



Cumbria Office of the Police and Crime Commissioner Report

Police and Crime Panel 15th July 2016

TITLE OF REPORT: Commissioner's Provisional Outturn and Financial Statements Narrative Report 2015/16

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PART 1 or PART 2 PAPER: PART 1 (OPEN)

Executive Summary:

The attached report provides details of the provisional outturn on the Commissioner's revenue budget for 2015/16. The figures quoted at this stage are provisional as the final accounts are still subject to audit, but it is not envisaged that there will be any significant changes.

Recommendation:

The Police and Crime Panel are asked to note the Quarter 4 Provisional Outturn position of the revenue budget for 2015/16.

1. Purpose of the Report

- 1.1. The purpose of this report is to provide information on the provisional revenue outturn for 2015/16. Total net expenditure, before applications to carry forward budget, amounts to £94.390m compared to an approved budget of £96.871m. This is a net variance of £0.481m (0.51%), and comprises £777k over recovery of income and £296k overspend on expenditure. The forecast variation of £481k represents an increase in the forecast underspend of £384k compared to the £97k reported as at 31 December 2015.

- 1.2. Whilst the position at out-turn is a financial underspend total applications to carry forward budget exceed the amount of that underspend. There is also a risk in respect of accrued income that is currently being applied for to offset expenditure arising from the December floods. The cumulative impact of these financial pressures is £988k which would result in an overspend of £507k were they applied in full to the 2015/16 budget. As a result of the total demand for resources exceeding the budget, this report proposes that the underspend should be ringfenced to offset these pressures with further consideration then being given to wider options for resourcing this expenditure in 2016/17. Further information is set out in paragraph 3.6.

2. Revenue Expenditure

- 2.1. The provisional outturn for net expenditure, after taking account of movements to and from earmarked reserves, amounts to £94.390m, and is £0.481m (0.51%) under the approved budget of £96.871m. The forecast position is made up of £319k in respect of funding provided to the Constabulary (made up of anticipated over recovery of income of £806k offset by a forecast overspend on expenditure of £487k) plus a £172k underspend in respect of budgets controlled by the Commissioner (made up of a forecast underspend on expenditure of £201k offset by under recovery of income of £29k and a reduction of £10k in the planned movement from reserves).

- 2.2. The principal variances at the end of the financial year are outlined in the table below with comparative figures reported as at December 2015:

Description	Revised Budget 2015/16 £	Provisional Outturn 2015/16 £	Provisional Variance 2015/16 £	Provisional Variance 2015/17 %	Explanation Paragraph	Projected Variance @ Dec'15 £	Change Dec'15 to Yr End £
Office of the Police and Crime Commissioner	794	768	(26)	-3.27%	3.3	(7)	(19)
Other PCC Budgets	(10,396)	(10,542)	(146)	1.40%	3.4	264	(410)
Funding Provided to the Constabulary	108,577	108,258	(319)	-0.29%	3.5	(354)	35
Movements To / (From) Reserves	(4,104)	(4,094)	10	-0.24%		0	10
Net Expenditure	94,871	94,390	(481)	-0.51%		(97)	(384)
External Funding	(94,871)	(94,871)	(0)	0.00%		0	(0)
Total	0	(481)	(481)	-0.51%		(97)	(384)

A more detailed analysis of the figures in the above table is provided at **Appendix A**. Commentary on specific variances is provided in the paragraphs below.

- 2.3. The budget for the Office of the Police and Crime Commissioner came in under budget by £26k or 3.27% (previously £7k 0.88% at December). The underspend is largely as a result of the OPCC contingency budget of £15k which was not required to be used in the year and the utilisation of capital receipts to fund costs of disposal of fixed assets as allowed by capital financing regulations. The contingency budget has been removed for 2016/17 and reliance will be placed on reserves to manage any unplanned expenditure.
- 2.4. The Other PCC Controlled Budgets came in under budget by £146k or 1.40% (previously over budget by £264k 3.64% at December). The net underspend is made up of underspends on the following expenditure lines:
- Commissioned services (£582k) as a result of longer than anticipated lead in times on a number of project initiatives during the year. The significant areas that have impacted on this are: mental health triage - this is a partnership project to triage 24/7 access to mental health nurses. During 2015/16 the opportunity was recognised to expand this area into a bigger proof of concept project with potential to bid for innovation funding from the Home Office. This has resulted in a longer lead in time for the expenditure to commence however that project has been successful and mental health nurses are now part of a

wider project that has attracted central government matched funding; Vulnerable Localities Index & Positive Action Youth Engagement Scheme (PAYES): These are multi-agency projects that commenced in June as planned but have experienced slippage as a result of the timescales needed to comply with the governance arrangements for approval of the projects in partner organisations. There are also a number of smaller schemes that were temporarily put on hold during 2015/16 as a consequence of the then planned reduction to formula funding from 2016/17. Schemes have been reinstated following the announced delay to changes in funding. Collectively these factors have resulted in expenditure being lower than planned for 2015/16 with an application being made to carry forward the budget into 2016/17 to meet the continued costs of these projects.

- A reduced contribution at year end to the Constabulary balance sheet provision in respect of legal claims as a result of amounts set aside in 2014/15 that are no longer required which has resulted in an underspend of £214k.
- A reduction in technical accounting charges in respect of the minimum revenue provision £21k.

