

### Introduction

I am pleased to introduce the summary Statement of Accounts for the 2018/19 financial year. This summary document 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 financial information set out in the summary statement of accounts is taken from the full financial statements which are published in accordance with the Accounts and Audit Regulations 2015.

The summary 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 summary statement of accounts is taken from the Joint Chief Finance Officer's narrative report to the full financial statements and 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 Commissioners 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.

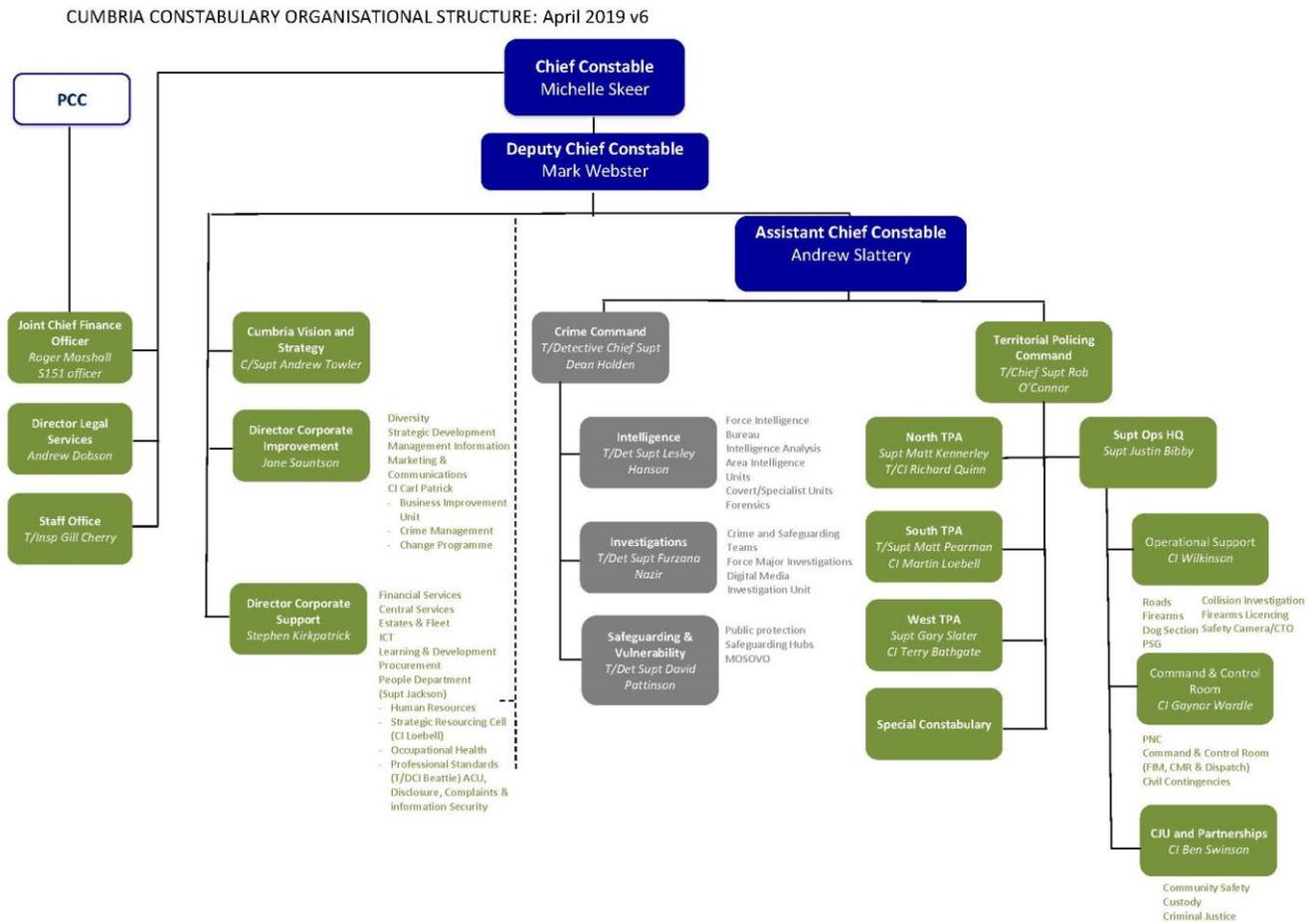
There are also two support directorates both of which report to the Deputy Chief Constable. The Corporate Support Directorate includes finance, people, estates, fleet, learning & development, ICT and central services. In overall terms, the Corporate Support directorate aims to provide cohesive and integrated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

# The Chief Constable for Cumbria Constabulary

## Summary Statement of Accounts 2018/19

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.

# The Chief Constable for Cumbria Constabulary

## Summary Statement of Accounts 2018/19

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

# The Chief Constable for Cumbria Constabulary

## Summary Statement of Accounts 2018/19

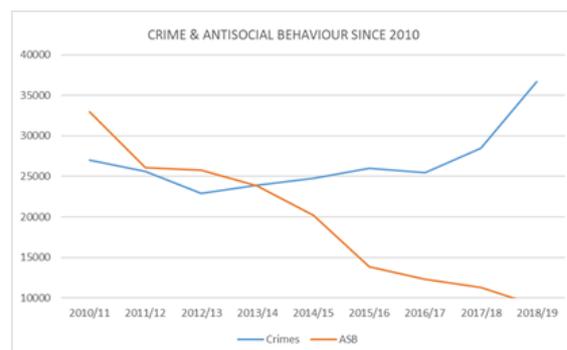
on a new command and control system, which will be fully implemented in 2019/20. A further £0.9m was expended on the cyclical replacement of the vehicle fleet. Overall capital expenditure was lower than budgeted, however, this was largely attributable to expected large milestone payments for the Eden 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%

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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	<b>9.5</b>
Senior Managers	8.0	7.0	<b>15.0</b>
All Other Employees	952.7	853.9	<b>1,806.5</b>
<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.

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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)	161,120
Funding Provided by PCC to CC	0	(110,897)	(110,897)
<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)	31,214
<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			40,038
<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

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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 6 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.

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

Summary Balance Sheet	Balance 31/03/2018 £000s	Balance 31/03/2019 £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 2017/18 £000s	Cash flows 2018/19 £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

# The Chief Constable for Cumbria Constabulary

## Summary Statement of Accounts 2018/19

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

*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).*

retirements.

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

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