

### Introduction

I am pleased to introduce the summary Statement of Accounts for the 2019/20 financial year. This summary document sets out the consolidated version of the financial position for both the single entity statements of the Police and Crime Commissioner for Cumbria and the consolidated group position, incorporating the statements of the Chief Constable for Cumbria Constabulary. The financial information set out in the summary statement of accounts is taken from the full financial statements which are published in accordance with the Accounts and Audit Regulations 2015.

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

By providing this information we aim to support our readers with an understandable and informative narrative on those matters most significant to our financial position and our financial and non-financial performance. This narrative report is provided as part of the overall publication of the financial statements and also as a standalone report. It can be accessed through the Commissioner's website: [www.cumbria-pcc.gov.uk](http://www.cumbria-pcc.gov.uk) together with the single entity statements of the Chief Constable.

### Statutory Framework

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

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

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

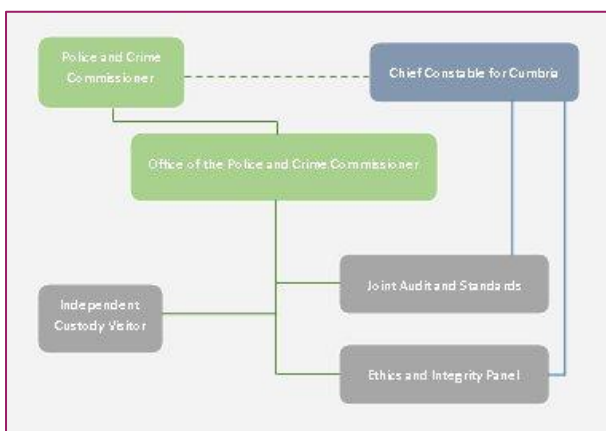
# The Police and Crime Commissioner for Cumbria

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

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

### Our Organisation



The Police and Crime Commissioner is supported by an office of 12.3fte staff, this includes two statutory officers.

The Chief Constable is accountable to the Commissioner and has responsibilities to support the Commissioner in the delivery of the strategy and objectives set out in the Police and Crime Plan. Both entities have appointed a Joint Audit Committee and a Joint Ethics and Integrity Panel. The Committee and Panel comprise independent members to oversee arrangements for governance, including financial reporting and the arrangements for integrity and ethical behaviour. Four Custody Visiting Panels fulfil the statutory requirement for independent review of custody. Membership of the panels at the end of 2018/19 were: Barrow 10, Kendal 10, North Cumbria 11 and West Cumbria 9.

### Our Goals

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

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

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November 2016 setting out our future strategy and goals.

### Our People

Our people are the most important resource we have in achieving our goals. Our values commit to having an empowered staff who are high performing, professional and have high levels of satisfaction in their roles. The Commissioner's Office and Constabulary perform well in relation to the gender diversity of the workforce. At Chief Officer Level, excluding the elected Police and Crime Commissioner, 67% of the single entity Chief Officers are female as are 100% of senior managers. A breakdown by gender of the number of men and women across the organisation at the end of the financial year and the number of men and women who were managers is set out below.

Actual Employees as at 31 March 2020	PCC		Total FTE
	Male FTE	Female FTE	
<b>PCC Single Entity</b>			
Chief Officers	0.5	1.0	<b>1.5</b>
Senior Management	0.0	1.0	<b>1.0</b>
All Other Employees	0.0	9.8	<b>9.8</b>
<b>Total PCC Employees</b>	<b>0.5</b>	<b>11.8</b>	<b>12.3</b>
<b>Group</b>			
Chief Officers	8.0	3.0	<b>11.0</b>
Senior Management	10.0	6.0	<b>16.0</b>
All Other Employees	982.7	909.0	<b>1,891.7</b>
<b>Total Group Employees</b>	<b>1,000.7</b>	<b>918.0</b>	<b>1,918.7</b>

### Chief Executive Report

The Commissioner has nearly finished his fourth year in Office. The Police and Crime Commissioner elections were due to be held in May 2020, however, as a result

of the Covid-19 pandemic they were postponed until May 2021.

During the year the Commissioner has been able to further embed his Police and Crime Plan with the support of the Constabulary and partners. This has helped establish effective relationships with key local government, criminal justice, health and third sector partners to develop initiatives and commission activities to reduce crime, support victims and enhance community safety and criminal justice.

The Police and Crime Plan contains the police and crime objectives, which all contribute toward achieving the Commissioner's overall aim 'to make Cumbria an even safer place'. Objectives are monitored through a performance framework and Public Accountability Conferences; a public meeting where the Commissioner holds the Chief Constable to account. This structure has been in place for a number of years and works well.

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

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

Public consultation and engagement are paramount to the Commissioner as he is the 'voice' for the people of Cumbria for policing. A wide range of diverse opportunities are available for the public to speak directly to the Commissioner, when the Commissioner is out in the community or by speaking to groups directly. This is further supported by the public contacting the Commissioner by email and letter, with more than 419 people contacting the Commissioner in this way during 2019/20. The main themes raised in this year were in relation to the overall Police Service received, Transport Issues (anti-social driving), Police Resources and 101.

