



**STATEMENT
OF ACCOUNTS
2016/17**



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The Chief Constable for Cumbria
Constabulary

Statement of Accounts 2016/17

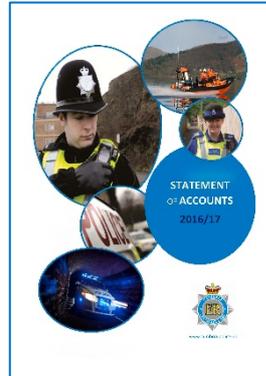
About this Publication

This publication contains the single entity financial statements for the Chief Constable for Cumbria Constabulary. All funding for the Constabulary comes from the Police and Crime Commissioner for Cumbria (the Commissioner). For an overall (group) financial position please see the Commissioner's Statement of Accounts which incorporates those of the Chief Constable.



The Statement of Accounts for 2016/17 is available on the Constabulary's website at www.cumbria.police.uk

The corresponding accounts for the Police and Crime Commissioner can be found on the Commissioner's website at: www.cumbria-pcc.gov.uk.



The Statement of Accounts is also available in printed format from the office of the Police and Crime Commissioner for a nominal fee of £10 per copy.

Alternative Formats



You can get a copy of this document in different formats such as large print, Braille, audio, or in a different language by calling 01768 217734

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The Chief Constable for Cumbria Constabulary

Statement of Accounts 2016/17

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The CFO Introduction.
For a quick highly summarised version of this statement of accounts please read the next 17 pages. The full story starts on page 20, please read that too.

Please see page 29 for a full list of the notes to the accounts and cross references to page numbers.

Throughout this publication wherever a word, phrase or acronym is shown in teal coloured text and underlined an explanation is provided in the Glossary of Terms.

Introduction

I am pleased to introduce the financial Statement of Accounts for the 2016/17 financial year. This financial statement sets out the single entity statements of the Chief Constable for Cumbria Constabulary. The Police and Crime Commissioner for Cumbria (the Commissioner) has also produced group accounts which consolidate the single entity statements of the Chief Constable and the Commissioner. The accounts are published in accordance with the Accounts and Audit Regulations 2015.

The statement provides a breakdown of net spending during the year and shows the overall financial position of the Chief Constable as at 31 March 2017. The reporting format is specifically designed to meet the requirements of the Code of Practice on Local Authority Accounting. A series of notes are provided to assist readers in their understanding of the statement, whilst the presentational format is designed to make for easier reading by those who access the document through the Chief Constable's website: www.cumbria.police.uk. This is the second year that the statement has incorporated a narrative statement, which has replaced the Chief Finance Officer introduction. The narrative statement provides a simplified summary of the financial statements with expanded information on the objectives, activities, performance and future financial prospects of the Constabulary. This aims to give the reader greater understanding of the context in which the financial statements are set. The narrative statement is also available as a stand-alone document on the same website. For 2016/17 the presentation of the financial statements has been updated to reflect the new formats and reporting requirements for the

Comprehensive Income and Expenditure Statement (CIES) and the introduction of the Expenditure and Funding Analysis note, as a result of the "Telling the Story" review of the presentation of local authority financial statements. The Commissioner's consolidated financial statements can be accessed from the Commissioner's website: <https://cumbria-pcc.gov.uk/>

Statutory Framework

The Chief Constable was established as a statutory entity under the Police Reform and Social Responsibility Act 2011 (PRSA 2011). The PRSA 2011 provides that there will be a Police and Crime Commissioner for each police area with responsibility for ensuring the maintenance of the police force for the area, securing that the police force is efficient and effective and holding the Chief Constable to account. The Commissioner has wider responsibilities than those solely relating to the police force. These include responsibility for the delivery of community safety and crime reduction, the enhancement of the delivery of criminal justice in their area and providing support to victims.

The PRSA 2011 established the Chief Constable as a separate statutory entity, distinct from the Commissioner and with operational independence. The Chief Constable is responsible for maintaining the Queen's peace and the exercise of police powers. The Chief Constable is accountable to the Commissioner for leadership of the force, the delivery of efficient and effective policing and the management of resources and expenditure for the police force.

The PRSRA 2011 sets out the statutory financial framework for the Commissioner and Chief Constable. The legislation provides for the Secretary of State to Management Code of Practice for the Police Forces of England and Wales. The Code supports the statutory framework further setting out the financial relationships and requirements for the Commissioner and Chief Constable.

This financial framework provides that the Commissioner receives all funding, including government grants, council tax income and other sources of income related to policing and crime reduction. All funding for the Chief Constable must come from the Commissioner. This, in addition to the powers of the Commissioner to set the strategic direction for policing and appoint and dismiss the Chief Constable, creates a subsidiary relationship between the Commissioner and the Chief Constable. As such, the Commissioner must publish a set of group consolidated accounts in addition to single entity accounts. The Chief Constable must publish single entity accounts and provide information to the Commissioner to support the publication of group accounts.

Organisational Structure

The Chief Constable is supported by a Deputy Chief Constable and Assistant Chief Constable who are responsible for a portfolio of functions within the organisation.

Operational policing is split into two commands which report to the Assistant Chief Constable. The Territorial Policing command is responsible for neighbourhood policing, response, management of calls for service and

issue a financial code of practice in relation to the proper administration of financial affairs. The Home Office, under the legislation, issues a Financial criminal justice. Territorial policing is structured in three geographic areas, which are supported by shared specialist policing resources such as roads policing, dogs and firearms.

The Crime Command is responsible for investigating crime and includes specialist units for gathering intelligence, major crime investigation, countering serious and organised crime, public protection and scientific support.

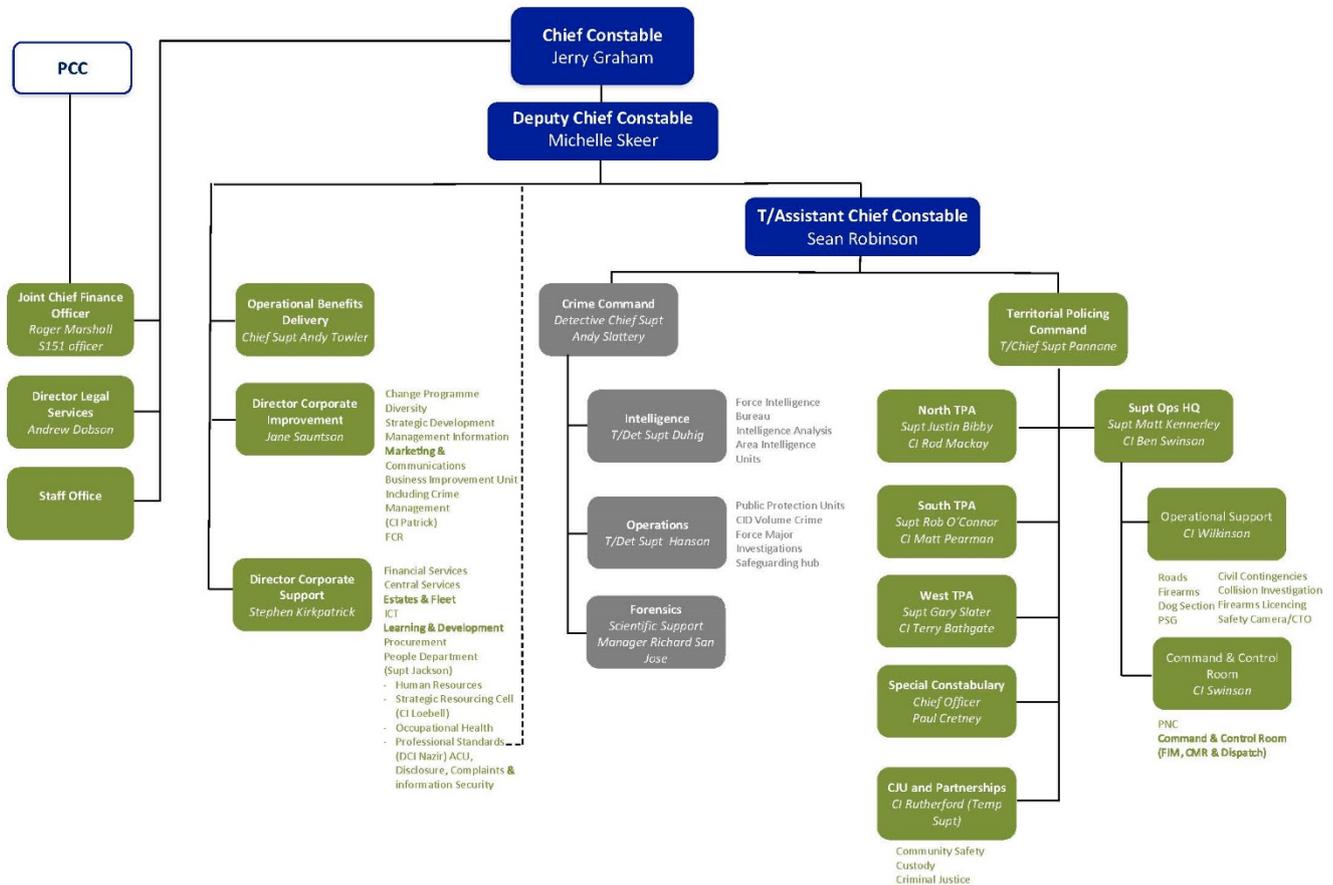
There are also two support directorates both of which report to the Deputy Chief Constable. The Corporate Support Directorate includes finance, estates, fleet, learning & development, ICT and central services. In 2016/17 a new people department has been created which brings together all aspects of workforce management within Corporate Support including human resources and professional standards. In overall terms, the Corporate Support directorate aims to provide cohesive and integrated support for operational policing.

The Corporate Improvement Directorate includes a number of corporate functions including strategic development, marketing and communications and responsibility for coordinating the Constabulary's change programme. During 2016/17 a business improvement unit has been established within the corporate improvement directorate which aims to provide assurance that corporate priorities and recommendations from inspection agencies are being implemented on the ground. Legal Services is a small specialist function, which operates independently from

Joint Chief Finance Officer Narrative Report

the main directorate structure and provides legal advice to the Chief Constable and Commissioner.

A diagram showing the Constabulary's organisational structure is shown below



Strategic Objectives

For 2016/17 the Chief Constable determined the strategic direction for the Constabulary, which is 'Keeping Cumbria Safe'. Following consultation with a range of stakeholders, the annual review of the Constabulary's Strategic Assessment (based on operational intelligence), performance results, recommendations from independent inspections and audits and a review of the organisation's strategic risks, the Chief Constable developed his 'BIG 6' priorities for reducing 'threat, risk and harm' and tackling our communities' concerns as follows:

- Engaging with communities and engaging with partners.
- Preventing crime, road casualties and anti-social behaviour.
- Managing offenders.
- Managing calls for service.
- Protecting vulnerable people and communities.
- Investigating crime, caring for victims and bringing offenders to justice.

The Commissioner approved these key objectives and incorporated them into his Police & Crime Plan to complement his aims.

Chief Constable's Report

In terms of crime and disorder, Cumbria remains one of the safest places to live, work and visit in England and Wales. Levels of anti-social behavior in particular have shown a marked decline within the county over recent years. The public of Cumbria remain overwhelmingly supportive of the service we provide as demonstrated by consistently high user satisfaction levels.

Nevertheless, there are no grounds for complacency. Over the past couple of years there has been a noticeable shift in the profile of offences being recorded by police, with an increase in the complexity of crime, which in turn requires more resources to investigate. To ensure that we understand and can respond effectively in an ever changing world we continually review our demand.

The rapid advances in digital technology is a double edged sword allowing policing systems and processes to be developed and made more effective, but it also a facilitator of crime and requires new skillsets from policing if it is to be countered effectively. In relation to digital innovation in policing Cumbria is recognised nationally as being at the leading edge in rolling out mobile technology to its officers and staff with the objective of improving their productivity.

Each year the Constabulary is inspected and graded as part of a regime known as PEEL (Police Efficiency, Effectiveness and Legitimacy). In 2016/17 the Constabulary were graded good in respect of all three elements. I was particularly pleased with the grading of good for effectiveness which recognised the work undertaken within the Constabulary over the last year

to improve the operational services we deliver. We will continue to work with HMIC to address the small number of areas which were identified as areas for improvement.

The financial position remains uncertain. Although policing was added to those public services protected from the worst effects of austerity it does not exempt the Constabulary from the need to make on-going savings and efficiencies. Cumbria is also particularly vulnerable to the impact of a new police funding formula planned to be introduced from 2018/19, which has the potential to have a detrimental effect on the resources available to police the county.

In order to plan for an uncertain future I have established a Cumbria 2025 Plan, which seeks to bring together business and change planning into a single cohesive plan which is aligned to the national policing vision. This will be developed during 2017/18 under the leadership of the Deputy Chief Constable.

In summary, despite the challenges, I have established an effective working relationship with the Commissioner in his first year in office and look forward to continuing to work with partners across the county to deliver on our core mission of Keeping Cumbria Safe.

2016/17 Grant Settlement and Budget

Under the provisions of the Police and Social Responsibility Act 2011 the Commissioner receives external funding, principally in the form of central government grants and council tax. The Commissioner is responsible for setting the budget and maintaining

the force through the provision of funding to the Chief Constable. Details of the 2016/17 grant settlement, the Commissioner's overall budget and the level of Council Tax levied are provided in the Commissioner's combined financial statements.

Of critical importance was the Chancellor's decision in the Comprehensive Spending Review of 2015 to add policing to those services which are protected from worst effects of funding reductions, as the Government continues to address the national budget deficit. As a consequence of this decision Cumbria received a relatively favourable grant settlement in 2016/17 with an allocation of formula grant of £59.543m which represented a reduction of £0.342m. When consolidated with a 1.91% increase in council tax precept agreed by the Commissioner this represented a welcome respite in the context of five previous years of successive funding reductions.

Business Activity

In addition to the day to day work of Protecting the People of Cumbria, the Constabulary, through its change programme and business strategies, has sought to identify savings and innovative ways to increase the productivity of its officers and staff. During 2016/17 the following changes have been made to enhance services:

- Delivered a saving of £2.5 million from the revenue budget that was planned for 2016/17.
- Delivered extensive demand analysis as part of the evaluation of the previous year's changes to neighbourhood policing, response, community safety and criminal justice arrangements. This included activity and data analysis to provide

evidence of what worked and what needed to be changed.

- Undertook a comprehensive process review of administrative and transactional processes across the back office functions, identified improvements and developed the implementation plan that is being delivered during 2017/18 by the business.
- Undertook a detailed demand review of crime investigations for volume crime and public protection, resulting in proposals to change the structure and a significant number of process improvements to support improved productivity.
- Supported the business in development of an action plan for the Command and Control Room.
- Developed its plans for the next four year period to 2021 to achieve the government savings required.
- Deployed 750 laptops to the Crime Command, uniformed roles and police staff who work at multiple locations, facilitating mobile working with full office functionality and straight-forward access to police systems.
- Completed the convergence of the ICT infrastructure to reduce costs.
- Successfully worked with partners to reduce risk of violence, sexual assault, child sexual exploitation, domestic abuse and persistent offenders.

Performance

Summary Budget and Outturn

The Chief Constable's budget amounting to £106.6m is based upon the funding agreement with the Commissioner.

The table below shows the summary budget for 2016/17 as set on 24 February 2016, the revised

Joint Chief Finance Officer Narrative Report

budget (taking into account budget changes made during the year) and the provisional outturn position (subject to audit).

Summary Budget & Provisional Outturn	Base Budget 2016/17 £000s	Revised Budget 2016/17 £000s	Provisional Outturn 2016/17 £000s	(Under)/Overspend 2016/17 £000s
Police Officers	75,326	75,150	76,143	993
PCSOs	2,814	2,814	2,668	(146)
Police Staff	18,993	18,981	18,307	(674)
Other Employee	672	2,019	3,025	1,006
Transport	2,134	2,097	1,998	(99)
Supplies & Services	9,675	9,789	9,444	(345)
Third party Related	1,630	1,967	2,000	33
Total Expenditure	111,244	112,817	113,585	768
Income	(4,639)	(5,846)	(5,485)	361
Total Constabulary	106,605	106,971	108,100	1,129

The presentation above is as the figures are reported throughout the year in the management accounts. At the year-end a number of technical accounting adjustments (required by proper accounting practice) are made. For this reason, the outturn in the table above will not reconcile directly to the summary Comprehensive Income and Expenditure Statement.

The budget is predominantly made up of funding for employee costs, amounting in total to £97.80m, which is broken down into Police Officers £75.33m, PCSO's £2.81m, Police Staff £18.99m and other employee costs of £0.67m. The remainder of the budget relates to non-staff costs including, transport costs of £2.13m and supplies/other costs of £11.30m. Income of £4.64m, which is generated through policing activities, is also shown within the Chief Constable's budget.

In-Year Financial Performance

Revenue Expenditure : The Chief Constable's outturn position for 2016/17, compared to the revised budget is an overspend of £1.129m. This overall figure is broken down into a net overspend on the Constabulary's core budgets, which were managed pro-actively during the year, of £0.354m. The other employee costs line includes a one off provision of £0.775m for historic employee legal claims, which all forces are being required to meet.

During the year the Constabulary budget experienced pressure in a number of areas, through a combination of:

- Police Officer pay – as a result of changes to the workforce plan including an intake of transferees from other forces and temporary increases in higher ranked posts in response to service needs.
- Police Officer overtime – which was higher than budgeted, principally due to covering shortages in specialist skills.
- Other employee costs – as a result of agency staff in ICT and investigations and management of change costs.
- Income – due to delays in special policing activities.

These have been offset by savings on police staff costs, arising from higher than expected levels of vacancies, and ICT services.

Capital Expenditure: Under the terms of the funding arrangement between the Commissioner and the Chief Constable, all non-current assets are under the control of the Commissioner. Details of capital expenditure and funding in relation to the acquisition and enhancement of assets, which amounted to £3.0m in

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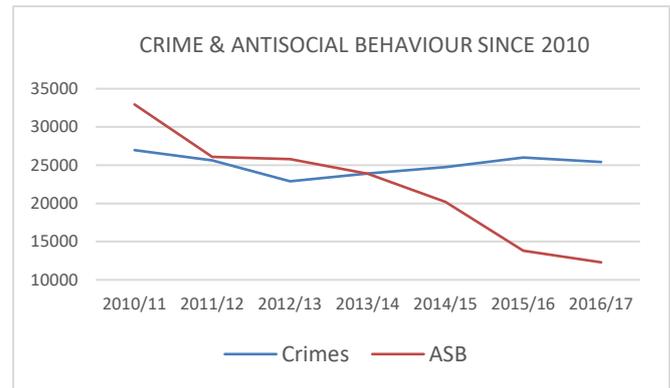
2016/17 are shown in the financial statements of the Commissioner. The principal component of this expenditure was £1.65m on ICT related schemes including the roll out of laptops to facilitate mobile working. A further £0.8m was expended on improvements to the estate including enhancement of the electrical infrastructure at the HQ site. The remaining capital expenditure largely related to cyclical replacement of the vehicle fleet.

Organisational Performance

The Constabulary operates a comprehensive framework of performance measures to ensure it is meeting its objectives and support the Commissioner in delivering his Police and Crime Plan. The following section provides a summary of performance in relation to crime, incidents and other outcomes for 2016/17

- Crime decreased by 551 offences or 2%.
- We set out to increase reporting of rape and sex offences and this increased by 20% (173 offences).
- 148 (49%) of our rape cases are historic of which 109 involved victims who were children at the time the offence took place.
- Overall theft offences have fallen by 2.1% (190 offences) although within the category, there have been increases in theft from a person (+54 offences), shoplifting (+300 offences) and theft of a motor vehicle (+64 offences).
- Violent crime has reduced by 1.4% (102 offences) although assault causing serious harm has increased by 26 offences (38%).
- We perform better than our Most Similar Forces Group average and have the 3rd lowest volume of crime nationally.
- We have delivered an 11% reduction in Anti-Social Behaviour, which has reduced to 12,291 incidents

over the year – one of the best performers in the country.



- Domestic abuse incidents fell by 1%.
- Cumbria performed significantly better than north west region and national averages for guilty pleas at first hearing and effective trials – and we exceed the targets set for us.
- We perform well for user satisfaction with 88% of people using our services being satisfied with the experience.
- 83% of people in Cumbria say they have confidence in their police service, which is 5% better than the national average.

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The table below summarises the Constabulary's performance indicators.

	Number of crimes 2016/17	% change from previous year
All crime	25,428	-2%
Violence against the person	7,274	-1%
Homicide	4	-20%
Violence with injury	3,333	-3%
Assault causing serious harm	95	38%
Assault with injury	3,224	-4%
Other violence with injury	14	56%
Violence without injury	3,937	0%
Assault without injury	2,781	4%
Assault without injury on a constable	153	-7%
Harrassment	816	-6%
Other violence without injury	187	-22%
Rape and sexual offences	1,018	20%
Robbery	73	0
Theft	9,045	-2%
Burglary	2,003	-10%
Vehicle offences	1,170	-8%
Criminal damage and arson	5,106	-2%
Drugs offences	881	-18%
Public order offences	1,454	-10%

During 2016/17 all forces were subject to a PEEL (Police Effectiveness Efficiency and Legitimacy) inspection by Her Majesty's Inspector of Constabulary (HMIC). Cumbria was rated as good for the efficiency, effectiveness and legitimacy, recognising:

- Sound financial management, a well-managed change programme and investment in technology, estate and fleet to ensure a flexible workforce.
- Effective approach to preventing crime and antisocial behaviour, and tackling serious and organised crime.
- Good arrangements to protect victims and investigate crime.

Areas for improvement where weaknesses were identified include:

- Understanding our demand better and improving scenario planning for potential future budget reductions.
- Supporting vulnerable people and,
- Improving the arrangements to proactively identify corruption when it has not been reported.

A comprehensive action plan to address the issues raised by HMIC has been developed.

People

The Constabulary recognises that its workforce is its most important asset and that maintaining healthy, engaged and motivated officers and staff is critical to the delivery of effective services.

During 2016/17 the Constabulary developed and agreed a People Strategy which brings together the key themes of:

- health, safety and well-being
- workforce planning, recruitment and talent management
- employee relations
- reward and recognition
- managing workforce change
- learning and development

A comprehensive review of the human resources function was undertaken in 2016/17, which culminated in the formation of a People Department, which brings together HR, professional standards, occupational health, safety and workforce planning under a single lead.

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At the 31st March 2017 the Constabulary employed

- 1104 Officers
- 89 PCSOs
- 557 Police staff

(all expressed in full time equivalents)

During 2016/17 numbers of all employee groups were maintained close to the budgeted establishment, although, in the case of police staff, this included the recruitment of agency staff with specialist skills to respond to organisational needs, particularly in relation to ICT and crime investigation. It is intended that Officer and PCSO numbers will be broadly maintained during 2017/18 although some flexibility has been built into workforce planning assumptions towards the end of the year to respond to the outcome of the funding formula review.

The table below provides a breakdown of the Constabulary workforce (expressed in full time equivalents (FTE)) by gender.

Actual Employees as at 31 March 2017	CC		Total FTE
	Male FTE	Female FTE	
Directors/Chief Officers	8	2	10
Senior Managers	10	3	13
All Other Employees	927	800	1,727
Total CC Employees	945	805	1,750

During 2016/17 the percentage of contracted hours lost due to sickness was 3.94% for officers and 3.07% for staff, both of which exceed the Constabulary's target of 3%, but have reduced from 2015/16. An attendance action plan is in place with a wide range of actions to pro-actively manage sickness.

A Wellbeing Strategy has been put in place, with the aim of promoting and encouraging health and wellbeing at work. Work on promoting and improving well-being during 2016/17 included the:

- development of a multi-functional working group chaired by the Deputy Chief Constable.
- a commitment to develop a well-being at work charter standard in collaboration with Lancashire Police.
- tactical initiatives in relation to mental health first aid, stress awareness, well being ambassadors and health & safety.

The Constabulary is committed to promoting a workforce which reflects our communities and a culture that respects and celebrates all aspects of diversity. Achieving this aim will also lead to a working environment that is free from discrimination, harassment, bullying and victimisation. The Constabulary's diversity strategy has three objectives:

- 1) To provide an equitable, responsive and appropriate service to all communities in Cumbria, encouraging and supporting the reporting of crime, appropriate use of services and promotion of health and well-being.
- 2) To engage with communities and stakeholders internally and externally, improving communication and building confidence and trust in the public sector in Cumbria, to ensure that all communities have a voice. Embedding equality into every day business and processes to ensure all staff contribute to meeting these objectives.
- 3) Building an inclusive and supportive working environment that encourages development, progression and retention of staff. Creating a

culture where all staff feel valued and where people want to work.

Whilst Cumbria generally has a low level of hate crime compared to other forces, the Home Office release for 2015/16 data (October 2016) shows an increase in the number of hate crimes of 14%. To put this in context thirty seven out of forty three forces in England and Wales reported an increase, with Cumbria having the 27th highest. This indicates that the public have increased confidence in reporting such crimes.

