

Introduction

I am pleased to introduce the financial Statement of Accounts for the 2016/17 financial year. This financial statement sets out both the single entity statements of the Police and Crime Commissioner for Cumbria and the consolidated group position, incorporating the statements of the Chief Constable for Cumbria Constabulary. The accounts are published in accordance with the Accounts and Audit Regulations 2015.

This section of the statements is the Narrative Report. The purpose of the report is to offer readers a guide to the most significant matters reported in our statement of accounts. It sets out our overall financial position and a series of mini statements summarising and explaining the primary financial statements. It includes information on our performance and value for money. A commentary is also provided to set out the major influences impacting our income and expenditure in the current and future financial years.

For 2016/17 the presentation of the financial statements has been updated to reflect the new formats and reporting requirements for the Comprehensive Income and Expenditure Statement (CIES) and the introduction of the Expenditure and Funding Analysis note, as a result of the “Telling the Story” review of the presentation of local authority financial statements.

By providing this information we aim to support our readers with an understandable and informative narrative on those matters most significant to our financial position and our financial and non-financial performance. This narrative report is provided as part of the overall publication of the financial statements and also as a standalone report. It can be accessed

through the Commissioner’s website: www.cumbria-pcc.gov.uk together with the single entity statements of the Chief Constable.

Statutory Framework

The Police and Crime Commissioner 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 also 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.

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

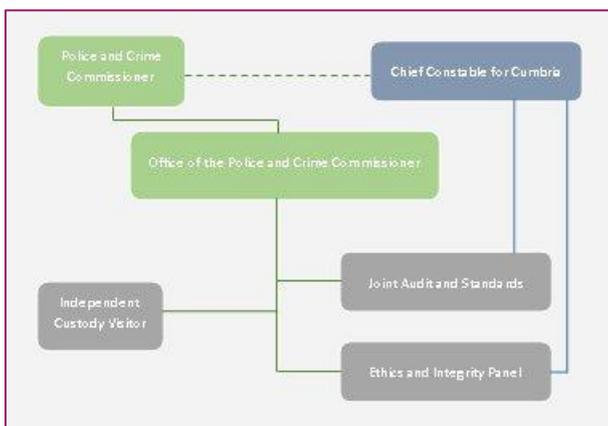
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Management Code of Practice for the Police Forces of England and Wales. The Code supports the statutory framework further setting out the financial relationships and requirements for the Commissioner and Chief Constable.

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. The Commissioner decides the budget, allocating assets and funds to the Chief Constable. 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 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 the group accounts.

Our Organisation



The Police and Crime Commissioner is supported by an office of 10.6fte staff including two statutory officers. The Chief Constable is accountable to the

Commissioner and has responsibilities to support the Commissioner in the delivery of the strategy and objectives set out in the Police and Crime Plan. Both entities have appointed a Joint Audit and Standards Committee and a Joint Ethics and Integrity Panel. The Committee and Panel comprise independent members to oversee arrangements for governance, including financial reporting and the arrangements for integrity and ethical behaviour. Four Custody Visiting Panels fulfil the statutory requirement for independent review of custody. Membership of the panels at the end of 2016/17 were: Barrow 10; Kendal 9, North Cumbria 12 and West Cumbria 11.

Our Goals

The Commissioner sets the strategic direction for policing and wider interventions within the Police and Crime Plan. The vision for our plan is that Cumbria remains a safe place to work and visit, where the public has a say in policing and organisations and community groups work together to address the causes of crime, as well as the consequences. Key priorities include keeping crime at low levels, reducing the impact of anti-social behaviour, bringing criminals to justice and reducing the harm caused by hate crime, domestic abuse and sexual abuse.

We work to achieve this by holding the Chief Constable to account for the delivery of effective policing and by commissioning a range of activity and interventions with the Constabulary and our wider partners. The Police and Crime Commissioner launched his new Police and Crime Plan ‘Making Cumbria Even Safer’ in November 2016 setting out our future strategy and goals.

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Our People

Our people are the most important resource we have in achieving our goals. Our values commit to having an empowered staff who are high performing, professional and have high levels of satisfaction in their roles. The gender diversity within the Commissioner's office and the Constabulary performs well. At Chief Officer Level, excluding the elected Police and Crime Commissioner, 50% of the single entity Chief Officers are female as are 100% of senior managers. A breakdown by gender of the number of men and women across the organisation at the end of the financial year and the number of men and women who were managers is set out below.

Actual Employees as at 31 March 2017	PCC		Total FTE
	Male FTE	Female FTE	
PCC Single Entity			
Chief Officers	1	1	2
Senior Management	0	2	2
All Other Employees	0	7	7
Total PCC Employees	1	10	11
Group			
Chief Officers	9	3	12
Senior Management	10	5	15
All Other Employees	927	807	1,734
Total Group Employees	946	815	1,761

Chief Executive Report

A new Police and Crime Commissioner was elected in May 2016. This is Cumbria's second Police and Crime Commissioner, the first having decided not to seek re-election. Turnout was higher than in 2012 indicating

greater awareness and appreciation of the Commissioner's role.

