



The Chief Constable for Cumbria Constabulary

Statement of Accounts | 2015/16





The Chief Constable for Cumbria
Constabulary

Statement of Accounts 2015/16

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 2015/16 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



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The Chief Constable for Cumbria Constabulary

Statement of Accounts 2015/16

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The CC 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 an explanation is provided in the Glossary of Terms.

Introduction

I am pleased to introduce the financial Statement of Accounts for the 2015/16 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 2016. 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 first 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. The Commissioner's consolidated financial

statements can be accessed from the Commissioner's website: www.cumbria-pcc.gov.uk.

Statutory Framework

The Chief Constable was established as a statutory entity under the Police Reform and Social Responsibility Act 2011 (PRSRA 2011). The PRSRA 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 PRSRA 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 issue a financial code of practice in relation to the proper administration of financial affairs. The Home Office, under the legislation, issues a Financial

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 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.

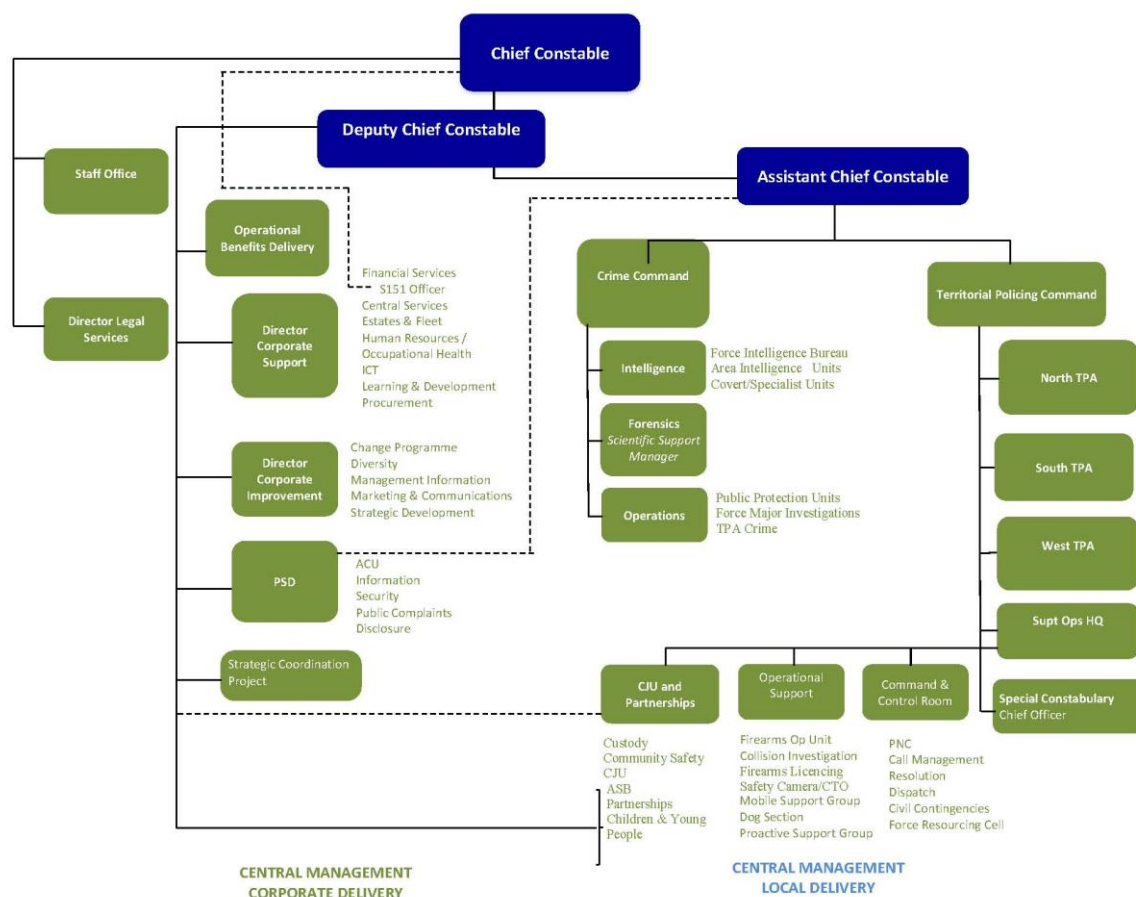
The Crime Command is responsible for investigating crime and includes specialist units for gathering intelligence, major crime investigation, countering serious and organised crime, public protection and scientific support.

There are also two support directorates both of which report to the Deputy Chief Constable. The Corporate Support Directorate includes human resources, finance, estates, fleet, procurement, training, ICT and central services and 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. The Legal Services and Professional Standards departments are small specialist functions which operate independently from the main directorate structure, reporting to the Chief and Deputy Chief Constable respectively.

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



Strategic Objectives

For 2015/16 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 following objectives were identified as key in reducing 'threat, risk and harm' and tackling our communities' concerns:

- Protecting vulnerable people:
 - Dealing with the issues related to vulnerable children- child abuse and child sexual exploitation
 - Reducing the harm caused by domestic abuse, encouraging people to report to the police
- Preventing and detecting violence against the person offences, especially sexual offences
- Tackling serious and organised crime, especially burglary, theft of vehicles and class A drug supply, particularly heroin and cocaine.

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

Chief Constable's Report

2015/16 has proved to be another challenging year for the constabulary. Operationally, the force played a pivotal role in December 2015, in co-ordinating the response to Storm Desmond which had a devastating impact across the county. Fortunately, the Constabulary is well practiced in responding to the effect of natural disasters and I was very proud of the way officers and staff rose to the challenge.

In terms of crime and disorder, Cumbria remains one of the safest places to live, work and visit in England and Wales. 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 reporting of domestic abuse, sexual offences and hate crime. This largely accounts for the 5% increase in crime recorded in the county and forms part of a national trend. The Constabulary is consistently examining how it can priorities its assets to ensure that we provide maximum protection for the public.

In line with other public services, since 2009 the Constabulary has been re-shaping itself to deliver its services more efficiently in the context of reduced funding. In this regard the Constabulary has a sophisticated change programme which is seeking to maximise the productivity of our staff to determine the best service to the public that can be afforded. Ensuring that we have the maximum numbers of staff in public facing roles, with the right training and equipment to deliver the service is central to our approach.

Uncertainty over when or if a revised police funding formula will be implemented and the potential detrimental impact that this could have to policing in the county remains a concern.

Each year the Constabulary is inspected and graded as part of a regime known as PEEL (Police Efficiency, Effectiveness and Legitimacy) in 2015/16 the Constabulary were graded good in respect of our approach to efficiency and good in respect of legitimacy, particularly the way we engage with our communities. I was disappointed with a grade of requires improvement in respect of effectiveness. We are working hard to ensure that the issues identified in this Inspection report are addressed quickly and effectively.

In summary, despite the challenges, I look forward to working with the newly appointed PCC and partners across the county to deliver on our core mission to keep Cumbria Safe.

2015/16 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 2015/16 grant settlement, the Commissioner's overall budget and the level of Council Tax levied are provided in the Commissioner's combined financial statements.

Of key importance in the grant settlement was the reduction of £3.225m (5.1%) in formula grant funding provided by the Government to the Commissioner in 2015/16 compared to 2014/15. This represents the fifth consecutive year in which central government grants have reduced. The impact on the resources available to the Constabulary, which represents by far the recipient of funding from the Commissioner, to police the county is significant.

During 2015/16 two further threats to future funding emerged. Following the general election in May 2015, the chancellor's budget indicated that unprotected public services including policing should prepare for further funding reductions in central government funding of between 25% and 40% over the next four year comprehensive spending review period. In July the Home Office also began consultation on the introduction of a new police funding formula, in which Cumbria stood to be the biggest loser of all policing areas with a potential annual funding reduction of up to £16m.

In the event the Chancellor's decision to add policing to those services which are protected from funding reductions and the postponement of the introduction of the new funding formula have provided a short term respite from the cuts. However, the continuing financial uncertainty and has been a significant influence on the Constabulary's business planning over the last year.

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 2015/16 the following changes have been made to the way we work:

Responding to the public

- Calls for service are dealt with, where possible, at the first point of contact – all callers speak to a police officer, who use their police skills and knowledge to deploy to need, based on the National Decision Model and using a THRIVE (threat, harm, risk, investigative opportunity, vulnerability & engagement) assessment.
- Developed and started to implement our new Engagement Strategy, including minimum standards to improve effectiveness of our community contact

Managing Our Resources and Demand

- Managing all of our resources across the county, applying the principles of soft border policing, sending the nearest available and appropriately skilled resource to deal with crimes and incidents
- Introduced the daily operational management meeting to prioritise resource allocation across the county, based on intelligence, performance and welfare
- Introduced the Strategic Resourcing Cell to support operating with fewer officers, making sure we have the right skills in the right place at the right time
- Changed the neighbourhood policing structure with fewer deployment centres to reduce costs,

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but with larger shifts that are aligned to demand better.

- Provided 1500 mobile devices with easy to use apps and electronic pocket note book, that work on and off-line, so that officers can stay out of stations, remain visible to the public and reduce their paperwork
- Restructured problem solving and crime prevention activities across the county
- Successfully worked with partners to reduce risk of violent, sexual, child sexual exploitation, domestic abuse and persistent offenders
- Rationalised the administrative support provided to criminal justice processes and implemented a new custody and case file system, which delivers files digitally to the Courts & Crown Prosecution Service.
- Built a new police station in Barrow
- Begun converging the IT infrastructure to reduce costs
- Started to deliver a skills and knowledge programme to all frontline officers
- Delivered the first cohort of the leadership development programme

Performance

Summary Budget and Outturn

The Chief Constable's budget amounting to £108.5m is based upon the funding agreement with the Commissioner.

The table below shows the summary budget for 2015/16 as set on 24 February 2015, the revised budget (taking into account budget changes made

during the year) and the provisional outturn position (subject to audit).

Summary Budget & Provisional Outturn	Base Budget 2015/16 £000s	Revised Budget 2015/16 £000s	Provisional Outturn 2015/16 £000s	(Under)/Overspend 2015/16 £000s
Police Officers	76,347	76,104	75,800	(304)
PCSOs	2,811	2,627	2,630	3
Police Staff	18,555	18,900	18,988	88
Other Employee	803	1,272	1,954	682
Transport	2,470	2,191	2,140	(51)
Supplies & Services	9,878	10,125	10,243	118
Third party Related	1,616	1,749	1,700	(49)
Total Expenditure	112,480	112,968	113,455	487
Income	(3,967)	(4,391)	(5,197)	(806)
Total Constabulary	108,513	108,577	108,258	(319)

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 £98.52m, which is broken down into Police Officers £76.35m, PCSO's £2.81m, Police Staff £18.55m and other employee costs of £0.803m. The remainder of the budget relates to non-staff costs including, transport costs of £2.47m and supplies/other costs of £9.88m. Income of £3.97m, 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 2015/16, compared to the revised budget and after taking into account approved budget carry forwards, is an underspend of £319k.

During the year the Constabulary came in under budget in a number of areas, principally through a combination of

- higher than anticipated turnover of police officers combined with lower than expected recruitment of officers towards the end of the year.
- a decision to delay recruitment of Police Community Support Officers (PCSOs) until the longer term budget position became clearer
- continuing low fuel prices
- lower than expected ICT projects costs partially due to resources being diverted from the mobile working to embedding the new Case and Custody system.

In addition, the Constabulary was able to generate more than £800k of additional income compared to the budget, principally due to insurance receipts and charges for policing the movement of abnormal loads.

These variances were managed pro-actively to contain a number of budget pressures, which emerged during the year, within the overall resources provided by the Commissioner. These pressures included

- a new custody medical contract.
- management of change costs arising from the change programme reviews.

- staffing, equipment and investigative costs to support operational policing.

The Constabulary's figures include expenditure and income incurred in responding to widespread flooding across Cumbria in December 2015. Whilst expenditure was incurred in additional overtime, repairing the estate and vehicles this was offset by a combination of insurance and a rebate on PFI charges due to the unavailability of the PFI station.

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 £9.0m in 2015/16 are shown in the financial statements of the Commissioner. This included investment in a new Territorial Policing HQ in Barrow, replacement of fleet vehicles and a range of ICT systems to support operational policing. In comparison with the approved programme of capital expenditure there was slippage of £2.63m principally in relation to the purchase of a flood resilient site for a new police station in West Cumbria and supply problems for new mobile devices, which are now planned for early in 2016/17.

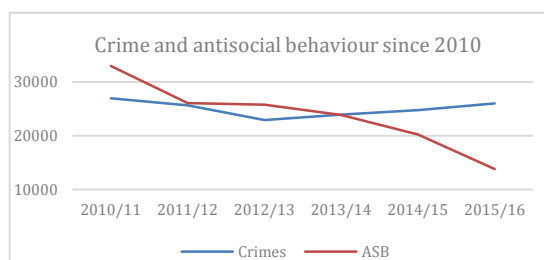
Organisational Performance

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

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relation to crime, incidents and other outcomes for 2015/16.

