



**STATEMENT  
OF ACCOUNTS  
2018/19**



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The Chief Constable for Cumbria  
Constabulary

Statement of Accounts 2018/19

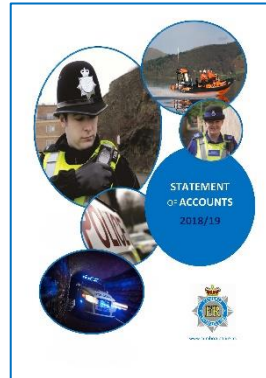
## About this Publication

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



The Statement of Accounts for 2018/19 is available on the Constabulary's website at [www.cumbria.police.uk](http://www.cumbria.police.uk)

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



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

## Alternative Formats



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# The Chief Constable for Cumbria Constabulary

## Statement of Accounts 2018/19

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### The Joint CFO Introduction.

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

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

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

## Introduction

I am pleased to introduce the financial Statement of Accounts for the 2018/19 financial year. This financial statement sets out the single entity statements of the Chief Constable for Cumbria Constabulary. The Police and Crime Commissioner for Cumbria (the Commissioner) has also produced group accounts, which consolidate the single entity statements of the Chief Constable and the Commissioner. The accounts are published in accordance with the Accounts and Audit Regulations 2015.

The statement provides a breakdown of net spending during the year and shows the overall financial position of the Chief Constable as at 31 March 2019. The reporting format is specifically designed to meet the requirements of the Code of Practice on Local Authority Accounting. A series of notes are provided to assist readers in their understanding of the statement, whilst the presentational format is designed to make for easier reading by those who access the document through the Chief Constable's website: [www.cumbria.police.uk](http://www.cumbria.police.uk)

The narrative statement provides a simplified summary of the financial statements with expanded information on the objectives, activities, performance and future financial prospects of the Constabulary. This aims to give the reader greater understanding of the context in which the financial statements are set. The narrative statement is also available as a stand-alone document on the same website. The Commissioner's consolidated financial statements showing the group position can be accessed from the Commissioner's website: <https://cumbria-pcc.gov.uk/>

## Statutory Framework

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

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

The PRSRA 2011 sets out the statutory financial framework for the Commissioner and Chief Constable. The legislation provides for the Secretary of State to issue a financial code of practice in relation to the proper administration of financial affairs. The Home Office, under the legislation, issues a Financial

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

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

## Organisational Structure

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

Operational policing is split into two commands which report to the Assistant Chief Constable. The Territorial Policing command is responsible for neighbourhood

policing, response, management of calls for service and criminal justice. Territorial policing is structured in three geographic areas, which are supported by shared specialist policing resources such as roads policing, dogs and firearms.

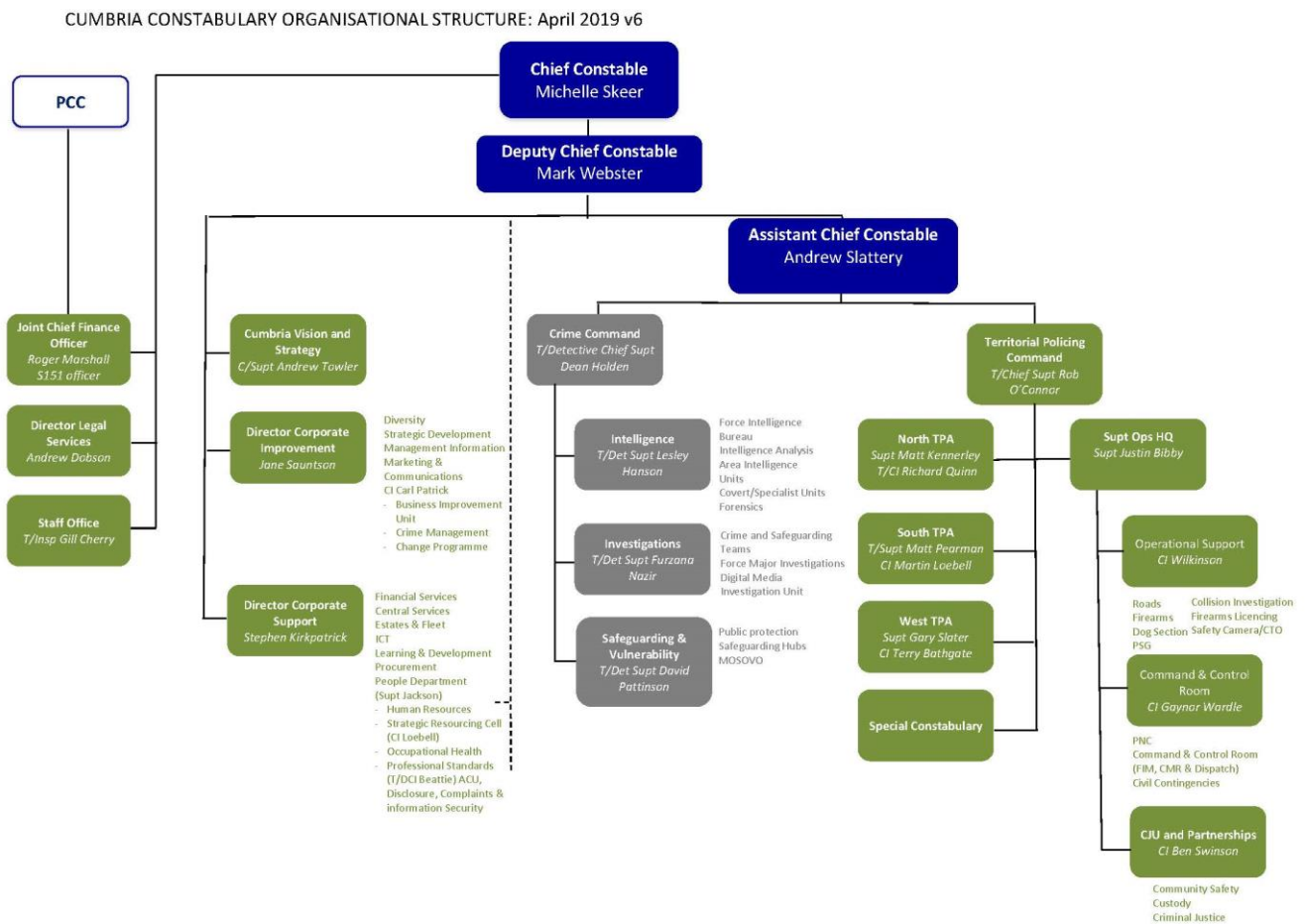
The Crime Command is responsible for investigating crime and includes specialist units for gathering intelligence, major crime investigation, countering serious and organised crime, public protection and scientific support.

There are also two support directorates both of which report to the Deputy Chief Constable. The Corporate Support Directorate includes finance, people, estates, fleet, learning & development, ICT and central services. In overall terms, the Corporate Support directorate aims to provide cohesive and integrated support for operational policing.

The Corporate Improvement Directorate includes a number of corporate functions including strategic development, performance and management information, business improvement unit, marketing and communications and responsibility for coordinating the Constabulary's change programme. Legal Services is a small specialist function, which operates independently from the main directorate structure and provides legal advice to the Chief Constable and Commissioner.

# Joint Chief Finance Officer Narrative Report

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



## Strategic Objectives

For 2018/19, the Chief Constable determined the strategic direction for the Constabulary, which is 'Keeping Cumbria Safe'. Following consultation with a range of stakeholders, the annual review of the Constabulary's Strategic Assessment (based on operational intelligence), demand and resource analysis, performance results, recommendations from independent inspections and audits and a review of the organisation's strategic risks, the Chief Constable developed the core operational priorities for reducing threat, risk and harm and tackling our communities' concerns as follows:

- Responding to the public
- Prevention and deterrence
- Investigation

- Protecting vulnerable people
- Monitoring dangerous and repeat offenders
- Disrupting organised crime
- Responding to major incidents

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

## Chief Constable's Report

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

Nevertheless, there are no grounds for complacency. Over the last year there has been an increase in recorded crime, whilst this is largely attributable to improvements in crime recording methods, there has been an undeniable rise in demand for policing services, most particularly in relation to violent crime. In tandem with this has been a noticeable shift in the profile of offences being recorded by police, with an increase in the complexity of crime, which in turn requires more resources to investigate and to manage offenders. To ensure that we understand and can respond effectively in an ever changing world we continually review our demand.

The rapid advances in digital technology is a double edged sword allowing policing systems and processes to be developed and made more effective, but it also a facilitator of crime and requires new skillsets from policing if it is to be countered effectively. Recognising the scale of this threat the Constabulary is utilising some of the extra officers included in the 2019/20 budget to set up a dedicated Cyber Unit to counter on-line crime. In relation to digital innovation in policing, Cumbria is recognised nationally as being at the leading edge in rolling out mobile technology to its officers and staff with the objective of improving their productivity.

Each year the Constabulary is inspected and graded as part of a regime known as PEEL (Police Efficiency, Effectiveness and Legitimacy) by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). In 2018/19, the Constabulary was graded good in respect of all services. In addition, Cumbria received a thematic inspection in relation to its Crime Data Integrity, for which it was rated as 'Outstanding' and is one of only two forces to receive this grading on first inspection. We will continue to

work with HMICFRS to address the small number of areas, which were identified as areas for improvement.

The future financial position is uncertain. Whilst the additional flexibility afforded to Commissioners to increase the precept in 2019/20 has allowed policing resources to be maintained and a small increase in officer numbers, this takes place in the context of rising costs. Longer term risks in relation to the sustainability of funding, the financial burden of national policing initiatives and potential changes to the police funding formula remain. In the meantime, the Constabulary will continue to operate as efficiently as possible and deliver savings to balance the budget.

The Cumbria 2025 Plan remains pivotal to the delivery of a policing service to meet the future needs of the county. It seeks to bring together business and change planning into a single cohesive plan, which is aligned to the national policing vision. During 2018/19 there has been significant progress in rolling out Local Focus Hubs to provide integrated Neighbourhood Policing in conjunction with partners, use of body worn video, various well-being initiatives to support our workforce and continued development of operational ICT systems such as SAFE (Command and Control) and Red Sigma. The plan will continue to be developed during 2019/20 under the leadership of the Chief Officer team.

In summary, despite the challenges, I will continue to work with the Commissioner and partners across the county to deliver on our core mission of Keeping Cumbria Safe.



## 2018/19 Grant Settlement and Budget

Under the provisions of the Police and Social Responsibility Act 2011, the Commissioner receives external funding, principally in the form of central government grants and council tax. The Commissioner is responsible for setting the budget and maintaining the force through the provision of funding to the Chief Constable. Details of the 2018/19 grant settlement, the Commissioner's overall budget and the level of Council Tax levied are provided in the Commissioner's combined financial statements.

In summary, the Government have recognised the financial challenges in maintaining policing services. Accordingly, in 2018/19 formula grant funding was protected in cash terms at £58.710m and Commissioners were allowed greater flexibility to raise council tax by up to £12 for a band D property. Following public consultation the Commissioner increased the precept by £11.97 for a band D property, which is equivalent to 5.42%. This enabled services to be maintained offsetting the effect of pay and price increases, but also allowed an investment in an additional 25 officers ring fenced to work in local policing.

## Business Activity

In addition to the day to day work of Protecting the People of Cumbria, the Constabulary, through its change programme and business strategies, has sought to identify savings and innovative ways to increase the productivity of its officers and staff. During 2018/19 we have made the following changes to enhance services:

- Undertook extensive demand and activity analysis for operational staff and investigative and safeguarding staff to inform how we need to allocate resources to manage demand.
- Strengthened arrangements for crime management including the development of an action plan and training to improve ethical crime reporting standards.
- Undertook a range of audits and knowledge checks across the operational policing portfolio to improve services for victims.
- Continued the implementation plan for the new Command and Control system with the aim of improving response to 999 and 101 calls.
- Rolled out the next phases of the crime system – crime management and safeguarding modules
- Introduced an automated annual leave system to reduce paperwork and make significant financial savings.
- Implemented a range of products and upgrades to improve ICT security.
- Implemented the business benefits strategy to ensure that all productivity gains from ICT systems are captured and delivered.

## Performance

### Summary Budget and Outturn

The Chief Constable's budget amounting to £116.9m is based upon the funding agreement with the Commissioner.

The table below shows the summary budget for 2018/19 as set on 14 February 2018, the revised budget (taking into account budget changes made during the year) and the outturn position.

# Joint Chief Finance Officer Narrative Report

Summary Budget & Outturn	Base Budget 2018/19 £000s	Revised Budget 2018/19 £000s	Outturn 2018/19 £000s	(Under)/Overspend 2018/19 £000s
Police Officers	82,603	80,918	81,967	1,049
PCSOs	3,131	3,131	2,867	(264)
Police Staff	20,685	21,007	21,198	191
Other Employee	1,160	1,935	2,099	164
Transport	2,171	2,130	2,171	41
Supplies & Services	9,828	10,059	9,723	(336)
Third Party Related	2,108	2,062	2,053	(9)
<b>Total Expenditure</b>	<b>121,686</b>	<b>121,242</b>	<b>122,078</b>	<b>836</b>
Income	(4,784)	(6,062)	(6,681)	(619)
<b>Total Constabulary</b>	<b>116,902</b>	<b>115,180</b>	<b>115,397</b>	<b>217</b>

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

The budget is predominantly made up of funding for employee costs, amounting in total to £107.58m, which is broken down into Police Officers £82.60m, PCSO's £3.13m, Police Staff £20.69m and other employee costs of £1.16m. The remainder of the budget relates to non-staff costs including, transport costs of £2.17m and supplies/other costs of £11.94m. Income of £4.78m, which is generated through policing activities, is also shown within the Chief Constable's budget.

## In-Year Financial Performance

**Revenue Expenditure:** The Chief Constable's outturn position for 2018/19, compared to the revised budget is an overspend of £0.217m.

During the year the police pay budget, in particular, came under significant pressure through a combination of:

- Recruiting the additional 25 officers, associated with the Commissioner's 2018/19 council tax pledge, earlier than anticipated.
- A decision to recruit a further 20 officers over establishment, to provide an insurance against possible future recruitment delays when new police training arrangements are introduced in 2019/20.
- The requirement to fund a higher than budgeted number of police ill health retirements during the year under police pension regulations.

Interim forecasts during the financial year indicated that the Constabulary could be overspent by up to £750k for the reasons outlined above. In the event, a combination of pro-active management of budgets, lower than expected expenditure on supplies and services in the latter part of the year and generation of additional income brought the final overall expenditure much closer to budget.

**Capital Expenditure:** Under the terms of the funding arrangement between the Commissioner and the Chief Constable, all non-current assets are under the control of the Commissioner. Details of capital expenditure and funding in relation to the acquisition and enhancement of assets, which amounted to £5.214m in 2018/19 are shown in the financial statements of the Commissioner. The principal component of this expenditure was £2.2m on upgrade of the Estate including £1.8m on a new deployment centre for Eden. Expenditure on ICT related schemes amounted to £2.0m, the largest single element of which was £1.2m

# Joint Chief Finance Officer Narrative Report

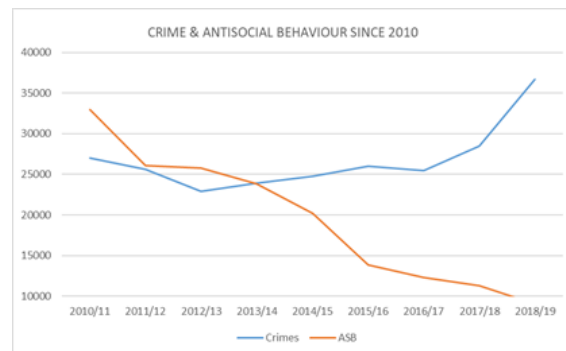
on a new command and control system, which will be fully implemented in 2019/20. A further £0.9m was expended on the cyclical replacement of the vehicle fleet. Overall capital expenditure was lower than budgeted, however, this was largely attributable to expected large milestone payments for the Eden Deployment Centre and the Command and Control system falling into early 2019/20 rather than being indicative of large scale slippage on the programme.

Earlier in 2018/19 an underspend of £0.9m on the Business Analytics and Intelligence project was declared. The resulting saving has been used to offset the revenue overspend in the year.

## Organisational Performance

The Constabulary operates a comprehensive framework of performance measures to ensure it is meeting its objectives and support the Commissioner in delivering his Police and Crime Plan. The following section provides a summary of performance in relation to crime, incidents and other outcomes for 2018/19.

- Crime increased by 29% (8,187 crimes). This is, in the main, attributable to improved crime recording.
- The biggest impact of improved crime recording is on lower level crime categorised as violent crime without injury, which has increased by 74% (3,980 crimes).
- We set out to increase reporting of rape and sex offences and this increased by 26% (342 offences).
- Overall theft offences have increased by 6% (558 offences), however there has been a 3% reduction in burglary offences (-53 offences).



- We have delivered a further 19% reduction in Anti-Social Behaviour, which has reduced to 9,063 incidents over the year.
- Domestic abuse incidents increased by 695 or 9.6% indicating greater public confidence in reporting.
- Whilst Cumbria generally has a low level of hate crime compared to other forces both nationally and in the North West, the latest figures for hate crime show an annual increase of 110 crimes, which represents an increase of 26%. This indicates that the public have increased confidence in reporting such crimes.

The table below summarises the Constabulary's performance indicators.

