



The Chief Constable of Cumbria  
Constabulary  
**STATEMENT OF ACCOUNTS**  
2020/21





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Constabulary

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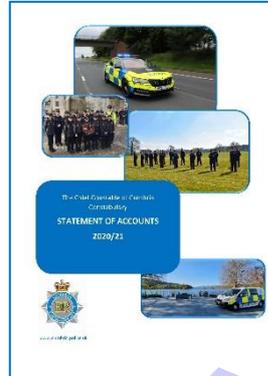
## About this Publication

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



The Statement of Accounts for 2020/21 is available on the Constabulary's website at [www.cumbria.police.uk](http://www.cumbria.police.uk)

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



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

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# The Chief Constable of Cumbria Constabulary

## Statement of Accounts 2020/21

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The Joint CFO Introduction.

For a quick highly summarised version of this statement of accounts please read the next 19 pages. The full story starts on page 22, please read that too.

Please see page 31 for a full list of the notes to the accounts and cross references to page numbers.

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

## Introduction

I am pleased to introduce the financial Statement of Accounts for the 2020/21 financial year. This financial statement sets out the single entity statements of the Chief Constable of Cumbria Constabulary. The Police and Crime Commissioner for Cumbria (the Commissioner) has also produced group accounts, which consolidate the single entity statements of the Chief Constable and the Commissioner. The accounts are published in accordance with the Accounts and Audit Regulations 2015.

The statement provides a breakdown of net spending during the year and shows the overall financial position of the Chief Constable as at 31 March 2021. The reporting format is specifically designed to meet the requirements of the Code of Practice on Local Authority Accounting. A series of notes are provided to assist readers in their understanding of the statement, whilst the presentational format is designed to make for easier reading by those who access the document through the Chief Constable's website: [www.cumbria.police.uk](http://www.cumbria.police.uk)

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

## Statutory Framework

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

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

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

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

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

## Organisational Structure

The Chief Constable is supported by a Deputy Chief Constable and Assistant Chief Constable who are responsible for a portfolio of functions within the organisation. During 2020/21 operational policing was re-structured to emerging policing challenges.

Operational policing is now split into three commands, which report to the Assistant Chief Constable.

The Operations, Engagement and Neighbourhood Policing Command is responsible for local policing, response and public engagement including management of calls for service. The command is

structured in three geographic areas.

The Crime, Safeguarding and Specialist Capabilities 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. Specialist functions, which provide shared support to Neighbourhood Policing teams such as roads, firearms, dogs and criminal justice have recently been transferred to this command.

The Insight, Performance and Policing Futures Command performs a number of strategic functions including responsibility for management information, performance management, business change and benefits management.

There are also two support directorates both of which report to the Deputy Chief Constable.

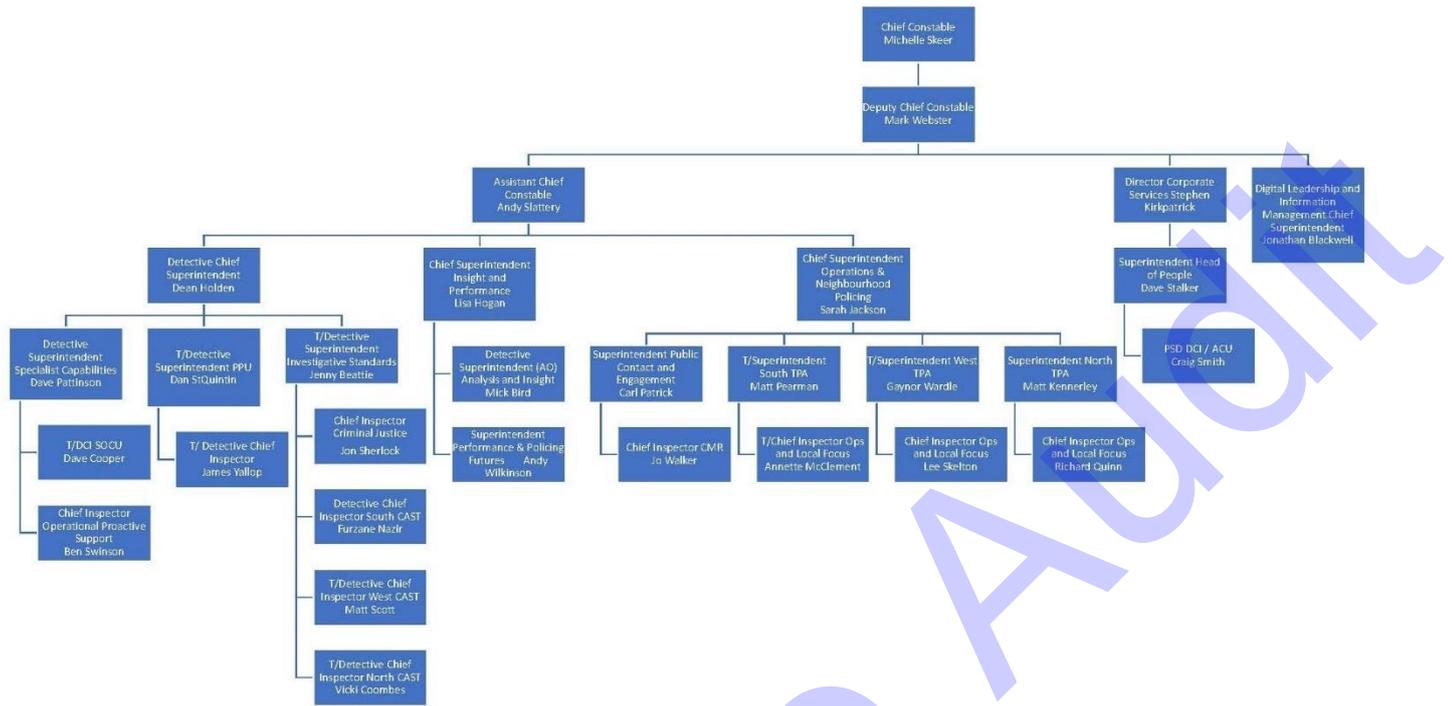
The Corporate Support Directorate includes finance, people, estates, fleet, learning & development, commercial and central services. In overall terms, the Corporate Support directorate aims to provide cohesive and integrated support for operational policing.

The Digital, Data and Technology Directorate is responsible for all aspects ICT development and data management.

Legal Services is a small specialist function, which operates independently from the main directorate structure and provides services to the Chief Constable and Commissioner.

# Joint Chief Finance Officer Narrative Report

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



## Strategic Objectives

For 2020/21, the Chief Constable determined the strategic direction for the Constabulary, which is 'To Deliver an Outstanding Police Service to Keep 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.

The priorities also support delivery of the Constabulary's Vision 25 Strategy which seeks to provide a roadmap to transform policing to meet the challenges of delivering an effective service for communities into the mid 20s.

Cumbria Vision 25 has five key themes

- Local Policing
- Specialist Capabilities
- Digital Policing
- Workforce
- Business Support

Each work-stream has a delivery plan and professional lead. Governance processes are also aligned to the themes.

## 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. Cumbria has the third lowest volume of crime and anti-social behaviour, and traffic incidents have steadily reduced over the past three years. The people of Cumbria remain supportive of the service we provide.

As with the rest of the world, the work of the Constabulary was hugely impacted by the Covid-19 pandemic during 2020/21. As soon as the threat posed by the virus was identified, the Constabulary acted quickly to ensure that its officers and staff were safe and that arrangements were put in place to ensure that an effective service to the public could be maintained. Wherever possible officers and staff were dispersed to work remotely. This was accompanied by the rapid development of enhanced ICT capability to facilitate home working. Despite global shortages in the early stages of the pandemic, a supply of PPE was secured to protect officers in public facing roles. To date these actions have been successful in limiting staff absence and have enabled the Constabulary to continue to provide a normal policing service.

The pandemic also represented a unique challenge to the legitimacy of the police service as a whole, in enforcing regulations, which restricted civil liberties to an unprecedented level. This issue was particularly acute in Cumbria, where the limitations on foreign travel, meant that the Lake District attracted much higher than normal visitor numbers. By adopting a constructive approach centred around the 4Es of Engage, Explain, Encourage with Enforcement only

used as a last resort, we have been largely successful in maintaining public support and confidence.

In relation to levels of crime, because of the lockdowns, 2020/21 cannot really be compared with other years. Whilst most types of recorded crime experienced significant falls during the year, the Constabulary is very alive to the fact that there may be significant hidden crime in areas such as domestic violence and cyber crime, which will need to be countered as restrictions are lifted. We constantly review our demand to inform our resourcing options, making sure that we address changing criminality.

The other major challenge faced by the Constabulary during 2020/21 was to maintain impetus on the local implementation of the Government's Operation Uplift Programme, to recruit an additional 20,000 officers nationally by 2023. Cumbria's target in the first phase was to recruit an additional 51 officers by the end of 2020/21. Under the leadership of the Deputy Chief Constable, Cumbria has embraced this challenge and achieved its target by June 2020, almost a year ahead of schedule. Recruitment of the second phase of a further 47 officers is now well advanced.

The Constabulary remains at the forefront in the use of digital technology in the fight against crime and is recognised nationally as being at the leading edge in rolling out mobile technology. Despite the challenges presented by working remotely during 2020/21, all officers were issued with replacement Airwave radio sets. An innovative approach to developing mobile phone applications through PowerApps was pioneered, which will be extended to other areas of business in 2020/21. In collaboration with Durham Constabulary, work to exploit advances in technology

such as Cloud services are planned in 2021/22 to support operational policing and provide an improved service to the public.

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). The Covid-19 pandemic forced HMICFRS to suspend much of its inspection activity in 2020/21. At its last inspection 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 continue to work with HMICFRS to address the small number of areas, which were identified as areas for improvement.

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 2020/21, in addition to the continued development of operational ICT systems previously highlighted, we have:

- Implemented the new Post Education Qualification Framework for new recruit training in conjunction with the University of Central Lancashire
- Continued a plan to deploy officers from rural stations to provide more visibility and an enhanced level of service in these locations.
- Commenced a Covid-19 Recovery and Renewal Plan, which will seek to maximise the benefits

from new ways of working arising from the pandemic.

- Put in place new Investigative Standards and Disclosure rules and a Safeguarding Excellence Plan, which provide a framework to ensure victims are supported and receive a high quality service.

The plan will continue to be developed during 2021/22 under the leadership of the Chief Officer team.

Whilst the favourable grant funding for Operation Uplift and flexibility afforded to Commissioners to increase the precept in 2020/21 and 2021/22, is appreciated and has allowed officer numbers to increase, this takes place in the context of uncertainty regarding the longer term financial outlook. The unprecedented level of Government financial support to the economy in the Covid-19 crisis will weigh heavily on national finances for many years to come and is likely to constrain funding levels in the public sector. This will compound existing financial risks regarding the sustainability of funding, the financial burden of national policing initiatives, pensions costs and potential changes to the police funding formula. In the meantime, the Constabulary will continue to operate as efficiently as possible and deliver savings to balance the budget.

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 Delivering an Outstanding Policing Service to Keep Cumbria Safe.

## 2020/21 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 2020/21 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 provided significant additional grant funding in 2020/21, which was directed towards the achievement of the first phase of Operation Uplift; the Government's programme to recruit 20,000 officers nationally by 2022/23. The principal challenge presented from the grant settlement was the lack provision to meet the rising cost of providing existing services. To this end, Police and Crime Commissioners were afforded flexibility to increase council tax above inflation to make up the shortfall. Following public consultation, the Commissioner increased the precept by £8.91 for a band D property, which is equivalent to 3.47%. This enabled services to be maintained, offsetting the effect of pay and price increases and other unavoidable commitments, whilst the additional grant has allowed the Constabulary to proceed with rapid recruitment of the its Uplift target of an additional 51 officers.

## 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 2020/21 we have made the following changes to enhance services:

- Undertook extensive analysis of current and future demand to support the production of a Force Management Statement for submission to HMICFRS as a means of shaping future service delivery.
- Audits of stop and search and the use of Body Worn Video to provide feedback to officers and improve services.
- Undertook a range of compliance and knowledge checks again to improve services across the operational policing portfolio including victims code of practice, released under investigation, domestic abuse quality of service, crime recording and handling of drugs offences.
- Continued development of the crime system 'Red Sigma' in collaboration with Durham Police.
- Modernised digital interview recording.
- Rolled out replacement Airwave radios to all officers.
- Developed a covid- safe working hub in Kendal and new community bases in the county.
- Developed an 'in-house' vehicle conversion capacity.
- Replaced business systems for finance, procurement and duties.
- Worked on refinement of the benefits management and delivery model.

## Performance

### Summary Budget and Outturn

The Chief Constable's budget amounting to £132.4m is based upon the funding agreement with the Commissioner.

The table below shows the summary budget for 2020/21 as set on 20 February 2020, the revised budget (taking into account budget changes made during the year) and the outturn position.

Summary Budget & Outturn	Base Budget 2020/21 £000s	Revised Budget 2020/21 £000s	Outturn 2020/21 £000s	(Under)/Overspend 2020/21 £000s
Police Officers	93,674	88,239	89,129	890
PCSOs	2,272	2,272	2,334	62
Police Staff	24,259	24,387	24,527	140
Other Employee	1,745	2,085	1,981	(104)
Transport	2,454	1,995	1,916	(79)
Supplies & Services	11,200	13,529	11,943	(1,586)
Third Party Related	2,178	2,270	2,494	224
<b>Total Expenditure</b>	<b>137,782</b>	<b>134,777</b>	<b>134,324</b>	<b>(453)</b>
Income	(5,347)	(5,429)	(5,592)	(163)
<b>Total Constabulary</b>	<b>132,435</b>	<b>129,348</b>	<b>128,732</b>	<b>(616)</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 £121.95m, which is broken down into Police Officers £93.67m, PCSO's £2.7m, Police Staff £24.26m and other employee costs of £1.75m. The remainder of the

budget relates to non-staff costs including, transport costs of £2.45m and supplies/other costs of £13.38m. Income of £5.35m, 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 final expenditure position for 2020/21, compared to the revised budget is an underspend of £0.616m, which represents 0.48% of the budget.

During 2020/21 the Covid-19 pandemic had a significant impact on the Constabulary's budget. Additional expenditure totalling £1.055m was incurred in relation to PPE, technology to facilitate home working and enforcement activities, whilst income generation was also down by a further £413k. However, this was offset by a combination of Government support and savings which resulted indirectly from the pandemic, such as reduced travel and training, totalling £1.767m.

In relation to core activities, additional expenditure of £540k resulted from a decision to recruit additional officers funded by the Government through Operation Uplift at the earliest opportunity. However, this was offset by net savings on supplies and services and third party payments budgets of £800k, particularly ICT.

**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 £2.813m

in 2020/21 are shown in the financial statements of the Commissioner. This figure was significantly less than capital budget of £7.677m, however there were extenuating circumstances for this due to the impact of Covid-19 on project working and global supply chains. Expenditure on ICT related schemes comprised the largest area of expenditure, amounting to £1.321m. During the year replacement Airwave radios were issued to all officers and work to modernise the digital interview capability of the Constabulary was completed. A significant project to replace the core ICT infrastructure was deferred, pending work to evaluate the most beneficial future roadmap, including consideration of cloud services. Similarly, planned work to integrate the Control Room technology has been delayed by slippage in the national project to implement the Emergency Services Network (ESN). A further £1.206m was expended on the cyclical replacement of the vehicle fleet. Despite, orders being placed in good time, problems in the global supply chain have resulted in significant delays to vehicle deliveries which has resulted in almost £1.9m of planned expenditure slipping to 2021/22. Smaller area of expenditure included modifications to the Estate and replacement of Tasers.

## 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 2020/21.

- Overall crime reduced by 19% (7,259) crimes. This was largely attributable to the pandemic lockdown.
- The crime type with the largest reduction was 'Violence against the person', which experienced a fall of 2,489 crimes. This is reflective of the fact that pubs and nightclubs were closed for much of the year.
- Acquisitive crimes such as burglary, theft and car crime all fell by one third compared with the previous year.
- We encourage the reporting of rape and sex offences; however this reduced by 15% (213 offences) compared to the previous year.
- The only crime type to experience a rise was drug offences, which rose by 23.9% from 922 to 1,144. This is an indication of more pro-active policing in this area.
- Antisocial behaviour (ASB) increased during 2020/21 as a result of Covid breaches being reported to the police and recorded as ASB. There were 11,251 ASB incidents in 2020/21, up 53% from 2019/20. If ASB incidents, which were classed as Covid related are excluded, ASB incidents declined by 6% from 7,286 to 6,861.
- Work has also targeted increased reporting for domestic violence. During 2020/21 Domestic Abuse Safeguarding Referrals increased by 4% from 7,554 to 7,860.
- Cumbria generally has a low level of hate crime compared to other forces both nationally and in the North West, the latest figures for crimes with a hate indicator show an annual increase of 4 crimes, which represents an increase of 0.6%.
- The latest figures for public confidence in the local police service was 78.5%.

# Joint Chief Finance Officer Narrative Report

The table below summarises the Constabulary's performance indicators.

	Number of Crimes 2020/21	% Change from previous year
<b>All Crime</b>	<b>30,949</b>	<b>-19%</b>
Violence against the person	13,546	-15%
Homicide	9	125%
Death or Serious Injury - Unlawful Driving	19	6%
Stalking and Harassment	4,635	-7%
Violence with injury	3,565	-26%
Assault - cause serious harm	190	-6%
Assault with injury	3,354	-27%
Other violence with Injury	21	-25%
Violence without injury	5,318	-14%
Assault without injury	4,490	-18%
Assault without injury on a Constable	337	11%
Other violence without injury	491	30%
Rape and sexual offences	1,242	-15%
Robbery	120	-15%
Theft offences	3,716	-33%
Burglary	1,426	-34%
Vehicle offences	705	-34%
Criminal damage and arson offences	4,247	-26%
Drugs offences	1,144	24%
Public order offences	3,900	-8%
Miscellaneous Crimes Against Society	664	-4%
Possession of weapons offences	239	-13%

During 2020/21 Her Majesty's Inspector of Constabulary Fire and Rescue Services (HMICFRS) suspended much of its inspection programme against the background of the global pandemic. At its last inspection in 2018/19 HMICFRS 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.
- Armed Policing
- Meeting current demand and 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 was also 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 2020/21, the Constabulary built on its People Strategy which was last updated in 2018/19, 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

There is a particular focus on wellbeing with work undertaken in 2020/21 seeking to promote and embed:

- Provision of ICT to facilitate home working during the pandemic, keeping the workforce safe.
- An occupational health assessment for all staff working remotely.
- Participation in the national Oscar Kilo programme to promote well-being in the workplace.
- Investment in further Wellbeing initiatives in the Constabulary and the training of Mental Health

# Joint Chief Finance Officer Narrative Report

First Aiders who can signpost staff for early help and support. A Bronze better health at work award was achieved and work is proceeding towards a silver award, which is expected to be achieved in 2021

- Provision of psychological screening for an additional 100 officers in high risk roles.
- Working as a pilot force for inclusion working in collaboration with Durham University and 10 other forces.
- Investment in a streamlined Strength Based Conversation model that promotes a coaching approach by managers and helps to build resilience in our employees.
- Development of a spotlight scheme to shape future leaders in the Constabulary
- 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.

At the 31<sup>st</sup> March 2021 the Constabulary employed:

- 1,244 Police Officers
- 62 PCSOs
- 616 Police staff (all expressed in full time equivalents)

As part of the Commissioner’s council tax pledge in 2020/21 the police officer establishment was increased by 51 FTE, from 1,165 to 1,216, which represented the Constabulary’s share of the first phase of the national Operation Uplift programme. The achievement of the Uplift target was made a high priority by the Constabulary, with the result that the increased officer

numbers were in place in early 2020/21; almost a year ahead of schedule. By the end of the year over half of the 2<sup>nd</sup> phase of officers were successfully recruited. Over 2019/20 the numbers of police staff and PCSOs operated slightly below establishment, partly because of the need to train 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 2021	CC		Total FTE
	Male FTE	Female FTE	
Directors/Chief Officers	6.5	1.0	7.5
Senior Managers	11.0	4.0	15.0
All Other Employees	995.9	902.8	1,898.7
<b>Total CC Employees</b>	<b>1,013.4</b>	<b>907.8</b>	<b>1,921.2</b>

The 2020/21 average percentage of working time lost due to sickness increased slightly for both officers and staff compared with the previous year. The police officer rate increased from 3.51% to 4.33% (approx. 9 working days), whilst police staff increased from 2.73% to 4% (9 working days). An attendance action plan is in place with a wide range of actions to pro-actively manage sickness. **Figures still awaited**

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 in 2020/21 had 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 2020/21, particular training resource was directed to:

- Police Educational and Qualification Framework for new officers (developing apprenticeship and degree entry training programmes in conjunction with the University of Central Lancashire)
- Leadership and skills courses for sergeants and inspectors.
- Specialist crime training including an in house developed Investigative Manager course for detective supervisors.
- A Digital Leadership Programme to improve the digital capabilities of all officers and staff.

## 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. Previous projects have set specific BREEAM energy efficiency targets of a minimum of very good.

Procurement of sustainable goods and services is encouraged with targets set for local labour and supply of materials. Larger specifications of work include a percentage of 'green' and where possible recycled products. Tender evaluation considers whole life costing, including running costs for the life of the building and a sustainability / environmental assessment. These measures are consistent with the social value policy.

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.

- Monitoring faults for timely repair.

Both new and refurbishment work include specific specifications for low energy technology. A move to LED lighting installations and low emission air conditioning across the estate is the standard.

As a result of the pandemic a high proportion of staff have moved to working remotely. A more flexible approach to home working will be encouraged on a permanent basis as it delivers sustainability benefits reduced travel between sites, improve space efficiency, reduces estate footprint and drives down the energy and environmental footprint at a number of sites.

For many years the Constabulary has operated a recycling policy.