- Crime increased by 1,243 offences or 5%,
- 13% (163 offences) of this is due to increased reporting of rape, sex offences and hate crime – all of which we set out to increase
- We have significantly improved compliance with crime recording rules (accepted by the Office of National Statistics as a reason for increased crime).
- 49% of our rape cases are historic.
- 32% of the rise in violent crime is due to four new offences of harassment being brought into statute and these account for 271 crimes (the majority relating to texting)
- Serious violent crime resulting in injury has reduced.
- We perform better than our Most Similar Forces Group average and have the 2nd lowest volume of crime nationally
- We have delivered a 32% reduction in Anti-Social Behaviour, which has reduced to 13,803 incidents over the year – one of the best performers in the country



- Domestic abuse repeat victims and perpetrators have both fallen by 1%; first time reports are up 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 are 5th out of 42 forces for user satisfaction with 88.6% of people using our services being satisfied with the experience.
- We have saved £20 million since 2010, at least £1.8 million of which was saved in 2015
- We have kept Cumbria safe during the unprecedented floods in November and December, providing Command throughout to manage the incidents and, we have received hundreds of *thank yous* from individuals and organisations

The table below summarises the Constabulary's performance indicators.

	Number of Crimes 2015/16	% Change from previous year
All Crime	26,000	5%
Violence against the person	7,380	13%
Homicide	5	-17%
Violence with injury	3,428	12%
Assault - cause serious harm	69	-13%
Assault with injury	3,350	13%
Other violence with Injury	9	-36%
Violence without injury	3,947	13%
Assault without injury	2,665	11%
Assault without injury on a Constable	165	-2%
Harassment	877	21%
Other violence without injury	240	17%
Rape and sexual offences	850	22%
Robbery	73	12%
Theft offences	9,240	4%
Burglary	2,222	14%
Vehicle offences	1,269	11%
Criminal damage and arson offences	5,192	5%
Drugs offences	1,074	-22%
Public order offences	1,621	2%

During 2015/16 all forces were subject to a PEEL (Police Effectiveness Efficiency and Legitimacy) inspection by Her Majesty's Inspector of

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Constabularies (HMIC). Cumbria was rated as good for the efficiency and legitimacy, recognising:

- Success in delivering savings, using resources to meet demand, providing value for money and having an affordable workforce model.
- Providing a fair service and having an ethical culture.

The Constabulary has been rated as 'requiring improvement' for effectiveness. Strengths were recognised in relation to preventing crime, dealing with anti-social behaviour and keeping people safe. Areas for improvement where weaknesses were identified include:

- Investigating crime and managing offenders.
- Protecting those who are vulnerable from harm and supporting victims.
- Tackling serious and organised crime.

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

People

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

At the 31st March 2016 the Constabulary employed

- 1111 Officers
- 85 PCSOs
- 563 Police staff

(all expressed in full time equivalents)

During 2015/16 numbers of all employee groups were maintained close to the budgeted establishment, although PCSO recruitment was delayed in the latter part of the year due to the financial uncertainty. It is intended that Officer and PCSO numbers will be maintained during 2016/17.

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

Actual Employees as at 31 March 2016	CC	
	Male FTE	Female FTE
Directors/Chief Officers	8	3
Senior Managers	11	1
All Other Employees	952	784
Total CC Employees	971	788

During 2015/16 the percentage of contracted hours lost due to sickness was 4.39% for officers and 3.96% for staff, both of which exceed the Constabulary's target of 3%. In response, an attendance action plan has been put in place with a wide range of actions to pro-actively manage sickness.

During 2015/16 the Constabulary undertook a cultural survey in conjunction with Durham University, the main conclusions of which were that, despite the high level of uncertainty and change within the organisation:

- Ethical leadership across the force is high, suggesting that individuals believe their immediate supervisors are ethical individuals, manage morality actively and treat them fairly.

- Levels of job satisfaction, public service motivation, empowerment, mission value, and commitment towards the public and organisation are high.
- High level of willingness to communicate ideas on work-related issues.

The Constabulary has also put in place a Wellbeing Strategy, with the aim of promoting and encouraging health and wellbeing at work.

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 four objectives:

- 1) Improving engagement with communities which may be victims of hate crime.
- 2) Encouraging the reporting of hate crime.
- 3) Improving accessibility and awareness of pregnancy related workforce support.
- 4) Monitoring returns to work from maternity and disability leave.

Whilst Cumbria generally has a low level of hate crime compared to other forces (tenth lowest of all forces) the latest indications show a 12% increase in hate crime reporting compared to 2014/15, indicating 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 2015/16 particular training resource was directed to:

- The training of new recruits, in recognition of the high level of recruits joining the force.
- Training in the new 'Policeworks' Case and Custody ICT system.
- Development of a leadership skills framework.

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.

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.

The 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.

In relation to the Commissioner's Estate sustainability is promoted throughout design, with targets set for local labour and supply of materials. Strategies for

natural ventilation are set out and BREEAM energy efficiency targets of a minimum of very good are set out in the contract. Tender evaluation considers whole life costing, running costs for the life of the building and a sustainability / environmental assessment.

Other measures to improve energy efficiency include:-

- Regular monitoring of consumption and pro-active management.
- A programme of introducing low energy, high frequency light fittings across the estate.
- Improved heating controls.
- Replacement of the communications centre air conditioning unit with a low emission system.

The Constabulary runs a diesel fleet. This strategy is continually reviewed as technology advances including the trial of electric vehicles. Staff are encouraged to make use of public transport via travel plans along with promoting car sharing and supporting cycle to work schemes. The use of video conference equipment reduces the need for travel between sites to attend meetings.

Recycling is encouraged both through waste disposal and the choice of consumables where applicable.

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

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 25 in the full statement of accounts.

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

Summary Movement in Reserves	Balance 31/03/2015 £000s	Movements 2015/16 £000s	Balance 31/03/2016 £000s
Police Pensions Reserve	(1,142,570)	130,110	(1,012,460)
LGPS Pensions Reserve	(31,381)	5,845	(25,536)
Accumulated Absences Reserve	(2,684)	(164)	(2,848)
Total Reserves	(1,176,635)	135,791	(1,040,844)

The reserves shown above on the Chief Constable's movement in reserves statement are all classed as 'unusable' and provide a mechanism through which

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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 2015/16, whilst still large, the overall negative balance on both the police and local government pensions schemes have reduced, 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 £20.9m for specific revenue and capital purposes. During 2015/16 a total of £1.5m of the Commissioner's earmarked reserves were drawn down to fund revenue and planned capital expenditure.

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 service expenditure analysis as required by the Service Reporting Code of Practice (SERCOP) developed by the Chartered Institute of Public Finance and Accountancy (CIPFA). This provides information on the cost of policing, grouped in such a way to provide the reader with an understanding of the costs of providing different policing services over the financial year and a standardised benchmark to compare forces. The CI&ES is shown on page 26 of the full statement of accounts.

The table below sets out a summary CI&ES statement.

Summary CI&ES	Gross Expenditure 2015/16 £000s	Gross Income 2015/16 £000s	Net Expenditure 2015/16 £000s
Local Policing	45,350	(102)	45,248
Dealing with the public	8,360	(2)	8,358
Criminal justice arrangements	9,382	(24)	9,358
Road policing	5,977	(78)	5,899
Specialist operations	3,988	(17)	3,971
Intelligence	5,612	(4)	5,608
Investigation	13,851	(47)	13,804
Investigative support	3,219	(5)	3,214
National policing	1,629	(72)	1,557
Other costs	2,492	0	2,492
Funding Provided by PCC to CC	0	(104,109)	(104,109)
Cost of Services	99,860	(104,460)	(4,600)
Financing Costs and Investment Income	42,137	(3,532)	38,605
(surplus)/deficit on the provision of services	141,997	(107,992)	34,005
Other comprehensive income and expenditure			(169,796)
Total Comprehensive income and expenditure			(135,791)

The statement shows that the gross cost of providing policing services amounted to almost £100m in 2015/16. Of this figure local policing services

delivered by the Territorial Policing Command, which includes neighbourhood policing, incident response, local investigation and community liaison, make up almost half of the overall cost. The next largest area of expenditure is investigations, which represents the cost of the Crime Command undertaking major investigations, including those into serious and organised crime. This area of expenditure also includes the costs of the Public Protection Unit and managing serious offenders. Other areas of significant expenditure include roads policing, communication with the public and criminal justice arrangements. Further details of the services included within each heading can be found in page 39 of the full statement of accounts.

In addition, the CI&ES also records a number of technical adjustments including 'financing costs & investment income' £38.6m and 'other comprehensive income & expenditure' net income of £169.8m. 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 surplus of £135.8m for the year, which largely impacts on unusable pensions reserves. The analysis on page 8 of this summary, based on the management accounts, shows a surplus of £319k.

A subjective analysis that sets out what those costs are (e.g. staffing, transport etc.) is provided in the technical annex to the statement of accounts (Annex B, Section C) on page 70.

The Balance Sheet

The Balance Sheet shows the value as at the balance sheet date (31 March 2016) 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 31/03/2015 £000s	Balance 31/03/2016 £000s
Current assets		11,740	10,915
Current Liabilities		(12,994)	(13,203)
Long Term Liabilities		(1,175,381)	(1,038,556)
Net Assets		(1,176,635)	(1,040,844)
Unusable Reserves		(1,176,635)	(1,040,844)
Total reserves		(1,176,635)	(1,040,844)

The Chief Constable's current assets (£10.9m) 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 (£13.2m) 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 (£1,039m) 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 2015/16 balance sheet shows a combined pensions deficit of £1.038m (£1.174m in 2014/15) 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.

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

Summary Cash Flow Statement	Cash flows 2014/15 £000s	Cash flows 2015/16 £000s
Cash & Cash Equivalents 1 April	0	0
Net (Surplus)/Deficit on the provision of services	36,523	34,005
Adjustments for non-cash movements	(36,523)	(34,005)
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.

CC Chief Finance Officer Narrative Report

A summary of the pension fund is shown below.

Summary Police Pension Fund	Pension Fund A/C 2014/15 £000s	Pension Fund A/C 2015/16 £000s
Contributions - Employer	(9,794)	(8,286)
Contributions - Officers	(5,515)	(5,305)
Contributions - Other	(444)	(454)
Benefits Payable	30,503	33,498
Other Payments	419	46
Net Amount Payable	15,169	19,499
Contribution from Home Office	(15,169)	(18,371)
Additional Funding Payable by the Constabulary (2.9%)	0	(1,128)
Net Amount Payable	0	0

The statement identifies contributions made in 2015/16 totaling £15.17m. The pension benefits that are payable from the fund, together with other payments amounted to £33.54m. The balance between contributions and pensions' benefits paid of £18.37m has been funded by the Home Office. The full pensions fund accounts and note can be found on pages 47-48 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 (Annex A). 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 Annual Governance Statement of the Chief Constable can be found in (Annex C) of this Statement of Accounts on pages 73-113 or on the Constabulary website at: www.cumbria.police.uk.

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 2016. 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, the Government decision to add policing to those public services, which are protected from spending reductions over the next Comprehensive Spending Review process has had a beneficial impact on the Constabulary's future financial prospects. However significant uncertainty regarding future funding allocations remains, particularly in relation to changes to the funding formula. In addition, the financial impact of the implementation of the new Emergency Services

Network and pension costs on force budgets are still to be determined.

The budget approved on 24 February 2016 for the 2016/17 financial year was set in the context of a four year medium term financial forecast, which currently assumes that changes to the funding formula will be introduced from 2017/18 which, based on extrapolations of the funding formula changes proposed in autumn 2015, could mean that between £9.9 and £15.8m of grant funding would be lost per annum. Based on these scenarios further savings of between £11.5m and £19.1m would be required by 2019/20. This is over and above the £20m of savings which have been delivered since 2010. However, if the funding formula changes were not to arise, a much more modest level of future savings would be required.

The Commissioner and Chief Constable continue to work to develop and implement organisational changes that will 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 and the consequential impact of implementing change across the organisation.

The Constabulary's joint highest scoring risk relates to the potential compromises in service delivery and resulting reduction in public confidence a result of delivering savings to balance the budget over the medium term. Related strategic risks recognise the

difficulty and heavy reliance on ICT changes to deliver the required level of savings and productivity improvements and the potential adverse effect of constant change on the performance of the Constabulary.

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 include the operational resource implications of policing nuclear and associated industrial developments in the west of Cumbria and the undermining of public confidence in the police as a result of media coverage of police integrity issues at a national level.

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 twin track approach to addressing its future savings requirements.

The first strand of the strategy is based around enhancing the scope, timing and savings targets of existing change programme reviews including both operational and support functions.

The second strand of work has commissioned a series of new reviews, which will aim to produce service solutions which are:

- Scalable
- Flexible

and where:

CC Chief Finance Officer Narrative Report

- Risks and benefits are understood.
- Core policing activities are protected.
- Interdependencies are taken into account.

The ultimate objective will be to produce risk based options to deliver savings which will enable strategic decisions to be made in relation to the allocation of resources once the future funding position is clarified.

Three areas which will be subject to specific review are

- Problem solving and pro-active policing capability.
- The Crime Command
- Business administration systems in support functions.

The Constabulary will also continue to develop its Demand Management Strategy, with the aim of better understanding its demand for services and enable resources to be better aligned to meeting it. Planned specific work includes further development of Command and Control processes in the communications centre, working with partners to better manage demand, for example in mental health, and a demand review within the Crime Command. In addition, the Constabulary will continue its programme of ICT development in support of operational policing, which will increase the

productivity of officers and PCSOs. Collectively these initiatives will support the Constabulary in delivering effective policing services over the longer term with reduced resources.

Acknowledgements

The financial statements were originally authorised for issue by me as CC Chief Finance Officer (CFO), on 23 May 2016. Following completion of the audit, they were re-authorised by me on 28 July 2016 and were formally approved by the Chief Constable on 28 July 2016.

In closing, it is appropriate to acknowledge the dedication and professionalism of Michelle Bellis Deputy Chief Finance Officer, Lorraine Holme 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.

It is also appropriate to acknowledge the support and co-operation of the PCC Chief Finance Officer Ruth Hunter in the preparation of these accounts.