These underspends are being partially offset by overspends on various budget lines. Significantly:

- Increased estates costs as a result of expenditure incurred to re-instate commissioners assets damaged as a result of the flooding in December 2015, for which a credit appears in the constabulary income lines with regard to expected insurance receipts of £305k
- Increased expenditure on insurance as a result of the increase in the rate of insurance premium tax from 6% to 9.5% that was announced in the Chancellor's emergency budget in July 2015 and became effective from November 2015 of £21k. The budget for 2016/17 has been adjusted to cover the full year effect of this increase.
- Increased expenditure on termination costs over and above the amount that was agreed to be funded through the use of the management of change reserve £315k
- A reduction in the amount of specific grant received £28k.

2.5. The Commissioner provides funding to the Chief Constable to operate the Constabulary under the terms of a funding arrangement. The Chief Constable has reported a provisional outturn position of an underspend against this budget of £319k or 0.29% (£354k 0.33% at December). The forecast underspend is made up of an anticipated over recovery of income of £806k (previously £318k at December) partially offset by a forecast overspend on expenditure

budgets of £487k (previously £36k at December). The underspend has in the main arisen through a combination of savings on police officer pay, transport related expenses and forecast receipts in respect of the insurance claims in respect of the December 2015 flooding. These underspends are being offset by overspends in respect of termination/redundancy costs and increased supplies and services. The Chief Constable has provided a separate report elsewhere on this agenda which provides a specific update regarding funding provided to the Constabulary.

- 2.6. The combined provisional outturn position, ahead of applications to carry forward budget, is a forecast underspend of £481k. The underspend has arisen as a result of the net effect a number of under and overspends. In some areas of budget, the underspend has arisen as a result of delays to delivering specific projects and schemes that were due to complete during 2015/16 and will now complete in 2016/17. This means that there is still a requirement for those resources without which budget pressures will materialise in the 2016/17 budget. Further to this, the outturn position includes income accruals in respect of insurance applications made to recover costs arising from the December 2015 floods and an application in respect of an unavailability fee for the PFI building. Whilst it is reasonably assured that the significant proportion of this income will be received, there is estimated to be a risk in respect of some of this income. In total, budget carry forward requests and income risk present a cumulative budget pressure of £988k. This exceeds the resources of £481k within the 2015/16 budget that are available to fund this expenditure. To manage this, this report recommends ring-fencing the £481k underspend to a budget carry forward reserve that will then be available to meet a proportion of these costs. Further work will then be undertaken by the Constabulary and OPCC to determine wider options for resourcing the balance of £507k expenditure in 2016/17.
- 2.7. Total expenditure in 2015/16 has been supported by the use of £4.1m of reserves. The significant proportion of the reserves drawn down to support the budget are capital reserves. This has supported £4.3m of capital financing costs, provided for through the revenue budget as a result of the limited resources available from capital grants. The use of reserves has supported significant investment in ICT, the estate and fleet with the aim of facilitating reductions in future revenue expenditure to meet decreases in external funding. The difference of £0.2m reflects a reduction in the general reserve balance of £2.1m from £5.1m to £3.0m which is being offset by an increase in earmarked revenue reserves of £2.3m.

2.8. The Commissioner maintains the police property act fund. This 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 Criminal Courts Act 1973. On a quarterly basis community groups or individuals can submit applications for funding to the Commissioner, the proposals should support priorities within the Commissioner's Police and Crime Plan, have an impact on community safety and crime reduction or contribute to the delivery of the Constabulary youth strategy (e.g. diversionary activities for young people). At 31 March 2016, the fund amounted to £66k. In June, September and December, awards to successful applicants totalling £6.2k were made. In March further awards totalling £4k were made and details of these are shown in **Appendix B**. Further details of the funding allocations can be found on the Commissioner's website <http://www.cumbria-pcc.gov.uk/working-for-you/property-fund.aspx>

3. Financial Statements

3.1. The full financial position as at 31 March 2016 is presented for Police and Crime Panel members at **Appendix C**, within the financial statements narrative report.

Revenue Budget Monitoring 2015/16 – Provisional Outturn

Description	Revised Budget 2015/16 £	Provisional Outturn 2015/16 £	Variance (Under)/Overspend 2015/16 £	Projected (Under)/Overspend @ Dec'15 £	Change Dec'15 to year end £
Office of the Police and Crime Commissioner	793,586	768,388	(25,198)	(7,019)	(18,179)
Other PCC Budgets					
Commissioned Services Budget	2,311,145	1,729,484	(581,661)	462	(582,123)
Sexual Assault Support Services	349,379	349,337	(42)	(24,411)	24,369
PCC Efficiency Savings Identified In-year	0	0	0	0	0
Estates	3,493,652	3,799,121	305,469	(62,640)	368,109
Insurances	506,816	527,679	20,863	20,648	215
LGPS Past Service Cost	0	0	0	0	0
Redundancies	623,540	938,710	315,170	300,001	15,169
Provision for Insurance Liability	131,802	(82,197)	(213,999)	0	(213,999)
Technical Accounting	1,304,943	1,304,941	(2)	1	(3)
Capital Financing	7,423,100	7,401,765	(21,335)	(21,335)	0
Grants & Contributions	(26,415,125)	(26,386,837)	28,288	43,210	(14,922)
Interest/Investment Income	(125,000)	(123,795)	1,205	8,000	(6,795)
	(10,395,748)	(10,541,792)	(146,044)	263,936	(409,980)
Total Police & Crime Commissioner Directly Controlled	(9,602,162)	(9,773,404)	(171,241)	256,917	(428,158)
Constabulary Funding	112,967,577	113,455,573	487,996	(35,668)	523,664
Constabulary Income	(4,390,227)	(5,197,132)	(806,905)	(317,885)	(489,020)
Total Constabulary Funding	108,577,350	108,258,441	(318,909)	(353,553)	34,644
Total Approved Budget	98,975,188	98,485,037	(490,150)	(96,636)	(393,514)
Transfers To/(From) Earmarked Revenue Reserves	2,357,734	2,367,687	9,953	0	9,953
Transfers To/(From) Capital Reserves	(4,312,825)	(4,312,825)	0	0	0
Transfers To/(From) General Revenue Reserves	(2,148,917)	(2,148,917)	0	0	0
Aggregated External Financing	(94,871,180)	(94,871,181)	(1)	(0)	(1)
Net Requirement	0	(480,199)	(480,199)	(96,636)	(383,562)