The Constabulary recognises the importance of developing the skills and knowledge of its workforce. The Constabulary's has an annual training plan, which aims to ensure that officers, PCSOs and staff are equipped with the requisite skills to perform their role, including mandatory accreditation for specialist responsibilities. During 2016/17 particular training resource was directed to:

- vulnerability (child sexual exploitation & domestic abuse).
- stop search.
- management of serious crime investigations.
- Development of a leadership and skills programme.

The training plan was delivered through a strategic training collaboration with Lancashire Police, which has delivered benefits through increased capacity to deliver training and cost reductions. The collaboration arrangement has been extended for a further five years.

Sustainability

Sustainability is at the heart of the Constabulary's approach to change and business improvement, with the focus on streamlining processes and emphasising quality by putting in systems to get things right first time. In addition, the Constabulary's Demand Strategy delivers sustainability by looking at how demand can be managed down through preventative and collaborative working with other public agencies.

A cultural survey of all officers and staff, undertaken in partnership with academia, has identified areas that the Constabulary can focus on to build the resilience of its workforce and will be developed through the People Strategy.

In relation to the Commissioner's estate sustainability is promoted both in day to day management of the assets and in new capital developments. The capital programme promotes sustainability within design and strives to better the requirements of the current building regulations by 10%. Specific holistic design targets are set, encouraging use of natural ventilation and sustainable renewable technology where possible. Where applicable BREEAM energy efficiency targets of a minimum of very good are set.

Procurement of sustainable goods and services is encouraged with targets set for local labour and supply of materials. Tender evaluation considers whole life costing, including running costs for the life of the building and a sustainability / environmental assessment.

Other measures to improve energy efficiency include:

- Regular monitoring of consumption.

- A forcewide building management system which is used to monitor and control mechanical building services.
- A programme of introducing low energy technology, including LED lighting and low emission air conditioning across the estate.
- Use of video conferencing to reduce travel between sites.

For many years the Constabulary has operated a recycling policy.

The Constabulary operates a diesel fleet with this strategy being continually reviewed as technology advances. The use of electric vehicles has been trialed and will continue to be monitored as this technology develops. The fleet includes vehicles of many different types, which are required to perform a number of roles. Each role has specific targets for emissions and the purchasing criteria for new vehicles dictates that they must be within these limits. Vehicles are purchased on a national framework, which includes sustainability and environmental criteria. The maintenance of vehicles is carried out at garages located strategically throughout the county, reducing downtime and transportation. Parts are bought locally and make use of the wider local supply chain where possible.

Staff are encouraged to make use of public transport via travel plans and promote car sharing and supporting cycle to work schemes.

The Financial Statements

This section of the financial summary provides an explanation of the various parts of the financial statement. The aim of the financial statements are to demonstrate to the reader the overall financial position of the Chief Constable at the end of the financial year, together with the cost of the services provided during the year and the financing of that expenditure.

The key financial statements are:

- The Comprehensive Income and Expenditure Statement (CIES)
- The Movement in Reserves Statement (MiRS)
- The Balance Sheet (BS)
- The Cash Flow Statement (CFS)
- The Police Officer Pension Fund Accounts

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Chief Constable prepares this statement in accordance with the expenditure analysis as prescribed by Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIES is shown on page 25 of the full statement of accounts.

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The table below sets out a summary CIES statement.

Summary CI&ES	Gross Expenditure 2016/17 £000s	Gross Income 2016/17 £000s	Net Expenditure 2016/17 £000s
Cost of Police Services	92,676	(364)	92,312
Funding Provided by PCC to CC	0	(105,327)	(105,327)
Cost of Services	92,676	(105,691)	(13,015)
Financing Costs and Investment Income	40,430	(3,843)	36,587
(surplus)/deficit on the provision of services	133,106	(109,534)	23,572
Other comprehensive income and expenditure			227,431
Total Comprehensive income and expenditure			251,003

The statement shows that the gross cost of providing policing services amounted to £92.676m in 2016/17. This figure included the costs of neighbourhood policing, incident response, crime investigation, roads policing, communication with the public, criminal justice arrangements and a range of support services.

In addition, the CIES also records a number of technical adjustments including 'financing costs & investment income' £36.6m and 'other comprehensive income & expenditure' net expenditure of £227.4m. These adjustments principally relate to changes to future pensions obligations over the year based on proper accounting practices. The overall effect of the cost of providing services and the pensions adjustment is to produce an accounting deficit of £251.0m for the year, which largely impacts on unusable pensions reserves. The analysis on page 8 of this summary, based on the management accounts, shows an overspend of £1.129m.

An Income and Expenditure analysis that sets out what those costs are (e.g. staffing, transport etc.) is provided in the note 6 to the statement of accounts on page 34.

Movement in Reserves Statement

This statement shows the different reserves held by the Chief Constable analysed into 'Usable Reserves', which can be applied to fund expenditure and other 'Unusable Reserves', which are principally accounting adjustments. It shows the opening balance on each reserve at the start of the year, movements in year and the closing balance.

The Chief Constable's statement of movements in reserves is shown on page 26 in the full statement of accounts.

The table below sets out a summary movement in reserves statement.

Summary Movement in Reserves	Balance 31/03/2016 £000s	Movements 2016/17 £000s	Balance 31/03/2017 £000s
Police Pensions Reserve	(1,012,460)	(230,660)	(1,243,120)
LGPS Pensions Reserve	(25,536)	(20,342)	(45,878)
Accumulated Absences Reserve	(2,848)	(1)	(2,849)
Total Reserves	(1,040,844)	(251,003)	(1,291,847)

The reserves shown above on the Chief Constable's movement in reserves statement are all classed as 'unusable' and provide a mechanism through which accounting adjustments can be made to present the accounts in accordance with proper accounting practices, whilst allowing the statutory amounts required to be charged for council tax purposes.

The Chief Constable's movements in reserves statement principally records the Chief Constable's negative reserves in relation to the Police and Local Government Pension Schemes, reflecting the requirement to record pension assets and liabilities as they are earned rather than when they become due for payment. During 2016/17, the overall negative balance on both the police

and local government pensions schemes have increased, largely as a result of changes to actuarial assumptions.

All usable reserves are controlled by the Commissioner and are recorded in the balance sheet of the Commissioner, who formally recognises the need to provide contingencies to meet unplanned and planned expenditure in the future. The Commissioner's usable reserves include a general reserve of £3.0m to meet unplanned risks and earmarked reserves of £21.2m for specific revenue and capital purposes. During 2016/17 a total of £0.3m has been added to the Commissioner's earmarked reserves to fund future revenue and planned capital expenditure.

The Balance Sheet

The Balance Sheet shows the value as at the balance sheet date (31 March 2017) of the Chief Constable's assets and liabilities.

The table below sets out the summary balance sheet for the Chief Constable.

Summary Balance Sheet	Balance	Balance
	31/03/2016	31/03/2017
	£000s	£000s
Current assets	10,915	11,338
Current Liabilities	(13,203)	(12,852)
Long Term Liabilities	(1,038,556)	(1,290,333)
Net Assets	(1,040,844)	(1,291,847)
Unusable Reserves	(1,040,844)	(1,291,847)
Total reserves	(1,040,844)	(1,291,847)

The Chief Constable's current assets (£11.3m) are comprised of the Chief Constable's share of short term debtors and the balance of funding between the Commissioner and the Chief Constable. Current liabilities (£12.9m) reflect amounts owed by the Chief Constable. They include the Chief Constable's share of

short term creditors and the balance of funding between the Chief Constable and the Commissioner. Long term liabilities (£1,290m) represent the Chief Constable's share of the pensions deficit together with a small number of provisions to meet future liabilities. The net assets (assets less liabilities) are matched on the balance sheet by the Chief Constable's reserves. The balance sheet reserves reflect the position at year end and therefore match the final position shown in the movement in reserves statement. The balance sheet is shown on page 27 in the full statement of accounts.

The Chief Constable's 2016/17 balance sheet shows a combined pensions deficit of £1,289m (£1,038m in 2015/16) for the LGPS and the Police Pension Scheme to which its employees and former employees belong. However, statutory arrangements for funding the deficit, through increased contributions over a period designed to balance the pensions account and central government funding mean that the financial position of the Chief Constable remains healthy.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting period. Under the terms of the funding arrangement between the Commissioner and the Chief Constable, all cash and cash equivalents are held by the Commissioner and as such the Chief Constables cash flow statement simply reflects the surplus or deficit from the provision of services less adjustments for non-cash movements. The statement is shown on page 28 of the full statement of accounts.

Joint Chief Finance Officer Narrative Report

The table below provides a summary of the cash flow statement:

Summary Cash Flow Statement	Cash flows 2015/16 £000s	Cash flows 2016/17 £000s
Cash & Cash Equivalents 1 April	0	0
Net (Surplus)/Deficit on the provision of services	34,005	23,572
Adjustments for non-cash movements	(34,005)	(23,572)
Net cash flows from operating activities	0	0
Cash & Cash Equivalents 31 March	0	0

Police Officer Pension Fund Account

This statement sets out the transactions on the Police Officer pension fund account for the year. The statement records all of the contributions that have been made to the pension fund during the year. These are primarily contributions from employees and the Constabulary as employer. Contribution rates are set nationally by the Home Office. There are also small amounts of other contributions, either from officers joining the scheme in the year and transferring in existing pensions benefits or additional contributions from the employer to cover the cost of ill-health retirements.

The fund also records the benefits paid out of the fund to its members. Any difference between the contributions received into the fund and amount paid out is met by government grant, paid through the Commissioner. This means that the police pension fund always balances to nil.

A summary of the pension fund is shown below.

Summary Police Pension Fund	Pension Fund A/C 2015/16 £000s	Pension Fund A/C 2016/17 000s
Contributions - Employer	(8,286)	(8,133)
Contributions - Officers	(5,305)	(5,179)
Contributions - Other	(454)	(419)
Benefits Payable	33,498	32,390
Other Payments	46	27
Net Amount Payable	19,499	18,686
Contribution from Home Office	(18,371)	(17,590)
Additional Funding Payable by the Constabulary (2.9%)	(1,128)	(1,096)
Net Amount Payable	0	0

The statement identifies contributions made in 2016/17 totaling £14.83m. The pension benefits that are payable from the fund, together with other payments amounted to £32.42m. The balance between contributions and pensions' benefits paid of £17.59m has been funded by the Home Office. The full pensions fund accounts and note can be found on pages 50-51 of the full statement of accounts.

Supporting Information to the Financial Statements

The key financial statements are supplemented by an explanation of the accounting policies used in preparing the statements which are shown alongside the relevant note in the accounts or in Annex A where they are generic to the accounts as a whole. They also contain a comprehensive set of notes that explain in more detail a number of entries in the primary financial statements. A glossary of terms provides an explanation of the various technical accounting terms and abbreviations. The statements are published

alongside the Annual Governance Statement for the Chief Constable in accordance with the 2015 Accounts and Audit (England) Regulations.

The Financial Outlook

The financial statements provide a breakdown of net spending during the year with the balance sheet showing the strong overall financial position of the Commissioner and Chief Constable as at 31 March 2017. This has primarily arisen as a result of positive action on behalf of the Constabulary to reduce costs in the context of potential future reductions in government funding. This has enabled reserves to be maintained at a level that provides some financial resilience.

Looking forward, whilst the Government decision to add policing to those public services, which are protected from spending reductions in its 2015 Comprehensive Spending Review was welcome, external funding is only protected in cash terms meaning that further savings and efficiencies will still need to be delivered over the coming years to cover inflation.

However, the most significant uncertainty in relation to the Constabulary's future financial prospects is the potential impact of a new police funding formula, which may be introduced from as early as 2018/19. Although the results of the current process of constructing the new funding formula are as yet unknown, in the previous proposal to change the funding formula in 2015 Cumbria was the worst affected of all forces.

In addition, the financial impact of the implementation of new technology including the new Emergency Services Network, proposed police training requirements and pension costs are likely to put pressure on force budgets over the coming years.

The Annual Governance Statement of the Chief Constable can be found in (Annex D) of this Statement of Accounts on pages 71-107 or on the Constabulary website at: www.cumbria.police.uk.

The budget approved on 22 February 2017 for the 2017/18 financial year was set in the context of a four year medium term financial forecast to 2020/21. Given the level of uncertainty the effect of changes to the funding formula are excluded from the core assumptions in the forecast. On this basis further savings of £1.9m will be required by 2020/21. However, scenario planning for a savings requirement of up to £18m are being considered, which are in the context of having already delivered £22m of savings since 2010.

The Commissioner and Chief Constable continue to work towards developing and implementing organisational changes that will seek to address the future gap between expenditure and income.

Risks

The primary focus of the Constabulary's strategic risk register is closely aligned with the financial challenges faced by the Constabulary outlined above and the consequential impact of implementing change across the organisation.

The Constabulary's joint highest scoring risk relates to the potential reduction in service delivery, safety and ultimately public confidence which could result from a significant loss of funding through the new police funding formula.

The other highest scoring risk recognises the threat to performance and additional cost implications of implementing the Emergency Services Network, which is a national system to replace radio communications.

Other strategic risks recognise the increasing difficulty in delivering savings without impacting adversely on frontline service delivery and the the potential impact

of constant change on performance across the organisation.

Wherever possible the Constabulary actively mitigates and manages its strategic risks.

Change Programme

In response to the current financial uncertainty presented by the possible introduction of a new police funding formula, the Constabulary has developed a strategy to deal with the outcome, which includes:

- Understanding the impact of sparsity, rurality and geographical isolation on the cost of delivering policing services, supported by academic research.
- Responding to consultation.
- Engagement with the public of Cumbria and key partners.
- Continuing to develop detailed savings proposals and contingency measures, which would seek to bridge a resulting funding gap.

The Constabulary's change programme remains pivotal in identifying and delivering potential savings and will now be incorporated within the Cumbria 2025 vision project to ensure that an holistic approach to service delivery linked to changing service demand is adopted.

Planned workstreams to generate savings include:

- Using digital technology to improve the efficiency of both operational and business systems and processes.
- Improving the efficiency of support service systems and processes.
- Extending the concept of consolidation of operational resources into hubs, including locality based multi-agency working, with the aim of improving productivity and capacity.

- Realising workforce efficiencies.
- Exploiting opportunities for collaboration with other partners.

Acknowledgements

The financial statements were originally authorised for issue by me as Joint Chief Finance Officer, on 31 May 2017. Following completion of the audit, they were re-authorised by me on 21 July 2017 and were formally approved by the Chief Constable on 21 July 2017.

In closing, it is appropriate to acknowledge the dedication and professionalism of Michelle Bellis Deputy Chief Finance Officer, Lorraine Holme, Simon Nicholson and the wider finance team in again achieving the closure of accounts and the publication of these statements against challenging deadlines and complex changes in the financial reporting standards.

Roger Marshall

Joint Chief Finance Officer

The accounts present a true and fair view of the position of the Chief Constable for Cumbria Constabulary as at 31 March 2017 and its income and expenditure for the year there ended.

Signatures have been removed for publishing on the website

Roger Marshall CPFA

Joint Chief Finance Officer

Date: 21 July 2017

Jerry Graham (BA (Hons) MA

The Chief Constable for Cumbria Constabulary

21 July 2017

Responsibilities for the Statement of Accounts

1 The Chief Constable's Responsibilities

The Chief Constable is accountable to the Police and Crime Commissioner for the management of resources and expenditure by the police force. All funding for the Chief Constable comes from the Police and Crime Commissioner. The Chief Constable is required to:

- make arrangements for the proper administration of his financial affairs and to secure that one of his officers has the responsibility for the administration of those affairs. In this organisation, that officer is the Joint Chief Finance Officer (CFO).
- manage his affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts including annexes to the Statement of Accounts.

2 The Joint Chief Finance Officer's Responsibilities

The CFO is responsible for the production of the Statement of Accounts for the Chief Constable, Commissioner and Group. The CFO is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Account, the CFO has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- complied with the local authority code.

The CFO has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The CFO should sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the organisation at the reporting date and its income and expenditure for the year ended 31 March 2017.



INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR CUMBRIA CONSTABULARY

We have audited the financial statements of the Chief Constable for Cumbria Constabulary (the "Chief Constable") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and the related notes and Annexes A, B and C and include the Police Officer Pension Fund Account comprising the Police Officer Pension Fund Account, the Pension Fund Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Joint Chief Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, the Joint Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice" and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Independent Auditor's Report

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Joint Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Joint Chief Officer Narrative Report and Annex D - Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Chief Constable as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Joint Chief Officer Narrative Report and Annex D - Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Chief Constable under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

Independent Auditor's Report

Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Chief Constable and auditor

The Chief Constable is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20(1)(c) of the Act to be satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Independent Auditor's Report

Certificate

We certify that we have completed the audit of the financial statements of the Chief Constable in accordance with the requirements of the Act and the Code of Audit Practice.

Robin Baker

Robin Baker

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Royal Liver Building

Liverpool

L3 1PS

21 July 2017

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Comprehensive Income and Expenditure Statement (CC)	Notes	CC	CC	CC	CC	CC	CC
		2015/16 Gross Expenditure re-stated £000s	2015/16 Gross Income re-stated £000s	2015/16 Net Expenditure re-stated £000s	2016/17 Gross Expenditure £000s	2016/17 Gross Income £000s	2016/17 Net Expenditure £000s
Cost of Policing and Crime Services	#	99,860	(351)	99,509	92,676	(364)	92,312
Funding Provided by PCC to CC		0	(104,109)	(104,109)	0	(105,327)	(105,327)
Cost of Policing and Crime Services		99,860	(104,460)	(4,600)	92,676	(105,691)	(13,015)
Financing and Investment Income and Expenditure							
Net Interest on the net defined benefit liability (asset)	Annex C	42,137	(3,532)	38,605	40,430	(3,843)	36,587
		42,137	(3,532)	38,605	40,430	(3,843)	36,587
(Surplus) or Deficit on Provision of Services		141,997	(107,992)	34,005	133,106	(109,534)	23,572
Remeasurement of the net defined pension benefit liability/asset	Annex C			(169,796)			227,431
Other Comprehensive Income and Expenditure				(169,796)			227,431
Total Comprehensive Income and Expenditure				(135,791)			251,003

The format of the Comprehensive Income and Expenditure Statement (CIES) has been updated in accordance with the requirements of CIPFA's Code of Practice on Local Authority Accounting and as such the figures reported for 2015/16 are marked as being re-stated. An explanation of the changes is provided in the Prior Period Adjustment note (note 22).

A more detailed analysis of the figures that make up the "Cost of Policing and Crime Services" can be found in the Expenditure and Funding Analysis (Note 5) and in the Expenditure and Income Analysed by Nature note (Note 6).

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Chief Constable, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure) and other 'Unusable reserves'. The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the Chief Constable's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

The figures for the Chief Constable in 2016/17 are provided in the table below:

Movement in Reserves Statement (CC) Figures for 2016/17									
	Note	Balance at 1 April 2016	Surplus/ (deficit) on the provision of services	Other comprehensive income and expenditure	Total comprehensive income and expenditure	Adjustment between accounting basis and funding basis under regulations (Note 7)	Net increase / (decrease) before transfers to/from earmarked reserves	Increase/ (decrease) in 2016/17	Balance at 31 March 2017
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Usable Reserves									
Chief Constable's Constabulary Fund	-	0	(23,572)	0	(23,572)	23,572	0	0	0
Total Usable Reserves		0	(23,572)	0	(23,572)	23,572	0	0	0
Unusable Reserves									
Chief Constable's Police Pension Reserve	14a	(1,012,460)	0	(208,210)	(208,210)	(22,450)	(230,660)	(230,660)	(1,243,120)
Chief Constable's LGPS Pension Reserve	14a	(25,536)	0	(19,221)	(19,221)	(1,121)	(20,342)	(20,342)	(45,878)
Chief Constable's Accumulated Absences Account	14b	(2,848)	0	0	0	(1)	(1)	(1)	(2,849)
Total Unusable Reserves		(1,040,844)	0	(227,431)	(227,431)	(23,572)	(251,003)	(251,003)	(1,291,847)
Total Reserves		(1,040,844)	(23,572)	(227,431)	(251,003)	0	(251,003)	(251,003)	(1,291,847)

The comparative figures for 2015/16 are provided in the table below:

Movement in Reserves Statement (CC) Figures for 2015/16									
	Note	Balance at 1 April 2015	Surplus/ (deficit) on the provision of services	Other comprehensive income and expenditure	Total comprehensive income and expenditure	Adjustment between accounting basis and funding basis under regulations (Note 7)	Net increase / (decrease) before transfers to/from earmarked reserves	Increase/ (decrease) in 2015/16	Balance at 31 March 2016
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Usable Reserves									
Chief Constable's Constabulary Fund	-	0	(34,005)	0	(34,005)	34,005	0	0	0
Total Usable Reserves		0	(34,005)	0	(34,005)	34,005	0	0	0
Unusable Reserves									
Chief Constable's Police Pension Reserve	14a	(1,142,570)	0	161,090	161,090	(30,980)	130,110	130,110	(1,012,460)
Chief Constable's LGPS Pension Reserve	14a	(31,381)	0	8,706	8,706	(2,861)	5,845	5,845	(25,536)
Chief Constable's Accumulated Absences Account	14b	(2,684)	0	0	0	(164)	(164)	(164)	(2,848)
Total Unusable Reserves		(1,176,635)	0	169,796	169,796	(34,005)	135,791	135,791	(1,040,844)
Total Reserves		(1,176,635)	(34,005)	169,796	135,791	0	135,791	135,791	(1,040,844)

Balance Sheet

This statement shows the value as at the balance sheet date of the assets and liabilities recognised by the Chief Constable. The net assets (assets less liabilities) are matched by the reserves held by the Chief Constable.

Balance Sheet	Notes	CC	CC
		31 March 2016	31 March 2017
		£000s	£000s
Inventories		268	253
Short Term Debtors (amounts owed to CC by PCC re CC share of external Debtors)	10	4,358	4,435
Short Term Debtors (amounts owed to CC by employees re accumulated absences)	10	75	85
Short Term Debtors (funding balance owed to CC by PCC)	10	6,214	6,565
Current Assets		10,915	11,338
Short Term Creditors (amounts owed by CC to PCC re share of external creditors)	11	(5,654)	(5,231)
Short Term Creditors (amounts owed by CC to employees re accumulated absences)	11	(2,923)	(2,933)
Short Term Creditors (funding balance due from CC to PCC)	11	(4,626)	(4,688)
Current Liabilities		(13,203)	(12,852)
Provisions	12	(560)	(1,335)
Other Long Term Liabilities			
Pensions liability - Police	Annex C	(1,012,460)	(1,243,120)
Pensions liability - LGPS	Annex C	(25,536)	(45,878)
Long Term Liabilities		(1,038,556)	(1,290,333)
Net Assets		(1,040,844)	(1,291,847)
Unusable Reserves			
Pensions Reserve - Police	14a	(1,012,460)	(1,243,120)
Pensions Reserve - LGPS	14a	(25,536)	(45,878)
Accumulated Absences Account	14b	(2,848)	(2,849)
		(1,040,844)	(1,291,847)
Total Reserves		(1,040,844)	(1,291,847)

Cash Flow Statement

The Cash Flow statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting period. Under the funding arrangement between the Police and Crime Commissioner and the Chief Constable, the Chief Constable does not engage in investment and financing activities therefore all cash flows are classified as operating activities.

Cash Flow Statement (CC)		CC	CC
		2015/16 £000s	2016/17 £000s
Net (Surplus) or Deficit on the provision of services		34,005	23,572
Adjustment to net surplus or deficit on the provision of services for non-cash movements	CF1	(34,005)	(23,572)
Net cash (inflow)/ outflow from Operating Activities		0	0
CF1 - The Adjustment to net surplus or deficit on the provision of services for non-cash movements are made up as follows:			
Pension Liability (Contributions to/from Pensions Reserve)		(33,841)	(23,571)
Debtors - Adjustment re CC Share of Debtors		(32)	86
Debtors - Adjustment re Balance of Funding due from PCC to CC		(767)	352
Creditors - Adjustment re CC Share of Creditors		(126)	413
Creditors - Adjustment re Balance of Funding due from CC to PCC		(83)	(62)
Stock - Change in Balance Sheet		(26)	(15)
Provisions - Change in Balance Sheet		870	(775)
Adjustment to net surplus or deficit on the provision of services for non-cash movements		(34,005)	(23,572)

Notes to the Accounts

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The notes to the accounts are provided to aid the understanding of material items within the core financial statements. As a general rule, the column showing the figures for 2016/17 will be highlighted, whilst the comparatives for 2015/16 (where provided) will not.

The notes sometimes include terms that may require further explanation. Where possible, explanations are provided within the note, otherwise explanations are provided within the “glossary of terms” in pages 52-54. Terms for which an explanation is provided will be depicted by text that is shown in teal coloured text and underlined.