The Commissioner undertook a successful public consultation for the increase in the council tax precept for 2020/21, with 1,473 respondents and 68.64% supporting the proposal. As a result of the public consultation, the views of the Chief Constable and the unanimous support of the Police and Crime Panel, the Commissioner took the decision to increase council tax precept by £8.91 for a Band D property.

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

This is further supported by the independent inspectorate; Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), external and internal auditors to assist in his scrutiny of governance, finance, risks and internal control. In conjunction with the Constabulary the Commissioner

also operates a Joint Audit Committee and an Ethics and Integrity Panel.

The Commissioner's staff embrace the fast-moving pace of the Office and this is evident from the work that is on-going with the Commissioner launching three key strategic campaigns and commissioning developments. The Office is well placed to deal with the new challenges for 2020/21 in particular dealing with the Covid-19 pandemic.

## Finance Review

### 2019/20 Grant Settlement and Budget

The Commissioner set a combined net revenue budget of £103.742m for 2019/20 on 20 February 2019. Funding of this amount came from the Police Grant settlement (£59.943m) and income from Council Tax (£43.799m). The budget increased the Council Tax precept by 10.29%, taking the Commissioner's proportion of the band D equivalent tax to £256.68 per annum. The effect of the increase is to support the medium term financial forecast and mitigate the impact of the real terms reduction in Police Grant, the increase in which from 2018/19 was entirely required to fund increased employers police pension contributions. The budget provided funding for the Chief Constable of £124.481m comprising a £129.692m expenditure budget to support policing and an income budget of £5.211m. The Commissioner's budget provided £2.245m for Commissioned Services, to provide funding for partnership working across the Commissioner's wider community safety, crime reduction and victim support responsibilities and £0.749m for the Office of the Police and Crime Commissioner.

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The capital budget was set at £8.709m. Capital expenditure is made up broadly of expenditure on assets that have a useful life of beyond one year. Approximately 46% of the programme related to investment in ICT including the provision of mobile devices, with the remainder being made up estates improvements, the cyclical replacement of fleet vehicles and operational equipment. The budget was funded from a combination of capital grants (£2.8m), direct contributions from revenue (£1.8m) and capital reserves (£4.1m). The capital budget was subsequently revised downwards to £7.5m reflecting the effect of the 2018/19 capital outturn position and other changes to the planned profile of capital spend.

The table below shows the summary revenue budget for 2019/20 as set on 20 February 2019, the revised budget (taking into account budget changes made during the year) and the outturn position. The presentation below is as the figures are reported throughout the year in the management accounts. At the year-end a number of technical accounting adjustments (required by proper accounting practice) are made. For this reason, the outturn in the table below will not reconcile directly to the Summary Comprehensive Income and Expenditure statement on page 7. References to the PCC relate to the Police and Crime Commissioner.

### Summary Budget and Outturn

Summary Budget & Outturn	Base	Revised		(Under)/
	Budget	Budget	Outturn	Overspend
	2019/20	2019/20	2019/20	2019/20
	£000s	£000s	£000s	£000s
Constabulary Budget	124,481	121,410	121,214	(196)
Office of the PCC	749	757	735	(22)
Other PCC Budgets	14,965	10,257	10,387	130
Grants/Contributions	(30,888)	(28,071)	(28,310)	(239)
To/(From) Reserves	(5,565)	(611)	(284)	327
<b>Net Expenditure</b>	<b>103,742</b>	<b>103,742</b>	<b>103,742</b>	<b>0</b>
Government Grants	(59,943)	(59,943)	(59,943)	0
Council Tax	(43,799)	(43,799)	(43,799)	0
<b>Total External Funding</b>	<b>(103,742)</b>	<b>(103,742)</b>	<b>(103,742)</b>	<b>0</b>

The Constabulary gross expenditure budget is made up of funding for employee costs (£114.7m; of which Police Officers comprise £88.1m), transport costs of £2.3m and supplies/other costs of £12.79m. The Commissioner's budgets comprise the costs of running his office (£0.749m) and the net position on a range of other costs. These include estates costs (£4.3m for premises used by the Constabulary and Commissioner), Commissioned Services (£2.24m to deliver the Police and Crime Plan) and budgets to finance capital expenditure and the costs of technical accounting adjustments. PCC other budgets also include the costs of insurance and past pension costs.

### In-Year Financial Performance

Revenue Expenditure: The out-turn position for 2019/20 is an underspend of £0.327m. The overall underspend is made up of an underspend of £0.131m on the budgets managed by the Commissioner and underspend of £0.196m on those held by the Constabulary. The core underspend equates to 0.3% of

the revised net budget of £103.742m, which is comfortably within the target for the revenue expenditure to be within 1% of the budget at out-turn.

