

**BUDGET AND PRECEPT 2019/20 AND MEDIUM TERM FINANCIAL FORECASTS  
2019/20 TO 2022/23****RISKS**

There are clearly numerous risks relating to the 2019/20 budget estimate and future financial projections. The key specific risks are set out below:

1. Change in Political Environment

The potential for changes both nationally through a General Election, and locally through the 2020 PCC elections may have an impact on the financial forecasts.

2. Brexit – settlement / operational demand

The impact that Brexit may have on Dorset Police is unknown, with the potential for increases in demand as well as the potential for price changes in supplies, and possibly the funding settlement could be revisited in certain circumstances. Planning is taking place within the Force to address the potential demand and price issues, while the likelihood and effect of any changes to funding is entirely unknown.

3. 2019 Spending Review (SR)

The 2019 Spending Review is expected to show revised forecasts for Home Office spending allocations, although may not provide indications at Force level. The result of the SR may therefore have significant implications for future funding.

4. Formula Funding Review

A review to the allocation of funding between forces is expected to commence in 2019, with the results of the review currently expected to be implemented in 2021/22. The previous formula funding review, which was not implemented, would have provided an additional £4m pa approximately to Dorset Police.

5. Increasing population / expectations / demand

The challenges of policing in Dorset continue to change, with increased population and demand. The summer of 2018 was the busiest on record. The introduction of the Organisational Business Design model, and other efficiencies and innovation is helping to address such changes, but clearly the additional burden is a significant factor in financial planning.

6. Emergency Services Network (ESN)

No assumptions have been made in relation to any costs/benefits for the implementation of ESN. Indications from Government are that local forces will be expected to incur some of the implementation costs, while some will be met centrally through top slicing. However, revenue savings are also anticipated. A funding strategy will be introduced once clarity on costs and timescales is available.

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2019/20 TO 2022/23**7. Further top slicing / charges

In addition to the potential top slicing for ESN, other changes to funding may be introduced that have a positive or detrimental impact on Dorset Police. Further information may be available in the SR.

8. Pay Awards

The financial projections assume 2% for annual pay awards. An increase of 1% to this assumption would result in an additional cost of £0.6m in the first year (as pay awards are implemented from 1<sup>st</sup> September) rising to £1.1m in the second year.

9. Pensions

The specific grant for Police Officer pensions (£1.4m) is assumed to continue annually although this has not been confirmed by the Home Office, and will be reviewed as part of the 2019 SR.

The Local Government Pension Scheme (LGPS) for police staff will be subject to a triennial actuarial valuation in 2019, which may change the required employer contributions to the scheme. The outcome of the valuation is unlikely to be announced until the end of the year.

10. Cash Flow Risk

The cash flow position for Dorset Police requires careful management to ensure that necessary funds are available when required, which is forecast to involve the use of short term borrowing at key stages of the year.

Specific risks to cash flow would include:

- Expenditure on significant operations in advance of any cost recovery
- Earlier than expected capital expenditure
- Delays in capital receipts
- Future pay award changes
- Expenditure on grant funded projects, including national forensics, in advance of grant income
- Cost recovery in arrears for services provided, including regional services
- Any other initiative that involves incurring expenditure in advance of associated income

## 11. Other Risks

There are also potential risks in the realisation of savings, from the Strategic Alliance, Service Area Reviews and other areas, and changes to the police officer workforce. Workforce risks include changes in numbers of police officer leavers, delivery of recruitment targets, and numbers of officers on secondment.

Continued monitoring of the financial position, and regular updates of the financial projections to reflect emerging information will be essential in managing the financial position over the next few years.