Notes to the Accounts

1 Accounting Policies

There are a number of accounting policies that determine how items within the accounts are treated. In a change for the 2016/17 statement of accounts, where these accounting policies relate to a particular note to the accounts, the accounting policy will now be shown alongside that note in a grey text box. Where an accounting policy is more generic and applicable across the statement accounts it will continue to be shown in a separate technical annex, **Annex A** (see pages 55-58).

2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies as set out alongside the relevant note or in Annex A (pages 55 to 58), the [Chief Constable](#) has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for policing. However, the Chief Constable and Commissioner have determined that this uncertainty is not yet sufficient to provide an indication that the assets of the [Commissioner](#) might be impaired as a result of a need to close facilities and reduce levels of service [provision](#).

3 Events after the Balance Sheet Date

A post balance sheet event is an event, subsequent to the date of the financial statements, and for which International Financial Reporting Standards and the code require adjustment or disclosure. Consideration has been given as to whether any events meet the requirement to be disclosed as a post balance sheet event and it has been concluded that no such matters require disclosure.

The Statement of Accounts was authorised for issue by the Joint Chief Finance Officer on 21 July 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Accounting Policy - Events after the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date the Statement of Accounts is authorised for issue which have an impact on the financial statements and are treated as follows. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and their estimated financial effect.

Events taking place after the authorised for issue date are not reflected in the statement of accounts.

Notes to the Accounts

4 Assumptions made about the future and other Sources of Estimation Uncertainty

The statement of Accounts contains estimated figures that are based on assumptions made by the [Chief Constable](#) about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Chief Constable's balance sheet as at 31 March 2017 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Provisions	The Chief Constable has made a provision of £484k for the settlement of insurance liabilities for a number of eventualities which are not covered by external insurers. The provision is based on an actuarial estimate but it is not yet certain that all valid claims have yet been received by the Chief Constable.	An increase over the forthcoming year of 10% in either the number of claims received or the estimated average settlement would each have the effect of adding £48k to the provision needed.
	The Chief Constable has made a provision of £851k in relation to the potential cost of legal claims against the Constabulary which are currently ongoing.	An increase over the forthcoming year of 10% in either the number of claims received or the estimated average settlement would each have the effect of adding £85k to the provision needed.
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>Two firms of consulting actuaries are engaged to provide the Chief Constable with expert advice about the assumptions to be applied for both the Police Pension Scheme (Government Actuaries Department) and the Local Government Pension Scheme (Mercer Ltd).</p>	The effects on the net pension liability of changes in individual assumptions can be measured. Examples of the impact of changes in individual assumptions is included in the sensitivity analysis provided in the technical annex to the accounts Annex C, Pensions on pages 61-70.

Notes to the Accounts

5 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax precepts) by the Chief Constable in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between subjective headings. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The figures for the Chief Constable in 2016/17 and comparatives for 2015/16 are provided in the table below:

Expenditure and Funding Analysis (CC)	Net Expenditure Chargeable to the Police Fund balance and as reported for resource management	CC 2015/16 Adjustments between Funding and Accounting Basis (Note 5 & 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the Police Fund balance and as reported for resource management	CC 2016/17 Adjustments between Funding and Accounting Basis (Note 5 & 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000s	£000s	£000s	£000s	£000s	£000s
Cost of Policing & Crime Services						
Police Officer Pay & Allowances	57,127	(6,610)	50,517	57,980	(13,260)	44,720
PCSO Pay & Allowances	2,631	160	2,791	2,674	(21)	2,653
Police Staff Pay & Allowances	18,258	1,686	19,944	19,550	265	19,815
Other Employee Budgets	2,221	0	2,221	3,856	0	3,856
Premises Related Expenditure	5,142	0	5,142	5,274	0	5,274
Transport Related Expenditure	3,283	0	3,283	3,166	0	3,166
Supplies & Services Expenditure	12,248	0	12,248	10,851	0	10,851
Third Party Related Expenditure	1,134	0	1,134	1,254	0	1,254
Technical Accounting Adjustments	(164)	164	0	(1)	1	0
Non distributed costs	588	0	588	417	0	417
Termination Payments	1,641	0	1,641	306	0	306
Funding Provided by PCC to CC	(104,109)	0	(104,109)	(105,327)	0	(105,327)
Net Cost of Services	0	(4,600)	(4,600)	0	(13,015)	(13,015)
Other Income and Expenditure	0	38,605	38,605	0	36,587	36,587
(Surplus)/Deficit on the Provision of Services	0	34,005	34,005	0	23,572	23,572

Notes to the Accounts

5.a Note to the Expenditure Funding Analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the Police Fund (as detailed in note 6) to arrive at the amounts in the Comprehensive Income and Expenditure Statement (page 25). The relevant transfers between reserves are explained in the Movement in Reserves Statement (page 26).

The figures for 2016/17 and comparatives for 2015/16 are shown in the table below:

Note to the Expenditure and Funding Analysis (CC)	CC 2015/16			CC 2016/17		
	Net change for the Pensions Adjustment (See below)	Other Differences (See below)	Total Adjustment Between funding and accounting basis	Net change for the Pensions Adjustment (See below)	Other Differences (See below)	Total Adjustment Between funding and accounting basis
	£000s	£000s	£000s	£000s	£000s	£000s
Cost of Policing & Crime Services						
Police Officer Pay & Allowances	(6,610)	0	(6,610)	(13,260)	0	(13,260)
PCSO Pay & Allowances	160	0	160	(21)	0	(21)
Police Staff Pay & Allowances	1,686	0	1,686	265	0	265
Technical Accounting Adjustments	0	164	164	0	1	1
Net Cost of Services	(4,764)	164	(4,600)	(13,016)	1	(13,015)
Other Income and Expenditure	38,605	0	38,605	36,587	0	36,587
(Surplus)/Deficit on the Provision of Services	33,841	164	34,005	23,571	1	23,572
Further Analysis of Adjustments						
Police - Interest on Liabilities	37,590	0	37,590	35,710	0	35,710
Police - Reverse Employer Contributions	(26,100)	0	(26,100)	(27,860)	0	(27,860)
Police - Current Service Cost	19,490	0	19,490	14,600	0	14,600
LGPS - Interest on Liabilities	4,547	0	4,547	4,720	0	4,720
LGPS - Return on Plan Assets	(3,532)	0	(3,532)	(3,843)	0	(3,843)
LGPS - Curtailment/Settlement	588	0	588	417	0	417
LGPS - Reverse Employer Contributions	(3,042)	0	(3,042)	(3,856)	0	(3,856)
LGPS - Current Service Cost	4,300	0	4,300	3,683	0	3,683
Accumulated Absences Account Adj	0	164	164	0	1	1
Total Adjustments	33,841	164	34,005	23,571	1	23,572

Notes to the Accounts

6 Expenditure and Income Analysed by Nature

This note provides an analysis of the expenditure and income by the nature of that spend/income. The analysis is a revised presentation for 2016/17 and replaces what was previously reported in the “subjective analysis” included as part of the technical annex in previous versions of the Statement of Accounts.

Expenditure and Income	CC	CC
	2015/16 £000s	2016/17 £000s
Expenditure		
Police Pay & Allowances	57,127	57,980
PCSO Pay & Allowances	2,631	2,674
Police Staff Pay & Allowances	18,258	19,550
Other Employee Costs	2,221	3,856
Premises Related Costs	5,142	5,274
Transport Related Costs	3,283	3,166
Supplies & Services	12,248	10,851
Third Party Payments	1,134	1,254
Technical Accounting Adjustments	(164)	(1)
Non Distributed Costs	588	417
Termination Payments	1,641	306
Funding Between PCC & CC	(104,109)	(105,327)
Total Expenditure	0	0
Income		
Income from Fees & Charges	0	0
Income from Grant & Contributions	0	0
Total Income	0	0
(Surplus)/Deficit on the Provision of Services	0	0

Notes to the Accounts

7 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the [Chief Constable](#) in the year in accordance with proper accounting practice to the resources that are specified by statutory [provisions](#) as being available to the Chief Constable to meet future expenditure.

The figures for 2016/17 are set out in the table below:

Adjustments between Accounting Basis and Funding Basis Under Regulations	Note	CC Constabulary Fund Balance £000s	CC Police Pension Reserve £000s	CC LGPS Pension Reserve £000s	CC Accumulated Absences Account £000s
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
- Pensions costs (transferred to (or from) the Pensions Reserve)	Annex C	23,571	(22,450)	(1,121)	0
- Holiday Pay (transfers to or from Accumulated Absences Account)	14b	1	0	0	(1)
Total Adjustments		23,572	(22,450)	(1,121)	(1)

The comparative figures for 2015/16 are set out in the table below:

Adjustments between Accounting Basis and Funding Basis Under Regulations	Note	CC Constabulary Fund Balance £000s	CC Police Pension Reserve £000s	CC LGPS Pension Reserve £000s	CC Accumulated Absences Account £000s
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
- Pensions costs (transferred to (or from) the Pensions Reserve)	Annex C	33,841	(30,980)	(2,861)	0
- Holiday Pay (transfers to or from Accumulated Absences Account)	14b	164	0	0	(164)
Total Adjustments		34,005	(30,980)	(2,861)	(164)

Notes to the Accounts

8 Audit Fees

In 2016/17 the [Chief Constable](#) incurred the following fees relating to external audit services provided by Grant Thornton UK LLP.

External Audit Fees	CC	CC
	2015/16 £000s	2016/17 £000s
Amounts Relating to The Chief Constable		
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor.	15	15
Other Services		
Fees payable in respect of other services provided by Grant Thornton during the year.	3	12
Total External Audit Fees for Year	18	27

The table above includes fees paid in relation to 'other services'. These fees payable in 2015/16 related to an annual contract (starting in 2014/15) for the provision of specialist VAT and Tax advice. The fee for 2016/17 also included a one off piece of consultancy work undertaken on a VAT health check and work associated with the development of a VAT manual. These fees relate to both the Commissioner and the Constabulary.

9 Financial Instruments

*Financial Instruments are contracts that give rise to a financial asset in one entity and a financial liability in another. The term covers both **financial assets** such as loans and receivables and **financial liabilities** such as creditors and borrowings.*

Under International Financial reporting Standards a full set of disclosure notes are required in respect of financial instruments. These notes for the Chief Constable are included in a separate technical appendix at Annex B on pages 59 to 60.

The disclosures include:

- The Categories of Financial Instrument
- Gains and Losses on Financial Instruments
- Fair value of Assets and Liabilities Carried at Amortised Cost
- Disclosure of the Nature and Extent of Risks Arising from Financial Instruments

Notes to the Accounts

10 Short-term Debtors

A breakdown of the amounts owing to the [Chief Constable](#) as at 31 March 2017 with comparative information for the previous year is set out in the table below:

Short-term Debtors	CC	
	As at 31 March	
	2016	2017
	£000s	£000s
Balance Owed from PCC re CC Share of External Debtors		
- Police pensions prepayment	2,173	2,243
- Prepayments/Payments in Advance	2,185	2,192
	4,358	4,435
Balance Owed from Employees (re accumulated Absences)	75	85
Balance Owed from PCC re Balance of Funding	6,214	6,565
Total Debtors	10,647	11,085

11 Short-term Creditors

An analysis of the amounts owed by the [Chief Constable](#) as at 31 March 2017 with comparative information for the previous year is set out in the table below:

Short-term Creditors	CC	
	As at 31 March	
	2016	2017
	£000s	£000s
Balance Owed to PCC re CC Share of External Creditors		
- Central Government Bodies	(1,725)	(1,869)
- Other Police/Local Authorities	(793)	(208)
- NHS Bodies	(49)	(907)
Other Entities and Individuals		
- Goods & Services	(3,087)	(2,247)
	(5,654)	(5,231)
Balance owed to Employees (re accumulated absences)	(2,923)	(2,933)
Balance owed to PCC re balance of Funding	(4,626)	(4,688)
Total Creditors	(13,203)	(12,852)

12 Provisions

The [Chief Constable](#) is able to maintain [provisions](#) to meet expected future liabilities. The Code of Practice on Local Authority Accounting advises that the value of any provisions be charged to the appropriate part of the Comprehensive Income and Expenditure Statement in anticipation of the liability having to be met in the future. The classification of provisions is consistent with the Code of Practice.

A brief description of the purpose of the individual provisions as at 31 March 2017 is provided below:

Insurance liabilities – this provision has been established to meet a number of eventualities from ongoing claims which are not covered by external insurers. In particular, liability risks up to £100k per event (this figure was £25k until 1 November 2014 when the policy excess was increased from £25k to £100k) are retained by the Chief Constable and met internally. The provision for insurance liabilities is subject to an actuarial review on a bi-ennial basis to determine the most appropriate level for the provision based on the circumstances at the time of the review.

Legal Claims – this provision has been established to cover the potential costs relating to a number of legal claims that are currently ongoing.

Accounting Policy – Provisions

[Provisions](#) are made when an event has taken place that gives a legal or constructive obligation that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, involvement in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate function line in the Comprehensive Income and Expenditure Statement in the year that awareness of the obligation arises, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account the relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried on the Balance Sheet. Estimated settlements are reviewed at the end of each financial year where it becomes less than probable that a transfer of economic benefits will subsequently be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant function.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

Notes to the Accounts

The table below shows the movements during the year on each of the provisions and the position as at 31 March 2017.

Provisions	Balance as at 01/04/16	Additional Provisions Made 2016/17	Amounts Used in 2016/17	Unused Amounts Reversed in 2016/17	Balance as at 31/03/17
	£000s	£000s	£000s	£000s	£000s
Insurance Liabilities	(484)	(44)	44	0	(484)
Legal Claims	(76)	(800)	(43)	68	(851)
Total Provisions	(560)	(844)	1	68	(1,335)

The comparative information for year ended 31 March 2016 is as follows:

Provisions	Balance as at 01/04/15	Additional Provisions Made 2015/16	Amounts Used in 2015/16	Unused Amounts Reversed in 2015/16	Balance as at 31/03/16
	£000s	£000s	£000s	£000s	£000s
Insurance Liabilities	(495)	(132)	143	0	(484)
Termination Payments	(555)	0	555	0	0
Legal Claims	(380)	(25)	90	239	(76)
Total Provisions	(1,430)	(157)	788	239	(560)

13 Pensions

The Chief Constable participates in the Local Government Pension Scheme (LGPS) for Police Staff and three pensions schemes in respect of Police Officers. Under International Financial reporting Standards a full set of disclosure notes are required in respect of Pensions. These notes for the Chief Constable are included in a separate technical appendix at Annex C on pages 61 to 70.

The disclosures include:

- Details of the pension schemes
- A summary of accounting entries in respect of pensions
- Pensions assets and liabilities recognised in the balance sheet
- Reconciliation of the Fair Value of scheme assets
- Basis for estimating assets and liabilities
- A summary of principal assumptions used by scheme actuary
- Sensitivity analysis in relation to pensions
- Impact on the Chief Constable's Cash Flows

Notes to the Accounts

14 Unusable Reserves

Unusable reserves derive from accounting adjustments and are not available to be spent.

Certain [reserves](#) are kept to manage the accounting processes for retirement and employee benefits and do not represent usable resources for the [Chief Constable](#).

Accounting Policy – Reserves

Under the terms of the funding arrangement between the Commissioner and the Chief Constable, all usable reserves i.e. those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, are controlled by the Commissioner and are recorded in the balance sheet of the Commissioner. However, the Chief Constable does hold certain unusable reserves in relation to pensions and accumulated employee absences, which arise from Constabulary activities and are not covered by the funding arrangement and are shown on the Chief Constable's balance sheet.

14.a Pensions Reserve

The Pensions Reserves (LGPS and Police) absorb the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding in accordance with statutory provisions. The [Chief Constable](#) accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Chief Constable makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Chief Constable has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve	CC LGPS Pensions		CC Police Pensions	
	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s
Balance at Start of Year	(31,381)	(25,536)	(1,142,570)	(1,012,460)
Remeasurement of the net defined pension benefit liability/asset	8,706	(19,221)	161,090	(208,210)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(5,903)	(4,977)	(57,080)	(50,310)
Employer's pension contributions and direct payments to pensioners payable in the year.	3,042	3,856	26,100	27,860
Balance at End of Year	(25,536)	(45,878)	(1,012,460)	(1,243,120)

Notes to the Accounts

14.b Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise on the Police Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave, flexi leave, time off in lieu and rest day entitlements carried forward at 31 March. Statutory arrangements require that the impact on the Police Fund Balance is neutralised by transfers to or from the Account.

Accumulated Absences Account	CC	CC
	2015/16 £000s	2016/17 £000s
Balance at Start of Year	(2,684)	(2,848)
Settlement or cancellation of accrual made at the end of the preceeding year	2,684	2,848
Amounts accrued at the end of the current year	(2,848)	(2,849)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(164)	(1)
Balance at End of Year	(2,848)	(2,849)

Accounting Policy - Employee Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for functions in the year in which employees render service. An accrual is made for the cost of holiday entitlements, time off in lieu, flexi leave and rest days in lieu earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the salary rate applicable at the balance sheet date. The employee accrual is then reversed out through the movement in reserves statement so that it is not charged against council tax.

Notes to the Accounts

15 Members Allowances and Expenses

The Code of Practice on Local Authority Accounting requires the disclosure of the total amount of members allowances paid in the year. This is set out in the table below together with a comparative figure for the previous year.

Members Allowances	CC	CC
	2015/16	2016/17
	£000s	£000s
Basic Allowance	14	16
Travel and Subsistence	6	7
	20	23

The above table includes expenses for the four appointed members of the Joint Audit and Standards Committee, the four appointed members of the Ethics and Integrity Panel together with travel allowances payable to independent custody visitors. The table above includes the total costs of members and these apply jointly between the Commissioner and Constabulary.

A full disclosure of allowances and expenses paid to individual members can be found on the Police and Crime Commissioners website at: <https://cumbria-pcc.gov.uk/finance-governance/allowances/>.

16 Disclosure of Remuneration for Senior Employees

The following table sets out the remuneration disclosures for Senior Officers and Relevant Police Officers whose salary is less than £150,000 but more than £50,000 per year.

The tables include members of the Extended Chief Officer Group which is the formal decision making body for the Constabulary.



Notes to the Accounts

The table below gives the information for 2016/17 in £000s.

Postholder Information Post Title	Note	Salary (including Fees & Allowances)	Expense Allowances	Termination Pay & Compensation for Loss of Office	Benefits in Kind	Other Payments (Police Officers Only)	Total Remuneration Excluding pension Contributions	Pension Contributions	Total Remuneration Including pension Contributions
Shown in Single Entity Statements of Chief Constable									
Chief Constable		140	7	0	0	3	150	0	150
Deputy Chief Constable		114	8	0	0	3	124	24	148
Assistant Chief Constable	1	84	0	(1)	0	2	90	18	107
Temporary Assistant Chief Constable	2	88	4	(1)	1	3	95	19	113
Chief Superintendent (A)	6	12	0	0	0	0	12	3	15
Chief Superintendent (B)		83	2	0	1	3	89	18	107
Chief Superintendent (C)	10	79	3	0	1	3	86	17	103
Temp. Chief Superintendent (A)	9	40	2	0	0	1	46	8	54
Temp. Chief Superintendent (B)	11	74	2	0	1	3	80	16	95
Chief Inspector PSD	7	55	1	0	1	1	59	12	71
Head of PSD - Superintendent	8	15	0	0	0	0	16	3	19
Director of Legal Services		73	1	0	1	0	76	9	85
Director of Corporate Support		81	0	(1)	0	0	81	10	91
Director of Corporate Improvement		81	1	0	0	0	82	10	93
CC Chief Finance Officer		67	0	0	0	0	67	8	76
Total CC		1,087	32	(2)	8	22	1,152	175	1,328

Notes:

- 1 The ACC left Cumbria Constabulary on 08/01/2017.
- 2 The Temporary ACC was appointed to the role with effect from 01/01/2017.
- 3 Chief Superintendent (A) left Cumbria Constabulary on 22/05/2016.
- 4 Chief Superintendent (C) left became Crime Commander on 01/10/2016.
- 5 Temporary Chief Superintendent (A) left Cumbria Constabulary on 30/09/2016.
- 6 Temporary Chief Superintendent (B) was appointed to Temporary Chief Superintendent Territorial Policing on 01/01/2017.
- 7 Chief Inspector PSD ceased the role of Head of Professional Standards Department (PSD) on the 16/01/2017 and was replaced by Superintendent PSD.
- 8 Superintendent PSD became Head of Professional Standards Department w.e.f. 16/01/2017.

Notes to the Accounts

The table below gives the comparative information for 2015/16 in £000s.

Postholder Information Post Title	Note	Salary (including Fees & Allowances)	Expense Allowances	Termination Pay & Compensation for Loss of Office	Benefits in Kind	Other Payments (Police Officers Only)	Total Remuneration Excluding pension Contributions	Pension Contributions	Total Remuneration Including pension Contributions
Shown in Single Entity Statements of Chief Constable									
Chief Constable		138	7	0	0	3	148	15	163
Deputy Chief Constable	1	118	7	0	0	2	127	24	151
Assistant Chief Constable	2	88	6	0	0	2	96	18	114
Temporary Assistant Chief Constable (A)	3	85	3	0	2	0	90	18	108
Temporary Assistant Chief Constable (B)	4	84	1	0	1	3	89	17	106
Chief Superintendent		83	1	0	1	3	88	17	105
Temp. Chief Superintendent (A)	5	77	5	0	1	3	86	16	102
Temp. Chief Superintendent (B)	6	70	2	(1)	1	3	75	15	90
Director of Legal Services		73	1	0	1	0	75	9	84
Director of Corporate Support		81	0	(1)	0	0	80	10	90
Director of Corporate Improvement		79	0	0	0	0	79	10	89
CC Chief Finance Officer		66	0	0	0	0	66	8	74
Chief Inspector PSD (A)	7	57	2	0	1	4	64	12	76
Chief Inspector PSD (B)	8	54	2	0	1	2	59	13	72
Total Chief Constable		1,153	37	(2)	8	25	1,222	202	1,424

Notes:

- 1 The DCC was promoted to temporary CC for the period 1/12/15 to 29/2/16.
- 2 The ACC was appointed to the role of ACC on 1/6/15 and was temporarily promoted to DCC for the period 1/12/15 to 29/2/16.
- 3 Temporary ACC (A) was promoted to ACC for the period 1/8/14 to 31/5/15, reverted to Chief Superintendent (TP) 1/6/15 to 20/3/16 and then Chief Superintendent (PSD) 21/3/16.
- 4 Temporary ACC (B) was temporarily promoted to ACC for the period 1/12/15 to 29/2/16, then reverted to Chief Superintendent Operational Benefits Delivery.
- 5 Temporary Chief Superintendent (A) was promoted Temporary Chief Superintendent Crime Command w.e.f. 14/12/15.
- 6 Temporary Chief Superintendent (B) was appointed to Temporary Chief Superintendent for the period 1/2/15 to 31/5/15.
- 7 Chief Inspector PSD (A) ceased the role of Head of Professional Standards Department (PSD) on the 17/5/15 and was replaced by Chief Inspector PSD (B).
- 8 Chief Inspector PSD (B) became Head of Professional Standards Department w.e.f. 18/5/15.

Notes to the Accounts

17 Employee Remuneration

The Code of Practice on Local Authority Accounting requires the disclosure of the number of employees whose remuneration, excluding pension's contributions, exceeded £50,000 and senior police officers (defined as those holding a rank above that of superintendent). This is set out in the table below in bands of £5,000:

Remuneration Band	2015/16			2016/17		
	CC Police Staff	CC Snr Police Officers	CC Total	CC Police Staff	CC Snr Police Officers	CC Total
£50,000 to £54,999	2	0	2	4	0	4
£55,000 to £59,999	2	0	2	1	0	1
£60,000 to £64,999	1	0	1	1	0	1
£65,000 to £69,999	1	0	1	3	0	3
£70,000 to £74,999	1	0	1	1	0	1
£75,000 to £79,999	1	0	1	0	1	1
£80,000 to £84,999	1	1	2	2	1	3
£85,000 to £89,999	0	3	3	0	1	1
£90,000 to £94,999	0	1	1	0	2	2
£95,000 to £99,999	0	0	0	0	0	0
£100,000 to £104,999	0	0	0	0	0	0
£105,000 to £109,999	0	0	0	0	0	0
£110,000 to £114,999	0	0	0	0	0	0
£115,000 to £119,999	0	0	0	0	1	1
£120,000 to £124,999	0	1	1	0	0	0
£125,000 to £129,999	0	0	0	0	0	0
£130,000 to £134,999	0	0	0	0	0	0
£140,000 to £144,999	0	1	1	0	1	1
Total	9	7	16	12	7	19

In 2016/17 the remuneration for 74 Police Officers (65 in 2015/16) superintendent rank and below (who are not required to be disclosed in the above note under regulations) exceeded £50,000.