In line with the national fleet strategy, the Constabulary still operates a mostly diesel fleet, with the strategy being continually reviewed as technology advances. There are now a number of petrol vehicles in the fleet, reflecting the technological improvements in these engines. In addition, there is now a small electric fleet, a mix of both unmarked and marked operational vehicles.

In 2019 a web of electric chargers was fitted throughout the estate to provide infrastructure support to these and future electric vehicles.

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

In a geographically large county staff are encouraged to make use of virtual meetings as an alternative to physical meetings and the transport time and costs, which that entails. Where journeys are essential, public transport via travel plans, car sharing and cycle to work schemes are promoted.

## 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 27 of the full statement of accounts.

The table below sets out a summary CIES statement.

Summary CI&ES	Gross Expenditure 2020/21 £000s	Gross Income 2020/21 £000s	Net Expenditure 2020/21 £000s
Cost of Police Services	124,120	(458)	123,662
Funding Provided by PCC to CC	0	(125,085)	(125,085)
<b>Cost of Services</b>	<b>124,120</b>	<b>(125,543)</b>	<b>(1,423)</b>
Financing Costs and Investment Income	31,680	(3,288)	28,392
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>155,800</b>	<b>(128,831)</b>	<b>26,969</b>
Other Comprehensive Income and Expenditure			230,333
<b>Total Comprehensive Income and Expenditure</b>			<b>257,302</b>

The statement shows that the gross cost of providing policing services amounted to £123.662m in 2020/21. 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' £28.392m and 'other comprehensive income & expenditure' net expenditure of £230.333m. These adjustments principally relate to changes to future

pensions obligations over the year based on proper accounting practices. The overall effect of the cost of providing services and the pensions adjustment is to produce an accounting deficit of £257.302m for the year, which largely impacts on unusable pensions reserves. The analysis on page 9 of this summary, based on the management accounts, shows an underspend of £0.616m.

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 36.

## 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 28 in the full statement of accounts.

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

Summary Movement in Reserves	Balance 31/03/2020 £000s	Movements 2020/21 £000s	Balance 31/03/2021 £000s
Police Pensions Reserve	(1,203,170)	(243,990)	(1,447,160)
LGPS Pensions Reserve	(62,030)	(11,390)	(73,420)
Accumulated Absences Reserve	(3,616)	(1,922)	(5,538)
<b>Total Reserves</b>	<b>(1,268,816)</b>	<b>(257,302)</b>	<b>(1,526,118)</b>

The reserves shown above on the Chief Constable's movement in reserves statement are all classed as

# Joint Chief Finance Officer Narrative Report

'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 2020/21, the overall negative balance on the police pension scheme and the local government pension scheme 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 £3.6m to meet unplanned risks and earmarked reserves of £18m for specific revenue and capital purposes. During 2020/21, a total of £0.7m has been drawn down from the Commissioner's earmarked reserves to fund revenue expenditure in the year and to increase the police fund (general reserve).

## The Balance Sheet

The Balance Sheet shows the value as at the balance sheet date (31 March 2021) of the Chief Constable's assets and liabilities.

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

Summary Balance Sheet	Balance	Balance
	31/03/2020	31/03/2021
	£000s	£000s
Current Assets	12,086	14,955
Current Liabilities	(14,685)	(19,098)
Long Term Liabilities	(1,266,217)	(1,521,975)
<b>Net Liabilities</b>	<b>(1,268,816)</b>	<b>(1,526,118)</b>
Unusable Reserves	(1,268,816)	(1,526,118)
<b>Total Reserves</b>	<b>(1,268,816)</b>	<b>(1,526,118)</b>

The Chief Constable's current assets (£15.0m) 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 (£19.1m) 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 (£1,522m) 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 29 in the full statement of accounts.

The Chief Constable's 2020/21 balance sheet shows a combined pensions deficit of £1,521m (£1,265m in 2019/20) 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

# Joint Chief Finance Officer Narrative Report

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 30 of the full statement of accounts.

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

Summary Cash Flow Statement	Cash flows 2019/20 £000s	Cash flows 2020/21 £000s
<b>Cash &amp; Cash Equivalents 1 April</b>	<b>0</b>	<b>0</b>
Net (Surplus)/Deficit on the provision of services	31,048	26,969
Adjustments for Non-cash Movements	(31,048)	(26,969)
<b>Net Cash Flows from Operating Activities</b>	<b>0</b>	<b>0</b>
<b>Cash &amp; Cash Equivalents 31 March</b>	<b>0</b>	<b>0</b>

## Police Officer Pension Fund Account

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

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

The 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 2019/20 £000s	Pension Fund A/C 2020/21 £000s
Contributions - Employer	(12,793)	(13,519)
Contributions - Officers	(5,529)	(5,842)
Contributions - Other	(846)	(331)
Benefits Payable	39,083	38,862
Other Payments	27	20
<b>Net Amount Payable</b>	<b>19,942</b>	<b>19,190</b>
Contribution from Home Office	(19,942)	(19,190)
Additional Funding Payable by the Constabulary (2.9%)	0	0
Net Amount Payable	0	0

The statement identifies contributions made in 2020/21 totaling £19.70m. The pension benefits that are payable from the fund, together with other payments amounted to £38.89m. The balance between contributions and pensions' benefits paid of £19.19m has been funded by the Home Office via the Police and Crime Commissioner. The full pensions fund

accounts and note can be found on pages 52-53 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 Annual Governance Statement of the Chief Constable can be found in (Annex D) of this Statement of Accounts on pages AGS 1- 31 or on the Constabulary website at: [www.cumbria.police.uk](http://www.cumbria.police.uk).*

## 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 2021. This has primarily arisen as a result of positive action on behalf of the Constabulary to manage 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.

To date, with the support of Government, the Constabulary has been able to manage the cost of its response to the Covid-19 pandemic with no adverse effect on its budget.

Looking forward, the Government has continued to be true to its word in the 2021/22 grant settlement by providing further additional grant of £3.4m to fund the recruitment of additional officers in phase 2 of the Operation Uplift programme. Commissioners were also given continued flexibility to levy above inflation increases in council tax. In combination with a public sector pay freeze in 2021, this has enabled the budget for 2021/22 to be balanced.

To date, with the support of Government, the Constabulary has been able to manage the cost of its response to the Covid-19 pandemic with no adverse effect on its budget. However, the medium term financial impact of the current Covid-19 pandemic on the national Government finances is likely to be serious. The potential adverse effect on the ability of forces to raise future funding at both a national and local funding has the potential to compound existing financial risks regarding the sustainability of a funding model, post Operation Uplift, which relies on local taxpayers to meet increases in the cost of providing services, the funding of pensions, costs of national policing initiatives such as the Emergency Services Network and the potential re-distribution of policing resources in any review of the Police Funding Formula. Whilst the short term financial position has improved

the medium term outlook for the Constabulary remains potentially challenging.

The Constabulary's budget is set in the context of a four year medium term financial forecast (MTFF), which is based on prudent assumptions and continued funding restraint. Based on the MTFF, which was prepared in February, annual savings of the order of £5m will be required to balance the budget by the end of the forecast period in 2024/25.

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 improve the efficiency of the Constabulary and seek to address the future gap between expenditure and income. The judicious use of reserves will also be considered as a means of balancing the budget as an interim measure. Against this background, the level of required savings highlighted in the MTFF are considered 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 joint 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.

The other highest scoring risk recognises the potential 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. This is likely to remain until the project is implemented, which is now scheduled for 2026.

The difficulties of providing a normal policing service if there are high levels of absences due to the Covid-19 pandemic remains a significant risk, although most officers have now been vaccinated.

Other strategic risks recognise the heavy reliance of the service on digital technology and the potential for failure due to technical complexity or cyber-crime, the lack of resilience in the Crime Command due to a shortage of trained detectives and the capacity of the organisation to deliver the level of change in Vision 2025.

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

## Change Programme

The Constabulary's Efficiency Plan 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.

Current work-streams include:

- Undertaking a Capabilities Review to inform the design of a workforce to meet future policing requirements.
- Realising benefits from investments in digital technology in operational policing.
- Use of business analytics and intelligence to improve management information and generate efficiencies.
- Greater emphasis on income generation.
- Extending the concept of consolidation of operational resources into hubs, including locality based multi-agency working, with the aim of improving productivity and capacity.
- Improving the efficiency of business systems and procedures to better support operational policing.
- Exploiting opportunities for collaboration with other partners.
- A more systematic benefits realisation monitoring process.
- Use of benchmarking and Value for Money indicators to inform resourcing decisions.
- Specific reviews of business activities.

## Financial Management Code

The Financial Management Code developed by the Chartered Institute of Public Finance and Accountancy came into effect from the 1<sup>st</sup> April 2020, with the aim of supporting good practice in financial management in local authorities including the policing sector. However, there is a recognition that due to the global pandemic, it may be difficult for authorities to demonstrate full-compliance during 2020/21. A self assessment has been undertaken, which shows that the Constabulary largely meets the requirements of the code, however there are some areas where further work is required to ensure full compliance, most notably in relation to

- Demonstrating Value for Money.
- Balance sheet monitoring.
- Scheme of delegation and financial training
- Developing a financial resilience index.
- Application of formal options appraisal techniques.

A copy of the self-assessment is included as an appendix to the Annual Governance Statement (Appendix C).

## Acknowledgements

The financial statements were originally authorised for issue by me as Joint Chief Finance Officer, on 28 June 2021.

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 tight deadlines and in challenging working circumstances due to the pandemic.

**Roger Marshall**

**Joint Chief Finance Officer**

The accounts present a true and fair view of the position of the Chief Constable of Cumbria Constabulary as at 31 March 2021 and its income and expenditure for the year there ended.

Signatures removed for the purpose of publication on the website

Roger Marshall CPFA

Joint Chief Finance Officer

Date: 28 June 2021

# Responsibilities for the Statement of Accounts

## 1 The Chief Constable's Responsibilities

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

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

## 2 The Joint Chief Finance Officer's Responsibilities

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

In preparing this Statement of Account, the CFO has:

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

The CFO has also:

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

The CFO should sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the organisation at the reporting date and its income and expenditure for the year ended 31 March 2021.

# Independent Auditor's Report

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# Comprehensive Income and Expenditure Statement

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

Comprehensive Income and Expenditure Statement (CC)	Notes	CC	CC	CC	CC	CC	CC
		2019/20 Gross Expenditure	2019/20 Gross Income	2019/20 Net Expenditure	2020/21 Gross Expenditure	2020/21 Gross Income	2020/21 Net Expenditure
		£000s	£000s	£000s	£000s	£000s	£000s
Cost of Policing and Crime Services	#	115,973	(418)	115,555	124,120	(458)	123,662
Funding Provided by PCC to CC		0	(117,564)	(117,564)		(125,085)	(125,085)
<b>Cost of Policing and Crime Services</b>		<b>115,973</b>	<b>(117,982)</b>	<b>(2,009)</b>	<b>124,120</b>	<b>(125,543)</b>	<b>(1,423)</b>
<b>Financing and Investment Income and Expenditure</b>							
Net Interest on the net defined benefit liability (asset)	Annex C	36,618	(3,561)	33,057	31,680	(3,288)	28,392
		<b>36,618</b>	<b>(3,561)</b>	<b>33,057</b>	<b>31,680</b>	<b>(3,288)</b>	<b>28,392</b>
<b>(Surplus) or Deficit on Provision of Services</b>		<b>152,591</b>	<b>(121,543)</b>	<b>31,048</b>	<b>155,800</b>	<b>(128,831)</b>	<b>26,969</b>
Remeasurement of the net defined pension benefit liability/asset	Annex C			(114,242)			230,333
<b>Other Comprehensive Income and Expenditure</b>				<b>(114,242)</b>			<b>230,333</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(83,194)</b>			<b>257,302</b>

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

# Movement in Reserves Statement

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

The figures for the Chief Constable in 2020/21 are provided in the table below:

Movement in Reserves Statement (CC) Figures for 2020/21								
	Note	Balance at 1 April 2020	Surplus/(deficit) on the provision of services	Other comprehensive income and expenditure	Total comprehensive income and expenditure	Adjustment between accounting basis and funding basis under regulations (Note 7)	Increase/(decrease) in 2020/21	Balance at 31 March 2021
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Usable Reserves</b>								
Chief Constable's Constabulary Fund	-	0	(26,969)	0	(26,969)	26,969	0	0
<b>Total Usable Reserves</b>		<b>0</b>	<b>(26,969)</b>	<b>0</b>	<b>(26,969)</b>	<b>26,969</b>	<b>0</b>	<b>0</b>
<b>Unusable Reserves</b>								
Chief Constable's Police Pension Reserve	14a	(1,203,170)	0	(222,690)	(222,690)	(21,300)	(243,990)	(1,447,160)
Chief Constable's LGPS Pension Reserve	14a	(62,030)	0	(7,643)	(7,643)	(3,747)	(11,390)	(73,420)
Chief Constable's Accumulated Absences Account	14b	(3,616)	0	0	0	(1,922)	(1,922)	(5,538)
<b>Total Unusable Reserves</b>		<b>(1,268,816)</b>	<b>0</b>	<b>(230,333)</b>	<b>(230,333)</b>	<b>(26,969)</b>	<b>(257,302)</b>	<b>(1,526,118)</b>
<b>Total Reserves</b>		<b>(1,268,816)</b>	<b>(26,969)</b>	<b>(230,333)</b>	<b>(257,302)</b>	<b>0</b>	<b>(257,302)</b>	<b>(1,526,118)</b>

The comparative figures for 2019/20 are provided in the table below:

Movement in Reserves Statement (CC) Figures for 2019/20								
	Note	Balance at 1 April 2019	Surplus/(deficit) on the provision of services	Other comprehensive income and expenditure	Total comprehensive income and expenditure	Adjustment between accounting basis and funding basis under regulations (Note 7)	Increase/(decrease) in 2019/20	Balance at 31 March 2020
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Usable Reserves</b>								
Chief Constable's Constabulary Fund	-	0	(31,048)	0	(31,048)	31,048	0	0
<b>Total Usable Reserves</b>		<b>0</b>	<b>(31,048)</b>	<b>0</b>	<b>(31,048)</b>	<b>31,048</b>	<b>0</b>	<b>0</b>
<b>Unusable Reserves</b>								
Chief Constable's Police Pension Reserve	14a	(1,296,300)	0	118,150	118,150	(25,020)	93,130	(1,203,170)
Chief Constable's LGPS Pension Reserve	14a	(52,654)	0	(3,908)	(3,908)	(5,468)	(9,376)	(62,030)
Chief Constable's Accumulated Absences Account	14b	(3,056)	0	0	0	(560)	(560)	(3,616)
<b>Total Unusable Reserves</b>		<b>(1,352,010)</b>	<b>0</b>	<b>114,242</b>	<b>114,242</b>	<b>(31,048)</b>	<b>83,194</b>	<b>(1,268,816)</b>
<b>Total Reserves</b>		<b>(1,352,010)</b>	<b>(31,048)</b>	<b>114,242</b>	<b>83,194</b>	<b>0</b>	<b>83,194</b>	<b>(1,268,816)</b>

# Balance Sheet

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

	Notes	CC	
		31 March 2020 £000s	31 March 2021 £000s
Inventories		378	368
Short Term Debtors (amounts owed to CC by PCC re CC share of external Debtors)	10	4,777	5,237
Short Term Debtors (amounts owed to CC by employees re accumulated absences)	10	150	80
Short Term Debtors (funding balance owed to CC by PCC)	10	6,781	9,270
<b>Current Assets</b>		<b>12,086</b>	<b>14,955</b>
Short Term Creditors (amounts owed by CC to PCC re share of external creditors)	11	(5,764)	(7,875)
Short Term Creditors (amounts owed by CC to employees re accumulated absences)	11	(3,766)	(5,618)
Short Term Creditors (funding balance due from CC to PCC)	11	(5,155)	(5,605)
<b>Current Liabilities</b>		<b>(14,685)</b>	<b>(19,098)</b>
Provisions	12	(1,017)	(1,395)
Other Long Term Liabilities			
Pensions liability - Police	Annex C	(1,203,170)	(1,447,160)
Pensions liability - LGPS	Annex C	(62,030)	(73,420)
<b>Long Term Liabilities</b>		<b>(1,266,217)</b>	<b>(1,521,975)</b>
<b>Net Liabilities</b>		<b>(1,268,816)</b>	<b>(1,526,118)</b>
<b>Unusable Reserves</b>			
Pensions Reserve - Police	14a	(1,203,170)	(1,447,160)
Pensions Reserve - LGPS	14a	(62,030)	(73,420)
Accumulated Absences Account	14b	(3,616)	(5,538)
		<b>(1,268,816)</b>	<b>(1,526,118)</b>
<b>Total Reserves</b>		<b>(1,268,816)</b>	<b>(1,526,118)</b>

The unaudited accounts were issued on 28 June 2021.

Signature removed for publication on website

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

Roger Marshall, Joint Chief Finance Officer.

# Cash Flow Statement

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

Cash Flow Statement (CC)		CC 2019/20 £000s	CC 2020/21 £000s
	Net (Surplus) or Deficit on the provision of services	31,048	26,969
	Adjustment to net surplus or deficit on the provision of services for non-cash movements	CF1 (31,048)	(26,969)
	<b>Net cash (inflow)/ outflow from Operating Activities</b>	<b>0</b>	<b>0</b>
	<b>CF1 - The Adjustment to net surplus or deficit on the provision of services for non-cash movements are made up as follows:</b>		
	Pension Liability (Contributions to/from Pensions Reserve)	(30,488)	(25,047)
	Debtors - Adjustment re CC Share of Debtors	692	390
	Debtors - Adjustment re Balance of Funding due from PCC to CC	(823)	2,489
	Creditors - Adjustment re CC Share of Creditors	(45)	(3,963)
	Creditors - Adjustment re Balance of Funding due from CC to PCC	(805)	(450)
	Stock - Change in Balance Sheet	105	(10)
	Provisions - Change in Balance Sheet	316	(378)
	<b>Adjustment to net surplus or deficit on the provision of services for non-cash movements</b>	<b>(31,048)</b>	<b>(26,969)</b>

# Notes to the Accounts

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The notes to the accounts are provided to aid the understanding of material items within the core financial statements. As a general rule, the column showing the figures for 2020/21 will be highlighted, whilst the comparatives for 2019/20 (where provided) will not.

The notes sometimes include terms that may require further explanation. Where possible, explanations are provided within the note, otherwise explanations are provided within the “glossary of terms” in pages 54-56. Terms for which an explanation is provided will be depicted by text that is shown in teal coloured text and underlined.

# Notes to the Accounts

## 1 Accounting Policies

There are a number of accounting policies that determine how items within the accounts are treated. Where these accounting policies relate to a particular note to the accounts, the accounting policy is shown alongside that note in a grey text box. Where an accounting policy is more generic and applicable across the statement accounts it will continue to be shown in a separate technical annex, **Annex A** (see pages 57-60).

## 2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies as set out alongside the relevant note or in Annex A (pages 57 to 60), the [Chief Constable](#) has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

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

## 3 Events after the Balance Sheet Date

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

The Statement of Accounts was authorised for issue by the Joint Chief Finance Officer on **28 June 2021**. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

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

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

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

## Notes to the Accounts

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

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

The items in the Chief Constable's balance sheet as at 31 March 2021 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>Two firms of consulting actuaries are engaged to provide the Chief Constable with expert advice about the assumptions to be applied for both the Police Pension Scheme (Government Actuaries Department) and the Local Government Pension Scheme (Mercer Ltd).</p> <p>In relation to the Local Government Pension Scheme there is a material estimation uncertainty around the value of property assets held in the pension scheme as a result of the global Covid-19 pandemic.</p> <p>In relation to the Police Pension Schemes there is estimation uncertainty with regards to the proposed remedy in relation to the McCloud Sergeant Judgement.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. Examples of the impact of changes in individual assumptions is included in the sensitivity analysis provided in the technical annex to the accounts Annex C, Pensions on pages 63-72.</p>

# Notes to the Accounts

## 5 Expenditure and Funding Analysis

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

The figures for the Chief Constable in 2020/21 and comparatives for 2019/20 are provided in the table below:

Expenditure and Funding Analysis (CC)	CC 2019/20		Net Expenditure in the Comprehensive Income and Expenditure Statement £000s	Net Expenditure Chargeable to the Police Fund balance and as reported for resource management £000s	CC 2020/21	
	Net Expenditure Chargeable to the Police Fund balance and as reported for resource management £000s	Adjustments between Funding and Accounting Basis (Note 5 & 7) £000s			Adjustments between Funding and Accounting Basis (Note 5 & 7) £000s	Net Expenditure in the Comprehensive Income and Expenditure Statement £000s
<b>Cost of Policing &amp; Crime Services</b>						
Police Officer Pay & Allowances	66,259	(3,500)	62,759	70,687	(5,710)	64,977
PCSO Pay & Allowances	2,560	(367)	2,193	2,533	204	2,737
Police Staff Pay & Allowances	22,080	3,900	25,980	25,035	2,108	27,143
Other Employee Budgets	3,004	0	3,004	3,046	0	3,046
Premises Related Expenditure	5,428	0	5,428	5,844	0	5,844
Transport Related Expenditure	3,239	0	3,239	2,983	0	2,983
Supplies & Services Expenditure	13,358	0	13,358	14,952	0	14,952
Third Party Related Expenditure	1,496	0	1,496	1,708	0	1,708
Technical Accounting Adjustments	(560)	560	0	(1,922)	1,922	0
Non distributed costs	658	(2,602)	(1,944)	80	53	133
Termination Payments	42	0	42	139	0	139
Funding Provided by PCC to CC	(117,564)	0	(117,564)	(125,085)	0	(125,085)
<b>Net Cost of Services</b>	<b>0</b>	<b>(2,009)</b>	<b>(2,009)</b>	<b>0</b>	<b>(1,423)</b>	<b>(1,423)</b>
Other Income and Expenditure	0	33,057	33,057	0	28,392	28,392
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>0</b>	<b>31,048</b>	<b>31,048</b>	<b>0</b>	<b>26,969</b>	<b>26,969</b>

# Notes to the Accounts

## 5.a Note to the Expenditure Funding Analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the Police Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement (page 27). The relevant transfers between reserves are explained in the Movement in Reserves Statement (page 28).