Roger Marshall

CC 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 2016 and its income and expenditure for the year there ended.

[Signature removed for publication on website](#)

Roger Marshall CPFA

CC Chief Finance Officer

Date : 28 July 2016

[Signature removed for publication on website](#)

Jerry Graham BA (Hons) MA

The Chief Constable for Cumbria Constabulary

Date : 28 July 2016

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 Chief Constable's Chief Finance Officer.
- 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 Chief Constable's Chief Finance Officer's Responsibilities

The Chief Constable's CFO is responsible for the production of the Statement of Accounts for the Chief Constable and for providing information to the PCC CFO as required for the production of group accounts. The Chief Constable's CFO is responsible for the preparation of the Chief Constable's 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 Chief Constable's 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 Chief Constable's 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 Chief Constable's 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 2016.



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 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the related notes and Annexes A and B and include the Police Officer Pension Fund Account comprising the Police Officer Fund Account, the 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 2015/16.

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 Chief Constable's Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Constable's Chief Finance Officer's Responsibilities, the Chief Finance 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 2015/16, 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 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Independent Auditor's Report

circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the CC Chief Finance Officer Narrative Report and the 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 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the CC Chief Finance Officer Narrative Report and the Annual Governance Statement 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: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Chief Constable under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Independent Auditor's Report

Conclusion on the Chief Constable's arrangements to secure value for money through economic, efficient and effective use of its resources

Respective responsibilities of the Chief Constable and auditor

The Chief Constable is responsible for putting in place proper arrangements to secure 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 to secure value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, 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 these criteria as those necessary for us to consider under the Code in satisfying ourselves whether the Chief Constable put in place proper arrangements to secure value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code. 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 to secure value for money through economic, efficient and effective use of its 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 2015, we are satisfied that in all significant respects the Chief Constable has put in

Independent Auditor's Report

place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of the Chief Constable in accordance with the requirements of the Act and the Code.

Fiona Blatcher

Fiona Blatcher

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

Grant Thornton UK LLP

4 Hardman Square

Spinningfields

Manchester

M3 3EB

28 July 2016

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 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 4)	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	11a	(1,142,570)	0	161,090	161,090	(30,980)	130,110	130,110	(1,012,460)
Chief Constable's LGPS Pension Reserve	11a	(31,381)	0	8,706	8,706	(2,861)	5,845	5,845	(25,536)
Chief Constable's Accumulated Absences Account	11b	(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)

The comparative figures for 2014/15 are provided in the table below:

Movement in Reserves Statement (CC) Figures for 2014/15									
	Note	Balance at 1 April 2014	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 4)	Net increase / (decrease) before transfers to/from earmarked reserves	Increase/ (decrease) in 2014/15	Balance at 31 March 2015
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Usable Reserves									
Chief Constable's Constabulary Fund	-	0	(36,523)	0	(36,523)	36,523	0	0	0
Total Usable Reserves		0	(36,523)	0	(36,523)	36,523	0	0	0
Unusable Reserves									
Chief Constable's Police Pension Reserve	11a	(999,400)	0	(105,250)	(105,250)	(37,920)	(143,170)	(143,170)	(1,142,570)
Chief Constable's LGPS Pension Reserve	11a	(16,776)	0	(15,289)	(15,289)	745	(14,605)	(14,605)	(31,381)
Chief Constable's Accumulated Absences Account	11b	(3,336)	0	0	0	652	652	652	(2,684)
Total Unusable Reserves		(1,019,512)	0	(120,539)	(120,539)	(36,523)	(157,123)	(157,123)	(1,176,635)
Total Reserves		(1,019,512)	(36,523)	(120,539)	(157,062)	0	(157,123)	(157,123)	(1,176,635)

In 2014/15 the above table shows an adjustment to the Local Government Pension Scheme (LGPS) between the PCC and CC accounts of £61k. In 2013/14 an estimation was made of the split of the LGPS between the Commissioner (PCC) and the Constabulary (CC). From 1 April 2014 and stage 2 of the transition process being completed the pension scheme has been split into two separate employers. The adjustment to the opening balance of £61k was required to the single entity statements of the PCC and CC to reconcile to the actuarial calculations provided for 2014/15.

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)			CC 2014/15 Gross Expenditure £000s	CC 2014/15 Gross Income £000s	CC 2014/15 Net Expenditure £000s	CC 2015/16 Gross Expenditure £000s	CC 2015/16 Gross Income £000s	CC 2015/16 Net Expenditure £000s
	Notes							
Local Policing	12		48,051	(101)	47,950	45,350	(102)	45,248
Dealing with the public	12		7,010	(1)	7,009	8,360	(2)	8,358
Criminal justice arrangements	12		9,058	(21)	9,037	9,382	(24)	9,358
Road policing	12		7,224	(53)	7,171	5,977	(78)	5,899
Specialist operations	12		3,320	(33)	3,287	3,988	(17)	3,971
Intelligence	12		5,440	(5)	5,435	5,612	(4)	5,608
Investigations	12		13,087	(16)	13,071	13,851	(47)	13,804
Investigative support	12		3,254	(4)	3,250	3,219	(5)	3,214
National policing	12		1,807	(72)	1,735	1,629	(72)	1,557
Corporate and democratic core	12		312	0	312	263	0	263
Non distributed costs	12		47	0	47	588	0	588
Termination Payments	17		675	0	675	1,641	0	1,641
Funding Provided by PCC to CC			0	(106,912)	(106,912)		(104,109)	(104,109)
Cost Of Services			99,285	(107,218)	(7,933)	99,860	(104,460)	(4,600)
Financing and Investment Income and Expenditure								
Net Interest on the net defined benefit liability	Annex B		48,549	(4,093)	44,456	42,137	(3,532)	38,605
			48,549	(4,093)	44,456	42,137	(3,532)	38,605
(Surplus) or Deficit on Provision of Services			147,834	(111,311)	36,523	141,997	(107,992)	34,005
Remeasurement of the net defined pension benefit liability/asset	Annex B				120,539			(169,796)
Other Comprehensive Income and Expenditure					120,539			(169,796)
Total Comprehensive Income and Expenditure					157,062			(135,791)

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		CC	
		31 March 2015	31 March 2016
	Notes	£000s	£000s
Inventories		295	268
Short Term Debtors (amounts owed to CC by PCC re CC share of external Debtors)	7	4,249	4,358
Short Term Debtors (amounts owed to CC by employees re accumulated absences)	7	215	75
Short Term Debtors (funding balance owed to CC by PCC)	7	6,981	6,214
Current Assets		11,740	10,915
Short Term Creditors (amounts owed by CC to PCC re share of external creditors)	8	(5,551)	(5,654)
Short Term Creditors (amounts owed by CC to employees re accumulated absences)	8	(2,900)	(2,923)
Short Term Creditors (funding balance due from CC to PCC)	8	(4,543)	(4,626)
Current Liabilities		(12,994)	(13,203)
Provisions	9	(1,430)	(560)
Other Long Term Liabilities			
Pensions liability - Police	Annex B	(1,142,570)	(1,012,460)
Pensions liability - LGPS	Annex B	(31,381)	(25,536)
Long Term Liabilities		(1,175,381)	(1,038,556)
Net Assets		(1,176,635)	(1,040,844)
Unusable Reserves			
Pensions Reserve - Police	11a	(1,142,570)	(1,012,460)
Pensions Reserve - LGPS	11a	(31,381)	(25,536)
Accumulated Absences Account	11b	(2,684)	(2,848)
		(1,176,635)	(1,040,844)
Total Reserves		(1,176,635)	(1,040,844)

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 2014/15 £000s	CC 2015/16 £000s
Net (Surplus) or Deficit on the provision of services		36,523	34,005
Adjustment to net surplus or deficit on the provision of services for non-cash movements	CF1	(36,523)	(34,005)
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)		(37,175)	(33,841)
Debtors - Adjustment re CC Share of Debtors		1,480	(32)
Debtors - Adjustment re Balance of Funding due from PCC to CC		1,424	(767)
Creditors - Adjustment re CC Share of Creditors		(241)	(126)
Creditors - Adjustment re Balance of Funding due from CC to PCC		(1,339)	(83)
Stock - Change in Balance Sheet		(32)	(26)
Provisions - Change in Balance Sheet		(640)	870
Adjustment to net surplus or deficit on the provision of services for non-cash movements		(36,523)	(34,005)

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 2015/16 will be highlighted, whilst the comparatives for 2014/15 (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 49-51. 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 Critical Judgements in Applying Accounting Policies

In applying the accounting policies as set out in pages 52 to 60 of this document, 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](#).

2 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 [Chief Constable](#)'s Chief Finance Officer on 28 July 2016. 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 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



The new Territorial Police Area headquarters for South Cumbria which opened in Barrow in September 2015

3 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 2016 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 £76k 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 £8k 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 B) in section B Pension Disclosures (pages 63-69).

Notes to the Accounts

4 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 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 B	33,841	(30,980)	(2,861)	0
- Holiday Pay (transfers to or from Accumulated Absences Account)	11b	164	0	0	(164)
Total Adjustments		34,005	(30,980)	(2,861)	(164)

The comparative figures for 2014/15 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 B	37,175	(37,920)	745	0
- Holiday Pay (transfers to or from Accumulated Absences Account)	11b	(652)	0	0	652
Total Adjustments		36,523	(37,920)	745	652

Notes to the Accounts

5 Audit Fees

In 2015/16 the [Chief Constable](#) incurred the following fees relating to external audit services provided by Grant Thornton UK LLP.

External Audit Fees	CC 2014/15 £000s	CC 2015/16 £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.	20	15
Rebate from Audit Commission in year.	(2)	0
Other Services		
Fees payable in respect of other services provided by Grant Thornton during the year.	7	3
Total External Audit Fees for Year	25	18

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 2014/15 also included a one off piece of consultancy work undertaken on payroll dispensations. These fees relate to both the Commissioner and the Constabulary.

6 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 section A of a separate technical appendix at Annex B on pages 61 to 62.

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

7 Short-term Debtors

A breakdown of the amounts owing to the [Chief Constable](#) as at 31 March 2016 with comparative information for the previous year is set out in the table below:

Short-term Debtors	CC As at 31 March	
	2015 £000s	2016 £000s
Balance Owed from PCC re CC Share of External Debtors		
- Police pensions prepayment	2,104	2,173
- Prepayments/Payments in Advance	2,145	2,185
	4,249	4,358
Balance Owed from Employees (re accumulated Absences)	215	75
Balance Owed from PCC re Balance of Funding	6,981	6,214
Total Debtors	11,445	10,647

8 Short-term Creditors

An analysis of the amounts owed by the [Chief Constable](#) as at 31 March 2016 with comparative information for the previous year is set out in the table below:

Short-term Creditors	CC As at 31 March	
	2015 £000s	2016 £000s
Balance Owed to PCC re CC Share of External Creditors		
- Central Government Bodies	(1,809)	(1,725)
- Other Police/Local Authorities	(274)	(793)
- NHS Bodies	(19)	(49)
Other Entities and Individuals		
- Goods & Services	(3,449)	(3,087)
	(5,551)	(5,654)
Balance owed to Employees (re accumulated absences)	(2,900)	(2,923)
Balance owed to PCC re balance of Funding	(4,543)	(4,626)
Total Creditors	(12,994)	(13,203)

Notes to the Accounts

9 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 2016 is provided below:

Insurance liabilities – this provision has been established to meet a number of eventualities 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.

Termination Payments (2014/15) - this employee related provision relates to a liability that exists in respect of termination benefits as a result of decisions made during 2014/15 for which the actual payments will fall into 2015/16.

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

The table below shows the movements during the year on each of the provisions and the position as at 31 March 2016.

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)

The comparative information for year ended 31 March 2015 is as follows:

Provisions	Balance as at 01/04/14	Additional Provisions Made 2014/15	Amounts Used in 2014/15	Unused Amounts Reversed in 2014/15	Balance as at 31/03/15
	£000s	£000s	£000s	£000s	£000s
Insurance Liabilities	(495)	(164)	164	0	(495)
Termination Payments	(45)	(555)	40	5	(555)
Legal Claims	(250)	(130)	0	0	(380)
Total Provisions	(790)	(849)	204	5	(1,430)

10 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 section B of a separate technical appendix at Annex B on pages 63 to 69.

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

11 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](#).

11.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	
	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s
Balance at Start of Year	(16,776)	(31,381)	(999,400)	(1,142,570)
Adjustment to Opening Balance	(61)	0	0	0
Adjusted Balance at Start of Year	(16,837)	(31,381)	(999,400)	(1,142,570)
Remeasurement of the net defined pension benefit liability/asset	(15,289)	8,706	(105,250)	161,090
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	(3,879)	(5,903)	(63,910)	(57,080)
Employer's pension contributions and direct payments to pensioners payable in the year.	4,624	3,042	25,990	26,100
Balance at End of Year	(31,381)	(25,536)	(1,142,570)	(1,012,460)

In 2014/15 the above table shows an adjustment to the Local Government Pension Scheme (LGPS) opening balance between the PCC and CC accounts of £61k. In 2013/14 an estimation was made of the split of the LGPS between the Commissioner (PCC) and the Constabulary (CC). From 1 April 2014 and stage 2 of the transition process being completed the pension scheme has been split into two separate employers. The adjustment to the opening balance of £61k was required to the single entity statements of the PCC and CC to reconcile to the actuarial calculations provided for 2014/15.