The table above includes those employees and senior police officers that are also required to be disclosed on a more detailed individual basis. Please see note 16 for more information.

Notes to the Accounts

18 Exit Packages/Termination Payments

The numbers of exit packages with total cost per band and a total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of Compulsory Redundancies		Number of other Departures Agreed		Total Number of Exit Packages by cost band		Total cost of exit packages in each band	
	2015/16 Headcount	2016/17 Headcount	2015/16 Headcount	2016/17 Headcount	2015/16 Headcount	2016/17 Headcount	2015/16 £000's	2016/17 £000's
£0-£20,000	8	0	32	4	40	4	447	40
£20,001 - £40,000	1	0	21	0	22	0	607	0
£40,001 - £60,000	0	0	9	2	9	2	440	109
£60,001 - £80,000	1	0	4	2	5	2	331	150
£80,001 - £100,000	0	0	2	0	2	0	168	0
£100,001 - £150,000	1	0	1	0	2	0	203	0
Total	11	0	69	8	80	8	2,196	298

During 2016/17 the contracts of a small number of employees were terminated incurring termination payments amounting to £306k (£1,641k in 2015/16). This amount is made up exit packages paid and accrued in 2016/17.

The exit packages paid in 2016/17 amount to £298k (£2,196k in 2015/16). The exit packages can be further split into compensation for loss of employment £144k (£1,242k in 2015/16) and enhanced pension benefits £154k (£954k in 2015/16). The redundancies are as a result of the Constabulary's change programme. The Exit Packages table above provides details of the number and total cost of exit packages per band and include those exit packages paid in 2016/17 and those agreed for individuals in 2016/17 but paid in 2017/18 for which an accrual was made in the 2016/17 accounts.

During 2016/17 an amount of £8k arose as a result of a number of amounts that had been accrued in the 2015/16 accounts for which the final settlement during 2016/17 was slightly higher. These amounts are not included in the above table in 2016/17 as the exit packages for those individuals are included in the 2015/16 column. The figure shown on the face of the Expenditure and Funding Analysis (page 32) for 2016/17 is made up of the exit packages paid in the year of £298k (per the table above) plus £8k in respect of these differences in accruals. For 2015/16 the total exit packages paid of £2,196k (per the table above) is divided between those arising in the year and charged to the revenue budget £1,641k (as shown on the face of the Expenditure and Funding Analysis for 2015/16 plus those charged directly against a specific termination costs provision established in 2014/15 £555k.

Accounting Policy - Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged (on an accruals basis) to the relevant service line in the Comprehensive Income and Expenditure Statement at the earlier of when the organisation can no longer withdraw the offer of those benefits or when the organisation recognises the costs for restructuring.

Where termination benefits involve enhancement of pensions, statutory provisions require the Police Fund balance be charged with the amount payable to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year-end.

19 Related Party Transactions

The [Chief Constable](#) is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by the Chief Constable. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable might have been constrained in his ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Chief Constable.

19.a Police and Crime Commissioner

The Police and Crime Commissioner has direct control over the Chief Constable's finances, providing funding for all running costs. [The Commissioner](#) is responsible for setting the Police and Crime Plan. The Chief Constable retains operational independence and operates within the funding agreement set by the Commissioner, to deliver the aims and objectives set out in the Police and Crime Plan.

19.b Central Government

Central government has effective control over the general operations of the Chief Constable – it is responsible for providing the statutory framework within which the Chief Constable operates and provides the majority of its funding via [the Commissioner](#).

19.c Officers and Employees

Senior officers and staff of the Constabulary were asked to declare any direct financial relationship through outside bodies or companies with the Chief Constable. No material transactions have been reported in respect of the 2016/17 financial year.

19.d Other Public Bodies

The Chief Constable's transactions with the Cumbria Local Government Pension Scheme (administered by County Council) are shown in the pension related disclosure notes included within the Technical Annex (Annex C) pages 61-70.

The Chief Constable has included within the Comprehensive Income and Expenditure Statement his respective share of costs in relation to collaborative arrangements with other forces/councils. In particular these include:

- The PCC for Cheshire – North West Underwater Search Unit, Northwest Regional Firearms Policy, Northwest Strategic Automatic Number Plate Recognition (ANPR), Regional Emergency Services Network (ESN) and the Regional Specialist Capability Programme.
- The PCC for Merseyside – Regional Crime Unit, Regional Intelligence Unit, Prison Intelligence Unit, Technical Support Unit, Protected Persons Unit, Government Agency Intelligence Network (GAIN), Confiscation Unit, Regional Assets Recovery Team, Operational Security (OPSEY), Cyber Crime, Regional Fraud Team.
- The PCC for Lancashire – Learning & Development Collaboration.
- Cumbria County Council – Shared Internal Audit Service.

20 Contingent Liabilities

Injury pensions

A case regarding the payment of injury pensions to a retired police officer has highlighted a conflict between police (injury benefits) regulations and social security legislation. The implication of the judgement is that police injury benefits should no longer be reduced by entitlement to social security benefits (employment support allowance). A small number of Cumbria Constabulary Officers are affected by the judgement, however the benefit entitlement must be determined on an individual case by case basis and information is awaited from the Department for Work and Pensions and HMRC to enable the calculation to be undertaken. This matter is therefore treated as a contingent liability in the 2016/17 statement of accounts.

Pension Challenge

The Chief Constable of Cumbria, along with other Chief Constables and the Home Office, currently has 114 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the transitional provisions in the Police Pension Regulations 2015. Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations. In the case of the Judiciary claims the claimants were successful and in the Firefighters case the respondents were successful. Both of these judgements are subject to appeal, the outcome of which may determine the outcome of the Police claims. The Tribunal has yet to set a date for a preliminary or substantive Police hearing. Legal advice suggests that there is a strong defence against the Police claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful. For these reasons, no provision has been made in the 2016/17 Accounting Statements.

Accounting Policy - Contingent Liabilities

A contingent liability arises where an event has taken place that gives a possible obligation which will only be confirmed by the occurrence or otherwise of uncertain future events which cannot wholly be controlled. Contingent liabilities also arise in circumstances where a [provision](#) would otherwise be made but it is either not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised on the Balance Sheet but disclosed in a note to the accounts.

21 Accounting Standards that have been Issued but have not yet been Adopted

For 2016/17 the following accounting policy changes that need to be reported relate to:

- Amendment to the reporting of pension fund scheme transaction costs;
- Amendment to the reporting of investment concentration.

In the Financial Statements for 2017/18, the effect of the changes will be assessed and where necessary, the comparative figures restated.

22 Prior Period Adjustment

A prior period adjustment has been made in the Chief Constable's 2015/16 financial statements in relation to the way in which expenditure and income are reported within the cost of services section on the face of the Comprehensive Income and Expenditure Statement (page 25).

During 2016/17 CIPFA's "Telling the Story" project aimed to streamline local authority (including policing bodies) financial statement to make that financial information more accessible to the reader. This resulted in a number of changes being made to the 2016/17 CIPFA Code of Practice on Local Authority Accounting. The most significant change has been to the format of the cost of services section of the Comprehensive Income and Expenditure Statement (CIES). Previously authorities were required to present these in line with CIPFA's Service Reporting Code of Practice (SERCOP), but under new requirements, these are to be reported on the basis the format of internal reporting structure used for budget setting and budget management.

Previously the Chief Constable and Commissioner chose to report expenditure and income on the CIES on the basis of descriptors provided by the Police Objective Analysis (e.g. local policing, intelligence, national policing etc.) providing a total cost of providing police services. The change in CIPFA code requirements now require this to be in the format used for internal resource management reporting purposes. The Chief Constable and Commissioner do not report internally on operational segments, instead a system of centralised budgets and

Notes to the Accounts

devolved resource management mean that internal reporting on a monthly/quarterly basis is by subjective headings (e.g. employee costs, premises, transport, supplies & services).

The income and expenditure on the CIES are now reported as a single line “Cost of Policing and Crime Services”. Further analysis by subjective headings is provided on the Expenditure and Funding Analysis (page 32) and in notes 5 and 6 to the main statements.

Accounting Policy - Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the financial position or performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts and notes for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

The table below shows how the net expenditure for 2015/16 has been re-stated:

Prior Period Adjustment Note	CC	CC	CC
	Net Exp Per 2015/16 Accounts	Amount re-stated for 2015/16	Change in Amount
	£000s	£000s	£000s
Total Reported Per SERCOP/Police Objective Analysis Format			
Local Policing	45,248	0	(45,248)
Dealing with the public	8,358	0	(8,358)
Criminal justice arrangements	9,358	0	(9,358)
Road policing	5,899	0	(5,899)
Specialist operations	3,971	0	(3,971)
Intelligence	5,608	0	(5,608)
Investigation	13,804	0	(13,804)
Investigative support	3,214	0	(3,214)
National policing	1,557	0	(1,557)
Corporate and democratic core	263	0	(263)
Non distributed costs	588	0	(588)
Termination payments	1,641	0	(1,641)
Funding provided by PCC to CC	(104,109)	(104,109)	0
Revised Format			
Cost of Policing and Crime Services	0	99,509	99,509
Cost of Services	(4,600)	(4,600)	0

Police Officer Pension Fund Account

Police Officer Fund Account

This statement provides information on transactions on the Police Pension Fund Account for the 2016/17 financial year together with comparative information for 2015/16.

Police Officer Pension Fund Account		CC 2015/16 £000s	CC 2016/17 £000s
Contributions Receivable			
Employer			
- Contributions (21.3% of Pensionable Pay in 2016/17 and 2015/16)		(8,286)	(8,133)
Officers' Contributions			
- 1987 Scheme Member Contributions (see narrative for rates)		(2,668)	(2,276)
- 2006 Scheme Member Contributions (see narrative for rates)		(93)	(77)
- 2015 Scheme Member Contributions (see narrative for rates)		(2,544)	(2,826)
		(13,591)	(13,312)
Transferees in from Other Schemes		(322)	(130)
Capital Equivalent charge for ill-health schemes		(132)	(289)
		(454)	(419)
Benefits Payable			
Recurrent Pensions		25,058	25,902
Commutations and Lump Sums		8,440	6,414
Other (Scheme Pays)		0	74
		33,498	32,390
Payments to and on Account of Leavers			
Refund of Contributions		44	27
Transfer out to other schemes		2	0
		46	27
Net Amount Payable for the Year		19,499	18,686
Additional Contribution from the Police & Crime Commissioner		(18,371)	(17,590)
Additional Funding Payable by the Constabulary (2.9%)		(1,128)	(1,096)
Net Amount Payable (Receivable) for the Year		0	0

Net Assets Statement

This statement shows the net assets and liabilities of the scheme as at 31 March 2017.

Pension Fund Net Assets & liabilities		CC 2015/16 £000s	CC 2016/17 £000s
Current Assets			
Pensions Benefits paid in advance		2,173	2,243
Current Liabilities			
Amount due to the Police & Crime Commissioner		(2,173)	(2,243)
		0	0

Notes to the Police Officer Pension Fund Account

Accounting Policies

The Police Pension Fund Accounts have been prepared in accordance with the requirements of the Police Pension Fund Regulations 2015 (SI 2015 No 445). The Pensions Fund Accounts are administered by the Chief Constable and have been prepared on an accruals basis.

Operation of Police Pensions Schemes

Since 1 April 2015 the Chief Constable has operated three Pensions Schemes for Police Officers. These are unfunded schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they fall due. The original Police Officer Pension scheme is known as the 1987 scheme. The second scheme was introduced in April 2006 with the intention that joint contributions of employers and employees would finance the full costs of pension liabilities. All Police Officers recruited from April 2006 onwards automatically become members of the 2006 scheme and the previous 1987 scheme was closed to new members. Officers who were members of the 1987 scheme were allowed by regulation to become members of the 2006 scheme if they wished. Members' contribution rates for 2016/17 and 2015/16 were between 11% and 12.75% for the 2006 scheme and between 14.25% and 15.05 for the 1987 scheme.

From 1 April 2015, a new pension scheme was introduced for Police Officers, known as the 2015 Scheme. The 2015 scheme is based on career average revalued earnings (CARE). All Police Officers recruited from 1 April 2015 will automatically become members of the new scheme and the two previous schemes (1987 and 2006) have been closed to new members from that date. Members of the two older police pension schemes will either be fully protected in those schemes, transfer to the new 2015 scheme on 1 April 2015, or will transfer on different tapering dates in the future subject to individual circumstances around age and length of service remaining. The members' contribution rates for the new scheme ranged between 12.44% and 13.78% in 2016/17 and 2015/16.

The financial statements for the Police Officer pension fund account do not take account of liabilities to pay pensions and other benefits after the period end. Details of the Chief Constable's long term pensions obligations can be found in the main accounting statements (see Balance Sheet page 27). Detailed disclosure notes regarding the Police Pension schemes can be found in the Technical Annex to the Statement of Accounts (Annex C Pensions on pages 61-70).

Funding of Police Pension Schemes

In 2006/07 a new arrangement was established to fund Police Pensions. This revised arrangement is for both new and existing police officer schemes, but has no effect on the benefit structures of either scheme. The purpose of the change is to smooth fluctuations in costs that would previously have been charged to the Chief Constable's Comprehensive Income and Expenditure Statement on a 'pay as you go basis' and to more clearly show the effect of the liability as opposed to current pension payments. Under the revised arrangements the liability for payment of police pensions is removed from the Chief Constable and replaced with an employers' contribution, currently set at 21.3% of pensionable pay, which, along with the employee contributions and any transfer values, is paid into the pensions account. In addition the Constabulary is required to make an additional contribution to the police pension fund account which equates to 2.9% of pensionable pay to fund the difference between the pension fund deficit and the amount of top up grant received from the Home Office. The employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to periodic revaluation by the Government Actuary's Department. Pensions are then paid from this account. The pensions account is balanced to nil annually, with any shortfall met by a top up from the Commissioner, or vice versa. However, the Home Office indemnify the Commissioner against any financial liability arising from a deficit on the Pension Account by providing a grant to the Commissioner equal to the Commissioner's top up. Similarly, any surplus on the Pension Account is ultimately repayable to the Home Office.

Glossary of Terms

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not when money is paid or received.

ACPO

The Association of Chief Police Officers.

Actuarial Valuation

A valuation of assets held, an estimate of the present value of benefits to be paid and an estimate of required future contributions, by an actuary, for example on behalf of a pension fund.

Agency Costs

Services which are performed by or for another authority or public body, where the agent is reimbursed for the cost of the work done.

Amortisation/Amortised Cost

The practice of reducing the value of assets to reflect their reduced worth over time. The term means the same as depreciation, though in practice amortisation tends to be used for the write-off of intangible assets, such as computer software.

Budget

A statement of the Police and Crime Commissioner's plans in financial terms. A budget is prepared and approved by the Police and Crime Commissioner before the start of each financial year and is used to monitor actual expenditure throughout the year.

Capital Adjustment Account

The CAA records the balance of resources set aside to finance capital expenditure (i.e. Capital Receipts, Minimum Revenue Provision (MRP), Direct Revenue Contributions (DRC) and Deferred Grants Account (DGA)) and also the consumption of resources associated with the historical cost of acquiring, creating or enhancing non-current assets over the life of those assets (i.e. depreciation/impairment).

Capital Expenditure

As defined in section 16 of the Local Government Act 2003 and regulation 25 of the Capital Finance and Accounting Regulations 2003, but broadly expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset.

Capital Financing Requirement (CFR)

The CFR is a measure of the extent to which the Commissioner needs to borrow to support capital expenditure. It does not necessarily relate to the actual amount of borrowing at any point in time.

Capital Receipt

Monies received from the sale of capital assets, which may be used to finance new capital expenditure or to repay outstanding loan debt as laid down within rules prescribed by Central Government. Capital Receipts cannot be used to finance revenue expenditure, with the exception that up to 4% of sale proceeds may be transferred to the General Fund to finance costs directly associated with the disposal of the asset.

Cash and Cash Equivalents

Cash is represented by cash in hand and in bank accounts. Cash Equivalents include demand deposits with financial institutions which are highly liquid in that they are repayable without penalty on notice of not more than 24 hours.

CC

The Chief Constable for Cumbria Constabulary.

CC CFO

The Chief Constable's Chief Finance Officer.

Chief Constable

The Chief Constable for Cumbria Constabulary.

CIPFA

The Chartered Institute of Public Finance and Accountancy. The main professional body for accountants working in the public services.

Commissioner

The Police and Crime Commissioner for Cumbria.

Componentisation

Identifying and depreciating the components of an asset separately if they have differing patterns of benefits relative to the total cost of the asset.

Contingency

A sum set aside to meet unforeseen expenditure.

Creditors

Amounts owed by the Police and Crime Commissioner for goods and services provided which had not been paid for at the end of the financial year.

Glossary of Terms

Debtors

Amounts owing to the Police and Crime Commissioner but not received at the end of the financial year.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, passage of time or obsolescence through technological or other changes.

De-minimis

In general the term means lacking in significance or importance. In terms of the accounts, a de-minimis limit is set for inclusion of projects in the capital programme, below this limit projects would be charged to revenue budgets.

Direct Revenue Contributions (DRC)

Resources provided from the Police and Crime Commissioner's revenue budget to finance the cost of capital projects.

Earmarked Reserves

Those elements of the Police Fund that have been set aside, "earmarked", for specific purposes.

Fair Value

In accounting and economics, fair value is a rational and unbiased estimate of the potential market price of a good, service, or asset.

Hedge Funds

A hedge fund is a pooled investment vehicle administered by a professional management firm, and often structured as a limited partnership/limited liability company. Hedge funds invest in a diverse range of markets and use a wide variety of investment styles and financial instruments.

Heritage Assets

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge or culture.

HMIC

Her Majesty's Inspectorate of Constabulary who are a government agency responsible for monitoring the standards and performance of Constabularies.

Impairment/Impaired

A reduction in the value of a non-current asset below its carrying amount on the balance sheet.

Investment Property

Property (land or building) held solely to earn rentals or for capital appreciation or both, rather than for operational reasons such as the provision of services.

Leasing

A method of financing expenditure over a period of time. There are two main types of lease:

- Finance Lease - where the risks of ownership are transferred to the lessee and where the assets are recorded in the Police and Crime Commissioner's balance sheet at a current valuation.
- Operating Lease - where the risks of ownership stay with the leasing company and the annual rental charges are made via the Revenue Account.

Minimum Revenue Provision (MRP)

The minimum amount which must be set aside in the Revenue Account each year as a provision for credit liabilities.

Non-current Assets

An asset, which will yield a benefit to the Police and Crime Commissioner for a period of more than one year.

PCC

The Police and Crime Commissioner for Cumbria.

PCC CFO

The Police and Crime Commissioner's Chief Finance Officer.

Pension actuarial gains and losses

For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because:

- events have not coincided with actuarial assumptions made for the last valuation (experience gains and losses) or
- the actuarial assumptions have changed.

Pension – current service costs

The increase in the present value of a defined benefit's liabilities expected to arise from employee service in the current period.

Glossary of Terms

Pension – defined benefit scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. The scheme rules define the benefits independently of the contribution payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Pension assets – expected rate of return

For a funded defined benefits scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Pension – interest costs

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Pension - past service costs

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Police Objective Analysis (POA)

The Police Objective Analysis (POA) is a model developed by the Home Office for analysing individual policing areas expenditure. It has been developed to support the need for understandable, accurate and consistent costing information to allow internal and inter-force comparisons.

Precept

The demands made by the Police and Crime Commissioner on the district councils who are the billing authority in relation to the collection of council tax.

Private Equity Funds

A private equity fund is a collective investment scheme used for making investments in various equity (and to a lesser extent debt) securities according to one of the investment strategies associated with private equity.

Provision

An amount set aside to provide for a liability which is likely to be incurred, although the amount and date of that liability are uncertain.

Public Works Loan Board (PWLB)

A Government agency which provides longer term loans to Local Authorities at interest rates which are only slightly higher than those at which the government itself can borrow.

Reserves

An amount set aside for a specific purpose and carried forward to meet expenditure in future years. The Police Fund represents accumulated balances which may be used to support future spending.

Revaluation Reserve

The revaluation reserve records the unrealised net gain from revaluation of non-current assets made after 1 April 2007. The balance is made up of individual credit balances associated with specific assets and will be equal to the difference between the current value net book value (NBV) and the historic cost NBV for all assets.

SERCOP

The CIPFA Service Reporting Code of Practice. It was introduced as part of the Best Value Regime to bring about more consistent accounting treatment of costs and to facilitate more meaningful financial comparisons between Authorities.

The Commissioner

The Police and Crime Commissioner for Cumbria.

TPA

Territorial Policing Area.

Annex A - Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises the financial transactions for the 2016/17 financial year and the financial position at the 31 March 2017. The Police and Crime Commissioner and Chief Constable are each required to prepare an annual Statement of Accounts (single entity) in accordance with the Accounts and Audit Regulations 2015 which stipulate that the statements be prepared in accordance with proper accounting practices. Those practices primarily comprise the [CIPFA/LAASAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17](#) (the Code) and the [Service Reporting Code of Practice 2016/17 \(SERCOP\)](#), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. The Police and Crime Commissioner is responsible for combining the single entity statements to form a set of consolidated group accounts.

In a change for the 2016/17 statement of accounts, where these accounting policies relate to a particular note to the accounts, the accounting policy will now be shown alongside that note in a [grey text box](#), in the notes to the accounts section (see pages 30 to 49). Where an accounting policy is more generic and applicable across the statement accounts it will continue to be shown in this **Annex A**.

2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories (stock) on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.
- An [accrual](#) is made in respect of employee benefits payable during employment

Accrual Example 1

An electricity invoice received at the start of April will usually relate to the previous quarters electricity consumption (January to March) and as such this expenditure should be shown in the financial statements for the previous financial year. The invoice will actually be paid in the new year but the costs are charged to the previous year by way of an accrual.

Accrual Example 2

The PCC/Constabulary insurance premiums are due on 1 November each year. The premium paid covers five months of the current financial year and seven months of the next. A prepayment is made in the accounts to move the cost of the seven months into the correct year.

3 Cash and Cash Equivalents

In accordance with the terms of [the Commissioner's](#) funding arrangement to the [Chief Constable](#), the Chief Constable is funded on a cash basis, accordingly all [cash and cash equivalent](#) balances are recorded on the balance sheet of the Commissioner.

Annex A - Statement of Accounting Policies

4 Exceptional Items

When exceptional items of income and expense are **material**, their nature and value is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of financial performance.

Materiality – information is material if omitting it or misstating it could influence decisions that users make on the basis of the financial information about a specific reporting organisation. In other words, materiality is an organisation specific aspect of relevance based on the *nature or magnitude or both*, of the items to which the information relates in the context of the individual organisations financial statements.

5 Charges to Revenue for Non-Current Assets

In accordance with the terms of [the Commissioner's](#) funding arrangement to the [Chief Constable](#), the Commissioner holds all [non-current assets](#). Accordingly, all [depreciation](#), revaluations and [impairments](#) are recorded in the Commissioner's single entity statement. However, the Commissioner makes a charge to the Chief Constable in the Comprehensive Income and Expenditure Statement for the use of non-current assets, which is equivalent to his share of depreciation.

6 Government Grants and Contributions

In accordance with the statutory responsibility of the [Commissioner](#) to maintain the Police Fund outlined in the Police and Social Responsibility Act 2011, all grants and contributions are attributable to the Commissioner and recorded in his accounts.

7 Intangible Assets

In accordance with the terms of the [Commissioner's](#) funding arrangement to the [Chief Constable](#) all intangible assets are held by the Commissioner.

8 Inventories

Inventories (stocks) are included in the balance sheet at historic cost. This is a departure from IAS2 which requires inventories to be valued at the lower of cost or net realisable value. However, for many stock items, particularly uniforms, net realisable value would be minimal and would not accurately reflect the value of holding these assets.

9 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Agreements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfillment of the arrangement is dependent on the use of specific assets.

Annex A - Statement of Accounting Policies

The [Chief Constable](#) does not hold any finance leases (either as lessee or lessor) or operating leases (as lessor or lessee).

10 Treatment of Overheads

The costs of overheads and support services are incorporated within the cost of Policing and Crime Services line of the comprehensive income and expenditure statement in accordance with the principles of the [CIPFA](#) Code of practice on Local Authority Accounting which requires costs to shown on the same basis as used for resource management.

Under the [Commissioner's](#) funding arrangement to the [Chief Constable](#) premises costs (except where they are directly attributable to the Chief Constable) are initially recorded in the accounts of the Commissioner and a recharge is made to the Chief Constable in the single entity comprehensive income and expenditure statements on an appropriate basis.

Under the Commissioner's funding arrangement to the Chief Constable transport, supplies and services costs and those for police staff supporting both the Commissioner and Chief Constable (except where they are directly attributable to the Commissioner) are initially recorded in the accounts of the Chief Constable and a recharge is made to the Commissioner in the single entity comprehensive income and expenditure statements on an appropriate basis.

