

## Risk Analysis - 2022/23 Annual Revenue Budget

	RISK DESCRIPTION	RISK ASSESSMENT			SENSITIVITY
		Likelihood	Impact	Total	
1	The Force fails to recruit and retain the additional 231 police officers allocated to TVP, plus 13 for SEROCU, as part of the National Police Uplift Programme (PUP) and therefore loses a proportion of its annual grant	2	2	4	<p>The force recruited the extra 183 officers granted in 2020/21 but is struggling to hit its target of 171 extra officers in 2021/22.</p> <p>Given the significant level of turnover of officers in 2022/23, estimated at 400 officers, the force will need to recruit over 630 police officers next year, which will be a real challenge ,</p> <p>25% of the extra funding for PUP is ring-fenced and payable upon evidenced recruitment. For TVP this ring-fenced grant amounts to £4.1m.</p>
2	That specific grant income, when confirmed, is lower than currently assumed in the draft budget	2	2	4	We are still waiting for confirmation of specific grants estimated £7.5m in 2021/22
3	That pay and price inflation exceeds the levels currently provided for in the draft budget	2	2	4	<p>In total inflation is estimated to add £14.7m to the base budget in 2022/23, which equates to an average increase of 3.1%.</p> <p>A 1% increase in the pay award adds £2.46m in 2022/23</p> <p>A 1% increase in general inflation (up from the 4.0% currently provided for) will add £0.4m</p>
4	The Force is unable to deliver, in full, the £2.2m of cash savings removed from the base budget by the year-end.	2	1	2	The residual risk is that we won't deliver the full £2.2m, e.g. a couple of £m shortfall or slippage. Although the Force has an excellent track record of managing expenditure within reduced budgets, this process is obviously becoming more challenging and complex, particularly as demands (e.g. child abuse, threat of terrorism etc.) are increasing.

5	That the Police & Crime Panel vetoes the PCC's proposed £10 (or 6.9%) increase in the council tax precept	1	2	2	Each 1% increase in council tax in 2022/22 generates £2.2m. In the event that the Panel vetoes the proposed precept increase the PCC will resubmit a revised budget and council tax proposal for the Panel to consider.
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## Risk Analysis - Medium Term Financial Forecast 2023/24 to 2025/26

	RISK DESCRIPTION	RISK ASSESSMENT			SENSITIVITY
		Likelihood	Impact	Total	
1	That due to the impact of the new police funding formula, potentially in 2023/24, future Government Grant Allocations are lower than expected, therefore requiring a greater level of revenue savings than currently planned for	2	3	6	<p>A new police funding formula is currently being developed with the aim of allocating police grant according to relative need. Although we know that the work of the senior sector group and the technical reference group will conclude in the summer, we do not know when it will be implemented or what the transitional arrangements will look like.</p> <p>Each 1% reduction in police grant equates to £2.5m.</p>
2	That the PCC and/or Police and Crime Panel is unable to support a £10 increase in Band D council tax in 2023/24 and 2024/25 as set out in the Spending Review 2021 and provisional police grant settlement 2022/23	2	2	4	<p>Increasing council by the full £10 will raise circa £9.76m in 2023/24 and £10.15m in 2024/25. In percentage terms these increases would equate to 4.1% and 4.0% respectively</p> <p>Based on the provisional taxbase in 2022/23 each £1 increase in council tax generates £0.94m.</p>
3	That the force is unable to maintain police officer numbers at its final Police Uplift Programme (PUP) establishment level thereby losing a proportion of its earmarked PUP grant	2	2	4	<p>The force is due to recruit 231 extra officers next year (2022/23) bringing the 3 year total to 585 extra officers</p> <p>Annual turnover of officers is circa 400</p> <p>In 2022/23 the ring-fenced grant for achieving the PUP target is £4.1m</p>
4	<p>The 4-year Medium Term Capital Plan (MTCP) only includes known schemes, which means that there are no new schemes starting in 2023/24 and later years. Although the MTFP now includes a base level of Direct Revenue Financing (DRF) of £13m per annum this just about covers the annual replacement programme.</p> <p>Any additional capital expenditure over and above</p>	2	2	4	<p>The MTCP includes a provision of £1.5m per annum for ICT/Business change programmes and £2.0m for property estate maintenance.</p> <p>Annual DRF is now set at £13m per annum and there is a surplus of £19.3m in capital resources at the end of the current MTCP period</p> <p>If funded through higher DRF any additional capital</p>