Police Property Act Awards - Quarter 4 March 2016

Award To	Amount Awarded £
Baylife Community Association	300
Millom Recreation Centre	695
The Bowness and Windermere Community Care Trust	625
Millom BeSPOKE Biking	500
Dalton Community Policing Team	500
1862 (City of Carlisle) Squadron Air Training Corps	500
Heathlands Community Gardens	900



Police and Crime Commissioner for Cumbria

Summary Statement of Accounts 2015-16



Introduction

I am pleased to introduce the Summary Statement of Accounts for the 2015/16 financial year. This summary document sets out a consolidated version of the financial statements showing the overall financial position of both the Police and Crime Commissioner for Cumbria and the consolidated group position, incorporating the financial position of the Chief Constable for Cumbria Constabulary. The financial information set out in this Summary Statement of Accounts is taken from the full financial statements which are published in accordance with the Accounts and Audit Regulations 2015.

The Summary Statement of Accounts is taken from the Chief Finance Officer's Narrative Report to the full Statement of Accounts. Its purpose 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.

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 Summary Statement of Accounts is published alongside the full financial statements. 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.

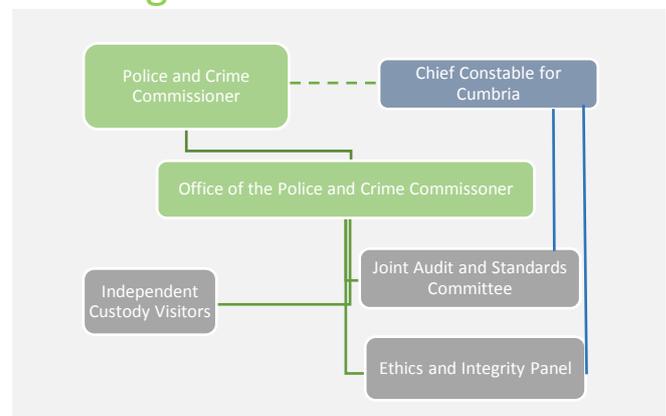
The PRSRA 2011 also established the Chief Constable as a separate statutory entity, distinct from the

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 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 10.9fte staff including two statutory officers. The Chief Constable is accountable to the

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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 2015/16 were: Barrow 10; Kendal 8, 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 Elections in May 2016 means that our Police and Crime Plan 'Making Cumbria an Even Safer Place' will continue until a new plan has been agreed by the new incumbent Commissioner setting out our future strategy and goals.

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 2016	PCC	
	Male FTE	Female FTE
PCC Single Entity		
Chief Officers	1	1
Senior Management	0	2
All Other Employees	0	7
Total PCC Employees	1	10
Group		
Chief Officers	9	4
Senior Management	11	3
All Other Employees	952	791
Total Group Employees	972	798

Chief Executive Report

2015/16 marks the final full year of the term of the first Police and Crime Commissioner for Cumbria. It has also seen the culmination of a number of projects and work programmes that commenced in November 2012 with the introduction of Cumbria's first Police and Crime Plan. Over that time the Commissioner's Office has worked diligently to establish the governance and financial frameworks necessary to fulfil statutory, regulatory and best practice requirements, supported by the relevant professional bodies for Local Authorities and Police.

We have also developed effective relationships with key local government and wider partner agencies to develop initiatives and commission activity to reduce crime, support victims and enhance community safety and criminal justice. We have rationalised the Commissioner's estate, opened a new purpose built Police Area Headquarters in Barrow, implemented a state of the art county wide CCTV system, launched a range of services for victims of domestic and sexual violence and commissioned innovative perpetrator programmes that have attracted Home Office funding to reduce crime and its impact on our communities. This activity has been driven by public consultation and engagement. The Commissioner has held over 80 public events and has responded to over 5000 contacts with the public – by phone, email and correspondence - per year during his term, in addition to receiving an average of 1500 hits to the PCC website each month.

Whilst overall crime has increased during 2015/16 we understand the reasons for this and are working with the Constabulary to address areas of concern. Activity

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Summary Statement of Accounts 2015/16

in support of the key aims of the Police and Crime Plan to reduce anti-social behaviour and increase reporting for hate crimes and domestic and sexual violence have delivered positive outcomes against performance measures. Repeat victims for domestic violence are now reducing, indicating the effectiveness of newly commissioned services for support.

