

Budget Risk Assessment 2019/20

	Annual Budget	Detail	Mitigation
Comprehensive Spending Review (CSR)	£182.5m (Core Grant)	The CSR will consider the overall level of funding to be provided for policing within England and Wales. The will assess the level of grant provided.	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	£182.5m (Core Grant)	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.
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 deliver the operational requirements.	A reserve of £10m is being held to fund this project.
BREXIT	Unknown	The impact of BREXIT is very hard to predict. The main area of risk will be the impact of any currency change on the cost of imported goods and services. The other main risk will be on the potential of civil unrest in the event of a "no deal"	Suppliers of critical goods and services have been contacted to assess the impact on availability. To date the concerns raise are not significant.
Future Capital funding	£2.0m	The overall level of grant for capital schemes is insufficient to cover the 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.
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 85% of the overall budget relates to staffing.	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.
Core Grant Assumptions	£182.5m	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. Future assumptions are based on CPI.	The increased are reassessed annually. The end of austerity has been announced and therefore this would appear to be a reasonable assumption.
Council Tax Assumptions	£131.1m	The assumptions of the level of council tax, tax base increases and surpluses are considered carefully. The council tax level is based on the maximum referendum limit and for 2020/21 it is assumed this will be in line with Local Government levels as previously enjoyed. 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.
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.	The police officer pension revaluation has just been undertaken and will be implemented in 2019/20. The Police Staff pension fund is due to be revalued in 2019 with implementation in 2021/22.
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

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			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.
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 maximise return. Such investments will always carry a degree of risk, which is expected to be manageable within the parameters of the Treasury Management Policy. 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.