The figures for 2020/21 and comparatives for 2019/20 are shown in the table below:

Note to the Expenditure and Funding Analysis (CC)	Net change for the Pensions Adjustment (See below)	CC 2019/20 Other Differences (See below)	Total Adjustment Between funding and accounting basis	Net change for the Pensions Adjustment (See below)	CC 2020/21 Other Differences (See below)	Total Adjustment Between funding and accounting basis
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost of Policing &amp; Crime Services</b>						
Police Officer Pay & Allowances	(3,500)	0	(3,500)	(5,710)	0	(5,710)
PCSO Pay & Allowances	(367)	0	(367)	204	0	204
Police Staff Pay & Allowances	3,900	0	3,900	2,108	0	2,108
Technical Accounting Adjustments	0	560	560	0	1,922	1,922
Non distributed costs	(2,602)	0	(2,602)	53	0	53
<b>Net Cost of Services</b>	<b>(2,569)</b>	<b>560</b>	<b>(2,009)</b>	<b>(3,345)</b>	<b>1,922</b>	<b>(1,423)</b>
Other Income and Expenditure	33,057	0	33,057	28,392	0	28,392
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>30,488</b>	<b>560</b>	<b>31,048</b>	<b>25,047</b>	<b>1,922</b>	<b>26,969</b>
<b>Further Analysis of Adjustments</b>						
Police - Interest on Liabilities	31,780	0	31,780	27,010	0	27,010
Police - Reverse Employer Contributions	(34,130)	0	(34,130)	(34,370)	0	(34,370)
Police - Current Service Cost	30,630	0	30,630	28,660	0	28,660
Police - Non Distributed Costs	(3,260)	0	(3,260)	0	0	0
LGPS - Interest on Liabilities	4,838	0	4,838	4,670	0	4,670
LGPS - Return on Plan Assets	(3,561)	0	(3,561)	(3,288)	0	(3,288)
LGPS - Reverse Employer Contributions	(3,060)	0	(3,060)	(3,894)	0	(3,894)
LGPS - Current Service Cost	6,593	0	6,593	6,206	0	6,206
LGPS - Non Distributed Costs	658	0	658	53	0	53
Accumulated Absences Account Adj	0	560	560	0	1,922	1,922
<b>Total Adjustments</b>	<b>30,488</b>	<b>560</b>	<b>31,048</b>	<b>25,047</b>	<b>1,922</b>	<b>26,969</b>

## Notes to the Accounts

### 6 Expenditure and Income Analysed by Nature

This note provides an analysis of the expenditure and income by the nature of that spend/income.

Expenditure and Income	CC	CC
	2019/20 £000s	2020/21 £000s
<b>Expenditure</b>		
Police Pay & Allowances	66,259	70,687
PCSO Pay & Allowances	2,560	2,533
Police Staff Pay & Allowances	22,080	25,035
Other Employee Costs	3,004	3,046
Premises Related Costs	5,428	5,844
Transport Related Costs	3,239	2,983
Supplies & Services	13,358	14,952
Third Party Payments	1,496	1,708
Technical Accounting Adjustments	(560)	(1,922)
Pension Adjustment	3,260	27
Non Distributed Costs	(2,602)	53
Termination Payments	42	139
Funding Between PCC & CC	(117,564)	(125,085)
<b>Total Expenditure</b>	<b>0</b>	<b>0</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>0</b>	<b>0</b>

# Notes to the Accounts

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

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

The figures for 2020/21 are set out in the table below:

Adjustments between Accounting Basis and Funding Basis Under Regulations	Note	CC Constabulary Fund Balance £000s	CC Police Pension Reserve £000s	CC LGPS Pension Reserve £000s	CC Accumulated Absences Account £000s
<b>Adjustments to the Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
- Pensions costs (transferred to (or from) the Pensions Reserve)	<b>Annex C</b>	25,047	(21,300)	(3,747)	<b>0</b>
- Holiday Pay (transfers to or from Accumulated Absences Account)	<b>14b</b>	1,922	0	0	<b>(1,922)</b>
<b>Total Adjustments</b>		<b>26,969</b>	<b>(21,300)</b>	<b>(3,747)</b>	<b>(1,922)</b>

The comparative figures for 2019/20 are set out in the table below:

Adjustments between Accounting Basis and Funding Basis Under Regulations	Note	CC Constabulary Fund Balance £000s	CC Police Pension Reserve £000s	CC LGPS Pension Reserve £000s	CC Accumulated Absences Account £000s
<b>Adjustments to the Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
- Pensions costs (transferred to (or from) the Pensions Reserve)	<b>Annex C</b>	30,488	(25,020)	(5,468)	<b>0</b>
- Holiday Pay (transfers to or from Accumulated Absences Account)	<b>14b</b>	560	0	0	<b>(560)</b>
<b>Total Adjustments</b>		<b>31,048</b>	<b>(25,020)</b>	<b>(5,468)</b>	<b>(560)</b>

# Notes to the Accounts

## 8 Audit Fees

In 2020/21 the [Chief Constable](#) incurred the following fees relating to external audit services provided by Grant Thornton UK LLP.

External Audit Fees	CC 2019/20 £000s	CC 2020/21 £000s
<b>Amounts Relating to The Chief Constable</b>		
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor.	17	17
<b>Other Services</b>		
Fees payable in respect of <i>other services</i> provided by Grant Thornton during	0	0
<b>Total External Audit Fees for Year</b>	<b>17</b>	<b>17</b>

The above table shows the gross fees payable to the external auditor during the year. In 2019/20 a rebate of audit fees of £4k was received from Public Sector Audit Appointments.

## 9 Financial Instruments

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

Under International Financial reporting Standards a full set of disclosure notes are required in respect of financial instruments. These notes for the Chief Constable are included in a separate technical appendix at Annex B on pages 61 to 62.

The disclosures include:

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

## Notes to the Accounts

### 10 Short-term Debtors

A breakdown of the amounts owing to the [Chief Constable](#) as at 31 March 2021 with comparative information for the previous year is set out in the table below:

Short-term Debtors	CC As at 31 March	
	2020 £000s	2021 £000s
<b>Balance Owed from PCC re CC Share of External Debtors</b>		
- Trade Receivables	95	111
- Police pensions prepayment	2,606	2,687
- Prepayments/Payments in Advance	2,076	2,439
	<b>4,777</b>	<b>5,237</b>
Balance Owed from Employees (re accumulated Absences)	150	80
Balance Owed from PCC re Balance of Funding	6,781	9,270
<b>Total Debtors</b>	<b>11,708</b>	<b>14,587</b>

### 11 Short-term Creditors

An analysis of the amounts owed by the [Chief Constable](#) as at 31 March 2021 with comparative information for the previous year is set out in the table below:

Short-term Creditors	CC As at 31 March	
	2020 £000s	2021 £000s
<b>Balance Owed to PCC re CC Share of External Creditors</b>		
- Trade Payables	(3,412)	(5,443)
- HMRC PAYE Amounts Due	(2,352)	(2,432)
	<b>(5,764)</b>	<b>(7,875)</b>
Balance owed to Employees (re accumulated absences)	(3,766)	(5,618)
Balance owed to PCC re balance of Funding	(5,155)	(5,605)
<b>Total Creditors</b>	<b>(14,685)</b>	<b>(19,098)</b>

## 12 Provisions

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

A brief description of the purpose of the individual provisions as at 31 March 2021 is provided below:

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

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

**Employee Related** – This provision was established in 2018/19 to cover the potential costs in relation to the capital ill health charge in respect of three cases where the Constabulary was required to retire a police officer on ill health grounds. Whilst the initial decision was made in March 2019, a potential to appeal the decision meant that the ultimate cost would fall in to 2019/20. The provision was fully utilised during 2019/20.

### Accounting Policy – Provisions

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

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

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

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

## Notes to the Accounts

The table below shows the movements during the year on each of the provisions and the position as at 31 March 2021.

Provisions	Balance as at 01/04/20	Additional Provisions Made 2020/21	Amounts Used in 2020/21	Unused Amounts Reversed in 2020/21	Balance as at 31/03/21
	£000s	£000s	£000s	£000s	£000s
Insurance Liabilities	(362)	(95)	95	0	(362)
Legal Claims	(655)	(480)	102	0	(1,033)
<b>Total Provisions</b>	<b>(1,017)</b>	<b>(575)</b>	<b>197</b>	<b>0</b>	<b>(1,395)</b>

The comparative information for year ended 31 March 2020 is as follows:

Provisions	Balance as at 01/04/19	Additional Provisions Made 2019/20	Amounts Used in 2019/20	Unused Amounts Reversed in 2019/20	Balance as at 31/03/20
	£000s	£000s	£000s	£000s	£000s
Insurance Liabilities	(279)	(210)	127	0	(362)
Legal Claims	(819)	(25)	145	44	(655)
Employee Related	(235)	0	234	1	0
<b>Total Provisions</b>	<b>(1,333)</b>	<b>(235)</b>	<b>506</b>	<b>45</b>	<b>(1,017)</b>

### 13 Pensions

The Chief Constable participates in the Local Government Pension Scheme (LGPS) for Police Staff and three pensions schemes in respect of Police Officers. Under International Financial reporting Standards a full set of disclosure notes are required in respect of Pensions. These notes for the Chief Constable are included in a separate technical appendix at Annex C on pages 63 to 72.

The disclosures include:

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

# Notes to the Accounts

## 14 Unusable Reserves

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

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

### Accounting Policy – Reserves

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

### 14.a Pensions Reserve

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

Pensions Reserve	CC LGPS Pensions		CC Police Pensions	
	2019/20 £000s	2020/21 £000s	2019/20 £000s	2020/21 £000s
Balance at Start of Year	(52,654)	(62,030)	(1,296,300)	(1,203,170)
Remeasurement of the net defined pension benefit liability/asset	(3,908)	(7,643)	118,150	(222,690)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(8,528)	(7,641)	(59,150)	(55,670)
Employer's pension contributions and direct payments to pensioners payable in the year.	3,060	3,894	34,130	34,370
<b>Balance at End of Year</b>	<b>(62,030)</b>	<b>(73,420)</b>	<b>(1,203,170)</b>	<b>(1,447,160)</b>

## Notes to the Accounts

### 14.b Accumulated Absences Account

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

Accumulated Absences Account	CC 2019/20 £000s	CC 2020/21 £000s
<b>Balance at Start of Year</b>	(3,056)	<b>(3,616)</b>
Settlement or cancellation of accrual made at the end of the preceding year	3,056	3,616
Amounts accrued at the end of the current year	(3,616)	(5,538)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	<b>(560)</b>	<b>(1,922)</b>
<b>Balance at End of Year</b>	<b>(3,616)</b>	<b>(5,538)</b>

#### Accounting Policy - Employee Benefits Payable during Employment

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

# Notes to the Accounts

## 15 Members Allowances and Expenses

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

Members Allowances	CC	CC
	2019/20	2020/21
	£000s	£000s
Basic Allowance	22	47
Travel and Subsistence	7	2
	<b>29</b>	<b>49</b>

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

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

Subject to Audit

# Notes to the Accounts

## 16 Disclosure of Remuneration for Senior Employees

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

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

The table below gives the information for 2020/21 in £000s.

Postholder Information Post Title	Note	Salary (including Fees & Allowances)	Expense Allowances	Termination Pay & Compensation for loss of office	Benefits in Kind	Other Payments (Police Officers Only)	Total Remuneration Excluding pension Contributions	Pension Contributions	Total Remuneration Including pension Contributions
Chief Constable - Michelle Skeer		160	7	0	0	3	170	2	172
Deputy Chief Constable (a)		122	7	0	0	0	129	38	167
Deputy Chief Constable (b)	1	126	0	0	0	3	129	0	129
Assistant Chief Constable		119	7	0	0	3	129	36	165
Joint Chief Finance Officer		87	0	0	0	0	87	16	103
Director of Corporate Support		88	0	0	0	0	88	16	104
Director of Corporate Improvement	2	80	0	97	0	0	177	47	224
Chief Superintendent - Territorial Policing		92	1	0	1	3	97	28	125
Temporary Chief Superintendent - Crime Command		73	1	0	1	0	75	22	97
Superintendent - Head of People (a)		92	2	0	1	3	98	28	126
Superintendent - Head of People (b) (Temp ACC)	3	89	2	0	0	0	91	25	116
Director of Legal Services		88	1	0	1	0	90	16	106
<b>Total Chief Constable</b>		<b>1,216</b>	<b>28</b>	<b>97</b>	<b>4</b>	<b>15</b>	<b>1,360</b>	<b>274</b>	<b>1,634</b>

### Notes

- Deputy Chief Constable (b) is seconded to the Police Officer Uplift Programme and associated costs are reimbursed by other forces.
- The Director of Corporate Improvement was made voluntarily redundant on 28/02/21.
- Superintendent/Head of People (b) was temporarily promoted to the rank of ACC for the period 11/01/21 to 31/03/21.

## Notes to the Accounts

The table below gives the comparative information for 2019/20 in £000s.

Postholder Information Post Title	Note	Salary (including Fees & Allowances)	Expense Allowances	Benefits in Kind	Other Payments (Police Officers Only)	Total Remuneration Excluding pension Contributions	Pension Contributions	Total Remuneration Including pension Contributions
Chief Constable - Michelle Skeer		157	7	0	3	167	48	215
Deputy Chief Constable		119	7	0	0	126	37	163
Assistant Chief Constable	1	110	8	0	3	121	34	155
Joint Chief Finance Officer		81	0	0	0	81	12	93
Director of Corporate Support		86	0	0	0	86	13	99
Director of Corporate Improvement		86	0	0	0	86	13	99
Chief Superintendent - Territorial Policing		87	0	0	2	89	27	116
Temporary Chief Superintendent - Crime Command		35	1	1	0	37	11	48
Superintendent - Head of People (a)	2	87	3	0	3	93	27	120
Superintendent - Head of People (b)	3	80	1	0	0	81	25	106
Director of Legal Services		86	1	1	0	88	13	101
<b>Total Chief Constable</b>		<b>1,014</b>	<b>28</b>	<b>2</b>	<b>11</b>	<b>1,055</b>	<b>260</b>	<b>1,315</b>

### Notes:

- 1 The Assistant Chief Constable was promoted to ACC from Temporary ACC on 29/04/19.
- 2 Superintendent/Head of People (a) commenced employment with the Constabulary on 25/09/19.
- 3 Superintendent/Head of People (b) moved to be Superintendent TPA South on 08/10/19.

# Notes to the Accounts

## 17 Employee Remuneration

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

Remuneration Band	2019/20			2020/21		
	CC Police Staff	CC Snr Police Officers	CC Total	CC Police Staff	CC Snr Police Officers	CC Total
£50,000 to £54,999	6	0	6	7	0	7
£55,000 to £59,999	1	0	1	1	0	1
£60,000 to £64,999	4	0	4	3	0	3
£65,000 to £69,999	3	0	3	5	0	5
£70,000 to £74,999	0	0	0	0	1	1
£75,000 to £79,999	0	0	0	1	0	1
£80,000 to £84,999	1	0	1	0	0	0
£85,000 to £89,999	3	1	4	3	1	4
£90,000 to £94,999	0	2	2	0	0	0
£95,000 to £99,999	1	0	1	1	2	3
£100,000 to £104,999	0	0	0	0	0	0
£105,000 to £109,999	0	0	0	0	0	0
£110,000 to £114,999	0	1	1	0	0	0
£115,000 to £119,999	0	1	1	0	0	0
£120,000 to £124,999	0	0	0	0	2	2
£125,000 to £129,999	0	0	0	0	1	1
£130,000 to £134,999	0	0	0	0	0	0
£135,000 to £139,999	0	0	0	0	0	0
£140,000 to £144,999	0	0	0	0	0	0
£145,000 to £149,999	0	0	0	0	0	0
£150,000 to £154,999	0	0	0	0	0	0
£155,000 to £159,999	0	1	1	0	0	0
£160,000 to £164,999	0	0	0	0	1	1
£165,000 to £169,999	0	0	0	0	0	0
£170,000 to £174,999	0	0	0	0	0	0
£175,000 to £179,999	0	0	0	1	0	1
<b>Total</b>	<b>19</b>	<b>6</b>	<b>25</b>	<b>22</b>	<b>8</b>	<b>30</b>

In 2020/21 the remuneration for 171 Police Officers (108 in 2019/20) superintendent rank and below (who are not required to be disclosed in the above note under regulations) exceeded £50,000.

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

# Notes to the Accounts

## 18 Exit Packages/Termination Payments

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

Exit package cost band (including special payments)	Number of Compulsory Redundancies		Number of other Departures Agreed		Total Number of Exit Packages by cost band		Total cost of exit packages in each band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	Headcount	Headcount	Headcount	Headcount	Headcount	Headcount	£000's	£000's
£0-£20,000	1	3	3	0	4	3	42	10
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	1	0	1	0	129
<b>Total</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>42</b>	<b>139</b>

During 2019/20 the contracts of a small number of employees were terminated incurring termination payments amounting to £139k (£42k in 2019/20). This amount is made up of exit packages paid in 2020/21.

The exit packages paid in 2020/21 amount to £139k (£42k in 2019/20). The exit packages can be further split into compensation for loss of employment £106k (£42k in 2019/20) and enhanced pension benefits £33k (£0k in 2019/20). The redundancies are as a result of the OPCC and Constabulary's change programme. The Exit Packages table above provides details of the number and total cost of exit packages per band and include those exit packages paid in 2020/21.

### Accounting Policy - Termination Benefits

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

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

## 19 Related Party Transactions

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

### 19.a Police and Crime Commissioner

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

### 19.b Central Government

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

### 19.c Officers and Employees

Senior officers and staff of the Constabulary were asked to declare any direct financial relationship through outside bodies or companies with the Chief Constable. No material transactions have been reported in respect of the 2020/21 financial year.

### 19.d Other Public Bodies

The Chief Constable's transactions with the Cumbria Local Government Pension Scheme (administered by County Council) are shown in the pension related disclosure notes included within the Technical Annex (Annex C) pages 63-72.

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

- The PCC for Cheshire – North West Underwater Search Unit, Northwest Armed Policing Collaboration, Northwest Strategic Automatic Number Plate Recognition (ANPR) and Regional Emergency Services Network (ESN).
- The PCC for Merseyside – Regional Crime Unit, Regional Intelligence Unit, Prison Intelligence Unit, Technical Support Unit, Protected Persons Unit, Government Agency Intelligence Network (GAIN), Confiscation Unit, Regional Assets Recovery Team, Operational Security (OPSEY), Cyber Crime, Regional Fraud Team, Regional Insourced Forensic Science Services.
- The PCC for Lancashire – Regional Insourced Forensic Science Services and Learning & Development Collaboration which came to an end on 30 September 2019.
- Cumbria County Council – Shared Internal Audit Service.
- Durham Constabulary – ICT Collaboration in relation to development of systems.

## 20 Pension Challenge

### Legal Cases

The Chief Constable of Cumbria along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. The claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management was held in October 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April to be eligible for remedy.

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the introduction of the new public sector pension schemes were discriminatory (rather it was the transitional provisions), the legacy schemes will be removed from April 2022 to be replaced by the new pension schemes originally introduced in 2015.

### Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For Cumbria Constabulary, this effects XXXX members. Scheme actuaries originally estimated the increase in scheme liabilities for the Chief Constable for Cumbria to be 4.4% or £54.63m of pension scheme liabilities. This was recognised in the 2018/19 accounts. In 2019/20, the estimated increase was a further £9.5m reflecting an additional years benefits from the remedy and a reduction resulting from the eligibility criteria for members set out in HM Treasury's consultation. In 2020/21, the estimated increase is a further £x.xm reflecting an additional years benefits from the remedy.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

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

### Compensation Claims

Claimants have lodged claims for compensation. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. Claims for financial losses are currently stayed as consideration is given to the HM Treasury consultation response. As at 31 March 2021, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

## Notes to the Accounts

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

For 2020/21 the following accounting policy changes that need to be reported relate to:

- Definition of a Business: Amendments to IFRS3 Business Combinations.
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS7.
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
- Implementation of IFRS 16 Leases. The aim of the standard is to provide increased visibility of lease commitments and to ensure more consistent financial reporting of leased assets. The current distinction between assets held under finance leases which go on the balance sheet and assets held under operating leases which are expensed in the CIES will largely be removed with most leases now being classified as finance leases and put on the balance sheet. The standard was originally due to be implemented on 1 April 2020 i.e. for the 2020/21 Accounts but this has now been postponed for 1 year so will come into effect for the 2021/22 Accounts. Under the new standard a right-of-use asset and lease liability will be recognised on the balance sheet. The depreciation of leased assets and interest on lease liabilities will go through the CIES. The process of collating information on leased assets is well underway but the resulting change in the balance sheet and CIES values is not yet known, however there should be a net nil impact on the Commissioners accounts as rental costs will be replaced with depreciation, MRP and interest charges at similar costs.

In the Financial Statements for 2022/23, the effect of the changes will be assessed and where necessary, the comparative figures restated.

# Police Officer Pension Fund Account

## Police Officer Fund Account

This statement provides information on transactions on the Police Pension Fund Account for the 2020/21 financial year together with comparative information for 2019/20.

