

Introduction

I am pleased to introduce the Summary Statement of Accounts for the 2017/18 financial year. This summary document sets out the consolidated version of the financial position of both the Police and Crime Commissioner for Cumbria and the consolidated group position, incorporating the statements of the Chief Constable for Cumbria Constabulary. The financial information set out in the summary statement of accounts is taken from the full financial statements which are published in accordance with the Accounts and Audit Regulations 2015.

This summary statement of accounts is taken from the Joint Chief Finance Officer's Narrative Report to the full financial statement of accounts. Its 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.

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.

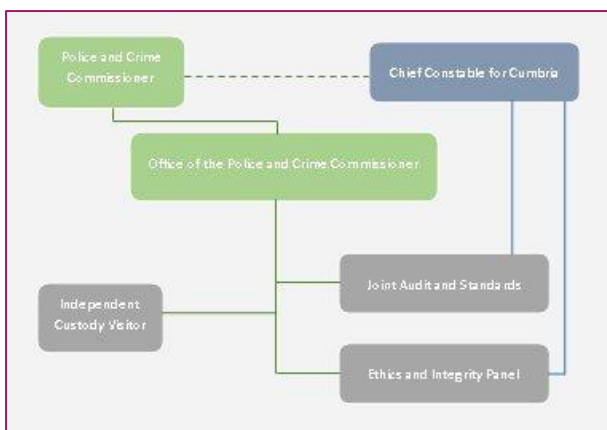
The PRSRA 2011 also established the Chief Constable as a separate statutory entity, distinct from the Commissioner and with operational independence. The Chief Constable is responsible for maintaining the Queen's peace and the exercise of police powers. The Chief Constable is accountable to the Commissioner 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 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 10.1 fte staff, this includes 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 2017/18 were: Barrow 9; Kendal 9, North Cumbria 12 and West Cumbria 8.

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.

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 Commissioner’s Office and Constabulary perform well in relation to the gender diversity of the workforce. At Chief Officer Level, excluding the elected Police and Crime Commissioner, 33% 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 2018	PCC		Total FTE
	Male FTE	Female FTE	
PCC Single Entity			
Chief Officers	0.5	1.0	1.5
Senior Management	0.0	1.0	1.0
All Other Employees	1.0	6.6	7.6
Total PCC Employees	1.5	8.6	10.1
Group			
Chief Officers	7.0	3.0	10.0
Senior Management	9.0	7.0	16.0
All Other Employees	935.4	837.9	1,773.3
Total Group Employees	951.4	847.9	1,799.3

Chief Executive Report

The Commissioner is now half way through his election term of Office. The next elections are due in May 2020.

The Commissioner has been able to further embed his Police and Crime Plan with the support of the Constabulary and partners. This has helped establish 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 Police and Crime Plan contains the police and crime objectives, which all contribute toward achieving the Commissioner’s overall aim ‘to make Cumbria an even safer place’. Objectives are monitored through a performance framework and Public Accountability Conferences; a public meeting where the Commissioner holds the Chief Constable to account.

The Commissioner has continued to provide a range of services for victims and specific services for victims of sexual violence, domestic violence and perpetrator programmes.

The Commissioner has well established financial and governance frameworks necessary to fulfil statutory, regulatory and best practice requirements, supported by the relevant professional bodies for local government and policing. This benefits from continuous development to ensure the office continues to meet the highest standards.

Public consultation and engagement are paramount to the Commissioner as he is the ‘voice’ for the people of Cumbria for policing. A wide range of diverse opportunities are available for the public to speak directly to the Commissioner, which is facilitated by the

Commissioner being out in the community. This is further supported by the public contacting the Commissioner by email and letter, with more than 282 people contacting the Commissioner in this way during 2017/18; a figure that is increasing year on year. This information is used to influence decisions made by the Commissioner and improve policing services such as 101, local anti-social behaviour and driving issues.