Notes to the Accounts

11.b Accumulated Absences Account

The short-term 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 2014/15 £000s	CC 2015/16 £000s
Balance at Start of Year		(3,336)	(2,684)
Settlement or cancellation of accrual made at the end of the preceeding year		3,336	2,684
Amounts accrued at the end of the current year		(2,684)	(2,848)
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		652	(164)
Balance at End of Year		(2,684)	(2,848)



12 Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day to day expenses and related income on an [accruals](#) basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

12.a Comprehensive Income and Expenditure Statement Categories

The Code requires the [Chief Constable's](#) financial statements to show the Comprehensive Income and Expenditure Statement in a form as recommended by [CIPFA](#) Service Reporting Code of Practice ([SERCOP](#)). This is designed both to provide more meaningful information about how resources are utilised and also to allow more meaningful comparison amongst policing organisations. SERCOP has reaffirmed the concept of total cost, which requires consistent appropriation of support costs and overheads to defined areas of front line policing activity. This is also consistent with the [Police Objective Analysis \(POA\)](#) that was introduced by the Home Office and was used as a basis for reporting the service expenditure. The defined areas, together with some explanations as to their content, are set out below:-

Police Services, this includes the following activities:

- Local Policing – neighbourhood policing, incident management, community liaison, local command team and support overheads.
- Dealing with the Public – local call centre/front desk, central communications unit, contact management and dealing with the public command team and support overheads.
- Criminal Justice Arrangements – custody, criminal justice arrangements, Police National Computer, civil disclosure/criminal records bureau, coroner assistance, fixed penalty scheme/central ticket office, property store, criminal justice arrangements command team and support overheads.
- Roads Policing – traffic units, vehicle recovery, casualty reduction partnership, roads policing command team and support overheads.
- Specialist Operations – central operations command team and support overheads, underwater search/marine support, dogs sections, level 1 advanced public order, firearms unit, civil contingencies, air operations and airports and ports policing unit.
- Intelligence – central intelligence command team and support overheads, intelligence analysis/threat assessments, intelligence gathering.
- Investigation – crime support command team and support overheads, major investigations unit, economic crime, serious and organised crime unit, public protection, local investigation/prisoner processing, specialist investigation and cyber crime.
- Investigative Support – scenes of crime officers, external forensic costs, fingerprint/internal forensic services, photographic image recovery, other forensic services, investigative support command team and support overheads.
- National Policing – secondments (out of force), counter terrorism/special branch, [ACPO](#) projects/initiatives, hosting national services, other national policing requirements.

Corporate and Democratic Core Costs:

- Democratic Representation and Management – all member allowances and expenses; officer time spent on appropriate advice activities; subscriptions to local authority associations etc.
- Corporate Management – costs of head of paid service; maintenance of statutory registers; statutory returns and statistics; external audit and inspections; treasury management; bank charges.

Non Distributed Costs:

- Pension costs – past service costs, curtailments and settlements.
- [Depreciation](#) costs and [impairment](#) losses in relation to assets under construction and surplus assets held for disposal.

Notes to the Accounts

13 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 2014/15 £000s	CC 2015/16 £000s
	Basic Allowance	9	14
	Travel and Subsistence	8	6
		17	20

The above table includes for 2015/16 the 4 appointed members of the Joint Audit and Standards Committee, the 4 appointed members of the Ethics and Integrity Panel together with travel allowances payable to independent custody visitors. The figures for 2014/15 only include a single meeting of the Ethics and Integrity Panel which was established in March 2015. 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: <http://www.cumbria-pcc.gov.uk/governance-transparency/allowances.aspx>

14 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 2015/16 in £000s.

Postholder Information Post Title	Note	Salary (including Fees & Allowances)	Expense Allowances	Termination Pay & Compensati on 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

The table below gives the comparative information for 2014/15 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	1	128	7	0	0	3	138	31	169
Deputy Chief Constable	2	110	8	0	0	1	119	27	146
Temporary Assistant Chief Constable	3	93	5	0	0	0	98	20	118
Chief Superintendent (A)	4	78	1	0	1	3	83	19	102
Chief Superintendent (B)	5	10	0	10	0	3	23	2	25
Temp. Chief Superintendent (C)	6	77	2	0	1	3	83	19	102
Temp. Chief Superintendent (D)	7	66	2	0	1	3	72	16	88
Superintendent	8	75	2	0	1	3	81	18	99
Chief Inspector	9	56	2	0	1	4	63	13	76
CC Chief Finance Officer		71	0	0	0	0	71	9	80
Director of Corporate Support		79	0	0	0	0	79	10	89
Director of Corporate Improvement		71	1	0	0	0	72	9	81
Director of Legal Services		71	1	0	2	0	74	9	83
Total Chief Constable		985	31	10	7	23	1,056	202	1,258

Notes:

- 1 The Chief Constable was appointed on 1/8/14 (prior to this he was Deputy Chief Constable)
- 2 The Deputy Chief Constable was promoted on 1/8/14 (prior to this she was Assistant Chief Constable).
- 3 Temporary Assistant Chief Constable was promoted to ACC on 1/8/14
- 4 Chief Superintendent (A) became Chief Superintendent TPA on 1/8/14 & was promoted to Detective Chief Superintendent Crime Command on 1/2/15
- 5 Chief Superintendent (B) retired on the 12/5/14
- 6 Temporary Chief Superintendent (C) covered position of Temporary Chief Superintendent Crime from 12/5/14 to 31/1/15.
- 7 Temporary Chief Superintendent (D) was promoted on 1/2/15 to Temporary Chief Superintendent (TPA)
- 8 The Superintendent Professional Standards post was removed from 12/5/14
- 9 The Chief Inspector become Head of Professional Standards on the 12/05/14 following the removal of the Superintendent post.

Notes to the Accounts

15 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	2014/15			2015/16		
	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	2	0	2
£55,000 to £59,999	3	0	3	2	0	2
£60,000 to £64,999	0	0	0	1	0	1
£65,000 to £69,999	0	1	1	1	0	1
£70,000 to £74,999	3	0	3	1	0	1
£75,000 to £79,999	1	1	2	1	0	1
£80,000 to £84,999	0	1	1	1	1	2
£85,000 to £89,999	0	0	0	0	3	3
£90,000 to £94,999	0	1	1	0	1	1
£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	1	1	0	0	0
£115,000 to £119,999	0	0	0	0	0	0
£120,000 to £124,999	0	0	0	0	1	1
£125,000 to £129,999	0	0	0	0	0	0
£130,000 to £134,999	0	1	1	0	0	0
£140,000 to £144,999	0	0	0	0	1	1
Total	9	6	15	9	7	16

In 2015/16 the remuneration for 65 (74 in 2014/15) Police Officers 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 14 for more information.

Notes to the Accounts

16 Exit Packages

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	
	2014/15 Headcount	2015/16 Headcount	2014/15 Headcount	2015/16 Headcount	2014/15 Headcount	2015/16 Headcount	2014/15 £000's	2015/16 £000's
£0-£20,000	2	8	0	32	2	40	23	447
£20,001 - £40,000	2	1	1	21	3	22	102	607
£40,001 - £60,000	0	0	0	9	0	9	0	440
£60,001 - £80,000	0	1	0	4	0	5	0	331
£80,001 - £100,000	0	0	0	2	0	2	0	168
£100,001 - £150,000	0	1	0	1	0	2	0	203
Total	4	11	1	69	5	80	125	2,196

17 Termination Payments

During 2015/16 the contracts of a number of employees were terminated incurring termination payments amounting to £1,641k (£675k in 2014/15). As this amount is significant in terms of the 2015/16 accounts the amount has been shown as a separate item on the face of the Comprehensive Income and Expenditure Statement (page 26). This amount is made up exit packages paid and accrued in 2015/16.

In 2014/15 a further amount of £555k was set aside in a provision to pay termination costs as a result of decisions made in principle in 2014/15 but where there was some uncertainty over the individual staff or timing of the termination but for which a reasonable estimate could be made of amount of the probable obligation. During 2015/16 payments have been made to individuals up to the full amount of this provision. At the end of 2015/16 there has been no such decisions made to require a similar provision to be made in the 2015/16 accounts. For 2015/16 the total exit packages paid of £2,196k is divided between those arising in the year and charged to the revenue budget £1,641k plus those charged directly against the provision established in 2014/15 £555k.

The exit packages paid in 2015/16 amount to £2,196k (£125k in 2014/15). The exit packages can be further split into compensation for loss of employment £1,242k (£125k in 2014/15) and enhanced pension benefits £954k (£0k in 2014/15). The redundancies are as a result of the Constabulary's change programme. The Exit Packages note above (note 16) provides details of the number and total cost of exit packages per band and include those exit packages paid in 2015/16 and those agreed for individuals in 2015/16 but paid in 2016/17 for which an accrual was made in the 2015/16 accounts.

18 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.

18.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.

18.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](#).

18.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 2015/16 financial year.

18.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 B) pages 63-69.

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.

19 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 2015/16 statement of accounts.

Appeal Court Judgement

In February 2015 the Court of Appeal made a judgement in respect of police officers who took telephone calls outside their normal hours of duty. The court ruled that police officers should be awarded overtime in respect of these calls. There are a number of officers within the Constabulary that could potentially make a claim for overtime as a result of this ruling. At this stage it is not possible to estimate the financial impact of such claims and the matter has been treated as a contingent liability in the 2015/16 statement of accounts.

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

For 2015/16 the following accounting policy changes that need to be reported relate to:

- Amendments to IAS 19 Employment Benefits (Defined Benefit Plans: Employee Contribution);
- Annual Improvement to IFRSs 2010-2012 Cycle:
 - IFRS 3 Accounting for contingent consideration in a business combination;
 - IFRS 8 Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets;
 - IFRS 13 Short-term receivables and payables;
 - IAS 16 revaluation method – proportionate restatement of accumulated depreciation;
 - IAS24 key management personnel
 - IAS 38 revaluation method – proportionate restatement of accumulated amortisation
- Amendments to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations);
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation) ;
- Annual Improvement to IFRSs 2012-2014 Cycle;
 - IFRS 5 Changes in methods of disposal;
 - IFRS 7 servicing contracts;
 - IAS 19 Discount rate: regional market issue;
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative);
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the Introduction of the new Expenditure and Funding Analysis;
- The changes to the format of the Fund Account and the Net Assets Statement.

In the Financial Statements for 2016/17, the effect of the changes will be assessed and where necessary, the comparative figures restated.

Police Officer Pension Fund Account

Police Officer Fund Account

This statement provides information on transactions on the Police Pension Fund Account for the 2015/16 financial year together with comparative information for 2014/15.

Police Officer Pension Fund Account		CC 2014/15 £000s	CC 2015/16 £000s
Contributions Receivable			
Employer			
- Contributions (21.3% of Pensionable Pay in 2015/16, 24.2% in 2014/15)		(9,794)	(8,286)
Officers' Contributions			
- 1987 Scheme Member Contributions (see narrative for rates)		(4,447)	(2,668)
- 2006 Scheme Member Contributions (see narrative for rates)		(1,068)	(93)
- 2015 Scheme Member Contributions (see narrative for rates)		0	(2,544)
		(15,309)	(13,591)
Transferees in from Other Schemes		(80)	(322)
Capital Equivalent charge for ill-health schemes		(364)	(132)
		(444)	(454)
Benefits Payable			
Recurrent Pensions		24,015	25,058
Commutations and Lump Sums		6,477	8,440
Other (Scheme Pays)		11	0
		30,503	33,498
Payments to and on Account of Leavers			
Refund of Contributions		3	44
Transfer out to other schemes		416	2
		419	46
Net Amount Payable for the Year		15,169	19,499
Additional Contribution from the Police & Crime Commissioner		(15,169)	(18,371)
Additional Funding Payable by the Constabulary (2.9%)		0	(1,128)
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 2016.

Pension Fund Net Assets & liabilities		CC 2014/15 £000s	CC 2015/16 £000s
Current Assets			
Pensions Benefits paid in advance		2,104	2,173
Current Liabilities			
Amount due to the Police & Crime Commissioner		(2,104)	(2,173)
		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

Up to 31 March 2015 the Chief Constable operated two 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 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 2015/16 were between 11% and 12.75% (11%-12.75% in 2014/15) for the 2006 scheme and between 14.25% and 15.05% (14.25%-15.05% in 2014/15) for the 1987 scheme. 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 28). Detailed disclosure notes regarding the Police Pension schemes can be found in the Technical Annex to the Statement of Accounts (Annex B) Section B (pages 63-69).

From 1 April 2015, a new pension scheme has been introduced for Police Officers. The new 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 2015/16.

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% (24.2% in 2014/15) 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.

Appendix A - Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises the financial transactions for the 2015/16 financial year and the financial position at the 31 March 2016. 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 2015/16 (the Code) and the Service Reporting Code of Practice 2015/16 (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.

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 (see accounting policy 7 below for further details).
- For the financial year 2015/16 there has been a change in accounting policy, previously payments made to employees in April each year in respect of overtime, allowances and expenses were accrued into the previous financial year as they related to expense incurred during that year. The Chief Officer Group decided in December 2015 that this practice should be ceased in order to facilitate the earlier closure of accounts. The impact on the accounts for 2015/16 is not material. Future years will not be impacted as each financial year will contain 12 months worth of payments. At each year end consideration will be given to any particular circumstances occurring in March which would give rise to a material misstatement if those expenses were not accrued.

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.

Appendix A - Statement of Accounting Policies

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.

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 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.