The new Commissioner's new Police and Crime Plan was launched in November 2016. The Police and Crime Plan 2016-20 contains the police and crime objectives which all contribute toward achieving the Commissioner's overall aim 'to make Cumbria an even safer place'. Each objective is supported by actions that the Constabulary and/or partners will undertake to contribute to successful outcomes. These objectives and actions are underpinned by performance measures used to assess how well the objectives are being achieved. The performance measures are set out in the Commissioner's Performance Management Framework.

Since November 2012 the Commissioner's Office has worked to establish those governance and financial frameworks necessary to fulfil statutory, regulatory and best practice requirements, supported by the relevant professional bodies for local government and policing. This area of activity continues to be developed to ensure the Office continues to meet the highest standards.

Following the election in 2016 the Commissioner has established effective relationships with key local government, criminal justice, health and third sector partners to develop initiatives and commission activities to reduce crime, support victims and enhance community safety and criminal justice. The Commissioner has continued to provide a range of services for victims and specific services for victims of sexual and domestic violence and perpetrator programmes. He has developed the Cumbria Together website (www.CumbriaTogether.com) and funded a county-wide target hardening service for victims of anti-social behaviour and crime. This activity is driven

by public consultation and engagement. The Commissioner has held a considerable number of surgeries, drop-in events and road shows; he has attended numerous parish council meetings and spoken to many groups across Cumbria; in addition he has attended several agricultural shows, carnivals and other similar events. He has also dealt with very many e-mails, telephone calls and letters from the public and his website, which was renewed and refreshed in January 2017, receives approximately 1,500 "hits" every month.

The Commissioner has established a bi-monthly Public Accountability Conference to enable him to scrutinise the Constabulary's performance in terms of crime and anti-social behaviour. The Commissioner also has access to work undertaken by HMIC, external and internal auditors to assist in his scrutiny of governance, finance, process and procedure. He also has – jointly with the Constabulary but independent from both – an Audit and Standards Committee and an Ethics and Integrity Panel.

The level of resources, the mix of skills and the dedication of the staff within the Commissioner's Office has facilitated the transition between Commissioners. I am confident that staff will adapt over the coming months and years to changing demands, such as the changes regarding police complaints due in 2018 and the Commissioner's ambitions for Blue Light collaboration, begin to come on-stream.

Finance Review

2016/17 Grant Settlement and Budget

The Commissioner set a combined net revenue budget of £95.675m for 2016/17 on 24 February 2016. Funding of this amount came from the Police Grant

settlement (£59.543m) and income from Council Tax (£36.132m). The budget increased the Council Tax precept by 1.91%, taking the Commissioner's proportion of the band D equivalent tax to £216.63 per annum. The effect of the increase is to support the medium term financial forecast and mitigate the impact of the £0.341m reduction in Police Grant compared to 2015/16. The budget provided funding for the Chief Constable of £106.605m comprising a £111.244m expenditure budget to support policing and an income budget of £4.639m. The Commissioner's budget provided £2.583m for Commissioned Services, to provide funding for partnership working across the Commissioner's wider community safety, crime reduction and victim support responsibilities.

The capital budget was set at £6.883m. Capital expenditure is made up broadly of expenditure on assets that have a useful life of beyond one year. Almost two thirds of the programme related to investment in ICT including the provision of mobile devices, with the remainder being made up estates improvements and the cyclical replacement of fleet vehicles. The budget was funded from capital grants (£2.0m), internal borrowing (£0.1m), direct contributions from revenue (£1.5m) and capital reserves (£3.3m).

The table below shows the summary revenue budget for 2016/17 as set on 24 February 2016, the revised budget (taking into account budget changes made during the year) and the provisional outturn position (subject to audit). The presentation below 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

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accounting practice) are made. For this reason, the outturn in the table below will not reconcile directly to the Summary Comprehensive Income and Expenditure statement on page 7. References to the PCC relate to the Police and Crime Commissioner.

Summary Budget and Outturn

Summary Budget & Provisional Outturn	Base Budget 2016/17 £000s	Revised Budget 2016/17 £000s	Provisional Outturn 2016/17 £000s	(Under)/Overspend 2016/17 £000s
Constabulary Budget	106,605	106,971	108,100	1,129
Office of the PCC	759	764	744	(20)
Other PCC budgets	13,882	12,504	12,623	119
Grants/Contributions	(25,092)	(25,995)	(26,126)	(131)
To/(From) Reserves	(479)	1,431	334	(1,097)
Net Expenditure	95,675	95,675	95,675	0
Government Grants	(59,543)	(59,543)	(59,543)	0
Council Tax	(36,132)	(36,132)	(36,132)	0
Total External Funding	(95,675)	(95,675)	(95,675)	0

The Constabulary gross expenditure budget is made up of funding for employee costs (£99.0m; of which Police Officers comprise £75.15m), transport costs of £2.1m and supplies/other costs of £11.8m. The Commissioner's budgets comprise the costs of running his office (£0.764m) and the net position on a range of other costs. These include estates costs (£3.53m for premises used by the Constabulary and Commissioner), Commissioned Services (£2.58m to deliver the Police and Crime Plan) and budgets to finance capital expenditure and the costs of technical accounting adjustments (£6.30m). PCC other budgets also include the costs of insurance and past pension costs. Overall a net contribution to reserves of £0.334m was made in the year.