The Commissioner undertook a successful public consultation for the increase in the council tax precept for 2018/19, with a high number of respondents and the support for his proposals compared to previous years. In total 1,500 people took part and 72% supported the increase in council tax precept. As a result of the public consultation and the views of the Chief Constable and Police and Crime Panel, the Commissioner took the decision to increase council tax precept by £11.97 for a Band D property, which equated to an increase of 5.42%.

The Commissioner continues to hold the Chief Constable to account at bi-monthly Public Accountability Conferences and weekly 1-2-1s with the Chief Constable focusing on performance in terms of crime and anti-social behaviour.

This is further supported by the independent inspectorate; Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), external and internal auditors to assist in his scrutiny of governance, finance, risks and internal control. In conjunction with the Constabulary the Commissioner also operates a Joint Audit and Standards Committee and an Ethics and Integrity Panel.

The Commissioner's staff embrace the fast moving pace of the Office and this is evident for the work that is on-going in relation to Bluelight collaboration and other commissioning developments. The Office is well placed to deal with the new challenges for 2018/19 with responsibility for appeals expected to transfer to the Commissioner from early 2019 and further develop the public facing responsibility of the Commissioner.

Finance Review

2017/18 Grant Settlement and Budget

The Commissioner set a combined net revenue budget of £96.178m for 2017/18 on 22 February 2017. Funding of this amount came from the Police Grant settlement (£58.710m) and income from Council Tax (£37.468m). The budget increased the Council Tax precept by 1.91%, taking the Commissioner's proportion of the band D equivalent tax to £220.77 per annum. The effect of the increase is to support the medium term financial forecast and mitigate the impact of the £0.833m reduction in Police Grant compared to 2016/17. The budget provided funding for the Chief Constable of £111.607m comprising a £116.289m expenditure budget to support policing and an income budget of £4.682m. The Commissioner's budget provided £2.234m for Commissioned Services, to provide funding for partnership working across the Commissioner's wider community safety, crime reduction and victim support responsibilities.

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The capital budget was set at £6.521m. Capital expenditure is made up broadly of expenditure on assets that have a useful life of beyond one year. Approximately 40% 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 (£1.8m), direct contributions from revenue (£1.6m) and capital reserves (£3.1m). The capital budget was subsequently revised upwards to £9.1m reflecting the effect of the 2016/17 capital outturn position.

The table below shows the summary revenue budget for 2017/18 as set on 22 February 2017, the revised budget (taking into account budget changes made during the year) and the outturn position. 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 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 & Outturn	Base	Revised		(Under)/
	Budget	Budget	Outturn	Overspend
	2017/18	2017/18	2017/18	2017/18
	£000s	£000s	£000s	£000s
Constabulary Budget	111,607	111,643	111,602	(41)
Office of the PCC	780	784	757	(27)
Other PCC budgets	12,882	14,909	15,233	324
Grants/Contributions	(27,511)	(29,726)	(29,726)	0
To/(From) Reserves	(1,580)	(1,432)	(1,688)	(256)
Net Expenditure	96,178	96,178	96,178	0
Government Grants	(58,710)	(58,710)	(58,710)	0
Council Tax	(37,468)	(37,468)	(37,468)	0
Total External Funding	(96,178)	(96,178)	(96,178)	0

The Constabulary gross expenditure budget is made up of funding for employee costs (£104.0m; of which Police Officers comprise £78.7m), transport costs of £2.2m and supplies/other costs of £11.8m. The Commissioner's budgets comprise the costs of running his office (£0.784m) and the net position on a range of other costs. These include estates costs (£3.92m for premises used by the Constabulary and Commissioner), Commissioned Services (£3.81m to deliver the Police and Crime Plan) and budgets to finance capital expenditure and the costs of technical accounting adjustments (£6.65m). PCC other budgets also include the costs of insurance and past pension costs. Overall a net contribution from reserves of £1.69m was made in the year to fund expenditure.