For 2015/16 there has been a change in accounting estimate in relation to how the amount is calculated in respect of holiday entitlements, time off in lieu, flexi leave and rest days in lieu earned by employees but not taken before the year-end (as referenced in accounting policy section 7.1 below). Previously, the amounts for police staff whose duties were not recorded on the duties management system (DMS) were calculated from a manual data gathering exercise. This part of the calculation accounts for approximately 14% of the overall figure. For the 2015/16 accounts, the figure has been calculated as a percentage of the sum calculated for the larger proportion of police officers and staff whose duties are recorded on the DMS system in order to facilitate the earlier closure of accounts.

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

6 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.

Appendix A - Statement of Accounting Policies

7 Employee Benefits

7.1 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.

7.2 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 and 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.

8 Post-Employment Benefits

There are three pension schemes for police officers and a single scheme for police staff. They are all defined benefits schemes.

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.

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.

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

Appendix A - Statement of Accounting Policies

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 Annex B, page 68).

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.

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.

The pensions disclosures section of the technical Annex (Annex B) provides further information about the pension schemes (pages 63-69).

Appendix A - Statement of Accounting Policies

8.2 Police Officers

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

- The original Police Pension Scheme (PPS) is governed by the Police Pension Regulations 1987 (as amended) and related regulations that are made under the Police Pensions Act 1976.
- The new Police Pensions Scheme (NPPS) 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.

All three schemes are unfunded which means there are no investment assets built up to meet pensions liabilities from pensions or other retirement benefits for former employees.

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 from April 2015 (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.

Also from 1st April 2006 legislation required the operation of a Pension Fund Account (shown on pages 47-48). 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.

8.3 Police Staff

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.

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

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

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

Appendix A - Statement of Accounting Policies

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.

9 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.

10 Financial Instruments - Financial Liabilities

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.

11 Financial Instruments - Financial Assets

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.

12 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.

13 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.

Appendix A - Statement of Accounting Policies

14 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.

15 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.

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

16 Treatment of Overheads

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the [CIPFA](#) Service Reporting Code of Practice 2015/16 ([SERCOP](#)). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the status as a democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and [impairment](#) losses chargeable on assets held for sale.

The two cost categories are defined in the Service Reporting Code of Practice ([SERCOP](#)) and accounted for as separate headings in the Comprehensive Income and Expenditure Statement as part of Cost of Services.

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.

Appendix A - Statement of Accounting Policies

17 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.

18 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.

19 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.

20 Provisions, Contingent Liabilities and Contingent Assets

20.1 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. Details of provisions made during the year are shown in the notes to the accounts (note 9, page 35).

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.

Appendix A - Statement of Accounting Policies

20.2 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.

20.3 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.

21 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.

22 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 are as follows:

22.1 Pension Disclosure Note:

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:

- (a) 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
- (b) 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 2015/16 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 3.6% is appropriate.

23 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.

Section A - 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.*

A1 Categories of Financial Instrument

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

Categories of Financial Instruments	CC Current	
	31 March 2015	31 March 2016
	£000s	£000s
Financial Assets		
Debtors		
Financial assets carried at contract amounts	215	75
Total Financial Assets	215	75
Financial Liabilities		
Creditors		
Financial liabilities carried at contract amounts	(7,542)	(7,687)
Total Financial Liabilities	(7,542)	(7,687)

A2 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.

A3 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 2015), 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 2016 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.

Section B – Pensions Disclosures

B1 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.

The Chief Constable participates in two pension schemes:

- The Local Government Pension Scheme (LGPS) for Police Staff employees, 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 2015/16 the Chief Constable made a contribution of 12.7% of pensionable pay. The past service contribution made in 2014/15 of £2,328k 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 2013 with revised rates applicable from April 2014.
- 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 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. In 2015/16 contribution rates for employers were 21.3% (previously 24.2%) of pensionable pay and was last reviewed in March 2012). 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 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.

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.

Annex B – Technical Annex

The following 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	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Comprehensive Income and Expenditure Statement												
<i>Cost of Services</i>												
<i>Service cost comprising:</i>												
• Current service cost	3,216	4,300	0	0	15,890	12,730	4,180	360	0	6,400	23,286	23,790
• (Gain)/loss from settlements	47	588	0	0	0	0	0	0	0	0	47	588
<i>Financing and Investment Income and Expenditure</i>												
• Net interest expense	567	976	49	39	42,610	36,380	1,230	1,060	0	150	44,456	38,605
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	3,830	5,864	49	39	58,500	49,110	5,410	1,420	0	6,550	67,789	62,983
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)	(9,413)	1,599	0	0	0	0	0	0	0	0	(9,413)	1,599
• Actuarial (gains) and losses arising on changes in demographic assumptions	0	0	0	0	(41,730)	(16,720)	(2,480)	(560)	0	(130)	(44,210)	(17,410)
• Actuarial (gains) and losses arising on changes in financial assumptions	24,502	(10,354)	113	(38)	167,480	(91,120)	6,940	(7,450)	0	(780)	199,035	(109,742)
• Experience (gains) and losses on liabilities	0	0	0	0	(20,640)	(51,680)	(4,320)	7,320	0	30	(24,960)	(44,330)
• Administration expenses	87	87	0	0	0	0	0	0	0	0	87	87
Total Post-employment Benefits charged to Other Comprehensive Income and Expenditure	15,176	(8,668)	113	(38)	105,110	(159,520)	140	(690)	0	(880)	120,539	(169,796)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	19,006	(2,804)	162	1	163,610	(110,410)	5,550	730	0	5,670	188,328	(106,813)
<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.	(3,830)	(5,864)	(49)	(39)	(58,500)	(49,110)	(5,410)	(1,420)	0	(6,550)	(67,789)	(62,983)
<i>Actual amount charged against the General Fund Balance for pensions in the year</i>												
• Employers' contributions payable to the scheme	4,559	2,977	65	65	0	0	0	0	0	0	4,624	3,042
• Retirements benefits payable to pensioners	0	0	0	0	27,070	28,880	(1,080)	(210)	0	(2,570)	25,990	26,100
Total amount charged against the Police Fund Balance for pensions in the year	4,559	2,977	65	65	27,070	28,880	(1,080)	(210)	0	(2,570)	30,614	29,142

Annex B – Technical Annex

B2 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 2016 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	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Present value of the defined benefit obligation	(133,274)	(130,972)	(1,168)	(1,104)	(1,110,620)	(971,330)	(31,950)	(32,890)	0	(8,240)
Fair value of plan assets	103,061	106,540	0	0	0	0	0	0	0	0
Net liability arising from defined benefit obligation	(30,213)	(24,432)	(1,168)	(1,104)	(1,110,620)	(971,330)	(31,950)	(32,890)	0	(8,240)

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 £1.038b (£1.174b in 2014/15) 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 £1.041b (£1.177b in 2014/15).

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 B – Technical Annex

Reconciliation of present value of scheme liabilities:

Reconciliation of Scheme Liabilities	CC LGPS		CC LGPS		CC Police Scheme 1987 Scheme		CC Police Scheme 2006 Scheme		CC Police Scheme 2015 Scheme	
	Funded Benefits		Unfunded Benefits		2014/15		2014/15		2014/15	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at Start of Year	(100,858)	(133,274)	(1,067)	(1,168)	(974,080)	(1,110,620)	(25,320)	(31,950)	0	0
Adjustment to Opening Balance	(882)	0	(4)	0						
Adjusted Balance at Start of Year	(101,740)	(133,274)	(1,071)	(1,168)	(974,080)	(1,110,620)	(25,320)	(31,950)	0	0
Current service cost	(3,216)	(4,300)	0	0	(15,890)	(12,730)	(4,180)	(360)	0	(6,400)
Interest cost	(4,660)	(4,508)	(49)	(39)	(42,610)	(36,380)	(1,230)	(1,060)	0	(150)
Contributions by Scheme Participants	(1,117)	(1,120)			(4,450)	(2,670)	(1,070)	(90)	0	(2,540)
Remeasurement gains and (losses):										
- Arising from changes in demographic assumptions	0	0	0	0	41,730	16,720	2,480	560	0	130
- Arising from changes in financial assumptions	(24,502)	10,354	(113)	38	(167,480)	91,120	(6,940)	7,450	0	780
- Experience gains/(losses)	0	0	0	0	20,640	51,680	4,320	(7,320)	0	(30)
Gains/(losses) on curtailment	(47)	(588)	0	0	0	0	0	0	0	0
Benefits Paid/Transfers	2,008	2,464	65	65	31,520	31,550	(10)	(120)	0	(30)
Balance at End of Year	(133,274)	(130,972)	(1,168)	(1,104)	(1,110,620)	(971,330)	(31,950)	(32,890)	0	(8,240)

The liabilities under both the LGPS and Police Pension Schemes have reduced during 2015/16. The Principal reason for this reduction is in relation to a change in financial and demographic assumptions by the scheme actuaries.

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

Reconciliation of Scheme Assets	CC LGPS		CC LGPS	
	Funded Benefits		Unfunded Benefits	
	2014/15	2015/16	2014/15	2015/16
	£000s	£000s	£000s	£000s
Balance at Start of Year	85,149	103,061	0	0
Adjustment to Opening Balance	825	0	0	0
Adjusted Balance at Start of Year	85,974	103,061	0	0
Interest Income	4,093	3,532	0	0
Remeasurements - Gains and (Losses)	9,413	(1,599)	0	0
Administration Expenses	(87)	(87)	0	0
Employer Contributions	4,559	2,977	65	65
Contributions by Scheme Participants	1,117	1,120	0	0
Benefits Paid	(2,008)	(2,464)	(65)	(65)
Balance at End of Year	103,061	106,540	0	0

Annex B – Technical Annex

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 2014/15		CC 2015/16	
			£000s	%	£000s	%
Equities						
UK Quoted	Y		14,119	13.70%	14,062	13.20%
UK Unquoted	N		0	0.00%	0	0.00%
Global Quoted	Y		18,758	18.20%	20,030	18.80%
UK Equity Pooled	N		5,153	5.00%	3,729	3.50%
Overseas Equity Pooled	N		16,387	15.90%	17,579	16.50%
Bonds						
UK Corporate Bonds	Y		7,214	7.00%	7,351	6.90%
Overseas Corporate Bonds	Y		412	0.40%	426	0.40%
UK Corporate Bonds Pooled	N		0	0.00%	0	0.00%
UK Government Indexed Pooled	N		18,964	18.40%	19,071	17.90%
Property						
UK	Y		7,420	7.20%	8,204	7.70%
Property Funds	N		3,504	3.40%	3,835	3.60%
Alternatives						
Hedge Funds	N		103	0.10%	0	0.00%
Private Equity Funds	N		1,752	1.70%	2,237	2.10%
Infrastructure Funds	N		5,256	5.10%	5,860	5.50%
Real Estate Debt Funds	N		412	0.40%	746	0.70%
Cash						
Cash Instruments	Y		0	0.00%	0	0.00%
Cash Accounts	Y		3,401	3.30%	3,303	3.10%
Net Current Assets	N		206	0.20%	107	0.10%
			103,061	100.00%	106,540	100.00%

B3 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 2013. The Police Scheme estimates have been compiled using a valuation model devised by the Government Actuaries Department.

Annex B – Technical Annex

The principal assumptions used by the actuary have been:-

Actuarial Assumptions	LGPS		Police Scheme	
	2014/15	2015/16	2014/15	2015/16
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
- Men	23.0	23.1	23.3	23.1
- Women	25.6	25.7	25.7	25.1
Longevity at 65 for future pensioners:				
- Men	25.8	25.9	25.4	25.1
- Women	28.8	28.9	27.9	27.2
Rate of Inflation (CPI)	2.0-2.1%	2.0%	2.2%	2.2%
Rate of increase in salaries	3.5-3.6%	3.5%	4.2%	1.0%
Rate of increase in pensions	2.0-2.1%	2.0%	2.2%	0.0%
Rate for discounting scheme liabilities	3.3-3.4%	3.6%	3.3%	3.6%

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)	2,263	86	83
Rate of Inflation (increase by 0.1%)	3,392	131	124
Rate of Increase in Salaries (increase by 0.1%)	1,580	0	58
Rate for Discounting Scheme Liabilities (increase by 0.1%)	(3,306)	(126)	(98)

Annex B – Technical Annex

Sensitivity Analysis – Police Pension Schemes

Sensitivity Analysis - Police Pensions	Police Pensions 1987 Scheme £000s	CC Police Pensions 2006 Scheme £000s	Police Pensions 2015 Scheme £000s
Assumption Sensitivity			
Longevity (1 Year increase in life expectancy)	22,300	600	100
Rate of Increase in Pensions (increase by 0.5%)	81,900	3,100	1,600
Rate of Increase in Salaries (increase by 0.5%)	7,300	2,300	0
Rate for Discounting Scheme Liabilities (increase by 0.5%)	(100,100)	(6,400)	(1,600)
Early retirement (each member retiring 1 year earlier than expected)	(2,800)	(400)	(200)

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

B4 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 19 years. Funding levels are monitored on an annual basis. The next triennial valuation will take place during 2016/17 based on the position at 31 March 2016. Any change in contribution rates as a result of this valuation will be applicable from 1 April 2017.

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 2017 are £2,397k. Expected contributions for the Police Pension Scheme in the year to 31 March 2017 are £11,024k.

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	2014/15 Years	2015/16 Years
Pensions Scheme		
Local Government Pension Scheme	20-22	26
Police Pension -1987 Scheme	22	21
Police Pension -2006 Scheme	33	37
Police Pension -2015 Scheme	N/A	37

Section C – Segmental Reporting

C1 Subjective Analysis of Income and Expenditure

The revenue income and expenditure account is shown below on a subjective basis for information.