In relation to the Commissioner's budgets the costs of the Office of the Police and Crime Commissioner were £22k under budget, primarily as a result of staffing savings. Other budgets managed by the Commissioner came in a total of £109k below budget. The principal variations were the receipt of an additional £242k grant towards the costs of Operation Uplift and reduced premises costs £157k offset by increased costs of ICT to facilitate home working in response to the Covid-19 pandemic £128k and an increase in the contribution to the insurance and legal provision of £86k following an actuarial review.

During 2019/20 the Constabulary's pay budget experienced pressure due to a decision to recruit additional officers funded by the Government through Operation Uplift at the earliest opportunity. As a result of this decision the Constabulary's budget was forecast to be overspent by up to £0.64m at the mid-point of the year. However, in the final quarter of the year a combination of careful management of ancillary costs associated with Operation Uplift, savings on both Police Community Support Officers and police staff pay, lower than expected non staffing costs including training, vehicle repairs and fuel and forensics and generation of additional income, meant that the Constabulary expenditure came in £0.196m under budget at the year end.

Of the total group underspend of £327k, £195k has been earmarked for investment in a new training and development management system with the balance allocated to a Covid-19 recovery reserve. Detailed outturn reports which explain the full range of variances can be found on the budget and finance section of the Commissioner's website.

The Commissioner maintains the Police Property Act Fund. The fund has been accumulated over a period of time as a result of the disposal of property coming into the possession of the police under the Police Property Act 1987 and the Powers of the Criminal Courts Act 1973. Community groups and individuals can submit applications for funding on a quarterly basis. During 2019/20 awards totalling £59k were made. As at 31 March 2020 the Police Property Act fund balance stood at £46k.

The 2019/20 Capital Expenditure Outturn amounted to £6.3m against a revised budget of £7.5m, which represented a variance of 15.5% and exceeded the target of 8%. The principal reason for expenditure coming in under budget was slippage on the replacement of the force's single platform vehicle pending a decision on the most suitable vehicle to undertake this vital role in the future. Elsewhere during the year construction of a replacement deployment centre for the Eden area was completed, although this has now been temporarily re-purposed as a training school to accommodate the influx of new recruits arising from Operation Uplift. In relation to ICT the new 'SAFE' Command and Control system in the control room went live in June 2019, development of

the new crime system 'Red Sigma' continued and new pocket smartphones were rolled out to all officers.

### The Financial Statements

This section of the narrative report provides an explanation of the various parts of the financial statements alongside a high-level summary and narrative on the financial position. The aim of the statements are to demonstrate to the reader the overall financial position of the Commissioner at the end of the financial year, together with the cost of the services provided during the year and the financing of that expenditure. The reporting format is specifically designed to meet the requirements of the Code of Practice on Local Authority Accounting. A series of notes are provided to assist readers in their understanding of the statement, whilst the presentational format is designed to make for easier reading by those who access the document through the Commissioner's website. The key financial statements are:

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

#### Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) shows the cost of policing and other services provided in the year and the income from government grants and council tax that fund those

services. The CIES is shown on page 29 of the full statement of accounts. An expenditure and income analysis that sets out what those costs are (e.g. staffing, transport etc.) is provided in note 6 on page 48.

The table below sets out a summary CIES statement.

Summary CI&ES	Gross Expenditure 2019/20 £000s	Gross Income 2019/20 £000s	Net Expenditure 2019/20 £000s
Cost of Police Services	120,859	(10,035)	110,824
<b>Cost of Services</b>	<b>120,859</b>	<b>(10,035)</b>	<b>110,824</b>
Other Operating Expenditure	19,942	(19,999)	(57)
Financing Costs and Investment Income	37,337	(3,807)	33,530
Council Tax and Grant Income	0	(109,650)	(109,650)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>178,138</b>	<b>(143,491)</b>	<b>34,647</b>
Other Comprehensive Income and Expenditure			(114,697)
<b>Total Comprehensive Income and Expenditure</b>			<b>(80,050)</b>

The statement shows that the net cost of providing services in the year amounted to £110.824m, which is predominantly the costs of policing.

In addition to showing the cost of services, the CIES also sets out net financing costs of £33.530m. The most significant element of financing costs comprise pension charges (£33.089m). These charges are calculated in accordance with generally accepted accounting practices and do not all need to be funded in the 2019/20 financial year. Financing costs also include the costs of borrowing (capital financing). These costs are extremely low other than those that fund the Workington PFI building. This is because the capital programme is funded internally using cash reserves to reduce investment risk and reflect the relatively low interest rates available on investing such balances. At the end of the financial year £22.209m (inclusive of PFI contract) of the capital programme is

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funded by the use of cash backed internal reserves rather than borrowing from the open market. At some point in the future, due to a planned reduction in reserves, the Commissioner will need to consider external borrowing.

Showing expenditure and income within this statement in accordance with generally accepted accounting practices results in expenditure exceeding income (a deficit on the provision of services) by £34.647m. A further accounting adjustment of £114.697m income through the 'other comprehensive income and expenditure' line results in an overall position on the statement of a surplus of £80.050m. This is an accounting surplus that is taken to Unusable Reserves. Page 5 of this summary sets out the out-turn position based on the management accounts, and excluding the technical accounting entries required for the CI&ES. The management accounts show an underspend of £0.327m against the 2019/20 budget.