	that included currently identified in the MTCP could have a direct impact on future year revenue budgets since any new capital investment will have to be funded via DRF or external borrowing, which lead to higher debt charges				<p>expenditure will have a direct £ for £ impact on the revenue budget</p> <p>If funded through borrowing each £1m will result in revenue debt charges of around £35,000 per annum depending on the asset to be financed and borrowing interest rates prevalent at the time</p>
5	That the Force is unable to deliver the full £14.2m of identified budget cuts over the three-year period 2023/24 to 2025/26 without having a serious and detrimental impact on service delivery	2	2	4	<p>The Chief Constable has produced a number of mitigating factors which could be implemented should savings prove difficult to achieve, including taking 'amber' efficiency savings or reducing the number of redeployed officers.</p> <p>Although the Force has an excellent track record of managing expenditure within reduced budgets, this process is obviously becoming more challenging and complex, particularly as demands (e.g. child abuse, threat of terrorism etc.) are increasing.</p>
6	The financial impact of the McCloud pension judgement lead to an increase in the cost of police pensions that is not funded by a comparable increase in police grant	2	2	4	This is unlikely to hit until 2024/25
7	That future pay settlements for police officers and police staff are at a higher level than currently assumed in the MTFP	2	2	4	Pay increases are currently assumed at 3% in 2022/23 and 2% in later years. Each 1% increase in the paybill equates to circa £3.8m
8	Inadequate money in revenue reserves and balances to fund one-off expenditure items required by the Force	1	2	2	<p>General revenue balances are currently above the agreed 3% guideline level and forecast to remain above this level throughout the period.</p> <p>There is a healthy level of earmarked revenue and capital reserves at the end of 2025/26</p>

# Risk scoring matrix

likelihood score	simple description	guidance
4	Probable	80% to 100% chance this will happen or the matter has already become an issue
3	Likely	50% to 80% chance this will happen
2	Possible	10% to 50% chance this will happen
1	Unlikely	less than 10% chance this will happen

impact score	public impact	reputation	economic	legal	organisational resilience	disruption (based on the Force's ability to manage the risk with current resources)
4	Damage to critical systems, including loss of 999 service.	Failure to meet a number of local and national performance indicators - possibility of intervention or special measures. Picked up in the national media.	Financial impact over £10m	Potential corporate manslaughter charge. HSE brings charges or serves a Prohibition Notice. Home Office intervention. Loss/disclosure of information marked TOP SECRET and/or resulting in sustained reputational damage to the Force. Impact on national security or a serious breach of personal or human rights.	Significant impact on staffing levels which impacts on Force ability to deliver critical public facing services. Loss of technology which impacts on critical public facing services (long-term P1 system failure).	No existing processes in place to manage the risk. Significant levels of immediate investment in resources are required to mitigate the risk.
3	Major impact (1 to 3 days) on non-critical public facing services. Significant/long-term (more than 3 days) impact on central services, which affect public services	Failure to meet a series of critical targets which impacts on a number of performance indicators. Adverse external audit report prompting immediate action. Highlighted in the local media.	Financial impact from £5m to £10m	Temporary HSE intervention or an Improvement Notice issued due to a major incident. Force or PCC prosecution with significant financial cost. Intervention by the PCC. Loss or disclosure of information marked SECRET and/or resulting in serious reputational damage to the Force, threat to life, or threat to operational activity.	Significant impact on staffing levels which impacts on Force ability to deliver internal functions and services. Prevention of access to intelligence placing prosecutions, placing front line officers and staff at risk. ICT issue which impacts across the whole Force.	Existing processes have a limited impact on mitigating the issue, and significant new processes are required to manage similar risks in the future. Long-term planned investment in resources required to manage future risks.
2	Moderate impact (less than 1 day) on non-critical public facing services. Impact on central services across more than one area.	Failure to meet a series of operational targets or a critical target. Adverse internal audit report prompting timed improvement/action plan.	Financial impact from £1m to £5m	HSE involved in investigating a significant incident. Civil litigation receiving adverse publicity and financial cost to the Force or PCC. Loss or disclosure of information marked OFFICIAL-SENSITIVE.	Loss of non-critical internal ICT services across the Force.	Existing processes can mitigate the immediate elements of the issue, but some work is required to change processes for the future. Risk can be managed within existing Force resources and additional spending can be approved within existing budgets.
1	Minor impact on local or departmental services.	Failure to meet individual operational targets. Minor contravention of internal policies.	Financial impact up to £1m	Local incident - local review. No legal or regulatory breaches. Small scale loss or disclosure of information marked OFFICIAL.	Short-term loss of non-critical ICT locally. Short-term impact on local and departmental staffing levels.	Risk can be managed using existing processes. Risk can be managed within existing departmental resources.