	Number of Crimes 2018/19	% Change from previous year
<b>All Crime</b>	<b>36,713</b>	<b>29%</b>
Violence against the person	14,242	53%
Homicide	4	33%
Violence with injury	4,937	25%
Assault - cause serious harm	211	77%
Assault with injury	4,702	23%
Other violence with Injury	24	-23%
Violence without injury	9,301	74%
Assault without injury	5,080	39%
Assault without injury on a Constable	270	24%
Harassment	3,593	193%
Other violence without injury	358	40%
Rape and sexual offences	1,667	25%
Robbery	142	49%
Theft offences	9,758	6%
Burglary	2,009	-3%
Vehicle offences	1,171	0%
Criminal damage and arson offences	5,580	9%
Drugs offences	1,003	18%
Public order offences	3,294	87%

# Joint Chief Finance Officer Narrative Report

Her Majesty's Inspector of Constabulary Fire and Rescue Services (HMICFRS) has graded the Constabulary as providing a good service across all aspects of the Police, Efficiency, Effectiveness and Legitimacy. Areas inspected included:

- Preventing crime and tackling anti-social behaviour.
- Crime investigation and reducing re-offending.
- Protecting vulnerable people.
- Tackling serious and organised crime.
- Use of resources.
- Planning future demand.
- Treating people it serves fairly.
- Ethical behaviour of the workforce
- Treating the workforce with fairness and respect.

The Constabulary has also been graded as outstanding in a thematic inspection of crime data integrity, one of only two forces to receive this grade on first inspection.

## People

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

During 2018/19, the Constabulary built on the People Strategy established in 2016/17, which brings together the key themes of:

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

Initiatives under the People Strategy in 2018/19 included the development of strengths based conversations to replace the previous performance development process and the promotion of citizens in policing, with particular emphasis on engagement with young people through cadets and mini police.

At the 31<sup>st</sup> March 2019 the Constabulary employed:

- 1151 Police Officers
- 84 PCSOs
- 596 Police staff

(all expressed in full time equivalents)

As part of the Commissioner's council tax pledge in 2018/19, a strategic decision was taken to increase the police officer establishment by 25fte, from 1,120 FTE to 1,145 to work in local policing roles. The additional posts were recruited to early in the financial year. Over 2018/19 the numbers of police staff and PCSOs operated slightly below establishment. The budget for 2019/20 includes provision for a further 20 additional officers.

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

Actual Employees as at 31 March 2019	CC		Total FTE
	Male FTE	Female FTE	
Directors/Chief Officers	7.5	2.0	9.5
Senior Managers	8.0	7.0	15.0
All Other Employees	952.7	853.9	1,806.5
<b>Total CC Employees</b>	<b>968.2</b>	<b>862.9</b>	<b>1,831.0</b>

The 2018/19 average percentage of working time lost due to sickness remained consistent with previous years. Police officer rate had a negligible reduction to

3.51% (approx. 8 working days) whilst police staff showed a slight reduction to 2.73% (7 working days).

An attendance action plan is in place with a wide range of actions to pro-actively manage sickness.

A Wellbeing Strategy has been put in place, with the aim of promoting and encouraging health and wellbeing at work. Work on promoting and improving well-being during 2018/19 included the:

- Investment in further Wellbeing initiatives in the Constabulary and the training of Mental Health First Aiders who can signpost staff for early help and support.
- Investment in a Strength Based Conversation model that promotes a coaching approach by managers, and helps to build resilience in our employees.
- Streamlined processes in duty management so staff can access automated leave systems
- Investment in anti-corruption software and resources to safeguard the safety and wellbeing of the workforce.
- Revision of grievance and mediation handling services so that the constabulary can positively support staff in the workplace

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

1) To provide an equitable, responsive and appropriate service to all communities in Cumbria, encouraging and supporting the reporting of

crime, appropriate use of services and promotion of health and well-being.

- 2) To engage with communities and stakeholders internally and externally, improving communication and building confidence and trust in the public sector in Cumbria, to ensure that all communities have a voice. Embedding equality into everyday business and processes to ensure all staff contribute to meeting these objectives.
- 3) Building an inclusive and supportive working environment that encourages development, progression and retention of staff. Creating a culture where all staff feel valued and where people want to work.

The Constabulary recognises the importance of developing the skills and knowledge of its workforce. The Constabulary's has an annual training plan, which aims to ensure that officers, PCSOs and staff are equipped with the requisite skills to perform their role, including mandatory accreditation for specialist responsibilities. During 2018/19, particular training resource was directed to:

- National Crime Recording Standards
- Mental health.
- Leadership and skills course for sergeants, with an equivalent programme for inspectors being developed.
- ICT skills to get the best from systems such as SAFE (Command & Control), Red Sigma and Office 365.

The training plan was delivered through a strategic training collaboration with Lancashire Police, which has delivered benefits through increased capacity to deliver training and cost reductions.

## Sustainability

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

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

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

The estate is served by a force wide building management system which is used for:

- Regular monitoring and control of consumption.
- Controlling mechanical building services.

Each year a programme to introduce low energy technology, including LED lighting and low emission air conditioning across the estate is undertaken.

An emerging programme of work is being undertaken to promote the use of agile and partnership working. This will reduce travel between sites and improve space efficiency at a number of sites.

For many years the Constabulary has operated a recycling policy. Later this year a refresh of the internal energy management procedures will be completed, with a strong emphasis being placed on local energy management.

In line with the national fleet strategy, the Constabulary currently operates a diesel fleet, with this strategy being continually reviewed as technology advances. During 2019 the first full electric vehicles will be introduced into the fleet. Two of these vehicles will be operational within the Eden area. Their use will be monitored and evaluated and the strategy of vehicle replacement will be adapted to meet the technology that is available both in the short and longer term. To support this, the estate will soon be equipped with its first electric charging points creating the infrastructure to support the roll out of an electric car programme.

The fleet includes vehicles of many different types, which are required to perform a number of roles. Each role has specific targets for omissions and the purchasing criteria for new vehicles dictates that they must be within these limits.

Vehicles are purchased on a national framework, which includes sustainability and environmental criteria. The maintenance of vehicles is carried out at garages located strategically throughout the county, reducing downtime and transportation. Parts are bought locally

and make use of the wider local supply chain where possible.

Work is being undertaken on a review of hire car procedures with an emphasis being placed on improved utilisation of hire cars. In addition, suppliers will be required to provide green fleet including a mix of electric vehicles.

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

## The Financial Statements

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

The key financial statements are:

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

## Comprehensive Income and Expenditure Statement

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

The table below sets out a summary CIES statement.

Summary CI&ES	Gross Expenditure 2018/19 £000s	Gross Income 2018/19 £000s	Net Expenditure 2018/19 £000s
Cost of Police Services	161,498	(378)	<b>161,120</b>
Funding Provided by PCC to CC	0	(110,897)	<b>(110,897)</b>
<b>Cost of Services</b>	<b>161,498</b>	<b>(111,275)</b>	<b>50,223</b>
Financing Costs and Investment Income	34,805	(3,591)	<b>31,214</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>196,303</b>	<b>(114,866)</b>	<b>81,437</b>
Other Comprehensive Income and Expenditure			<b>40,038</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>121,475</b>

The statement shows that the gross cost of providing policing services amounted to £161.498m in 2018/19. This figure included the costs of neighbourhood policing, incident response, crime investigation, roads policing, communication with the public, criminal justice arrangements and a range of support services.

In addition, the CIES also records a number of technical adjustments including 'financing costs & investment income' £31.214m and 'other comprehensive income & expenditure' net expenditure of £40.038m. These adjustments principally relate to changes to future

pensions obligations over the year based on proper accounting practices. The overall effect of the cost of providing services and the pensions adjustment is to produce an accounting deficit of £121.475m for the year, which largely impacts on unusable pensions reserves. The analysis on page 8 of this summary, based on the management accounts, shows an overspend of £0.217m.

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

## Movement in Reserves Statement

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

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

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

Summary Movement in Reserves	Balance 31/03/2018 £000s	Movements 2018/19 £000s	Balance 31/03/2019 £000s
Police Pensions Reserve	(1,187,670)	(108,630)	(1,296,300)
LGPS Pensions Reserve	(40,009)	(12,645)	(52,654)
Accumulated Absences Reserve	(2,750)	(306)	(3,056)
<b>Total Reserves</b>	<b>(1,230,429)</b>	<b>(121,581)</b>	<b>(1,352,010)</b>

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

The Chief Constable's movements in reserves statement principally records the Chief Constable's negative reserves in relation to the Police and Local Government Pension Schemes, reflecting the requirement to record pension assets and liabilities as they are earned rather than when they become due for payment. During 2018/19, the overall negative balance on both the police and local government pensions schemes have increased, largely as a result of changes to actuarial assumptions.

All usable reserves are controlled by the Commissioner and are recorded in the balance sheet of the Commissioner, who formally recognises the need to provide contingencies to meet unplanned and planned expenditure in the future. The Commissioner's usable reserves include a general reserve of £3.0m to meet unplanned risks and earmarked reserves of £18.9 for specific revenue and capital purposes. During 2018/19, a total of £1.0m has been drawn down from the Commissioner's earmarked reserves to fund revenue and planned capital expenditure in the year.

## The Balance Sheet

The Balance Sheet shows the value as at the balance sheet date (31 March 2019) of the Chief Constable's assets and liabilities.



# Joint Chief Finance Officer Narrative Report

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

Summary Balance Sheet	Balance	Balance
	31/03/2018	31/03/2019
	£000s	£000s
Current Assets	14,690	10,638
Current Liabilities	(16,042)	(12,361)
Long Term Liabilities	(1,229,077)	(1,350,287)
<b>Net Liabilities</b>	<b>(1,230,429)</b>	<b>(1,352,010)</b>
Unusable Reserves	(1,230,429)	(1,352,010)
<b>Total Reserves</b>	<b>(1,230,429)</b>	<b>(1,352,010)</b>

The Chief Constable's current assets (£10.6m) are comprised of the Chief Constable's share of short-term debtors and the balance of funding between the Commissioner and the Chief Constable. Current liabilities (£12.4m) reflect amounts owed by the Chief Constable. They include the Chief Constable's share of short-term creditors and the balance of funding between the Chief Constable and the Commissioner. Long-term liabilities (£1,350m) represent the Chief Constable's share of the pensions deficit together with a small number of provisions to meet future liabilities. The net assets (assets less liabilities) are matched on the balance sheet by the Chief Constable's reserves. The balance sheet reserves reflect the position at year end and therefore match the final position shown in the movement in reserves statement. The balance sheet is shown on page 27 in the full statement of accounts.

The Chief Constable's 2018/19 balance sheet shows a combined pensions deficit of £1,349m (£1,228m in 2017/18) for the LGPS and the Police Pension Scheme to which its employees and former employees belong. However, statutory arrangements for funding the deficit, through increased contributions over a period designed to balance the pensions account and central

government funding mean that the financial position of the Chief Constable remains healthy.

## The Cash Flow Statement

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

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

Summary Cash Flow Statement	Cash flows	Cash flows
	2017/18	2018/19
	£000s	£000s
<b>Cash &amp; Cash Equivalents 1 April</b>	<b>0</b>	<b>0</b>
Net (Surplus)/Deficit on the provision of services	27,404	81,437
Adjustments for Non-cash Movements	(27,404)	(81,437)
<b>Net Cash Flows from Operating Activities</b>	<b>0</b>	<b>0</b>
<b>Cash &amp; Cash Equivalents 31 March</b>	<b>0</b>	<b>0</b>

## Police Officer Pension Fund Account

This statement sets out the transactions on the Police Officer pension fund account for the year. The statement records all of the contributions that have been made to the pension fund during the year. These are primarily contributions from employees and the Constabulary as employer. Contribution rates are set

# Joint Chief Finance Officer Narrative Report

nationally by the Home Office. There are also small amounts of other contributions, either from officers joining the scheme in the year and transferring in existing pensions benefits or additional contributions from the employer to cover the cost of ill-health retirements.

*The Annual Governance Statement of the Chief Constable can be found in (Annex D) of this Statement of Accounts on pages AGS 1-21 or on the Constabulary website at: [www.cumbria.police.uk](http://www.cumbria.police.uk).*

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

A summary of the pension fund is shown below.

Summary Police Pension Fund	Pension Fund A/C 2017/18 £000s	Pension Fund A/C 2018/19 £000s
Contributions - Employer	(8,194)	(8,506)
Contributions - Officers	(5,185)	(5,372)
Contributions - Other	(357)	(578)
Benefits Payable	35,724	35,878
Other Payments	32	79
<b>Net Amount Payable</b>	<b>22,020</b>	<b>21,501</b>
Contribution from Home Office	(20,918)	(20,343)
Additional Funding Payable by the Constabulary (2.9%)	(1,102)	(1,158)
Net Amount Payable	0	0

The statement identifies contributions made in 2018/19 totaling £14.46m. The pension benefits that are payable from the fund, together with other payments amounted to £35.96m. The balance between contributions and pensions' benefits paid of £20.34m has been funded by the Home Office. The full pensions fund accounts and note can be found on pages 50-51 of the full statement of accounts.

## Supporting Information to the Financial Statements

The key financial statements are supplemented by an explanation of the accounting policies used in preparing the statements which are shown alongside the relevant note in the accounts or in Annex A where they are generic to the accounts as a whole. They also contain a comprehensive set of notes that explain in more detail a number of entries in the primary financial statements. A glossary of terms provides an explanation of the various technical accounting terms and abbreviations. The statements are published alongside the Annual Governance Statement for the Chief Constable in accordance with the 2015 Accounts and Audit (England) Regulations.

## The Financial Outlook

The financial statements provide a breakdown of net spending during the year with the balance sheet showing the strong overall financial position of the Commissioner and Chief Constable as at 31 March 2019. This has primarily arisen as a result of positive action on behalf of the Constabulary to reduce costs in the context of past and potential future reductions in

government funding. A reserves policy has been developed, which seeks to balance pro-actively utilising reserves to support current policing services with maintaining reserves at a level that provides some financial resilience.

Looking forward, the 2019/20 grant settlement was better than anticipated:

- Providing additional grant funding to meet increased employer pension contribution rates for police officer pensions.
- Giving commissioner's the flexibility to increase council tax levels by a maximum of £24 pa for a band D property.
- Delaying any changes to the Police Funding Formula until after the next comprehensive spending review and are unlikely to be introduced until at least 2021/22.

Following public consultation the Commissioner set the council tax precept for 2019/20 at close to the maximum level, which represented an increase of 10.29%. Whilst the increase in funding is welcome, it does not represent a significant real increase in resources in the context of rising wages and other costs and the increased demand for services.

The Constabulary's budget is set in the context of a four year medium term financial forecast (MTFF) to 2022/23, which assumes continuing funding restraints and cost pressures arising from the implementation of new technology including the new Emergency Services Network and proposed professionalisation of police training. The financial outlook is particularly uncertain and will depend on the outcome of the Government's Comprehensive Spending Review, which will be concluded in Autumn 2019, and the economic impact of Brexit on the national finances. There are also

financial risks regarding whether the additional pension grant provided in 2019/20 will be maintained in future years and over the sustainability of a funding model which relies on local taxpayers to meet all cost increases. Based on the MTFF, savings will be required to balance the budget from 2020/21, which will rise to £4.1m by 2022/23.

The Commissioner and Chief Constable recognise that, having already delivered £26m of savings since 2010, future savings will be hard won. They continue to work towards developing and implementing organisational changes that will seek to address the future gap between expenditure and income and consider the level of savings highlighted in the MTFF to be achievable.

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

## Risks

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

The Constabulary's highest scoring strategic risk relates to the potential reduction in service delivery, safety and ultimately public confidence, which could result from a real terms loss of funding, arising from a

combination of funding failing to keep pace with increases in the cost of providing services, the potential impact of changes to the police funding formula or the cost of national policing initiatives.

The threat to performance and additional cost implications of implementing the Emergency Services Network, which is a national system to replace the force's radio communications, continues to be recognised in the risk register and is likely to remain until the project is implemented.

Ensuring the provision of medical care within custody units remains a challenge, which is reflected in the strategic risk register.

Other strategic risks recognise the potential impact of constant change on performance across the organisation, the continued challenge of answering 999 and non emergency calls within a reasonable time period, the increasing threats from acts of terrorism and digital crime, compliance with General Data Protection Regulations and lack of professional procurement capability within the organisation.

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

## Change Programme

The Constabulary's change programme remains pivotal in identifying and delivering potential savings, it now forms an integral part of the Cumbria 2025 vision project to ensure that a holistic approach to service delivery linked to changing service demand is adopted.

Planned work streams to generate savings include:

- Realising benefits from investments in digital technology to improve the efficiency of both operational and business systems and processes.
- Use of business analytics and intelligence to improve management information and generate efficiencies.
- Extending the concept of consolidation of operational resources into hubs, including locality based multi-agency working, with the aim of improving productivity and capacity.
- Realising workforce efficiencies.
- Improving the efficiency of business systems and procedures to better support operational policing.
- Exploiting opportunities for collaboration with other partners.
- Specific reviews of business activities.

## Acknowledgements

The financial statements were originally authorised for issue by me as Joint Chief Finance Officer, on 23 May 2019. Following completion of the audit, they were re-authorised by me on 25 July 2019 and were formally approved by the Chief Constable on the following day.

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

**Roger Marshall**

**Joint Chief Finance Officer**

The accounts present a true and fair view of the position of the Chief Constable for Cumbria Constabulary as at 31 March 2019 and its income and expenditure for the year there ended.

Signature removed for publication on website

Roger Marshall CPFA

Joint Chief Finance Officer

Date: 25 July 2019

Signature removed for publication on website

Michelle Skeer QPM

The Chief Constable for Cumbria Constabulary

Date: 26 July 2019

# Responsibilities for the Statement of Accounts

## 1 The Chief Constable's Responsibilities

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

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

## 2 The Joint Chief Finance Officer's Responsibilities

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

In preparing this Statement of Account, the CFO has:

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

The CFO has also:

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

The CFO should sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the organisation at the reporting date and its income and expenditure for the year ended 31 March 2018.