Police Officer Pension Fund Account		CC 2019/20 £000s	CC 2020/21 £000s
<b>Contributions Receivable</b>			
Employer			
- Contributions (31.0% of Pensionable Pay)		(12,793)	(13,519)
Officers' Contributions			
- 1987 Scheme Member Contributions (see narrative for rates)		(1,259)	(843)
- 2006 Scheme Member Contributions (see narrative for rates)		(54)	(37)
- 2015 Scheme Member Contributions (see narrative for rates)		(4,216)	(4,962)
		<b>(18,322)</b>	<b>(19,361)</b>
Transferees in from Other Schemes			
		(281)	(168)
Capital Equivalent charge for ill-health schemes			
		(565)	(163)
		<b>(846)</b>	<b>(331)</b>
<b>Benefits Payable</b>			
Recurrent Pensions			
		29,764	31,129
Commutations and Lump Sums			
		9,245	7,295
Other (Scheme Pays)			
		74	438
		<b>39,083</b>	<b>38,862</b>
<b>Payments to and on Account of Leavers</b>			
Refund of Contributions			
		27	20
Transfer out to other schemes			
		0	0
		<b>27</b>	<b>20</b>
<b>Net Amount Payable for the Year</b>			
		<b>19,942</b>	<b>19,190</b>
Additional Contribution from the Police & Crime Commissioner			
		(19,942)	(19,190)
Additional Funding Payable by the Constabulary (2.9%)			
		0	0
<b>Net Amount Payable (Receivable) for the Year</b>			
		<b>0</b>	<b>0</b>

## Net Assets Statement

This statement shows the net assets and liabilities of the scheme as at 31 March 2021.

Pension Fund Net Assets & liabilities		CC 2019/20 £000s	CC 2020/21 £000s
<b>Current Assets</b>			
Pensions Benefits paid in advance		2,606	2,619
<b>Current Liabilities</b>			
Amount due to the Police & Crime Commissioner		(2,606)	(2,619)
		<b>0</b>	<b>0</b>

# Notes to the Police Officer Pension Fund Account

## Accounting Policies

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

## Operation of Police Pensions Schemes

Since 1 April 2015 the Chief Constable has operated three Pensions Schemes for Police Officers. These are unfunded schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they fall due. The original Police Officer Pension scheme is known as the 1987 scheme. The second scheme was introduced in April 2006 with the intention that joint contributions of employers and employees would finance the full costs of pension liabilities. All Police Officers recruited from April 2006 onwards automatically become members of the 2006 scheme and the previous 1987 scheme was closed to new members. Officers who were members of the 1987 scheme were allowed by regulation to become members of the 2006 scheme if they wished. Members' contribution rates for 2020/21 and 2019/20 were between 11% and 12.75% for the 2006 scheme and between 14.25% and 15.05% for the 1987 scheme.

From 1 April 2015, a new pension scheme was introduced for Police Officers, known as the 2015 Scheme. The 2015 scheme is based on career average revalued earnings (CARE). All Police Officers recruited from 1 April 2015 will automatically become members of the new scheme and the two previous schemes (1987 and 2006) have been closed to new members from that date. Members of the two older police pension schemes will either be fully protected in those schemes, transfer to the new 2015 scheme on 1 April 2015, or will transfer on different tapering dates in the future subject to individual circumstances around age and length of service remaining. The members' contribution rates for the new scheme ranged between 12.44% and 13.78% in 2020/21 and 2019/20.

The financial statements for the Police Officer pension fund account do not take account of liabilities to pay pensions and other benefits after the period end. Details of the Chief Constable's long term pensions obligations can be found in the main accounting statements (see Balance Sheet page 29). Detailed disclosure notes regarding the Police Pension schemes can be found in the Technical Annex to the Statement of Accounts (Annex C Pensions on pages 63-72).

## Funding of Police Pension Schemes

In 2006/07 a new arrangement was established to fund Police Pensions. This revised arrangement is for both new and existing police officer schemes, but has no effect on the benefit structures of either scheme. The purpose of the change is to smooth fluctuations in costs, that would previously have been charged to the Chief Constable's Comprehensive Income and Expenditure Statement on a 'pay as you go basis', and to more clearly show the effect of the liability as opposed to current pension payments. Under the revised arrangements the liability for payment of police pensions is removed from the Chief Constable and replaced with an employers' contribution, currently set at 31% of pensionable pay, which, along with the employee contributions and any transfer values, is paid into the pensions account. The employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to periodic revaluation by the Government Actuary's Department. Pensions are then paid from this account. The pensions account is balanced to nil annually, with any shortfall met by a top up from the Commissioner, or vice versa. However, the Home Office indemnify the Commissioner against any financial liability arising from a deficit on the Pension Account by providing a grant to the Commissioner equal to the Commissioner's top up. Similarly, any surplus on the Pension Account is ultimately repayable to the Home Office.

# Glossary of Terms

## Accruals

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

## Actuarial Valuation

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

## Agency Costs

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

## Amortisation/Amortised Cost

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

## Budget

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

## Capital Adjustment Account

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

## Capital Expenditure

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

## Capital Financing Requirement (CFR)

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

## Capital Receipt

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

## Cash and Cash Equivalents

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

## CC or Chief Constable

The Chief Constable for Cumbria Constabulary.

## CFO

The Joint Chief Finance Officer.

## CIPFA

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

## Commissioner

The Police and Crime Commissioner for Cumbria.

## Componentisation

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

## Contingency

A sum set aside to meet unforeseen expenditure.

## Creditors

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

# Glossary of Terms

## Debtors

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

## Depreciation

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

## De-minimis

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

## Direct Revenue Contributions (DRC)

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

## Earmarked Reserves

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

## Fair Value

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

## Hedge Funds

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

## Heritage Assets

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

## HMICFRS

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

## Impairment/Impaired

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

## Investment Property

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

## Leasing

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

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

## MHCLG

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

## Minimum Revenue Provision (MRP)

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

## Non-current Assets

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

## NPCC

The National Police Chiefs Council.

## PCC

The Police and Crime Commissioner for Cumbria.

## Pension actuarial gains and losses

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

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

# Glossary of Terms

## **Pension – current service costs**

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

## **Pension – defined benefit scheme**

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

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

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

## **Pension – interest costs**

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

## **Pension - past service costs**

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

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

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

## **Precept**

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

## **Private Equity Funds**

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

## **Provision**

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

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

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

## **Reserves**

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

## **Revaluation Reserve**

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

## **SERCOP**

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

## **The Commissioner**

The Police and Crime Commissioner for Cumbria.

## **TPA**

Territorial Policing Area.

# Annex A - Statement of Accounting Policies

## 1 General Principles

The Statement of Accounts summarises the financial transactions for the 2019/20 financial year and the financial position at the 31 March 2021. The Police and Crime Commissioner and Chief Constable are each required to prepare an annual Statement of Accounts (single entity) in accordance with the Accounts and Audit Regulations 2015 which stipulate that the statements be prepared in accordance with proper accounting practices. Those practices primarily comprise the [CIPFA/LAASAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21](#) (the Code) and the Service Reporting Code of Practice 2020/21 (SERCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. The Police and Crime Commissioner is responsible for combining the single entity statements to form a set of consolidated group accounts.

Where accounting policies relate to a particular note to the accounts, the accounting policy is shown alongside that note in a [grey text box](#), in the notes to the accounts section (see pages 31 to 51). Where an accounting policy is more generic and applicable across the statement accounts it is shown in this **Annex A**.

## 2 Accruals of Income and Expenditure

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

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

### Accrual Example 1

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

### Accrual Example 2

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

## 3 Cash and Cash Equivalents

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

# Annex A - Statement of Accounting Policies

## 4 Exceptional Items

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

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

## 5 Charges to Revenue for Non-Current Assets

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

## 6 Government Grants and Contributions

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

## 7 Intangible Assets

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

## 8 Inventories

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

## 9 Leases

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

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

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

# Annex A - Statement of Accounting Policies

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

## 10 Treatment of Overheads

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

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

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

## 11 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Under the terms of the [Commissioner's](#) funding arrangement to the [Chief Constable](#) all property, plant and equipment is held by the Commissioner. Accordingly, all accounting entries in relation to the acquisition, enhancement, revaluation, [impairment](#), [depreciation](#) and sale of such assets are recorded in the single entity accounts of the Commissioner. As noted in policy 5 above, the Commissioner makes a charge to the Chief Constable for the use of such assets which is equivalent to the Chief Constable's share of depreciation.

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

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

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

## 13 Contingent Assets

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

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

## Annex A - Statement of Accounting Policies

### 14 Material Estimation Techniques

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

### 15 Value Added Tax (VAT)

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

Subject to Audit

# Annex B – Technical Annex – Financial Instrument Disclosures

## B1 Categories of Financial Instrument

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

Categories of Financial Instruments	CC	
	Current	
	31 March 2020	31 March 2021
	£000s	£000s
	re-stated	
<b>Financial Assets</b>		
<b>Debtors</b>		
Debtors held at Amortised Cost	78	91
Items not classified as Financial Instruments	11,630	14,496
<b>Total Financial Assets</b>	<b>11,708</b>	<b>14,587</b>
<b>Financial Liabilities</b>		
<b>Creditors</b>		
Creditors held at Amortised Cost	(3,412)	(5,443)
Items not classified as Financial Instruments	(11,273)	(13,655)
<b>Total Financial Liabilities</b>	<b>(14,685)</b>	<b>(19,098)</b>

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

### Accounting Policy – Financial Instruments

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

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

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

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

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

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

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

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

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

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

#### **Credit Risk**

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

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

This risk is minimised through the application of policies set out in the annual Treasury Management Strategy Statement (TMSS), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch and Moody's ratings services. The annual TMSS (approved by the Commissioner in February 2020), also imposes a maximum sum to be invested with a financial institution located within each category.

#### **Liquidity Risk**

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

Under the terms of the funding arrangement between the Commissioner and the Chief Constable the Commissioner provides funding to the Chief Constable on a cash basis. As the Commissioner has ready access to borrowings from the Public Works Loans Board (PWLB) and had at 31 March 2021 no actual external debt, having financed a number of recent projects through internal borrowing, there is no significant risk that it will be unable to raise finance to meet its commitments to the Chief Constable within the terms of the funding arrangement.

## C1 Pension Schemes

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

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

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

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

The LGPS for Police Staff employees is administered by Cumbria County Council (outsourced to Lancashire County Council) – this is a funded [defined benefit scheme](#), meaning that the Chief Constable and employees pay contributions into a fund. Contributions are calculated at a level intended to balance the pensions liabilities with investment assets over the long term. In 2020/21 the Chief Constable made a contribution of 18.4% of pensionable pay. The past service contribution made in 2016/17 of £1,431k represented a three year contribution (covering 2017/18, 2018/19, 2019/20) which was made with the aim of reducing future contributions after the next actuarial review. In 2020/21 the Chief Constable made a contribution of £22k. The contribution rate was last reviewed in March 2019 with a revised rate for employers contributions of 18.4% being applicable from April 2020.

- **The Police Pension Scheme**

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

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

The Police Pension Scheme is an unfunded scheme (i.e. there are no investment assets built up to meet pension liabilities and cash has to be generated to meet actual pensions payments as they fall due). The funding arrangements for police officers' pensions changed on 1st April 2006. Before April 2006 pensions of former employees were required to be met on a 'pay as you go' basis with the cost charged to the revenue account. From April 2006 onwards the payments made during the year under the scheme are funded by a combination of employee contributions and employer contributions charged to the Comprehensive Income and Expenditure Statement with the remaining deficit funded by a specific Home Office grant. The employer's contribution was increased to 31% from 1<sup>st</sup> April 2019.

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

## Annex C – Technical Annex – Pension Disclosures

Also from 1st April 2006 legislation required the operation of a Pension Fund Account (shown on pages 52-53). The amounts that must be paid into and out of the fund are specified by regulation. Officers' contributions and the employer's contributions are paid into the pension fund account from which pension payments are made. Any shortfall on the pension fund account is met by a contribution from the police fund. A Home Office Grant is received to cover this contribution. Conversely, a surplus on the Pension Fund Account would result in a contribution to the police fund, which would then be recouped by the Home Office. As the Commissioner is responsible for maintaining the police fund the receipt of Home Office pension grant and corresponding contribution to the Police Pension Fund Account are shown in the accounts of the Commissioner.

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

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

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

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

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

# Annex C – Technical Annex – Pension Disclosures

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

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

Pension Transactions in MiRS and CI&ES	CC LGPS Funded Benefits		CC LGPS Unfunded Benefits		CC Police Scheme 1987 Scheme		CC Police Scheme 2006 Scheme		CC Police Scheme 2015 Scheme		CC Total Pension Schemes	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Comprehensive Income and Expenditure Statement</b>												
<i>Cost of Services</i>												
<i>Service cost comprising:</i>												
• Current service cost	6,593	6,206	0	0	6,970	4,550	250	160	23,410	23,950	37,223	34,866
• Past service costs	658	0	0	0	5,000	0	(8,260)	0	0	0	(2,602)	0
• (Gain)/loss from settlements/curtailments	0	53	0	0	0	0	0	0	0	0	0	53
<i>Financing and Investment Income and Expenditure</i>												
• Net interest expense	1,251	1,360	26	22	28,530	23,860	1,380	980	1,870	2,170	33,057	28,392
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>8,502</b>	<b>7,619</b>	<b>26</b>	<b>22</b>	<b>40,500</b>	<b>28,410</b>	<b>(6,630)</b>	<b>1,140</b>	<b>25,280</b>	<b>26,120</b>	<b>67,678</b>	<b>63,311</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>												
<i>Remeasurement of the net defined benefit liability comprising:</i>												
• Return on plan assets (excluding the amount included in the net interest expense)	4,069	(23,572)	0	0	0	0	0	0	0	0	4,069	(23,572)
• Actuarial (gains) and losses arising on changes in demographic assumptions	(8,277)	0	(30)	0	(34,640)	0	(1,740)	0	(2,880)	0	(47,567)	0
• Actuarial (gains) and losses arising on changes in financial assumptions	4,285	34,917	12	81	(44,100)	123,190	(4,480)	9,720	(3,830)	23,900	(48,113)	191,808
• Experience (gains) and losses on liabilities	3,702	(3,909)	(9)	(24)	(23,720)	62,570	400	12,380	(3,160)	(9,070)	(22,787)	61,947
• Administration expenses	156	150	0	0	0	0	0	0	0	0	156	150
<b>Total Post-employment Benefits charged to Other Comprehensive Income and Expenditure</b>	<b>3,935</b>	<b>7,586</b>	<b>(27)</b>	<b>57</b>	<b>(102,460)</b>	<b>185,760</b>	<b>(5,820)</b>	<b>22,100</b>	<b>(9,870)</b>	<b>14,830</b>	<b>(114,242)</b>	<b>230,333</b>
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>12,437</b>	<b>15,205</b>	<b>(1)</b>	<b>79</b>	<b>(61,960)</b>	<b>214,170</b>	<b>(12,450)</b>	<b>23,240</b>	<b>15,410</b>	<b>40,950</b>	<b>(46,564)</b>	<b>293,644</b>
<i>Movement in Reserves Statement</i>												
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code.	(8,502)	(7,619)	(26)	(22)	(40,500)	(28,410)	6,630	(1,140)	(25,280)	(26,120)	(67,678)	(63,311)
<i>Actual amount charged against the General Fund Balance for pensions in the year</i>												
• Employers' contributions payable to the scheme	2,997	3,831	63	63	0	0	0	0	0	0	3,060	3,894
• Retirements benefits payable to pensioners	0	0	0	0	37,790	39,040	60	90	(3,720)	(4,760)	34,130	34,370
<b>Total amount charged against the Police Fund Balance for pensions in the year</b>	<b>2,997</b>	<b>3,831</b>	<b>63</b>	<b>63</b>	<b>37,790</b>	<b>39,040</b>	<b>60</b>	<b>90</b>	<b>(3,720)</b>	<b>(4,760)</b>	<b>37,190</b>	<b>38,264</b>

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

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

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

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

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

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

## Annex C – Technical Annex – Pension Disclosures

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

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

The underlying assets and liabilities for retirement benefits attributable to the [Chief Constable](#) at 31 March 2021 with comparative information for the previous year are as follows:

Pension Scheme Assets & Liabilities	CC LGPS Funded Benefits		CC LGPS Unfunded Benefits		CC Police Scheme 1987 Scheme		CC Police Scheme 2006 Scheme		CC Police Scheme 2015 Scheme	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Present value of the defined benefit obligation	(203,076)	(242,939)	(1,016)	(1,032)	(1,077,550)	(1,252,680)	(43,560)	(66,710)	(82,060)	(127,770)
Fair value of plan assets	142,062	170,551	0	0	0	0	0	0	0	0
<b>Net liability arising from defined benefit obligation</b>	<b>(61,014)</b>	<b>(72,388)</b>	<b>(1,016)</b>	<b>(1,032)</b>	<b>(1,077,550)</b>	<b>(1,252,680)</b>	<b>(43,560)</b>	<b>(66,710)</b>	<b>(82,060)</b>	<b>(127,770)</b>

The liabilities in the above table show the underlying commitments that the Chief Constable has, in the long run, to pay retirement benefits. The total liability of £1.521b (£1.265b in 2019/20) has a substantial impact on the net worth of the Chief Constable as recorded in the balance sheet, resulting in a negative overall balance of £1.526b (£1.269b in 2019/20). The increase in overall liability has arisen as a result in a change in actuarial assumptions.

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

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

# Annex C – Technical Annex – Pension Disclosures

Reconciliation of present value of scheme liabilities:

Reconciliation of Scheme Liabilities	CC LGPS Funded Benefits		CC LGPS Unfunded Benefits		CC Police Scheme 1987 Scheme		CC Police Scheme 2006 Scheme		CC Police Scheme 2015 Scheme	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance at Start of Year</b>	<b>(193,726)</b>	<b>(203,076)</b>	<b>(1,080)</b>	<b>(1,016)</b>	<b>(1,177,300)</b>	<b>(1,077,550)</b>	<b>(56,070)</b>	<b>(43,560)</b>	<b>(62,930)</b>	<b>(82,060)</b>
Current service cost	(6,593)	(6,206)	0	0	(6,970)	(4,550)	(250)	(160)	(23,410)	(23,950)
Interest cost	(4,812)	(4,648)	(26)	(22)	(28,530)	(23,860)	(1,380)	(980)	(1,870)	(2,170)
Contributions by Scheme Participants	(1,263)	(1,337)	0	0	(1,260)	(840)	(50)	(40)	(4,210)	(4,970)
Remeasurement gains and (losses):										
- Arising from changes in demographic	8,277	0	30	0	34,640	0	1,740	0	2,880	0
- Arising from changes in financial assumptions	(4,285)	(34,917)	(12)	(81)	44,100	(123,190)	4,480	(9,720)	3,830	(23,900)
- Experience gains/(losses)	(3,702)	3,909	9	24	23,720	(62,570)	(400)	(12,380)	3,160	9,070
Past service cost	(658)	0	0	0	(5,000)	0	8,260	0	0	0
Gains/(losses) on curtailment	0	(53)	0	0	0	0	0	0	0	0
Benefits Paid/Transfers	3,686	3,389	63	63	39,050	39,880	110	130	490	210
<b>Balance at End of Year</b>	<b>(203,076)</b>	<b>(242,939)</b>	<b>(1,016)</b>	<b>(1,032)</b>	<b>(1,077,550)</b>	<b>(1,252,680)</b>	<b>(43,560)</b>	<b>(66,710)</b>	<b>(82,060)</b>	<b>(127,770)</b>

*The liabilities under the LGPS and Police pension Schemes have increased during 2020/21. The principal reason for these changes is in relation to changes in financial and experience gain/loss assumptions by the scheme actuaries.*

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

The liabilities of the pension fund are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of earnings for current employees. Liabilities are discounted to their value at current prices using a discount rate (see assumptions set out in C3 on page 71).

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

## Annex C – Technical Annex – Pension Disclosures

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

Reconciliation of Scheme Assets	CC LGPS Funded Benefits		CC LGPS Unfunded Benefits	
	2019/20	2020/21	2019/20	2020/21
	£000s	£000s	£000s	£000s
<b>Balance at Start of Year</b>	<b>142,152</b>	<b>142,062</b>	<b>0</b>	<b>0</b>
Interest Income	3,561	3,288	0	0
Remeasurements - Gains and (Losses)	(4,069)	23,572	0	0
Administration Expenses	(156)	(150)	0	0
Employer Contributions	2,997	3,831	63	63
Contributions by Scheme Participants	1,263	1,337	0	0
Benefits Paid	(3,686)	(3,389)	(63)	(63)
<b>Balance at End of Year</b>	<b>142,062</b>	<b>170,551</b>	<b>0</b>	<b>0</b>

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

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

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

## Annex C – Technical Annex – Pension Disclosures

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

LGPS Asset Breakdown	Quoted Y/N	CC 2019/20		CC 2020/21	
		£000s	%	£000s	%
<b>Equities</b>					
UK Quoted	Y	14,208	10.00%	15,627	9.16%
Global Quoted	Y	28,412	20.00%	49,767	29.18%
UK Equity Pooled	Y	0	0.00%	0	0.00%
Overseas Equity Pooled	N	9,944	7.00%	0	0.00%
Equity Protection	N	0	0.00%	0	0.00%
<b>Bonds</b>					
UK Corporate Bonds	Y	0	0.00%	25	0.01%
Overseas Corporate Bonds	Y	0	0.00%	0	0.00%
UK Government Indexed Pooled	N	32,674	23.00%	30,054	17.62%
<b>Property</b>					
UK	N	8,382	5.90%	9,159	5.37%
Property Funds	N	3,978	2.80%	4,549	2.67%
<b>Alternatives</b>					
Private Equity Funds	N	5,256	3.70%	0	0.00%
Infrastructure Funds	N	10,513	7.40%	20,474	12.00%
Real Estate Debt Funds	N	568	0.40%	6,976	4.09%
Private Debt Funds	N	4,546	3.20%	0	0.00%
Healthcare Royalties	N	994	0.70%	0	0.00%
Multi Asset Credit	N	17,047	12.00%	26,881	15.76%
<b>Cash</b>					
Cash Accounts	Y	5,398	3.80%	7,042	4.13%
Net Current Assets	N	142	0.10%	(3)	0.00%
		<b>142,062</b>	<b>100.00%</b>	<b>170,551</b>	<b>100.00%</b>

### C3 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which provides an estimate of the pensions that will be payable in future years using assumptions about mortality rates, salary levels, etc. William M Mercer, an independent firm of actuaries, has carried out the assessment on the Local Government Pension Scheme. These accounts are based on the [actuarial valuation](#) undertaken on 31 March 2021. The Police Scheme estimates have been compiled using a valuation model devised by the Government Actuaries Department.