In-Year Financial Performance

Revenue Expenditure: The out-turn position for 2017/18 is an overspend of £0.256m. The overall overspend is made up of an underspend of £0.025m on

the core budgets of the Commissioner and Constabulary plus a one off contribution of £0.281m to a legal provision in relation to ongoing legal cases. The core underspend equates to 0.02% of the revised net budget of £96.178m, which is comfortably within the target for the revenue expenditure to be within 1% of the budget at out-turn. During 2017/18 the Constabulary's pay budget experienced pressure due to a combination of a higher than anticipated pay award, maintaining officer numbers and increased overtime to provide public re-assurance following the terrorist incidents in Manchester and London. However, this was offset by underspending elsewhere within the Constabulary budget. In relation to the Commissioner's budgets premises costs were slightly above budget, due, in part, to fire safety checks following the Grenfell Tower disaster. However, this was offset by savings in the Office of the Commissioner, as a result of staff re-structuring including the move to a shared Chief Finance Officer with the Constabulary.

Budget forecasts during the year indicated that the Constabulary budget could be overspent by £1m. However, in the final quarter of the year a combination of pro-active work to manage the budget, additional income receipts and a change in accounting treatment in relation to the apprenticeship levy meant that the Constabulary came in just under budget at the year end.

The overall over-spend has been met from a budget support reserve, which was set aside for this purpose. Detailed outturn reports which 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 2017/18 awards totaling £58k were made. As at 31 March 2018 the Police Property Act fund balance stood at £64k.

The 2017/18 Capital Expenditure Outturn amounted to £5.3m against a revised budget of £9.1m. During the year Cumbria has delivered the first phase of its new crime system 'Red Sigma' and begun a project to replace its Command and Control systems. Work on delivering mobile working solutions for officers and staff in roles, which are required to operate at multiple locations, has continued. Other capital expenditure has been incurred in upgrading flood defences at the HQ site and the cyclical replacement of vehicles and ICT equipment. Planning work has also taken place for the construction of a replacement deployment centre for the Eden area.

The variance between actual expenditure and the revised budget is £4.4m (45%), 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 largest elements of slippage relate to a small delay in commencing construction of the Eden Deployment Centre, which has begun in early 2018/19 and supplier delays for fleet vehicles due to heavy demand for vehicles purchased from national contracts.

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

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 2017/18 £000s	Gross Income 2017/18 £000s	Net Expenditure 2017/18 £000s
Cost of Police Services	104,646	(9,935)	94,711
Cost of Services	104,646	(9,935)	94,711
Other operating expenditure	20,917	(20,657)	260
Financing Costs and Investment Income	38,051	(3,515)	34,536
Council tax and grant income	0	(101,824)	(101,824)
(surplus)/deficit on the provision of services	163,614	(135,931)	27,683
Other comprehensive income and expenditure			(89,206)
Total Comprehensive income and expenditure			(61,523)

The statement shows that the net cost of providing services in the year amounted to £94.711m, which is predominantly the costs of policing.

In addition to showing the cost of services, the CIES also sets out net financing costs of £34.536m. The most significant element of financing costs comprise pension charges (£34.007m). These charges are calculated in accordance with generally accepted accounting practices and do not all need to be funded in the 2017/18 financial year. Financing costs also include the costs of borrowing (capital financing).

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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 £17.979m (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 £27.683m. A further accounting adjustment of £89.206m income through the 'other comprehensive income and expenditure' line results in an overall position on the statement of a surplus of £61.523m. This is an accounting surplus 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 £0.256m against the 2017/18 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 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 31/03/2017 £000s	Movements 2017/18 £000s	Balance 31/03/2018 £000s
Police Fund	3,000	0	3,000
Earmarked Revenue Reserves	3,435	3,606	7,041
Earmarked Capital Reserves	17,829	(4,975)	12,854
Capital Receipts	926	523	1,449
Capital Grants Unapplied	5,417	364	5,781
Total Usable Reserves	30,607	(482)	30,125
Unusable Reserves	(1,246,608)	62,005	(1,184,603)
Total Reserves	(1,216,001)	61,523	(1,154,478)

Movements in usable reserves for 2017/18 show a net balance of £0.482m. This is the cumulative position recording the amounts we have drawn down from specific (earmarked) reserves to help fund expenditure during the year. 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 £0.523m and were received following the sale of Barrow Police Station and one police house. Capital grants amounting to £0.364m were received during the year and will in the future be applied to finance capital expenditure.