## Independent auditor's report to the Chief Constable for Cumbria Constabulary

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Chief Constable for Cumbria Constabulary for the year ended 31 March 2019 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies and Annexes A, B, C and D and include the Police Officer Pension Fund Account comprising the Police Officer Pension Fund Account, Pension Fund Net assets and Liabilities and the notes to financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19. In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Joint Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Joint Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The Joint Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, Joint Chief Finance Officer Narrative Report, and Annex D - Annual Governance Statement other than the financial statements and, our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Chief Constable obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on

# Independent Auditor's Report

the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

## **Opinion on other matter required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Chief Constable gained through our work in relation to the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Joint Finance officer Narrative Report, Annex D - Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

## **Responsibilities of the Chief Constable and the Joint Chief Finance Officer for the financial statements**

As explained more fully in the Responsibilities for the Statement of Accounts the Chief Constable is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Joint Chief Finance Officer. The Joint Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Joint Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Joint Chief Finance Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Chief Constable will no longer be provided.



# Independent Auditor's Report

The Chief Constable is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements - Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

### **Responsibilities of the Chief Constable**

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

## **Auditor's responsibilities for the review of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

## **Report on other legal and regulatory requirements - Certificate**

We certify that we have completed the audit of the financial statements of the Chief Constable for Cumbria in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

# Independent Auditor's Report

## Use of our report

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

*Robin Baker*

Robin Baker

for and on behalf of Grant Thornton UK LLP, Local Auditor  
Liverpool  
31 July 2019

# Comprehensive Income and Expenditure Statement

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

Comprehensive Income and Expenditure Statement (CC)		Notes	CC 2017/18 Gross Expenditure re-stated £000s	CC 2017/18 Gross Income re-stated £000s	CC 2017/18 Net Expenditure re-stated £000s	CC 2018/19 Gross Expenditure £000s	CC 2018/19 Gross Income £000s	CC 2018/19 Net Expenditure £000s
	Cost of Policing and Crime Services	#	99,634	(355)	99,279	161,498	(378)	161,120
	Funding Provided by PCC to CC		0	(105,851)	(105,851)	0	(110,897)	(110,897)
	<b>Cost of Policing and Crime Services</b>		<b>99,634</b>	<b>(106,206)</b>	<b>(6,572)</b>	<b>161,498</b>	<b>(111,275)</b>	<b>50,223</b>
	<b>Financing and Investment Income and Expenditure</b>							
	Net Interest on the net defined benefit liability (asset)	Annex C	37,304	(3,328)	33,976	34,805	(3,591)	31,214
			<b>37,304</b>	<b>(3,328)</b>	<b>33,976</b>	<b>34,805</b>	<b>(3,591)</b>	<b>31,214</b>
	<b>(Surplus) or Deficit on Provision of Services</b>		<b>136,938</b>	<b>(109,534)</b>	<b>27,404</b>	<b>196,303</b>	<b>(114,866)</b>	<b>81,437</b>
	Remeasurement of the net defined pension benefit liability/asset	Annex C			(88,822)			40,038
	<b>Other Comprehensive Income and Expenditure</b>				<b>(88,822)</b>			<b>40,038</b>
	<b>Total Comprehensive Income and Expenditure</b>				<b>(61,418)</b>			<b>121,475</b>

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

# Movement in Reserves Statement

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

The figures for the Chief Constable in 2018/19 are provided in the table below:

Movement in Reserves Statement (CC) Figures for 2018/19										
	Note	Balance at 1 April 2018	Adjustment to Opening Balance 1 April 2018	Surplus/ (deficit) on the provision of services	Other comprehensive income and expenditure	Total comprehensive income and expenditure	Adjustment between accounting basis and funding basis under regulations (Note 7)	Net increase / (decrease) before transfers to/from earmarked reserves	Increase/ (decrease) in 2018/19	Balance at 31 March 2019
		£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Usable Reserves</b>										
Chief Constable's Constabulary Fund	-	0	0	(81,437)	0	(81,437)	81,437	0	0	0
<b>Total Usable Reserves</b>		<b>0</b>	<b>0</b>	<b>(81,437)</b>	<b>0</b>	<b>(81,437)</b>	<b>81,437</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Unusable Reserves</b>										
Chief Constable's Police Pension Reserve	14a	(1,187,670)	0	0	(33,050)	(33,050)	(75,580)	(108,630)	(108,630)	(1,296,300)
Chief Constable's LGPS Pension Reserve	14a	(40,009)	(106)	0	(6,988)	(6,988)	(5,551)	(12,539)	(12,539)	(52,654)
Chief Constable's Accumulated Absences Account	14b	(2,750)	0	0	0	0	(306)	(306)	(306)	(3,056)
<b>Total Unusable Reserves</b>		<b>(1,230,429)</b>	<b>(106)</b>	<b>0</b>	<b>(40,038)</b>	<b>(40,038)</b>	<b>(81,437)</b>	<b>(121,475)</b>	<b>(121,475)</b>	<b>(1,352,010)</b>
<b>Total Reserves</b>		<b>(1,230,429)</b>	<b>(106)</b>	<b>(81,437)</b>	<b>(40,038)</b>	<b>(121,475)</b>	<b>0</b>	<b>(121,475)</b>	<b>(121,475)</b>	<b>(1,352,010)</b>

The comparative figures for 2017/18 are provided in the table below:

Movement in Reserves Statement (CC) Figures for 2017/18										
	Note	Balance at 1 April 2017	Surplus/ (deficit) on the provision of services	Other comprehensive income and expenditure	Total comprehensive income and expenditure	Adjustment between accounting basis and funding basis under regulations (Note 7)	Net increase / (decrease) before transfers to/from earmarked reserves	Increase/ (decrease) in 2017/18	Balance at 31 March 2018	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
<b>Usable Reserves</b>										
Chief Constable's Constabulary Fund	-	0	(27,404)	0	(27,404)	27,404	0	0	0	
<b>Total Usable Reserves</b>		<b>0</b>	<b>(27,404)</b>	<b>0</b>	<b>(27,404)</b>	<b>27,404</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Unusable Reserves</b>										
Chief Constable's Police Pension Reserve	14a	(1,243,120)	0	78,700	78,700	(23,250)	55,450	55,450	(1,187,670)	
Chief Constable's LGPS Pension Reserve	14a	(45,878)	0	10,122	10,122	(4,253)	5,869	5,869	(40,009)	
Chief Constable's Accumulated Absences Account	14b	(2,849)	0	0	0	99	99	99	(2,750)	
<b>Total Unusable Reserves</b>		<b>(1,291,847)</b>	<b>0</b>	<b>88,822</b>	<b>88,822</b>	<b>(27,404)</b>	<b>61,418</b>	<b>61,418</b>	<b>(1,230,429)</b>	
<b>Total Reserves</b>		<b>(1,291,847)</b>	<b>(27,404)</b>	<b>88,822</b>	<b>61,418</b>	<b>0</b>	<b>61,418</b>	<b>61,418</b>	<b>(1,230,429)</b>	

# Balance Sheet

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

Balance Sheet	Notes	CC	CC
		31 March 2018	31 March 2019
		£000s	£000s
Inventories		232	273
Short Term Debtors (amounts owed to CC by PCC re CC share of external Debtors)	10	4,268	2,730
Short Term Debtors (amounts owed to CC by employees re accumulated absences)	10	118	158
Short Term Debtors (funding balance owed to CC by PCC)	10	10,072	7,477
<b>Current Assets</b>		<b>14,690</b>	<b>10,638</b>
Short Term Creditors (amounts owed by CC to PCC re share of external creditors)	11	(8,674)	(6,144)
Short Term Creditors (amounts owed by CC to employees re accumulated absences)	11	(2,868)	(3,214)
Short Term Creditors (funding balance due from CC to PCC)	11	(4,500)	(3,003)
<b>Current Liabilities</b>		<b>(16,042)</b>	<b>(12,361)</b>
Provisions	12	(1,398)	(1,333)
Other Long Term Liabilities			
Pensions liability - Police	Annex C	(1,187,670)	(1,296,300)
Pensions liability - LGPS	Annex C	(40,009)	(52,654)
<b>Long Term Liabilities</b>		<b>(1,229,077)</b>	<b>(1,350,287)</b>
<b>Net Liabilities</b>		<b>(1,230,429)</b>	<b>(1,352,010)</b>
<b>Unusable Reserves</b>			
Pensions Reserve - Police	14a	(1,187,670)	(1,296,300)
Pensions Reserve - LGPS	14a	(40,009)	(52,654)
Accumulated Absences Account	14b	(2,750)	(3,056)
		<b>(1,230,429)</b>	<b>(1,352,010)</b>
<b>Total Reserves</b>		<b>(1,230,429)</b>	<b>(1,352,010)</b>

The unaudited accounts were issued on 23 May 2019 and the audited accounts were authorised for issue on 25 July 2019.

Signature removed for publication on website

Signed: \_\_\_\_\_

Roger Marshall, Joint Chief Finance Officer.

# Cash Flow Statement

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

Cash Flow Statement (CC)		CC 2017/18 £000s	CC 2018/19 £000s
	Net (Surplus) or Deficit on the provision of services	27,404	81,437
	Adjustment to net surplus or deficit on the provision of services for non-cash movements	CF1 (27,404)	(81,437)
	<b>Net cash (inflow)/ outflow from Operating Activities</b>	<b>0</b>	<b>0</b>
	<b>CF1 - The Adjustment to net surplus or deficit on the provision of services for non-cash movements are made up as follows:</b>		
	Pension Liability (Contributions to/from Pensions Reserve)	(27,503)	(81,131)
	Debtors - Adjustment re CC Share of Debtors	(134)	(1,498)
	Debtors - Adjustment re Balance of Funding due from PCC to CC	3,507	(2,595)
	Creditors - Adjustment re CC Share of Creditors	(3,378)	2,185
	Creditors - Adjustment re Balance of Funding due from CC to PCC	188	1,497
	Stock - Change in Balance Sheet	(21)	40
	Provisions - Change in Balance Sheet	(63)	65
	<b>Adjustment to net surplus or deficit on the provision of services for non-cash movements</b>	<b>(27,404)</b>	<b>(81,437)</b>

# Notes to the Accounts

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The notes to the accounts are provided to aid the understanding of material items within the core financial statements. As a general rule, the column showing the figures for 2018/19 will be highlighted, whilst the comparatives for 2017/18 (where provided) will not.

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

# Notes to the Accounts

## 1 Accounting Policies

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

## 2 Critical Judgements in Applying Accounting Policies

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

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

## 3 Events after the Balance Sheet Date

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

The Statement of Accounts was authorised for issue by the Joint Chief Finance Officer on 25 July 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

### Accounting Policy - Events after the Balance Sheet Date

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

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

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



# Notes to the Accounts

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

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

The items in the Chief Constable's balance sheet as at 31 March 2019 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<a href="#">Provisions</a>	The Chief Constable has made a provision of £279k for the settlement of insurance liabilities for a number of eventualities which are not covered by external insurers. The provision is based on an actuarial estimate but it is not yet certain that all valid claims have yet been received by the Chief Constable.	An increase over the forthcoming year of 10% in either the number of claims received or the estimated average settlement would each have the effect of adding £28k to the provision needed.
	The Chief Constable has made a provision of £819k in relation to the potential cost of legal claims against the Constabulary which are currently ongoing.	An increase over the forthcoming year of 10% in either the number of claims received or the estimated average settlement would each have the effect of adding £82k to the provision needed.
	The Chief Constable has made a provision of £235k in relation to the potential cost of capital equivalent costs associated with three ill health retirements agreed in 2018/19 but for which an appeal process can still be undertaken.	A 10% increase over the estimated average settlement would have the effect of adding £23k to the provision needed.
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>Two firms of consulting actuaries are engaged to provide the Chief Constable with expert advice about the assumptions to be applied for both the Police Pension Scheme (Government Actuaries Department) and the Local Government Pension Scheme (Mercer Ltd).</p>	The effects on the net pension liability of changes in individual assumptions can be measured. Examples of the impact of changes in individual assumptions is included in the sensitivity analysis provided in the technical annex to the accounts Annex C, Pensions on pages 61-70.

# Notes to the Accounts

## 5 Expenditure and Funding Analysis

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

The figures for the Chief Constable in 2018/19 and comparatives for 2017/18 are provided in the table below:

Expenditure and Funding Analysis (CC)	Net Expenditure Chargeable to the Police Fund balance and as reported for resource management	CC 2017/18 Adjustments between Funding and Accounting Basis (Note 5 & 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the Police Fund balance and as reported for resource management	CC 2018/19 Adjustments between Funding and Accounting Basis (Note 5 & 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost of Policing &amp; Crime Services</b>						
Police Officer Pay & Allowances	57,842	(9,570)	48,272	61,129	(9,220)	51,909
PCSO Pay & Allowances	3,011	(388)	2,623	2,852	(341)	2,511
Police Staff Pay & Allowances	19,409	3,485	22,894	21,417	3,229	24,646
Other Employee Budgets	2,875	0	2,875	3,340	0	3,340
Premises Related Expenditure	5,285	0	5,285	5,332	0	5,332
Transport Related Expenditure	2,807	0	2,807	3,249	0	3,249
Supplies & Services Expenditure	11,846	0	11,846	12,457	0	12,457
Third Party Related Expenditure	1,445	0	1,445	1,310	0	1,310
Technical Accounting Adjustments	99	(99)	0	(306)	306	0
Non distributed costs	1,018	0	1,018	55	56,249	56,304
Termination Payments	214	0	214	62	0	62
Funding Provided by PCC to CC	(105,851)	0	(105,851)	(110,897)	0	(110,897)
<b>Net Cost of Services</b>	<b>0</b>	<b>(6,572)</b>	<b>(6,572)</b>	<b>0</b>	<b>50,223</b>	<b>50,223</b>
Other Income and Expenditure	0	33,976	33,976	0	31,214	31,214
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>0</b>	<b>27,404</b>	<b>27,404</b>	<b>0</b>	<b>81,437</b>	<b>81,437</b>

# Notes to the Accounts

## 5.a Note to the Expenditure Funding Analysis

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

The figures for 2018/19 and comparatives for 2017/18 are shown in the table below:

Note to the Expenditure and Funding Analysis (CC)	Net change for the Pensions Adjustment (See below)	CC 2017/18 Other Differences (See below)	Total Adjustment Between funding and accounting basis	Net change for the Pensions Adjustment (See below)	CC 2018/19 Other Differences (See below)	Total Adjustment Between funding and accounting basis
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost of Policing &amp; Crime Services</b>						
Police Officer Pay & Allowances	(9,570)	0	(9,570)	(9,220)	0	(9,220)
PCSO Pay & Allowances	(388)	0	(388)	(341)	0	(341)
Police Staff Pay & Allowances	3,485	0	3,485	3,229	0	3,229
Technical Accounting Adjustments	0	(99)	(99)	0	306	306
Non distributed costs	0	0	0	56,249	0	56,249
<b>Net Cost of Services</b>	<b>(6,473)</b>	<b>(99)</b>	<b>(6,572)</b>	<b>49,917</b>	<b>306</b>	<b>50,223</b>
Other Income and Expenditure	33,976	0	33,976	31,214	0	31,214
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>27,503</b>	<b>(99)</b>	<b>27,404</b>	<b>81,131</b>	<b>306</b>	<b>81,437</b>
<b>Further Analysis of Adjustments</b>						
Police - Interest on Liabilities	32,820	0	32,820	30,170	0	30,170
Police - Reverse Employer Contributions	(31,240)	0	(31,240)	(31,410)	0	(31,410)
Police - Current Service Cost	20,870	0	20,870	22,190	0	22,190
Police - Curtailment/Settlement	800	0	800	0	0	0
Police - Non Distributed Costs	0	0	0	54,630		54,630
LGPS - Interest on Liabilities	4,484	0	4,484	4,635	0	4,635
LGPS - Return on Plan Assets	(3,328)	0	(3,328)	(3,591)	0	(3,591)
LGPS - Curtailment/Settlement	218	0	218	55	0	55
LGPS - Reverse Employer Contributions	(2,871)	0	(2,871)	(2,993)	0	(2,993)
LGPS - Current Service Cost	5,750	0	5,750	5,826	0	5,826
LGPS - Non Distributed Costs	0	0	0	1,619	0	1,619
Accumulated Absences Account Adj	0	(99)	(99)	0	306	306
<b>Total Adjustments</b>	<b>27,503</b>	<b>(99)</b>	<b>27,404</b>	<b>81,131</b>	<b>306</b>	<b>81,437</b>

## Notes to the Accounts

### 6 Expenditure and Income Analysed by Nature

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

<b>Expenditure and Income</b>	<b>CC 2017/18 £000s</b>	<b>CC 2018/19 £000s</b>
<b>Expenditure</b>		
Police Pay & Allowances	57,842	61,129
PCSO Pay & Allowances	3,011	2,852
Police Staff Pay & Allowances	19,409	21,417
Other Employee Costs	2,875	3,340
Premises Related Costs	5,285	5,332
Transport Related Costs	2,807	3,249
Supplies & Services	11,846	12,457
Third Party Payments	1,445	1,310
Technical Accounting Adjustments	99	(306)
Pension Adjustment	0	(56,249)
Non Distributed Costs	1,018	56,304
Termination Payments	214	62
Funding Between PCC & CC	(105,851)	(110,897)
<b>Total Expenditure</b>	<b>0</b>	<b>0</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>0</b>	<b>0</b>

# Notes to the Accounts

## 7 Adjustments between Accounting Basis and Funding Basis under Regulations

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

The figures for 2018/19 are set out in the table below:

Adjustments between Accounting Basis and Funding Basis Under Regulations	Note	CC Constabulary Fund Balance £000s	CC Police Pension Reserve £000s	CC LGPS Pension Reserve £000s	CC Accumulated Absences Account £000s
<b>Adjustments to the Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
- Pensions costs (transferred to (or from) the Pensions Reserve)	<b>Annex C</b>	81,131	(75,580)	(5,551)	<b>0</b>
- Holiday Pay (transfers to or from Accumulated Absences Account)	<b>14b</b>	306	0	0	<b>(306)</b>
<b>Total Adjustments</b>		<b>81,437</b>	<b>(75,580)</b>	<b>(5,551)</b>	<b>(306)</b>

The comparative figures for 2017/18 are set out in the table below:

Adjustments between Accounting Basis and Funding Basis Under Regulations	Note	CC Constabulary Fund Balance £000s	CC Police Pension Reserve £000s	CC LGPS Pension Reserve £000s	CC Accumulated Absences Account £000s
<b>Adjustments to the Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
- Pensions costs (transferred to (or from) the Pensions Reserve)	<b>Annex C</b>	27,503	(23,250)	(4,253)	<b>0</b>
- Holiday Pay (transfers to or from Accumulated Absences Account)	<b>14b</b>	(99)	0	0	<b>99</b>
<b>Total Adjustments</b>		<b>27,404</b>	<b>(23,250)</b>	<b>(4,253)</b>	<b>99</b>

# Notes to the Accounts

## 8 Audit Fees

In 2018/19 the [Chief Constable](#) incurred the following fees relating to external audit services provided by Grant Thornton UK LLP.