#### Accounting Policy – Pensions Material Estimation Techniques

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

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

For 2020/21 a discount rate based on the current rate of return on a high quality corporate bond of equivalent currency and term to scheme liabilities is to be used. The actuaries for the Police and LGPS pension funds have advised that discount rates of 2.00% for Police and 2.20% for LGPS are appropriate.

## Annex C – Technical Annex – Pension Disclosures

The principal assumptions used by the actuary have been:

Actuarial Assumptions	LGPS		Police Scheme	
	2019/20	2020/21	2019/20	2020/21
<b>Mortality Assumptions:</b>				
Longevity at 65 for current pensioners:				
- Men	22.6	22.7	21.9	22.0
- Women	25.2	25.3	23.6	23.7
Longevity at 65 for future pensioners:				
- Men	24.2	24.3	23.6	23.7
- Women	27.1	27.2	25.2	25.3
Rate of Inflation (CPI)	2.10%	2.70%	2.00%	2.40%
Rate of increase in salaries	3.60%	4.20%	4.00%	4.15%
Rate of increase in pensions	2.20%	2.80%	2.00%	2.40%
Rate of Revaluation for CARE Pensions	-	-	3.25%	3.65%
Rate for discounting scheme liabilities	2.30%	2.20%	2.25%	2.00%

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

### Sensitivity Analysis – LGPS Pension Scheme

Sensitivity Analysis - LGPS	CC		
	Impact on Defined Benefit Obligation £000s	Impact on Projected Service Cost for Next Year £000s	Impact on Projected Interest Cost for Next Year £000s
<b>Local Government Pension Scheme</b>			
Longevity (1 Year increase in life expectancy)	7,140	244	158
Rate of Inflation (increase by 0.1%)	5,364	216	119
Rate of Increase in Salaries (increase by 0.1%)	713	0	17
Rate for Discounting Scheme Liabilities (increase by 0.1%)	(5,248)	(207)	(49)
Change in 2020/21 investment Returns (increase by 1%)	0	0	(37)
Change in 2020/21 investment Returns (reduce by 1%)	0	0	38

# Annex C – Technical Annex – Pension Disclosures

## Sensitivity Analysis – Police Pension Schemes

Sensitivity Analysis - Police Pensions	Police	CC	Police
	Pensions	Police	Pensions
	1987	2006	2015
	Scheme	Scheme	Scheme
	£000s	£000s	£000s
<b>Assumption Sensitivity</b>			
Longevity (1 Year increase in life expectancy)	43,000	2,000	4,000
Rate of Increase in Pensions (increase by 0.5%)	100,000	7,000	24,000
Rate of Increase in Salaries (increase by 0.5%)	9,000	4,000	0
Rate for Discounting Scheme Liabilities (increase by 0.5%)	(106,000)	(10,000)	(21,000)

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

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

The objectives of the LGPS scheme are to keep employers' contributions at as constant a rate as possible. The [Chief Constable](#) has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 13 years. Funding levels are monitored on an annual basis. The latest triennial valuation took place during 2019/20 based on the position at 31 March 2019. The revaluation resulted in an increase in contribution rates from 15.4% to 18.4% which took effect from 1 April 2020.

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

The total contributions expected to be made to the Local Government Pension Scheme by the Chief Constable in the year to 31 March 2022 are £4.105m. Expected contributions for the Police Pension Scheme in the year to 31 March 2022 are £14.064m.

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

Weighted Average Duration of the Defined benefit Obligation	2019/20	2020/21
	Years	Years
<b>Pensions Scheme</b>		
Local Government Pension Scheme - CC	22	22
Police Pension -1987 Scheme	19	18
Police Pension -2006 Scheme	37	33
Police Pension -2015 Scheme	37	36



The Chief Constable of Cumbria Constabulary

Annual Governance Statement 2020/21

Subject to Audit



## The Chief Constable of Cumbria Constabulary

### Annual Governance Statement 2020/21

#### INTRODUCTION AND SCOPE OF RESPONSIBILITIES

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

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

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

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

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

#### THE REVIEW OF EFFECTIVENESS

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

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

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

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

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

During 2020/21 the Constabulary continued to take a proactive approach to communicating and promoting the highest standards of integrity in all elements of its business. Work has continued to embed and develop ethical behaviour based on:

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

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

standards of conduct and behaviour within the organisation. The priorities of the Constabulary's Professional Standards Department are shaped by a Strategic Assessment of threats and risks, which reflects the Regional Strategic Threat Assessment.

The People Control Strategy is broken down into four main areas, people we know, areas we go, standards of professional behaviour and systems we use.

Key priorities which are currently identified are:-

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

Regular internal meetings are held to deliver these priorities, based on a framework of :-

#### Pursue

- Intelligence development relating to officers and staff behaviour towards vulnerable members of the community.

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

**Michelle Skeer**

Chief Constable  
28 June 2021

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

**Roger Marshall**

Joint Chief Finance Officer

- Creation of operational packages for adoption by ACU operations concentrating efforts towards the four priority areas.
- Implementation of with-cause drug testing of officers in response to intelligence

- Engaging with partners regarding Abuse of Position for a Sexual Purpose/Sexual Harassment and highlighting the reporting mechanisms relating to employee behaviour should they have concerns

- Drugs misuse.

However, the National Police Chiefs' Council are currently reviewing national guidance around a more in-depth process, where the above 4 areas will be expanded to provide a more specific assessment.

#### Prevent

- Integrity interviews with officers or staff where concerns are raised relating to behaviour that does not meet the threshold for misconduct.
- Force Reputational Panels in response to developed intelligence identifying vulnerable associations.
- Review and collation of force policy linked to corruption

The Professional Standards Department operate a preventative approach designed to ensure all officers and staff are aware of their responsibilities and potential consequences if their conduct falls below required professional standards. This includes the issue of PASS newsletters, which provide guidance on matters of integrity. Subjects covered in 2020/21 have included advice on:-

- Standards of driving of force vehicles.
- Use of discriminatory language.
- Compliance with Covid 19 regulations
- Submission of portfolio work for police qualifications.
- Sharing of Police information
- Power of entry.

In relation to complaints, the Constabulary remains committed to delivering effective customer service. Following introduction of the new regulations in relation to complaints, Police (Complaints and Misconduct) Regulation 2020), which came into force on 01/02/20, the process for handling complaints has been revised. All complaints are now logged and handled by a member of Professional Standards who attempts Service Recovery. If this is not possible the complaint is formally recorded for either Reasonable and Proportionate Enquiries, or Investigation. Only the most serious complaints are investigated. Complaints can also be dealt with "There and Then" by Area but are still logged to ensure compliance with reporting requirements

#### Prepare

- Training, advice, engagement and guidance provided to HQ and Area based courses on priorities linked to standards of professional behaviour.
- Attendance and input at Digital Policing Board to futureproof new ICT systems and force software systems.

The key areas of vulnerability remain as:-

- Abuse of Position for a sexual purpose/ Sexual misconduct
- Disclosure of Information
- Neighbour/ Associate Issues

Following introduction of the new regulations the Constabulary has adopted Reflective Practice Review Process (RPRP) which is progressed via the Strength Based Conversation (SBC) process utilising Practice Requires Improvement (PRI)

#### Protect

- Meetings held with BIU to seek improvement in terms of officers use and deployment of Body Worn Video (BWV)

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

- Mistakes/sub-optimal conduct – Practice Requires Improvement (PRI), via RPRP
- Systemic breakdown – change in policy/ reminder to all staff via a PASS newsletter.
- Serious Misconduct (defined as misconduct that would justify a Written Warning or above) - Official misconduct proceedings.

In the interests of openness and transparency, police gross misconduct hearings are held in public. Four public misconduct hearings took place in 2020/21; as a result of which one police staff member was dismissed without notice and one police officer was dismissed for gross misconduct. All such hearings are presided over by a legally qualified chair. The outcomes of misconduct hearings are publicised on the Constabulary website.

The Ethics and Integrity Panel continue to provide independent oversight for the OPCC and Constabulary in relation to standards, ethics and integrity. The Panel also

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

Core Principle B: Ensuring openness and comprehensive stakeholder engagement.

#### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

##### Openness

To support transparency and ensure that the Chief Constable's vision is clearly communicated, the Chief Officer Group continue to hold strategy days for senior management and online virtual road shows across the county, for all officers and staff. This has been supported by a range of communications across the force particularly via O365 tools, utilising Teams Live Events, Teams meetings as well as the internal intranet site and noticeboards. The Constabulary continues to use and

develop Yammer, which is an internal social media platform to increase the potential and effectiveness of internal engagement. The platform enables interactions across the whole organisation - such as Ask the Force, staff notice board, wellbeing support- as well as specialist interest groups, which cover a wide range of areas. Examples include:- support, information and feedback on specific projects, such as roll-out of Smartphones and origin duties system; Social Media support; a mechanism to provide feedback to senior management; workforce wellbeing, giving advice and support; and a research hub that offers best practice advice. The force proactively use Stream – a video aid supporting learning, development and engagement across the force.

##### Engaging Effectively with Institutional Stakeholders

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

The Constabulary continues to work with partners as this can deliver a more effective policing service to the public and meet the aims of the Commissioner's Police and Crime Plan. Accordingly, the Constabulary actively participates in a range of partnership activities and

functions in collaboration with other agencies, both at a strategic and tactical level, which have been key during the pandemic. Examples include:

- the Local Resilience Forum (major incident planning)
- the CRASH partnership (road safety)
- the Safer Cumbria Action Board
- the Local Safeguarding Board (child protection)
- Community Safety Partnerships
- The Cumbria Alcohol Board (countering alcohol abuse)
- Combating anti-social behaviour
- County Council
- Further development of links with criminal justice and mental health agencies and other blue-light partners.
- Local Focus Hubs in each area, where the Constabulary works closely with a range of local agencies to prevent and solve problems at the earliest opportunity.
- Collaborations with Durham Constabulary (ICT and Information Management)

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

financial and other resource commitments and risk assessment.

#### Engaging stakeholders effectively, including citizens and service users

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

The Constabulary has developed a marketing and communications strategy which establishes clear channels of communication with all sections of the community, providing crime prevention and safety advice as well as information about services.

Neighbourhood Policing Teams, within the Local Focus hubs now develop digital monthly newsletters, giving access to information to their communities, covering crime and antisocial behaviour issues relevant to local communities, provide information and advice, a local

messaging service and also detailed statistics for the parish councils. These digital newsletters are available for members of the public to subscribe . The current number of subscribers has doubled over the last year to 20,171. These compliment the Forcewide, North, South and West newsletters to which 28,391 people subscribe and these now also included additional information on Covid 19, with direct messages from the Chief Officers.

The Constabulary's e-community has grown and is now at more than 295,000 followers, an increase of over 40,000 for the second year running. Officers within the Neighbourhood Policing teams are using their facebook account to engage with the local community about policing issues important to them in their locality.

Engagement with the public is pivotal to the work of Neighbourhood Policing Teams (NPTs) embedded in Local Focus Hubs in determining local priorities. This is achieved through Community Engagement Plans, which detail contact with all stakeholders particularly those that are hard to reach or with protected characteristics. The Community Engagement Strategy includes our key principles of consultation and engagement, which are:

- Officers, staff and volunteers being responsible for and having a targeted, visible presence in neighbourhoods.

- A clearly defined and transparent purpose for engagement activities.
- Regular formal and informal contact with communities.
- Working with partners, such as sharing opportunities for engagement.
- Making information available about local crime and policing issues to communities.
- Engagement that recognises and is tailored to the needs and challenges of different communities.
- Using engagement to identify local priorities and inform problem solving.
- Officers, staff and volunteers providing feedback and being accountable to communities.
- Officers, staff and volunteers supporting communities, where appropriate, to be more active in the policing of their local areas.
- Local focus teams use social media and other digital tools to engage with on-line communities.
- Officers, staff and volunteers working closely with the Constabulary's Marketing and Communications department to engage with members of the media to highlight work conducted to tackle local issues.
- Specific types of engagement are set out in our minimum standards of engagement.

- Senior leaders will ensure support for officers in attendance at suitable training or CPD activities.

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

The Constabulary has a Diversity, Equality and Inclusion Strategy, which seeks to both support diversity and inclusion within the workforce and to work with partners and the community to provide an effective policing service for a diverse community. The Covid pandemic has made face to face meetings virtually impossible to engage with communities but to adapt to the current situation a number of initiatives have been developed including

- Encouragement for Neighbourhood Policing Teams to engage with local businesses from diverse backgrounds, especially around significant dates e.g. Chinese New Year
- On-line events to promote inclusion for recruitment, women in policing, positive action, LGBTQ, Disability.
- On-line events to highlight areas of concern e.g. Domestic Violence
- Advertising significant dates via social media
- Engaging with different Community Groups e.g. Anti-Racism Cumbria, Multicultural Cumbria etc and encouraging them to work with us

- Increasing the Diversity of the Strategic Independent Advisory Group
- Media campaigns around Hate Crime including working with Carlisle United.

The Constabulary has also been active in trying to promote diversity in the recruitment of officers and staff and to provide support for existing employees from diverse backgrounds. Specific actions have included :

- Putting dedicated staff in place to support the forces vision to attract, recruit and retain staff and officers from under- represented groups. A number of recruitment events have been held, which have attracted officers from outside the area and we have increased our under represented officers by 2%.
- Established an Inclusion hub, this is a central repository that staff can access to support them with any wellbeing challenges or to seek help from any of staff support groups. This includes officers who can provide lived experience advice.
- As part of Operation Uplift the Constabulary is first in the country in relation to the percentage of female officers recruited at 42%.

The Constabulary uses Community Impact Assessments to identify issues that may affect a community's confidence in the ability of the police to

respond effectively to their needs, thereby enhancing the police response, particularly after major incidents.

The impact of Covid 19 has required significantly enhanced marketing and communications services, internally and externally. For the public, this involved providing information and explanation about the changes in legislation and how the police deal with it on social media and a weekly newsletter. The management of questions and feedback from the public relating to policing the county, as well as regular direct messages from the Chief Constable and Assistant Chief Constable to the public.

Internally, frequent bulletins from the Chief Constable and the Assistant Chief Constable have communicated important messages to the workforce. This includes key information on the new legislation and our approach to policing it, practical advice and guidance on changes to working practices in the criminal justice system and other agencies, use of PPE, and advice and guidance on keeping safe, both at work and home.

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

## REVIEW OF REQUIREMENTS AND ARRANGEMENTS

### Defining Outcomes

The Chief Constable determined the strategic direction for the Constabulary, which is 'to deliver an outstanding police service to *Keep Cumbria Safe*', which is set out in the Plan on a Page. This plan outlined the Constabulary's core policing priorities:

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

Each key function or specialism within those priorities are the responsibility of a Professional Leads at senior

level and improvement actions are included in the Constabulary's Improvement Plan, along with recommendations from HMICFRS.

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

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

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

### Sustainable economic, social and environmental benefits

During 2020/21, work continued to deliver Vision 25, which complements the Constabulary's priorities, builds on achievements to date and provides a roadmap to transform policing to meet the challenges of delivering an effective service for communities into the mid 2020s.

Cumbria Vision 25 has five key themes:

- Local Policing
- Specialist Capabilities
- Digital Policing
- Workforce
- Business Support

Each theme has an accompanying work programme outlined in the Vision 25 document. Vision 25 workstreams and actions are recorded and progress monitored through the Cumbria Constabulary Improvement Plan (CCIP).

Business planning and governance boards have been re-organised, to better align to Vision 25. Each board is headed by a senior business lead and is responsible for monitoring delivery and performance of Vision 25 priorities.

During 2020/21 the Commissioner incorporated the Constabulary's budget proposals into his 2021/22 budget in the context of a medium term financial forecast (MTFF) covering four years to 2024/25.

The policing grant settlement, received in December 2020 provided £3.4m in additional grant funding for 2021/22, principally to support the second phase of Operation Uplift; the Government's plan to recruit 20,000 new officers by 2023. The settlement also provided Commissioners with a degree of flexibility to levy above

inflation council tax increases. Following a public consultation exercise, the Commissioner approved the 2021/22 budget in February 2021 based on a council tax increase of 2.47%. The additional funding provided to the Constabulary will allow existing services to be maintained and has facilitated planned recruitment of an additional 60 officers in 2021/22. This is slightly above its target of recruiting 47 officers in the second phase of Operation Uplift and will put the Constabulary into a good position to achieve its overall recruitment target over the three years of the Uplift programme. In consultation with the Commissioner, the additional officers will be deployed by the Chief Constable to areas, which will support the Police and Crime Plan's principal objective of keeping Cumbria safe.

The Government grant funding provided for Operation Uplift and the increase in council tax for 2021/22, in combination with the public sector pay freeze for 2021, have eased the immediate financial pressures on the Constabulary to deliver savings to balance the budget. Nevertheless, financial risks, specifically in relation to the Government's funding model post Operation Uplift, the cost of implementing the Emergency Services Network, pension cost pressures, any potential review of the Police Funding Formula and the negative impact of the Covid-19 pandemic on public finances mean that the Constabulary's

financial prospects remain uncertain over the medium term.

Against this background, modelling of a range of financial scenarios through the Medium Term Financial Planning process, undertaken jointly by the OPCC and Constabulary, have continued to inform wider business planning. An ongoing theme of each of the Cumbria Vision 2025 workstreams is to develop savings options and realise business benefits, particularly in areas where investment in new technology has been made, as a means of balancing the budget over the medium term.

During 2020/21 the Constabulary has continued to develop its business planning aligned to the MTFF. Workplans to support existing strategies in relation to people, ICT, fleet, estates and procurement have been produced. Progress during the year, together with future plans, have been reported to the Commissioner. In some instances work has been re-prioritised or deferred to enable the Constabulary to deal with the impact of the Covid-19 pandemic.

A critical priority for the Data, Digital and Technology (DDaT) Command in 2020/21 has been the development of a digital infrastructure, which has enabled the Constabulary to operate efficiently and effectively when

a significant proportion of the workforce have been working remotely as a result of the pandemic.

Elsewhere the force has been ambitious in progressing its DDaT Strategy with a particular focus on creating in house applications to replace costly supplier led products and creating a capability for future PowerApps to transform the way in which it delivers digital innovations.

A wide range of digital projects have continued during 2020/21 including the delivery of digital interview recording and roll out of replacement Airwave radios to officers. Work has continued to develop the future vision for major elements of the DDaT Strategy including the underlying digital infrastructure, control room futures, Red Sigma collaboration with Durham Constabulary and engagement in national programmes such as the National Enabling Programme and rollout of Office 365.

Recognising that technology is central to all aspects of Policing, the Constabulary has developed a Digital Leadership Programme which has been delivered to all managers and supervisors across the organisation with the aim of ensuring that the benefits offered by technology are recognised and embedded within working practice.

Work began on refinement of the benefits management and delivery model, linking in with revised governance structures to ensure that productivity gains and financial benefits result from the investment in all the programmes of work in Vision 25. There has been a deferment of this work due to Covid 19, but it will be embedded during 2021.

In relation to Estates, the priority in the last year has been to provide a safe working environment for staff during the pandemic, including enhanced cleaning and the provision of a Covid secure agile working hub in Kendal. In addition, a number of Community Bases have been developed to support a renewed emphasis on Local Policing.

During 2020/21 the fleet replacement programme has largely been maintained, however, this has proved challenging as a result of supply chain difficulties arising from the pandemic. This has necessitated the development of new ways including in-house vehicle conversions and ensuring a resilient supply of parts. With a view to sustainability, a small number of electric vehicles are currently being trialled for operational use.

Despite the challenges of remote working the Financial Services, Central Services and Commercial teams have

implemented a new finance and procurement system as part of a wider Business Transformation Programme aimed at streamlining processes in enabling functions. In support of this objective a system of a system of no purchase order, no pay' has been introduced in 2020/21. The Commercial Dept has also been instrumental in ensuring a supply of Personal, Protective, Equipment in 2021/22 to protect frontline officers and staff.

The People Strategy, developed in 2018/19, was extended by a further year in the context of the pandemic. During 2020/21 significant effort within the HR Department has been directed to recruit the Constabulary's target of an additional 51 officers in the first year of Operation Uplift, which was achieved almost a year ahead of schedule. A further critical activity during the year has been to ensure that the welfare needs of staff working from home have been met including an individual needs assessment by the occupational health department. Work that has been continued on the other main themes of the strategy has included :

- Participation in the national Oscar Kilo programme to promote well-being in the workplace.
- 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. A Bronze better health at work award was achieved and work is proceeding towards a silver award, which is expected to be achieved in 2021

- Provision of psychological screening for an additional 100 officers in high risk roles.
- Working as a pilot force for inclusion working in collaboration with Durham University and 10 other forces.
- Investment in a streamlined Strength Based Conversation model that promotes a coaching approach by managers, and helps to build resilience in our employees.
- Development of a spotlight scheme to shape future leaders in the Constabulary
- 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 the grievance and mediation handling services to that the constabulary can positively support staff in the workplace.

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

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Planning Interventions

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

- The response to Covid 19 and subsequent recovery and renewal.
- Organisational re-structuring
- Business strategies
- Resource allocation
- Financial updates (including the budget proposal)
- Risk management updates.
- Governance documents
- Business cases in relation to operational and support functions and investment in ICT systems.
- Public satisfaction and staff well-being surveys.
- Development of the Constabulary website.
- Collaboration arrangements
- Digital Leadership

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

The Chief Officer Group is supported by a number of other boards, which are aligned to Vision 25, this includes a Management Board with responsibility for scrutiny and performance management.