### Movement in Reserves Statement

This statement shows the different reserves held by the Commissioner. These are analysed into 'Usable Reserves' and 'Unusable Reserves'. Usable reserves can be used to fund expenditure. They may help to pay for future costs or reduce the amount we need to raise in council tax to meet our expenses. Unusable Reserves are principally technical accounting adjustments. The Movement in Reserves Statement shows the opening balance on all reserves at the start of the year, movements in year and the closing balance. The Movement in Reserves statement is shown on pages 31-32 in the full statement of

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

Summary Movement in Reserves	Balance 31/03/2019 £000s	Movements 2019/20 £000s	Balance 31/03/2020 £000s
Police Fund	3,000	0	3,000
Earmarked Revenue Reserves	8,276	6,056	14,332
Earmarked Capital Reserves	10,634	(6,340)	4,294
Capital Receipts	2,096	0	2,096
Capital Grants Unapplied	6,144	(449)	5,695
Total Usable Reserves	<b>30,150</b>	<b>(733)</b>	<b>29,417</b>
Unusable Reserves	(1,304,728)	80,783	(1,223,945)
Total Reserves	<b>(1,274,578)</b>	<b>80,050</b>	<b>(1,194,528)</b>

Movements in usable reserves for 2019/20 show a net balance of -£0.733m. This is the cumulative position recording the amounts we have drawn down from and contribute to specific (earmarked) reserves to help fund expenditure during the year. There are separate accounts to record our receipt and use of income from the sale of property and government grants for capital expenditure. There were no capital receipts from the sale of property, plant and equipment in 2019/20.

At the end of the year, the Police Fund at 31 March 2020 stands at £3.0m and provides for unplanned financial risks. Earmarked revenue reserves are £14.332m. These reserves provide for a number of specific operational contingencies, one off budget/project costs and funding to meet future liabilities in respect of insurances and the PFI contract. The balance of capital reserves as at 31 March 2020 was £4.294m, capital reserves are those set aside to fund the capital programme, the majority of which is planned to be fully applied by 2022/23. Further detail on earmarked reserves is provided within note 8 to the statement of accounts on pages 53-54.



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At the 31<sup>st</sup> March 2020 we have negative unusable reserves of £1,224m. Unusable reserves provide a mechanism through which transactions are entered into the accounts in accordance with accounting standards. They also provide the means to manage differences in the timing and calculation of those transactions and the actual expenditure or income we need to charge to our accounts. For example, our properties are regularly re-valued. When this happens any increase in their value is shown in a revaluation reserve. The reserve 'records' the additional income we may receive when the property is sold, but it is 'unusable' until we decide to dispose of the property and achieve a sale. When we sell, the revaluation reserve will be reduced by any increase in value that was recorded before sale. The actual income we receive will be shown in our usable capital receipts reserve, where it can be used to fund new capital expenditure. The balance on our unusable reserves reflects the position following the required accounting transactions. The cumulative position for unusable reserves includes reserves of:

- £46.142m in respect of the revaluation reserve and capital adjustment account, recording accounting transactions for our capital assets.
- -£1,266m in respect of negative pensions reserves. The pensions reserves record accounting transactions for the Police and Local Government Pension Schemes. The change in the balance on these reserves in 2019/20 is positive and is as a result of changes in actuarial assumptions that have reduced scheme liabilities.

### The Balance Sheet

The Balance Sheet shows the value as at the balance sheet date (31 March 2020) of the Commissioner's assets and liabilities. The balance sheet is shown on page 33 in the full statement of accounts. The table below sets out a summary balance sheet.

Summary Balance Sheet	Balance 31/03/2019 £000s	Balance 31/03/2020 £000s
Property, Plant & Equipment	65,329	65,025
Long Term Assets	2,743	3,328
Current Assets	25,367	20,920
Current Liabilities	(11,761)	(12,004)
Long Term Liabilities	(1,356,256)	(1,271,797)
<b>Net Liabilities</b>	<b>(1,274,578)</b>	<b>(1,194,528)</b>
Usable Reserves	30,150	29,417
Unusable Reserves	(1,304,728)	(1,223,945)
<b>Total Reserves</b>	<b>(1,274,578)</b>	<b>(1,194,528)</b>

The balance sheets shows property, plant and equipment assets, which include the Commissioner's estate, fleet of vehicles and ICT/communications equipment, with a value of £65.025m. Of this, land and buildings comprise £57.543m. Long terms assets are comprised of intangible assets (predominantly computer software) £3.328m. Current assets are principally made up of investments (£6.010m), debtors (£13.261m) and cash (£1.271m) and have a total value of £20.920m. Investments are made in accordance with the Commissioner's treasury management strategy and support the management of reserves and cash flows. Debtors' balances are primarily made up of institutional debtors, for example central government, and prepayments. This means that the risk of not receiving the debt remains low. The Commissioner has a good collection record in respect of debtor invoices raised for services provided. During 2019/20 no sundry debtor invoices authorised to be written off as not collectable. The provision for

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impaired or doubtful debts stands at £17,907 against the future risk that not all outstanding invoices will prove to be 100% collectable, this figure is increased from previous years in recognition of the financial difficulties expected to be experienced as a result of the coronavirus pandemic. The Commissioner's debtors include a share of the debtors recorded by the 6 Cumbrian District Council's in respect of council tax. This debt amounts to £2.764m and is reduced by the Commissioner's share of their respective bad debt provisions of £1.239m. See note 14 to the statement of accounts (Page 68).