External Audit Fees	CC	CC
	2017/18	2018/19
	£000s	£000s
<b>Amounts Relating to The Chief Constable</b>		
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor.	15	12
<b>Total External Audit Fees for Year</b>	<b>15</b>	<b>12</b>

The above table shows the gross fees payable to the external auditor during the year. In 2017/18 a rebate of audit fees of £2k was received from Public Sector Audit Appointments.

## 9 Financial Instruments

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

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

The disclosures include:

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

# Notes to the Accounts

## 10 Short-term Debtors

A breakdown of the amounts owing to the [Chief Constable](#) as at 31 March 2019 with comparative information for the previous year is set out in the table below:

Short-term Debtors	CC	
	2018	2019
	£000s	£000s
<b>Balance Owed from PCC re CC Share of External Debtors</b>		
- Police pensions prepayment	2,353	2,474
- Prepayments/Payments in Advance	1,915	256
	<b>4,268</b>	<b>2,730</b>
Balance Owed from Employees (re accumulated Absences)	118	158
Balance Owed from PCC re Balance of Funding	10,072	7,477
<b>Total Debtors</b>	<b>14,458</b>	<b>10,365</b>

## 11 Short-term Creditors

An analysis of the amounts owed by the [Chief Constable](#) as at 31 March 2019 with comparative information for the previous year is set out in the table below:

Short-term Creditors	CC	
	2018	2019
	£000s	£000s
<b>Balance Owed to PCC re CC Share of External Creditors</b>		
- Trade Payables	(6,830)	(4,172)
- HMRC PAYE Amounts Due	(1,844)	(1,972)
	<b>(8,674)</b>	<b>(6,144)</b>
Balance owed to Employees (re accumulated absences)	(2,868)	(3,214)
Balance owed to PCC re balance of Funding	(4,500)	(3,003)
<b>Total Creditors</b>	<b>(16,042)</b>	<b>(12,361)</b>

## 12 Provisions

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

A brief description of the purpose of the individual provisions as at 31 March 2019 is provided below:

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

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

**Employee Related** – This provision has been established to cover the potential costs in relation to the capital ill health charge in respect of three cases where the constabulary has been required to retire a police officer on ill health grounds. Whilst the initial decision was made in March, a potential to appeal the decision will mean that the ultimate cost will fall in to 2019/20.

### Accounting Policy – Provisions

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

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

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

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



## Notes to the Accounts

The table below shows the movements during the year on each of the provisions and the position as at 31 March 2019.

Provisions	Balance as at 01/04/18	Additional Provisions Made 2018/19	Amounts Used in 2018/19	Unused Amounts Reversed in 2018/19	Balance as at 31/03/19
	£000s	£000s	£000s	£000s	£000s
Insurance Liabilities	(279)	(105)	75	30	(279)
Legal Claims	(1,119)	(101)	337	64	(819)
Employee Related	0	(235)	0	0	(235)
<b>Total Provisions</b>	<b>(1,398)</b>	<b>(441)</b>	<b>412</b>	<b>94</b>	<b>(1,333)</b>

The comparative information for year ended 31 March 2018 is as follows:

Provisions	Balance as at 01/04/17	Additional Provisions Made 2017/18	Amounts Used in 2017/18	Unused Amounts Reversed in 2017/18	Balance as at 31/03/18
	£000s	£000s	£000s	£000s	£000s
Insurance Liabilities	(484)	(145)	43	307	(279)
Legal Claims	(851)	(331)	13	50	(1,119)
<b>Total Provisions</b>	<b>(1,335)</b>	<b>(476)</b>	<b>56</b>	<b>357</b>	<b>(1,398)</b>

### 13 Pensions

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

The disclosures include:

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

# Notes to the Accounts

## 14 Unusable Reserves

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

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

### Accounting Policy – Reserves

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

### 14.a Pensions Reserve

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

Pensions Reserve	CC LGPS Pensions		CC Police Pensions	
	2017/18 £000s	2018/19 £000s	2017/18 £000s	2018/19 £000s
Balance at Start of Year	(45,878)	(40,009)	(1,243,120)	(1,187,670)
Adjustment to Opening Balance #	0	(106)	0	0
<b>Adjusted Balance at Start of Year</b>	<b>(45,878)</b>	<b>(40,115)</b>	<b>(1,243,120)</b>	<b>(1,187,670)</b>
Remeasurement of the net defined pension benefit liability/asset	10,122	(6,988)	78,700	(33,050)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(7,124)	(8,544)	(54,490)	(106,990)
Employer's pension contributions and direct payments to pensioners payable in the year.	2,871	2,993	31,240	31,410
<b>Balance at End of Year</b>	<b>(40,009)</b>	<b>(52,654)</b>	<b>(1,187,670)</b>	<b>(1,296,300)</b>

# The above table includes an adjustment to the opening balance, this has arisen as a result of changes made to the actuarial valuations in 2017/18 that were not considered to be material and as such were not reflected in the 2017/18 audited statement of accounts. The adjustment is now required to ensure that the opening and closing balances for 2018/19 agree to the latest actuarial valuations.

# Notes to the Accounts

## 14.b Accumulated Absences Account

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

<b>Accumulated Absences Account</b>	CC 2017/18 £000s	CC 2018/19 £000s
<b>Balance at Start of Year</b>	(2,849)	<b>(2,750)</b>
Settlement or cancellation of accrual made at the end of the preceeding year	2,849	2,750
Amounts accrued at the end of the current year	(2,750)	(3,056)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	99	<b>(306)</b>
<b>Balance at End of Year</b>	<b>(2,750)</b>	<b>(3,056)</b>

### Accounting Policy - Employee Benefits Payable during Employment

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

# Notes to the Accounts

## 15 Members Allowances and Expenses

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

Members Allowances	CC	CC
	2017/18	2018/19
	£000s	£000s
Basic Allowance	15	19
Travel and Subsistence	8	7
	<b>23</b>	<b>26</b>

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

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

## 16 Disclosure of Remuneration for Senior Employees

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

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



## Notes to the Accounts

The table below gives the information for 2018/19 in £000s.

Postholder Information Post Title	Note	Salary (including Fees & Allowances)	Expense Allowances	Benefits in Kind	Other Payments (Police Officers Only)	Total Remuneration Excluding pension Contributions	Pension Contributions	Total Remuneration Including pension Contributions
Chief Constable - Michelle Skeer		153	7	0	3	163	33	196
Deputy Chief Constable	1	117	7	0	0	124	24	148
Temporary Assistant Chief Constable (A)	2	100	8	0	3	111	20	131
Temporary Assistant Chief Constable (B)	3	83	3	1	2	89	17	106
Joint Chief Finance Officer		77	0	0	0	77	12	89
Director of Corporate Support		85	0	0	0	85	13	98
Director of Corporate Improvement		85	0	0	0	85	13	98
Chief Superintendent - Territorial Policing		87	1	1	3	92	19	111
Superintendent - Head of People		79	2	1	0	82	17	99
Temporary Chief Superintendent - Crime Command	4	83	5	0	3	91	17	108
Temporary Chief Superintendent - Territorial Policing	5	82	5	1	2	90	17	107
Director of Legal Services		83	1	1	0	85	13	98
<b>Total Chief Constable</b>		<b>1,114</b>	<b>39</b>	<b>5</b>	<b>16</b>	<b>1,174</b>	<b>215</b>	<b>1,389</b>

### Notes:

- 1 The Deputy Chief Constable was promoted to DCC w.e.f. 18/09/18 following a period of Temporary promotion.
- 2 Temporary Assistant Chief Constable (A) was promoted to T/ACC w.e.f. 03/03/18.
- 3 Temporary Assistant Chief Constable (B) was promoted to Temp ACC for the period 14/01/19 to 24/03/19 following which he reverted to Superintendent.
- 4 Temporary Chief Superintendent Crime Command was promoted to the Temp. CS post from 03/03/19.
- 5 Temporary Chief Superintendent Territorial Policing was promoted to the Temp. CS post from 02/07/18.

# Notes to the Accounts

The table below gives the comparative information for 2017/18 in £000s.

Postholder Information Post Title	Note	Salary (including Fees & Allowances)	Expense Allowances	Termination Pay & Compensation for loss of office	Benefits in Kind	Other Payments (Police Officers Only)	Total Remuneration Excluding pension Contributions	Pension Contributions	Total Remuneration Including pension Contributions
Chief Constable (A)	1	141	7	0	0	3	151	0	151
Deputy Chief Constable (A) / Chief Constable (B)	2	118	7	0	0	3	128	25	153
Temporary Assistant Chief Constable (A)	3	50	2	6	0	2	60	11	71
Assistant Chief Constable (A) / Temporary Deputy Chief Constable (B)	4	82	5	0	27	0	114	17	131
Temporary Assistant Chief Constable (B)	5	85	3	0	1	3	92	18	110
Joint Chief Finance Officer	6	71	0	0	0	0	71	11	82
Director of Corporate Support		82	0	0	0	0	82	10	92
Director of Corporate Improvement		82	0	0	0	0	82	12	94
Chief Superintendent - Territorial Policing	7	86	2	0	1	3	92	18	110
Superintendent - Head of People		75	1	0	1	0	77	17	94
Temporary Chief Superintendent - Crime Command	8	56	2	0	1	2	61	11	72
Temporary Chief Superintendent - Territorial Policing	9	78	2	0	1	3	84	16	100
Director of Legal Services		73	1	0	1	0	75	11	86
<b>Total Chief Constable</b>		<b>1,079</b>	<b>32</b>	<b>6</b>	<b>33</b>	<b>19</b>	<b>1,169</b>	<b>177</b>	<b>1,346</b>

## Notes:

- Chief Constable (A) retired from the Constabulary on 31/03/18.
- Deputy Chief Constable (A) became Temporary Chief Constable w.e.f. 03/03/18 and Chief Constable (B) from 01/04/18.
- Temporary Assistant Chief Constable (A) was T/ACC w.e.f. 01/01/17 to 30/06/17, reverting to Chief Superintendent on 01/07/17 until retirement on 18/10/17.
- Assistant Chief Constable (A) was appointed on 01/07/17 and was subsequently promoted to Temporary Deputy Chief Constable 03/03/18.
- Temporary Assistant Chief Constable (B) was appointed on 03/03/18, prior to this occupied the position of Chief Superintendent – Crime Command.
- The Chief Constable's Chief Finance Officer became the Joint Chief Finance Officer w.e.f. 31/05/17.
- Chief Superintendent – Territorial Policing was previously Chief Superintendent Operational Benefits Delivery until 18/06/17.
- Temporary Chief Superintendent – Crime Command was appointed on 05/06/17 and was subsequently promoted to Temporary Chief Superintendent on 03/03/18.
- Temporary Chief Superintendent – Territorial Policing was in post until 18/06/17 and then reverted to the role of Superintendent Operational Support.

## Notes to the Accounts

### 17 Employee Remuneration

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

Remuneration Band	2017/18			2018/19		
	CC Police Staff	CC Snr Police Officers	CC Total	CC Police Staff	CC Snr Police Officers	CC Total
£50,000 to £54,999	3	0	3	5	0	5
£55,000 to £59,999	2	2	4	2	0	2
£60,000 to £64,999	4	0	4	6	0	6
£65,000 to £69,999	0	0	0	0	0	0
£70,000 to £74,999	2	0	2	0	0	0
£75,000 to £79,999	0	0	0	1	0	1
£80,000 to £84,999	2	0	2	3	1	4
£85,000 to £89,999	0	2	2	0	1	1
£90,000 to £94,999	1	0	1	1	1	2
£95,000 to £99,999	0	0	0	0	0	0
£100,000 to £104,999	0	0	0	0	1	1
£105,000 to £109,999	0	1	1	0	0	0
£110,000 to £114,999	0	0	0	0	0	0
£115,000 to £119,999	0	0	0	0	1	1
£120,000 to £124,999	0	1	1	0	0	0
£125,000 to £129,999	0	0	0	0	0	0
£130,000 to £134,999	0	0	0	0	0	0
£135,000 to £139,999	0	0	0	0	0	0
£140,000 to £144,999	0	1	1	0	0	0
£145,000 to £149,999	0	0	0	0	0	0
£150,000 to £154,999	0	0	0	0	0	0
£155,000 to £159,999	0	0	0	0	1	1
<b>Total</b>	<b>14</b>	<b>7</b>	<b>21</b>	<b>18</b>	<b>6</b>	<b>24</b>

In 2018/19 the remuneration for 94 Police Officers (96 in 2017/18) superintendent rank and below (who are not required to be disclosed in the above note under regulations) exceeded £50,000.

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

# Notes to the Accounts

## 18 Exit Packages/Termination Payments

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

Exit package cost band (including special payments)	Number of Compulsory Redundancies		Number of other Departures Agreed		Total Number of Exit Packages by cost band		Total cost of exit packages in each band	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	Headcount	Headcount	Headcount	Headcount	Headcount	Headcount	£000's	£000's
£0-£20,000	0	1	1	1	1	2	16	21
£20,001 - £40,000	0	0	1	0	1	0	30	0
£40,001 - £60,000	1	1	0	0	1	0	44	41
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	1	0	1	0	129	0
<b>Total</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>219</b>	<b>62</b>

During 2018/19 the contracts of a small number of employees were terminated incurring termination payments amounting to £61k (£214k in 2017/18). This amount is made up exit packages paid and accrued in 2018/19.

The exit packages paid in 2018/19 amount to £62k (£219k in 2017/18). The exit packages can be further split into compensation for loss of employment £24k (£131k in 2017/18) and enhanced pension benefits £38k (£88k in 2017/18). The redundancies are as a result of the OPCC and Constabulary's change programme. The Exit Packages table above provides details of the number and total cost of exit packages per band and include those exit packages paid in 2018/19 and those agreed for individuals in 2018/19 but paid in 2019/20 for which an accrual was made in the 2018/19 accounts.

During 2018/19 an amount of -£1k arose as a result of a number of amounts that had been accrued in the 2017/18 accounts for which the final settlement during 2018/19 was slightly lower. These amounts are not included in the above table in 2018/19 as the exit packages for those individuals are included in the 2017/18 column. The figure shown on the face of the Expenditure and Funding Analysis (pages 32-33) for 2018/19 is made up of the exit packages paid in the year of £62k (per the table above) minus £1k in respect of these differences in accruals.

During 2017/18 an amount of -£5k arose as a result of a number of amounts that had been accrued in the 2016/17 accounts for which the final settlement during 2017/18 was slightly lower. These amounts are not included in the above table in 2017/18 as the exit packages for those individuals are included in the 2016/17 column. The figure shown on the face of the Expenditure and Funding Analysis (pages 32-33) for 2017/18 is made up of the exit packages paid in the year of £219k (per the table above) minus £5k in respect of these differences in accruals.

### Accounting Policy - Termination Benefits

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

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



## 19 Related Party Transactions

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

### 19.a Police and Crime Commissioner

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

### 19.b Central Government

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

### 19.c Officers and Employees

Senior officers and staff of the Constabulary were asked to declare any direct financial relationship through outside bodies or companies with the Chief Constable. No material transactions have been reported in respect of the 2018/19 financial year.

### 19.d Other Public Bodies

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

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

- The PCC for Cheshire – North West Underwater Search Unit, Northwest Armed Policing Collaboration, Northwest Strategic Automatic Number Plate Recognition (ANPR), and the Regional Emergency Services Network (ESN).
- The PCC for Merseyside – Regional Crime Unit, Regional Intelligence Unit, Prison Intelligence Unit, Technical Support Unit, Protected Persons Unit, Government Agency Intelligence Network (GAIN), Confiscation Unit, Regional Assets Recovery Team, Operational Security (OPSEY), Cyber Crime, Regional Fraud Team.
- The PCC for Lancashire – Learning & Development Collaboration.
- Cumbria County Council – Shared Internal Audit Service.
- Durham Constabulary – ICT Collaboration in relation to development of systems.

## 20 Pension Challenge

The Chief Constable of Cumbria, along with other Chief Constables and the Home Office, currently has 146 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. On 27 June the Supreme Court refused leave to appeal on the McCloud case. In light of this it is envisaged that the Court will require changes to arrangements for employees who were transferred to the new schemes potentially including Police Pension Scheme members. This would lead to an increase in Police Pension Scheme liabilities and our actuaries (The Government Actuary Department ) using specific assumptions and applying these across the Police scheme as a whole have estimated the potential increase in scheme liabilities for Cumbria to be approximately 4.4% or £54.63m of pension scheme liabilities. This increase is reflected in the IAS19 Disclosure as a Past Service Cost. The actuaries have highlighted that this estimate is based on one potential remedy, the potential impact of any difference in the profile of the force's membership compared with the scheme as a whole and that the figures are highly sensitive to assumptions around short term earnings growth.