In May 2016 a new Police and Crime Commissioner was elected to office. Our financial plans provide resources that will enable us to respond to new priorities and initiatives in support of the 2016-2020 Police and Crime Plan. I am confident that our level of resources and the skills and capability of the team will ensure the continued effectiveness of support to the newly elected Commissioner in delivering future strategy and fulfilling the key accountabilities of the role.

Finance Review

2015/16 Grant Settlement and Budget

The Commissioner set a combined net revenue budget of £94.871m for 2015/16 on 24 February 2015. Funding of this amount came from the Police Grant settlement (£59.884m) and income from Council Tax (£34.987m). The budget increased the Council Tax precept by 1.90%, taking the Commissioner's proportion of the band D equivalent tax to £212.58 per annum. The effect of the increase is to support the medium term financial forecast and mitigate some of the impact of the £3.225m reduction in Police Grant compared to 2014/15. The budget provided funding for the Chief Constable of £108.513m comprising a £112.480m expenditure budget to support policing and an income budget of £3.967m. The Commissioner's budget provided £2.699m 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 £9.941m. Capital expenditure is made up broadly of expenditure on assets that have a useful life of beyond one year. The budget included provision for the new South Territorial Policing Area Headquarters at Barrow and a new Strategic Command and Deployment Centre at Penrith. The budget was funded from capital grants (£0.5m), borrowing (£2.0m), direct contributions from revenue (£1.2m), capital receipts (£1.3m) and capital reserves (£4.9m).

The table below shows the summary revenue budget for 2015/16 as set on 24 February, the revised budget (taking into account budget changes made during the year) and the provisional outturn position (subject to audit). 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 on page 7. References to the PCC relate to the Police and Crime Commissioner.

Summary Budget and Outturn

Summary Budget & Provisional Outturn	Base	Revised	Provisional	(Under)/
	Budget	Budget	Outturn	Overspend
	2015/16	2015/16	2015/16	2015/16
	£000s	£000s	£000s	£000s
Constabulary Budget	108,513	108,577	108,258	(319)
Office of the PCC	799	794	768	(26)
Other PCC budgets	15,371	16,019	15,845	(174)
Grants/Contributions	(25,454)	(26,415)	(26,387)	28
To/(From) Reserves	(4,358)	(4,104)	(3,613)	491
Net Expenditure	94,871	94,871	94,871	0
Government Grants	(59,884)	(59,884)	(59,884)	0
Council Tax	(34,987)	(34,987)	(34,987)	0
Total External Funding	(94,871)	(94,871)	(94,871)	0

The Constabulary gross expenditure budget is made up of funding for employee costs (£98.5m; of which Police Officers comprise £76.35m), transport costs of £2.47m and supplies/other costs of £11.50m. The Commissioner's budgets comprise the costs of running his office (£0.799m) and the net position on a range of other costs. These include estates costs (£3.72m for premises used by the Constabulary and Commissioner), Commissioned Services (£2.7m to deliver the Police and Crime Plan) and budgets to finance capital expenditure and the costs of technical accounting adjustments (£5.75m). PCC other budgets also include the costs of insurance and past pension costs. Overall expenditure was supported by a £4.36m net contribution from reserves.

In-Year Financial Performance

Revenue Expenditure: The out-turn position for 2015/16 is a small underspend of £491k, equating to

0.5% of the revised net budget of £94.871m. This position performs well against the target for the revenue budget which is for actual expenditure to be within 2% of the budget at out-turn. The overall underspend is the combined result of an underspend on the Commissioner's budgets of £172k and an underspend on Constabulary budgets of £319k. In both cases the financial outturn reflects the collective impact of a number of small variations across different budget headings and includes an over-achievement of income as well as some areas of the budget that have experienced an overspend. Detailed outturn reports that explain the full range of variances can be found on the budget and finance section of the Commissioner's website.

Whilst the overall position against the budget is an underspend, there have been a number of applications to carry budget forward against specific schemes and projects that have experienced delays to their delivery during 2015/16. The cumulative requests for budget carry forward amount to £886k and exceed the resources available as a result of the underspend. In approving the out-turn position, the Commissioner has agreed to the underspend being used to establish a budget carry forward reserve that will be available to meet a proportion of these costs. Further work will be undertaken by the Constabulary and Commissioner to determine wider options for resourcing the balance of expenditure in 2016/17.

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 2015/16 awards totaling £10.2k were made. As at 31 March 2016 the Police Property Act fund balance stood at £66k.

The 2015/16 Capital Expenditure Outturn amounted to £9.0m against a revised budget of £11.6m. During the year the Police Estate has been enhanced with the launch of a county-wide CCTV scheme that helps track offenders, gather evidence and acts as a deterrent against anti-social behaviour and crime. The Commissioner also opened a new state of the art Police Area Headquarters at Barrow for the South of the County. The new Barrow Police Station hosts 230 officers, 20 PCSOs and 40 police staff and integrated custody facilities including 18 cells. The Front Desk is open to the public seven days a week. Enabling works have commenced at Police HQ in preparedness for

the construction of a Strategic Command Centre and Deployment Centre for Penrith. The ICT capital programme also delivered £3.3m of investment in hardware and infrastructure including the deployment of smartphone devices to officers and staff as part of the move to mobile and digital working. A further £0.58m has been invested in the vehicle fleet, a total of £4.5m on the building estate and £0.71m on other capital schemes.