In-Year Financial Performance

Revenue Expenditure: The out-turn position for 2016/17 is an overspend of £1.097m. The overall overspend is made up of an overspend of £0.322m on the core budgets of the Commissioner and Constabulary plus a one off contribution of £0.775m to a legal provision in relation to historic pay related claims, which are impacting on all forces. The core overspend equates to 0.3% of the revised net budget of £95.675m. This position performs well against the target for the revenue budget which is for actual expenditure to be within 1% of the budget at out-turn. During 2016/17 the Constabulary has experienced budgetary pressure in a number of areas. The core overspend principally relates to a combination of variances in officer pay, other employee related costs and income, which have been offset to some degree by savings in police staff pay and supplies and services. The Commissioner's budgets came in close to budget with an overall underspend of £0.032m reported. The principal variances related to higher than anticipated estate costs offset by increased levels of grant. Expenditure on the Office of the Police and Crime Commissioner came in £0.020m under budget.

The likelihood that the budget would be overspent was forecast from an early point in 2016/17 through the budget monitoring process. Accordingly, the Commissioner and Chief Constable have put in place measures to restore the reduction in reserves arising from the overspend in 2016/17 as part of the budget for 2017/18. Detailed outturn reports that explain the full range of variances can be found on the budget and finance section of the Commissioner's website.

The Commissioner maintains the Police Property Act Fund. The fund has been accumulated over a period of time as a result of the disposal of property coming into the possession of the police under the Police Property Act 1987 and the Powers of the Criminal Courts Act 1973. Community groups and individuals can submit applications for funding on a quarterly basis. During 2016/17 awards totaling £42.5k were made. As at 31 March 2017 the Police Property Act fund balance stood at £104k.

The 2016/17 Capital Expenditure Outturn amounted to £3.0m against a revised budget of £6.9m. During the year Cumbria has been one of first forces to deploy tablet devices, which has facilitated mobile working for officers and staff in roles which are required to operate at multiple locations. Other capital expenditure has been incurred in upgrading the electrical infrastructure at the HQ site and the replacement of vehicles and ICT equipment.

The variance between actual expenditure and the revised budget is £3.9m (56.5%), which is significantly outside the 8% target for variations in capital expenditure. Whilst actual performance has fallen substantially short of target, this has been for a number of reasons, which were largely outside of the control of staff working directly on schemes. The principal reasons for slippage in the programme included, a strategic decision to replace the construction of a Strategic Command Centre with a new Eden Deployment Base including a hostel, which required the timing of the project to be delayed, contractual difficulties, delays in receiving national guidance and long delivery schedules for police vehicles.

The Financial Statements

This section of the narrative report provides an explanation of the various parts of the financial statements alongside a high-level summary and narrative on the financial position. The aim of the statements are to demonstrate to the reader the overall financial position of the Commissioner 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 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 Commissioner's website. The key financial statements are:

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

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Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) shows the cost of policing and other services provided in the year and the income from government grants and council tax that fund those services. The CIES is shown on page 30 of the full statement of accounts. An expenditure and income analysis that sets out what those costs are (e.g. staffing, transport etc.) is provided in note 6 on page 49.

The table below sets out a summary CIES statement.

Summary CI&ES	Gross Expenditure 2016/17 £000s	Gross Income 2016/17 £000s	Net Expenditure 2016/17 £000s
Cost of Police Services	99,000	(8,907)	90,093
Cost of Services	99,000	(8,907)	90,093
Other operating expenditure	17,590	(17,569)	21
Financing Costs and Investment Income	41,180	(4,052)	37,128
Council tax and grant income	0	(101,622)	(101,622)
(surplus)/deficit on the provision of services	157,770	(132,150)	25,620
Other comprehensive income and expenditure			226,783
Total Comprehensive income and expenditure			252,403

The statement shows that the net cost of providing services in the year amounted to £90.093m, which is predominantly the costs of policing.

In addition to showing the cost of services, the CIES also sets out net financing costs of £37.128m. The most significant element of financing costs comprise pension charges (£36.609m). These charges are calculated in accordance with generally accepted accounting practices and do not all need to be funded in the 2016/17 financial year. Financing costs also include the costs of borrowing (capital financing). These costs are extremely low other than those that fund the Workington PFI building. This is because the

capital programme is funded internally using cash reserves to reduce investment risk and reflect the relatively low interest rates available on investing such balances. At the end of the financial year £18.402m (inclusive of PFI contract) of the capital programme is funded by the use of cash backed internal reserves rather than borrowing from the open market. At some point in the future, due to a planned reduction in reserves, the Commissioner will need to consider external borrowing.