The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Police Pension Fund Regulations 2007. These require a police authority to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

With regard to the LGPS a similar adjustment to past service costs within the IAS19 Disclosure has been made for the McCloud judgment. This corresponds to a 3.16% or £1.620m increase in liabilities. The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates.

# Notes to the Accounts

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

For 2018/19 the following accounting policy changes that need to be reported relate to:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property.
- Annual Improvements to IFRS Standards 2014 – 2016 cycle.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- IFRIC 23 Uncertainty over Income Tax Treatments.
- Amendments to IFRS 9 Financial Instruments: Prepayments Features with Negative Compensation.

In the Financial Statements for 2019/20, the effect of the changes will be assessed and where necessary, the comparative figures restated.

## 22 Prior Period Adjustment

There are no prior period adjustments in relation to the 2018/19 Statement of Accounts, the 2017/18 comparative figures are as reported in the 2017/18 Statement of Accounts.

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

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

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

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

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

# Police Officer Pension Fund Account

## Police Officer Fund Account

This statement provides information on transactions on the Police Pension Fund Account for the 2018/19 financial year together with comparative information for 2017/18.

Police Officer Pension Fund Account		CC 2017/18 £000s	CC 2018/19 £000s
<b>Contributions Receivable</b>			
Employer			
- Contributions (21.3% of Pensionable Pay in 2018/19 and 2017/18)		(8,194)	(8,506)
Officers' Contributions			
- 1987 Scheme Member Contributions (see narrative for rates)		(1,881)	(1,572)
- 2006 Scheme Member Contributions (see narrative for rates)		(102)	(76)
- 2015 Scheme Member Contributions (see narrative for rates)		(3,202)	(3,724)
		<b>(13,379)</b>	<b>(13,878)</b>
Transferees in from Other Schemes		(197)	(178)
Capital Equivalent charge for ill-health schemes		(160)	(400)
		<b>(357)</b>	<b>(578)</b>
<b>Benefits Payable</b>			
Recurrent Pensions		27,076	28,529
Commutations and Lump Sums		8,491	7,190
Other (Scheme Pays)		157	159
		<b>35,724</b>	<b>35,878</b>
<b>Payments to and on Account of Leavers</b>			
Refund of Contributions		25	21
Transfer out to other schemes		7	58
		<b>32</b>	<b>79</b>
<b>Net Amount Payable for the Year</b>		<b>22,020</b>	<b>21,501</b>
Additional Contribution from the Police & Crime Commissioner		(20,918)	(20,343)
Additional Funding Payable by the Constabulary (2.9%)		(1,102)	(1,158)
<b>Net Amount Payable (Receivable) for the Year</b>		<b>0</b>	<b>0</b>

## Net Assets Statement

This statement shows the net assets and liabilities of the scheme as at 31 March 2019.

Pension Fund Net Assets & liabilities		CC 2017/18 £000s	CC 2018/19 £000s
<b>Current Assets</b>			
Pensions Benefits paid in advance		2,295	2,401
<b>Current Liabilities</b>			
Amount due to the Police & Crime Commissioner		(2,295)	(2,401)
		<b>0</b>	<b>0</b>

# Notes to the Police Officer Pension Fund Account

## Accounting Policies

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

## Operation of Police Pensions Schemes

Since 1 April 2015 the Chief Constable has operated three Pensions Schemes for Police Officers. These are unfunded schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they fall due. The original Police Officer Pension scheme is known as the 1987 scheme. The second scheme was introduced in April 2006 with the intention that joint contributions of employers and employees would finance the full costs of pension liabilities. All Police Officers recruited from April 2006 onwards automatically become members of the 2006 scheme and the previous 1987 scheme was closed to new members. Officers who were members of the 1987 scheme were allowed by regulation to become members of the 2006 scheme if they wished. Members' contribution rates for 2018/19 and 2017/18 were between 11% and 12.75% for the 2006 scheme and between 14.25% and 15.05 for the 1987 scheme.

From 1 April 2015, a new pension scheme was introduced for Police Officers, known as the 2015 Scheme. The 2015 scheme is based on career average revalued earnings (CARE). All Police Officers recruited from 1 April 2015 will automatically become members of the new scheme and the two previous schemes (1987 and 2006) have been closed to new members from that date. Members of the two older police pension schemes will either be fully protected in those schemes, transfer to the new 2015 scheme on 1 April 2015, or will transfer on different tapering dates in the future subject to individual circumstances around age and length of service remaining. The members' contribution rates for the new scheme ranged between 12.44% and 13.78% in 2018/19 and 2017/18.

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

## Funding of Police Pension Schemes

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

# Glossary of Terms

## Accruals

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

## Actuarial Valuation

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

## Agency Costs

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

## Amortisation/Amortised Cost

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

## Budget

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

## Capital Adjustment Account

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

## Capital Expenditure

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

## Capital Financing Requirement (CFR)

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

## Capital Receipt

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

## Cash and Cash Equivalents

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

## CC or Chief Constable

The Chief Constable for Cumbria Constabulary.

## CFO

The Joint Chief Finance Officer.

## CIPFA

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

## Commissioner

The Police and Crime Commissioner for Cumbria.

## Componentisation

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

## Contingency

A sum set aside to meet unforeseen expenditure.

## Creditors

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

# Glossary of Terms

## Debtors

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

## Depreciation

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

## De-minimis

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

## Direct Revenue Contributions (DRC)

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

## Earmarked Reserves

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

## Fair Value

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

## Hedge Funds

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

## Heritage Assets

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

## HMICFRS

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

## Impairment/Impaired

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

## Investment Property

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

## Leasing

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

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

## MHCLG

The Ministry of Housing, Communities and Local Government (formerly DCLG).

## Minimum Revenue Provision (MRP)

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

## Non-current Assets

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

## NPCC

The National Police Chiefs Council.

## PCC

The Police and Crime Commissioner for Cumbria.

## Pension actuarial gains and losses

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

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

# Glossary of Terms

## **Pension – current service costs**

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

## **Pension – defined benefit scheme**

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

## **Pension assets – expected rate of return**

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

## **Pension – interest costs**

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

## **Pension - past service costs**

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

## **Police Objective Analysis (POA)**

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

## **Precept**

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

## **Private Equity Funds**

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

## **Provision**

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

## **Public Works Loan Board (PWLB)**

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

## **Reserves**

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

## **Revaluation Reserve**

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

## **SERCOP**

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

## **The Commissioner**

The Police and Crime Commissioner for Cumbria.

## **TPA**

Territorial Policing Area.



# Annex A - Statement of Accounting Policies

## 1 General Principles

The Statement of Accounts summarises the financial transactions for the 2018/19 financial year and the financial position at the 31 March 2019. The Police and Crime Commissioner and Chief Constable are each required to prepare an annual Statement of Accounts (single entity) in accordance with the Accounts and Audit Regulations 2015 which stipulate that the statements be prepared in accordance with proper accounting practices. Those practices primarily comprise the [CIPFA/LAASAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19](#) (the Code) and the [Service Reporting Code of Practice 2018/19 \(SERCOP\)](#), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. The Police and Crime Commissioner is responsible for combining the single entity statements to form a set of consolidated group accounts.

Where accounting policies relate to a particular note to the accounts, the accounting policy is shown alongside that note in a [grey text box](#), in the notes to the accounts section (see pages 30 to 49). Where an accounting policy is more generic and applicable across the statement accounts it is shown in this **Annex A**.

## 2 Accruals of Income and Expenditure

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

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

### Accrual Example 1

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

### Accrual Example 2

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

## 3 Cash and Cash Equivalents

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

# Annex A - Statement of Accounting Policies

## 4 Exceptional Items

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

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

## 5 Charges to Revenue for Non-Current Assets

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

## 6 Government Grants and Contributions

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

## 7 Intangible Assets

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

## 8 Inventories

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

## 9 Leases

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

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

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

# Annex A - Statement of Accounting Policies

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

## 10 Treatment of Overheads

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

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

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

## 11 Property, Plant and Equipment

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

## 12 Private Finance Initiative (PFI) and Similar Contracts

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

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

## 13 Heritage Assets

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

# Annex A - Statement of Accounting Policies

## 14 Contingent Assets

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

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

## 15 Material Estimation Techniques

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

## 16 Value Added Tax (VAT)

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

# Annex B – Technical Annex – Financial Instrument Disclosures

## B1 Categories of Financial Instrument

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

Categories of Financial Instruments	CC Current	
	31 March 2018	31 March 2019
	£000s	£000s
<b>Financial Assets</b>		
<b>Debtors</b>		
Financial assets carried at contract amounts	7,915	5,348
<b>Total Financial Assets</b>	<b>7,915</b>	<b>5,348</b>
<b>Financial Liabilities</b>		
<b>Creditors</b>		
Financial liabilities carried at contract amounts	(10,665)	(8,404)
<b>Total Financial Liabilities</b>	<b>(10,665)</b>	<b>(8,404)</b>

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

During 2018/19 changes were required in relation to financial instrument disclosures under IFRS9. The standard has been adopted but has not impacted on the carrying values of any financial assets or liabilities.

### Accounting Policy – Financial Instruments

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

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

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

### B2 Fair value of Assets and Liabilities Carried at Amortised Cost

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

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

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

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

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

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

#### **Credit Risk**

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

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

This risk is minimised through the application of policies set out in the annual Treasury Management Strategy Statement (TMSS), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch and Moody's ratings services. The annual TMSS (approved by the Commissioner in February 2018), also imposes a maximum sum to be invested with a financial institution located within each category.

#### **Liquidity Risk**

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

Under the terms of the funding arrangement between the Commissioner and the Chief Constable the Commissioner provides funding to the Chief Constable on a cash basis. As the Commissioner has ready access to borrowings from the Public Works Loans Board (PWLB) and had at 31 March 2019 no actual external debt, having financed a number of recent projects through internal borrowing, there is no significant risk that it will be unable to raise finance to meet its commitments to the Chief Constable within the terms of the funding arrangement.

## C1 Pension Schemes

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

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

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

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

The LGPS for Police Staff employees is administered by Cumbria County Council (outsourced to Lancashire County Council) – this is a funded [defined benefit scheme](#), meaning that the Chief Constable and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pensions liabilities with investment assets over the long term. In 2018/19 the Chief Constable made a contribution of 15.4% of pensionable pay. The past service contribution made in 2016/17 of £1,431k represented a three year contribution which was made with the aim of reducing future contributions after the next actuarial review. The contribution rate was last reviewed in March 2016 with a revised rate for employers contributions of 15.4% being applicable from April 2017.

- **The Police Pension Scheme**

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

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

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

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

## Annex C – Technical Annex – Pension Disclosures

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

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

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

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

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

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



## Annex C – Technical Annex – Pension Disclosures

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

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

Pension Transactions in MIRS and CI&ES	CC LGPS Funded Benefits		CC LGPS Unfunded Benefits		CC Police Scheme 1987 Scheme		CC Police Scheme 2006 Scheme		CC Police Scheme 2015 Scheme		CC Total Pension Schemes	
	2017/18 £000s	2018/19 £000s	2017/18 £000s	2018/19 £000s	2017/18 £000s	2018/19 £000s	2017/18 £000s	2018/19 £000s	2017/18 £000s	2018/19 £000s	2017/18 £000s	2018/19 £000s
<b>Comprehensive Income and Expenditure Statement</b>												
<i>Cost of Services</i>												
<i>Service cost comprising:</i>												
• Current service cost	5,750	5,826	0	0	8,810	8,320	440	330	11,620	13,540	26,620	28,016
• Past service costs	0	1,619	0	0	800	48,670	0	5,960	0	0	800	56,249
• (Gain)/loss from settlements/curtailments	218	55	0	0	0	0	0	0	0	0	218	55
<i>Financing and Investment Income and Expenditure</i>												
• Net interest expense	1,127	1,016	29	28	30,610	27,720	1,330	1,210	880	1,240	33,976	31,214
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>7,095</b>	<b>8,516</b>	<b>29</b>	<b>28</b>	<b>40,220</b>	<b>84,710</b>	<b>1,770</b>	<b>7,500</b>	<b>12,500</b>	<b>14,780</b>	<b>61,614</b>	<b>115,534</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>												
<i>Remeasurement of the net defined benefit liability comprising:</i>												
• Return on plan assets (excluding the amount included in the net interest expense)	(1,645)	(5,105)	0	0	0	0	0	0	0	0	(1,645)	(5,105)
• Actuarial (gains) and losses arising on changes in demographic assumptions	0	0	0	0	(36,720)	0	(1,570)	0	(2,340)	0	(40,630)	0
• Actuarial (gains) and losses arising on changes in financial assumptions	(8,555)	11,944	(25)	36	30,570	30,330	3,580	2,460	970	3,200	26,540	47,970
• Experience (gains) and losses on liabilities	0	0	0	0	(66,350)	(3,060)	(6,710)	(1,030)	(130)	1,150	(73,190)	(2,940)
• Administration expenses	103	113	0	0	0	0	0	0	0	0	103	113
<b>Total Post-employment Benefits charged to Other Comprehensive Income and Expenditure</b>	<b>(10,097)</b>	<b>6,952</b>	<b>(25)</b>	<b>36</b>	<b>(72,500)</b>	<b>27,270</b>	<b>(4,700)</b>	<b>1,430</b>	<b>(1,500)</b>	<b>4,350</b>	<b>(88,822)</b>	<b>40,038</b>
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(3,002)</b>	<b>15,468</b>	<b>4</b>	<b>64</b>	<b>(32,280)</b>	<b>111,980</b>	<b>(2,930)</b>	<b>8,930</b>	<b>11,000</b>	<b>19,130</b>	<b>(27,208)</b>	<b>155,572</b>
<i>Movement in Reserves Statement</i>												
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code.	(7,095)	(8,516)	(29)	(28)	(40,220)	(84,710)	(1,770)	(7,500)	(12,500)	(14,780)	(61,614)	(115,534)
<i>Actual amount charged against the General Fund Balance for pensions in the year</i>												
• Employers' contributions payable to the scheme	2,809	2,931	62	62	0	0	0	0	0	0	2,871	2,993
• Retirements benefits payable to pensioners	0	0	0	0	34,550	35,260	(100)	(40)	(3,210)	(3,810)	31,240	31,410
<b>Total amount charged against the Police Fund Balance for pensions in the year</b>	<b>2,809</b>	<b>2,931</b>	<b>62</b>	<b>62</b>	<b>34,550</b>	<b>35,260</b>	<b>(100)</b>	<b>(40)</b>	<b>(3,210)</b>	<b>(3,810)</b>	<b>34,111</b>	<b>34,403</b>

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

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

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

### Accounting Policy - Post-Employment Benefits - CIES Entries

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

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

## Annex C – Technical Annex – Pension Disclosures

### C2 Assets and Liabilities in relation to Retirement Benefits

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

The underlying assets and liabilities for retirement benefits attributable to the [Chief Constable](#) at 31 March 2019 with comparative information for the previous year are as follows:

Pension Scheme Assets & Liabilities	CC LGPS Funded Benefits		CC LGPS Unfunded Benefits		CC Police Scheme 1987 Scheme		CC Police Scheme 2006 Scheme		CC Police Scheme 2015 Scheme	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Present value of the defined benefit obligation	(171,407)	(193,726)	(1,078)	(1,080)	(1,100,580)	(1,177,300)	(47,100)	(56,070)	(39,990)	(62,930)
Fair value of plan assets	132,476	142,152	0	0	0	0	0	0	0	0
<b>Net liability arising from defined benefit obligation</b>	<b>(38,931)</b>	<b>(51,574)</b>	<b>(1,078)</b>	<b>(1,080)</b>	<b>(1,100,580)</b>	<b>(1,177,300)</b>	<b>(47,100)</b>	<b>(56,070)</b>	<b>(39,990)</b>	<b>(62,930)</b>

The liabilities in the above table show the underlying commitments that the Chief Constable has, in the long run, to pay retirement benefits. The total liability of £1.349b (£1.228b in 2017/18) has a substantial impact on the net worth of the Chief Constable as recorded in the balance sheet, resulting in a negative overall balance of £1.352b (£1.230b in 2017/18). The increase in overall liability has arisen due to the inclusion of increased liabilities as a result of a recent ruling on a pensions challenge. Further details are provided in note 20 on page 48.