#### Determining Interventions & Optimising Outcomes

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

Performance for all crime types, antisocial behaviour, road collisions, user satisfaction and productivity is monitored through the performance management

conference arrangements, where issues are identified and discussed. Potential solutions and actions required are developed and allocated to individuals to implement.

This is supported by thematic reports for specific areas of activity, which are discussed at the Commissioner's Public Accountability Conference. Reports in 2020/21 included child sexual abuse and exploitation, supporting victims, community policing, roads policing, the policing response to Covid-19.

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

Every day, officers in each Territorial Policing Area hold a Daily Management Meeting, which identifies the crimes and incidents that have occurred over the previous 24 hours and any vulnerable or high profile

incidents. A supporting force-wide Daily Operational Review Meeting ensures that resources are directed to meet strategic priorities across the county.

As part of the Constabulary's work on managing demand, the principles of THRIVESC (threat, harm, risk, investigative opportunity, vulnerability, engagement, safeguarding and ethical crime recording) have been introduced within the communications room when grading calls for service. Acting within the framework of the National Decision Making Model, this informs decisions as to

- Whether to deploy officers to incidents.
- The types of officers to deploy, including specialist resources.
- A proportionate, reasonable and effective response.
- Whether to resolve the call in the control room at the first point of contact.
- Refer to partner agencies.

During 2021/22 the Constabulary has put in place new Investigative Standards and Disclosure rules and a Safeguarding Excellence Plan, which provide a framework to ensure victims are supported and receive a high quality service.

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

#### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

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

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

The arrangement for the Commissioner and Chief Constable to operate with a shared Chief Finance Officer is now well embedded. To date no issues have been identified, however, a protocol and range of safeguards remain in place to handle potential conflicts of interest arising from the joint role. A review of the operation of the Joint Chief Finance Officer arrangement has been conducted and aligned to the CIPFA statement on the Role

of the Chief Finance Officer. This exercise has shown full compliance and has not revealed any significant issues.

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

#### Developing the Capability of Individuals within the entity

The Constabulary's annual training plan for mandatory training was developed in March 2021 in conjunction with operational leadership teams in the context of best practice guidance from the National Police Chief's Council. Following the conclusion of a collaboration with Lancashire, the L&D department have continued to develop and refine courses for 'in house' delivery, including the newly established Investigative Manager course for Detective Supervisors.

Leadership continues to be a key priority for the Constabulary's People Department with aspiring Sgts and Inspectors attending bespoke training programs prior to starting their new role. Elements of these courses are also open to police staff supervisors. It is important that this focus on development does not stop for experienced leaders and the Constabulary has delivered a series of development workshops for staff and officers across a range of ranks and grades, featuring a variety of specialist inputs ranging from presentation skills to hostage negotiation.

Work has continued to ensure the Departmental intranet site remains current, with a focus on meaningful, practical and accessible learning support available to all. The Constabulary is soon to launch its Spotlight Programme, aimed at shining a light on those individuals who display authentic leadership abilities, by providing a framework underpinned by the Code of Ethics, to identify, develop, support, nurture and attract talented individuals at all levels. The Spotlight launch will be coordinated with a virtual leadership event, featuring high profile speakers who will examine Leadership from a variety of perspectives.

The force has successfully applied to become a Supporting Provider for Apprenticeships, which enables the

Constabulary to recoup some of the apprenticeship levy paid to the government by working in collaboration with the Education Skills Funding Agency (ESFA) and local education providers. An apprenticeship strategy has been agreed, which sets out the Constabulary's commitment to identify skills gaps and increase the capabilities both of our current and future workforce. The application of this strategy is monitored through a dedicated governance process.

The Constabulary had made significant strides in designing, developing and delivering a Police Constable Degree Apprenticeship (PCDA) and a Degree Holder Entry Programme (DHEP) in conjunction with the University of Central Lancashire. These programs sit under the Police Education & Qualifications Framework which details the qualification requirements for all new officers. The Constabulary's first PCDA and DHEP cohorts started early in 2020 and we have successfully enrolled 108 student officers (as of March 2021). This means that all new officers will receive a mixture of delivery covering law, practical and academic skills in preparation for their new careers. A direct entry Detective pathway has been developed to address a shortage of officers in this area. This will be rolled out in 2021/22.

The Constabulary continues to utilise the strengths-based conversations approach to Performance Development Review (PDR). The approach is based on the national College of Policing model focusing on personal responsibility for development built around a central competency framework (including individual objectives). This initiative has received national recognition winning two prizes at the 2019 Training Journal awards in London.

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

#### REVIEW OF REQUIREMENTS AND ARRANGEMENTS Managing risk

The Constabulary has a risk management strategy, which stresses that it is the responsibility of all officers and staff to identify and manage risk. This is supported by a horizon scanning exercise, which is conducted monthly, and circulated to key individuals within the Constabulary to help identify other potential risks.

Risk management is a standing agenda item on all Constabulary boards, including programme and project

management boards. Mitigating actions are identified and tracked to ensure that risks are minimised. Key strategic risks are managed by Chief Officers.

The Risk management policy was reviewed and updated during 2019/20 in line with our policy management arrangements.

During 2020/21 specific risks associated with the potential reduction in funding, the introduction of the Emergency Services Network, the Constabulary's capacity to implement change, and the potential impact of Covid-19 on policing services, continue to feature prominently on the Constabulary's strategic risk register.

In addition, emerging risks in relation to ICT in terms of service failure becoming ever more significant as the infrastructure, hardware, software and third-party providers underpinning digital, data and technology services becomes ever more complex has been added to the Strategic Risk Register, as has a risk in relation to Crime Command resilience.

During 2020/21 a revised policy governance framework was created to take account of the Data Protection Impact Assessment (DPIA). The policy and procedure template has also been amended to reflect this change.

#### Managing performance

A performance strategy is embedded within the Constabulary. This is achieved mainly through the use of:

- Specific focus on performance in relation to protecting vulnerable people through the Vulnerability Board.
- Performance Development Conferences, based on thematics, every other month as part of Management Board, where all functions are held accountable for performance. This also now includes time for feedback to provide reassurance to chief officers that improvements are being made.
- Reviewing delivery of specific work streams at Strategy Days.
- Metrics have been developed to support Operation Uplift, the Constabulary's response to Covid 19 and a range of dashboards developed as part of the Business Intelligence Programme of work
- Performance reports for Vision 25 work programme.
- A formal process for all officers and staff based on strengths based conversations, to identify areas for development. During 2020/21 this was updated to incorporate more focus on personal objectives.

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

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

During 2020/21 work on the Cumbria Constabulary Improvement Plan, which aims to improve its effectiveness in ensuring that priorities and recommendations from inspection bodies are being progressed through reality checking, has been impeded by the need to re-direct resources to ensuring business continuity during the pandemic. Nevertheless, work undertaken in 2020/21 has included

- understanding of current and future demand upon the Constabulary, which has supported the completion of the Force Management Statement. This is a self-assessment that chief constables prepare and provide to HMICFRS every year and explains; current and future demand over four years, performance of the force, improvement activity and the money the force expects to have to deliver policing services.

- Auditing all 'stop and search' completed in the Constabulary, providing feedback to officers and supervisors, together with an assessment as to whether the Constabulary appropriately uses stop and search powers, to ensure police powers are being used proportionately.
- In conjunction with the Professional Standards Department, an audit of officers' use of force, involving the reviewing of Body Worn Video, providing direct feedback to officers and supervisors, undertaking improvement measures and broader performance monitoring through the Constabulary Use of Force Board, and the Cumbria Strategic Independent Advisory Group.
- Audits of compliance with the Victims Code of Practice, and for the operation of the released under investigation processes.
- An audit and inspection of Released under Investigation volume, process and quality of investigation to inform an improvement plan and support outcomes work
- Ongoing Domestic Abuse quality of service audits, to ensure that officers are adhering to investigative standards, safeguarding practices and the victims code of practice. Individual feedback is provided to officers and their supervisors where necessary.

- Ongoing daily National Crime Recording Standards audits of high risk crimes (sexual offence, violence, domestic incidents). This is real time audit allowing us to rectify issues under the recovery process.
  - Reviews of fast track crime allocations.
  - Audit of Community Resolutions.

#### Robust internal control

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

- A risk based internal audit plan. Although audit work had to be suspended in the early part of 2020/21 as a result of the Covid-19 pandemic, all but one of planned audits were completed. Overall, 85% of audits completed in 2020/21, including all those relating to finance, were graded as providing either substantial or reasonable assurance. Robust management action plans have been put in place to address all internal audit recommendations.
- The Head of Internal Audit's overall opinion was that there is a reasonable level of assurance in relation to the Chief Constable's frameworks for governance, risk and internal control.

- Action plans to respond to recommendations, the implementation of which are monitored by the Joint Audit Committee.
- A Joint Audit Committee, which is self-assessed against CIPFA guidance, and is judged as being highly effective in its role.

### Managing Data

During 2020/21, progress has been made to embed a distinct Information Management Department to report alongside ICT and Business Development. This has brought data, information, technology and innovation together.

The review of the existing structure and Information Management workstreams has continued, this includes investment in both transactional and governance activities. This supports a cohesive approach to the multifaceted dimensions of Information Governance. This will improve how data and information assets are valued and managed across the Force to improve services.

Governance board arrangements have been adjusted to widen the scope to highlight and address; information related risks, issues, opportunities and threats at a strategic level by introducing a cross functional Information Management Board.

The formation of a Data Ethics Consultation Group and supporting framework to address ethical considerations relating to the collection, use and intended use of personal data, in particular the use of technology, is currently in its early stages.

### Strong public financial management

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

The Constabulary's unaudited financial statements for 2019/20 were released in June, with the final version published in November, meeting the deadlines for financial reporting, which were less stringent than in previous year in cognisance of the difficulties presented by the Covid-19 pandemic. The External Auditor's Audit Findings report gave an unqualified audit opinion.

During 2020/21 the finance team have actively participated in the Achieving Financial Excellence in Policing programme promoted by the Chartered Institute of Public Finance and Accountancy. The central element of the initiative has been completion of a self-assessment of all aspects of financial management in the force involving consultation with a comprehensive range of stakeholders. This self-assessment gave a positive conclusion with an overall rating of 4 out of 5. The assessment did identify areas for improvement particularly in relation to the role of finance in transforming the business. An action plan has been developed, which will focus on

- Development of an enhanced Value for Money Strategy across the Constabulary, including benchmarking.
- Changes to the Scheme of Delegation in relation to financial management to provide greater empowerment and accountability for budget-holders.
- Development of the business partnering approach to support budget-holders.
- Provision of training for non-finance staff.
- Delivering benefits from the new finance system, which has recently been implemented.

The Financial Management Code developed by the Chartered Institute of Public Finance and Accountancy came into effect from the 1<sup>st</sup> April 2020, with the aim of supporting good practice in financial management in local authorities including the policing sector. However, there is a recognition that due to the global pandemic, it may be difficult for authorities to demonstrate full-compliance during 2020/21. A self assessment has been undertaken, which shows that the Constabulary largely meets the requirements of the code, however there are some areas where further work is required to ensure full compliance, most notably in relation to

- Demonstrating Value for Money.
- Balance sheet monitoring.
- Scheme of delegation and financial training
- Developing a financial resilience index.
- Application of formal options appraisal techniques.

A copy of the self-assessment is included as an appendix to the Annual Governance Statement (Appendix C).

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

#### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

##### Implementing good practice in Transparency & Reporting

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

The external auditor's opinion for the 2019/20 financial year was that the Chief Constable's Financial Statements provided a true and fair view of the financial position and that they have been properly prepared in accordance with the Code of Practice on Local Authority Accounting. The auditors further confirmed in their Annual Audit Letter that the Chief Constable had proper arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

##### Assurance & Effective Accountability

During 2020/21 the Constabulary has been inspected by HMICFRS in relation to national thematic inspections on counter terrorism and integrated offender management.

The improvements identified from these inspections for Cumbria are logged on the HMICFRS portal to monitor progress in addressing them, and form part of the regular discussions and insight visits undertaken by HMICFRS personnel to provide assurance of service.

At the previous inspections, the Constabulary was rated as good for all aspects efficiency, effectiveness and legitimacy. Areas inspected included:

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

During 2020/21 the Chief Constable received assurances with regard to the Constabulary's arrangements for risk management, internal control and governance from a number of sources which included:

- The CFOs annual review of internal audit.
- The Head of Internal Audit and Joint CFO's assessment of the internal audit service against Public Sector Internal Audit Standards.
- The Head of Internal Audit's opinion on the framework of governance, risk management and internal control.
- A review of the effectiveness of the Joint Audit Committee against CIPFA guidelines.
- Monitoring of the implementation of actions in response to HMICFRS, internal and external audit recommendations through the Joint Audit Committee.
- Management assurances in respect of financial systems and processes.
- The CFO's fraud risk assessment.

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

## Appendix 1 Response to the Coronavirus Pandemic

The Constabulary's response to Coronavirus over 2020/21 has been in four phases:

Phase 1 – Initial Response - Cumbria Constabulary Coronavirus Business Continuity Plan.

Phase 2 – Lockdown Eases – 4<sup>th</sup> July - Cumbria Constabulary Coronavirus Business Continuity plan (Version 7).

Phase 3 – Preparation for the Second Wave – Cumbria Constabulary Winter Preparedness Plan

Phase 4 – Easing of third Lockdown - Cumbria Constabulary COVID-19 Spring Response Plan

Throughout these phases the Constabulary has continued to utilise the Gold, Silver, and Bronze (Strategic, Tactical and Operational) command structure in response to the Coronavirus pandemic – Operation Lectern. The Constabulary continued to utilise its the Cumbria Constabulary Coronavirus Business Continuity plan (of which there have been three versions). Which utilised the Constabulary's business continuity impact assessment, with functions and roles within the Constabulary were prioritised based on the critical activity performed and were graded and colour coded as follows:

Green – Not critical activity which could be stopped but with some manageable impact.

Amber – 'Desirable' critical activity, which could be stopped with significant impact.

Red – 'Essential' critical activity, which must not stop.

The Constabulary Business Continuity plan was implemented, and other work commissioned and generated by Op Lectern's Gold, Silver, and Bronze meetings, together with the ever evolving threat from Coronavirus resulted in the following:

- Twice weekly Op Lectern Gold meetings, moving to weekly from the 19/05/21.
- Daily Op Lectern Silver meetings, reduced to three times a week once effective management arrangements were established and the impact of the Coronavirus on resources was understood and controlled. This reduced to weekly meetings over the summer.
- Daily Departmental Op Lectern Bronze meetings continued as part for the Constabulary departmental Daily Management Meetings.
- Cumbria Constabulary Coronavirus Business Continuity Plan was reviewed on six occasions and implemented between April and June 2020. The plan identifies the tipping points that move

the organisation from blue (business as usual) to black (critical impact).

- Cumbria Constabulary Guidance to all Officers Staff and Volunteers on the Constabulary approach to COVID-19 was approved at the same meeting and was circulated to everyone in the Constabulary.
- The following infrastructure was created in March 2020 to support Gold, Silver and the wider Constabulary response, and continued to be used through-out 2020/21:
  - Op Lectern Business Continuity Resourcing Cell, whose role is to coordinate all of the operational and business actions required to deliver the Gold objectives, support Silver manage action. The size of this team has varied depending of the level of risk and activity.
  - Op Lectern Data Cell, whose role is to provide daily accurate data on the impact of the coronavirus on the workforce available and police demand, and to respond to the numerous external requests for information.

- Op Lectern Information Cell, whose role is to ensure that the Constabulary is operating with the latest guidance. This is achieved by gathering in all information from a wide range of sources, recording it and allocating to a professional lead for review and progression as appropriate.
- All Op Lectern actions are managed from one plan using Microsoft Teams Planner to ensure robust accountability and effective risk management.
- A COVID-19 Wellbeing group continued.

rooms in two HQ sites and one Durrhill site. Training courses have been delivered for the reserve workforce required in the room to provide business continuity.

- New incident categories were created to identify C19 Risk (a risk of COVID-19 being present), C19 Related (incident caused by circumstance for example disagreement in a supermarket) C19 Reported (contact from the public relating to breach of legislation).
- Patrol Officers continued to deploy from ten main deployment bases together with a number of smaller sites. This was supported by an accelerated implementation of handheld mobile devices, and Dex ICT systems.
- Detectives have adopted a duty rota scheme enabling the balance between home working and servicing the demand from newly recorded crimes. This was supported by the introduction of a new Crime Allocation Procedure, moving from eight to three categories.
- Implementation of an Investigative Support Group, which consisted of officers who were 'shielding' utilising the Dex ICT system to work remotely to remove demand from CMR and Patrol. This builds on the THRIVESE assessment

and General Infection Risk Assessment questions which CMR use.

- A countywide patrol plan continued been put in place, with all spare capacity focused on supporting this approach. Daily reporting is being provided to the operational management meetings held across the county which informs this patrol plan.
- A comprehensive wellbeing site has been established, and there are services available to undertake the testing of officers and staff or a family member to facilitate early return to work for those not suffering from Covid 19.
- PPE usage and safe systems of work were adopted in line with national guidance as the understanding of coronavirus developed.
- Safe systems of work were reviewed in May 2020 – with an internal inspection undertake.

#### **Phase 1 - Initial Response - Cumbria Constabulary Coronavirus Business Continuity Plan.**

- A number of functions moved to a 7 day week working; HR, Resource Co-ordination (duties), ICT, Marketing and Communications, Op Lectern Resourcing Cell, Information Cell and Data Cell.
- People working from home, supported by enhanced ICT and the relocation of key functions across the estate continued to be maintained
- The Command and Control Room was moved from one room at HQ to working over three

#### **Phase 2 - Cumbria Constabulary Coronavirus Business Continuity plan (Version 7) (July – September 2020)**

- The Constabulary continued to utilise an amended Cumbria Constabulary Coronavirus Business Continuity plan (Version 7). Continuing to utilise the Operation Lectern, Gold, Silver and

Bronze response, and the supporting infrastructure.

- The Constabulary implemented an Operation Lectern Public Order Public Safety Strategy and Plan to manage the easing of the Lockdown.
- Implementation of a Cumbria Constabulary Track and Trace system and team.
- The Constabulary developed its approach to recovery under a Recovery & Renewal Plan. This supported future change and maximise opportunities and new ways of working that have been developed during this incident. This included engagement with the workforce to find out what has worked or not worked for them and managers to make sure that we capture all ideas and changes. The Recovery & Renewal work was paused in September 2020 due to the impending risks of a second wave of Coronavirus.
- All NPT staff moved off of the VSA shift pattern.
- Home working, and in work Covid Safe system of work were maintained and continued.

### **Phase 3 - Cumbria Constabulary Winter Preparedness Plan (October 2020 – March 2021)**

- The Constabulary created and implemented a 'Winter Preparedness Plan' on the 27/10. This saw the Constabulary implementing measure to minimise the risk from the Second Wave of Coronavirus, together with other pieces of work commissioned by Operation Lectern Gold, Silver and Bronze meetings as follows:
  - Command and Control Room moving from working over three rooms in two HQ sites and one Durrhill site. To two bespoke Command and Control Room at the HQ site.
  - The Constabulary enhanced its internal track and trace procedures, providing an on call capability.
  - Undertaking a flu vaccination programme based on the Constabulary's critical activity.
  - Introducing Lateral Flow Testing for all Officers and Staff, which was implemented between December – February.
  - Continuing to deploy officers to smaller deployment sites in rural locations.

- Additional resources committed to Occupational Health Unit.

- The Constabulary created and chaired a Multi-Agency Compliance and Enforcement Group made up of 12 partner agencies to maximise opportunities to reduce the spread of the virus. This was supported by:
  - Continue to utilise Covid Patrol Plan
  - Utilisation of £250,000 of additional COVID-19 Funding to ensure compliance and enforcement.

### **Phase 4 – Cumbria Constabulary COVID-19 Spring Response Plan (March 2021 – cont.)**

- The Constabulary created and implemented a Cumbria Constabulary COVID-19 Spring Response Plan. Which manages the internal response to the Government's road map to easing the lockdown, and also the external response to manage the pandemic:
  - Continue to use the Operation Lectern Gold, Silver and Bronze structure, proportionately reducing the frequency of meetings in line with the implementation of the Government's

Covid-19 Response – Spring 2021 plan, and associated risk of Covid-19, whilst mainstreaming many Operation Lectern activities into business as usual. Maintaining proportionate activity within Data Cell and Information Cell.