11 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Under the terms of the [Commissioner's](#) funding arrangement to the [Chief Constable](#) all property, plant and equipment is held by the Commissioner. Accordingly, all accounting entries in relation to the acquisition, enhancement, revaluation, [impairment](#), [depreciation](#) and sale of such assets are recorded in the single entity accounts of the Commissioner. As noted in policy 6 above, the Commissioner makes a charge to the Chief Constable for the use of such assets which is equivalent to the Chief Constable's share of depreciation.

12 Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the services that are provided under the PFI scheme are deemed under the PFI contract to be controlled, the asset is carried on the Balance Sheet as part of Property, Plant and Equipment.

There is currently one PFI scheme and this relates to the West Cumbria [TPA](#) HQ at Workington. Under the terms of the [Commissioner's](#) funding arrangement to the [Chief Constable](#), the Commissioner controls all property and accordingly the PFI building is recorded on the balance sheet of the Commissioner. A charge is made by the Commissioner to the Chief Constable in the comprehensive income and expenditure statement for the Constabulary's use of the building and the services provided.

13 Heritage Assets

There are a small number of items that fall under the definition of [heritage assets](#). Due to their diverse nature and lack of historical cost information, specialist valuations would be required in order to obtain a reliable estimated value to include in the accounts. The cost of obtaining such valuations would outweigh the benefits gained and therefore no values are included in the balance sheet.

Annex A - Statement of Accounting Policies

14 Contingent Assets

A contingent asset arises where an event has taken place that gives rise to a possible asset which will only be confirmed by the occurrence or otherwise of uncertain future events which cannot wholly be controlled.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

15 Material Estimation Techniques

IAS 1 Presentation of Financial Statements requires disclosure of any estimation techniques applied, such that if a different methodology had been used a material variance in the amounts disclosed would have been arrived at. The only material estimation techniques used is in relation to pensions disclosures as set out in the technical annex, Annex B.

16 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Annex B – Technical Annex – Financial Instrument Disclosures

Financial Instruments are contracts that give rise to a financial asset in one entity and a financial liability in another. The term covers both **financial assets** such as loans and receivables and **financial liabilities** such as creditors and borrowings.

B1 Categories of Financial Instrument

The following categories of financial instrument are carried in the balance sheet:

Categories of Financial Instruments	CC Current	
	31 March 2016 £000s	31 March 2017 £000s
	Financial Assets	
Debtors		
Financial assets carried at contract amounts	4,839	4,445
Total Financial Assets	4,839	4,445
Financial Liabilities		
Creditors		
Financial liabilities carried at contract amounts	(7,687)	(7,293)
Total Financial Liabilities	(7,687)	(7,293)

Accounting Policy – Financial Instruments

Financial liabilities are initially measured at fair value and carried at their amortised cost. Where payable (i.e. a creditor) has a maturity of less than 12 months the fair value is taken to be the principal outstanding, or the billed / invoiced amount.

Financial assets are initially measured at fair value and carried at their amortised cost. Where a receivable (i.e. a debtor) has a maturity of less than 12 months, the fair value is taken to be the principal outstanding or the billed / invoiced amount.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. An example of such a charge would be an adjustment made to the debtors balance as a provision for bad debt.

B2 Fair value of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and assets represented by loans and receivables and long term [debtors](#) and [creditors](#) are carried in the balance sheet at amortised cost. Their [fair value](#) can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- The fair value of trade and other receivables is taken to be the invoiced amount.

As the [Chief Constable](#) only holds debtors and creditors as financial instruments, the fair value is estimated to be the same as the carrying amount as set out in the table above.

B3 Disclosure of the Nature and Extent of Risks Arising from Financial Instruments

The [Chief Constable's](#) activities expose him to a variety of financial risks:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Chief Constable.
- Liquidity Risk – the possibility that the Chief Constable might not have funds available to meet its commitments to make payments.

Credit Risk

Credit Risk is the possibility that other parties might fail to pay amounts due to the Chief Constable.

As the [Chief Constable](#) is funded by the [Commissioner](#), the Chief Constable's credit risk arises indirectly through the Commissioner's deposits with banks and financial institutions, as well as credit exposures to the Commissioner's customers.

This risk is minimised through the application of policies set out in the annual Treasury Management Strategy Statement (TMSS), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch and Moody's ratings services. The annual TMSS (approved by the Commissioner in February 2016), also imposes a maximum sum to be invested with a financial institution located within each category.

Liquidity Risk

Liquidity Risk is the possibility that the Chief Constable might not have funds available to meet his commitments to make payments.

Under the terms of the funding arrangement between the Commissioner and the Chief Constable the Commissioner provides funding to the Chief Constable on a cash basis. As the Commissioner has ready access to borrowings from the Public Works Loans Board (PWLB) and had at 31 March 2017 no actual external debt, having financed a number of recent projects through internal borrowing, there is no significant risk that it will be unable to raise finance to meet its commitments to the Chief Constable within the terms of the funding arrangement.

C1 Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the [Chief Constable](#) offers retirement benefits. Although these benefits will not actually be payable until employees retire, under IAS 19 the Chief Constable must recognise its future commitment to make payments, which need to be disclosed at the time that employees earn their future entitlement. In addition, the financial statements should contain adequate disclosure of the costs of providing benefits and related gains/losses.

Individually, there are three pension schemes for police officers (1987, 2006 and 2015 schemes) and a single scheme for police staff. They are all defined benefits schemes.

- **The Local Government Pension Scheme (LGPS)**

Police staff, subject to certain qualifying criteria, are eligible to join the LGPS, which is a funded defined benefit scheme. Pensions and other retirement benefits are paid from the fund. Employers and employees make regular contributions into the fund so that the liabilities are paid for evenly over the employment period.

The LGPS for Police Staff employees is administered by Cumbria County Council (outsourced to Lancashire County Council) – this is a funded [defined benefit scheme](#), meaning that the Chief Constable and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pensions liabilities with investment assets over the long term. In 2016/17 the Chief Constable made a contribution of 12.7% of pensionable pay. The past service contribution made in 2016/17 of £1,431k represented a three year contribution which was made with the aim of reducing future contributions after the next actuarial review. The contribution rate was last reviewed in March 2016 with a revised rate for employers contributions of 15.4% being applicable from April 2017.

- **The Police Pension Scheme**

There are currently three pension schemes in operation for Police Officers:

- The original 1987 Police Pension Scheme is governed by the Police Pension Regulations 1987 (as amended) and related regulations that are made under the Police Pensions Act 1976.
- The 2006 Police Pensions Scheme is also governed by the Police Pensions Act 1976 (as amended by the Police Pension Regulations 2006).
- The 2015 Police Pensions Scheme is a career average revalued earnings (CARE) scheme and is governed by the Police Pensions Scheme 2015 Regulations and related regulations under the Police Pensions Act 1976.

The Police Pension Scheme is an unfunded scheme (i.e. there are no investment assets built up to meet pension liabilities and cash has to be generated to meet actual pensions payments as they fall due). The funding arrangements for police officers' pensions changed on 1st April 2006. Before April 2006 pensions of former employees were required to be met on a 'pay as you go' basis with the cost charged to the revenue account. From April 2006 onwards there is an employer's contribution rate set by the Home Office (21.3% of pensionable salary for 2015/16 and 2016/17 (previously 24.2%)), which is charged to the Comprehensive Income and Expenditure Statement. In addition the Constabulary is required to make an additional contribution to the Police Pension Fund Account which equates to 2.9% of pensionable pay to fund the difference between the contributions calculated with the current and previous rates. The pension contribution rates were last reviewed in March 2012.

The Chief Constable and employees pay contributions into a separate pensions fund account administered by the Chief Constable from which on-going pensions liabilities are met. At the year-end any surplus or deficit on the pensions fund account is paid to or met by the Commissioner who then repays or is reimbursed by the Home Office.

Annex C – Technical Annex – Pension Disclosures

Also from 1st April 2006 legislation required the operation of a Pension Fund Account (shown on pages 50-51). The amounts that must be paid into and out of the fund are specified by regulation. Officers' contributions and the employer's contributions are paid into the pension fund account from which pension payments are made. Any shortfall on the pension fund account is met by a contribution from the police fund. A Home Office Grant is received to cover this contribution. Conversely, a surplus on the Pension Fund Account would result in a contribution to the police fund, which would then be recouped by the Home Office. As the Commissioner is responsible for maintaining the police fund the receipt of Home Office pension grant and corresponding contribution to the Police Pension Fund Account are shown in the accounts of the Commissioner.

Defined Benefit Scheme – A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contribution payable and the benefits are not directly related to the investments of the scheme. The scheme may be *funded* or *unfunded*.

A **funded** scheme is one where employers and employees pay contributions into a fund. The payments to pensioners are then made from this fund.

An **unfunded** scheme is one where there is no fund with investment assets built up to meet pension liabilities and cash has to be generated (from employee and employer contributions) to meet the actual pension payments as they fall due.

The Accounts show the full implementation of IAS19 (Employee Benefits). IAS19 requires organisations to recognise retirement benefits in the Comprehensive Income and Expenditure Statement when they are earned, even though the benefits will not be payable until employees retire. However, as statutory procedures require the charge against Council Tax to be based on the amounts payable to the pension fund during the year, an appropriation is made within the pensions reserve equal to the net change in the pensions liability recognised in the Comprehensive Income and Expenditure Statement. The Balance Sheet discloses the net liability in relation to retirement benefits. The figures are based on the Actuary's latest estimate.

There are restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and are accounted for using the same policies as applied to the LGPS.

Annex C – Technical Annex – Pension Disclosures

The cost of retirement benefits is recognised in the Cost of Services within the Comprehensive Income and Expenditure Statement when employees earn them, rather than when the benefits are eventually paid as pensions.

The following cost transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

Pension Transactions in MIRS and CI&ES	CC LGPS Funded Benefits		CC LGPS Unfunded Benefits		CC Police Scheme 1987 Scheme		CC Police Scheme 2006 Scheme		CC Police Scheme 2015 Scheme		CC Total Pension Schemes	
	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s	2015/16 £000s	2016/17 £000s
Comprehensive Income and Expenditure Statement												
<i>Cost of Services</i>												
<i>Service cost comprising:</i>												
• Current service cost	4,300	3,683	0	0	12,730	8,060	360	220	6,400	6,320	23,790	18,283
• (Gain)/loss from settlements/curtailments	588	417	0	0	0	0	0	0	0	0	588	417
<i>Financing and Investment Income and Expenditure</i>												
• Net interest expense	976	839	39	38	36,380	34,090	1,060	1,170	150	450	38,605	36,587
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	5,864	4,939	39	38	49,110	42,150	1,420	1,390	6,550	6,770	62,983	55,287
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement												
<i>Remeasurement of the net defined benefit liability comprising:</i>												
• Return on plan assets (excluding the amount included in the net interest expense)	1,599	(14,418)	0	0	0	0	0	0	0	0	1,599	(14,418)
• Actuarial (gains) and losses arising on changes in demographic assumptions	0	(1,523)	0	(5)	(16,720)	(22,790)	(560)	0	(130)	0	(17,410)	(24,318)
• Actuarial (gains) and losses arising on changes in financial assumptions	(10,354)	40,068	(38)	171	(91,120)	210,780	(7,450)	15,620	(780)	8,410	(109,742)	275,049
• Experience (gains) and losses on liabilities	0	(5,060)	0	(110)	(51,680)	(3,470)	7,320	40	30	(380)	(44,330)	(8,980)
• Administration expenses	87	98	0	0	0	0	0	0	0	0	87	98
Total Post-employment Benefits charged to Other Comprehensive Income and Expenditure	(8,668)	19,165	(38)	56	(159,520)	184,520	(690)	15,660	(880)	8,030	(169,796)	227,431
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(2,804)	24,104	1	94	(110,410)	226,670	730	17,050	5,670	14,800	(106,813)	282,718
<i>Movement in Reserves Statement</i>												
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code.	(5,864)	(4,939)	(39)	(38)	(49,110)	(42,150)	(1,420)	(1,390)	(6,550)	(6,770)	(62,983)	(55,287)
<i>Actual amount charged against the General Fund Balance for pensions in the year</i>												
• Employers' contributions payable to the scheme	2,977	3,794	65	62	0	0	0	0	0	0	3,042	3,856
• Retirements benefits payable to pensioners	0	0	0	0	28,880	30,590	(210)	10	(2,570)	(2,740)	26,100	27,860
Total amount charged against the Police Fund Balance for pensions in the year	2,977	3,794	65	62	28,880	30,590	(210)	10	(2,570)	(2,740)	29,142	31,716

Accounting Policy - Post-Employment Benefits – CIES Entries/Charges to the Police Fund

All accounting entries in relation to the Comprehensive Income and Expenditure Statement and the subsequent liability for police officers pensions are wholly recorded in the Chief Constable's accounts. For police staff all Comprehensive Income and Expenditure Statement entries and subsequent balance sheet liabilities in relation to pensions are apportioned between the Commissioner and the Chief Constable single entity statements by the scheme actuary.

In relation to retirement benefits, statutory provisions require the Police Fund to be charged with the amount payable to the pension funds in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the Police Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Accounting Policy - Post-Employment Benefits - CIES Entries

The change in the net pensions liability is analysed into the following components:

- **Service cost comprising:**
 - [Current service costs](#) – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
 - [Past service cost](#) – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
 - Net interest on the net defined pension benefit liability (asset) – i.e. the net interest expense for the organisation – the change during the period in the net defined pension benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined pension benefit obligation at the beginning of the period to the net defined pension benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined pension benefit liability (assets) during the period as a result of contribution and benefit payments.
- **Remeasurements comprising:**
 - Return on plan assets-excluding amounts included in the net interest on the net defined pension liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions (demographic and financial) made at the last actuarial valuation or because the actuaries have updated their assumptions –charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **Contributions paid to the pension fund**
 - cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Annex C – Technical Annex – Pension Disclosures

C2 Assets and Liabilities in relation to Retirement Benefits

Under IAS 19, the financial statements should reflect at [fair value](#) the assets and liabilities arising from an employer's obligation to pay retirement benefits and the funding provided.

The underlying assets and liabilities for retirement benefits attributable to the [Chief Constable](#) at 31 March 2017 with comparative information for the previous year are as follows:

Pension Scheme Assets & Liabilities	CC LGPS Funded Benefits		CC LGPS Unfunded Benefits		CC Police Scheme 1987 Scheme		CC Police Scheme 2006 Scheme		CC Police Scheme 2015 Scheme	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Present value of the defined benefit obligation	(130,972)	(171,301)	(1,104)	(1,136)	(971,330)	(1,167,410)	(32,890)	(49,930)	(8,240)	(25,780)
Fair value of plan assets	106,540	126,559	0	0	0	0	0	0	0	0
Net liability arising from defined benefit obligation	(24,432)	(44,742)	(1,104)	(1,136)	(971,330)	(1,167,410)	(32,890)	(49,930)	(8,240)	(25,780)

The liabilities in the above table show the underlying commitments that the Chief Constable has, in the long run, to pay retirement benefits. The total liability of £1.289b (£1.038b in 2015/16) has a substantial impact on the net worth of the Chief Constable as recorded in the balance sheet, resulting in a negative overall balance of £1.292b (£1.041b in 2015/16).

However, statutory arrangements for funding the deficit mean that the financial position of the Constabulary remains healthy, since:

- the deficit on the local government scheme will be made good by increased contributions and changes to benefits over the remaining working life of employees, as assessed by the scheme actuary
- finance is only required to be raised to cover police pensions when the pensions are actually paid.

Annex C – Technical Annex – Pension Disclosures

Reconciliation of present value of scheme liabilities:

Reconciliation of Scheme Liabilities	CC LGPS Funded Benefits		CC LGPS Unfunded Benefits		CC Police Scheme 1987 Scheme		CC Police Scheme 2006 Scheme		CC Police Scheme 2015 Scheme	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at Start of Year	(133,274)	(130,972)	(1,168)	(1,104)	(1,110,620)	(971,330)	(31,950)	(32,890)	0	(8,240)
Current service cost	(4,300)	(3,683)	0	0	(12,730)	(8,060)	(360)	(220)	(6,400)	(6,320)
Interest cost	(4,508)	(4,682)	(39)	(38)	(36,380)	(34,090)	(1,060)	(1,170)	(150)	(450)
Contributions by Scheme Participants	(1,120)	(1,052)		0	(2,670)	(2,280)	(90)	(80)	(2,540)	(2,830)
Remeasurement gains and (losses):										
- Arising from changes in demographic assumptions	0	1,523	0	5	16,720	22,790	560	0	130	0
- Arising from changes in financial assumptions	10,354	(40,068)	38	(171)	91,120	(210,780)	7,450	(15,620)	780	(8,410)
- Experience gains/(losses)	0	5,060	0	110	51,680	3,470	(7,320)	(40)	(30)	380
Gains/(losses) on curtailment	(588)	(417)	0	0	0	0	0	0	0	0
Benefits Paid/Transfers	2,464	2,990	65	62	31,550	32,870	(120)	90	(30)	90
Balance at End of Year	(130,972)	(171,301)	(1,104)	(1,136)	(971,330)	(1,167,410)	(32,890)	(49,930)	(8,240)	(25,780)

The liabilities under both the LGPS and Police Pension Schemes have increased during 2016/17. The Principal reason for this increase is in relation to a change in financial assumptions by the scheme actuaries.

Accounting Policy - Post-Employment Benefits – Measurement of Liabilities

The liabilities of the pension fund are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of earnings for current employees. Liabilities are discounted to their value at current prices using a discount rate (see assumptions set out in C3 on page 69).

[Actuarial valuations](#) of the fund are undertaken every three years to determine the contribution rates needed to meet its liabilities.

Annex C – Technical Annex – Pension Disclosures

Reconciliation of [fair value](#) of the scheme assets:

Reconciliation of Scheme Assets	CC LGPS Funded Benefits		CC LGPS Unfunded Benefits	
	2015/16	2016/17	2015/16	2016/17
	£000s	£000s	£000s	£000s
Balance at Start of Year	103,061	106,540	0	0
Interest Income	3,532	3,843	0	0
Remeasurements - Gains and (Losses)	(1,599)	14,418	0	0
Administration Expenses	(87)	(98)	0	0
Employer Contributions	2,977	3,794	65	62
Contributions by Scheme Participants	1,120	1,052	0	0
Benefits Paid	(2,464)	(2,990)	(65)	(62)
Balance at End of Year	106,540	126,559	0	0

Accounting Policy - Post-Employment Benefits – Measurement of Assets

The assets of the LGPS pension fund are included in the Balance Sheet at their [fair value](#):

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

Annex C – Technical Annex – Pension Disclosures

The Police Pension Scheme has no assets to cover its liabilities. The [Chief Constable's](#) share of assets in the Cumbria County Council Pension Fund (LGPS) consists of the following categories, by proportion of the total assets held:

LGPS Asset Breakdown	Quoted Y/N	CC 2015/16		CC 2016/17	
		£000s	%	£000s	%
Equities					
UK Quoted	Y	14,062	13.20%	16,326	12.90%
Global Quoted	Y	20,030	18.80%	25,438	20.10%
UK Equity Pooled	N	3,729	3.50%	1,266	1.00%
Overseas Equity Pooled	N	17,579	16.50%	21,262	16.80%
Bonds					
UK Corporate Bonds	Y	7,351	6.90%	7,973	6.30%
Overseas Corporate Bonds	Y	426	0.40%	380	0.30%
UK Government Indexed Pooled	N	19,071	17.90%	24,679	19.50%
Property					
UK	Y	8,204	7.70%	8,859	7.00%
Property Funds	N	3,835	3.60%	3,923	3.10%
Alternatives					
Private Equity Funds	N	2,237	2.10%	3,164	2.50%
Infrastructure Funds	N	5,860	5.50%	7,467	5.90%
Real Estate Debt Funds	N	746	0.70%	1,139	0.90%
Private Debt Funds	N	0	0.00%	633	0.50%
Cash					
Cash Accounts	Y	3,303	3.10%	3,923	3.10%
Net Current Assets	N	107	0.10%	127	0.10%
		106,540	100.00%	126,559	100.00%

C3 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which provides an estimate of the pensions that will be payable in future years using assumptions about mortality rates, salary levels, etc. William M Mercer, an independent firm of actuaries, has carried out the assessment on the Local Government Pension Scheme. These accounts are based on the [actuarial valuation](#) undertaken on 31 March 2017. The Police Scheme estimates have been compiled using a valuation model devised by the Government Actuaries Department.

Accounting Policy – Pensions Material Estimation Techniques

Where the projected unit method of valuation has been applied and which is consistent with the required methodology in IAS 19. This is a valuation method in which the scheme liabilities make an allowance for projected earnings. An accrued benefits valuation method is one in which the scheme liabilities at the valuation date relate to:

- the benefits pensioners and deferred pensioners (i.e. individuals who have ceased as active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested or not.

For 2016/17 a discount rate based on the current rate of return on a high quality corporate bond of equivalent currency and term to scheme liabilities is to be used. The actuaries for the Police and LGPS pension funds have advised that a rate of 2.6% is appropriate.

Annex C – Technical Annex – Pension Disclosures

The principal assumptions used by the actuary have been:

Actuarial Assumptions	LGPS		Police Scheme	
	2015/16	2016/17	2015/16	2016/17
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
- Men	23.1	23.1	23.1	23.2
- Women	25.7	25.7	25.1	25.2
Longevity at 65 for future pensioners:				
- Men	25.9	25.4	25.1	25.2
- Women	28.9	28.4	27.2	27.3
Rate of Inflation (CPI)	2.00%	2.30%	2.20%	2.35%
Rate of increase in salaries	3.50%	3.80%	1.00%	1.00%
Rate of increase in pensions	2.00%	2.30%	2.20%	2.35%
Rate of Revaluation for CARE Pensions	-	-	3.45%	3.60%
Rate for discounting scheme liabilities	3.60%	2.60%	3.55%	2.65%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity Analysis – LGPS Pension Scheme

Sensitivity Analysis - LGPS	CC		
	Impact on Defined Benefit Obligation £000s	Impact on Projected Service Cost for Next Year £000s	Impact on Projected Interest Cost for Next Year £000s
Local Government Pension Scheme			
Longevity (1 Year increase in life expectancy)	3,397	119	89
Rate of Inflation (increase by 0.1%)	3,752	172	99
Rate of Increase in Salaries (increase by 0.1%)	900	0	24
Rate for Discounting Scheme Liabilities (increase by 0.1%)	(3,673)	(164)	(55)

Annex C – Technical Annex – Pension Disclosures

Sensitivity Analysis – Police Pension Schemes

Sensitivity Analysis - Police Pensions	Police	CC	Police
	Pensions 1987 Scheme £000s	Pensions 2006 Scheme £000s	Pensions 2015 Scheme £000s
Assumption Sensitivity			
Longevity (1 Year increase in life expectancy)	29,900	1,100	600
Rate of Increase in Pensions (increase by 0.5%)	102,500	5,200	5,300
Rate of Increase in Salaries (increase by 0.5%)	9,900	3,700	-
Rate for Discounting Scheme Liabilities (increase by 0.5%)	(105,800)	(8,300)	(4,400)
Early retirement (each member retiring 1 year later than expected)	(1,500)	(200)	300

The above tables include the impact of an increase in assumptions, a reduction in assumptions will produce approximately an equal and opposite change.

C4 Impact on the Chief Constable's Cash Flows

The objectives of the LGPS scheme are to keep employers' contributions at as constant a rate as possible. The [Chief Constable](#) has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis. The next triennial valuation will take place during 2019/20 based on the position at 31 March 2019. Any change in contribution rates as a result of this valuation will be applicable from 1 April 2020.

The pension schemes will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the LGPS and the other main existing public service schemes in England and Wales (which includes the Police Pension schemes) may not provide benefits in relation to service after 31 March 2014 (after 31 March 2015 for other main public service schemes e.g. Police Pension Schemes). This means that the LGPS ceased to be a final salary schemes from 31 March 2014 and the Police Pension Scheme ceased to be a final salary pension scheme from 31 March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The total contributions expected to be made to the Local Government Pension Scheme by the Chief Constable in the year to 31 March 2018 are £2,854k. Expected contributions for the Police Pension Scheme in the year to 31 March 2018 are £9,564k.

The weighted average duration of the defined benefit obligation for scheme members is shown in the table below:

Weighted Average Duration of the Defined benefit Obligation	2015/16 Years	2016/17 Years
Pensions Scheme		
Local Government Pension Scheme - CC	26	22
Police Pension -1987 Scheme	21	20
Police Pension -2006 Scheme	37	37
Police Pension -2015 Scheme	37	39



The Chief Constable for Cumbria Constabulary

Annual Governance Statement 2016/17

Annex D – Annual Governance Statement

INTRODUCTION AND SCOPE OF RESPONSIBILITIES

The Chief Constable for Cumbria Constabulary (the Chief Constable) is responsible for ensuring business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Chief Constable is responsible for putting in place proper arrangements for the governance of affairs and facilitating the exercise of functions, which includes arrangements for the management of risk.