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

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

# Annex C – Technical Annex – Pension Disclosures

Reconciliation of present value of scheme liabilities:

Reconciliation of Scheme Liabilities	CC LGPS Funded Benefits		CC LGPS Unfunded Benefits		CC Police Scheme 1987 Scheme		CC Police Scheme 2006 Scheme		CC Police Scheme 2015 Scheme	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance at Start of Year</b>	<b>(171,301)</b>	<b>(171,407)</b>	<b>(1,136)</b>	<b>(1,078)</b>	<b>(1,167,410)</b>	<b>(1,100,580)</b>	<b>(49,930)</b>	<b>(47,100)</b>	<b>(25,780)</b>	<b>(39,990)</b>
Adjustment to Opening Balance #	0	(39)	0	0	0	0	0	0	0	0
<b>Adjusted Balance at Start of Year</b>	<b>(171,301)</b>	<b>(171,446)</b>	<b>(1,136)</b>	<b>(1,078)</b>	<b>(1,167,410)</b>	<b>(1,100,580)</b>	<b>(49,930)</b>	<b>(47,100)</b>	<b>(25,780)</b>	<b>(39,990)</b>
Current service cost	(5,750)	(5,826)	0	0	(8,810)	(8,320)	(440)	(330)	(11,620)	(13,540)
Interest cost	(4,455)	(4,607)	(29)	(28)	(30,610)	(27,720)	(1,330)	(1,210)	(880)	(1,240)
Contributions by Scheme Participants	(1,112)	(1,210)	0	0	(1,920)	(1,570)	(100)	(80)	(3,170)	(3,720)
Remeasurement gains and (losses):										
- Arising from changes in demographic	0	0	0	0	36,720	0	1,570	0	2,340	0
- Arising from changes in financial assumptions	8,555	(11,944)	25	(36)	(30,570)	(30,330)	(3,580)	(2,460)	(970)	(3,200)
- Experience gains/(losses)	0	0	0	0	66,350	3,060	6,710	1,030	130	(1,150)
Past service cost	0	(1,619)	0	0	(800)	(48,670)	0	(5,960)	0	0
Gains/(losses) on curtailment	(218)	(55)	0	0	0	0	0	0	0	0
Benefits Paid/Transfers	2,874	2,981	62	62	36,470	36,830	0	40	(40)	(90)
<b>Balance at End of Year</b>	<b>(171,407)</b>	<b>(193,726)</b>	<b>(1,078)</b>	<b>(1,080)</b>	<b>(1,100,580)</b>	<b>(1,177,300)</b>	<b>(47,100)</b>	<b>(56,070)</b>	<b>(39,990)</b>	<b>(62,930)</b>

*The liabilities under both the LGPS and Police Pension Schemes have increased during 2018/19. The principal reason for this increase is in relation to the incorporation of increased liabilities as a result of the pensions challenge (see note 20) in addition to a change in financial and demographic assumptions by the scheme*

# The above table includes an adjustment to the opening balance, this has arisen as a result of changes made to the actuarial valuations in 2017/18 that were not considered to be material and as such were not reflected in the 2017/18 audited statement of accounts. The adjustment is now required to ensure that the opening and closing balances for 2018/19 agree to the latest actuarial valuations.

## Accounting Policy - Post-Employment Benefits – Measurement of Liabilities

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

Actuarial valuations of the fund are undertaken every three years to determine the contribution rates needed to meet its liabilities.

## Annex C – Technical Annex – Pension Disclosures

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

Reconciliation of Scheme Assets	CC LGPS Funded Benefits		CC LGPS Unfunded Benefits	
	2017/18	2018/19	2017/18	2018/19
	£000s	£000s	£000s	£000s
<b>Balance at Start of Year</b>	<b>126,559</b>	<b>132,476</b>	<b>0</b>	<b>0</b>
Adjustment to Opening Balance #	0	(67)	0	0
<b>Adjusted Balance at Start of Year</b>	<b>126,559</b>	<b>132,409</b>	<b>0</b>	<b>0</b>
Interest Income	3,328	3,591	0	0
Remeasurements - Gains and (Losses)	1,645	5,105	0	0
Administration Expenses	(103)	(113)	0	0
Employer Contributions	2,809	2,931	62	62
Contributions by Scheme Participants	1,112	1,210	0	0
Benefits Paid	(2,874)	(2,981)	(62)	(62)
<b>Balance at End of Year</b>	<b>132,476</b>	<b>142,152</b>	<b>0</b>	<b>0</b>

# The above table includes an adjustment to the opening balance, this has arisen as a result of changes made to the actuarial valuations in 2017/18 that were not considered to be material and as such were not reflected in the 2017/18 audited statement of accounts. The adjustment is now required to ensure that the opening and closing balances for 2018/19 agree to the latest actuarial valuations.

### Accounting Policy - Post-Employment Benefits – Measurement of Assets

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

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

## Annex C – Technical Annex – Pension Disclosures

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

LGPS Asset Breakdown	Quoted Y/N	CC 2017/18		CC 2018/19	
		£000s	%	£000s	%
<b>Equities</b>					
UK Quoted	Y	16,824	12.70%	13,362	9.40%
Global Quoted	Y	28,351	21.40%	30,705	21.60%
UK Equity Pooled	N	1,457	1.10%	1,422	1.00%
Overseas Equity Pooled	N	19,209	14.50%	20,043	14.10%
Equity Protection	N	0	0.00%	1,848	1.30%
<b>Bonds</b>					
UK Corporate Bonds	Y	7,816	5.90%	8,671	6.10%
Overseas Corporate Bonds	Y	398	0.30%	284	0.20%
UK Government Indexed Pooled	N	23,183	17.50%	25,445	17.90%
<b>Property</b>					
UK	N	8,478	6.40%	8,956	6.30%
Property Funds	N	3,842	2.90%	4,265	3.00%
<b>Alternatives</b>					
Private Equity Funds	N	3,179	2.40%	4,122	2.90%
Infrastructure Funds	N	8,478	6.40%	11,088	7.80%
Real Estate Debt Funds	N	795	0.60%	711	0.50%
Private Debt Funds	N	2,915	2.20%	3,412	2.40%
Healthcare Royalties	N	530	0.40%	853	0.60%
<b>Cash</b>					
Cash Accounts	Y	7,021	5.30%	6,823	4.80%
Net Current Assets	N	0	0.00%	142	0.10%
		<b>132,476</b>	<b>100.00%</b>	<b>142,152</b>	<b>100.00%</b>

### C3 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which provides an estimate of the pensions that will be payable in future years using assumptions about mortality rates, salary levels, etc. William M Mercer, an independent firm of actuaries, has carried out the assessment on the Local Government Pension Scheme. These accounts are based on the [actuarial valuation](#) undertaken on 31 March 2019. The Police Scheme estimates have been compiled using a valuation model devised by the Government Actuaries Department.

#### Accounting Policy – Pensions Material Estimation Techniques

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

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

For 2018/19 a discount rate based on the current rate of return on a high quality corporate bond of equivalent currency and term to scheme liabilities is to be used. The actuaries for the Police and LGPS pension funds have advised that discount rates of 2.55% for Police and 2.70% for LGPS are appropriate.

## Annex C – Technical Annex – Pension Disclosures

The principal assumptions used by the actuary have been:

Actuarial Assumptions	LGPS		Police Scheme	
	2017/18	2018/19	2017/18	2018/19
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
- Men	23.2	23.3	22.6	22.7
- Women	25.8	25.9	24.2	24.3
Longevity at 65 for future pensioners:				
- Men	25.5	25.6	24.5	24.6
- Women	28.5	28.6	26.1	26.2
Rate of Inflation (CPI)	2.10%	2.20%	2.30%	2.35%
Rate of increase in salaries	3.60%	3.70%	4.30%	4.35%
Rate of increase in pensions	2.20%	2.30%	2.30%	2.35%
Rate of Revaluation for CARE Pensions	-	-	3.55%	3.60%
Rate for discounting scheme liabilities	2.70%	2.50%	2.55%	2.45%

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

### Sensitivity Analysis – LGPS Pension Scheme

Sensitivity Analysis - LGPS	CC		
	Impact on Defined Benefit Obligation £000s	Impact on Projected Service Cost for Next Year £000s	Impact on Projected Interest Cost for Next Year £000s
<b>Local Government Pension Scheme</b>			
Longevity (1 Year increase in life expectancy)	3,623	132	92
Rate of Inflation (increase by 0.1%)	4,239	200	107
Rate of Increase in Salaries (increase by 0.1%)	707	0	19
Rate for Discounting Scheme Liabilities (increase by 0.1%)	(4,149)	(191)	(56)

## Annex C – Technical Annex – Pension Disclosures

### Sensitivity Analysis – Police Pension Schemes

Sensitivity Analysis - Police Pensions	Police	CC	Police
	Pensions 1987 Scheme £000s	Pensions 2006 Scheme £000s	Pensions 2015 Scheme £000s
<b>Assumption Sensitivity</b>			
Longevity (1 Year increase in life expectancy)	28,000	1,000	2,000
Rate of Increase in Pensions (increase by 0.5%)	83,000	5,000	12,000
Rate of Increase in Salaries (increase by 0.5%)	11,000	4,000	0
Rate for Discounting Scheme Liabilities (increase by 0.5%)	(105,000)	(9,000)	(11,000)

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

#### C4 Impact on the Chief Constable's Cash Flows

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

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

The total contributions expected to be made to the Local Government Pension Scheme by the Chief Constable in the year to 31 March 2020 are £3.093m. Expected contributions for the Police Pension Scheme in the year to 31 March 2020 are £12.862m.

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

Weighted Average Duration of the Defined benefit Obligation	2017/18 Years	2018/19 Years
<b>Pensions Scheme</b>		
Local Government Pension Scheme - CC	22	22
Police Pension -1987 Scheme	19	21
Police Pension -2006 Scheme	32	38
Police Pension -2015 Scheme	33	40





The Chief Constable for Cumbria Constabulary  
Annual Governance Statement 2018/19



## The Chief Constable for Cumbria Constabulary

### Annual Governance Statement 2018/19

#### INTRODUCTION AND SCOPE OF RESPONSIBILITIES

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

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

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

The Chief Constable has approved and adopted a Code of Corporate Governance 'The Code'. The Code gives clarity to the way the Chief Constable governs and sets out the frameworks that are in place to support the overall arrangements that are in place for fulfilling the Chief Constable's functions. This statement explains how the

Chief Constable has complied with The Code. It also meets the requirements of regulation 6(1) and 10(1) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an annual governance statement, which must accompany the Chief Constable's statement of accounts.

#### THE REVIEW OF EFFECTIVENESS

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

- A cyclical detailed review of the key documents within the Chief Constable's governance framework e.g. Financial Regulations.
- An overarching review of the governance arrangements in place to support each core principle within the CIPFA Solace guidance.
- A review of what has happened during the past year to evidence how the Code has been complied with, which is articulated in the Annual Governance Statement.

- A review of the effectiveness of the arrangements for internal audit against the Public Sector Internal Audit Standards and the Internal Audit Charter.
- Formal reviews of the role of the Chief Constable's Chief Finance Officer and the Head of Internal Audit (HIA) against the respective CIPFA statements, which demonstrated full compliance.
- A review of the effectiveness of the Joint Audit Committee against CIPFA guidance.

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

#### REVIEW OF REQUIREMENTS AND ARRANGEMENTS Ethics and Integrity & Respecting the Rule of Law

During 2018/19 the Constabulary took a pro-active approach to communicating and promoting the highest standards of integrity in all elements of its business. Work has continued to embed and develop ethical behaviour based on:

- The Constabulary's Corporate Values
- The College of Policing Code of Ethics.
- Preventing the abuse of authority for sexual gain.
- The Constabulary's Anti-Fraud and Corruption Policy and Procedures.

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

The Constabulary's Professional Standards Department is central to the maintenance of high standards of conduct and behaviour within the organisation. The priorities of the Constabulary's Professional Standards Department are shaped by a Strategic Assessment of threats and risks. This is supported by a People Control Strategy, which seeks to predict future risks to integrity in relation to workforce. The People Control Strategy is broken down into four main areas, people we know, areas we go, standards of professional behaviour and systems we use.

Key priorities which are currently identified are

- People – employee vulnerability (associations, financial matters, wellbeing), abuse of position for sexual purposes and vetting.
- Areas – security
- Standards -disclosure of information / confidentiality and discreditable conduct.
- Systems – misuse of force systems and social media.

Two emerging themes have also been identified as further employee vulnerability and financial matters.

The Professional Standards Department operate a preventative approach designed to ensure all officers and staff are aware of their responsibilities and potential consequences if their conduct falls below required professional standards. This includes the issue of PASS

The following paragraphs constitute the Annual Governance Statement, demonstrating how the Chief Constable has complied with the governance framework, set out within the Code, to meet of each of the seven governance principles. The Annual Governance Statement is published alongside the Statement of Accounts and also incorporates an action plan of planned future improvements for governance arrangements.

**Michelle Skeer**

Chief Constable

26 July 2019

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

**Roger Marshall**

Joint Chief Finance Officer

newsletters, which provide guidance on matters of integrity. Subjects covered in 2018/19 have included advice on business interests and additional occupations, advice on security of personal information, how good record keeping and access to CCTV can prevent the need to record a complaint, advice following the outcome of penetration testing of the Constabulary estate and advice following the outcome of misconduct hearings.

During 2018/19 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) conducted a Legitimacy inspection of the Constabulary as part of the force's PEEL Inspection, this covered the conduct and behaviour of the force. The report graded Cumbria as good and made a minor recommendations for improvement in relation to:

- external scrutiny of use of force and stop and search powers
- capacity to pro-actively monitor potential corruption.

During 2018/19 the Professional Standards has continued pro-active work with all officers and staff in support of the preventative approach, including

- 7 minute briefings on data protection, confidentiality and abuse of power for sexual purposes (APSP).

- Training and presentations to new student officers and refresher workshops for sergeants and inspectors.
- Strategic level briefings on APSP to the Adult Social Care Board and Local Safeguarding Children's Board.
- Internal and external poster campaigns promoting ethical behaviour.
- Use of the NPCC risk assessment tool to help identify officers and staff at risk of perpetrating APSP offences and further health checks if vulnerability is revealed.
- Detailed guidance on the use of social media.

The number of intelligence reports into the anti-corruption unit has remained steady with a wide range of issues reported including self referrals, data protection issues and associations.

In relation to complaints, the Constabulary remains committed to delivering effective customer service. To make the complaints process more accessible for all, a Information for Complainants (Help and Advice) booklet and an easy read version of the online complaint form have been introduced on the website. Further developments to the website to make it easier for the public to consider alternative options for resolving issues have been made during 2018/19.

The Constabulary demonstrates a progressive attitude towards failure / mistakes. A key element of any PSD investigation is to highlight any actions which could prevent similar mistakes being repeated. To this end following every investigation the lead officer carries out a rigorous assessment to determine key actions and lessons, which may include

- Low level misconduct – practice requires improvement.
- Systemic breakdown – change in policy / reminder to all staff via a PASS newsletter.
- Official misconduct proceedings.

In the interests of openness and transparency, police gross misconduct hearings are held in public. Two public misconduct hearings took place in 2018/19; as a result of which two officers received final written warnings. All such hearings are presided over by a legally qualified chair. The outcomes of misconduct hearings are publicised on the Constabulary website.

The Ethics and Integrity Panel continue to provide independent oversight for the OPCC and Constabulary in relation to standards, ethics and integrity. During 2018/19 the Panel completed three thematic inspections, which began in 2017/18, in relation to the Professional Discretion Framework, the use of Stop and Stop/Search and use of body worn cameras. The Panel also reviews

'Quality of Service and Policing Issues' raised by members of the public including public complaints, police misconduct and staff misconduct cases. The Panel's work is reported to the Commissioner's Public Accountability Conference to improve transparency and support public scrutiny. Whilst the Panel's conclusions provide assurance regarding high standards of ethics and integrity, where applicable, recommendations to enhance or improve the level of service provided by the Constabulary have been made.

**Core Principle B: Ensuring openness and comprehensive stakeholder engagement.**

## REVIEW OF REQUIREMENTS AND ARRANGEMENTS

### Openness

To support transparency and ensure that the Chief Constable's vision is clearly communicated, the Chief Officer Group have held strategy days for senior management and road shows across the county, which were open to all officers and staff. This has been supported by a range of communications across the force through various mediums including the internal intranet site and noticeboards. As part of the implementation of Cumbria Vision 2025, the Chief Constable sent the Vision

25 document to all supervisors in the Constabulary, with an accompanying letter, thanking everyone for their contribution and hard work and, setting out her vision for the Constabulary and services to the public and her expectations of managers and staff.

### Engaging Effectively with Institutional Stakeholders

The Constabulary works closely with the Office of the Police and Crime Commissioner (OPCC) through formal mechanisms (such as Public Accountability Conferences and Collaborative Board meetings) and informally through one to one meetings with senior staff from both organisations.

The Constabulary recognises that working with partners can deliver a more effective policing service to the public and meet the aims of the Commissioner's Police and Crime Plan. Accordingly, the Constabulary actively participates in a range of partnership activities and functions in collaboration with other agencies, both at a strategic and tactical level. Examples include:

- the Local Resilience Forum (major incident planning)
- the CRASH partnership (road safety)
- the Safer Cumbria Action Board
- the Local Safeguarding Board (child protection)
- Community Safety Partnerships

- The Cumbria Alcohol Board (countering alcohol abuse)
- Combating anti-social behaviour
- County Council
- Further development of links with criminal justice and mental health agencies and other blue-light partners.
- Local Focus Hubs in each area, where the Constabulary works closely with a range of local agencies to prevent and solve problems at the earliest opportunity.
- Collaborations with Lancashire Constabulary (training) and Durham Constabulary (ICT)

In accordance with the Joint Financial Regulations and Rules, arrangements are in place to ensure that for significant partnerships and joint working relationships there is appropriate governance including, a legal power to engage, appropriate approval by the Chief Constable and Commissioner, clear objectives, documentation of financial and other resource commitments and risk assessment.

## Engaging stakeholders effectively, including citizens and service users

The Constabulary has a Community Engagement and Consultation Strategy, which co-ordinates all on-going consultation activities and is refreshed on an annual basis to understand the needs of service users. During the year, the Constabulary consulted with the public to find out their priorities, how confident they felt, how they would like to be engaged and their areas of concern. These informed the development of the Constabulary's and Commissioner's plans.

The Constabulary has developed a marketing and communications strategy aimed at establishing clear channels of communication with all sections of the community, providing crime prevention and safety advice as well as information about services. Access to information has been developed to include community messaging and all social media. The Constabulary's e-community has grown and is now at more than 210,000 followers.

Engagement with the public is pivotal to the work of Neighbourhood Policing Teams (NPTs) embedded in Local Focus Hubs in determining local priorities. This is achieved through Community Engagement Plans, which detail contact with all stakeholders particularly those that

are hard to reach or with protected characteristics. The Community Engagement Strategy includes our key principles of consultation and engagement, which are :

- Officers, staff and volunteers being responsible for and having a targeted, visible presence in neighbourhoods.
- A clearly defined and transparent purpose for engagement activities.
- Regular formal and informal contact with communities.
- Working with partners, such as sharing opportunities for engagement.
- Making information available about local crime and policing issues to communities.
- Engagement that recognises and is tailored to the needs and challenges of different communities.
- Using engagement to identify local priorities and inform problem solving.
- Officers, staff and volunteers providing feedback and being accountable to communities.
- Officers, staff and volunteers supporting communities, where appropriate to be more active in the policing of their local areas.
- Local focus teams will use social media to engage with on-line communities.
- Officers, staff and volunteers working closely with the Constabulary's Marketing and Communications

department to engage with members of the media to highlight work conducted to tackle local issues.