Showing expenditure and income within this statement in accordance with generally accepted accounting practices results in expenditure exceeding income (a deficit on the provision of services) by £25.620m. A further accounting adjustment of £226.783m expenditure through the 'other comprehensive income and expenditure' line results in an overall position on the statement of a deficit of £252.403m. This is an accounting deficit that is taken to Unusable Reserves. Page 5 of this summary sets out the out-turn position based on the management accounts, and excluding the technical accounting entries required for the CI&ES. The management accounts show an overspend of £1.097m against the 2016/17 budget.

Movement in Reserves Statement

This statement shows the different reserves held by the Commissioner. These are analysed into 'Usable Reserves' and 'Unusable Reserves'. Usable reserves can be used to fund expenditure. They may help to pay for future costs or reduce the amount we need to raise in council tax to meet our expenses. Unusable Reserves are principally technical accounting adjustments. The Movement in Reserves Statement

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shows the opening balance on all reserves at the start of the year, movements in year and the closing balance. The Movement in Reserves statement is shown on pages 32-33 in the full statement of accounts. The table below sets out a summary movement in reserves statement.

Summary Movement in Reserves	Balance 31/03/2016 £000s	Movements 2016/17 £000s	Balance 31/03/2017 £000s
Police Fund	3,000	0	3,000
Earmarked Revenue Reserves	3,193	242	3,435
Earmarked Capital Reserves	17,730	99	17,829
Capital Receipts	556	370	926
Capital Grants Unapplied	5,442	(25)	5,417
Total Usable Reserves	29,921	686	30,607
Unusable Reserves	(993,519)	(253,089)	(1,246,608)
Total Reserves	(963,598)	(252,403)	(1,216,001)

Movements in usable reserves for 2016/17 show a net balance of £0.686m. This is the cumulative position recording the amounts we have contributed to specific (earmarked) reserves to help fund expenditure during the year, and the contributions to reserves that we have decided to make to meet expenditure in future years. There are separate accounts to record our receipt and use of income from the sale of property and government grants for capital expenditure. Capital receipts amount to £0.370m and were received following the sale of Maryport Police Station and one police house. Capital grants amounting to £0.025m were applied to finance capital expenditure during the year.

At the end of the year, the Police Fund at 31 March 2017 stands at £3.0m and provides for unplanned financial risks. Earmarked revenue reserves are £3.435m. These reserves provide for a number of specific operational contingencies, one off budget/project costs and funding to meet future

liabilities in respect of insurances and the PFI contract. The most substantial area of reserves at £17.829m are now those set aside to fund the capital programme, all of which is planned to be fully applied by 2022/23. Further detail on earmarked reserves is provided within note 8 to the statement of accounts on pages 54-55.

At the 31st March 2017 we have negative unusable reserves of £1,247m. Unusable reserves provide a mechanism through which transactions are entered into the accounts in accordance with accounting standards. They also provide the means to manage differences in the timing and calculation of those transactions and the actual expenditure or income we need to charge to our accounts. For example, our properties are regularly re-valued. When this happens any increase in their value is shown in a revaluation reserve. The reserve 'records' the additional income we may receive when the property is sold, but it is 'unusable' until we decide to dispose of the property and achieve a sale. When we sell, the revaluation reserve will be reduced by any increase in value that was recorded before sale. The actual income we receive will be shown in our usable capital receipts reserve, where it can be used to fund new capital expenditure. The balance on our unusable reserves reflects the position following the required accounting transactions. The cumulative position for unusable reserves includes reserves of

- £45.802m in respect of the revaluation reserve and capital adjustment account, recording accounting transactions for our capital assets.
- -£1,290m in respect of negative pensions reserves. The pensions reserves record accounting transactions for the Police and Local Government

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Pension Schemes. The change in the balance on this reserve in 2016/17 is negative and is as a result of changes in actuarial assumptions that have had a negative impact on scheme liabilities.

The Balance Sheet

The Balance Sheet shows the value as at the balance sheet date (31 March 2017) of the Commissioner's assets and liabilities. The balance sheet is shown on page 34 in the full statement of accounts. The table below sets out a summary balance sheet.

Summary Balance Sheet	Balance	Balance
	31/03/2016	31/03/2017
	£000s	£000s
Property, plant & equipment	63,854	62,325
Long Term Assets	356	2,377
Current assets	32,250	26,827
Current Liabilities	(15,803)	(11,052)
Long Term Liabilities	(1,044,255)	(1,296,478)
Net Assets	(963,598)	(1,216,001)
Usable reserves	29,921	30,607
Unusable Reserves	(993,519)	(1,246,608)
Total reserves	(963,598)	(1,216,001)

The balance sheets shows property, plant and equipment assets, which include the Commissioner's estate, fleet of vehicles and ICT/communications equipment, with a value of £62.325m. Of this, land and buildings comprise £52.015m. Long terms assets are comprised of intangible assets £0.334m and a long-term investment of £2.043m. Current assets are principally made up of investments (£8.102m), debtors (£13.882m) and cash (£3.044m) and have a total value of £26.827m. Investments are made in accordance with the Commissioner's treasury management strategy and support the management of reserves and cash flows. Debtors' balances are primarily made up of institutional debtors, for example central

government, and prepayments. This means that the risk of not receiving the debt remains low. The Commissioner has a good collection record in respect of debtor invoices raised for services provided. During 2016/17 10 sundry debtor invoices totaling £1,510 were authorised to be written off as not collectable. The Bad Debt Provision stands at £1,090 against the future risk that not all outstanding invoices will prove to be 100% collectable. The Commissioner's debtors include a share of the debtors recorded by the 6 Cumbrian District Council's in respect of council tax. This debt amounts to £1.819m and is reduced by the Commissioner's share of their respective bad debt provisions of £0.876m. See note 14 to the statement of accounts (Page 69).

