

2020/21 BUDGET, PRECEPT AND MEDIUM TERM FINANCIAL STRATEGY**RISKS**

There are clearly numerous risks relating to the 2020/21 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 policy change from the new Government, and locally through the 2020 PCC elections may have an impact on the financial forecasts.

2. Brexit – 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. Planning is taking place within the Force to address the potential demand and price issues.

3. 2020 Spending Review (SR)

The 2020 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 may be undertaken during 2020, with the results of the review possibly implemented in 2022/23. 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 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 benefits for the implementation of ESN. An estimate of costs have been included in future years of 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.

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. The ending of the Police Transformation Fund may increase this risk.

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8. Pay Budget

The financial projections assume 3% 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 1st September) rising to £1.1m in the second year.

Overtime budgets have been increased to an achievable level however they still remain challenging and will be closely monitored.

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 2020 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. The results of the 2019 valuation have been built into the budget and forecasts.

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.

10. 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.