At the end of the year, the Police Fund at 31 March 2018 stands at £3.0m and provides for unplanned

financial risks. Earmarked revenue reserves are £7.041m. 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 £12.854m 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 2018 we have negative unusable reserves of £1,185m. 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:

- £46.478m in respect of the revaluation reserve and capital adjustment account, recording accounting transactions for our capital assets.
- -£1,229m in respect of negative pensions reserves. The pensions reserves record accounting transactions for the Police and Local Government Pension Schemes. The change in the balance on this reserve in 2017/18 is positive 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 2018) 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
	31/03/2017	31/03/2018
	£000s	£000s
Property, plant & equipment	62,325	61,494
Long Term Assets	2,377	2,003
Current assets	26,827	30,993
Current Liabilities	(11,052)	(14,048)
Long Term Liabilities	(1,296,478)	(1,234,920)
Net Assets	(1,216,001)	(1,154,478)
Usable reserves	30,607	30,125
Unusable Reserves	(1,246,608)	(1,184,603)
Total reserves	(1,216,001)	(1,154,478)

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 £61.494m. Of this, land and buildings comprise £51.077m. Long terms assets are comprised of intangible assets £2.003m. Current

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assets are principally made up of investments (£12.082m), debtors (£13.944m) and cash (£3.774m) and have a total value of £30.993m. 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 2017/18 19 sundry debtor invoices totaling £2,555 were authorised to be written off as not collectable. The Bad Debt Provision stands at £2,839 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 £1.971m and is reduced by the Commissioner's share of their respective bad debt provisions of £0.868m. 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 £13.906m. The combined short and long term liability on the PFI scheme amount to £4.887m at 31st March 2018. Long term liabilities are the most significant figure on the balance sheet, showing a balance of

£1,235m (£1,296m in 2016/17). The main element of this amount is a pension's deficit of £1,229m (£1,290m in 2016/17) 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 35-36 of the full statement of accounts. The table below sets out a summary cash flow statement.

Summary Cash Flow Statement	Cash flows 2016/17 £000s	Cash flows 2017/18 £000s
Cash & Cash Equivalents 1 April	(3,303)	(3,044)
Net cash flow from:		
Operating activity	(2,303)	(7,248)
Investing activity	(548)	6,393
Financing activity	3,110	125
Cash & Cash Equivalents 31 March, made up of:	(3,044)	(3,774)
Bank Accounts	(2,040)	(2,069)
Money Market Funds	(1,004)	(1,705)

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The table shows a cash inflow of £7.248m 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 £6.393m 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 £0.125m, this being amount of cash used in relation to financing and borrowing. The Commissioner has no borrowing other than that which relates to finance leases and the PFI agreement. An amount of £125k was paid to reduce those debts during the year.

The Commissioner's cash flow statement shows an overall balance of £3.774m, compared to £3.044m in 2016/17, reflecting an increase in cash and cash equivalents of £0.730m over the year. At the end of the year £1.705m of the Commissioner's cash deposits was held in money market funds and £2.069m 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 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 2016/17 £000s	Pension Fund A/C 2017/18 £000s
Contributions - Employer	(8,133)	(8,194)
Contributions - Officers	(5,179)	(5,185)
Contributions - Other	(419)	(357)
Benefits Payable	32,390	35,724
Other Payments	27	32
Net Amount Payable	18,686	22,020
Contribution from Home Office	(17,590)	(20,918)
Additional Funding Payable by the Police and Crime Commissioner (2.9%)	(1,096)	(1,102)
Net Amount Payable	0	0

The statement identifies contributions into the fund of £8.194m from the Constabulary (employer) and £5.185m from police officers. Employer contribution rates in 2017/18 were maintained at 21.3%. In total £35.724m of pensions have been paid out of the fund.