- Specific types of engagement are set out in our minimum standards of engagement.
- Senior leaders will ensure support for officers in attendance at suitable training or CPD activities.

These arrangements are supported by a toolkit, which is available to officers.

Specific initiatives in relation to diversity and equality and hate crime provide cross cutting engagement support across all areas of activities.

The Constabulary uses Community Impact Assessments to identify issues that may affect a community's confidence in the ability of the police to respond effectively to their needs, thereby enhancing the police response, particularly after major incidents.

The Constabulary has further improved its internal communications strategy by:

- Refining the tiered approach based on priorities, which ensures that the most important messages are communicated effectively to the frontline
- aligning with training and internal inspection to ensure that all officers and staff have the information they need to provide the best service for the public.

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

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Defining Outcomes

The Chief Constable determined the strategic direction for the Constabulary, which is 'Keeping Cumbria Safe'. Following consultation, the Chief Constable refined the Plan on a Page. This plan outlined the Constabulary's core policing priorities:

- Responding to the public
- Prevention and deterrence
- Investigation
- Protecting vulnerable people
- Monitoring dangerous and repeat offenders
- Disrupting organised crime
- Responding to major incidents

Each key function or specialism within those priorities is the responsibility of a Professional Lead at senior level and improvement actions are included in the Constabulary's Improvement Plan.

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

In addition, the Plan on a Page identifies our values, our approach (how we will support officers and staff to deliver), our culture and future challenges, which are outlined in Vision 25.

The Plan on a Page shows how everyone in the organisation contributes to the overall aim of *Keeping Cumbria Safe* and improves knowledge and understanding by linking strategic objectives to operational and business daily activity on the ground and maintaining performance.

Sustainable economic, social and environmental benefits

During 2018/19, significant work has started to deliver the local policing Vision 25, which complements the Constabulary's priorities, builds on achievements to date and provides a roadmap to transform policing to meet the challenges of delivering an effective service for communities into the mid 2020s.

Cumbria Vision 25 has five key themes:

- Local Policing
- Specialist Capabilities
- Digital Policing

- Workforce
- Business Support

Each theme has an accompanying work programme outlined in the Vision 25 document. Business planning and governance has been organised around these core themes, each of which is headed by a senior business lead. Progress against the programme is reported bi-monthly to Chief Officer Group.

During 2018/19 the Commissioner incorporated the Constabulary's budget proposals into his 2019/20 budget in the context of a medium term financial forecast (MTFF) covering four years to 2022/23.

The 2019/20 grant settlement provided reduced real term formula grant funding for 2019/20 but greater flexibility to increase council tax. Following public consultation the budget was agreed, which will allow services to be maintained and modest investment in recruiting an additional 20 officers, who will be deployed to work in priority operational policing areas, principally in relation crime investigation, offender management, protecting vulnerable people and tackling antisocial driving behaviour

The proposed Home Office review of the police funding formula has been deferred until the next spending review period from 2021/22, however financial uncertainties

remain in relation to the outcome of the next Comprehensive Spending Review, the sustainability of the current police funding model and the level of future pay increases. In response a range of financial scenarios are being modelled over the medium term, however, it is likely that further savings of £4m will be required to balance the budget by 2022/23. A major theme of each of the Cumbria Vision 2025 work-streams is to develop savings options and realise business benefits, particularly in areas where investment in new technology has been made, as a means of balancing the budget.

During 2018/19 the Business Improvement Unit undertook extensive demand analysis to inform the financial and work plans for future years and to allocate resources to the priority areas. Demand has continued to increase and become more complex.

During 2018/19 the Constabulary has continued to develop its business planning aligned to the MTFF. Refreshed strategies in relation to people, ICT, fleet, estates and procurement have been produced and agreed by the Commissioner.

Innovative development of mobile and digital technology to increase the productivity of officers continued to be delivered during 2019/20. This has included replacement of the crime system with 'Red Sigma', automation of the

annual leave process and, improvements to mobile working in conjunction with national programmes. Body worn video has been introduced and is used across the operational frontline.

Benefits management and delivery has been introduced to ensure that productivity gains and financial benefits are delivered from the investment of all the programmes of work in Vision 25.

In relation to Estates, a new deployment centre for the Eden Neighbourhood Policing team, which also includes hostel and conferencing facilities is progressing well and on target for completion in autumn 2019.

During 2018/19 the fleet replacement programme has been further reviewed to meet emerging operational needs, whilst ensuring that efficiencies are realised. Green considerations are also becoming increasingly prominent.

Following the development of the People Strategy, initiatives in 2018/19 have included:

- Investment in further Wellbeing initiatives in the Constabulary and the training of Mental Health First Aiders who can signpost staff for early help and support .

- Investment in a Strengths Based Conversation model that promotes a coaching approach by managers, and helps to build resilience in our employees.
- Streamlined processes in duty management so staff can access automated leave systems
- Investment in anti-corruption software and resources to safeguard the safety and wellbeing of our workforce.
- Revision of our grievance and mediation handling services to that the constabulary can positively support staff in the workplace

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

## REVIEW OF REQUIREMENTS AND ARRANGEMENTS

### Planning Interventions

The Chief Officer Group is the Constabulary's strategic decision making forum. In the last 12 months key decisions have included considering and approving:

- Demand reviews
- Business strategies
- Resource allocation



- Financial updates (including the budget proposal)
- Governance documents
- Business cases in relation to operational and support functions and investment in ICT systems.

All decisions support delivery of the Chief Constable’s vision. Decisions are minuted and subject to scrutiny by the Commissioner. To improve communication and transparency all COG decisions are published on a decision log, which is made available to key stakeholders. Members of the Chief Officer Group have also attended meetings of the Police and Crime Panel to provide context to Commissioner’s precept proposal.

#### Determining Interventions & Optimising Outcomes

The Constabulary worked with the Office of the Police and Crime Commissioner (OPCC) to develop the performance framework. This set of measures and targets supports delivery of the Police and Crime Plan and is the mechanism used by the Commissioner to hold the Chief Constable to account. Progress against these measures has been reported to the Commissioner every quarter at the Public Accountability Conference.

Performance for all crime types, antisocial behaviour, road collisions, user satisfaction and productivity is monitored through the performance management conference arrangements, where issues are identified

and discussed. Potential solutions and actions required are developed and allocated to individuals to implement.

This is supported by thematic reports for specific areas of activity, which are discussed at the Commissioner’s Public Accountability Conference. Reports in 2018/19 included domestic abuse, child sexual exploitation, sexual offences, anti-social behaviour and reducing reoffending.

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

Every day, officers in each Territorial Policing Area hold a Daily Management Meeting, which identifies the crimes and incidents that have occurred over the previous 24 hours and any vulnerable or high profile incident. A supporting force-wide Daily Operational Review Meeting ensures that resources are directed to meet strategic priorities across the county.

As part of the Constabulary’s work on managing demand, the principles of THRIVESC (threat, harm, risk, investigative opportunity, vulnerability, engagement, safeguarding and ethical crime recording) have been introduced within the communications room when grading calls for service and, as part of the National Decision Making Model, deciding whether to deploy officers to incidents.

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

#### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

##### Developing the Entity’s capacity & leadership

The key functions and roles of the Chief Constable and the Police and Crime Commissioner are set out in the Police Reform and Social Responsibility Act 2011 (PRSRA) and the Policing Protocol Order 2011 (PPO) The Chief Constable’s statutory responsibilities for maintaining the Queen’s Peace are set out in various Police Acts. Both the Chief Constable and Commissioner are statutorily required to employ a Chief Finance Officer.

The arrangement for the Commissioner and Chief Constable to operate with a shared Chief Finance Officer is now well embedded. To date no issues have been identified, however, a protocol and range of safeguards remain in place to handle potential conflicts of interest arising from the joint role. A review of the operation of the Joint Chief Finance Officer arrangement has been conducted and aligned to the CIPFA statement on the Role of the Chief Finance Officer. This exercise has shown full compliance and has not revealed any significant issues.

The Constabulary has used HMICFRS Value for Money profiles and Police Objective Analysis to inform its Change Programme and applied zero based budgeting, with robust financial challenge to budget holders, to secure maximum value from the resources available. Although there are difficulties in ensuring true comparisons, in general, the VFM work has shown the Constabulary to benchmark well, although, in some instances costs may appear to be relatively high when measured per head of population. This is principally attributable to the logistics of providing an effective policing service over such a geographically sparse county.

### Developing the Capability of Individuals within the entity

The Constabulary's annual training plan for mandatory training was developed in early 2018/19 in conjunction with operational leadership teams in the context of best practice guidance from the National Police Chief's Council.

The training plan was delivered through a strategic training collaboration with Lancashire Police.

During the year force-wide training has been delivered to all frontline officers to increase workforce skills and operational capabilities in key areas:

- National crime recording standards
- Mental Health

Newly appointed Sergeants have attended a development course designed specifically to equip them with the skills they need to effectively manage and develop their teams as new leaders. The aim is to widen their thinking and understanding of what it means to be a leader in the organisation responsible not only for their own skills development but for that of their team. A programme for newly appointed Inspectors has also been developed and is being rolled out.

A team of ICT trainers have been appointed to co-ordinate delivery of training for the force's major IT projects, to ensure the workforce has the skills they need to use the new systems in their roles. In 2018/19 24 area based training sessions were undertaken attended by 660 officers and staff. Systems covered included :

- Safe (Command & Control)
- Red Sigma
- Office 365
- Business Futures (booking annual leave)

The force has applied to become a Supporting Provider for Apprenticeships, this enables the force to recoup some of the apprenticeship levy paid to the government by working in collaboration with the Education Skills Funding Agency (ESFA) and local education providers. An apprenticeship strategy has been agreed, which sets out the constabulary's commitment to identify skills gaps and increase the capabilities both of our current and future workforce. Implementation of the action plan is ongoing.

In 2018/19 the force procured the services of a university partner to work together on designing, developing and delivering a Police Constable Degree Apprenticeship (PCDA) and a Degree Holder Entry Programme (DHEP). These, along with the university led Pre-join Policing Degree, will be the programmes to support new officers

joining policing through the new entry routes from January 2020. The partnership blends the academic rigour of a university programme with the operational requirements of a serving police officer.

During 2018/19 a strengths-based conversations approach to Performance Development Review (PDR) was rolled out and extensive training provided to managers and supervisors across the force. The approach is based on the national College of Policing model focusing on personal responsibility for development built around a central competency framework (including individual objectives). A suite of continuing professional development resources and events have also been delivered, allowing all employees to take responsibility for developing themselves in their own time and at their own pace using a variety of methods.

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

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Managing risk

The Constabulary has a risk management strategy, which stresses that it is the responsibility of all officers and staff to identify and manage risk.

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

During 2018/19, specific risks associated with the potential reduction in funding as a result of future funding constraints, the introduction of the Emergency Services Network and the Constabulary's capacity to implement change have continued to feature prominently on the Constabulary's strategic risk register. Emerging strategic risks in relation to digital crime, custody medical provision, the delivery of Vision 25, procurement capacity

and compliance with General Data Protection Regulations have also been recognised.

#### Managing performance

A strategy entitled – '*Performance management in Cumbria Constabulary*' *Managing our resources to improve outcomes for the people of Cumbria*' outlines is embedded within the Constabulary. This is achieved mainly through the use of:

- Specific focus on performance in relation to protecting vulnerable people through the Vulnerability Steering Board .
- Performance Development Conferences every four months, where all functions are held accountable for performance. The approach has been refined over the past 12 months so that PDCs are appropriately focussed on priorities, for example violent crime.
- Reviewing performance at Strategy Days.
- Metrics have been developed to support the new governance structure and Chief Officer Group. This work will be further developed in 2019/20 as part of the Business Intelligence Programme of work
- A performance report for Vision 25 work programme is provided to Chief Officer Group every two months.
- Accessible daily performance figures.
- An individual officer performance dashboard and performance meetings every 15 weeks.

- A formal performance development and review (PDR) process for all officers and staff based on strengths based conversations, in accordance with College of Policing guidance. This is an annual process and determines the competence of individual officers and staff, based on the Police Professional Framework.

The Constabulary has a 'Delivering Excellence' Strategy, which aims to embed continuous improvement across the Constabulary and has three key areas of work:

- Development of Business Improvement Plans based on our priorities and all HMICFRS recommendations
- Improving on standards and quality across policing activities known as the Quality Counts initiative.
- Harnessing ideas and suggestions for improvement
- Developing and delivering the Change Programme

In addition during 2018/19, Business Improvement Unit has been given designated responsibility in the benefits realisation process where it checks the delivery and impact of benefits from changes.

During 2018/19, Business Improvement Unit has provided reassurance to chief officers that:

- Priorities and recommendations from inspection bodies are being progressed through reality checking.

These are tracked through the Cumbria Constabulary Improvement Plan.

- Systems and processes are working effectively.
- Crime recording is to a national standard.

Key work undertaken in 2018/19 has been in relation to understanding of current and future demand upon the Constabulary, which has supported the completion of the Force Management Statement. This is a self-assessment that Chief Constables prepare and provide to HMICFRS every year and explains; current and future demand over four years, performance of the force, improvement activity and the money the force expects to have to deliver policing services. To support this work an 'understanding demand' review was completed, and included an in-depth analysis of incidents reported to the control room, and activities linked to these incidents across the Constabulary. A review of demand relating to serious and complex crimes, including a 'Day in the Life' study of Crime and Safeguarding Teams was undertaken, which determined the number of detectives and other specialist officers needed over the next two years.

Other significant pieces of work undertaken by the unit in 2018/19 in support of the Constabulary's objectives include:

- Testing officer and staff knowledge on
  - the abuse of position for gain

- management of police information, and recording, retention and disposal of information
- fraud identification and response

- Auditing all 'stop and search' completed in the Constabulary, providing feedback to officers and supervisors, together with an assessment as to whether the Constabulary appropriately uses stop and search powers, to ensure police powers are being used proportionately.
- In conjunction with the Professional Standards Department, an audit of officers' use of force, involving the reviewing of Body Worn Video, providing direct feedback to officers and supervisors, and broader performance monitoring through the Constabulary Use of Force Board, and the Cumbria Strategic Independent Advisory Group.
- Audit of Body Worn Video to maximise the use of this new technology, and the advantages associated with it.
- Vulnerable victims audit, which has involved ensuring that the 'Voice of the child' is recorded to ensure learning is captured and services improved.
- Domestic Abuse quality of service audits, involving 1300 incidents of domestic abuse being reviewed to ensure that officers are adhering to investigative standards, safeguarding practices and the victims code of practice. Individual feedback is provided to officers and their supervisors where necessary.

- National Crime Recording Standards audits of sexual offences, violence, domestic abuse, stalking and harassment. This resulted in 5,892 calls for service being reviewed, to ensure all crimes have been identified and recorded.
- An audit of the Command and Control Rooms Call Management and Resolution use of the THRIVESC assessment tool.
- A hate crime audit to ensure officers are adhering to the constabulary hate crime procedure.
- Audit of E-learning completion, to ensure officers and staff are maximising the benefits of electronic learning opportunities.
- Review of the following policy and procedure:
  - Wanted persons process, to maximise the number of offenders being brought to justice.
  - Domestic abuse, to ensure the constabulary adheres to national best practice
  - Vulnerable adults procedure to ensure some of the most vulnerable in society are protected.
- Undertaking a Custody inspection against the HMICFRS inspection criteria.
- Development and implementation of the Crime Recording Action Plan, which has supported the Constabulary in preparation for the HMICFRS Crime Data Integrity Inspection
- Preparation for the following external inspections:

HMICFRS PEEL, fraud, counter terrorism, crime data Integrity

Completion of the Constabulary's Force Management Statement.

- Engaging in the National Modern Slavery and Human Trafficking Transformation Project.
- Managing the staff suggestion scheme.

#### Robust internal control

The Constabulary maintains robust internal controls systems. Assurance with regard to internal controls is provided by:

- A risk based internal audit plan. 94% of audits completed in 2018/19, including all those relating to finance, were graded as providing either substantial or reasonable assurance. One audit in relation to the use of stingers received only partial assurance. A robust management action plan has been put in place to address the recommendations made.
- The Chief Internal Auditor's overall opinion that the Chief Constable's frameworks for governance, risk and internal control are reasonable and that there are no significant control issues.
- Action plans to respond to recommendations, the implementation of which are monitored by the Joint Audit Committee.

- An Joint Audit Committee, which is self assessed against CIPFA guidance, and is judged as being highly effective in its role.

#### Managing Data

During 2018/19 arrangements for managing data have been strengthened as follows:

- Core information security and records management strategies have been reviewed and updated.
- Work remains ongoing to identify and implement relevant policies and procedures to ensure the Constabulary is compliant with Data Protection Act 2018
- Agreement that a review of 'information governance' should be undertaken to ensure that relevant areas are adequately resourced, taking into account level of risk acceptable to Chief Officers. This work will be ongoing during 2019/20.
- Mandatory requirement for all Constabulary personnel to complete NCALT Managing Information e-learning course.
- A unit, established in 2018, remains in place and continues to review existing practices of 'review, retention and disposal' of information in compliance with Management of Police Information (MOPI), reporting to Business Support Board on a regular basis highlighting risks and areas where improvements can be made

### Strong public financial management

Strong financial management provides a framework for all business decision making and planning within the Constabulary. This includes the Joint Chief Finance Officer being a member of the leadership team and finance representation at all significant decision making forums. Regular financial reporting, clear budget ownership and responsibilities (as set out in the Chief Constable's Scheme of Delegation and scheme of budget management) and consideration of the medium term financial position in all strategic decision making are also key features of the financial management framework within the force.