The variance between actual expenditure and the revised budget is £2.6m (22.6%), which is significantly outside the 10% target for variations in capital expenditure. Whilst actual performance has fallen substantially short of target, the result represents a marginal improvement compared to 2014/15 where 27% of the programme experienced slippage. The main reasons for the variation arise as a result of supplier technical manufacturing issues with ICT mobile devices that has resulted in a business decision to delay procurement. Business decisions were also taken to put a number of other projects in the capital programme on hold following government funding announcements during summer 2015. All other schemes have largely been delivered in accordance with the capital programme profile.

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 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

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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 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 page 24 in the full statement of accounts. The table below sets out a summary movement in reserves statement.

Summary Movement in Reserves	Balance	Movements	Balance
	31/03/2015	2015/16	31/03/2016
	£000s	£000s	£000s
Police Fund	5,149	(2,149)	3,000
Earmarked Revenue Reserves	13,844	(10,651)	3,193
Earmarked Capital Reserves	8,543	9,187	17,730
Capital Receipts	0	556	556
Capital Grants Unapplied	4,732	710	5,442
Total Usable Reserves	32,268	(2,347)	29,921
Unusable Reserves	(1,128,291)	134,772	(993,519)
Total Reserves	(1,096,023)	132,425	(963,598)

Movements in usable reserves for 2015/16 show a net balance of -£2.347m. This is the cumulative position recording the amounts we have taken out of 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 £0.556m and were received following the sale of Wigton Police Station and two police houses. Capital grants amounted to £0.710m representing the receipt of the Home Office annual general capital grant.

The most significant changes to reserves represent the movement of resources from earmarked revenue reserves and the reduction in the police fund. Together this movement reduces general and earmarked revenue reserves by £12.8m and increases capital reserves by £9.1m. This is the net impact of a number of decisions that responded to government funding announcements in autumn 2015 and the Cumbria floods in December 2015. The

Comprehensive Spending Review (CSR) announced protections for police funding nationally over four years and transitional funding to support any changes in local formula funding. This, together with announcements to withdraw proposals in respect of formula funding changes, provided an opportunity to review the requirements around revenue reserves held to manage risks and transitional costs. Within a month of those announcements the December 2015 Cumbria floods highlighted significant resilience issues within the Police Estate to the west and at Headquarters Penrith. As part of the 2016/17 budget process the Commissioner approved a major capital scheme for the west of the County and enhancements to existing capital schemes planned for HQ, funded from a reduction in general and earmarked revenue reserves.

At the end of the year, the Police Fund at 31 March 2016 stands at £3.0m and provides for unplanned financial risks. Earmarked revenue reserves are £3.193m. These reserves provide for a number of specific operational contingencies, one off budget/project costs and funding to meet to future liabilities in respect of insurances and the PFI contract. The most substantial area of reserves at £17.730m are now those set aside to fund the capital programme, all of which is planned to be fully applied by 2020/21. Further detail on earmarked reserves is provided within note 5 to the statement of accounts on pages 38-39.

At the 31st March 2016 we have negative unusable reserves of £993.519m. 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 £47.280m in

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respect of the revaluation reserve and capital adjustment account, recording accounting transactions for our capital assets and negative pensions reserves totaling -£1.039bn. The pensions reserves records accounting transactions for the Police and Local Government Pension Schemes. Whilst the balance on this reserve is negative the movement in year has been positive as a result of changes in actuarial assumptions that have had a beneficial impact on scheme liabilities.

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CI&ES) shows the cost of the different policing services provided in the year and the income from government grants and council tax that fund those services. The CI&ES is shown on page 26 of the full statement of accounts. A subjective analysis that sets out what those costs are (e.g. staffing, transport etc.) is provided in the Technical Annex (Annex B) in section C Segmental Reporting on page 110).

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	47,714	(1,856)	45,858
Dealing with the public	8,796	(27)	8,769
Criminal justice arrangements	9,871	(443)	9,428
Road policing	6,289	(1,433)	4,856
Specialist operations	4,195	(314)	3,881
Intelligence	5,904	(81)	5,823
Investigation	14,573	(857)	13,716
Investigative support	3,387	(86)	3,301
National policing	1,714	(1,319)	395
Other costs	3,409	0	3,409
Cost of Services	105,852	(6,416)	99,436
Other operating expenditure	18,371	(18,418)	(47)
Financing Costs and Investment Income	42,891	(3,751)	39,140
Council tax and grant income	0	(101,882)	(101,882)
(surplus)/deficit on the provision of services	167,114	(130,467)	36,647
Other comprehensive income and expenditure			(169,072)
Total Comprehensive income and expenditure			(132,425)

The Statement is prepared in accordance with the service expenditure analysis required by the Service

Reporting Code of Practice (SERCOP). This analysis is developed by the Chartered Institute of Public Finance and Accountancy (CIPFA). It sets out how various types of expenditure should be grouped together e.g. roads policing costs, local policing costs, investigations.

The statement shows a net cost of services of £99.436m. Local policing, which includes the costs of neighbourhood policing, incident management, local investigation and community liaison is attributable for nearly half of that cost (£45.858m). The next most significant area of expenditure is investigations, which represents the costs of the crime command undertaking major investigations, including those into serious and organised crime. This area of policing also includes the public protection unit managing serious offenders.

In addition to showing the cost of policing services, the CI&ES also sets out net financing costs of £39.140m. The most significant element of financing costs comprise pension charges (£38.630m). These charges are calculated in accordance with generally accepted accounting practices and do not all need to be funded in the 2015/16 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 £18.674m (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 £36.647m. A further accounting adjustment of £169.072m expenditure through the 'other comprehensive income and expenditure' line results in an overall position on the statement of a deficit of £132.425m. This is an accounting deficit that is taken to Unusable Reserves. Page 4 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 underspend of £491k against the 2015/16 budget.