The Chief Constable has approved and adopted a Code of Corporate Governance 'The Code'. The Code gives clarity to the way the Chief Constable governs and sets out the frameworks that are in place to support the overall arrangements that are in place for fulfilling the Chief Constable's functions. This statement explains how the Chief Constable has complied with The Code. It also meets the requirements of regulation 6(1) and 10(1) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an annual governance statement, which must accompany the Chief Constable's statement of accounts.

PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values by which the Constabulary is directed and controlled and the activities through which the organisation accounts to and engages with the community. The framework enables the Chief Constable to monitor the achievement of strategic objectives and to consider whether those objectives have led to the delivery of appropriate efficient and effective policing services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Chief Constable's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

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THE REVIEW OF EFFECTIVENESS

The key elements of the system and processes that comprise the Chief Constable's governance arrangements are detailed in this section. The elements are based on the seven core principles of Corporate Governance from the CIPFA/Solace Governance Framework, the standard against which all local government bodies, including police, should assess themselves.

The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Chief Officers and senior managers within the organisation who have responsibility for the development and maintenance of the governance environment. The review comprises

- A cyclical detailed review of the key documents within the Chief Constable's governance framework e.g. Financial Regulations. The review includes consideration of the documents by the Joint Audit and Standards Committee prior to their presentation to the Chief Constable for approval.
- An overarching review of the governance arrangements in place to support each core principle within the CIPFA Solace guidance. As part of the review the Chief Constable's Code of Corporate Governance is updated to reflect changes to the governance framework and the implementation of the prior year's AGS development plan.
- A review of what has happened during the past year to evidence how the governance framework has been complied with. The process includes consideration of the questions and challenges raised within the CIPFA Good Governance Guidance Note for Police and a

Seven Core Principles of Governance

- A. *Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.*
- B. *Ensuring openness and comprehensive stakeholder engagement.*
- C. *Defining outcomes in terms of sustainable economic, social and environmental benefits.*
- D. *Determining the interventions necessary to optimise the achievement of intended outcomes.*
- E. *Developing entity's capacity including the capability of its leadership and the individuals within it.*
- F. *Managing risks and performance through robust internal controls and strong public sector management.*
- G. *Implementing good practices in transparency, reporting and audit to deliver effective accountability.*

discussion on how well existing arrangements meet the good practice guidance within the guidance.

- A review of the effectiveness of the arrangements for internal audit undertaken by the Commissioner's Chief Finance Officer against the Public Sector Internal Audit Standards and the Internal Audit Charter. It supports a judgement on the effectiveness of the overall arrangements for audit in contributing to internal control. The review is supported by consideration of the opinion of the Chief Internal Auditor on the Chief Constable's control environment as set out in her annual report.

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- During the year a formal review has been undertaken of the role of the Chief Constable's Chief Finance Officer and the Head of Internal Audit (HIA) against the respective CIPFA statements. The self-assessment were subject to further review by the Joint Audit and Standards Committee. The outcome from the process has concluded that the Chief Finance Officer and HIA are fully compliant with the CIPFA role.
- A review of the effectiveness of the Joint Audit and Standards Committee is considered against CIPFA guidance on Audit Committees for Police. This is a self-assessment by the Committee and supported by the Commissioner's Chief Finance Officer. As part of the review consideration is given to assurance that can be provided by the Committee's annual work programme in evidencing the effectiveness of internal controls and as a contribution to the effectiveness of overall governance arrangements.

As part of the review process, the annual governance statement is prepared and presented in draft to the Chief Constable's Internal Auditors and the Joint Audit and Standards Committee, alongside a report detailing the findings of the review. In preparing the Governance Statement the narrative provided aims not only to describe the governance arrangements which are in place, but, to also outline the resulting outcomes in relation to the performance and development of the organisation. The resulting narrative is a lengthy document, but which provides the reader with a more comprehensive analysis of the Constabulary's governance activities and their effectiveness. The Governance Statement incorporates an action plan which identifies areas for development and

improvement that have been highlighted during the review process. The Statement is approved by the Chief Officer Group prior to being issued alongside the draft unaudited statement of accounts.

The AGS remains under review during the audit of the financial statements. It is updated where appropriate, following the audit, with consideration being given to the opinion of the External Auditor, expressed within the Audit Findings Report and the External Auditor's value for money conclusion.

The following paragraphs detail how the Chief Constable's has complied with the governance framework, set out within the Code to meet of each of the seven governance principles. Whilst the review did not highlight any serious deficiencies in relation to compliance with the Code, the Constabulary is making on-going efforts to improve the effectiveness of governance. Accordingly each section of the statement includes a commentary on areas for development and improvement, which were identified as part of the review process. These are collated into an action plan at the end of the statement. This AGS includes an update on the implementation of planned actions from the 2015-16 statement and how they were addressed in 2016-17. Monitoring of the AGS is ongoing throughout the year and specifically the AGS action plan is subject to a formal half yearly review by the Joint Audit and Standards Committee.

Jeremy Graham
Chief Constable

21 July 2017 *Signatures have been removed for the purposes of publication on the website.*

Roger Marshall
Joint Chief Finance Officer

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Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Ethics and Integrity & Respecting the Rule of Law

During 2016-17 the Constabulary took a pro-active approach to communicating and promoting the highest standards of integrity in all elements of its business. Work has continued to embed and develop ethical behaviour based on:

- The Constabulary's Corporate Values
- The College of Policing Code of Ethics.
- Preventing the abuse of authority for sexual gain.
- The Constabulary's Anti-Fraud and Corruption Policy and Procedures.
- Responding to Her Majesty's Inspectorate of Constabulary (HMIC) recommendations from its 2016 legitimacy inspection.

Ethical issues are monitored through the Professional Standards Department Control Strategy, which is reviewed bi-annually and reported to the Deputy Chief Constable.

These arrangements are supported by the Director of Legal Services, who is a qualified solicitor and acts as the Chief Constable's 'Monitoring Officer', providing advice to the Constabulary on all legal matters and is consulted on all strategic decisions to ensure that laws are not contravened.

During 2016-17 HMIC conducted a Legitimacy inspection of the Constabulary as part of the force's PEEL Inspection, this covered the conduct and behaviour of the force. The report graded Cumbria as good and did not identify areas of concern and made no specific recommendations. Notwithstanding the positive review a delivery plan has been developed which will focus on identifying and dealing with abuse of power for sexual gain including:

- Developing systems to pro-actively monitor computer systems to identify threats to its integrity
- Developing arrangements to protect vulnerable people by working with other agencies to identify any officer who is abusing their authority for sexual gain.
- Providing capacity to undertake vetting of staff who have worked for the Constabulary for some time, in compliance with new national guidelines.

The role of the Constabulary's Professional Standards Department is central to the maintenance of high standards of conduct and behaviour within the organisation. The priorities of the Constabulary's Professional Standards Department are shaped by a Strategic Assessment, which seeks to predict future risks as a basis developing a control strategy. The Strategic Assessment was refreshed in 2016 and has highlighted a number of priorities including anti-corruption, information security and vulnerable association.

During 2016-17 the Professional Standards Department Anti-Corruption Unit have reported regularly to the Commissioner in relation to its work.

The Professional Standards Department have continued to issue PASS newsletters and corporate messages during the 2016-17 year to officers and staff in relation to issues of conduct and integrity. The newsletters have provided guidance on generic responsibilities such as:-

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- Operational advice across a range of issues including property handling, missing persons and response protocols
- Safe handling of detainees in custody
- Procedures for issuing harassment notices.
- Compliance with National Crime Reporting Standards.
- Dealing with vulnerable people.
- Standards of driving and use of mobile devices.

Newsletters have also highlighted specific examples of misconduct, which have led to disciplinary action. In addition the Professional Standards Department circulate Independent Police Complaints Commission learning bulletins to officers and staff, providing guidance on topical issues for example armed policing, call handling, custody and information management.

During 2016-17 refresher training on the Code of Ethics has been provided to managers and cascaded to all officers and staff.

Collectively this is a preventative approach designed to ensure all officers and staff are aware of their responsibilities and potential consequences if their conduct falls below required professional standards.

There has been an increase in the number of intelligence reports received into the anti-corruption unit, however, most of these relate to self-referrals, indicating that officers and staff are responding to prevention guidance from PSD. The Professional Standards Department also oversees all complaints against the Constabulary. Complaints and the results of subsequent investigations are reported periodically to the Police and Crime Commissioner. In 2016-17 the number of complaint allegations reduced by 11% and the number which required investigation also fell by 10%. When compared to most similar forces, both the level of complaints, expressed per officer and the percentage of

those complaints upheld, remain below the national average.

Where trends in relation to complaints or examples of best practice are identified these are circulated force wide via Online News or the PASS newsletters (which are issued by Professional Standards) so that officers can learn from the experience of others in order to improve the service that they provide to members of the public.

In the interests of openness and transparency, police misconduct hearings are now held in public. Two public misconduct hearings took place in 2016-17 and both officers were dismissed from the force. All such hearings will continue to be presided over by a legally qualified chair. The outcomes of misconduct hearings are now publicised on the Constabulary website.

The Ethics and Integrity Panel continue to provide independent oversight for the OPCC and Constabulary in relation to standards, ethics and integrity

During 2016-17 the Ethics and Integrity Panel have carried out dip sample processes and thematic inspections for a number of different areas of business. For the OPCC these included the reviewing of complaints received and their handling in line with statutory legislation and guidance. In addition 'Quality of Service and Policing Issues' which were raised by members of the public were also reviewed. The Panel subsequently confirmed their assurance that they were dealt with appropriately. On a six monthly basis the OPCC analyse information relating to the QSPI's to identify any trends or patterns, how the OPCC has facilitated an outcome and any organisation learning for itself or the Constabulary. This is subsequently discussed with the Constabulary and reported to the Commissioner and the Ethics and Integrity Panel. These include public complaints,

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police misconduct and staff misconduct cases all of which were found to support high standards of ethics and integrity. Following each session any actions identified were scheduled and monitored to ensure their completion. The Panel gained assurance that improvements previously proposed adopted by the Constabulary and OPCC were continuing to be used and developed further where necessary. These sessions also enabled the Police and Crime Commissioner to fulfil his statutory duty to have oversight of the Constabulary's complaints and misconduct processes.

Three thematic inspections were carried out during the year. These being in relation to the Constabulary's Performance Discretion Framework, the use of Stop and Stop/Search and the policing of the 2016 Kendal Calling Festival. These inspections enabled the Panel to take an independent review of the identified areas of work and gain assurance of the ethical standards used. The achieved this by carrying out dip sample sessions on all three areas of work and speaking with Constabulary lead officers and Chief Officers.

The findings of the Panel's work, including recommendations, have been reported on a quarterly basis to the Commissioner's Public Accountability Conference to improve transparency and support public scrutiny. The Joint Audit and Standards Committee received the 2015-16 annual report of the Ethics & Integrity Panel in May 2017 to support assurances in respect of arrangements for standards and ethical governance.

During 2016-17 the Ethics and Integrity Panel has continued to develop and enhanced its role. This has included undertaking "thematic inspections" of specific areas of activity such as Stop and Search and contributing to reviews of ways of working within the Constabulary, such as the changes introduced within the Constabulary's Communication Centre. This work has led to

recommendations being made to the Constabulary with a view to the enhancement and/or improvement of the service. Stop and Search was reviewed again in August 2016 to assess the progress and development of the Constabulary. They found that over 96% of forms were correctly completed compared with previous findings. The Panel also reviewed the Constabulary's ethical decision making regarding the Kendal Calling Festival and the organisers wish to have a procedure whereby those attending the event could have drugs tested. Having considered all information they felt that the Constabulary had made a reasoned decision and the benefits being borne out with no drugs related deaths occurring at the 2016 event.

In undertaking these new activities the focus of the Panel has been on the ethical implications of the proposals or the way in which the activity is undertaken.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

Embed the delivery plans for vetting enhancement, abuse of authority for sexual gain and Code of Ethics.

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Core Principle B: Ensuring openness and comprehensive stakeholder engagement.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Openness

To support transparency and ensure that the Chief Constable's vision is clearly communicated, the Chief Officer Group have held strategy days for senior management and road shows across county, which were open to all officers and staff. These events enabled the Chief Constable to plan, discuss and communicate his vision and strategic objectives, the challenges facing the Constabulary and the rationale for planned changes to address these issues. The impact for officers on the frontline was also explained and opportunities for questions and answers provided and taken up. The approach was supported by a range of communications across the force.

Engaging Effectively with Institutional Stakeholders

The Constabulary has worked closely with the OPCC through formal mechanisms (such as Public Accountability Conferences and Collaborative Board meetings) and informally through one to one meetings with senior staff from both organisations. For example, the Constabulary and OPCC media staff meet every week to review each other's forward plan for communications, engagement and marketing to maximise opportunities, reduce duplication and provide clarity for the media and the public based on our agreed protocol.

The Constabulary recognises that working with partners can deliver a more effective policing service to the public and meet the aims of the Commissioner's Police and Crime Plan. Accordingly, the Constabulary actively participates in a range of partnership activities and functions in

collaboration with other agencies, both at a strategic and tactical level. Examples of multi- agency partnership working include

- Acting as operational chair for the Local Resilience Forum (a multiagency group which plans for and manages major incidents in the county that require a coordinated response to keep people safe) and leads on its media and communications.
- Chairing the county's CRASH partnership, which has been established to improve road safety across the county.
- Chairing the Safer Cumbria Action Board
- Active participation in the Local Safeguarding Board and the Safeguarding Improvement Board, which deal with child protection issues.
- Working in Community Safety Partnerships
- Countering alcohol harm through the Constabulary's own strategy and as part of the Cumbria Alcohol Steering Group.
- Combating anti-social behaviour in partnership with various local authorities and housing associations.
- Providing communications and marketing support and expertise to all these groups.
- A particular priority in 2016-17 has been developing links with criminal justice and mental health agencies, in particular the Crisis Care Concordat.
- Developing tactical initiatives in conjunction with other blue-light partners.

In accordance with the Joint Financial Regulations and Rules arrangements are in place to ensure that for significant partnerships and joint working relationships there is:

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- a legal power to engage,
- appropriate approval by the Chief Constable and Commissioner,
- clear objectives,
- an understanding and documentation of financial and other resource commitments,
- a risk assessment.

The Chief Constable is actively engaging with the Cumbria Chief Executives Group to promote a better understanding of demand for public services and to reduce waste by promoting a co-ordinated approach to delivery of public services in Cumbria.

Engaging stakeholders effectively, including citizens and service users

The Constabulary has a Community Engagement and Consultation Strategy, which is reported via the Operations Board. This includes a consultation action plan, which co-ordinates all on-going consultation activities and is regularly reviewed and refreshed on an annual basis to continually improve consultation arrangements.

During the year, the Constabulary consulted with the public to find out their priorities how confident they felt, how they would like to be engaged and their areas of concern. These informed the development of the Constabulary's and Commissioner's plans.

The Constabulary commissions an external company to survey victims of crime and antisocial behaviour by telephone and has used the feedback to improve the services it provides. Where issues are raised a fast track service recovery process has been developed to ensure that they are responded to quickly. . In addition, over the past

year the following activity has been undertaken to support improvements in services to victims:

- customer journey mapping exercise on their experiences of being a victim of crime / ASB
- analysis into reasons for a decline in satisfaction levels for victims of ASB.
- working with partners to ensure compliance with the victims code by introducing a robust self-assessment (The Constabulary is at the forefront of the service nationally on this approach)
- Produced the Engaging with Communities dashboard which looks at public consultation feedback, and ONS confidence information.

The Constabulary has developed a marketing and communications strategy aimed at establishing clear channels of communication with all sections of the community, providing crime prevention and safety advice as well as information about services. Access to information has been developed to include community messaging and all social media. The Constabulary's e-community has grown and is now at more than 115,000 followers.

The Strategic Independent Advisory Group has met regularly to discuss emerging issues of strategy and policy both nationally and locally. An annual report on Diversity and Equality setting out how objectives had been achieved was provide to the Commissioner and published on the website. Equality information is published every quarter on the Constabulary's website.

A Hate Incident Reporting Volunteer maintains contact with the Hate Incident Reporting Centres and identifies gaps/training needs for the centres. All reports either on-line or through the centres are reviewed by the Hate Crime Incident Managers and also quality assured by the Chief Inspector and the Diverse Communities Engagement Officer.

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Student Officers complete their community engagement weeks by being on placement with local voluntary organisations who support diverse communities. This fosters good relations and has been held up as good practice by HMIC.

Throughout the year, Neighbourhood Policing Teams (NPTs) have engaged with the public through a variety of means, which helps to reduce crime by encouraging respect for the law and fostering social responsibility and to determine local priorities.

The Constabulary has Community Engagement Plans. The plans detail how officers within the NPTs will engage with their community, and is specifically grouped around; local residents, businesses, schools and young people; and members of the community with Protected Characteristics (Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion and Belief and Sexual orientation).

The Community Engagement Strategy includes, amongst other initiatives:

- A *Minimum Standard of Engagement* for each area comprising:
 - Engagement and clear communications with schools
 - Attendance at Town Council meetings
 - Having community/partnership meetings
 - Police Desks
 - Use of web and social media
- Support to the *Minimum Standard of Engagement* through a toolkit of options that is used on a needs basis. These are additional types of engagement that NPTs can use to support the prevention and detection of crime and antisocial behaviour, or the individual needs of a community.

- Specific engagement plans for the 15 geographical areas identified across the county, which are available on the intranet for officers and on the website for the public. The plan provides :
 - a benchmark to understand the areas of risk, community tension, vulnerable individuals and groups
 - a reference to the terms of engagement with its communities, based on the Minimum Standard of Engagement and any others from the toolkits
 - include key community contacts
- Each of the 15 areas to have their own Twitter account to maximise operational effectiveness and public safety

The Constabulary carried out a staff engagement exercise, working with academia to assess the wellbeing and culture of the force. The results have been presented very recently and a plan of action has been developed, informing and linking in with the Well-Being Strategy.

Every month, local crime data has been published at community level on the Constabulary's website and via police.co.uk to increase the transparency of performance and crime data.

The Constabulary uses Community Impact Assessments to identify issues that may affect a community's confidence in the ability of the police to respond effectively to their needs, thereby enhancing the police response. They are used after or during a critical incident to:

- record the effect the incident had on a community
- identify vulnerable individuals and groups
- provide enhanced investigative assessments and thorough understanding of the incident
- develop community intelligence.

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The Constabulary has carried out a detailed analysis of its user satisfaction surveys for both crime and antisocial behaviour, which involved identifying the key actions required to improve people's experience of using police services. Recommendations were approved by senior operational staff and have led to the further development of the Improvement Action Plans for 2016–17, to improve services for all users, including diverse groups.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

Develop an external communications strategy for 2017-18 to support delivery of operational policing and its outcomes, including effective demand reduction activity.

Deliver the internal programme of communications to support performance, standards, integrity and operational effectiveness.

The Constabulary's internal website will continue to be developed in particular to improve the access and search capability, which will make it easier for officers and staff to access the information they need.

A review of the policy management arrangements will be undertaken with a view to streamlining the process, the products and their accessibility.

As part of openness and transparency about decision making within the Constabulary, a Chief Officer Group decision log will be placed on the intranet and made available to all officers and staff. In particular, decisions about people and finance will be made available to relevant practitioners to speed up the processes required to deliver agreed actions.

The Constabulary will continue to develop its internet site to enhance accessibility and relevance to the public and media.

On behalf of the Commissioner, the Constabulary will undertake a survey to find out the public's key policing priorities to support the Commissioner's Police and Crime Plan and the Constabulary's Strategic Assessment.

The Constabulary will review the Independent Advisory Group arrangements at strategic and local level with a view to strengthening their impact.

The Constabulary will improve the Citizens Panel to expand the number of people on and the representation of all types of communities. (The Citizens Panel is a large group of people who have volunteered to be consulted on a range of police issues.)

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Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Defining Outcomes

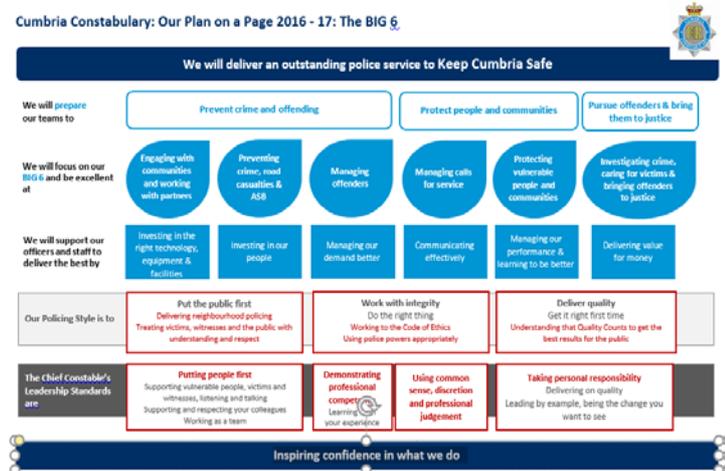
The Chief Constable determined the strategic direction for the Constabulary, which is 'Keeping Cumbria Safe'. Following consultation, the annual review of the Constabulary's Strategic Assessment (based on operational intelligence), performance results, recommendations from independent inspections and audits, public consultation results and a review of the organisations' strategic risks, the Chief Constable developed the Plan on a Page. This plan outlined the Constabulary's BIG 6 priorities:-

- Engaging with communities and working with partners
- Preventing crime, road casualties and antisocial behaviour
- Managing offenders
- Managing calls for service
- Protecting vulnerable people and communities
- Investigating crime, caring for victims and bringing offenders to justice

The Commissioner approved these key objectives and incorporated them into his Police & Crime Plan to complement his aims.

In addition, the Plan on a Page identifies what will be done to support officers and staff to deliver the best, explains our policing style and the Chief Constable's Leadership Standards.

The Plan on a Page shows how everyone in the organisation contributes to the overall aim of *Keeping Cumbria Safe* and sets out our ambition to provide an outstanding service to achieve this.



Under each of the BIG 6 priorities, there is an improvement plan, with each key function or specialism within those priorities led by a Professional Lead. The actions in the improvement plans are owned by senior managers from across the organisation, who are held accountable for delivery. This cross cutting approach supports the Constabulary to collectively deliver better services for the public and links the business and operational aspects of the organisation.

The Plan on A Page ensures that all officers and staff within the Constabulary:

- know and understand our priorities for the year

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- is aware of the part they play in those priorities and what is expected of them over the coming year
- can demonstrate their knowledge and understanding to supervisors and senior management internally
- can demonstrate their knowledge and understanding to the public, external partners and HMIC

The Plan on A Page helps us to:

- link strategic objectives to operational and business daily activity on the ground to achieve what we need to, by informing individuals' 15 week appraisals
- maintain our good performance and use the plan as a route to be more efficient and effective in providing the best policing service possible for our communities.

The Constabulary developed and implemented a comprehensive internal and external communications strategy to support delivery of operational policing and its outcomes, including effective demand reduction activity through its new website. The external marketing strategy is based on evidence of what works and is aligned with the operational tasking processes and national police communications' initiatives to maximise value for money. The internal communications strategy is based on what works identified through a consultative engagement process with officers and staff across the organisation.

Sustainable economic, social and environmental benefits

During 2016/17 the Constabulary submitted a formal budget proposal for 2017-18 to the Commissioner together with a medium term financial forecast (MTFF) covering the four year period to 2020-21. The MTFF was based on planning assumptions consistent with those used by the Commissioner's Chief Financial Officer and incorporated latest information on government funding levels for 2017-

18. All non-staff budgets were subject to detailed scrutiny through a series of 'Star Chambers' involving Chief Officers and senior finance staff. The budget included investment in a number of priority themed areas where budgetary or workload pressure emerged in 2016-17 including training, ICT, criminal justice and historic investigations.

The Constabulary's proposals were incorporated into the Commissioner's budget for 2017-18, which was agreed on the 22nd February 2017.

The potential implications of the Home Office review of the police funding formula continue to pose a significant threat to government funding levels beyond 2017-18. The proposed implementation of the new formula has been postponed until 2018-19, to enable work and consultation on developing an equitable distribution of resources to take place. However, this has introduced an unusually high level of uncertainty in future financial forecasts and as a consequence a range of budget scenarios are being considered which generate a savings requirement of between £2m and £12m by over the life of the MTFF.

Work is on-going, in consultation with the Office of the Police and Crime Commissioner, to develop options to address the savings requirement. Accordingly, a number of strategic themes have been identified which help maintain performance whilst delivering a sustainable future including:-

- Further development and delivery of the Demand Reduction Plan
- Understanding Demand programme of work during 2016 – 17 to inform resource allocation
- Development of a demand assessment plan for 2017 - 18

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- Development of future demand analysis through statistical modelling and PESTELO strategic analysis
- Delivery of the Productivity Strategy
- Developing Leadership and Skills
- Maximising benefits from technology
- Identifying and maximising benefits from collaborative arrangements with other forces, Blue Light Collaboration and partners

The themes form the basis for a number of more detailed work-streams, which will be progressed in 2017-18. These work-streams will be managed through the Constabulary's Corporate Plan and Force Strategic Delivery Board overseen by the Deputy Chief Constable.