Subjective Analysis		CC	CC	CC	CC	CC	CC
		2014/15 Gross Expenditure £000s	2014/15 Gross Income £000s	2014/15 Net Expenditure £000s	2015/16 Gross Expenditure £000s	2015/16 Gross Income £000s	2015/16 Net Expenditure £000s
	Notes						
Police Pay & Allowances		32,105	0	32,105	31,027	0	31,027
PCSO Pay & Allowances		2,468	0	2,468	2,790	0	2,790
Police Staff Pay & Allowances		20,217	(140)	20,077	20,108	(164)	19,944
Other Employee Costs		2,937	(30)	2,907	3,895	(32)	3,863
Police Pensions - IAS19 Current Service Costs		20,070	0	20,070	19,490	0	19,490
Total Employee Costs		77,797	(170)	77,627	77,310	(196)	77,114
Premises		5,238	0	5,238	5,142	0	5,142
Transport		3,466	(43)	3,423	3,328	(45)	3,283
Supplies & services		11,804	(94)	11,710	12,357	(109)	12,248
Agency & Contract Services		848	0	848	996	0	996
Support Services		86	0	86	138	0	138
Pension Interest Costs	Annex B	48,549	(4,093)	44,456	42,137	(3,532)	38,605
Gross Operating Expenditure		147,788	(4,400)	143,388	141,408	(3,882)	137,526
Non Distributed Costs		47	0	47	588	0	588
Funding from PCC to reimburse expenditure by CC		0	(106,912)	(106,912)	0	(104,109)	(104,109)
Net Operating Expenditure		147,835	(111,312)	36,523	141,996	(107,991)	34,005
Pensions Adjustment	Annex B	(37,175)	0	(37,175)	(33,841)	0	(33,841)
Transfers to/(from) Accumulated Absences A/c	11b	652	0	652	(164)	0	(164)
Total		111,312	(111,312)	0	107,991	(107,991)	0

Annex B – Technical Annex

C1(i) Income and Expenditure by Command/Directorate

The income and expenditure of the [Chief Constable](#)'s principal Commands/Directorates is recorded in the [budget](#) reports for the year as follows:

Income & Expenditure by Reporting Segments	Employee	Expenditure	Total	Income	Total	Net Total
	Expenses	Other Operating Expenses		Funding provided by PCC to CC		
	£000s	£000s	£000s	£000s	£000s	£000s
Cumbria Constabulary						
- Territorial Policing Command	49,481	8,693	58,174	0	0	58,174
- Crime Command	16,619	2,000	18,619	0	0	18,619
- Corporate Support	7,757	10,594	18,351	(104,109)	(104,109)	(85,758)
- Corporate Improvement	677	122	799	0	0	799
- Professional Standards	983	37	1,020	0	0	1,020
- Legal Services	327	80	407	0	0	407
Total	75,844	21,526	97,370	(104,109)	(104,109)	(6,739)

The comparative information for 2014/15 is as follows:

Income & Expenditure by Reporting Segments	Employee	Expenditure	Total	Income	Total	Net Total
	£000s	Other £000s		Funding £000s		
Cumbria Constabulary						
- Territorial Policing Command	52,566	8,566	61,132	0	0	61,132
- Crime Command	16,555	2,058	18,613	0	0	18,613
- Corporate Support	7,499	9,739	17,238	(106,912)	(106,912)	(89,674)
- Corporate Improvement	612	135	747	0	0	747
- Professional Standards	983	38	1,021	0	0	1,021
- Legal Services	320	69	389	0	0	389
Total	78,535	20,605	99,140	(106,912)	(106,912)	(7,772)

Annex B – Technical Annex

C1(ii) Reconciliation of Command/Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of Command/Directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

Reconciliation to Cost of Services in CI&ES	CC 2014/15 £000s	CC 2015/16 £000s
Net Expenditure in Service Analysis (above)	(7,772)	(6,739)
Add services not included in main analysis	7,788	6,725
Add technical accounting adjustments (not reported in management accounts)	(36,507)	(33,988)
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	28,558	29,402
Net Cost of Services in Comprehensive Income and Expenditure Statement	(7,933)	(4,600)

C1(iii) Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Command/Directorate Income and Expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

The figures for 2015/16 are as follows:

Reconciliation to Subjective Analysis	CC Service Analysis £000s	CC Services not in Analysis £000s	CC Technical Adjustments £000s	CC Not included in CI&ES £000s	CC Net Cost of Services £000s	CC Corporate Amounts £000s	CC Total £000s
Funding Provided by PCC to CC	(104,109)	0	0	0	(104,109)	0	(104,109)
Total Income	(104,109)	0	0	0	(104,109)	0	(104,109)
Employee expenses	75,844	6,444	(33,988)	29,402	77,702	38,605	116,307
Other service expenses	21,526	281	0	0	21,807	0	21,807
Total operating expenses	97,370	6,725	(33,988)	29,402	99,509	38,605	138,114
(Surplus) or deficit on the provision of services	(6,739)	6,725	(33,988)	29,402	(4,600)	38,605	34,005

The comparative information for 2014/15 is as follows:

Reconciliation to Subjective Analysis	CC Service £000s	CC Services not in £000s	CC Technical £000s	CC Not included £000s	CC Net Cost of £000s	CC Corporate £000s	CC Total £000s
Funding Provided by PCC to CC	(106,912)	0	0	0	(106,912)	0	(106,912)
Total Income	(106,912)	0	0	0	(106,912)	0	(106,912)
Employee expenses	78,535	7,088	(36,507)	28,558	77,674	44,456	122,130
Other service expenses	20,605	700	0	0	21,305	0	21,305
Total operating expenses	99,140	7,788	(36,507)	28,558	98,979	44,456	143,435
(Surplus) or deficit on the provision of services	(7,772)	7,788	(36,507)	28,558	(7,933)	44,456	36,523



The Chief Constable for Cumbria Constabulary Annual Governance Statement 2015/16

Annex C – 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.

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 six 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

Six Core Principles of Governance

1. *Focusing on the purpose of the Constabulary and on outcomes for the community, creating and implementing a vision for the local area*
2. *Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles*
3. *Promoting values for the Constabulary and demonstrating the values of good governance through upholding high standards of conduct and behaviour*
4. *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*
5. *Developing the capacity and capability of the Chief Constable and officers of the Chief Constable to be effective*
6. *Engaging with local people and other stakeholders to ensure robust public accountability*

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 discussion on how well existing

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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.
- 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 her Audit Findings Report and the External Auditor's value for money conclusion.

The following paragraphs detail how the Chief Constable has complied with the governance framework, set out within the Code to meet of each of the six 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 2014/15 and how they were addressed in 2015/16.

Annex C – Annual Governance Statement

Jeremy Graham

Chief Constable

Signatures have been removed for the purposes of publication on the website.

Roger Marshall

Chief Finance Officer

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Core principle 1: Focusing on the purpose of the Chief Constable and on outcomes for the community, and creating and implementing a vision for the local area

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

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 and a review of the organisations' strategic risks, the following objectives were identified as key in reducing 'threat, risk and harm' and tackling our communities' concerns :

- Protecting vulnerable people:
 - Dealing with the issues related to vulnerable children- child abuse and child sexual exploitation
 - Reducing the harm caused by domestic abuse, encouraging people to report to the police
- Preventing and detecting violence against the person offences, especially sexual offences
- Tackling serious and organised crime, especially burglary, theft of vehicles and class A drug supply, particularly heroin and cocaine.

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

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 two months at the public Executive Board.

During 2015/16 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. One example was the significant increase in overall crime during 2015/16. The analysis showed that the main causes of the increase were:

- Improved crime recording based on Home Office National Crime Recording Standard following work in the Constabulary to improve compliance
- Delivery of the OPCC and Constabulary's aspiration (as set out in the Police and Crime Plan) to encourage reporting of:
 - Rape, other sexual assault and hate crime.

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- Domestic abuse related crimes (which accounted for 13% of the increase in all crimes (reported to February 2016))
- New offence codes introduced by the Home Office during 2015, which have resulted in 253 additional crimes during from April 2015 – January 2016, compared to the same period in 2014/15, accounting for 15% of the total increase in crimes in 2015/2016.

During 2015/16, 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:

- Monthly briefings from Corporate Improvement to all chief officers and senior management and to the operational monthly performance meetings, these include 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
- Further development of the sophisticated and comprehensive Performance Dashboard for crimes and incidents, user satisfaction, productivity and diversity measures. This can be accessed by everyone
- Publication of daily performance figures for all officers and staff to use to monitor and manage delivery of operational activity
- 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 within the Territorial Policing Command every 5 and 15 weeks with constables and, every 15 weeks with sergeants and PCSOs. The meetings use a set agenda covering - compliance, current workload and contribution to priorities (productivity), evidential property management, training, development, welfare and attendance. Formal individual performance reviews for all officers and staff were suspended in 2013 in the context of the high level of change programme reviews being undertaken across the Constabulary and pending new guidance from the College of Policing linked to the Winsor Review of police officer and staff terms and conditions. It is intended to re-introduce PDRs and extend the

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regular performance review process to all officers and staff in 2016/17.

- Internal performance information reports, which have been re-designed and expanded to provide a more comprehensive picture of performance for senior management, ensuring that real performance issues are tackled.
- The main external public facing report has been redesigned for simpler and easier access to information for the public to support transparency and help understanding of policing issues.

The Constabulary performs well and has achieved a significant reduction in anti-social behaviour since 2009/10 (falling by 31% in the last 12 months (February 2016) and user satisfaction levels are consistently high.

Latest perceptions data released by the ONS on 21st January 2016 shows that, out of all the 43 police forces in England and Wales, Cumbria has the lowest % of survey respondents who said they had either experienced or witnessed any sort of anti-social behaviour incident in their local area.

Thematic reports for specific areas have also been published and discussed at the Commissioner's public Executive Board. 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.

During 2015/16 the Constabulary developed a Plan on A Page to help all officers and staff focus on the Constabulary's priorities and to support internal communications. This was promoted during Chief Officer Roadshows across the county and is consistently available to officers and staff via a number of mediums, including on noticeboards across the Constabulary and on the intranet. An Annual Report was written outlining achievements during the year to support the Commissioner's 2016/17 budget submission to the Police and Crime Panel.

The Constabulary developed and implemented an internal and external communications strategy to support delivery of operational policing and its outcomes, including effective demand reduction activity through its new website. The 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.

During 2015/16 the Constabulary submitted a formal budget proposal for 2016/17 to the Commissioner as part of a medium term financial forecast (MTFF) covering the four year period to 2019/20. 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 2016/17 and forecasts of funding for subsequent years. The enhancements to governance arrangements in relation to the budget setting whereby all non-staff budgets were subject to detailed scrutiny through a series of 'Star Chambers' involving Chief Officers and senior

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finance staff were further developed for the 2016/17 budget, identifying additional savings of £1.2m, which were removed from Constabulary budgets. Further work was also undertaken to improve the accuracy of pay budgets.

Whilst the Government's decision to protect policing services from further cuts in the Comprehensive Spending Review, announced in November 2015, has eased the financial pressure on the Constabulary, the Home Office review of the police funding formula poses a significant threat to future funding levels. The implementation of the new formula has been postponed until 2017/18, to enable further 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. The core assumption in the MTFF is that formula grant will reduce by £9.9m from 2017/18, which means that further savings of at least £9.0m would need to be delivered over the MTFF period to balance the budget over the medium term.

The Chief Constable, whilst continuing to examine all opportunities to reduce support department and non-staffing costs, has recognised that future savings are likely to require reductions in officer and PCSO numbers. Accordingly a number of strategic themes have been identified which help maintain performance whilst delivering a sustainable future including:

- Development and delivery of the Demand Reduction Plan
- Delivery of the Productivity Strategy

- Developing Leadership and Skills
- Maximising Assets (including staff)

The themes form the basis for a number of more detailed reviews which will be progressed in 2016/17. These work-streams will be managed through the Constabulary's Change Programme.

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 2015/16 the Change Programme:

- Delivered a saving of £1.3 million from the revenue budget that was planned for 2015/16
- Implemented changes to how the Constabulary delivers community and response policing to match the reducing resources available, including the number of teams and deployment bases, the level of supervision required and changes to shift patterns to match the demands on the service. These changes will be evaluated in 2016/17.
- Changed how the service organises and responds to calls for service, fundamentally changing how the Constabulary will operate with fewer resources by managing demand based on threat, risk and harm and using frontline police officers to achieve this at the start of the process.
- Implemented changes to how resources are managed strategically and tasked daily to maximise productivity.
- Developed proposals for a smaller strategic Community Safety function and embedding its activities within the neighbourhood policing

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teams to improve productivity and prioritisation of activity. These are being implemented in 2016/17

- Rationalised the Criminal Justice Units from two to one, supported by the introduction of a new IT Case and Custody system which streamlines and digitises processes.
- Developed its plans for the next four year period to 2020 to achieve the government savings required

The uncertainty regarding the scale of the future savings requirements has impacted on change planning. The scope of the existing Change Programme, which is planned to deliver savings of £7.2m by 2021, has been expanded through the commissioning of a number of reviews which will aim to develop scalable service delivery solutions to support major areas of business. It is envisaged that this work will facilitate the delivery of savings of up to £19m. These reviews are scheduled to be concluded in the autumn of 2016 in order to be prepared for any changes to the Police Funding Formula.

During 2015/16 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 Vulnerable Locations Indexing has been applied to two areas with the aim of working with partners to develop multi agency strategies to address problems and reduce demand.

To complement these approaches, the Productivity Strategy was developed and implemented during 2015/16. Police productivity

is raising performance by improving the impact of people and resources to achieve the Chief Constable's aim of *Keeping Cumbria Safe* with the funding available.