The balance between contributions and those pensions' benefits of £22.020m has been funded by Home Office Grant of £20.918m and additional contributions from the Commissioner of £1.102m. The full police officer pension fund account is shown on pages 94 to 95 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

During 2017/18 the Commissioner has continued 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) and a new integrated Independent Domestic and Sexual Abuse Crisis Support Service, which will operate across the county proving support to high risk victims of domestic abuse and victims of rape and serious

sexual assault. Since its launch the Bridgeway has provided support to over 400 victims and survivors of sexual assault.

In relation to the provision of wider victim support services, the OPCC commissioned Victim Support to develop and implement a bespoke Quality Framework and conduct an audit to monitor compliance with the Victims Code in Cumbria. The Quality Assessment Framework is now being adopted in other areas of the country and is seen as best practice in improving the delivery of victim services.

The OPCC has also commissioned programmes to work with perpetrators of domestic abuse, 'Turning the Spotlight' on domestic abuse and 'Step-Up' which focus on reducing incidents of domestic abuse by working with perpetrators and victims providing a holistic support service for the whole family. The 'Turning the Spotlight' programme has received over 400 referrals since its implementation in 2015. Between April 2017 and March 2018, 72 referrals were received by the Step-up programme which aims to change behaviours and reduce domestic abuse incidents perpetrated by adolescents and children on parents and/or carers. Other perpetrator projects include 'The Well' which provides support to ex-offenders and veterans to take control of their recovery from substance abuse, by working on a targeted approach aimed at reducing offending and re-offending using peer champions with lived experiences. Over 300 ex-offenders have been supported directly and a further 700 indirectly through The Well's Mutual Aid Facilitation Project.

The Petal's programme, being delivered by Women's Community Matters, was launched in April 2017. This initiative provides an 8-week one to one support package that works with women who have experienced and perpetrated abuse and those at risk of offending. During the financial year 2017/18 over 50 women have been referred on to the Petals Programme.

There has been a number of new commissioning activities in 2017/18. Principal amongst these was the commissioning and delivery of the 'Get Safe Online project' offering a comprehensive programme of online safety and awareness training over the next three years. Over 400 people have attended the sessions across Cumbria. To support the reducing the harm caused by hate crime, the OPCC has commissioned initiatives including a DVD on Mate Crime. Carlisle MENCAP were funded to design, produce and deliver a DVD on 'Mate Crime' designed to empower disabled people to come forward and report if they have been a victim of, or witness incidents of hate crime. On the 20th March 2018 PCC, Home Office representatives joined Carlisle MENCAP to launch the DVD. The 'Feel the Hate' theatre production, which was delivered across secondary schools in Cumbria in 2017/18 has been re-commissioned for 2018/19 following its success. The production focuses on raising awareness around the impacts of hate crime. This is being delivered alongside a 1 year pilot of interventions aimed at reducing hate based incidents. The Value, Attitudes and Behaviours programme will work with offenders and perpetrators aged 18 years and above who have committed a hate

based incident and will focus on changing behaviours and attitudes. Remedi have been commissioned to deliver restorative practices across Cumbria by giving victims the chance to decide how offenders should pay a consequence for the crime they have committed. This includes the chance for the victim to meet with offender. To date over 80 victims were supported by Remedi, 96% of victims who received a service indicated they felt safer and/or at least satisfied with the service they have received.

