

## Budget Risk Assessment 2021/22

	Annual Budget	Detail	Mitigation
Funding Formula	£217.4m (Core Grant)	The review has now started. 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. Influencing of central government.
Council Tax Funding	£154.2m	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.
National Project	£10m	The national ICT programme includes the ESN project to replace the Airwave system. The costs of this project have been estimated at £10m for D&C. However, due to delays this could impact on the overall cost. There are also concerns over the ability of 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 allocation of grant for capital schemes has ceased. 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. Increasing the level of revenue contribution to capital by £1m per year over the life of the MTFS.
Increase in pay award above assumptions	£3m	The level pay award cannot be guaranteed as it is agreed nationally. This is an area of concern due to the fact that 84% of the overall budget relates to staffing. The pause on pay awards has now been lifted.	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	£217.4	The assumptions in changes in the level of core grant are reassessed annually. The indicative levels in the three year spending review aid planning significantly.	The increases are reassessed annually.
Council Tax Assumptions	£154.2m	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. The three year settlement has aided planning by announcing the council tax referendum limits over its life.
Special and Specific Grants	£6.5m	The pensions grant of £3.3m and part of the uplift grant of £3.2m continue to be awarded on a year by year basis. This poses a risk to long term certainty of these funding streams.	We will work with national groups to ensure this issue is taken into account and fully considered by the Treasury.
National Commitments		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 and the Police Staff pension are due to be revalued during the life of this MTFS. Progress on this will be carefully monitored.
Grant Income		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 other legal challenges. 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.	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.