- Maintain effective system to reduce the risk of absenteeism due to COVID-19, the NHS COVID-19 App, physical and mental wellbeing through:

- Continuing Lateral Flow Testing, distancing measures and risk assessments.
  - Maintaining home working.
  - Maintaining the current approach to PPE usage in accordance with College of Policing / NPCC Guidance.
- Maintaining internal Track and Trace system.
- Maintaining safe systems of work in the Constabulary estate including; continuing enhanced cleaning, social
  - The Constabulary is reviewing its Recovery and Renewal plan

## Appendix A Update on 2020/21 Development and Improvement Plan

Ref	B/fwd from 2019/20 (ref)	Action	Lead Officer	Implementation by	Action Update as at 31 October 2020	Revised Implementation Date	Status
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.							
CPA/1	N/A	Implementation of New Police Conduct Regulations	Head of People	31st July 2020	Completed, regs fully embedded, Cumbria is a beacon force for the new regs, we've had in excess of 15 forces visiting us for guidance and to review our procedure.		Completed
CPA/2	N/A	Implementation of electronic Business Interest registration process	Head of People	31st July 2020	Completed, fully working embedded into the workforce.		Completed
CPA/3	N/A	Consider the development of a Digital Ethics Panel	Head of ICT & Information Management	31st March 2021	The terms of reference for the digital ethics board have been agreed with both Chief Officers and the OPCC, the process has been delayed through Covid, work ongoing to recruit the panel, but is expected to be implemented in the next three months.	31/07/2021	Ongoing (original timescale extended)
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.							
CPB/1	CPB/1	Review and recommend the approach required to update and improve the Constabulary's website.	Director of Corporate Improvement	30 December 2020	Requirements have been drawn up and a joint business case with Durham has been approved. A project to update the website has been set up in collaboration with Durham to be implemented in the first half of 2021/22. Further work to integrate with the national Single On-line at home programme to provide on-line reporting is planned for 2022/23.		Completed
CPB/2	CPB/2	Understand the lessons learned from the pilot of the new policy management arrangements, make adjustments as required. Implement a prioritised plan for all Constabulary policies.	Director of Corporate Improvement	31st March 2021	This work has been delayed by the pandemic, however it is now underway with HR piloting the new approach.	30/09/2021	Ongoing (original timescale extended)
CPB/3	N/A	Undertake a review of ForceNet (the Constabulary's intranet) to improve productivity and accessibility of the information the workforce needs to deliver policing services	Director of Corporate Improvement	31st March 2021	The review of the Constabulary's intranet requirements has been completed and an update planned for the second half of 2021/22.		Completed
Core Principle C: Focusing on defining outcomes in terms of sustainable economic, social and environmental benefits							
CPC/1	CPC/1	Develop a Strategy for the affordable storage of Digital Data	Head of ICT & Information Management	31st March 2021	This forms part of the infrastructure strategy review and forms part of major supplier discussions that are ongoing at the present time, which include Microsoft and AWS amongst others. The review is ongoing and due to report in mid-December 2020, with a view to trialling a concept in the early part of 2021. The data strategy is being developed by the joint Chief Information Officer, which will impact on how data is managed and retained going forward. UPDATE - 10/05/2021 - we are moving forward to the pilot stage now. COG paper submitted and approved. Staff being allocated to the pilot and TOR produced.	31/12/2021	Ongoing (original timescale extended)
CPC/2	CPC/2	Conduct an options evaluation for future Estates provision in West Cumbria	Head of Estates and Fleet	31st March 2021	This work has been delayed by the Covid-19 pandemic. Initial discussions have taken place with the COG, Director of Corporate Support and Head of Estates and Fleet to determine a route forward for the West Cumbria, including exploring options, timescales, dependencies and collaboration opportunities. The Head of Estates and Fleet has also undertaken an exercise to review the current PFI contract, in consultation with the Home Office. A project team has now been established and is planning to present costed options by end of 2021.	31/12/2021	Ongoing (original timescale extended)
Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.							
CPD/1	CPD/1	Continue Re-design business processes in relation to the Control Room as part of the implementation of the SAFE system to deliver business benefits.	Superintendent - Organisational Business Delivery	31st March 2021	A significant upgrade of the SAFE system within the control room took place in November but the business enhancements including webchat, call back and email are taking longer than anticipated to implement. A review of business processes in the Control Room will continue in 2021/22 including the implementation of enhanced functionality.	31/12/2021	Ongoing (original timescale extended)

## Appendix A Update on 2020/21 Development and Improvement Plan

Ref	B/fwd from 2019/20 (ref)	Action	Lead Officer	Implementation by	Action Update as at 31 October 2020	Revised Implementation Date	Status
CPD/2	CPD2 +	Undertake further analysis of current and future demand to inform strategic business planning, the Force Management Statement and the resource allocation process for 2020/21 and 2021/22.	Director of Corporate Improvement	31st October 2020 then 31 March 2021	Analysis of current and future demand has taken place as part preparing the Force Management Statement. This work has informed a Resource Allocation Model, which has been agreed by COG. Work will continue in 2021/22 to refine and embed this process to respond effectively to the new and regularly changing demands the Constabulary faces particularly in the current fluid situation.	31st March 2021	Completed
CPD/3	CPD/4	Plan and implement actions to demonstrate increased visibility to communities. The original work will be extended to incorporate the deployment of additional officers recruited through Operation Uplift	Deputy Chief Constable / Director of Corporate Improvement	30th September 2020	Additional staff recruited through UPLIFT have allowed for the opening of a number of rural deployment stations which has increased visibility. Much positive local media comment on this development. Staffing levels on shifts in more urban areas are in excess of that last year which has enabled a 'task force' approach to various crime issues which has been also highly visible to the public.		Completed
CPD/4	N/A	Develop a Covid-19 Recovery Plan to exploit any opportunities arising from changes to working practices during the Covid-19 Pandemic.	Deputy Chief Constable	30th September 2020	Recovery & Renewal group meets regularly to use the response to COVID as a means of driving adaptation to the current operating context and wider organisational change. Records of actions, opportunities and progress are held in meeting records and teams actions for that meeting, along with a force-wide Microsoft Teams live event and associated papers. Convened Gold Recovery and Renewal Group – identified the key principles for Recovery and Renewal. Staff survey conducted to garner Officer and Staff experiences and feedback following the Constabulary response to COVID. In depth analysis of the staff survey results which identified the key issues and improvements, these were then aligned to the key principles, created 'pots' of work and actioned. Challenge and Support session lead by Chief Officers with external scrutiny – listened to prototypes of ideas and their potential benefits. Identified the Top 10 learning points to focus and capitalise on.		Completed
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.							
CPE/1	CPE/1	Develop and deliver the strategy to improve digital capability in the organisation and, deliver improvements to productivity	Head of ICT & Information Management	31st March 2021	The Constabulary has worked with Durham Constabulary to jointly develop and launch a Digital Leadership Programme, which will be an ongoing programme. This will build Digital Competence through knowledge, embed digital capability through skills. It will empower leaders and build digital confidence through professional development, and ensure leaders and teams demonstrate compliance and legitimacy in all they do.  It is being delivered at three levels: Gold, Silver & Bronze. To date it has been delivered to 39 people in Cumbria(38 in Durham). The first cohort complete the 15 week programme week commencing 15/12/20. The programme will deliver 227 Digital Leaders(193 Sgts and 63 Inspectors in Cumbria). UPDATE 10/05/2021 - Over 300 Sgts and Inspectors across both organisations (Cumbria and Durham Constabularies) have now enrolled on the Bronze operational programme. We have also delivered a bronze organisational programme and recently a silver DLP. In partnership with UCLan, our contracted delivery partner, the Constabulary has successfully completed University validation and College of Policing quality assurance for the PCDA (Police Constable Degree Apprenticeship) and the DHEP (Degree Holders Entry Programme). The Constabulary has successfully recruited Police Officers onto the PEQF Programmes: PCDA and DHEP. For both programmes the Initial Teaching block has been developed, delivered and assessed successfully, with the first cohort of student Officers recently completing their operational tutor phase. The development of the PCDA Module 3 at the end of year 1 is underway, as is the DHEP Module 2. Both of these modules will be delivered solely online; as a result Police Trainers are currently developing curriculum materials to support online delivery and gaining experience in using the technology. The second year of the programmes have three core policing placements, CAST, Traffic and Community Hub which are currently being developed with the appropriate departments. The University is in the process of applying to be the End Point Assessment (EPA) organisation for the degree apprenticeship synoptic EPA, which is at the end of the third year.	31/12/2021	Ongoing (original timescale extended)
CPE/2	N/A	In conjunction with Higher Education partners, implement the new PEQF arrangements for new officer recruits.	Head of Learning & Development	30th September 2020	In partnership with UCLan, our contracted delivery partner, the Constabulary has successfully completed University validation and College of Policing quality assurance for the PCDA (Police Constable Degree Apprenticeship) and the DHEP (Degree Holders Entry Programme). The Constabulary has successfully recruited Police Officers onto the PEQF Programmes: PCDA and DHEP. For both programmes the Initial Teaching block has been developed, delivered and assessed successfully, with the first cohort of student Officers recently completing their operational tutor phase. The development of the PCDA Module 3 at the end of year 1 is underway, as is the DHEP Module 2. Both of these modules will be delivered solely online; as a result Police Trainers are currently developing curriculum materials to support online delivery and gaining experience in using the technology. The second year of the programmes have three core policing placements, CAST, Traffic and Community Hub which are currently being developed with the appropriate departments. The University is in the process of applying to be the End Point Assessment (EPA) organisation for the degree apprenticeship synoptic EPA, which is at the end of the third year.		Completed

## Appendix A Update on 2020/21 Development and Improvement Plan

Ref	B/fwd from 2019/20 (ref)	Action	Lead Officer	Implementation by	Action Update as at 31 October 2020	Revised Implementation Date	Status
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.							
CPF/1	N/A	Review the current risk management arrangements to ensure relevance and effectiveness	Director Corporate Improvement	31st December 2020	Given the support provided to the Constabulary's Covid response from the individual who oversees risk management, this action has been deferred until early 2021/22.	30/09/2021	Ongoing (original timescale extended)
CPF/2	N/A	Develop the Constabulary's performance dashboard to reflect the National Outcomes Dashboard which is required to support Operation Uplift	Director of Corporate Improvement	31st October 2020	A dashboard is presented to COG weekly, based on the first iteration of the National Outcomes Dashboard as presented. Obviously, the internal product is continuously evolving as required.		Completed
CPF/3	CPF/3	Further develop the strategic resource management performance framework to drive improvements in our use of resources, and ensure that the benefits of significant investment in change and ICT are delivered.	Director of Corporate Improvement	31st March 2020	The benefits strategy has been developed further to include widening scope of benefits' identification, tracking (using existing processes), and reality on the ground. This process is currently being rolled out.	30/06/2021	Ongoing (within original timescale)
CPF/4	CPF/4 & CPF/6	Further develop an information management strategy incorporating GDPR, MOPI and RRD.	Head of ICT & Information Management	31st March 2021	Work is ongoing to implement decisions previously taken by COG arising from the review of information management functions within the Constabulary. A separate, but intrinsically linked piece of work, is also underway to review existing information management policies and procedures with a view to ensuring these support a wider Information Management Strategy which reflects available resources, the Constabulary's appetite for risk and legislative and national police policy requirements. This work is being overseen by the Joint Chief Information Officer and the Implementation Manager appointed to implement the decisions taken by COG in June 2020. UPDATE 10/05/2021 - Ongoing. Review of IM underway and is at the formal consultation stages. Role profiles rewritten to ensure they reflect the modern DDaT strategy and requirements of the future.	31/12/2021	Ongoing (original timescale extended)
CPF/4	N/A	Undertake an audit of No Further Action crime outcomes, which will inform improvement work on both the appropriate use of outcomes and improvement in the quality of investigation for victims.	Director of Corporate Improvement	30th September 2020	The audit has been completed and results have informed the quality of investigation improvement work		Completed
CPF/5	N/A	Continue to develop and implement the Recovery and Renewal Plan which has resulted from the police response to the Coronavirus pandemic	DCC	31st March 2021	Duplication with CPD/4 – suggest this action is amalgamated with the above.		Completed
CPF/6	N/A	Arising from the 'Achieving Financial Excellence in Policing' self assessment and linked to the Business Transformation Programme develop an action plan to improve financial management and accountability within the Constabulary.	Joint Chief Finance Officer	31st March 2021	The AFEP self assessment has been completed and a report presented to the Chief Officer Group. The report includes a draft action plan and presented this to COG. This will be delivered in 2021/22.		Completed
CPF/7	N/A	Enhance the Medium Term Financial scenario modelling in light of the potential financial impact of the Covid-19 Pandemic.	Joint Chief Finance Officer	31st March 2021	Re-modelling of the MTFF has taken place, with focus on the potential implications of the pandemic on the future financial position, as part of the budget setting process for 2021/22. This will continue to be monitored as part of the on-going Medium Term Financial Planning process.		Completed

Appendix B 2021/22 Development and Improvement Plan

Ref	B/fwd from 2020/21 (ref)	Action	Lead Officer	Implementation by
		Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.		
CPA/1	CPA/3	Finalise setting up of a Digital Ethics Panel and embed its operation.	Chief Superintendent DDaT	31st March 2022
		Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.		
CPB/1		Implement a new Constabulary website	Head of Marketing and Communications	30th September 2021
CPB/2		Implement an enhanced Constabulary intranet site	Head of Marketing and Communications	31st March 2022
CPB/3	CPB/2	Understand the lessons learned from the pilot of the new policy management arrangements, make adjustments as required. Implement a prioritised plan for all Constabulary policies.	Superintendent Performance and Policing Futures.	30th September 2021
		Core Principle C: Focusing on defining outcomes in terms of sustainable economic, social and environmental benefits		
CPC/1	CPC/1	Develop a Strategy for the affordable storage of digital data.	Chief Superintendent DDaT	31st December 2021
CPC/2	CPC/2	Conduct an options evaluation for and decide on future Estates provision in West Cumbria	Director of Corporate Support and Head of Estates and Fleet	31st December 2021
CPC/3		Implement a Covid Recovery and Renewal Programme to improve efficiency and exploit new ways of working arising from the pandemic.	Deputy Chief Constable / Chief Superintendent DDaT.	31st March 2022
		Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.		
CPD/1		Implement the Out of Court Disposal Framework including the Pathways Project	Chief Inspector Criminal Justice Unit.	31st March 2022
CPD/2	CPD/1	Review systems and processes within the Control Room with a view to improving the quality of service including implementation of Call Back and Webchat functionality	Superintendent -Public Contact & Engagement	31st December 2021
CPD /3		Implement an evidence based Performance Management process, linked to a harm index with the aim of maximising the benefits from additional Op Uplift officers. This work will include development of greater analytical capability.	Deputy Chief Constable / Assistant Chief Constable	31st March 2022

Appendix B 2021/22 Development and Improvement Plan

Ref	B/fwd from 2019/20 (ref)	Action	Lead Officer	Implementation by
Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.				
CPE/1	CPE/1	Continue delivery of the strategy to improve digital capability in the organisation and, deliver improvements to productivity	Chief Superintendent DDaT	31st March 2022
CPE/2		In conjunction with Higher Education partners, continue implementation the new PEQF arrangements for new officer recruits, with particular focus on developing year 2 and 3 programmes and a pre-join entry route for recruits with a Policing degree.	Head of Learning & Development	31st March 2022
Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.				
CPF/1	CPF/1	Review the current risk management arrangements to ensure relevance and effectiveness	Superintendent Performance and Policing Futures.	31st December 2021
CPF/2	CPF/4	Implement Information Management Strategy and complete re-structure of the function.	Chief Superintendent DDaT	31st December 2021
CPF/3	CPF/3	Further develop the strategic resource management performance framework to drive improvements in our use of resources, and ensure that the benefits of significant investment in change and ICT are delivered.	Chief Superintendent Insight & Analysis	31st December 2021
CPF/4		Introduce a revised Scheme of Delegation to empower managers.	Joint Chief Finance Officer	30th June 2021
CPF/5		Implement the recommendations of the Achieving Financial Excellence in Policing action plan.	Joint Chief Finance Officer	31st March 2022
CPF/6		Implement recommendations arising from the Financial Management Code of Practice self assessment.	Joint Chief Finance Officer	31st March 2022

## Appendix C CIPFA Financial Management Code Self-Assessment

FM Code Standard	Question	Answer	RAG	Areas for Improvement
<b>Theme - Leadership</b>				
A) The leadership team is able to demonstrate that the services provided by the authority provide value for money	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	We have clear references to achieving VFM in the annual financial strategy, the Procurement Strategy and the Force Strategic Plan	Yellow	Review documentation to make VFM more explicit
	Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?	A corporate framework of management procedures and rules for securing value for money is incorporated into key joint governance documents including the Procurement and Financial Regulations.  The HMICFRS VFM profiles are considered and reported to senior management. These are used as a basis for identifying areas where there is potential to make savings.  The Deputy Chief Constable chairs a monthly Management Board to analyse performance and consider improvement plans. The Constabulary has an efficiency Actions are taken from the DCC Management Board. Recommendations from this board HMICFRS and audit are rigorously followed up		Develop an enhanced savings and efficiencies plan, to incorporate benefits management.
	Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?	Procurement savings are reported to Blue Light Commercial on a quarterly basis  Contract management is undertaken by service stakeholders, with strategic oversight from the Procurement department  Cash savings removed from the annual revenue budget are monitored for delivery. An enhanced benefits management process has been agreed and is currently being embedded.		
B) The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government	Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?	For the Constabulary, the Joint CFO is a member of the Chief Officer Group which is the main decision making body for the Constabulary and meets on a weekly basis.  For the PCC, the Joint CFO is a member of the PCC Executive Team which is the main decision making body for the OPCC and meets on a weekly basis.	Green	
	Does the CFO lead and champion the promotion and delivery of good financial management across the authority?	Yes, The Joint CFO champions and leads the promotion and delivery of good financial management in the Constabulary and OPCC.		
	Is the CFO suitably qualified and experienced?	Yes, the Joint CFO is a member of CIPFA and is suitable qualified, experienced and committed to Continuing Professional Development.  The Joint CFO is supported by a Deputy CFO who is also a member of CIPFA and is suitable qualified, experienced and committed to Continuing Professional Development.		
	Is the finance team suitably resourced and fit for purpose?	The Financial Services Team are a shared support service providing the full range of financial services to the PCC and Constabulary. The team has recently been provided with growth of 1.6 FTE posts to support a hump of activity around a financial system implementation, operation uplift, increasing demands from external audit and a number of other workload pressures. Once these additional resources are recruited the team will be properly resourced in terms of capacity and capability. There is an aspiration for development and succession planning within the team. The internal and external audit opinions over many years demonstrate that the Financial Services Team is fit for purpose.		
O) The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability	Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	Balances such as reserves, debtors, creditors and provisions are monitored closely by Financial Services on a monthly basis. Reserves, debtors, creditors and accumulated leave balances are reported to senior management at the year end. Reserves are given particular focus in the budget setting and MTFF process.  Cashflow, short and long-term borrowing, investments and the use of reserves and balances are also monitored by Financial Services and are reported to the PCC Public Accountability Conference and Joint Audit Committee in the quarterly update on treasury management activity	Yellow	A more systematic approach to balance sheet risk reporting and sensitivity analysis will be put in place.
	Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance	Balances such as reserves, debtors, creditors and provisions are monitored closely by Financial Services on a monthly basis		
	Is the authority taking action to mitigate any risks identified?	Yes, as risks are identified action is taken e.g. regular reviews of legal claims and supplier information including credit checks is undertaken regularly.		
	Does the authority report unplanned use of its reserves to the leadership team in a timely manner?	Revenue and capital monitoring reports are presented to Chief Officer Group and the PCCs Executive Team on a regular basis.  Formal budget monitoring reports are presented on a quarterly basis to the PCCs Public Accountability Conference and then to the public meeting of the Police and Crime Panel. Any variation to the planned use of reserves is reported, with a formal recommendation to the PCC should any significant changes to the planned use of reserves arise		
	Is the monitoring of balance sheet risks integrated into the authority's management accounts reporting processes?	This is not well developed and principally takes place at the year end and during the budget setting process.		

## Appendix C CIPFA Financial Management Code Self-Assessment

FM Code Standard	Question	Answer	RAG	Areas for Improvement
<b>Theme - Accountability</b>				
D) The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	Has the authority sought to apply the principles, behaviour and actions set out in the Framework to its own governance?	Yes, as evidenced through the Annual Governance Statement	Green	
	Does the authority have in place a suitable local code of governance?	Yes, the PCC and Chief Constable each publish on an annual basis a Code of Corporate Governance. This is reviewed by the Joint Audit Committee at the start of each financial year.		
	Does the authority have a robust assurance process to support its AGS?	The AGS for the Constabulary is produced by the Chief Officer Group, which comprises senior police officers and staff from the Constabulary.  The AGS for the OPCC is produced by the PCC Executive Team, which comprises senior staff from the OPCC.  A draft version of each AGS is presented to the Joint Audit Committee before publication alongside the annual Statement of Accounts.		
P) The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom	Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements?	Yes, the Joint CFO is fully aware of his responsibilities in this area.	Green	
	Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms?	Specific responsibility for the Joint CFO to secure delivery of the financial statements is included in the job description and is recognised as a key task.		
	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom?	Yes, Cumbria has a good track record of early closedown and external audit sign-off.		
Q) The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions	Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget?	An outturn report is presented to the Chief Officer Group and the PCC Executive Team in May each year with clear explanations provided for each variation against budget.	Green	
	Is the information in these reports presented effectively?	Yes. This information is provided on the same format of the monthly/quarterly management accounts to aid consistency and understanding. A reconciliation is provided in the statutory statement of accounts to aid transparency.		
	Are these reports focused on information that is of interest and relevance to the leadership team?	Yes, it provides information on the full revenue budget and highlights variances which are both one-off and those that have an ongoing financial implications.		
	Does the leadership team feel that the reports support it in making strategic financial decisions?	Yes		
<b>Theme - Transparency</b>				
L) The authority has engaged where appropriate with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget	How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?	The Constabulary and PCC liaise closely in agreeing the budget. The Constabulary consults comprehensively with budget holders during the budget process to assess service pressures through a 'Star Chamber' process. The PCC undertakes public consultation on his proposed council tax precept increase as and when required. Commissioning budgets are developed in close consultation with relevant delivery partners.  The PCC's annual budget and precept proposals are subject to scrutiny by the independent Police and Crime Panel, on behalf of the public. Members of the Joint Audit Committee are briefed on the budget.	Green	
	How effective has this engagement been?	Internal consultation has both identified savings and areas where additional resourcing is required.  In recent years the PCC has consulted the public regarding his proposed increase in council tax precept. The response has always been positive.  In recent years the Police and Crime Panel has approved the PCCs proposed increase in council tax precept		
	What action does the authority plan to take to improve its engagement with key	The PCC and Constabulary are continually open to exploring ways of improving the budget setting and consultation process.		
M) The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'?	The Constabulary and PCC include options appraisal as a standard requirement in its business case template. The exact methodology and options appraisal techniques used are not always consistent as it can be difficult to adapt these to a public sector setting where quality of service is more important than pure financial return. Benefits measurement can be subjective and have a tendency to be over optimistic.	Yellow	Develop guidance for options appraisal and ensure it is applied systematically including post implementation review.
	Does the authority offer guidance to officers as to when an option appraisal should be undertaken?	Staff developing business cases particularly in relation to technology are Prince 2 trained and well versed in options appraisal techniques. Finance staff provide support where required.	Green	
	Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?	Where appropriate, qualitative and quantitative measures are included	Yellow	
	Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty?	Risks are considered as part of the business case preparation, particularly for significant investments.	Green	
	Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)?	Yes, particularly in relation to significant investments. However, post implementation reviews are not carried out systematically.	Yellow	

## Appendix C CIPFA Financial Management Code Self-Assessment

FM Code Standard	Question	Answer	RAG	Areas for Improvement
<b>Theme - Standards</b>				
H) The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	Has the authority prepared a suitable capital strategy?	Yes, a Capital Strategy document is prepared which is an overarching publication covering the Treasury Management Strategy Statement (TMSS) and Capital Programme. The Capital Programme covers a longer 10 year period. The Capital Strategy, Capital Programme and TMSS are presented to the Public Accountability Conference in February each year as part of the budget setting process and are approved by the PCC. The documents are published on the PCCs website as part of the Key Financial Publications section.	Green	
	Has the authority set prudential indicators in line with the Prudential Code?	Yes, these are included in the Annual Capital Strategy and Treasury Management Strategy Statement.		
	Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has?	Yes, these are monitored by Financial Services staff and reported to the PCC Public Accountability Conference and Joint Audit Committee in the quarterly TM update reports.		
J) The authority complies with its statutory obligations in respect of the budget setting process	Is the authority aware of its statutory obligations in respect of the budget-setting process?	Yes, initial budget reports are presented to the public meeting of the Police and Crime Panel as part of the precept setting meeting in January.  The formal budget reports including the Joint CFO statement on the robustness of the budget and the council tax requirement are presented to the PCC Public Accountability Conference in February each year.	Green	
	Has the authority set a balanced budget for the current year?	Yes, as endorsed by the PCC at the budget setting meeting in February.		
	Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?	Yes, the Joint CFO is fully aware of the s114 requirements but Cumbria is not remotely close to needing to issue one in the near future.		
K) The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?	Yes	Green	Review the S25 report to see what improvements can and should be made
	Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?	Not specifically, although a separate risk assessment is produced which explains and quantifies the impact of variations to key budget assumptions		
	Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?	Yes, a separate Reserves Strategy is produced to accompany the annual budget report, Medium Term Financial Forecast (MTFF) and Capital Strategy. The Reserves Strategy covers planned use of reserves over a 10 year timeframe to match the Capital Strategy. This Reserves Strategy is also published on the PCCs website in the Key Financial Publications section of the website.		
	Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall?	Yes, the Reserves Strategy provides a forecast for the next 10 years which is fully compatible with the 4 year MTFF and longer term 10 year capital Strategy.		