Balance sheet liabilities are amounts owed by the Commissioner. They include creditors, PFI debt, pensions and finance lease liabilities. They are split between short term (current) and long term liabilities, the current liabilities being those amounts due to be paid within 1 year. The most significant element of current liabilities are short term creditors which total £10.927m. The combined short and long term liability on the PFI scheme amount to £5.012m at 31st March 2017. Long term liabilities are the most significant figure on the balance sheet, showing a balance of £1,296m (£1,044m in 2015/16). The main element of this amount is a pension's deficit of £1,290m (£1,039m in 2015/16) for the Local Government Pension Scheme (LGPS) and the Police Pension Scheme. However, this deficit will be funded over a number of years, with financial support from Central Government, meaning that the financial position of the Commissioner remains healthy.

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The Cash Flow Statement

The Cash Flow Statement shows the changes in cash held in bank accounts and changes in Money Market funds. Money Market funds are an alternative way of depositing cash to earn interest. The cash can be withdrawn from the fund without having to give notice and they are therefore referred to as cash equivalents.

The statement shows how the Commissioner generates and uses cash and cash equivalents. Cash flows are classified within the cash flow statement as arising from operating activity, investing activity and financing activity. The statement is shown on pages 35-36 of the full statement of accounts. The table below sets out a summary cash flow statement.

Summary Cash Flow Statement	Cash flows	Cash flows
	2015/16	2016/17
	£000s	£000s
Cash & Cash Equivalents 1 April	(6,881)	(3,303)
Net cash flow from:		
Operating activity	(1,245)	(2,303)
Investing activity	7,725	(548)
Financing activity	(2,902)	3,110
Cash & Cash Equivalents 31 March, made up of:	(3,303)	(3,044)
Bank Accounts	(948)	(2,040)
Money Market Funds	(2,355)	(1,004)

The table shows a cash inflow of £2.303m from operating activity. This is the net of our cash income including government grants, council tax and charges for services, less how much cash has been paid out, for example for salaries and goods that have been purchased. Cash flows from investing activity show an inflow of £0.548m and primarily represents the net balance of investment deposits less the amount of cash received when the investment comes to the end of its term. Investment activity provides a way to manage resources that will be used to fund future expenditure,

earning interest on any balances. Investment activity also includes cash flows from the purchase and sale of capital assets (e.g. property). Cash flows arising from financing activities show a net cash outflow of £3.110m, this being amount of cash used in relation to financing and borrowing. The position in 2016/17 reflects the return of a £3.0m partner contribution to the financing of the Strategic Command Centre project, which did not ultimately go ahead. The Commissioner has no borrowing other than that which relates to finance leases and the PFI agreement. An amount of £110k was paid to reduce those debts during the year.

The Commissioner's cash flow statement shows an overall balance of £3.044m, compared to £3.303m in 2015/16, reflecting a decrease in cash and cash equivalents of £0.259m over the year. At the end of the year £1.004m of the Commissioner's cash was held in money market funds and £2.040m in banks.

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 the contributions that have been made during the year to the pension fund. 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. These are either transferred contributions, where members join the Constabulary and pension scheme during the year, through transfer from another police force, and transfer in their existing pension benefits. Other contributions also include additional payments made by the employer to cover the cost of ill-health retirements. The fund records the pensions (benefits) that are paid out of the fund to its members. Any

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difference between the contributions received into the fund and the amount being paid out is met by government grant. This means the police pension fund always balances to nil.

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

The statement identifies contributions into the fund of £8.133m from the Constabulary (employer) and £5.179m from police officers. Employer contribution rates in 2016/17 were maintained at 21.3%. In total £32.390m of pensions have been paid out of the fund. The balance between contributions and those pensions' benefits of £18.686m has been funded by Home Office Grant of £17.590m and additional contributions from the Commissioner of £1.096m. The full police officer pension fund account is shown on pages 96 to 97 of the financial statements accompanied with a page of explanatory notes.

Supporting Information to the Financial Statements

The key financial statements are supplemented by an explanation of the accounting policies used in preparing the statements. 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 Police and Crime Commissioner and the Chief Constable in accordance with the 2015 Accounts and Audit (England) Regulations.

Business Review

2016/17 has seen the continuation of a number of programmes and initiatives working with the Constabulary and wider partners to deliver the key priorities within the Police and Crime Plan. This work has included 'The Bridgeway' Sexual Assault Support Service, which brings together a number of newly commissioned services (forensic-medical, counselling, Independent Sexual Violence Advisors (ISVA)) with referral pathways to existing services, to provide co-ordinated support for victims. Since its launch in 2015/16 the Bridgeway has provided support to over 200 victims and survivors of sexual assault. In relation to the provision of wider victim support services the OPCC has researched and completed a victim's needs assessment and a separate sexual assault and abuse needs assessment with the objective of identifying gaps in service provision and providing a direction for future commissioning of services and support.

