

2021/22 BUDGET, PRECEPT AND MEDIUM TERM FINANCIAL STRATEGY**RISKS**

There are clearly numerous risks relating to the 2021/22 budget estimates 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 policy change from the new Government, and locally through the 2021 PCC elections may have an impact on the financial forecasts.

2. 2021 Spending Review (SR)

The 2021 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.

3. Formula Funding Review

A review to the allocation of funding between forces may be undertaken during 2021, with the results of the review possibly implemented in 2023/24. The previous formula funding review, which was not implemented, would have provided an additional £4m pa approximately to Dorset Police.

4. Increasing population / expectations / demand

The challenges of policing in Dorset continue to change, with increased population and demand. The Force continue to review their operational capacity and capability in order to address the demand, but clearly the additional burden is a significant factor in financial planning.

5. Emergency Services Network (ESN)

No assumptions have been made in relation to any benefits for the implementation of ESN. An estimate of costs have been included in the capital programme. 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.

6. 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.

7. Pay Budget

The financial projections assume 0% for annual pay award in 2021/22 followed by 1% for future years. An increase of 1% to this assumption would result in an additional cost of £0.7m

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in the first year (as pay awards are implemented from 1st September) rising to £1.2m in the second year.

8. 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 2021 SR.

The Local Government Pension Scheme (LGPS) for police staff will be subject to a triennial actuarial valuation in 2022, which may change the required employer contributions to the scheme.

In addition to the ongoing schemes there is the potential for compensation costs from legal action such as McCloud but it is not yet clear if this will be required to be funded locally or nationally.

9. Covid Pandemic

Whilst most costs relating to the pandemic have been reimbursed, the ongoing nature of the pandemic remains a risk. Further costs may be incurred if the restrictions continue for extended time periods.

10. Other Risks

There are also potential risks in the realisation of savings 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.