Since 2011-12 the Constabulary's Change Programme has played a critical role in delivering savings required to balance the Constabulary's budget in the context of reductions in Government funding. During 2016 -17 the Change Programme:-

- Delivered a saving of £2.5 million from the revenue budget that was planned for 2016 - 17
- Delivered extensive demand analysis as part of the evaluation of the previous year's changes to neighbourhood policing, response, community safety and criminal justice arrangements. This included activity and data analysis to provide evidence of what worked and what needed to be changed. This shaped the proposals for the next programme of work.
- Undertook a comprehensive process review of administrative and transactional processes across the back office functions, identified improvements and developed the implementation plan that is being delivered during 2017/18 by the business.
- Undertook a detailed demand review of crime investigations for volume crime and public protection, resulting in proposals to change the structure and a

significant number of process improvements to support improved productivity.

- Supported the business in development of an action plan for the Command and Control Room. Developed its plans for the next four year period to 2021 to achieve the government savings required.

The uncertainty regarding the scale of the future savings requirements and the results of the demand analysis has impacted significantly on change planning. The demand work showed that, since 2014, demand has altered significantly for the police service, with both crimes and incidents developing in complexity and, therefore, using more resources and taking longer to resolve. The scope of the existing Change Programme deliverables has had to reduce in response to these findings.

The development of a corporate plan, which now embraces all aspects of change delivery, (operational, financial, ICT, estates and facilities, fleet) is underway and the plan will finalised in April 2017. The plan will provide scalable options for savings from £2 - 6 million and is also underpinned by our values, policing and leadership styles with a robust communication strategy.

During 2016-17 the Constabulary has engaged with the National College of Policing Demand Reduction initiative, with the aim of developing local plans to reduce demand. During the year, evaluation of the two Vulnerable Locations Indexing (working with partners to develop multi agency strategies to address problems and reduce demand) has been undertaken and is due to report at beginning of April 2017. The VLI working is being expanded into Carlisle and the evaluation will propose plans for roll out across the county.

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During 2016-17 the Constabulary has continued to develop its business planning aligned to the MTF. Refreshed strategies in relation to ICT, fleet, estates and procurement have been produced and agreed by the Commissioner. In addition, a People Strategy has been developed and agreed. Investments in mobile and digital technology and replacement of core ICT systems to increase the productivity of officers continue to be delivered, and regular progress reports produced for the Commissioner. Mobile devices with police specific applications are now used by all officers, with the aim of increasing visibility and productivity.

A People Strategy has been developed and agreed to support the Constabulary in “Keeping Cumbria Safe”.

The key themes of the People Strategy are:

Health Safety and Wellbeing

- Developing a culture, which optimises and health safety and wellbeing.

Workforce Planning, Recruitment and Talent Management.

- Effective workforce planning taking account of costs.
- Timely recruitment in all areas of business.
- Developing and retaining staff.

Employee Relations

- Effective conflict management
- Collective negotiation and consultation
- Performance culture

Reward and Recognition

- Non - financial reward practice
- Diversity and compliance

Managing Change

- Workforce modernisation
- Collaboration
- Supporting change activity

Learning and Development

- Costed training plan

- CPD
- PDR
- Leadership

A comprehensive Review of the Human Resources function was carried out in 2016/17 to ensure that the structure underpins and supports the delivery of the Strategy to 2020. This established a Superintendent Head of People, realigned senior professional management team bringing together HR and Professional Standards, Wellbeing Occupational Health Safety and Workforce Planning, including a Chief Inspector appointment, to enhance operational links and relationships and Employee Relations.

Previous work to develop workforce planning processes, involving close collaboration between the HR, finance has continued and has provided benefits in relation to greater alignment with both the planned establishment and budget during 2016-17. Further work on resourcing has been progressed during 2016-17 to develop links between the workforce plan and deployable resources, through regular strategic and tactical level groups within the Constabulary. There has been extensive work to develop the well-being agenda through:

- High profile multi-functional working group chaired by the DCC
- Commitment to undertake Wellbeing at Work Charter standard, via “Oscar Kilo” (OK) programme in collaboration with Lancashire Police.
- Initiatives include: mental health first aid, stress awareness, well-being ambassadors, health and safety,

The Constabulary has continued to improve attendance levels culminating in very low levels of short-term absence and the early return of most long-term sick personnel.

The HR Department has continued to maintain up to date policies and procedures reflecting changing employment

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legislation and regulation and good employment practice and to support the change programme.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

Develop a forward looking corporate plan to 2025 that encompasses all change activities across the Constabulary. This includes changes to operational working, workforce and people, collaborations, ICT, fleet and estate as well as change to deliver savings and continuous improvement activities. The plan will underpin our recruitment, succession, training and development plans and will be supported by a comprehensive communications programme.

Review the governance arrangements to ensure effective delivery of the 2025 plan, making recommendations for improvement where appropriate.

Continue to develop the Demand Reduction Strategy including:-

- Continue to develop the annual process to evaluate resource allocation to ensure that resources are aligned to demand, threat, risk and harm.
- Extend the use of Vulnerable Locations Indexing approach to multi agency working across the county.
- Develop the Blue Light collaboration by working with fire and ambulances services to trail the five tactical operational strands of work.
- Continue to deliver the MACAC pilot programme to deliver improved outcomes for people with mental health problems who come into contact with the police

The revised People Strategy (2017-20) and associated delivery plan will be implemented to ensure a workforce for the future is developed.

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Core Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Planning Interventions

Chief Officer Group have made a significant number of strategic decisions over the past 12 months across operational and business functions in support of the Chief Constable's vision. These have included approving significant demand and resource reviews to deliver savings, consideration of the Constabulary budget proposal, development of key governance documents and approving the business strategies that support delivery of police services for the public. In addition, the Chief Officer Group receives regular financial updates which provide a context to resource allocation decisions. All of these decisions have been informed by business cases or reports, which clearly specify the impacts on service delivery, finance, HR, risk, diversity, legal, procurement and ICT and which also clearly justify any expenditure committed. All decisions have been minuted.

The Commissioner has a statutory duty and electoral mandate to hold the police to account and to maintain an efficient and effective police force. In this role, he has scrutinised decisions made by the Constabulary throughout the year.

Members of the Chief Officer Group have also attended meetings of the Police and Crime Panel to provide context to members of the panel in considering the Commissioner's precept proposal for 2017-18. This included presentations outlining the Constabulary's medium term financial position, information about changing demand and its impact

on resources and options available and value for money comparison with other forces.

Determining Interventions & Optimising Outcomes

The Constabulary worked with the Office of the Police and Crime Commissioner (OPCC) to develop the performance framework. This set of measures and targets supports delivery of the Police and Crime Plan and is the mechanism used by the Commissioner to hold the Chief Constable to account. Progress against these measures has been reported to the Commissioner every quarter at the Public Accountability Conference, with more detail discussed at the Collaborative Board. The performance framework includes a programme of thematic reports on key policing themes to support the Commissioner's Police and Crime Plan.

During 2016-17 the Constabulary reviewed performance for all crime types, antisocial behaviour, road collisions, user satisfaction and productivity every month throughout the year to identify exceptions to expected performance and took corrective action to address the root causes where this was indicated. The statistical analysis and evaluation of performance is carried out according to Home Office standards.

As part of the monthly performance management activity, an increase of 388 violence against the person crimes was identified when comparing the 12 months to September 2016. An investigative analysis was undertaken to establish the reason for this increase and to determine whether or not the level of violence in Cumbria was

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increasing and presenting issues that required police intervention. The analysis determined two main reasons for the increase:

- the increased recording of historic offences, accounting for 39.9% of the overall increase and,
- the introduction of new offence codes in 2015, accounting for 41.2% of the overall increase.

This meant that no specific additional proactive or preventative action was required.

Thematic reports for specific areas have also been published and discussed at the Commissioner's Public Accountability Conference, which is held every 2 months. Examples include: domestic abuse, rural crime, use of stop search, equality, vulnerability, roads policing and countering anti-social behaviour. The Constabulary agrees a schedule of themed reports as part of its performance management arrangements with the Commissioner.

The main external public facing report has been redesigned and is more visual for simpler and easier access to information for the public. This supports transparency and helps understanding of policing issues.

The Constabulary performs well and has achieved a significant reduction in anti-social behaviour since 2009/2010 (falling by 14% in the last 12 months (December 2016) and user satisfaction levels are consistently high.

Latest perceptions data released by the Office of National Statistics for the 12 months to September 2016 shows that, out of all the 43 police forces in England and Wales, Cumbria has the second lowest % of survey respondents who said they had either experienced or witnessed any sort of anti-social behaviour incident in their local area.

During 2016 - 17 the Constabulary's strategic governance framework and board structure were subject to further refinement, with the aim of ensuring

- Working together to manage the major strands of work effectively, with interdependencies and conflicts being identified and resolved, risks managed and ensuring that benefits are delivered
- Providing clarity about what decisions are made by each governance board, and what needs to be escalated or devolved
- Providing clarity about what decisions are made by each level of senior management
- That the schedule of meetings supports the governance framework and are compatible with OPCC and PCP meeting schedules.

In the context of the scale of change currently being undertaken within the Constabulary to deliver savings and improve productivity, the Force Strategic Delivery Board, which was established at the start of 2014-15, remains a key forum in which change proposals are developed and finalised prior to submission to the Chief Officer Group for agreement. This board also ensures that there is a holistic approach to change, which takes full account of interdependencies between all change work-streams. Task and Finish Groups support the main board to ensure that the Constabulary has the capacity to deliver specific major pieces of work.

The Constabulary continuously evaluates the effectiveness of its governance arrangements including the board structure, making recommendations to improve. In order to manage the significant amount and complexity of change undertaken and delivered by the Constabulary and the Commissioner, and to improve information and decision making across both organisations, the Collaborative Board membership was extended to include the directors of

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Corporate Support and Corporate Improvement, the ACC to represent operational matters and the Head of Partnerships and commissioning from the OPCC. In addition, a Force Resourcing Panel was introduced to provide scrutiny of all proposed staffing changes with the aim of ensuring equity and transparency.

In the operational environment, on a monthly basis, senior police officers carry out a full and robust assessment of operational risk, harm and threat to communities and an assessment of performance changes and their root causes. These are discussed at monthly Tasking & Performance meetings. This process systematically reviews vulnerable people, repeat offenders, vulnerable missing from home, significant domestic abuse, prison issues, organised crime groups, threats to life crime and anti-social behaviour trends. Action has been taken and resources tasked to deal with the operational issues raised.

Every day, officers in each Territorial Policing Area have held a Daily Management Meeting which identifies the crimes, incidents that have occurred over the previous 24 hours and any vulnerable or high profile incident (such as a vulnerable missing child or known domestic abuser). Senior officers have allocated their resources based on this evidence and effective management of threat harm and risk. In addition there is a force-wide Daily Operational Review Meeting, which ensures that resources are directed to meet strategic priorities across the county.

As part of the Constabulary's work on managing demand and subsequent review of Command and Control the principles of THRIVE (threat, harm, risk, investigative opportunity, vulnerability and engagement) have been introduced within

the communications room when grading calls for service and, as part of the National Decision Making Model, deciding whether to deploy officers to incidents.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

Review performance management arrangements, making recommendations for improvement where appropriate.

Work with the Police and Crime Commissioner to develop performance management arrangements to hold the Chief Constable to account effectively.

Develop the delivery plan for the tactical operations for Blue Light Collaboration. This includes:

- Emergency Medical Response pilot in Walney and Wigton
- Forced Entry/Concern for safety memorandum of Understanding between fire, ambulance and police
- JESIP Joint Emergency Services Interoperability Programme Incident Command Vehicle – joint branding and management of vehicles that will have the capability to be forward command points in an incident.
- Urgent Care desk – NWAS support to Police Officers at the scene to triage any medical aspects of an incident
- Tri-Service Officer pilot

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Core Principle E: Developing entity's capacity including the capability of its leadership and the individuals within it.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Developing the Entity's capacity & leadership

The key functions and roles of the Chief Constable and the Police and Crime Commissioner are set out in the Police Reform and Social Responsibility Act 2011 (PRSRA) and the Policing Protocol Order 2011 (PPO). The Chief Constable's statutory responsibilities for maintaining the Queen's Peace are set out in various Police Acts. The PRSA and the PPO also set out the function and roles of statutory officers, namely the Chief Constable's Chief Financial Officer.

The key functions and roles of the Commissioner and the Chief Constable are set out in the Police Reform and Social Responsibility Act 2011 (PRSRA). The PRASA also sets out the function and roles of statutory officers, namely the Monitoring Officer (Chief Executive) and the Chief Finance Officer (CFO). The monitoring officer has specific legal, financial and governance duties in addition to a statutory responsibility for the lawfulness of decision making. The functions and roles set out in legislation and guidance are codified in the Commissioner's scheme of delegation.

Following a structure review and from April 2017, the Commissioner and Chief Constable have determined to put in place an arrangement for a shared Chief Finance Officer. This recognises the level of duplication within these roles and will reduce costs in the context of increasing budget pressures. To ensure the effectiveness of that role in supporting both entities a number of governance arrangements have been put in place. These aim to ensure independent support to both entities where needed and

cover arrangements to manage conflicts of interest should they arise:

- The structure includes a Joint CFO and a Joint Deputy CFO, both required to be a member of the Chartered Institute of Public Finance and Accountancy (CIPFA).
- Reasonable reliance is placed on the post holders' compliance with the CIPFA Standard of Professional Practice on Ethics
- Job Roles for the Joint CFO are based on the CIPFA statement on the role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable.
- The role of the Joint CFO is reviewed annually against the CIPFA statement with an opinion on compliance. The review and opinion will be subject to the professional advice of the Joint Audit and Standards Committee.
- The Joint CFO and Joint Deputy CFO will engage in the Police and Crime Commissioners Treasurers Society (PACCT's) mentoring scheme.
- A formal agreement is in place through a strategic partner policing body for external advice to the Police and Crime Commissioner or the Chief Constable where there are conflicts of interest that either entity determine should be managed externally.

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The Constabulary has used HMIC Value for Money profiles and Police Objective Analysis to inform its Change Programme and applied zero based budgeting, with robust financial challenge to budget holders, to secure maximum value from the resources available. Reports on Value for Money have been submitted to the PCC Executive Board and the Police and Crime Panel. In general, the VFM work has shown the Constabulary to benchmark well, although, in some instances costs may appear to be relatively high when measured per head of population. This is principally attributable to the logistics of providing an effective policing service over such a geographically sparse county.

The Constabulary has participated in detailed back office and ICT benchmarking exercises co-ordinated by CIPFA and the Police ICT Company respectively. The results will be analysed to ascertain whether there are opportunities for greater efficiency.

The understanding gained from the Constabulary's Value for Money analysis has delivered particular benefits in providing the basis for responding to the Police Funding Formula consultation exercise, by illustrating the additional costs incurred in providing policing services in a rural locality.

During 2016-17 the Procurement Strategy was embedded and various work-streams progressed with the aim of ensuring that procurement activities:-

- comply with relevant legislation,
- are open and transparent
- secure value for money.

Developing the Capability of Individuals within the entity.

The Constabulary's annual training plan was developed in early 2016-17 in conjunction with Operational Leadership

Teams. The plan was developed in the context of guidance provided by the NPCC in 2015-16 in relation to best practice across a range of policing activities. In developing the plan there was particular focus on supporting Initial Police Recruitment ensuring that new recruits were equipped with the requisite skills to perform their role. The strategic training collaboration with Lancashire Police greatly supported this objective with collaborative resources being deployed to the training of new recruits.

The training plan was delivered through a strategic training collaboration with Lancashire Police. The collaboration is managed by a shared learning & development management team with oversight from a Joint Governance Board, which has representation from the Chief Officer teams of both forces. The Board met on three occasions over the year to scrutinise delivery of the plan. The collaboration has delivered benefits through:-

- Increased capacity to deliver training, which has been particularly beneficial to accommodate the increased level of recruitment in 2016-17.
- Reduced costs.
- Harmonisation of course content based on best practice across the forces.

During 2016-17 the strategic training collaboration agreement with Lancashire Police was evaluated and extended for a further 5 years.

During the year there has been particular focus on the design of a skills and leadership programme, which, forms part of the Constabulary's business plan will continue to be developed and implemented in 2016-17. This programme focused 4 main areas

- A Street Skills Programme which developed the appropriate operational and technical skills needed by officers and staff at all levels

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- Leadership Modules which has been designed to equip supervisors and managers with the skills to support and develop their staff
- An Executive Leadership Programme which will support the forces senior managers in leading the force through a period of significant change
- The development of an Electronic Learning Hub, which provides platform for on-line learning and knowledge transfer.
- Development of a Talent Management programme for middle managers. The focus of this programme was to move away from classroom based courses and put in elements where self-led development could be used and was more suitable in its flexibility for individuals to determine their particular leadership requirements and tailor accordingly.

In 2016-17 the Constabulary further developed the Management of Serious Crime Investigations Development Programme (MSCIP) was introduced in partnership with Lancashire and Merseyside Constabularies.

Key areas of focus during 2016-17 were Vulnerability Training (Child Sexual Exploitation & Domestic Abuse) along with Stop & Search. These areas of development whilst based on national standards were locally enhanced to support local operational needs.

In addition, an ICT mobility programme has been supported with additional training support for staff.

During 2016-17 Cumbria Constabulary reintroduced a Performance Development & Review (PDR) for all its staff. PDR is based on the national College of Policing model focusing on personal responsibility for development built around a central competency framework. The PDR system is

an interim model whilst work is undertaken to introduced the Competency & values Framework into Cumbria in 2018.

The National Police Promotion Framework (NNPF) was introduced in 2015-16. On the 1st April 2015 the Police (Promotions) Regulations 2015 amended the method by which police officers in England and Wales are promoted to the rank of Sergeant and Inspector. The changes to the process, including the requirement to undertake work based assessments have been embedded.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

Embed a formal performance development and review (PDR) process for all officers and staff during 2017-18, in accordance with College of Policing guidance.

The Constabulary will work with academia and, using good practice from other organisations, will develop an action plan based on the information from the cultural survey which will be incorporated into the Well-Being Strategy.

Following the introduction of the Apprenticeship Levy an Apprenticeship Framework will be devised to promote the use of apprenticeships in the Constabulary.

Significant training programmes will be delivered in relation to the new intelligence system (Red Sigma), Vulnerability (Mental Health) and new entrants.

A formal protocol for the identification and handling of conflicts of interest in relation to the joint CFO role will be put in place.

A formal review of the effectiveness of the Joint CFO role will be undertaken against the CIPFA standard on the role of the CFO.

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Core Principle F: Managing risks and performance through robust internal controls and strong public sector management.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Managing risk

Risk management is a standing agenda item on all boards, including programme and project management boards. Mitigating actions have been identified and tracked to ensure that risks are minimised.

During 2016–17, the Constabulary’s risk management arrangements were reviewed to ensure that up to date practices and approaches are reflected in its risk management policy and procedures. As a result, changes have been made to improve wider understanding of the portfolio of risks held in the Constabulary.

Specific risks associated with the potential reduction in funding as a result of the police funding formula review and the introduction of the Emergency Services Network have featured prominently on the Constabulary’s strategic risk register.

Accredited risk management training has been provided to a group of managers in 2016-17 covering both operational and support functions. In addition procurement fraud risk training was provided to staff involved in procuring goods and services in response to an internal audit report recommendation.

Managing performance

During 2016-17, performance management arrangements were reviewed and improved. The strategy – *‘Performance management in Cumbria Constabulary: Managing our resources to improve outcomes for the people of Cumbria’* documents the key themes that show how performance management is embedded within the Constabulary. This is achieved mainly through the use of:

- Joining up the performance and intelligence meetings – the Joint Tasking and Performance Monthly Meeting - to rationalise processes and improve outcomes for the public
- An improved document set, provided every month by Corporate Improvement to all chief officers and senior management, these include a high level performance matrix, detailed root cause analysis and recommended actions to take
- Performance discussions at all operational Senior Management Team meetings as a standard agenda item
- A specific Protecting Vulnerable People monthly performance meeting to focus on the key objectives to reduce ‘threat, risk and harm’ to vulnerable people and children
- Holding Performance Development Conferences every four months within each policing and business function to discuss strategic and local performance issues and determine improvement actions, such as violent crime, sickness and data quality
- Reviewing performance at least yearly as part of Strategy Days attended by all senior management

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- Development of an information strategy to support the BIG 6 priorities, showing demand, productivity and outcome data ambitions
- Further development of the sophisticated and comprehensive Performance Dashboard to realign data with the BIG 6 priorities, including development of some new dashboards, such as Missing Persons Dashboard. . These can be accessed by everyone on the intranet
- Publication of daily performance figures for all officers and staff to use to monitor and manage delivery of operational activity
- Further development and implementation of an individual officer performance dashboard. This enables sergeants to quickly view their officers' workload and forms the basis of regular one to one performance meetings, improving supervision and productivity
- Individual performance meetings with all officers and staff every 15 weeks were mandated across the Constabulary. The meetings ensure that wellbeing of officers and staff is considered by immediate supervision on a regular basis and, that Plan on a Page objectives are delivered. The 15 week reviews use a set agenda to achieve this covering – wellbeing, contribution to BIG 6 priorities, contribution to supporting strategies, legitimacy, compliance, training and development needs.
- Re-introduced a formal performance development and review (PDR) process for all officers and staff, in accordance with College of Policing guidance. This is an annual process and determines the competence of individual officers and staff, based on the Police Professional Framework.

The key outcomes from BIU are:

- Reassurance for chief officers that things are being done through reality checking (latest figures are shown in the table below)

Category	13/10/2016	19/12/2016	14/03/2017	Change
Total Action	850	962	1128	+ 166
Completed Action	498 (58%)	611(63%)	806 (71%)	+ 196
Outstanding Action	352 (42%)	351 (37%)	322 (29%)	-29
BIU Checked	475 (95%)	554 (90%)	769 (95)	+215

- Identification and implementation of improvements to processes and knowledge of officers and staff – as evidenced in figures below
- Significant improvements to quality and process standards - examples in table below

	pre-BIU audit	post BIU
Stop Search	69%	97%
PINs	56%	83%
Submission of Intelligence child MFH	22%	83% (extra 414 Intelligence reports – Op Chaperone alone)
CMR MFH risk assessment	73%	80% (87% one month)
MFH	81%	86% (94% one month)
VC linked to MFH	42%	64%
Improvement in Crime Management by Sgt	47%	62% (only one audit)
Improvement in Crime Management by Insp	20%	81% (only one audit)

- Identification of poor performers by individual, supervisor and shift and direct feedback to improve – as evidenced in figures above
- Significantly improved identification of vulnerability and therefore, a better and more appropriate service is being provided
- Identification of weakness in our systems and processes and implementation of changes to address them – thereby giving a better service; for example child MFH, intelligence was not submitted by officer, when it was submitted an intel 2 nominal was not created, this meant risk assessments were not accurate. BIU identified this to DCI Intelligence, and worked with them to address this. PIN were being filled out and stored in a manner which was inconsistent, and out with force PIN policy, this has been addressed and rectified.

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The Delivering Excellence strategy was developed and implemented during 2016 -17. This strategy aims to embed continuous improvement across the Constabulary and has four key areas of work:

- Working with professional Leads, development and monitoring of Business Improvement Plans based on our priorities and all HMIC actions and recommendations to deliver improvements to services. This includes prioritisation of the most important actions affecting the public and quality assuring implementation through reality-checking. Preparing the Constabulary for HMIC inspections ensuring that we present the true picture of policing in Cumbria.
- Working on standards and quality across policing processes through feedback and support to individuals and their supervisors. This is known as the Quality Counts initiative. This has resulted in significant improvements to standards, quality and changes to processes – improving productivity of officers
- Working across the Constabulary to harness ideas and suggestions for improvement

Robust internal control

An annually developed internal audit plan uses risk as the basis for developing an audit programme. Each audit evaluates the exposure to risk relating to the organisation's governance arrangements and information systems. The audit plan for 2016-17 was approved by the Chief Officer Group in February 2016 and subject to review by the Joint Audit and Standards Committee on the 9th March 2016. The plan substantially increased the number of days of audit work from 232 to 274 to ensure the appropriate level of coverage to provide an opinion on the systems of governance, risk and internal control for the Commissioner and Chief Constable.

During 2016-17 70% of audits including all those relating to finance were graded as providing substantial or reasonable assurance. Where audits have been judged as providing partial assurance, plans to address the weaknesses identified has been developed and implemented. The Audit and Standards Committee have received quarterly reports monitoring the implementation of audit recommendations.