The OPCC has also commissioned programmes to work with perpetrators of crime. 'Turning the Spotlight on Domestic Abuse' is supported by a Home Office innovation fund bid, which is aimed at reducing incidents of domestic abuse by working with perpetrators and victims of domestic abuse providing a holistic support service for the whole family. Other

perpetrator projects include 'The Well', which provides a support service to ex-offenders and veterans to take control of their recovery from substance abuse, and work targeted at reducing offending and re-offending in female ex-offenders.

2016/17 has also seen the delivery of new commissioning activities. Principal amongst these the setting up of Cumbria's first Youth Commission, which will give young people the opportunity to work alongside the Police and Crime Commissioner to address and develop solutions to issues important to or impacting on them.

A significant priority for the Commissioner is supporting the Constabulary to manage demands for service. Home Office funding of £2.3m was secured for a project to reduce both the number of detentions under the Mental Health Act and demand on police resources and A&E in dealing with mental health crisis through the development of a 24/7 multi-agency mental health crisis and assessment centre. The service will provide 24/7 telephone advice line operated by mental health professionals with access to AMHPs and S12 doctors and providing a place of safety with access to crisis/respite beds to avoid hospital admission. Funding has also been provided to support vulnerable people and reduce police call outs arising from dementia.

Triple A Project. 'All about Autism' is a training film for police, which aims to raise awareness and promote understanding of autism and is the result of a successful partnership project with Cumbria Police, produced by University of Cumbria. The purpose of the DVD is to through training our officers to recognise and better understand some of the particular challenges

those with autism experience and the impact this can have in certain situations.

To support reducing the harm caused by hate crime, the OPCC has commissioned initiatives including a theatre production entitled 'Feel the Hate', which was delivered across secondary schools in Cumbria, aimed at raising awareness around the impacts of hate crime. This has been delivered alongside 'Turning the Spotlight on Hate Crime', a holistic programme aimed at supporting and changing the behaviours of perpetrators of hate crimes and incidents.

Prevention work has been a key theme for partnership activity. For young people the Tackling Child Sexual Exploitation (CSE) project aims to educate young people to the risks associated with CSE. During 2016/17 this included the return of the 'Chelsea's Choice' theatre production which was shown to 6,500 students. Funding has also been provided to MENCAP to develop and produce a series of short films aimed at increasing awareness of the risks of sexual exploitation to people with learning difficulties. In addition to multi-agency partnership activity, a number of grants have also been made available for community groups including several youth groups for initiatives and innovative schemes, which support the objectives of the Police and Crime Plan including preventing and reducing the harm caused by antisocial behaviour.

Our key events diary below sets out the significant activities that have shaped our work over the year, providing an overview of what we have delivered and achieved.

Key Events

April 2016

- Launch of the pre-tenancy and homeless project aimed at reducing homelessness of young people in Cumbria.
- Funding approved to support the three area Community Safety Partnerships to deliver a number of initiatives to support the Police and Crime Plan objectives.
- Funding awarded to The Well to deliver the Mutual Aid Recovery Project aimed at reducing offending and re-offending.
- Funding awarded for the delivery of Vulnerability Localities Index in Barrow and Copeland to support targeted community interventions.
- Women's Community Matters were awarded PCC Innovation Funding for 3 years to support the delivery of the Petals Project aimed at reducing offending and re-offending amongst women.

May 2016

- New Police and Crime Commissioner takes up office.
- Commissioner attends International Day Against Homophobia event in Carlisle.

June 2016

- Mutual Aid Facilitation programme launched to support ex-offenders and veterans to take control of their recovery from substance misuse.

- Funding awarded to Community Speed Watch Groups to address the concerns around speeding.

August 2016

- Funded Appleby Heritage Centre to deliver free training to young people focusing on road safety, speed awareness and effect of criminal records on life choices.
- Age UK funded to develop and deliver a comprehensive awareness raising campaign regarding domestic abuse in older people.
- Colton Parish Council awarded funding to deliver effective strategies aimed at tackling rural crime.
- Funded Mirehouse Residents Group to provide a community based youth provision for young people aged 11 to 18 years building positive relationships and self-esteem.

September 2016

- Feel the Hate theatre production delivered in secondary schools aimed at raising awareness around the impacts of hate crime.

October 2016

- Young Cumbria awarded funding to develop and design a Youth Commission.
- Eden FM awarded funding to support a live 'Crime in the Community' radio programme.
- Commissioner agrees the roll-out of Dignity in Dementia across the county following a successful pilot programme in South Cumbria.
- Carlisle YMCA funded to provide a detached youth work project in Carlisle Wards, aim at

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reducing incidents of anti-social behaviour and to encourage more positive and active lifestyle.