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The Balance Sheet

The Balance Sheet shows the value as at the balance sheet date (31 March 2016) of the Commissioner's assets and liabilities. The balance sheet is shown on page 28 in the full statement of accounts. The table below sets out a summary balance sheet.

Summary Balance Sheet	Balance	Balance
	31/03/2015	31/03/2016
	£000s	£000s
Property, plant & equipment	64,329	63,854
Intangible assets	486	356
Current assets	31,556	32,490
Current Liabilities	(11,095)	(16,043)
Long Term Liabilities	(1,181,299)	(1,044,255)
Net Assets	(1,096,023)	(963,598)
Usable reserves	32,268	29,921
Unusable Reserves	(1,128,291)	(993,519)
Total reserves	(1,096,023)	(963,598)

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 £63.854m. Of this, land and buildings comprise £52.098m. During 2015/16 the value of the Commissioner's land and buildings increased by of £8.492m following the opening of the new Barrow Area HQ. The increase has been offset by a reduction of £3.950m of assets that are now classed as held for sale, reflecting the decommissioning of Ulverston Police Station and the former Barrow Police Station. The land and building estate has also experienced a £3.099m revaluation decrease following the December 2015 floods. Some of this amount reflects a temporary decrease at year end as buildings are being reinstated following flood damage. There has however been a permanent 10% decrease in the value of the Workington PFI building which in the view of the valuer reflects the perceived risk of future flooding.

Current assets are principally made up of investments (£15.030m), debtors (£12.145m) and cash (£3.303m) and have a total value of £32.490m. 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 2015/16 11 sundry debtor invoices totaling £1.097k were authorised to be written off as not collectable. This represents an improvement in performance with 35 debtor invoices totaling £7.792k being written off during the previous financial year. The Bad Debt Provision stands at £1.258k 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 £1.860m and is reduced by the Commissioner's share of their respective bad debt provisions of £0.879m. See note 11 to the statement of accounts (Page 49).

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 creditor invoices which total £12.933m. The combined short and long term liability on the PFI scheme amount to £5.122m at 31st March 2016. Long term liabilities are the most significant figure on the balance sheet, showing a balance of £1,044m (£1,181m in 2014/15). The main element of this amount is a pension's deficit of £1,039m (£1,175m in 2014/15) 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.

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 29-30 of the full statement of accounts. The table below sets out a summary cash flow statement.

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Summary Cash Flow Statement	Cash flows	Cash flows
	2014/15 £000s	2015/16 £000s
Cash & Cash Equivalents 1 April	(11,310)	(6,881)
Net cash flow from:		
Operating activity	(2,756)	(1,245)
Investing activity	7,096	7,725
Financing activity	89	(2,902)
Cash & Cash Equivalents 31 March, made up of:	(6,881)	(3,303)
Bank Accounts	(2,577)	(948)
Money Market Funds	(4,304)	(2,355)

The table shows a cash inflow of £1.245m 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 outflow of £7.725m 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 inflow of £2.902m, this being the amount of cash used in relation to financing and borrowing. The position in 2015/16 reflects the receipt of a £3.0m partner contribution to the financing of the Strategic Command Centre capital scheme in Penrith. The Commissioner has no borrowing other than that which relates to finance leases and the PFI agreement. £98k was paid to reduce those debts during the year.

The Commissioner's cash flow statement shows an overall balance of £3.303m, compared to £6.881m in 2014/15, reflecting the decrease in cash and cash equivalents of £3.578m and the lower cash opening balance in 2015/16. At the end of the year £2.355m of the Commissioner's cash was held in money market funds and £0.948m in banks. The continuation of high levels of net cash outflow from investment activity reflects the treasury management strategy and the increased credit risk associated with short term cash bank deposits. Investment balances at year end on the balance sheet are £2.486m higher than in

2014/15, the significant proportion of which is now invested with other local authorities.

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 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 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 Police and Crime Commissioner (2.9%)	0	(1,128)
Net Amount Payable	0	0

The statement identifies contributions into the fund of £8.286m from the Constabulary (employer) and £5.305m from police officers. Employer contribution rates in 2015/16 reduced to 21.3% from 24.2% which is the main reason for the reduction in employer contributions. In total £33.498m of pensions have been paid out of the fund. The balance between contributions and those pensions' benefits of £19.499m has been funded by Home Office Grant of £18.371m and additional contributions from the

Commissioner of £1.128m. The full police officer pension fund account is shown on pages 72 to 73 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

2015/16 has seen the culmination 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 launch of 'The Bridgeway' Sexual Assault Support Service. This service 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. Feedback from users about the crisis care and forensic-medical service has been positive and there have been cases which have not come via the police, something which was not possible before the Cumbria forensic-medical service opened. The provision of wider victim support services have undergone change with the award of a local contract for Victims Services to Victim Support, bringing the service back to being delivered in Cumbria. Victim Support will deliver emotional and practical support for victims to help them cope and recover from the effects of crime. The service operates alongside the Cumbria Together website, an information portal launched for victims and witnesses so that they can have direct access to the information that they need to support them on a 24/7 basis.