Balance sheet liabilities are amounts owed by the Commissioner. They include creditors, PFI debt, pensions and finance lease liabilities. They are split between short term (current) and long term liabilities, the current liabilities being those amounts due to be paid within 1 year. The most significant element of current liabilities are short term creditors which total £11.822m. The combined short and long term liability on the PFI scheme amount to £4.585m at 31<sup>st</sup> March 2020. Long term liabilities are the most significant figure on the balance sheet, showing a balance of £1,272m (£1,356m in 2018/19). The main element of this amount is a pension's deficit of £1,266m (£1,350m in 2018/19) for the Local Government Pension Scheme (LGPS) and the Police Pension Scheme. However, this deficit will be funded over a number of years, with financial support from Central Government, meaning that the financial position of the Commissioner remains healthy.

### The Cash Flow Statement

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

The statement shows how the Commissioner generates and uses cash and cash equivalents. Cash flows are classified within the cash flow statement as arising from operating activity, investing activity and financing activity. The statement is shown on pages 34-35 of the full statement of accounts. The table below sets out a summary cash flow statement.

<b>Summary Cash Flow Statement</b>	<b>Cash flows 2018/19 £000s</b>	<b>Cash flows 2019/20 £000s</b>
<b>Cash &amp; Cash Equivalents 1 April</b>	<b>(3,774)</b>	<b>(5,065)</b>
Net Cash Flow from:		
Operating Activity	(1,430)	(183)
Investing Activity	(3)	3,817
Financing Activity	142	160
<b>Cash &amp; Cash Equivalents 31 March, made up of:</b>	<b>(5,065)</b>	<b>(1,271)</b>
Bank Accounts	(2,070)	(469)
Money Market Funds	(2,995)	(802)

The table shows a cash inflow of £0.183m from operating activity. This is the net of our cash income including government grants, council tax and charges for services, less how much cash has been paid out, for example for salaries and goods that have been purchased. Cash flows from investing activity show an outflow of £3.817m and primarily represents the net balance of investment deposits less the amount of cash received when the investment comes to the end of its term. Investment activity provides a way to manage resources that will be used to fund future expenditure, earning interest on any balances. Investment activity

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also includes cash flows from the purchase and sale of capital assets (e.g. property). Cash flows arising from financing activities show a net cash outflow of £0.160m, this being amount of cash used in relation to financing and borrowing. The Commissioner has no borrowing other than that which relates to finance leases and the PFI agreement. An amount of £160k was paid to reduce those debts during the year.

The Commissioner's cash flow statement shows an overall balance of £1.274m, compared to £5.065m in 2018/19, reflecting an reduction in cash and cash equivalents of £3.794m over the year. At the end of the year £0.802m of the Commissioner's cash deposits was held in money market funds and £0.469m in banks.

### Police Officer Pension Fund Account

This statement sets out the transactions on the police officer pension fund account for the year. The statement records all the contributions that have been made during the year to the pension fund. These are primarily contributions from employees and the Constabulary as employer. Contribution rates are set nationally by the Home Office. There are also small amounts of other contributions. These are either transferred contributions, where members join the Constabulary and pension scheme during the year, through transfer from another police force, and transfer in their existing pension benefits. Other contributions also include additional payments made by the employer to cover the cost of ill-health retirements. The fund records the pensions (benefits) that are paid out of the fund to its members. Any difference between the contributions received into the

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

Summary Police Pension Fund	Pension Fund A/C 2018/19 £000s	Pension Fund A/C 2019/20 £000s
Contributions - Employer	(8,506)	(12,793)
Contributions - Officers	(5,372)	(5,529)
Contributions - Other	(578)	(846)
Benefits Payable	35,878	39,083
Other Payments	79	27
<b>Net Amount Payable</b>	<b>21,501</b>	<b>19,942</b>
Contribution from Home Office	(20,343)	(19,942)
Additional Funding Payable by the Police and Crime Commissioner (2.9%)	(1,158)	0
Net Amount Payable	0	0

The statement identifies contributions into the fund of £12.793m from the Constabulary (employer) and £5.529m from police officers. Employer contribution rates in 2019/20 were at 31% (increased from 21.3% in 2018/19). In total £39.083m of pensions have been paid out of the fund. The balance between contributions and those pensions' benefits of £19.942m has been funded by Home Office. The full police officer pension fund account is shown on pages 93 to 94 of the financial statements accompanied with a page of explanatory notes.