November 2016

- Launch of the new Police and Crime Plan for 2017-20.
- Launch of the new Copeland Hub.
- Commissioned Birchall Trust and Safety Net to provide specialist therapeutic services aimed at increasing capacity of the existing service.
- Commissioner visited Carlisle Youth Zone to view the successful Mentoring Project The project is in its second year and was funded by the OPCC over a three year period.

December 2016

- Turning Point awarded funding to help promote opportunities for service users through recovery and rehabilitation service.

January 2017

- Launch of MENCAP DVD a series of short films focusing on sexual exploitation and abuse aimed at educating and bringing awareness of risks to people with learning difficulties.
- Commissioner publishes Sexual Needs Assessment for Cumbria. The detailed report highlighted gaps in service and support for victims of sexual assault in Cumbria.

February 2017

- Commissioner agrees budget for 2017/18.
- Commissioner announces increase in the amount available through the Property Fund from £1,000 to £2,500.

March 2017

- Commissioner launches Cumbria's First Youth Commission, the innovative programme enables young people to be involved in resolving issues in their community.
- Launch Brampton Speedwatch Project aimed at reducing incidents of irresponsible and dangerous driving in the community.
- Commissioner attends Whitehaven Foyer to view 'Peer Pressure Workshops' Funded through the Commissioners Community Fund.
- Commissioner agrees Budget for 2017/18.
- Dignity in Dementia wins regional NHS Award- The project received the runner-up award in the 'Living Well' category of the awards.

April 2017

- Purdah period commences for County Council and General Elections in May and June.
- PCC grants extension to Step-up project for a further 6 months following successful delivery of their domestic abuse intervention programme.
- Funding awarded to Gosforth Amateur Dramatic Society Youth Theatre to provide social activities for young people.
- Commissioner launches Community Awards, a new scheme to recognise the outstanding work carried out by people within Cumbria on a voluntary or professional capacity.
- Commissioner publishes Risky Business Report, Young Cumbria were commissioner to develop and deliver a youth engagement project with the overall aim of designing and developing a Youth Commission in Cumbria.

May 2017

- Launch of the Autism specific awareness training file and Autism Alert Cards funded through the PCC Community Fund.
- Commissioner publishes Victim Needs Assessment for Cumbria, the detailed report highlighted gaps around services and support for victims in Cumbria.

Performance Report

We measure our performance across a number of key themes reflecting the priorities in the Police and Crime Plan. These are Effective Policing, Community Safety, Criminal Justice, Customer/Victim Satisfaction and Finance & Value for Money.

Effective Policing

- Her Majesty's Inspectorate of Constabulary (HMIC) Police Effectiveness Efficiency and Legitimacy (PEEL) Inspections: The PEEL Inspections judge the efficiency, effectiveness and legitimacy of the Constabulary in keeping people safe and reducing crime. For 2016 HMIC determined that the overall judgement for Cumbria Constabulary was 'good' in respect of effectiveness, efficiency and legitimacy. The Chief Constable reports to the Police and Crime Commissioner on how the Constabulary will tackle those areas requiring improvement and his response to HMIC recommendations.
- For 2016/17 crime reduced by 2.1%, which equates to a reduction of 551 crimes over the 12 month period to 31st March 2017. This position is better than the national trend, where most forces have experienced an increase in crime during 2016/17.

Cumbria continues to maintain the second lowest level of reported crime in the whole country.

- Violence against the person offences have fallen by 1.4% over the year. However, within this crime category, assaults causing serious injury have increased although the numbers remain very small. Cumbria is 3rd lowest nationally for volume of crimes.

Community Safety

- Antisocial behaviour has continued to fall, and has seen a 11.1% reduction compared to the same period last year; this includes a small reduction in youth anti-social behaviour. Nationally Cumbria has the lowest number of incidents.
- Hate crimes and incidents continue to be closely monitored. During 2016/17, although there was an increase in the reporting of racial hate crimes and incidents nationally following the EU referendum, Cumbria did not follow this trend experiencing a 13.2% fall in actual hate crimes, however the number of hate incidents increased. The Constabulary and partners continue to work to encourage reporting of hate crime. Cumbria remains one of the lowest forces for hate crimes both nationally and in the North West region.
- Work has also targeted increased reporting for sexual and domestic violence. During the year reported incidents of domestic abuse have reduced by 1%, however, there has been a 20% increase for sexual offences which were largely child sexual exploitation and historical offences. The effectiveness of support arrangements are measured by the reduction in repeat victims of domestic abuse, this shows a small decrease of 1% or 68 incidents compared to 2015/16.

Criminal Justice

- All recorded offences are assigned an outcome based on a national framework for crime. Crime outcomes are classed as positive where the offender is either charged or summonsed, receives an out of court disposal or where the Crown Prosecution Service (CPS) or police determine it is not in the public interest to prosecute. In all cases the crime outcome represents positive police activity in detecting the crime. Positive crime outcome performance is 26.7% for 2016/17.
- Cumbria conviction rates for Magistrates Court cases for the quarter to December 2016 equated to 91.2%, which is ranked 2nd nationally amongst 42 forces. Crown Court convictions for the same period equate to 88.6%, Cumbria is ranked 3rd out of 42 forces.