2015/16 has also seen the delivery of a number of new commissioning activities aimed at reducing offending. This has included commissioning a domestic abuse perpetrator programme for families to enable victims (adults and children) to cope and recover, and subsequently secured additional funding from the Home Office's Police Innovation Fund to roll

out the service countywide. A further £130,000 was secured from the Innovation Fund in partnership with 'Time to Change'. The charity opened a homeless hostel to support people, and in particular ex-services personnel, leasing the former police station in Egremont which has been provided for a peppercorn rent.

To support reducing the harm caused by hate crime, 'Know Your Criminal Justice Day' events have been held across Cumbria in collaboration with the Crown Prosecution Service, Cumbria Constabulary and HM Courts Service. The events aim to encourage more people to come forward and report disability hate crimes committed against them. They have 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. £2.3m Home Office Funding has been secured to resource, deliver and evaluate a multi-agency approach to mental health triage across Police, Social Care and Health partners. For young people the Tackling Child Sexual Exploitation (CSE) project aims to educate young people to the risks associated with CSE, support early identification and reduce risk and opportunities for exploitative situational grooming. The Risky Business project offers a targeted support programme that will assist in the development of resilience and coping strategies among young people, create awareness of behaviours and consequences for both the individual and others and gain an insight into the issues impacting on our young people in Cumbria. In addition to multi-agency partnership activity a number of grants have also been made available for community groups for initiatives and innovative schemes targeted at preventing and reducing the harm caused by antisocial behaviour, including alcohol-related disorder.

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 2015

- 31 Independent Custody Visitors attend the ICV Annual Conference
- Campaign begins to widen the representation

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and remit of the Victim and Witnesses Consultation Group

- Victim Support commence delivery of local support services for victims of crime

May 2015

- Cumbria Victims Charitable Trust is launched
- First May publication of the un-audited financial statements
- Joint Audit and Standards Committee approve 2015 Annual Report

June 2015

- Cumbria Together Website goes live
- Positive Action Youth Engagement partnership project launched
- Disability Hate Crime 'Know your Criminal Justice Day' Workington

July 2015

- A new network of 53 CCTV cameras is switched on across the county
- Home Office Grant Agreements signed securing over £1m in Innovation Funding for a Cumbria Strategic Co-ordination Centre and 'Turning the Spotlight' Perpetrator Programmes
- Cumbria Restorative Justice Hub launched delivering victim led restorative services
- Funding approved to support Carlisle City Council's Homelife team to standardise the provision of target hardening services across Cumbria for victims of crime
- Minister for Policing announces consultation on police funding reform

September 2015

- 'Dignity in Dementia' launched to support families in keeping vulnerable people safe
- 'Step Up' services begin delivering group interventions for youth violence against family members
- Publication of the independent auditor's unqualified report on the 2014/15 financial statements

October 2015

- Funding is approved for the further roll out of 'Chelsea's Choice' to raise awareness of child sexual exploitation
- Calderwood House Hostel Opens in the former Egremont Police Station
- The new Barrow Police Station becomes the operational policing base and front counter

service for Barrow and the surrounding area.

November 2015

- Funding approved for Cumbria Crimestoppers supporting activity to highlight crime and crime prevention;
- 'Disability Hate Crime 'Know your Criminal Justice day' Barrow;
- Launch of Tackling CSE in Cumbria project that will focus on young people who are being, or at risk of being sexually exploited
- Launch of 'Risky Business' targeted support for young people
- The Chancellor publishes a joint Spending Review and Autumn Statement 2015

December 2015

- 'The Bridgeway' Sexual Assault Support Service is launched introducing forensic medical services to Cumbria

January 2016

- The Police and Crime Panel supports the Commissioner's proposed precept without qualification or comment

February 2016

- The Commissioner sets the 2016/17 revenue and capital budgets, providing £111.244m funding to the Chief Constable for Policing in Cumbria
- Services are commissioned to develop and perform school based education and learning programmes to tackle hate crime
- Funding approved to enable Brake to continue to provide specialist support for bereaved and seriously injured road crime victims
- Approval to commission a sequel to the 'Leaving' DVD that focuses on domestic abuse issues in relationships between young people

March 2016

- 2.3m Home Office Innovation Funding secured for multi-agency mental health hub
- Vulnerable Localities Index multi-agency programme begins delivering priority community safety interventions to residential neighbourhoods
- Youth domestic abuse prevention programme extended to West Cumbria
- Funding approved to deliver an increased awareness of sexual abuse amongst members of

the LGBT community to support reporting of incidents to police

- Awarded funding to Carlisle MENCAP to develop a series of educational short films focusing on sexual exploitation and abuse aimed at increasing awareness for people with learning difficulties
- Funding approved to Brathay Trust that will see the development and delivery of a Youth Engagement Scheme building on positive relationships between police and young people
- Purdah period commences for Police and Crime Commissioner Elections

April 2016

- Mutual Aid Facilitation programme launched to support ex-offenders and veterans to take control of their recovery from substance misuse
- Launch of the pre-tenancy and homeless project aimed at reducing homelessness in 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.

May 2016

- Launch of the 2015/16 Annual Report and final media conference for the out-going Police and Crime Commissioner, Mr Richard Rhodes
- Election of the Police and Crime Commissioner for Cumbria, Mr Peter McCall

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 2015 HMIC determined that the overall judgement for Cumbria Constabulary was 'good' in respect of legitimacy and efficiency but 'requires improvement' in respect of effectiveness. The Chief Constable will report to the Police and Crime

Commissioner on how the Constabulary will tackle those areas requiring improvement and respond to HMIC recommendations.