### Supporting Information to the Financial Statements

The key financial statements are supplemented by an explanation of the accounting policies used in preparing the statements. They also contain a comprehensive set of notes that explain in more detail a number of entries in the primary financial statements. A glossary of terms provides an explanation of the various technical accounting terms and abbreviations. The statements are published alongside the Annual Governance Statement for the Police and Crime Commissioner and the Chief Constable in accordance with the 2015 Accounts and Audit (England) Regulations.

## Business Review

During 2019/2020, the Commissioner has continued a number of programmes and initiatives working with the Constabulary and wider partners to deliver the key priorities within the Police & Crime Plan. This was the final year of the current Plan up until the Police & Crime Commissioner elections in May 2020 but following the outbreak of the Coronavirus pandemic, the elections have been postponed until May 2021. The Commissioner has therefore agreed that the priorities identified in the current Police & Crime Plan will remain in place for the next 12 months.

A key focus in 2019/2020 has been to embed the Integrated Victims Service, which was planned for and commissioned during 2018/2019. This provides a single hub for all victims to access core services across the county. It includes out of office hours support through a 24/7 Supportline and a Live Chat facility for those who do not want to contact the service via

telephone. This agile service ensures all victims have access to the right service from the right person as soon as possible. It provides resilience for the Independent Domestic Abuse and Sexual Abuse Crisis Support Service, which brings together specialist support for victims, providing practical and emotional support and advocacy with other agencies. This support also forms part of the services available from the Bridgeway Sexual Assault Service, for which the Police & Crime Commissioner has continued to provide the lead commissioning and budget management role. He also contributes funding towards and works with providers to develop the forensic-medical and the therapeutic services.

In 2019/2020, significant work has been undertaken with NHS England and three North East Police & Crime Commissioners to develop a specification for the delivery and commissioning of Sexual Assault Referral Centres (SARCs) on a regional footprint. This collaboration will provide sustainability, ensuring the current high quality of service continues to be provided to victims of sexual violence and rape in the future.

The Commissioner has continued to fund Remedi to deliver restorative justice services across Cumbria for victims of crime and in 2019/2020 piloted a programme of meditation for victims of antisocial behaviour. Restorative justice gives victims the chance to explain the impact of the offence, upon them and others close to them, and ask the offender direct questions. It holds offenders to account for what they have done and helps them to take responsibility and make amends for their behaviour.

The Commissioner continues to lead on the implementation of the Quality Assessment Framework, developed in 2017/2018, to review how criminal justice agencies comply with the national Victims' Code of Practice and to drive improvements in specific areas through this process. An assessment was carried in November 2019 and findings reported to the Safer Cumbria Partnership. Criminal justices partners have agreed to take forward the recommendations in the report.

The Commissioner's Victims' Advocate continues to champion the cause for victims, and importantly, help drive up standards. In 2019/2020, the Victims' Advocate has tested an approach to provide additional assurance in relation to the quality of service victims receive. This has resulted in quality work being recognised, specific actions for improvement being picked up in an action plan and contract management processes for each commissioned service being focused on pertinent issues.

Turning the Spotlight, a bespoke early intervention domestic abuse programme for perpetrators and families, continues to go from strength to strength and has now achieved stage one of the Respect Accreditation, a nationally recognised quality assurance scheme for organisations working with perpetrators of domestic abuse and violence in the UK. Work is currently being undertaken by Victim Support, who delivers this programme, to achieve full accreditation in 2020/2021. The Commissioner also continued to fund the Step-Up programme in

2019/2020, which aims to change behaviours and reduce domestic abuse incidents perpetrated by adolescents and children on parents and/or carers.

The vision to have three Women Centres across the county has now been realised with the final opening of Women Out West (Whitehaven) in September 2019, following by GateWay for Women (Carlisle) in 2017. These were inspired by Women's Community Matters, based in Barrow. They offer a single point of access for women to support services which includes 'Petals', an 8-week one to one support package that works with women who have experienced and perpetrated abuse and those at risk of offending, and 'Beautiful Me' for vulnerable women to build self-confidence and self-esteem within a supportive group setting.

The Commissioner has continued to fund Get Safe Online project' offering a comprehensive programme of online safety and awareness training to businesses and communities. The sessions aim to help protect participants against fraud, identity theft, viruses and other security threats, as well as wider safety issues related to meeting people online.

In 2019/2020, the Commissioner continued to provide funding to communities through his open grant schemes and worked with the Local Focus Hubs and Community Inspectors to ensure the funding addressed local needs. This has focused on interventions to support priorities in the Police & Crime Plan such as antisocial behaviour and domestic abuse, and has included the delivery of interventions in schools and community settings.

Operation Encompass has been a successful pilot that directly connects the police with schools across Cumbria, ensuring children who have been exposed to domestic abuse receive immediate support. This initiative will now be sustained over the next three years with joint funding from the Commissioner and Cumbria County Council.