During 2015/16 the Constabulary has continued to develop its business planning aligned to the MTFF. Refreshed strategies in relation to ICT, fleet and estates have been produced and agreed by the Commissioner. In addition, a Procurement Strategy has been developed and agreed.

Investments in mobile and digital technology and replacement of core ICT systems to increase the productivity of officers, which were agreed in 2014/15, have now entered their delivery phase and regular progress reports produced for the Commissioner. Tablet devices with police specific applications are now used by all officers, with the aim of increasing visibility and productivity.

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 2015/16. The workforce plan is considered by regular strategic and tactical level groups within the Constabulary with the aim of ensuring that numbers of officers, PCSOs and staff are in line with the planned establishment.

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.

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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.

During 2015/16 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 efficiency and legitimacy, recognising

- Success in delivering savings, using resources to meet demand, providing value for money and having an affordable workforce model.
- Providing a fair service and having an ethical culture.

The Constabulary has been rated as requiring improvement for effectiveness. Strengths were recognised in relation to preventing crime, dealing with anti-social behaviour and keeping people safe. Areas for improvement where weaknesses were identified include:

- Investigating crime and managing offenders.
- Protecting those who are vulnerable from harm and supporting victims.
- Tackling serious and organised crime

HMIC has also conducted thematic inspections for custody and firearms licensing. A small number of areas for improvement have been identified from

the other inspections and action plans have been developed.

The Constabulary developed a comprehensive Improvement Action Plan based on all HMIC actions and recommendations to deliver improvements to services. This has been further developed as part of the strategic plans for 2016/17.

In addition, the Constabulary has committed to deliver business improvement to deliver better services to the public and has developed a comprehensive strategy to achieve this. It has committed resources to audit and compliance, embedding continuous improvement and, identifying and developing good practice.

Significant progress has also been made on the Constabulary's Continuous Improvement, Efficiency and Value for Money Strategy. 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.

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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.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

During 2016/17 the Constabulary will:

Evaluate the revised performance management arrangements, making recommendations for improvement where appropriate.

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

Write an Annual Report to support the Commissioner's 2017/18 budget submission to the Police and Crime Panel.

Further develop the strategic resource management performance framework to drive improvements in our use of resources, including development of a Resource Management Strategy. This will complement the Constabulary's Continuous Improvement, Efficiency and Value for Money Strategy and will ensure that the benefits of significant investment in change and ICT are delivered.

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.

Re-introduce a formal performance development and review (PDR) process for all officers and staff during 2016/17, in accordance with College of Policing guidance.

Continue to develop the Demand Reduction Strategy including:

- Development of an 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.
- Develop multi agency working in relation to mental health issues
- Join performance and intelligence meetings join together to rationalise processes and improve outcomes for the public.

Develop internal and external communications strategy for 2016/17 to support delivery of operational policing and its outcomes, including effective demand reduction activity.

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.

Embed the role of the Business Improvement Unit in quality assuring the implementation of action plans.

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Develop a Management Information 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.

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Core Principle 2: Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

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 PR&SRA and the PPO also set out the function and roles of statutory officers, namely the Chief Constable's Chief Financial Officer.

During 2015/16, the changes to the Constabulary's strategic governance framework and board structure, introduced in 2013/14 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 during 2015/16 two additional boards were introduced to ensure that the planned changes are managed on an agile and co-ordinated basis:

- Gold Implementation Group: chaired by Deputy Chief constable, is held weekly to troubleshoot critical issues and manage resources across all portfolios to deliver change and ICT
- Tactical Implementation Group: chaired by the Chief Superintendent, is held weekly to coordinate implementation, fix tactical issues or escalate; identify additional resources. For example, in response to the fundamental changes to core policing activities which were implemented in 2015/16.

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During 2015/16 the Commissioner's Procurement Regulations, which have been adopted by the Constabulary, have been reviewed as part of a cyclical review of key governance documents. Changes have been made to take into account updated legislative and regulatory changes and to ensure that specialist advice from the Procurement Department is always sought for significant procurements.

During the year formal reviews of the roles of the Chief Constable's Chief Finance Officer and the Head of Internal Audit against CIPFA guidance have been undertaken, which have concluded that both roles are fully compliant.

To support working together, 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.

The Constabulary has worked closely with the OPCC through formal mechanisms (such as Executive Board meetings, Accountability 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.

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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. The Constabulary has also recently appointed an additional Chief Superintendent role, a primary element of whose responsibilities is to work with other agencies in managing demands for service more effectively.

The Constabulary has worked with Lancashire Constabulary to develop and formalise a Strategic Alliance. The purpose is to work together to improve services to the public and to bring benefits to both constabularies and commissioners, while remaining independent organisations. The Alliance was officially ratified in September and initial scoping work was completed during 2015/16. A delivery plan is being developed.

Work has continued during 2015/16 to improve management information and reporting in relation to Human Resources. All major policies were reviewed and updated over 2014/15 and 2015/16 including leave and health and safety. Effective workforce planning remains critical to delivering effective policing services within available resources and continues to be developed. The Civil Contingencies department has provided input to better links between strategic and tactical workforce planning including duties management and training requirements.

The management of sickness absence remains a key feature in maintaining numbers of deployable

officers and staff and this is regarded as a priority both for management and the HR Department. Sickness absence levels have remained comparatively high level during 2015/16. In response an Attendance Management Action Plan and Well-Being Strategy are being put in place. A working group has also been established to examine specific aspects of policy of reducing sickness to target levels. Efforts have been made to identify roles which are inherently vulnerable and mandatory consultation and support from the Occupational Health department introduced.

Regular reports on workforce planning, attendance and police staff discipline and grievances are provided to the Chief Officer Group and PCC.

In a period of significant change the maintenance of good relations with staff associations is seen as crucial. To facilitate this there are regular meetings with staff associations and the senior management of the Constabulary to discuss issues and concerns. Both the Police Federation and UNISON are represented on decision making bodies and working groups. Consultation takes place on all proposed changes.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

The Constabulary will complete its update of the financial rules and ensure that these are promoted and training provided.

The Constabulary will continue to develop business plans and strategies for non-operational

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policing functions including production of an overarching People Strategy, which will bring together plans for all aspects of managing its workforce.

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.

Develop the delivery plan for the Strategic Alliance with Lancashire Constabulary to improve police services to the public in both counties.

Core Principle 3: Promoting values for the Chief Constable and demonstrating the values of good governance through upholding high standards of conduct and behaviour

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The Constabulary takes a pro-active approach to communicating and promoting the highest standards of integrity in all elements of its business. During 2015/16 work has continued to embed and develop ethical behaviour based on:

- The Constabulary's Corporate Values
- The College of Policing Code of Ethics.
- The NPCC Integrity Action Plan.
- The Constabulary's Anti-Fraud and Corruption Policy and Procedures.

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

During 2015/16 an internal audit review of the Code of Ethics was undertaken. This report was graded as providing 'reasonable assurance'. A number of strengths were recognised including

- Senior Management Commitment to the Code
- Reporting to the independent Ethics and Integrity Panel
- Support, advice and guidance to staff including arrangements to re-enforce training.

Three medium priority recommendations were made in the report, which are in the process of being implemented.

In addition, during 2015/16 Her Majesty's Inspectorate of Constabulary 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 recognising that 'there is a positive and supportive culture within Cumbria Constabulary that encourages its workforce to behave professionally and ethically.' The report also stated that Cumbria Constabulary understands its communities, treats them with fairness and respect but that improvements are required in relation to elements of best use of 'Stop and Search'.

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 2015 and has identified a shift of risk from financial vulnerability to inappropriate and vulnerable association, which has been reflected in the Department's work-plan. During 2015/16 the Professional Standards Department Anti-Corruption Unit have reported regularly to the Commissioner in relation to its work.

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The Professional Standards Department have continued to issue PASS newsletters and corporate messages during the 2015/16 year to officers and staff in relation to issues of conduct and integrity. The newsletters have provided guidance on generic responsibilities such as:

- Best practice on appropriate use of force
- Safe handling of detainees in custody
- Recording of advice regarding potential vulnerability to corruption linked to financial difficulties.
- Procedures for issuing harassment notices.
- Compliance with National Crime Reporting Standards.

Newsletters have also highlighted specific examples of misconduct which have led to disciplinary action. In addition the Professional Standards Department have begun circulating 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.

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.

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. During 2015/16 the number of complaint cases has been relatively stable compared to 2014/15. 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. However, some increase in complaints categorised as 'direction and control' which relate to systems and processes has been noted. Whilst very few of these complaints have been upheld the rise is linked to changes to a risk based response, which were introduced by the Command and Control Review.

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.

During 2015/16, in the interests of openness and transparency, police misconduct hearings are now held in public. Three public misconduct hearings took place in 2015/16. In future, such hearings will be presided over by a legally qualified chair. The outcomes of misconduct hearings are now publicised on the Constabulary website.

The work of the joint, independent Ethics and Integrity Panel, which was established in 2014/15 by the Police and Crime Commissioner and Chief Constable, has become embedded.

The purpose of the Panel is to operate in an advisory capacity to promote high standards of professional ethics in all aspects of policing and to challenge, encourage and support the Chief

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Constable and Commissioner in monitoring and dealing with issues of ethics and integrity within their respective organisations.

The terms of reference and work plan for the Panel have been agreed and include consideration of complaints from the public, the handling of misconduct matters, grievances, compliance with Freedom of Information and Data Protection Acts. These will be monitored through a range of agreed indicators and dip sampling review of specific cases. Whilst the Panel meets in

private, its agendas and reports are considered by the Commissioner's Executive Board and published on the Commissioner's website, to ensure any good practice is recognised and encouraged but any areas for development are identified and appropriate action taken to improve performance.

AREAS FOR FURTHER DEVELOPMENT

The Constabulary will continue to review and finalise action plans from the Ethics and Integrity Panel, Internal Audit, HMIC and Constabulary.

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Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Chief Officer Group have made a significant number of strategic decisions over the past 12 months across operational and business functions including approving significant Change Programme 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 and part 1 decisions made available on the Constabulary's SharePoint system.

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 2016/17. This included presentations outlining the Constabulary's medium term financial

position, change strategy and value for money comparison with other forces.

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. These are discussed at monthly Tasking & Coordination meetings. This process systematically reviews vulnerable people, repeat offenders, vulnerable missing from home, significant domestic abuse, prison issues, organised crime groups and threats to life. 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. During 2015/16 this process has been extended to incorporate a force-wide Daily Operational Review Meeting, which ensures that resources are directed to meet strategic priorities.

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

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communications room when grading calls for service and deciding whether to deploy officers to incidents.

The Joint Audit and Standards Committee has conducted 5 public meetings during 2015/16. 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 Procurement Regulations, the Chief 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 3rd September 2015 to receive the views of members prior to authorising the Statement of Accounts and 2014/15 Annual Governance Statement for publication.

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 2015/16, 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.

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 2015/16 was approved by the Chief Officer Group in February 2015 and subject to review by the Joint Audit and Standards Committee on the 10th March 2015. The plan substantially increased the number of days of audit work from 180 to 232 as a consequence of widening the scope of audit work in accordance with public sector audit standards.

During 2015/16 all areas subject to audit, with the exception of Duties Management, have received either reasonable or substantial assurance. The Constabulary's arrangements for Duties Management were graded as providing partial assurance and as a result a robust action plan 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.

AREAS FOR FURTHER DEVELOPMENT

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.

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

Core Principle 5: Developing the capacity and capability of the Chief Constable and Officers and Staff of the Constabulary.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

During 2015/16 the Constabulary received guidance from the National Police Chiefs Council, which provided information on best practice in relation to a wide range of operational policing areas.

The Constabulary's annual training plan was developed in early 2015/16 in conjunction with operational leadership teams. 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 in accommodating the increased level of recruitment in 2015/16.
- Reduced costs.

- Harmonisation of course content based on best practice across the forces.

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 and will continue to be developed and implemented in 2015/16. 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
- 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.

During 2015/16 the Constabulary has also focused on designing and delivering Case & Custody training in support of the implementation of the new PoliceWorks Case and Custody ICT system. In addition, a revised Management of Serious Crime Investigations Development Programme (MSCIP) has been introduced in partnership with Lancashire and Merseyside Constabularies. This is a national mandated programme for detective inspectors. Sharing this programme with two other

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forces provides great benefits in the sharing of costs, operational expertise and flexible delivery.

The National Police Promotion Framework (NNPF) has been 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.

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 2015/16 implemented areas identified for development from the 2014/15 review. Further areas for development are identified for 2016/17 to provide continuous improvement. The full report of the Committee can be found on the Commissioner's website at <http://www.cumbria-pcc.gov.uk/governance-transparency/joint-audit-committee.aspx>

AREAS FOR FURTHER DEVELOPMENT

The core skills and leadership framework and programme plan will continue to be developed

and implemented in 2016/17 including formation of a Leadership Board and roll out of the Talent Management Executive Leadership Programme to sergeant & inspector ranks and police staff equivalents.

Significant training programmes will be delivered in 2016/17 in support of Change Programme reviews, which will fundamentally change the ways in which officers work. Specific training will include the new intelligence system Red Sigma and vulnerability. In addition there is continuing focus on new entrant training for recruits.

During 2016/17 the Constabulary will re-instate a system of professional development review for all officers and staff and implement mandatory continuing professional development.

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

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.

In 2015/16 the Chief Constable and Commissioner have held a number of joint public meetings across Cumbria to listen to the views of local people. Specific communication was undertaken to highlight the potential impact of funding reductions as a result of the CSR and funding formula review, The campaign to protect policing services gained widespread public support.

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.