The Constabulary's unaudited financial statements for 2017/18 were released in May, with the final version published in July, thus meeting new tighter deadlines for financial reporting. The External Auditor's Audit Findings report gave an unqualified audit opinion and noted that the accounts were supported by excellent working papers.

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

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Implementing good practice in Transparency & Reporting

The principal means by which the Constabulary reports to the public are through themed presentations to the Commissioner's Public Accountability Conferences, which are open to the public. Reports are also available through the Commissioner's website.

During 2018/19 work has been undertaken to improve the presentation of these reports to make them more accessible and readable for members of the public.

The external auditor's opinion for the 2017/18 financial year was that the Chief Constable's Financial Statements provided a true and fair view of the financial position and that they have been properly prepared in accordance with the Code of Practice on Local Authority Accounting. The auditors further confirmed in their Annual Audit Letter that the Chief Constable had proper arrangements in

place for securing economy, efficiency and effectiveness in the use of resources.

#### Assurance & Effective Accountability

During 2018/19 the Constabulary has been inspected by HMICFRS in relation to police efficiency, effectiveness and legitimacy (known as PEEL). There are four grades that can be achieved - outstanding, good, requires improvement and inadequate.

The Constabulary has been rated as good for all aspects efficiency, effectiveness and legitimacy. Areas inspected included:

- Preventing crime & tackling ASB
- Investigating crime
- Protecting vulnerable people
- Tackling serious and organised crime
- Armed policing
- Meeting current demands and using resources
- Planning for the future
- Treating the public fairly
- Ethical and lawful workforce behaviour
- Treating the workforce fairly

During 2018/19, HMICFRS graded Cumbria as 'Outstanding' in a thematic inspection in relation to Crime Data Integrity. Cumbria is one of only two forces to have achieved this rating on the first inspection.

During 2018/19 the Chief Constable received assurances with regard to the Constabulary's arrangements for risk management, internal control and governance from a number of sources which included:

- The CFOs annual review of internal audit.
- The Head of Internal Audit and Joint CFO's assessment of the internal audit service against Public Sector Internal Audit Standards.
- The Head of Internal Audit's opinion on the framework of governance, risk management and internal control.
- A review of the effectiveness of the Joint Audit Committee against CIPFA guidelines.

- Monitoring of the implementation of actions in response to HMICFRS, internal and external audit recommendations through the Joint Audit Committee.
- Management assurances in respect of financial systems and processes.
- The CFO's fraud risk assessment.

All of the sources above indicated that systems and processes are operating effectively and have raised no significant concerns.

Appendix A – Update on 2018/19 Development and Improvement Plan

Ref	Action	Lead Officer	Action Update as at 31 March 2019	Implementation by	Revised Implementation Date	Status	C/Fwd to 2019/20 (Ref)
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.							
CPA/1	Complete outstanding vetting checks to ensure compliance with new enhanced vetting requirements and ensure arrangements are sustainable.	Head of People	All vetting checks in the constabulary have now been now completed and we are 100% compliant	30th September 2018		Completed	N/A
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.							
CPB/1	Evaluate the requirements and implement the Single On-Line Home external website in conjunction with the National Police Chiefs Council to improve public contact and access to services.	Director of Corporate Improvement	The national project has rebased its programme of work and, as a result, the timetable for forces to be included in the project has changed. Latest intelligence suggests that the revised schedule of work will be available by the end November 2019.	30th June 2019 subject to adoption by the national project.	TBA	Ongoing (original timescale extended)	CPB/1
CPB/2	Hold engagement and consultation events within the Constabulary in relation to Vision 2025	Director of Corporate Improvement	Completed	31st March 2019		Completed	N/A
CPB/3	Complete the review of policy management arrangements and make recommendations for streamlining the process, the products and their accessibility.	Director of Corporate Improvement	Due to competing requirements for resources, this work has been reprioritised and will start later in the year	31st July 2018	31st March 2019	Ongoing (original timescale extended)	CPB/2
CPB/4	The Constabulary will review the Independent Advisory Group arrangements at strategic and local level with a view to strengthening their impact.	Director of Corporate Improvement	Completed	30th June 2018		Completed	N/A
Core Principle C: Focusing on defining outcomes in terms of sustainable economic, social and environmental benefits							
CPC/1	Develop and deliver a detailed action plan for the Vision 2025 strategy.	Deputy Chief Constable	The action plans have been developed and circulated to all senior staff and supervisors and is available on the Constabulary intranet.	31st March 2019		Completed	N/A
CPC/2	Embed revised meetings and governance arrangements in support of Vision 2025	Director of Corporate Improvement	Completed. An evaluation is planned during this financial year.	30th September 2018		Completed	N/A
CPC/3	Implement Local Focus Hubs across the County including agreed objectives, governance, performance framework and developing collaboration opportunities.	Superintendent - West	The NPT and Local Focus Project has now moved into the formal implementation phase. The key deliverables include : A Constabulary Neighbourhood Policing Strategy. A Revised Local Focus Hub Operating model for the county's 6 districts. A Prevention and Deterrence Strategy. The Adoption of the Connected Communities framework. A bespoke Performance Management Framework and agreed metrics. Revised role profiles for all roles connected with Local Policing and Partnership working , Community safety. A Local Policing T&CG process implemented Nov 2018. Bespoke Training and Development programme for local staff, partners and volunteers ( Nov 2018). The Local focus Hubs are now the Tactical CSPs for the county and work to the three Strategic CSPs using combined data to identify and agree their priorities. The only outstanding action from the remit remains the provision of a Common data platform , work is currently ongoing through ICT to utilise Microsoft 365 in this regards following initial work by Deloitte on behalf of the National ICT Programme. All other actions can be listed as complete.	30th September 2018		Completed	N/A



## Appendix A – Update on 2018/19 Development and Improvement Plan

Ref	Action	Lead Officer	Action Update as at 31 March 2019	Implementation by	Revised Implementation Date	Status	C/Fwd to 2019/20 (Ref)
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.							
CPD/1	Embed changes to the scope of the Business Improvement Unit's role to deliver change and business benefits.	Director of Corporate Improvement	The change management portfolio of work has moved into BIU. The process for business benefits has been agreed and work has started to quantify these benefits.	31st March 2019		Completed	N/A
CPD/2	Incorporate the production of Force Management Statements into business planning and re-align processes to drive benefits.	Director of Corporate Improvement	Completed. The FMS is part of the Constabulary's resource allocation process, which has been agreed and implemented	30th September 2018		Completed	N/A
CPD/3	Undertake further analysis of current and future demand to inform strategic business planning.	Director of Corporate Improvement	Completed as part of FMS work plus additional activity and demand analysis to inform the resource allocation process.	31st March 2019		Completed	N/A
CPD/4	Plan and implement actions to demonstrate increased visibility to communities.	Deputy Chief Constable / Director of Corporate Improvement	A performance framework for visibility has been agreed and work is ongoing to include this as part of the Business intelligence product suite. The product will be continuously improved as more IT systems come online. - it will be completed once Control Room systems are able to provide location data.	31st March 2019	30th September 2020	Ongoing (original timescale extended)	CPD/4
CPD/5	Re-design business processes in relation to the Control Room as part of the implementation of the SAFE system to deliver business benefits.	Superintendent - Organisational Business Delivery	Work on implementing the SAFE system in the control room is progressing in line with the project plan, as part of the overall plan business processes will be re-designed.	30th September 2019		Ongoing (within original timescale)	CPD/1
CPD/6	Roll out and provide training for Body Worn Video for Officers	Superintendent - Organisational Business Delivery	The roll out and training for BWV was completed in the period April to July 2018. Support staff have also been trained over a longer time period. The roll out includes the deployment of 664 body cams and 137 flex cameras and the training of 1,096 users on evidence.com.	31st July 2018		Completed	N/A
CPD/7	In conjunction with the OPCC and other stakeholders, plan, evaluate and implement initiatives to improve emergency services inter-operability, including urgent care desk, tri service officers brought forward from 2017/18	Assistant Chief Constable	Blue Light Collaboration agreement signed by PCC, CFRS, Cumbria Constabulary, CCC, and NWAS. This sets out a clear vision and plan, for the ambitious programme of work. Governance Structure in place with Exec Leaders Board, Programme Board, and Working Group, which drives the programme, providing scrutiny and oversight. There is a detailed TOR for each project within the wider programme. Updates provided monthly to the working group and programme board, and quarterly to the Exec Leaders Board.	31st March 2019		Completed	N/A

Appendix A – Update on 2018/19 Development and Improvement Plan

Ref	Action	Lead Officer	Action Update as at 31 March 2019	Implementation by	Revised Implementation Date	Status	C/Fwd to 2019/20 (Ref)
	<b>Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.</b>						
CPE/1	Implement the College of Policing PDR process and provide associated training.	Head of People	Our new PDR / Strengths Based Conversation model has now been launched and is business as usual. Training is almost completed.	31st March 2019		Completed	N/A
CPE/2	Evaluate the requirements and prepare an action plan in relation to the introduction of the College of Policing PEQF requirements.	Head of Learning and Development	A full implementation plan was drawn up and progress against it is monitored through the PEQF/Apprenticeship Management Board. We have regular contact with CoP to check progress against key milestones. A procurement exercise has been undertaken with the University of Lancashire appointed as preferred supplier subject to contracts which are being finalised at present. Initial PCDA intake planned for February 2020.	31st December 2018		Completed	N/A
CPE/3	Develop and begin implementing the action plan supporting the Apprenticeship Strategy	Apprenticeship Manager	The Apprenticeship Strategy Implementation Plan has been developed and actions are being progressed as per the plan. Process and procedures are being developed inline with the plan. To date there has been limited success in the number of apprentices within Constabulary, impacting on the ability of the Constabulary to meet the Governments target for apprenticeships in the Public Sector. A PEQF Implementation Plan for the introduction of the PCDA and PCSO Apprenticeships in to the Constabulary, sits alongside the Apprenticeship Strategy. Going forward the action plan which supports the Apprenticeship Strategy will be reviewed to reflect the now proposed date of May 2020 for the implementation of the PCSO apprenticeship and how apprenticeship opportunities can be further promoted. Progress towards the plan is monitored at the PEQF Implementation and Apprenticeship Management Group.	31st March 2019	31st March 2019	Completed	N/A
CPE/4	Develop an action plan arising from the Well-Being survey.	Head of People	The force has re-established the Wellbeing Board headed up by the DCC. The wellbeing action plan is being formulated as per the national Oscar Kilo programme. We are also working to the Time to Change national pledge/ action plan and the Better Health at Work Bronze award. All will need a significant lead in time to complete	31st July 2018	31st July 2019	Ongoing (original timescale extended)	CPE/2
CPE/5	Develop a vision for the delivery of Procurement within the Constabulary and OPCC to meet organisational needs.	Director of Corporate Support	A three year Commercial Strategy has been agreed detailing the future vision and approach for the service. The Strategy is based on three phases - Mandatory, Transformation and Ambition and ultimately aims to reach a point where Procurement can be accredited to professional standards. It is anticipated that the mandatory phase, which will ensure compliance with Procurement Regulations, will be completed by mid 2019/20.	30th September 2018	30th September 2019	Ongoing (original timescale extended)	CPE/3

Appendix A – Update on 2018/19 Development and Improvement Plan

Ref	Action	Lead Officer	Action Update as at 31 March 2019	Implementation by	Revised Implementation Date	Status	C/Fwd to 2019/20 (Ref)
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.							
CPF/1	Develop the balanced scorecard approach to performance management and embed this within the Vision 2025 governance arrangements.	Director of Corporate Improvement	The balanced scorecards have been developed for whole organisation, workforce, business support and specialist capability strands have been developed and agreed. Constraining factors include data available in the data warehouse and, the plan for inclusion has had to be rescheduled to accommodate iterative development of Red Sigma and SAFE delivery dates. It is anticipated that products will be available in their initial form by the specified date.	31st March 2019	30th September 2019	Ongoing (original timescale extended)	CPF/2
CPF/2	Further develop the strategic resource management performance framework to drive improvements in our use of resources, and ensure that the benefits of significant investment in change and ICT are delivered.	Director of Corporate Improvement	The framework is a combination of resource allocation (completed) benefits realisation (ongoing and on schedule and the balanced scorecards (see above)	31st March 2019	30th September 2019	Ongoing (original timescale extended)	CPF/3
CPF/3	Work with the OPCC to develop a revised public accountability framework.	Director of Corporate Improvement	A development of a revised framework has been overseen by the OPCC Chief Executive and the Deputy Chief Constable and approved by Collaborative Board.	31st March 2019		Completed	N/A
CPF/4	Implement an action plan to ensure that the OPCC complies with new General Data Protection Regulations	Head of People	The national self assessment template has been completed and forms the basis for action taken. Additional resources have been invested in GDPR. The longer term GDPR action plan is being developed and activities scheduled over the next six months.	31st December 2018	30th April 2019	Ongoing (original timescale extended)	CPF/4
CPF/5	Further develop the Business Intelligence Strategy to inform future ICT developments, improve the information available to managers for effective decision making, to support improvements in services for the public and, develop and improve the dashboards available to officers and staff.	Director of Corporate Improvement / Director of Corporate Support	The business case has been approved and the BI strategy will be developed as part of that project. Early developments for reporting are underway. The project has been delayed by recruitment difficulties for requisite skills.	31st March 2019	31st March 2020	Ongoing (original timescale extended)	CPF/5

Appendix B – 2019/20 Development and Improvement Plan

Ref	B/fwd from 2018/19 (ref)	Action	Lead Officer	Implementation by
<b>Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.</b>				
CPA/1	N/A	Undertake review of the PSD function.	Head of People	31st March 2020
CPA/2	N/A	Undertake a campaign in relation to professional relationships within the workforce aligned to an initiative by the national code of ethics board.	Head of People	31st March 2020
CPA/3	N/A	Undertake a refresher media campaign in relation to the code of ethics.	Head of People	31st March 2020
<b>Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.</b>				
CPB/1	CPB/1	Evaluate the requirements and implement the Single On-Line Home external website in conjunction with the National Police Chiefs Council to improve public contact and access to services.	Director of Corporate Improvement	TBA
CPB/2	CPB/3	Complete the review of policy management arrangements and make recommendations for streamlining the process, the products and their accessibility.	Director of Corporate Improvement	31st March 2020
CPB/3	N/A	Develop the current internal communications strategy to include internal social media channels, that provide enhanced engagement and involvement in organisational decision making and policy development.	Director of Corporate Improvement	31st March 2020
CPB/4	N/A	Review the public consultation arrangements to improve the timeliness and relevance of information from the public that can inform Constabulary decision-making and policy development	Director of Corporate Improvement	30th September 2019
<b>Core Principle C: Focusing on defining outcomes in terms of sustainable economic, social and environmental benefits</b>				
CPC/1	N/A	Develop a Strategy for the affordable storage of Digital Data	Chief Superintendent Crime Command	31st March 2020
CPC/2	N/A	Conduct an options evaluation for future Estates provision in West Cumbria	Head of Estates and Fleet	30th June 2020

Ref	B/fwd from 2018/19 (ref)	Action	Lead Officer	Implementation by
<b>Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.</b>				
CPD/1	CPD/5	Re-design business processes in relation to the Control Room as part of the implementation of the SAFE system to deliver business benefits.	Superintendent - Organisational Business Delivery	31st March 2020
CPD/2	N/A	Undertake further analysis of current and future demand to inform strategic business planning, the Force Management Statement and the resource allocation process for 2020/21.	Director of Corporate Improvement	31st March 2020
CPD/3	N/A	Evaluate the Local Focus Hubs and their effectiveness in reducing demand and dealing with vulnerability issues in the local area	Director of Corporate Improvement	31st March 2020
CPD/4	CPD/4	Plan and implement actions to demonstrate increased visibility to communities.	Deputy Chief Constable / Director of Corporate Improvement	30th September 2020
<b>Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.</b>				
CPE/1	N/A	Develop and deliver the strategy to improve digital capability in the organisation and, deliver improvements to productivity	Director Corporate Improvement	31st March 2020
CPE/2	CPE/4	Develop an action plan arising from the Well-Being survey.	Head of People	31st July 2019
CPE/3	CPE/5	Develop a vision for the delivery of Procurement within the Constabulary and OPCC to meet organisational needs.	Director of Corporate Support	30th September 2019
CPE/4	N/A	In conjunction with Higher Education partners, implement the new PEQF arrangements for new officer recruits.	Head of Learning & Development	30th September 2020

Ref	B/fwd from 2018/19 (ref)	Action	Lead Officer	Implementation by
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.				
CPF/1	N/A	Review the current risk management arrangements to ensure relevance and effectiveness	Director Corporate Improvement	30th September 2019
CPF/2	CPF/1	Develop the balanced scorecard approach to performance management and embed this within the Vision 2025 governance arrangements.	Director of Corporate Improvement	31st March 2020
CPF/3	CPF/2	Further develop the strategic resource management performance framework to drive improvements in our use of resources, and ensure that the benefits of significant investment in change and ICT are delivered.	Director of Corporate Improvement	31st March 2020
CPF/4	CPF/4	Implement an action plan to ensure that the OPCC complies with new General Data Protection Regulations	Head of People	31st March 2020
CPF/5	CPF/5	Further develop the Business Intelligence Strategy to inform future ICT developments, improve the information available to managers for effective decision making, to support improvements in services for the public and, develop and improve the dashboards available to officers and staff.	Director of Corporate Improvement / Director of Corporate Support	31st March 2020
CPF/6	N/A	Undertake a review of Data Management arrangements and resourcing covering information security, GDPR and MOPI	Director of Corporate Improvement	30th September 2019



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