In February 2020, The Cumbria Youth Commission held a 'Big Conversation' conference where they presented their final report and recommendations to the Commissioner, the Chief Constable and representatives from local authorities, the public sector and education. The Youth Commission had gathered meaningful views from over 1,500 young people living in Cumbria and identified four key priorities for organisations to consider: abuse, mental health, hate crime and drug/alcohol abuse.

In 2019/2020, the Commissioner continued to chair the Blue Light Collaboration Executive Leaders Board which oversee the joint work streams between Cumbria Constabulary, Cumbria Fire & Rescue Service (Cumbria County Council) and the North West Ambulance Service

The Commissioner and Chief Constable agreed the budget following public consultation. The additional revenue contributed to funding an extra 20 officers on top of the new 25 recruits in 2018/2019. The additional 45 officers in the last two years have bolstered police visibility and enhanced the force's

capability to deal with online and digital crime, including child sexual exploitation.

The Commissioner, working with partners, delivered a year-long safer driving Campaign, in response to what local residents said is one of their main local concerns. The campaign highlighted many aspects of safer driving, focusing on a dedicated theme each month. In response to an increase in farm machinery and quad bike thefts in Cumbria in 2019/2020, the Commissioner also ran a rural crime campaign to raise awareness to help keep communities safe and to support farmers and rural businesses to protect their property.

The Commissioner led on a review of the Safer Cumbria Partnership governance structure and has driven forward a closer alignment between criminal justice, community safety across Cumbria. He also supported a county protocol to help strengthen how other strategic boards collaborative and work together.

## Performance

The Commissioner has an open and transparent Accountability Framework to assess how well the objectives in the Police & Crime Plan are being achieved. During 2019/2020, Internal Audit carried out a review of these arrangements for monitoring the delivery of the Police & Crime Plan and awarded 'Substantial Assurance'.

During 2019/2020, a programme of work was developed with the Police and Crime Panel to facilitate effective scrutiny of the delivery of the Police & Crime Plan objectives. Thematic reports have been well

received and provided assurance on topics such as serious violence and Countylines, and victim services across Cumbria.

Within the Office of the Police & Crime Commissioner (OPCC) arrangements for performance reviews have been embedded in 2019/2020, with 12 weekly Strength Based Conversations and supporting 1-2-1s, which are working well. To support this, an OPCC Training Plan has been developed, setting out the overall training plan for the office and cascades into individual responsibilities. During 2019/2020, specific training has been provided for staff in the areas of personal safety, business analytics, governance framework, Code of Ethics, risk management and the budget. Individual staff have attended conferences, workshops and specific training events to help them develop within their roles.

## Performance Report

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

### Effective Policing

- Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Police Effectiveness Efficiency and Legitimacy (PEEL) Inspections: The PEEL Inspections judge the efficiency, effectiveness and legitimacy of the Constabulary in keeping people safe and reducing crime. In the latest HMICFRS inspection which took

place in 2018/19 Cumbria Constabulary was graded as 'good' in all aspects of effectiveness, efficiency and legitimacy. The Chief Constable reports to the Police and Crime Commissioner on how the Constabulary will tackle any areas requiring improvement and her response to HMICFRS recommendations.

- For 2019/20 overall crime increased by 4%, which equates to an increase of 1,487 crimes over the 12 month period to 31st March 2020. The increase is largely attributable to improved crime reporting.
- The largest area of change was in 'Violence against the person' which has increased by 13%. The biggest impact in terms of numbers of crimes has been on lower level crimes categorised as violence without injury, which increased by 8%, and stalking and harassment 39% increase, both of which are areas where greater emphasis has been placed on crime recording.
- Whilst the reporting of rape and sexual offences is encouraged, reports fell by 13% in 2019/20.

### Community Safety

- Antisocial behaviour has continued to fall, and has seen a 19% reduction compared to the same period last year.
- Hate crimes and incidents continue to be closely monitored. During 2019/20, the number of crimes with a hate marker reduced by 5.7%, which equates to 39 crimes. The Constabulary and partners continue to work to encourage reporting of hate crime. Based on the latest data, in comparison with other forces, Cumbria has one of the lowest levels of hate crimes both nationally and in the North West region.

- Work has also targeted increased reporting for domestic violence. During the year reported incidents of domestic abuse have reduced by 4.2%.

### Criminal Justice

- All recorded offences are assigned an outcome based on a national framework for crime. Crime outcomes are classed as positive where the offender is either charged or summonsed, receives an out of court disposal or where the Crown Prosecution Service (CPS) or police determine it is not in the public interest to prosecute. In all cases the crime outcome represents positive police activity in detecting the crime. Positive crime outcome performance is 17% for 2019/20.
- The latest available Cumbria conviction rates for Magistrates and Crown Court cases was 84%, which is ranked 4<sup>th</sup> nationally amongst 42 forces.

### Customer and Victim Satisfaction

- Performance in customer and victim satisfaction is measured through regular independent surveys following police contact. This is supplemented by the process for police complaints that includes independent sampling of complaint files and scrutiny of local to national comparatives against complaints upheld.
- The latest figures for public confidence in the local police service was high at 79%.
- When allegations are made against the police, those resolved locally perform well against national comparative timescales.