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 95,000 followers. Online discussion forums have been introduced to supplement community meetings, surveys and other public engagements to identify priorities, concerns and areas for improvement. An example of this relates to- a face-book chat to counter child exploitation. The value of the multi-media approach was also highlighted in the widespread flooding in Cumbria in December 2015, where on-line messages were invaluable in keeping communities informed regarding an on-going threat to life and property.

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.

Throughout the year, Neighbourhood Policing Teams (NPTs) have engaged with the public through a variety of means which helps to reduce

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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 Neighbourhood Policing Teams (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).

During 2015, The Constabulary has reviewed its current arrangements for engagement and further developed its strategy to improve trust and confidence in policing services and to identify policing priorities which need to be addressed in their local area. The revised 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 work is ongoing to develop a plan of action to make improvements for officers and staff. The aim is to deliver improvements that support staff wellbeing, performance, training delivery and, ultimately, improve services to the public

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

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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.

The Constabulary has responded to 867 freedom of Information requests in 2015/16.

The Chief Constable's audited accounts were signed on 3 September 2015 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 2015 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 producing the accounts three years ahead of requirements. The auditors further confirmed in their annual governance report on 3 September 2015 a positive conclusion with regards to securing value for money.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

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 for the PCC's 2017/18 Police and Crime Plan and the Constabulary's Strategic Assessment.

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.

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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REPORT ON PROGRESS AGAINST THE DEVELOPMENT AND IMPROVEMENT PLAN FOR 2015/16

Area of Governance	Action	Lead Officer	Implementation by
Core Principle 1: Focusing on the purpose of the Chief Constable, and on outcomes for the community, and creating and implementing a vision for the local area.	<p>Complete its evaluation of the effectiveness of its revised governance arrangements including the board structure, making recommendations for improvement where appropriate.</p> <p>Complete. The main conclusion was the inclusion of two additional meetings in the governance structure, known as the Gold and Tactical Implementation Groups to respond change management requirements in an agile way. (see main body of the report)</p>	Director of Corporate Improvement	Complete
	<p>Evaluate the revised performance management arrangements, making recommendations for improvement where appropriate.</p> <p>This work is on-going</p>	Director of Corporate Improvement	September 2016

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Area of Governance	Action	Lead Officer	Implementation by
Core Principle 1: Focusing on the purpose of the Chief Constable, and on outcomes for the community, and creating and implementing a vision for the local area.	<p>Review the Constabulary's public bi-monthly performance management reports, improving the information provided to the public to support transparency and help understanding of policing issues.</p> <p>Complete. The internal management reports have been re-designed and expanded to provide a more comprehensive performance picture of performance for senior management, ensuring that real performance issues are tackled. However, the pictorial representation of performance is not 100% popular and is being reviewed.</p>	Director of Corporate Improvement	Complete
	<p>Write an Annual Report to support the Commissioner's 2016/17 budget submission to the Police and Crime Panel.</p>	Director of Corporate Improvement	Complete
	<p>Further develop the strategic resource management performance framework to drive improvements in our use of resources and our productivity, including development of a Productivity Strategy. This will complement the Constabulary's Continuous Improvement, Efficiency and Value for Money Strategy and will ensure that the benefits of significant investment in change and IT are delivered.</p> <p>Partially complete. This work has been impacted by responding to the Police Formula Funding consultation.</p> <ul style="list-style-type: none"> • The Productivity strategy has been developed and implemented. • The strategic resource management framework is under development. <p>Other actions are on-going, but are subject to prioritisation in light of national and corporate pressures.</p>	Director of Corporate Improvement, CFO, Director of Corporate Support	31 March 2017

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Area of Governance	Action	Lead Officer	Implementation by
Core Principle 1: Focusing on the purpose of the Chief Constable, and on outcomes for the community, and creating and implementing a vision for the local area.	Develop a Plan on a Page to help all officers and staff focus on the Constabulary's priorities and support internal communications.	Director of Corporate Improvement	Complete
	Complete. This was promoted and is available to staff via a range of mediums: noticeboards across the force, handouts at Chief Officer Group Roadshows, accessible via the internet.		
	Develop internal and external communications strategy to support delivery of operational policing and its outcomes, including effective demand reduction activity.	Director of Corporate Improvement	Complete
	Complete. Completed and being actioned. Part of operational tasking and co-ordination every month to ensure that operational relevance is maintained.		
	Develop an Improvement Action Plan based on all HMIC actions and recommendations to deliver improvements to services and, to publish this plan on its website.	Director of Corporate Improvement	Complete
	Complete. The action plan is managed through and Operations Board and Business Board.		
Core Principle 2: Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.	<p>The Constabulary will complete its update of the financial rules and ensure that these are promoted and training provided.</p> <p>Partially complete. The update of the financial rules is substantially complete. The rules need to be subject to consultation, formal agreement and training.</p>	Chief Finance Officer	<p>Partially complete.</p> <p>31 July 2016</p>

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Area of Governance	Action	Lead Officer	Implementation by
Core Principle 2: Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.	<p>The Constabulary will continue to develop business plans and strategies for non-operational policing functions including production of a Procurement Strategy to ensure that activity is directed to supporting delivery of effective policing services and meet the requirements of the OPCC.</p> <p>Complete. ICT, Estates, Fleet and Procurement Strategies have been completed and agreed by the Chief Officer Group and Commissioner. A wider People Strategy is being drafted and is subject to consultation and agreement in 2016/17.</p>	Director of Corporate Support & Functional Heads of Service.	Complete
	<p>Schemes will be developed to review the contribution of police officers on restricted duties to front line policing in and adjust pay in accordance with Police Regulations introduced from 1 April 2015 to implement the recommendations of the Winsor Review.</p> <p>Complete A new limited duties policy / procedure was devised and approved by Business Board incorporating all features of Police Regulations and related Home Office guidance following the Winsor Review.</p>	Head of HR	Complete

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Area of Governance	Action	Lead Officer	Implementation by
Core Principle 2: Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.	<p>The Constabulary's current scheme of Performance Development Review (PDR) has been suspended for 2014/15 with a view to incorporating Winsor changes and streamlining the process. A new scheme is anticipated to be designed and in place during 2015/16, following new Regulations applicable from 1 April 2015. The Constabulary will be developing a more streamlined assessment process for incremental progression for police officers linked to satisfactory performance in the PDR.</p> <p>Not complete. This work has been delayed by on-going dialogue by all forces with the College of Policing to develop a system of PDR, which will achieve the intended outcomes and be practical to implement whilst dovetailing the requirements for continuing professional development, performance review and direct assessment of competence. The Constabulary has committed to introduce PDR for all officers and staff in 2016/17.</p>	Head of HR	30th September 2016.
	<p>Update the National Police Promotion Framework in line with national guidance.</p> <p>Complete. The NPPF has been incorporated into a revised police officer Police Officer Promotion and Development Policy and Procedure which was agreed by the Constabulary's Business Board in October 2015.</p>	Head of HR	Complete

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Area of Governance	Action	Lead Officer	Implementation by
Core Principle 3: Promoting values for the Chief Constable and demonstrating the values of good governance through upholding high standards of conduct and behaviour.	<p>The Constabulary will continue to embed the National College of Policing Code of Ethics.</p> <p>Complete. The Code of Ethics is well embedded in the Constabulary, as evidenced by the 2015 HMIC Legitimacy Report grading of good.</p>	Chief Constable, Deputy Chief Constable and Head of PSD	Complete
	<p>The Constabulary will embed its Ethics and Integrity Panel and seek to promote good practice as a result of its recommendations.</p> <p>Complete. The Ethics and Integrity Panel meets quarterly has an agreed work-plan and is providing advice and scrutiny.</p>	Chief Constable, Deputy Chief Constable and Head of PSD	Complete
Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.	<p>As part of the improvement to the Constabulary's internal website, the access and search capability of the policy library on the intranet will be modernised and updated to ensure that it is easier for officers and staff to access the right information</p> <p>This remains on-going work.</p>	Director of Corporate Improvement	30 June 2016

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Area of Governance	Action	Lead Officer	Implementation by
	<p>The Constabulary's risk management arrangements will be reviewed to ensure that up to date practices and approaches are reflected in the risk management policy and procedures.</p> <p>Some report changes have been made to improve wider understanding of the portfolio of Constabulary risks. Internal audit review made no recommendations and gave substantial assurance.</p>	Director of Corporate Improvement	Complete
Core Principle 5: Developing the capacity and capability of the Chief Constable and Officers and Staff of the Chief Constable.	<p>Design and Implement a Core Skills and Leadership Programme.</p> <p>The design stage of the Core Skills and Leadership Programme is well advanced, implementation will begin in early 2015/16.</p> <p>Partially complete. The design phase of the Core Skills and Leadership has been completed. Delivery of began in early 2015 and will continue to be delivered in response to emerging needs. The Senior Leadership Programme has begun delivery in conjunction with Lancaster University Business School and will continue in 2016/17.</p>	Director of Corporate Support & Head of Learning & Development.	On-going Update 31 March 2016
	<p>Significant training programmes will be delivered in 2015/16 in support of Change Programme reviews, which will fundamentally change the ways in which officers work. Specific training includes Command & Control, implementation of Mobile Working and the new Case & Custody system.</p> <p>Complete Operational training on the new Case & Custody system and Mobile Working was delivered in 2015/16. Further support will be provided in 2016/17.</p>	Director of Corporate Support & Head of Learning & Development.	Complete

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Area of Governance	Action	Lead Officer	Implementation by
Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.	<p>The Constabulary will continue to develop its internet site to enhance accessibility and relevance to the public and media.</p> <p>Complete. The website is operating.</p>	Director of Corporate Improvement	Complete.
	<p>The Constabulary will review its current arrangements for engagement and further develop its Engagement Strategy to improve trust and confidence in policing services and to identify policing priorities which need to be addressed in their local area. This will include provision of police desks across the county.</p> <p>Complete. The Engagement Strategy was approved at Operations Board in October.</p>	Director of Corporate Improvement	Complete

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Area of Governance	Action	Lead Officer	Implementation by
Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.	On behalf of the Commissioner, the Constabulary will undertake a survey to find out the public's key policing priorities for the PCC's 2016/17 Police and Crime Plan and the Constabulary's Strategic Assessment.	Director of Corporate Improvement	Complete
	Completed and has informed both of these processes.		
	The Constabulary will carry out a staff engagement exercise, working with academia to undertake a cultural survey, over a number of years. The aim is to deliver improvements that support, for example, staff wellbeing, performance, training delivery - and ultimately, improve services to the public.	Director of Corporate Improvement	Complete
	Complete. An action plan is being developed in response to the results of the survey.		

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DEVELOPMENT AND IMPROVEMENT PLAN FOR 2016/17

	Action	Lead Officer	Implementation by
Core Principle 1: Focusing on the purpose of the Chief Constable, and on outcomes for the community, and creating and implementing a vision for the local area.	Evaluate the revised performance management arrangements, making recommendations for improvement where appropriate.	Director of Corporate Improvement	30 September 2016
	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	30 June 2016
	Write an Annual Report to support the Commissioner's 2017/18 budget submission to the Police and Crime Panel.	Director of Corporate Improvement	31 January 2017
	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	31 May 2016
	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	30 April 2016
	Continue to develop the Demand Reduction Strategy	Director of Corporate Improvement	31 March 2017
	Re-introduce a formal performance development and review process in 2016/17 in accordance with College of Policing guidance.	Deputy Chief Constable	30 September 2016
	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	31 March 2017

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Area of Governance	Action	Lead Officer	Implementation by
Core Principle 1: Focusing on the purpose of the Chief Constable, and on outcomes for the community, and creating and implementing a vision for the local area.	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	30 April 2016
	Embed the role of the Business Improvement Unit in quality assuring the implementation of action plans.	Director of Corporate Improvement	30 September 2016
	Develop a Management Information Strategy	Director of Corporate Improvement	30 June 2016
Core Principle 2: Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.	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	31 January 2017
	The Constabulary will complete its update of the financial rules and ensure that these are promoted and training provided	Chief Finance Officer	31 July 2016
	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 HR	30 September 2016
	Develop a delivery plan for the Strategic Alliance with Lancashire Constabulary	Director of Corporate Improvement	30 June 2016

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Area of Governance	Action	Lead Officer	Implementation by
Core Principle 3: Promoting values for the Chief Constable and demonstrating the values of good governance through upholding high standards of conduct and behaviour.	Update and review action plans from the Ethics & Integrity Panel, Internal Audit, HMIC and Constabulary	Head of Professional Standards	31 March 2017
Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.	Continue to update and improve the Constabulary internal internet site.	Director of Corporate Improvement	30 June 2016
	Conduct a review of policy management arrangements.	Director of Corporate Improvement	31 March 2017
Core Principle 5: Developing the capacity and capability of the Chief Constable and Officers and Staff of the Chief Constable.	Further develop and implement the core skills and leadership framework.	Head of Learning & Development.	On-going 31 March 2017
	Deliver significant training plans linked to Constabulary priorities.	Head of Learning & Development	On-going 31 March 2017
	Develop and re-instate Professional Development Reviews for all officers and staff.	Head of Learning & Development and Head of HR	30 September 2016

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Area of Governance	Action	Lead Officer	Implementation by
Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.	The Constabulary will continue to develop its internet site further, to enhance accessibility and relevance to the public and media.	Director of Corporate Improvement	31 March 2017
	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	31 March 2017
	Implement an action plan arising from the cultural survey as part of the Well-being Strategy.	Director of Corporate Improvement	30 June 2016
	Review the Independent Advisory Group	Director of Corporate Improvement	30 June 2016
	Improve the Citizens Panel	Director of Corporate Improvement	31 March 2017