- For 2015/16 crime increased by 5%, which equates to a rise of 1,243 crimes over the 12 month period to 31st March 2016. This position reflects national trends and Cumbria continues to maintain the second lowest level of reported crime in the whole country, despite the 5% increase.
- Violence against the person offences is an area where there is room for improvement, offences continued to see significant increases, up 13% over this time last year; all police forces in England and Wales have seen an increase, and this is partly attributed to improved compliance with crime recording standards. Cumbria is 5th lowest nationally for volume of crimes.

Community Safety

- Antisocial behaviour has continued to fall, and has seen a 31% reduction compared to the same period last year; this includes a 10% reduction in youth anti-social behaviour. Nationally Cumbria has the 5th lowest number of incidents.
- A lot of work has been done in the county with the Constabulary and partners to encourage reporting of hate crime. Cumbria has seen a 12% increase in reported hate crimes during 2015/16 although 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. Actual reported crimes for domestic abuse have gone up by +3% and +21% for sexual offences during the year. The effectiveness of support arrangements are measured by the reduction in repeat victims of domestic abuse. Year-end figures show a small decrease of 3% compared to 2014/15.

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

31% for 2015/16, a 6% reduction compared to 37% in 2014/15.

- Cumbria performs well against national averages for crime outcomes. The most up to date published figures for England and Wales record crime outcomes for 12 months to September 15 and show national average performance at 24.1%.
- Cumbria conviction rates for Magistrates Court for the quarter to December 2015 equated to 90.5%, nationally this figure is 84.5%. Cumbria is ranked 3rd out of the 42 forces. Crown Court convictions for the same period equate to 88.4%, compared to 79.6% nationally. Cumbria is ranked 1st 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 show that each aspect of service delivery ('making contact', 'action taken', treatment by staff' and overall experience') remain within the expected range of performance. Satisfaction for 'treatment by staff' is performing better than expected, at 97.2%
- When allegations are made against the police, those resolved locally perform well against national comparative timescales, taking an average of 36 days, achieving a ranking of 3rd nationally.
- In a small number of cases an appeal has been made to the IPCC. Of these 25% have been upheld (3 out of 12). This compares to 29% (7 out of 24) for 2014/15, demonstrating improvements in the number of cases resolved locally and the number and proportion of cases where the IPCC has supported the local findings.

Finance & Value for Money

- We measure our performance against targets for achieving financial outturn within a percentage of the net budget. For 2015/16 this was set at 2% for the revenue budget and 10% for the capital budget.
- Actual performance for revenue was 0.5%, achieving well within the target.
- Capital outturn was 23% below budget, falling significantly outside target. Whilst this was a disappointing result, it does represent a

performance improvement on the 2014/15 financial year that experienced a 27% variation to budget. 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. 2015/16 HMIC most similar force (MSG) comparators show that the budget for the Office of the Police and Crime Commissioner achieved lowest total cost for the group when comparing Police Objective Analysis data for 2015/16.
- Costs are significantly higher (28%) 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) 2015 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 2015/16 financial year.

The Future Outlook

On May 12th 2016 Mr Peter McCall commenced office as the new Police and Crime Commissioner for Cumbria and will as a priority approve a new Police and Crime Plan. The Plan will set the strategic direction for policing and wider aims for enhancing community safety, criminal justice and supporting victims.

The Commissioner inherits a strong overall financial position as at 31st March 2016. The Medium Term Financial Strategy sets out plans for efficiency savings, a balanced 10 year capital programme and resources to deliver 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. This has enabled reserves to be maintained at a level that provides financial resilience and supports continued investment.

The Medium Term Financial Strategy and 2016/17 budget was approved in the context of the 2015 CSR that sets out the Government's medium term plans for public spending. Those plans protect police spending in real terms and provide for continuity in the levels of real cash funding to police forces, when taking into account the capacity to raise Council Tax. Flexibility to raise the precept by up to 2% will continue for the full CSR period. On this basis, the 2016/17 budget resources an establishment of 1123 Police Officers supported by 95 Police and Community Support Officers and 571 Police Staff. The budget delivers £111.244m funding for the Chief Constable to deliver policing for Cumbria. The longer term 10 year capital programme commits to £62.5m investment across the estate, fleet and ICT.

Whilst the position is financially resilient in the short term the future outlook is highly uncertain. In 2016/17 38% (£36.1m) of income to meet the budget requirement is derived locally from taxation. The balance of 62% (£59.5m) comes from central government police formula grant. Announcements expected during 2016 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 2016 this issue is the only risk recorded within the Commissioner's strategic risk register. Current

forecasts estimate that between £9.9m and £15.8m could be lost, dependent on the indicators used to distribute funding. Conversely, if the outcome of formula funding changes is to maintain the formula grant at or around the current level of funding, the medium term forecast to 2020 is balanced. Our most significant costs within the budget is police officer and police staff pay and on-costs. Any significant reduction in funding will have a similarly significant impact on the number of police officers and police staff and the wider commissioning of services. 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 authorised for issue by me as PCC Chief Finance Officer on 23 May 2016.

In closing, it is appropriate to acknowledge the dedication and professionalism of Roger Marshall, the Chief Constable's Chief Finance Officer, Michelle Bellis, 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 financial reporting standards.

Ruth Hunter

PCC Chief Finance Officer