Prevention work has been a key theme for partnership activity. For young people a Child Sexual Exploitation 'Be SAVY' Programme delivered by Brathay Trust is a 6-month intervention programme with weekly sessions for participants aged between 12 to 17 years having been assessed as vulnerable to child sexual exploitation. 82% of those who engaged in the programme reported they were more able to recognise a healthy relationship. During 2017/18 the return of the 'Chelsea's Choice' theatre production which educates young people to the risks of CSE, has reached over 6,000 students each year. Of students who saw the production 99% reported they had a better understanding of CSE and grooming. Funding has been provided to Skelton Brownies working in partnership with Barnardos to deliver child sexual exploitation awareness raising sessions to Girl Guiding, Brownies and Scout leaders across Cumbria. The training has enabled these groups to engage with in excess of 4,000 girls and boys aged 8 to 15 years from diverse socio-economic backgrounds.

A significant priority for the Commissioner is the continued support provided to the Constabulary to manage demands for service. Following a successful funding bid to the Home Office in 2016/17, the OPCC, Police and partner agency worked collaboratively to establish a Mental Health Crisis Assessment Centre which provides 24/7 multi-agency support and assistance to people at the point mental health crisis by providing a place of safety. 944 referrals have been received onto the services, resulting in a 28% reduction in the use of Custody as a place of safety.

Multi-agency partnership activity which included; the establishment of Cumbria's first Youth Commission, has enabled 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. The Youth Commission are working with several partner agencies to address issues highlighted in the Youth Commission's 1st Annual report from 2016/17. A number of grants have 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 anti-social behaviour. The Commissioner has also sought to engage with young people and encourage citizens in policing through the launch of mini police in Cumbria.

In fulfilment of the new statutory requirement for the Commissioner to collaborate on the delivery of emergency services, during 2017/18 the Commissioner undertook an options appraisal exercise to determine

the approach to 'Bluelight' collaboration. Following the conclusion of this work and consultation with significant stakeholders, it was decided that for the moment a collaborative model of service delivery would be adopted. Under this approach existing management arrangements will be maintained. In order to progress collaboration in respect of Bluelight services in 2017/18, the Commissioner appointed a Blue light Collaboration Manager, whose role is to work with emergency services partners including the Constabulary to develop more co-operative and efficient ways of working between the police and fire service.

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

Key Events

April 2017

- Independent Custody Visitors attend the ICV Annual Conference.
 - Dignity in Dementia programme funded by PCC wins NHS Northern Lights Dementia Award.
 - PCC launches Community Awards Scheme to recognise the outstanding work carried out by people within Cumbria from a voluntary or professional capacity.
 - PCC awards 'Turning the Spotlight' on Domestic Abuse Intervention Project to Victim Support following a competitive tender exercise.
 - 7 Projects are awarded funding from the PCC's Community Fund
-

May 2017

- PCC attends the launch of the Cinnamon Network aimed at helping vulnerable people within Cumbria.
 - PCC attends launch of the Triple A project 'All About Autism' the training film for police officer
-

aims to raise awareness and promote an understanding of autism.

- Chelsea's Choice returns to Cumbria to raise awareness of child sexual exploitation.
-

June 2017

- Get Safe Online project is launched, offering a comprehensive programme of online safety and awareness training over the next three years.
 - Get Safe Online Community Event held during Cumberland Show.
 - 14 projects are awarded funding from the PCC's Property Fund for June 2017.
 - PCC attended the Pubwatch Star Awards highlighting the exceptional work being undertaken to address the issue of violence and ASB linked to night-time economy.
 - Cumbria Independent Custody Visitors join peers across the North West and take part in co-ordinated custody visits to mark Volunteers Week.
-

July 2017

- Recruitment begins for additional volunteers for PCC's Independent Custody Visitor Scheme
 - PCC announces the winners of the Community Awards for North, South and West Cumbria.
-

August 2017

- PCC holds 8 autumn public surgeries across the Cumbria.
 - Get Safe Online Business Event was held aimed at raising awareness of the risks of online safety to businesses in Cumbria.
-