### Finance & Value for Money

- We measure our performance against targets for achieving financial outturn within a percentage of

the net budget. For 2019/20 this was set at 1% for the revenue budget and 8% for the capital budget.

- Actual performance for revenue was 0.3%, achieving well within the target.
- The capital outturn was 15.5% below budget, falling outside the target. Whilst this was a disappointing result, the year-end position was signalled from early in the year and was largely attributable to slippage in procuring a new fleet of single purpose vehicles. It is considered that the delay is justified to ensure that the correct decision is made to meet future operational needs. Stretch targets will continue to be set for capital expenditure going forward as a recognised area for performance improvement.
- Historically the budget for the Commissioner and Office of the Police and Crime Commissioner was benchmarked against HMIC Value for Money profiles. Following the inclusion of fire and rescue services under the remit of HMIC, costs for police and crime commissioners are no longer included in the VFM comparators. It has therefore not been possible to undertake a Value for Money analysis for the Office of the Police and Crime Commissioner for 2019/20.
- Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) last PEEL inspection in 2018/19 assessed the Constabulary as good in respect of efficiency.
- Outcomes against wider performance measures that indicate the effectiveness of activity and interventions are strong against the priority areas of keeping crime at low levels, reducing anti-social behaviour, bringing criminals to justice and increasing reporting of hate crime and domestic and sexual abuse.



- Collectively, these indicators provide assurance of Value for Money in respect of the 2019/20 financial year.

## The Future Outlook

Following his election in 2016, Peter McCall the Police and Crime Commissioner for Cumbria launched his Police and Crime Plan covering the period to 2020. The Plan's key theme is 'Making Cumbria Even Safer' and sets the strategic direction for policing and wider aims for enhancing community safety, criminal justice and supporting victims.

The overall financial position remains strong, which is reflected in the Medium Term Financial Forecast, which sets out the revenue budget position until 2023/24 and a capital programme, which is fully funded over the same period and will support delivery of the 2016-2021 Police and Crime Plan. The current financial position has primarily arisen as a result of positive action on behalf of the Constabulary to reduce costs in the context of reductions in government funding since 2010. This has enabled reserves to be maintained at a level that balances financial resilience and supports continued investment.

The Medium Term Financial Strategy and 2020/21 budget was approved in the context of the Government providing additional funding for Operation Uplift, continued grant funding for increased police pension contributions and affording Commissioners' flexibility to raise council tax above inflation. However, this is accompanied by increasing cost pressures including new training requirements and ICT initiatives.

Against this background the 2020/21 budget provides £130m funding for the Chief Constable to deliver policing for Cumbria. Resources include an establishment of 1,216 Police Officers, an increase of 51 and maintenance of the establishments for Police Community Support Officers and Police Staff. The longer term 10 year capital programme envisages a total investment of £61.1m principally across the estate, fleet and ICT.

Whilst the position is financially resilient in the short term, the future outlook is uncertain. Based on the MTFF assumptions, savings will need to be delivered from 2021/22 to balance the budget forecast. The budget gap by 2023/24 is forecast as £3.0m. There are a number of continuing financial risks in relation to the adequacy and sustainability of funding, the cost of national policing programmes, pensions issues and the potential review of the police funding formula. These are further compounded by the macro economic uncertainty arising from Brexit and the Covid-19 pandemic.

In terms of Covid-19, the Constabulary has and will continue to incur additional costs during 2020/21, principally in relation to ICT to facilitate home working and provision of personal, protective equipment. There is also likely to be a significant loss of income from enforcement activities. Although there is uncertainty regarding whether these costs will be re-imbursed by Government, they are considered to be manageable in the context of the organisation's overall resources.

There is also uncertainty with regard to future funding assumptions from both grants and council tax. Scenario modelling as to the impact on the financial position will take place on an on-going basis.

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

## Acknowledgements

The financial statements were originally authorised for issue by me as Joint Chief Finance Officer on 29 June 2020. Following completion of the audit, they were re-authorised by me on 25 November 2020 and were formally approved by the Police and Crime Commissioner on the same day.

In closing, it is appropriate to acknowledge the dedication and professionalism of Michelle Bellis the Deputy Chief Finance Officer, Lorraine Holme and the wider finance team in again achieving the closure of accounts and the publication of these Statements against tight deadlines and complex financial reporting standards, in particular recognising the practical working challenges presented by the pandemic.

Roger Marshall

Joint Chief Finance Officer

The accounts present a true and fair view of the position of the Police and Crime Commissioner for Cumbria Single Entity and Group Accounts as at 31 March 2020 and its income and expenditure for the year there ended.

Signatures removed for the purposes of publishing on the website

Roger Marshall CPFA

Joint Chief Finance Officer

Date: 25 November 2020

Peter McCall

The Police and Crime Commissioner for Cumbria

Date: 25 November 2020