The Audit Plan provides the basis for the Chief Internal Auditor's overall opinion on the control environment.

The Joint Audit and Standards Committee has conducted a formal review of its effectiveness against the new CIPFA guidance for Audit Committees. Against the self-assessment checklist the committee achieves a consistent grade of 4 or 5 (against a maximum of 5) across all areas. For those functions not included within the checklist, incorporating the wider functions of the committee, there is evidence to demonstrate compliance with CIPFA guidance and elements constituting best practice. The review confirmed that the Committee has during 2016-17 implemented areas identified for development from the 2015-16 review. Further areas for development are identified for 2017-18 to provide continuous improvement. The full report of the Committee can be found on the Commissioner's website at <https://cumbria-pcc.gov.uk/finance-governance/budget-finance/joint-audit-and-standards-committee/>

The Joint Audit and Standards Committee has conducted 5 public meetings during 2016-17. As an advisory body, the Committee has undertaken a significant amount of work to review and make recommendations in respect of the Chief Constable's arrangements for governance and management of risk prior to formal decision making by the Chief Constable. This has included providing assurance in respect of the joint Financial Regulations and Rules, the Chief

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Constable's Code of Corporate Governance, Risk Management Strategy and the Internal Audit Charter. The Commissioner and Chief Constable met jointly with the Committee on the 28th July 2016 to receive the views of members prior to authorising the Statement of Accounts and 2015-16 Annual Governance Statement for publication.

Managing Data

During 2016-17 arrangements for managing data have been strengthened as follows:

- The core information security and records management strategies have been reviewed and updated.
- Information asset owners are identified for 26 core systems and processes, which are subject to a reporting procedure to the force Senior Information Risk Owner (SIRO).
- The amended Government Security Classification scheme has been implemented and training provided to staff.
- PSN for policing Codes of Connection have been submitted to the Home Office and approved.
- Submissions have been made to Government Digital Services for PSN certification.
- Arrangements for information security has been independently audited by the internal audit service and graded as providing reasonable assurance.

Strong public financial management

Strong financial management provides a framework for all business decision making and planning within the Constabulary. Accordingly:-

- The CFO is a member of the Constabulary leadership team.

- All strategic decisions are taken in the context of the budget and MTFF position.
- There is finance representation at all significant decision making forums and the requirement to provide financial implications is a standard item on board paper templates.
- All budgets have assigned budget owners, which are detailed under the Chief Constable's Scheme of Delegation and scheme of budget management.

The Constabulary's Statement of Accounts for 2015-16 received an unqualified audit opinion and praise from the external auditor for the quality of the statements and that they were published in advance of the new statutory deadline of the 31st July, two years ahead of schedule. The strong track record in financial management has also been recognised by the HMIC in their Efficiency inspection in 2016-17.

All internal audit reports relating to finance in 2016-17 have been graded as providing either substantial or reasonable assurance. The Head of Internal Audit opinion and management assurances in relation to financial systems have concluded that robust internal controls are in place and not identified areas of significant concern.

During 2016-17 both the Joint Financial Regulations and Rules were updated and subject to scrutiny by the Joint Audit and Standards Committee.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

Review and refresh the audit and improvement plan every quarter, reporting to Force Strategic Delivery Board on outcomes and successes from Quality Counts. This will incorporate a programme of Crime Data Integrity audits, that will be improved by extending their scope and frequency,

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with learning and feedback to officers and supervisors so that quality and performance can be enhanced.

Further develop the strategic resource management performance framework to drive improvements in our use of resources, and will ensure that the benefits of significant investment in change and ICT are delivered.

Further develop the Business Intelligence Strategy to inform future ICT developments, improve the information available to managers for effective decision making, to support improvements in services for the public and, develop and improve the dashboards available to officers and staff.

Finalise the delivery of training on the financial regulations, financial rules and procurement regulations.

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Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Implementing good practice in Transparency & Reporting

The principal means by which the Constabulary reports to the public are through themed presentations to the Commissioner's Public Accountability Conferences, which are open to the public. Reports are also available through the Commissioner's website. During 2016-17 work has been undertaken to improve the presentation of these reports to make them more accessible and readable for members of the public. The Constabulary's bi-monthly performance reports are also made available publicly through the Commissioner's website and annual performance is reported in the Commissioner's annual report.

The Chief Constable's audited accounts were signed on 28 July 2016 and published alongside the report of the independent auditors (Grant Thornton) on the financial statements. The auditors' opinion was that the statements provided a true and fair view of the financial position of the Chief Constable as at 31 March 2016 and that they have been properly prepared in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting. In addition, the auditors commented favourably on the high quality of the accounts and supporting working papers in the context of achieving the new tighter deadline for publishing the accounts by the 31st July two years ahead of requirements. The auditors further confirmed in their annual governance report on 28th July 2016 a positive conclusion with regards to securing value for money.

Assurance & Effective Accountability

During 2016-17 the Constabulary has been inspected by HMIC and received reports on police efficiency,

effectiveness and legitimacy (known as PEEL). There are four grades that can be achieved - outstanding, good, requires improvement and inadequate.

The Constabulary has been rated as good for the efficiency, effectiveness and legitimacy, recognising that the Constabulary:

- has a proven track record of sound financial management
- has a well-managed change programme to oversee the continued development of services.
- has plans for further investment in buildings, new technology and vehicles
- is improving the way technology is used and developed and it has made a significant investment in information technology to enable more flexible working
- has learned from previous flooding events in 2005 and 2009 and as a result worked more effectively, including with partners
- Is effective at preventing crime, tackling antisocial behaviour and keeping people safe, having a good understanding of the threat and risk of harm to its communities
- Is effective at investigating crime and reducing reoffending, making significant efforts to improve the standard of its initial response to cases and has made good progress with partners in managing offenders
- Is effective at tackling serious and organised crime and demonstrates good oversight and management arrangements
- Has made progress at protecting those who are vulnerable from harm and supporting victims but can

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improve its identification of vulnerability to provide effective safeguarding

- provides a fair service and has an ethical culture and,
- Has good arrangements in place to work with local communities and the workforce.

Areas for improvement in specific areas where weaknesses were identified include requirements to:

- develop its understanding of current and likely future demand for its services, ensuring that it has analysed appropriate information and intelligence from wider sources.
- ensure that it has adequate plans in place to show it can provide services, while also making the necessary cost savings
- verify the identity, nationality and overseas convictions of arrested foreign nationals
- improve standards of risk assessments relating to vulnerable people to support the safeguarding hub to validate risk and share with other organisations
- clarify the use of body worn video at domestic abuse incidents
- comply with national guidelines for vetting, improve capability to monitor computer systems to identify risks to its integrity and improve how it manages individual performance.

HMIC has also conducted thematic inspections for child protection in Cumbria where actions have been identified and are being addressed. In addition, the Constabulary was revisited as part of the delivery of the custody action plan and took part in the national thematic inspection of modern slavery and human trafficking. A small number of areas for improvement have been identified from these other inspections and actions have been included in our

overarching Improvement Plan, managed and tested via the Business Improvement Unit

The Constabulary has been re-inspected with regard to Stop Search and has been reinstated to the national Best Use of Stop Search (BUSS) scheme.

During 2016-17 the Chief Constable received assurances with regard to the Constabulary's arrangements for risk management, internal control and governance from a number of sources which included :-

- The CFOs annual review of internal audit which concluded that it provides an independent and effective service and contributes to an effective and control environment.
- The Head of Internal Audit and Commissioner's CFO assurance that the internal audit service complies with Public Sector Internal Audit Standards with no material shortcomings.
- The Head of Internal Audit's opinion that the Constabulary's framework of governance, risk management and internal control is reasonable and that controls are working effectively in practice.
- Implementation of recommendations arising from the internal audit plan, external audit reports and HMIC actions relevant to governance have been monitored during the year through the Joint Audit and Standards Committee. At the March 2017 meeting the Committee were monitoring 5 actions carried forward from audit and inspection reports during the year. All other actions and recommendations were fully implemented with only one action recorded as being beyond its target date.
- Management assurances in accordance with CIPFA control frameworks in respect of financial systems and processes, which were not subject to audit

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2016-17 which did not highlight any areas for concern.

- The CFO's fraud risk assessment, which did not highlight any weaknesses.

Collectively these assurances and the work of the Joint Audit and Standards Committee provided assurance to the Chief Constable and external auditor with regard to the integrity of financial transactions.

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DEVELOPMENT AND IMPROVEMENT PLAN UPDATE FOR 2016 – 17

Ref	Action	Lead Officer	AGS 2016-17 Update	Implementation by
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.				
CP3/1	Update and review action plans from the Ethics & Integrity Panel, Internal Audit, HMIC and Constabulary	Head of People	<p>On-going - Following the recent HMIC inspection plans have been developed to map out Proactive work over a 2yr period in relation to a number of areas, some of them being, protecting vulnerable victims, identifying sexual predators, identifying corruption.</p> <p>PSD continues to maintain and uphold the standards expected of all Constabulary employees, PSD are delivering presentation on “Embedding the Code of Ethics” to all SMT’s and AMT’s. The expectation is that the input will be cascaded by the AMT’s to their teams of Police officers and Police staff. Details of those that have received the inputs will be captured within L and D and on the individuals 15 week review.</p> <p>The Ethics and Integrity panel are an Independent body that act as the Constabularies critical partner. Part of their work within the PSD involves the dip sampling of complaint and conduct matters. As a result over the past two years a number of changes have been made on the recommendations of the panel, some examples being, letters to complainants include better updates and timescales, the Constabulary only apologises where there is reason to do so.</p> <p>In February 2017 delivery plans to address the Abuse of Authority for sexual gain, enhanced vetting arrangements and embedding the Code of Ethics. In addition a review of ICT access permissions for staff who leave the organisation has been commissioned.</p>	31-Mar-17
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.				
CP2/4	Develop a delivery plan for the Strategic Alliance with Lancashire Constabulary	Director of Corporate Improvement	On-going - The Constabulary has a strong relationship with Lancashire Constabulary. The Learning & Development Strategic Alliance is operating well and has been extended for a further 5 years. The Constabulary is continuing explore further areas for collaboration with Lancashire.	30-Jun-16
CP4/1	Continue to update and improve the Constabulary internal internet site.	Director of Corporate Improvement	Complete - Phase 1 is completed with a new front page and easier access to key information and contacts	30-Jun-16
CP4/2	Conduct a review of policy management arrangements.	Director of Corporate Improvement	On-going - this work has started but has not been completed as other emerging priorities have been addressed rnow been incorporated into the forward looking corporate plan for 2025, the first iteration of which was completed in April 2017.	31-Mar-17
CP6/1	The Constabulary will continue to develop its internet site further, to enhance accessibility and relevance to the public and media.	Director of Corporate Improvement	<p>On-going - This is an on-going programme of work. During 2016-17 the following developments have been undertaken</p> <ul style="list-style-type: none"> • Updates to the bespoke online non-emergency crime reporting form • Update to the traffic map to improve usability • Change homepage web chat meetings buttons to help and advice for victims button • SLL security certificate updates 	31-Mar-17
CP6/2	Undertake a public survey to identify the public’s policing priorities to inform the Police and Crime Plan and Constabulary strategic planning.	Director of Corporate Improvement	Complete - The survey has been undertaken the results have been analysed and incorporated into the Police and Crime Plan and the strategic work programme. The results have also been utilised to build an internal confidence dashboard.	31-Mar-17
CP6/4	Review the Independent Advisory Group	Director of Corporate Improvement	Complete	30-Jun-16
CP6/5	Improve the Citizens Panel	Director of Corporate Improvement	On-going	31-Mar-17

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Ref	Action	Lead Officer	AGS 2016-17 Update	Implementation by
Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental benefits				
CP1/5	Develop a revised Plan on a Page for 2016/17 to help all officers and staff focus on the Constabulary's priorities and support internal communications.	Director of Corporate Improvement	Complete - This has been approved, extensively communicated and is the foundation for performance management and business improvement.	30-Apr-16
CP1/6	Continue to develop the Demand Reduction Strategy	Director of Corporate Improvement	On-going - this work has now been incorporated into the forward looking corporate plan for 2025, the first draft of which will be completed by April 2017.	31-Mar-17
CP1/8	Develop internal and external communications strategy for 2016/17 to support delivery of operational policing and its outcomes, including effective demand reduction activity.	Director of Corporate Improvement	Completed and approved in June 2016. The strategy is regularly reviewed to take account of ongoing situations, new operational requirements and scanning.	31-Mar-17
CP1/9	Develop Business Improvement Plans based on our priorities and all HMIC actions and recommendations to deliver improvements to services and, to publish this plan on our website.	Director of Corporate Improvement	Complete - this forms part of business as usual for the Constabulary's Business Improvement Unit.	30-Apr-16
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.				
CP1/1	Evaluate the revised performance management arrangements, making recommendations for improvement where appropriate.	Director of Corporate Improvement	Complete The 15 week reviews have been implemented in conjunction with new proposals for PDR from College of Policing to make sure that the aims and objectives are being met. The tasking and performance processes have been amalgamated into one monthly meeting at force level, which the OPCC attends. Other small changes have been made to the performance development Conferences held every four months. The changes were captured and documented in the Performance Management 2016 document.	30-Sep-16
CP1/2	Work with the new Police and Crime Commissioner to develop performance management arrangements to enable him to hold the Chief Constable to account effectively.	Director of Corporate Improvement	Complete A proposed framework was submitted by OPCC in Q1 which generated further joint developments and discussions with OPCC and allowed for some operational changes to be in prior to determining new performance indicators. The framework was agreed at Collaborative Board in early November 2016.	30-Jun-16
CP 1/4	Further develop the strategic resource management performance framework to drive improvements in our use of resources, including development of a Resource Management Strategy.	Director of Corporate Improvement	Delayed - This work has been delayed due to bringing forward other commitments which support 2017/18 budget requirements and the development of the MTFF, taking into account the risk factors associated with the Police Funding Formula. The work for the financial forecasting includes discussions on the Resource Management Strategy and once the detail is finalised, this will be documented. This will now be completed by end January 2017	31-May-16
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.				
CP1/7	Re-introduce a formal performance development and review process in 2016/17 in accordance with College of Policing guidance.	Deputy Chief Constable	Complete - a new PDR process was implemented in January 2017. This replacement PDR is an interim measure for 12 months. The College of Policing are in the process of changing the requirements in relation to the Professional Policing Framework (PPF) to a value based competency framework w.e.f. 2017/18. In the meantime a process of 5 and 15 week reviews has been rolled out for all police officers and police staff which will complement the PDR process.	30-Sep-16
CP5/1	Further develop and implement the core skills and leadership framework.	Head of Learning & Development.	Complete - A Leaders 2020 programme has commenced aimed at emerging leaders (Police Staff and Police officers) 35 staff have commenced a programme which includes leadership inputs, emotional Intelligence assessments and coaching support. This will continue to be delivered into 2017. Existing leadership provision for all staff continues.	31-Mar-17
CP5/2	Deliver significant training plans linked to Constabulary priorities.	Head of Learning & Development	Complete - A number of key programmes have been delivered including CSE and Vulnerability Training. This one day training programme has been delivered to 727 staff. A one day Stop & Search training package is currently being delivered to all front line officers.	31-Mar-17
CP6/3	Implement an action plan arising from the cultural survey as part of the Well-being Strategy.	Director of Corporate Improvement	Complete	30-Jun-16

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Ref	Action	Lead Officer	AGS 2016-17 Update	Implementation by
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.				
CP2/1	The Constabulary will continue to develop business plans and strategies for non-operational policing functions including production of an overarching People Strategy, which will bring together plans for all aspects of managing its workforce.	Director of Corporate Support	Complete - The People Strategy was developed and agreed by Chief Officers on 09 May 2016. Strategies for other corporate functions were updated in line with the budget and medium term financial planning process. These strategies will continue to be developed / refreshed on an on-going basis..	31-Jan-17
CP1/10	Embed the role of the Business Improvement Unit in quality assuring the implementation of action plans.	Director of Corporate Improvement	Complete - this forms part of business as usual for the Constabulary's Business Improvement Unit.	30-Sep-16
CP1/11	Develop a Management Information Strategy	Director of Corporate Improvement	Complete -Phase 1 is complete detailed data requirements have been identified and work has started on automating processes. This will be reviewed again during 2017-18 to align to new technology available to the Constabulary.	30-Jun-16
CP2/2	The Constabulary will complete its update of the financial rules and ensure that these are promoted and training provided	Chief Finance Officer	Principally complete - The financial rules were updated and implemented in December 2016 agreed. A programme of promotion and training has been developed to include Financial Regulations, Financial Rules and Joint Procurement Regulations, and delivery has begun.	31-Jul-16
CP2/3	The Constabulary will pro-actively implement its Attendance Management Action Plan and Well Being Strategies with the aim of reducing levels of sickness and protecting the welfare of its workforce.	Head of People	Complete - The Attendance Management Action Plan and Well-being Strategies have been implemented with some very positive impacts.These have now been consolidated into a broader HR Strategy and Action Plan for 2017/18. This provides a wholistic approach to wellbeing, based on improving general mangement skills and approaches. The Constabulary will pursue "Oscar Kilo" the national blue light well being charter standard in 2017/18. Related initiatives include mental health first aid; stress awareness; establishing well being ambassadors and continued improvements in Health and Safety. Attendance is steadily improving overall. Q4 2016/17, with traditionally high absence levels is at 3.7% against 4.6% in Q4 last year.	30-Sep-16
Core Principle G: Focusing on Implementing good practices in transparency, reporting and audit to deliver effective accountability.				
CP1/3	Write an Annual Report to support the Commissioner's 2017/18 budget submission to the Police and Crime Panel.	Director of Corporate Improvement	Complete - This formed a part of presentations provided to the Commissioner and the Police and Crime Panel during the budget setting process.	31-Jan-17

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DEVELOPMENT AND IMPROVEMENT PLAN FOR 2017 – 18

Ref	Action	Lead Officer	Implementation by
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethoical values and respecting the			
CPA/1	Embed the delivery plans for vetting enhancement, the abuse of authority for sexual gain and the Code of Ethics	Head of People	31st March 2018
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.			
CPB/1	Develop an external communications strategy for 2017-18 to support delivery of operational policing and its outcomes, including effective demand reduction activity.	Director of Corporate Improvement	31st March 2018
CPB/2	Deliver the internal programme of communications to support performance, standards, integrity and operational effectiveness.	Director of Corporate Improvement	31st March 2018
CPB/3	The Constabulary's internal website will continue to be developed in particular to improve the access and search capability which will make it easier for officers and staff to access the information they need.	Director of Corporate Improvement	31st March 2018
CPB/4	A review of the policy management arrangements will be undertaken with a view to streamlining the process, the products and their accessibility.	Director of Corporate Improvement	31st March 2018
CPB/5	As part of openness and transparency about decision making within the Constabulary, a Chief Officer Group decision log will be placed on the intranet and made available to all officers and staff. In particular, decisions about people and finance will be made available to relevant practitioners to speed up the processes required to deliver agreed actions.	Chief Finance Officer	30th June 2017
CPB/6	The Constabulary will continue to develop its internet site to enhance accessibility and relevance to the public and media.	Director of Corporate Improvement	31st March 2018
CPB/7	On behalf of the Commissioner, the Constabulary will undertake a survey to find out the public's key policing priorities to support the PCC's Police and Crime Plan and the Constabulary's Strategic Assessment.	Director of Corporate Improvement	31st October 2017
CPB/8	The Constabulary will review the Independent Advisory Group arrangements at strategic and local level with a view to strengthening their impact.	Director of Corporate Improvement	31st March 2018
CPB/9	The Constabulary will improve the Citizens Panel to expand the number of people on and the representation of all types of communities. (The Citizens Panel is a large group of people who have volunteered to be consulted on a range of police issues.)	Director of Corporate Improvement	31st March 2018

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DEVELOPMENT AND IMPROVEMENT PLAN FOR 2017 – 18

Ref	Action	Lead Officer	Implementation by
Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental benefits			
CPC/1	Develop a forward looking corporate plan to 2025 that encompasses all change activities across the Constabulary. This includes changes to operational working, workforce and people, collaborations, ICT, fleet and estate as well as change to deliver savings and continuous improvement activities. The plan will underpin our recruitment, succession, training and development plans and will be supported by a comprehensive communications programme.	Deputy Chief Constable	30th September 2017
CPC/2	Review the governance arrangements to ensure effective delivery of the 2025 plan, making recommendation for improvement where appropriate.	Deputy Chief Constable	30th September 2017
	Continue to develop the Demand Reduction Strategy including:-		
CPC/3	Continue to develop the annual process to evaluate resource allocation to ensure that resources are aligned to demand, threat, risk and harm.	Director of Corporate Improvement	31st March 2018
CPC/4	Extend the use of Vulnerable Locations Indexing approach to multi agency working across the county.	Director of Corporate Improvement	31st March 2018
CPC/5	Develop the Blue Light collaboration by working with fire and ambulances services to trail the five tactical operational strands of work .	Director of Corporate Improvement	31st March 2018
CPC/6	Continue to deliver the MACAC pilot programme to deliver improved outcomes for people with mental health problems who come into contact with the police	Director of Corporate Improvement	31st March 2018
CPC/7	The People Strategy (2017-20) and associated action plan will be delivered.	Head of People	31st March 2018
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.			
CPD/1	Review our performance management arrangements, making recommendations for improvement where appropriate.	Director of Corporate Improvement	30th September 2017
CPD/2	Work with the new Police and Crime Commissioner to develop performance management arrangements to hold the Chief Constable to account effectively.	Director of Corporate Improvement	30th September 2017
	Develop the delivery plan for the tactical operations for Blue Light Collaboration. This includes:		
CPD/3	Emergency Medical Response pilot in Walney and Wigton	Chief Superintendent - Operational Benefits Delivery	30th September 2017
CPD/4	Forced Entry/Concern for safety memorandum of Understanding between fire, ambulance and police	Chief Superintendent - Operational Benefits Delivery	30th September 2017

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DEVELOPMENT AND IMPROVEMENT PLAN FOR 2017 – 18

Ref	Action	Lead Officer	Implementation by
CPD/5	RESIP Joint Emergency Services Interoperability Programme Incident Command Vehicle - joint branding and management of vehicles that will have the capability to be forward command points in an incident.	Chief Superintendent Operational Benefits Delivery	30th September 2017
CPD/6	Urgent Care desk - NWS support to Police Officers at the scene to triage any medical aspects of an incident	Chief Superintendent Operational Benefits Delivery	30th September 2017
CPD/7	Tri-Service Officer pilot	Chief Superintendent Operational Benefits Delivery	30th September 2017
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.			
CPE/1	Embed a formal performance development and review (PDR) process for all officers and staff during 2017-18, in accordance with College of Policing guidance.	Deputy Chief Constable	31st December 2017
CPE/2	The Constabulary will work with academia and, using good practice from other organisations, will develop an action plan based on the information from the cultural survey which will be incorporated into the Well-Being Strategy.	Director of Corporate Improvement	31st December 2017
CPE/3	During 2017-18 the Apprenticeship Levy will be introduced across England & Wales which will result in a 0.5% levy be paid by Cumbria Constabulary into a digital Apprenticeship account. As a result of this an Apprenticeship framework is being devised which will promote the use of apprenticeships within the Constabulary including leadership, initial learning skills and technical development.	Head of Learning & Development	31st March 2018
CPE/4	Significant training programmes will be delivered in 2017-18 in support of the new Intelligence System Red Sigma and a focus on Vulnerability (Mental Health). In addition there is continuing focus on new entrant training for recruits.	Head of Learning & Development	31st March 2018
CPE/5	A formal protocol for the identification and handling of conflicts of interest in relation to the joint CFO role will be put in place.	PCC Chief Executive	30th June 2017
CPE/6	A formal review of the effectiveness of the Joint CFO role will be undertaken against the CIPFA standard on the role of the CFO.	PCC Chief Executive	31st March 2018
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.			
CPF/1	Review and refresh the audit and improvement plan every quarter, reporting to Force Strategic Delivery Board on outcomes and successes from Quality Counts. This will incorporate a programme of Crime Data Integrity audits, that will be improved by extending their scope and frequency, with learning and feedback to officers and supervisors so that quality and performance can be enhanced.	Director of Corporate Improvement	31st March 2018
CPF/2	Further develop the strategic resource management performance framework to drive improvements in our use of resources, and ensure that the benefits of significant investment in change and ICT are delivered.	Director of Corporate Improvement	31st March 2018

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DEVELOPMENT AND IMPROVEMENT PLAN FOR 2017 – 18

Ref	Action	Lead Officer	Implementation by
CPF/3	Further develop the Business Intelligence Strategy to inform future ICT developments, improve the information available to managers for effective decision making, to support improvements in services for the public and, develop and improve the dashboards available to officers and staff.	Director of Corporate Improvement / Director of Corporate Support	31st March 2018
CPF/4	Finalise the delivery of training on the financial regulations, financial rules and procurement regulations.	Chief Finance Officer	30th September 2017



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