September 2017

- PCC attends Cumbria Pride Event in Carlisle
 - PCC publishes his first Annual Report
 - Get Safe Online Community event held during Westmorland Show
 - 5 projects are awarded funding from the PCC Property Fund for September 2017
 - PCC in partnership with Safer Cumbria held Domestic Abuse and Sexual Violence Support Service consultation.
 - PCC reduces staff costs by combining existing roles of two senior members of staff to cover Chief Executive Post.
-

October 2017

- Launch of Gateway 4 Women Centre in Carlisle offering a holistic approach to women's health and well-being.
 - PCC funds theatre production 'Feel the Hate' aimed at raising awareness of hate crime.
 - Funds North Cumbria Girlguiding and Barnardos to deliver a training programme aimed at preventing child sexual exploitation.
 - PCC supports world Mental Health Day
 - PCC appoints BlueLight Collaboration Manager to coordinate the collaboration between Police and Fire Service.
-

November 2017

- PCC joins staff and volunteers in the second phase of training in preparation for the delivery of 'Turning the Spotlight' on Domestic Abuse programme.
 - PCC visits Garden Life, the project funded through the Commissioners Community Fund aims to help reduce youth offender behaviour and youth re-offending.
 - PCC attends Brathay Trust to support the OPCC funded 'Be SAVY' project to help safeguard youngsters who are at risk of being sexually exploited.
 - PCC launches consultation on Council Tax Precept.
 - PCC announces Grants are available from Cumbria Victims Charitable Trust.
-

December 2017

- Cumbria Youth Commission presents their 1st year findings and recommendations to the PCC and Multi-Agency Forum.
 - 5 Projects are awarded funding from the PCC's Property Fund for December 2017.
-

January 2018

- **PCC launches second consultation on Council Tax Precept**
 - PCC in partnership with Young Cumbria announces recruitment drive to find additional young people to join the Cumbria Youth Commission.
-

February 2018

- Michele Skeer is appointed as new Chief Constable
 - PCC agrees Police Budget for 2018/19
 - PCC joins MENCAP to celebrate their 50th Anniversary.
-

March 2018

- PCC and Cumbria Constabulary launch 'Mini Police'
- MENCAP launches 'Mate Crime' DVD funded by PCC the DVD aims to raise awareness of this type of hate crime.
- 7 Projects are awarded funding from the PCCs Property Fund for March 2018.

April 2018

- PCC launches Chelsea's Choice theatre production for a third year aimed at raising awareness of child sexual exploitation to students. Over 5400 students saw the play last year and 99% said they had a better understanding of CSE and grooming.
- Independent Custody Visitors attend ICV Annual Conference

May 2018

- PCC launches a new Integrated Independent Domestic and Sexual Abuse Crisis Support Service which will operate across the county providing support to high risk victims of domestic abuse, rape and serious sexual assault.
- Work commences on the construction of the new £4.6m Eden Police Deployment Centre.

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 and Fire & Rescue Services (HMICFRS) 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 2017 HMICFRS determined that the judgement for Cumbria Constabulary was 'good' in all aspects of effectiveness, efficiency and legitimacy. The Chief Constable reports to the Police and Crime Commissioner on how the Constabulary will tackle any areas requiring improvement and her response to HMICFRS recommendations.

- For 2017/18 overall crime increased by 12.4%, which equates to an increase of 3,144 crimes over the 12 month period to 31st March 2018. Cumbria is not alone in this trend with all forces nationally with the exception of the City of London reporting an increase. The increase is largely attributable to improved crime reporting. Based on figures to December 2017 Cumbria continues to maintain the third lowest level of reported crime in the whole country.
- Violence against the person offences have increased by 28.2% over the year. Whilst all categories of violent crime showed an increase with the exception of homicides, the largest increases were seen in the less serious violence without injury category. Again, improved standards of crime reporting and recording are the principal reasons for the increase. Cumbria is the 2nd lowest force nationally for volume of crimes.

Community Safety

- Antisocial behaviour has continued to fall, and has seen a 8.5% reduction compared to the same period last year; this includes a 9.5% reduction in youth anti-social behaviour. Nationally, Cumbria has the lowest number of incidents (excluding City of London).

