to the OPCC and the Force on a regular basis. This can come from a variety of funding streams e.g. Police Transformation Fund. The grant will be subject to a grant agreement.	The approval of a grant must be authorised by either the OPCC Chief Executive or the OPCC Treasurer. This assures that any grant conditions are not onerous on the organisation. Particular attention if paid to the exit strategy.
Major operations	£2.9m	An annual allocation is included in revenue for the cost of major operations. This is expected to be sufficient in most years. However, in the event of a particularly significant, high profile operation costs could easily exceed the revenue allocation.	Revenue funding. Potential access to Government grant for expenditure in excess of 1% of force budgets, although this cannot be guaranteed.
Uninsured Liabilities and claims	Unknown	The key uninsured liabilities would be those resulting from employment tribunals or judicial reviews. While often low level, these can have the potential to be significant.	Proactive assessment of risk, legal/HR involvement at an early stage.
Treasury Management	Unknown	Devon and Cornwall Police routinely invest funds to optimise return. Such investments will always carry a degree of risk, which is expected to be manageable within the parameters of the Treasury Management Strategy. However, the Icelandic banking crisis of 2008 was one example where many investor, including police forces, lost significant amounts of money.	Adherence to, and regular review of the Treasury Management Policy.
Other unexpected expenditure/ Working Capital	Unknown	Throughout the year it is usual for expenditure plans to be revised and change, which is all manageable through the usual budget monitoring process. It is equally possible for unplanned requirement to surface outside those already covered e.g. a higher than anticipated number of officers could retire on ill health grounds with associated costs.	Close, accurate budget monitoring throughout the year. Highlighting potential variances as soon as possible.