Customer and Victim Satisfaction

- Performance in customer and victim satisfaction is measured through regular independent surveys following police contact. This is supplemented by the process for police complaints that includes independent sampling of complaint files and scrutiny of local to national comparatives against complaints upheld.
- The latest satisfaction figures for the overall service experience (which includes criteria such as 'making contact', 'action taken', treatment by staff') remain high at 88.1%, which compares to 88.7% in 2015/16
- When allegations are made against the police, those resolved locally perform well against national comparative timescales, taking an average of 34 days, achieving a ranking of 5th nationally. No subsequent IPCC appeals resulted

from the local resolutions, demonstrating improvements in the local resolution process.

Finance & Value for Money

- We measure our performance against targets for achieving financial outturn within a percentage of the net budget. For 2016/17 this was set at 1% for the revenue budget and 8% for the capital budget.
- Actual performance for revenue (excluding the one off contribution to provisions) was 0.3%, achieving well within the target.
- Capital outturn was 56% below budget, falling significantly outside target. Whilst this was a disappointing result, the year-end position was expected and was impacted by business decisions beyond the control of the departments delivering the capital programme. Stretch targets will continue to be set for capital expenditure going forward as a recognised area for performance improvement.
- Value for Money performance measures economy, efficiency and effectiveness of our use of resources. 2016/17 HMIC most similar force (MSG) comparators show that the total budget for the Commissioner and Office of the Police and Crime Commissioner was slightly lower than the group average and the second lowest within the MSG based on Police Objective Analysis data.
- Costs are significantly higher (34%) than the group average on a per head of population basis. Population in Cumbria is 29% lower than the average for the group supporting findings that the variation is a result of the difference in population rather than actual cost.

- Her Majesty's Inspectorate of Constabulary (HMIC) 2016 PEEL inspection assessed the Constabulary as good in respect of efficiency.
- Outcomes against wider performance measures that indicate the effectiveness of activity and interventions are strong against the priority areas of keeping crime at low levels, reducing anti-social behaviour, bringing criminals to justice and increasing reporting of hate crime and domestic and sexual abuse.
- Collectively these indicators provide assurance of Value for Money in respect of the 2016/17 financial year.

The Future Outlook

On May 12th 2016 Mr Peter McCall commenced office as the new Police and Crime Commissioner for Cumbria and has launched his Police and Crime Plan covering the period to 2020. The Plan's key theme is 'Making Cumbria Even Safer' and sets the strategic direction for policing and wider aims for enhancing community safety, criminal justice and supporting victims.

The Commissioner inherited a strong overall financial position, which is reflected in the Medium Term Financial Forecast, which sets out the revenue budget position until 2020/21 and a capital programme which is fully funded over the same period which will support delivery of the 2016-2020 Police and Crime Plan. The current financial position has primarily arisen as a result of positive action on behalf of the Constabulary to reduce costs in the context of reductions in government funding since 2010. This has enabled reserves to be maintained at a level that provides financial resilience and supports continued investment.

The Medium Term Financial Strategy and 2017/18 budget was approved in the context of the 2015 CSR that sets out the Government's medium term plans for public spending. Whilst those plans protect police spending in cash terms, after taking into account the capacity to raise Council Tax, further savings and efficiencies will need to be identified to balance the budget over the medium term.

Against this background the 2017/18 budget resources an establishment of 1122 Police Officers supported by 95 Police and Community Support Officers and 608 Police Staff. The budget delivers £116.391m funding for the Chief Constable to deliver policing for Cumbria. The longer term 10 year capital programme commits to £59.5m investment across the estate, fleet and ICT.

Whilst the position is financially resilient in the short term the future outlook is highly uncertain. In 2017/18 39% (£37.5m) of income to meet the budget requirement is derived locally from taxation. The balance of 61% (£58.7m) comes from central government police formula grant. Announcements expected during 2017/18 will set out the future formula funding arrangements for policing bodies and the planned timing for implementation and transition for areas experiencing stepped funding changes. The risk of change to funding arrangements and the impact on service delivery is significant. As at 31st March 2017 this issue is the only risk recorded within the Commissioner's strategic risk register. Based on a previous proposal to revise the funding formula in 2015, Cumbria could suffer a forecast funding loss of up to £16m, dependent on the indicators used to distribute funding. Conversely, if the outcome of formula funding changes was neutral for Cumbria, the budget would be broadly balanced up to 2018/19 with

a much lower savings requirement of £1.9m emerging by 2019/20.

This means our future formula funding outlook is the single most significant risk factor going forward that will impact on delivery of the Police and Crime Plan and the new strategy for Policing.

Acknowledgements

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

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

Roger Marshall

Joint Chief Finance Officer

The accounts present a true and fair view of the position of the Police and Crime Commissioner for Cumbria Single Entity and Group Accounts as at 31 March 2017 and its income and expenditure for the year there ended.

Signature removed for publication on website

Roger Marshall CPFA

Joint Chief Finance Officer

Date: 21 July 2017

Signature removed for publication on website

Peter McCall

The Police and Crime Commissioner for Cumbria

21 July 2017