- Hate crimes and incidents continue to be closely monitored. During 2017/18, the number of incidents rose by 32.7%. The Constabulary and partners continue to work to encourage reporting of hate crime. Based on the latest data to 2016/17 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 increased by 2.6% and there has been a 32.2% increase in sexual offences.

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 24.3% for 2017/18.
- Cumbria conviction rates for Magistrates Court cases for the quarter to December 2017 equated to 91.6%, which is ranked 1st nationally amongst 42 forces. Crown Court convictions for the same period equated to 85.3%, Cumbria is ranked 10th 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 87.8%, which compares to 88.1% in 2016/17.
- When allegations are made against the police, those resolved locally perform well against national comparative timescales.

Finance & Value for Money

- We measure our performance against targets for achieving financial outturn within a percentage of the net budget. For 2017/18 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 0.2%, achieving well within the target.
- Capital outturn was 42% below budget, falling significantly outside target. Whilst this was a disappointing result, the year-end position was expected and was impacted by business decisions and circumstances largely 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.
- In previous years the budget for the Commissioner and Office of the Police and Crime Commissioner was benchmarked against HMIC Value for Money profiles. Following the inclusion of fire and rescue

services under the remit of HMIC, costs for police and crime commissioners are no longer included in the VFM comparators. It has therefore not been possible to undertake a Value for Money analysis for the Office of the Police and Crime Commissioner for 2017/18.

- Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) 2017 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 2017/18 financial year.

The Future Outlook

Following his election in 2016, Peter McCall the Police and Crime Commissioner for Cumbria 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 overall financial position remains strong, which is reflected in the Medium Term Financial Forecast, which sets out the revenue budget position until 2021/22 and a capital programme, which is fully

funded over the same period and 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 balances financial resilience and supports continued investment.

The Medium Term Financial Strategy and 2018/19 budget was approved in the context of the Government's undertaking to protect police grants in cash terms for two years to 2019/20 and affording Commissioner's increased flexibility to raise council tax over the same period. However, the greater certainty with respect to funding is accompanied by increasing cost pressures following the Government's decision to remove the public sector pay cap and the economic uncertainty regarding Brexit. Training and pension costs are also expected to rise over the short to medium term.

Against this background the 2018/19 budget resources an establishment of 1147 Police Officers, an increase of 25 and a maintenance of Police, Community Support Officers at 95. The budget also supports the roll out of body worn video for all officers, which is expected to provide improved evidence to support criminal justice. The budget provides £116.902m 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 uncertain. Based on the MTFF assumptions savings, will need to be delivered from 2020/21 to balance the budget forecast, which will rise to £3.7m by 2021/2022. The most significant medium term risk to the forecast and delivery of the Police and Crime Plan remains the potential review of the police funding formula, which has now been delayed until the next Comprehensive Spending Review from 2020/21.

In light of the financial outlook above and in the context of the MTFF and savings plans, the Commissioner and the Joint Chief Finance Officer have reviewed the going concern position of the PCC/Group and have concluded that it is appropriate to produce the Commissioner's accounts on a going concern basis.

Acknowledgements

The financial statements were originally authorised for issue by me as Joint Chief Finance Officer on 24 May 2018. Following completion of the audit, they were re-authorised by me on 19 July 2018 and were formally approved by the Police and Crime Commissioner on 19 July 2018.

In closing, it is appropriate to acknowledge the dedication and professionalism of Michelle Bellis the Deputy Chief Finance Officer, Lorraine Holme and the wider finance team in again achieving the closure of accounts and the publication of these Statements against challenging deadlines and complex 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 2018 and its income and expenditure for the year there ended.

Signature removed for publication on website

Roger Marshall CPFA

Joint Chief Finance Officer

Date: 19 July 2018

Signature removed for publication on website

Peter McCall

Police and Crime Commissioner

Date: 19 July 2018.