## Appendix C CIPFA Financial Management Code Self-Assessment

FM Code Standard	Question	Answer	RAG	Areas for Improvement
<b>Theme - Assurance</b>				
C) The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	Does the leadership team espouse the Nolan principles?	Yes, the code of ethics is a key feature for all police officers and staff and is promoted during induction training and refresher courses. This is supported by the work of the Professional Standards Department who promote ethical standards through a supported learning approach. All force policies and procedures embed the key principles from the Code of Ethics	Green	
	Does the authority have in place a clear framework for governance and internal	Yes, the PCC and Chief Constable review and update their respective Codes of Corporate Governance on an annual basis.		
	Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?	Good behaviour is discussed during all staff and officer Strengths Based Conversations (SBCs)  The arrangements for anti-fraud and corruption include a whistleblowing policy which is managed and reports investigated by the Professional Standards Department (PSD)  The PCC and Chief Constable have a joint managed internal audit service which is currently provided by the County Council. All audit reports receive Chief Officer/Director sign off and all audit reports are reported to the Joint Audit Committee (JAC). The Head of Internal Audit provides regular updates against the audit plan to meetings of the Joint Audit Committee. All audit reports (internal and external) are published on the PCC website.  Internal accountability is through individual SBCs with breaches being investigated through PSD  Business interests are approved and recorded by PSD and then reviewed as part of the SBC process and at year end through the related parties evaluation exercise  Both the Constabulary and OPCC have a policy on gifts and hospitality, which is managed and promoted by PSD and the OPCC.		
	Does the leadership team espouse high standards of governance and internal control?	All key decisions are taken collectively by the Chief Officer Group with a full audit trail for all decisions made.  All key PCC decisions of significant public interest are published on his website including full supporting documentation  Codes of Corporate Governance are in place in line with CIPFA Good Governance principles. Codes of conduct & business interests are in place as part of anti-fraud and corruption arrangements. Governance documents including financial and procurement regulations are in place and are reviewed periodically.		
	Does the leadership team nurture a culture of effective governance and robust internal control across the authority?	Yes, see arrangements above and regular interventions to ensure that the organisations operate effectively. This is supported by the HMICFRS assessment of Good across all areas of business and outstanding for Crime Data Recording and the Head of Internal Audit's assessment that the arrangements for risk management, governance and internal control are robust.		
F) The authority has carried out a credible and transparent Financial Resilience Assessment	Has the authority undertaken a Financial Resilience Assessment?	As part of the Achieving Financial Excellence in Policing Programme (AFEP) a template set of Financial Resilience Indicators has been developed. A piece of work is currently underway to apply these to Cumbria circumstances and develop a Financial Resilience Self Assessment that can be undertaken and reported on an annual basis.	Red	Cumbria Financial Resilience Indicators to be agreed, calculated and reported to Chief Officers & OPCC.
	Has the Assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios?	As above		
	Has the authority taken appropriate action to address any risks identified as part of the assessment	As above		
N) The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	Does the authority provide the leadership team with an appropriate suite of reports that allows it to identify and to correct emerging risks to its budget strategy and financial sustainability?	For the Constabulary, the Chief Officer Group is provided with a monthly monitoring report which highlights emerging risks and issues. These are acted upon as necessary. Any matters needing to be notified to the PCC are managed through the regular PCC Executive Team meetings.  Formal reports are presented to the PCC on a quarterly basis at the Public Accountability Conference. The quarterly reports are also presented to the public meetings of the Police and Crime Panel.  Board meetings such as Business Board, Operations Board, Digital Board and Workforce Boards receive high level financial updates at monthly meetings. The Senior Leadership Teams of relevant departments will receive and update from Financial Services Officers in relation to their own budgets on a monthly basis.	Green	
	Do the reports cover both forward and backward looking information in respect of financial and operational performance?	Yes		
	Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such as contract monitoring data?	The Commercial Department are actively developing contract management across the organisation. The OPCC have a performance framework for Commissioned Services designed to ensure that contracts are delivered effectively.		
	Are the reports provided to the leadership team in a timely manner and in a suitable	Yes, produced monthly/quarterly as required and are in a clear format which draws out the key messages.		
	Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?	Yes		

Appendix C CIPFA Financial Management Code Self-Assessment

FM Code Standard	Question	Answer	RAG	Areas for Improvement
Theme - Sustainability				
E) The Financial Management Style of the authority supports financial sustainability	Does the authority have in place an effective framework of financial accountability?	Yes, through the framework of corporate governance, including the Funding Arrangement, Scheme of Delegation, Budget Protocols, Financial Regulations, Financial Rules and Joint Procurement Regulations. These documents are reviewed on a cyclical basis and are reported to the Joint Audit Committee		
	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	The Constabulary has an Efficiency and Productivity Strategy, which incorporates specific reviews of services, savings targets and consideration of HMICFRS VFM indicators. However, this has been relatively low profile in during Covid.		Re-invigorate the Efficiency Strategy with a systematic approach, including benefits realisation.
	Does the authority's finance team have appropriate input into the development of strategic and operational plans?	For the Constabulary, the Joint Chief Finance Officer is a member of the Chief Officer Group who meet on a weekly basis and have ultimate decision making responsibility for the Constabulary.  For the OPCC, the Joint Chief Finance Officer is a member of the PCC Executive Team who meet on a weekly basis and have ultimate decision making responsibility for the PCC.  In addition, the Joint CFO is part of the Management Board (in relation to CC activity) and the Collaborative Board which is a joint board made up of senior members of the OPCC and Constabulary.  Senior finance representatives sit on all key decision making and informative boards e.g. Workforce, Business, Operations, Digital and Programme Boards		
	Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?	Each key stakeholder/budget holder in the organisation has a named finance contact. The Financial Services Team are well qualified and a business partnering approach is being promoted. A more systematic approach to ensuring that Budget holders have the appropriate financial management skills is being considered.		Develop the business partnering approach between finance and business areas. Implement a systematic training plan for non finance staff.
	Has the authority sought an external view on its financial style, for example through a process of peer review?	Not specifically, but the Financial Services team recently undertook the CIPFA Achieving Financial Resilience Financial Management Self Assessment and as a result an action plan has been developed. The self assessment sought the views of chief officers, senior managers and external partners (JAC, internal and external audit) on a number areas of financial management. The self assessment resulted in a score of 4 out of 5 for Financial Management.		Complete the AFEP action plan.
	Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?	Yes, as set out in Scheme of Delegation, Budget protocols, Financial Regulations, Financial Rules and Joint Procurement Regulations.  In relation to financial skills, budget holders are supported by named Financial Services Officers who support their particular areas of business. Training to non-financial managers is currently ad-hoc and is provided on a one to one basis by finance staff. A more formal in-house training programme is to be developed as part of the AFEP action plan.		as above
G) The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members	Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?	The key risks are highlighted in the annual budget and medium term financial forecast.		
	Does the authority have a strategic plan and long-term financial strategy that address adequately these risks?	Yes, we have a medium term financial forecast which is produced annually, although the main focus is for a 4 year MTFE timeframe, the report includes commentary on future estimation uncertainty and considers risks to funding and budget setting. We also publish a separate longer term Capital Programme and Reserves Strategy which cover a 10 year timeframe.		The MTFE will be reviewed to ascertain whether it needs to be enhanced and extended.
	Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g. using a technique such as scenario planning)?	Scenario planning is used internally within Financial Services to formulate the medium term financial plan.  Published budget reports include a risk assessment/sensitivity analysis which highlights the financial risk to key budget assumptions e.g. changes in future pay awards, precept levels etc.		
	Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making?	Regular reports to the Chief Officer Group and PCC Executive Team during the budget preparation process highlight the various risks and possible scenarios. The key strategic issues are then reported to the PCC Public Accountability Conference at the annual budget setting meeting. All documents associated with the budget process are published on the PCC website as part of the Key Financial Publications section.  During the year regular revenue and capital monitoring reports will highlight changes in significant risks and issues, and suggest appropriate action		
I) The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans	Does the authority have in place an agreed medium-term financial plan?	Yes, the Medium Term Financial Forecast covering the period 2021/22 to 2024/25 was published in February 2021 alongside the annual revenue budget.		
	Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	Yes		
	Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?	Yes, the Chief Officer Group (COG) consider information on current and future demand pressures (as currently known) including the implications for new technology and equipment  The Constabulary also considers relevant NPCC guidance and best practice e.g. stop & search, body worn video.  Across COG, members are engaged in national forums which enables the potential financial implications of new national systems and changes to national guidelines and procedures to be identified early		
	Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?	Yes, but in an emergency service employing omniscient police officers changes in demand can be accommodated by deployment policies and priorities.  Cost drivers and sensitivity analysis to changes in cost, income and demand are included in the MTFE.		
	Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?	Yes, there are separate asset management plans/strategies for Estates, Fleet and Digital Data and Technology. The plans are developed to coincide with the PCC term of office and an annual update is provided through the Corporate Support Strategy Update which is considered alongside the budget at the February meeting of the Public Accountability Conference. The last published individual asset management strategies cover the period 2019 to 2021. New strategies for the period 2021 to 2024 will be developed in September 2021.		





Peter McCall

# Treasury Management Activities 2020/21 Quarter 4 (January to March 2021) and Annual Report 2020/21

## Public Accountability Conference 2 June and JAC Meeting 23 June 2021

### Purpose of the Report

The purpose of this paper is to report on the Treasury Management Activities (TMA), which have taken place during the period January to March 2021, in accordance with the requirements of CIPFA's Code of Practice on Treasury Management.

TMA are undertaken in accordance with the Treasury Management Strategy Statement (TMSS) and Treasury Management Practices (TMPs) approved by the Commissioner in February each year.

### Recommendations

The Commissioner is asked to note the contents of this report.

JAC Members are asked to note the contents of this report. The report is provided as part of the arrangements to ensure members are briefed on Treasury Management and maintain an understanding of activity in support of their review of the annual strategy.

### Economic Background

The key quarterly Monetary Policy Report meeting of the Bank of England's Monetary Policy Committee kept Bank Rate and quantitative easing unchanged on 4th February, (as it also did at its 18th March meeting). However, it revised its economic forecasts to take account of a third national lockdown which started on 5th January, which is going to further delay economic recovery and do further damage to the economy.

The Bank of England removed negative interest rates as a possibility as financial institutions were not ready or able to implement them within the next 6 months and by that time the economy would be expected to be recovering strongly and so there would be no requirement for negative rates.

Link Treasury, the Commissioners advisors, are not expecting any increase in Bank Rate within the forecast horizon ending on 31st March 2024. This will result in extremely low interest rates with

minimal interest receipts for the medium term.

The Budget on 3rd March increased support to the economy and employment during 2021 and 2022 followed by substantial tax rises in the following three years to help to pay the cost for the pandemic.

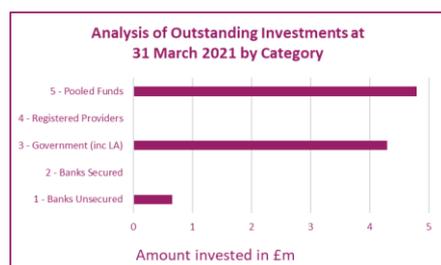
The final Brexit agreement on 24th December 2020 eliminated a significant downside risk for the UK economy but it is still an area that needs further work to ease difficulties, particularly around trade arrangements.

### TM Operations and Performance Measures

The Commissioners day to day TMA are undertaken in accordance with the TMSS. The TMSS establishes an investment strategy with limits for particular categories of investment and individual counterparty limits within the categories.

**Outstanding Investments:** As at 31 March 2021 the total value of investments was **£9.762m** and all were within TMSS limits.

The chart below shows the outstanding investments at 31 March by category.



A full list of the investments that make up the balance of £9.762m is provided at **Appendix A**.

**Investment Activity:** During quarter 4 a total of 4 investments with a combined value of £6.9m were made within TM categories 1-3 (banks unsecured, banks secured and Government). In addition to these there were regular smaller investments in category 5 (money market pooled funds).

**Non-specified investments:** The TMSS sets a limit for investments with a duration of greater than 364 days at the time the investment is made (known as non-specified investments), this limit is £5m. At 31 March the Commissioner had no investments meeting this description.

**Investment Income:** The base budget for investment interest receivable in 2020/21 was set at £96k based on the interest rate predictions at the time (0.75% rising to 1.00% in qtr 4) The budget forecast was revised to £26k in quarter 2 and to £15k in quarter 3 as investment counterparties gradually reacted to the emergency base rate reductions in March 2020. The actual income achieved against this target was £15k

The average return on investment during quarter 4 was 0.01%. As a measure of investment performance, the rate achieved on maturing investments of over 3 months in duration would normally be compared with the average BOE base rate for the period of the investment.

However, during the fourth quarter of 2020/21 there were no investments maturing that had been placed for a duration of 3 months or longer. Interest rates are extremely low and the gains from longer term investments do compensate for the risks at these uncertain times. The investment durations are also being kept relatively short to allow us to react to any changes in interest

rates. All fixed term investments in qtr. 4 were placed with the Debt management office (HM Treasury) as the most secure option but this yielded a low return of 0.01% in most cases.

**Cash Balances:** The aim of the TMSS is to invest surplus funds and minimise the level of un-invested cash balances. The actual un-invested cash balances for the period January to March are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	90	6,637	43,212
Days Overdrawn	0	0	0

There were a number of occasions where the bank balance exceeded the target balance of £7.5k. These were all in relation to monies being paid into the main fund. Much of the large 'pay to banks' relate to seized cash including the largest balance recorded for the quarter. As is common practice, transactions of this nature made during the day are not invested as they are subject to checking by the bank and may be reversed.

There were no instances in the fourth quarter where the account was overdrawn.

## Prudential Indicators

In accordance with the Prudential Code, the TMSS includes a number of measures known as Prudential Indicators which determine if the

TMSS meets the requirements of the Prudential Code in terms of *Affordability, Sustainability and Prudence*.

An analysis of the current position with regard to those prudential

indicators for the financial year 2020/21 is provided at **Appendix B**. The analysis confirms that the Prudential Indicators set for 2020/21 have all been complied with.

## Annual Report on Treasury Management Operations 2020/21

**Treasury Strategy:** In February 2020 the Commissioner approved the 2020/21 Treasury Management Strategy Statement (TMSS). The TMSS incorporated the investment and borrowing strategies for the 2020/21 financial year. The investment strategy approved for 2020/21 was largely the same as had been adopted for the previous year. The limits for each category of investment were based on the relative security of each class of financial institution and a percentage of the estimated balances, which would be available for investment during the year.

In relation to borrowing, the Commissioner has an underlying need to borrow funds to finance the capital programme, which is measured by the Capital Financing requirement (CFR).

The CFR at the start of 2020/21 amounted to £22.10m (including

£4.58m relating to the PFI agreement for West Cumbria TPA HQ in Workington) leaving a £17.63m exposure to external borrowing at some time in the future, which is presently being covered by the use of internal funds (reserves).

The closing CFR for 2020/21 is anticipated to be £21.60m, of which £4.40m relates to the PFI thereby leaving a £17.20m exposure to the requirement to undertake external borrowing at some point.

During 2020/21 the Commissioner has maintained this strategy of using cash balances, arising primarily from reserves, to meet the cash flow commitments and was not therefore compelled to borrow.

Although long term borrowing rates remained relatively low during 2020/21, a conscious decision was made to defer long term financing decisions as the short term cost of

carrying debt (i.e. the differential between the borrowing rate estimated at 2.39% and the rate of 0.1% available as when such funding was invested), as this would have had an adverse effect on the revenue budget for the year and the immediate outlook period.

During 2018/19 the contract for the provision of treasury management advice services was re-tendered with the result that with effect from 1 April 2019 a new advisor (Link Asset Services Ltd) was appointed. Link Assets Services Ltd have continued to provide the advisory service during 2020/21.

The Commissioner, in consultation with the treasury advisors continues to look for the most opportune time to undertake any longer term borrowing to fund the capital financing requirement.

**Key Statistics**

Principal:

Number of investments placed during 2020/21 was **247** (197 in 2019/20).

Value of investments placed during 2020/21 was **£131.852m** (£131.362m in 2019/20).

Of these investments made, 103 were to external counterparties and as such will have attracted a £10 transfer fee per transaction. The transfer to the NatWest Liquidity Select account for overnight money is classed as an inter-account transfer' as the NatWest holds the Commissioner's main bank account. This type of transfer is free although we do pay a small fee to access the internet banking site.

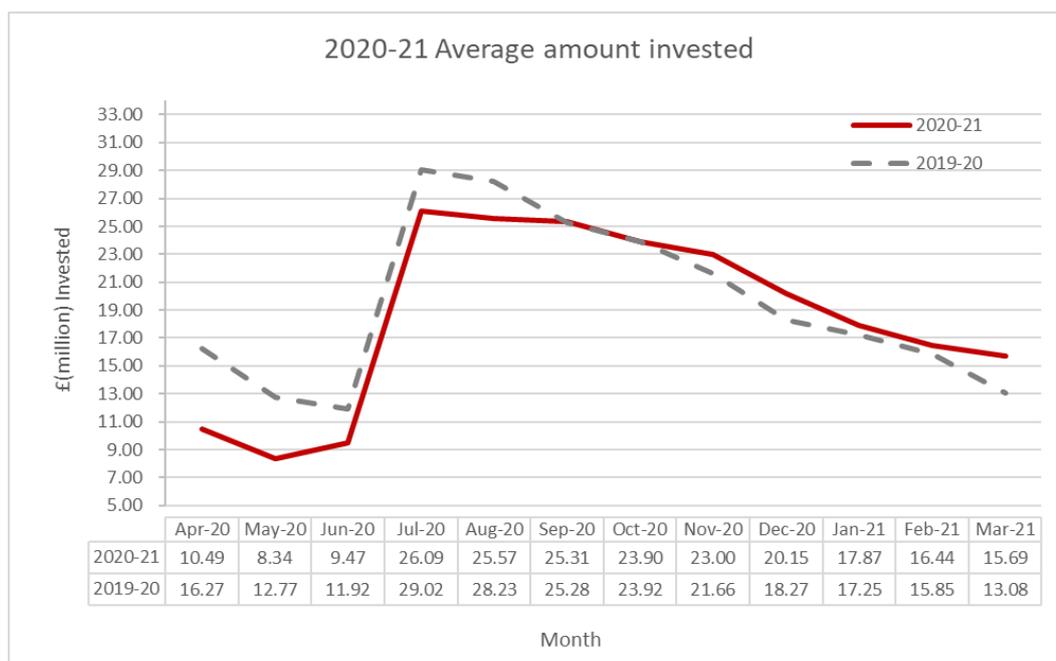
The **average** daily investment balance during 2020/21 was **£18.56m** (£19.50m in 2019/20).

The **highest** daily investment balance in 2020/21 was **£30.08m** (£33.97m in 2019/20)

The **lowest** daily investment balance in 2020/21 was **£4.24m** (£7.24m in 2019/20).

A detailed breakdown of the closing balance invested as at 31 March 2021 is provided at **Appendix A**.

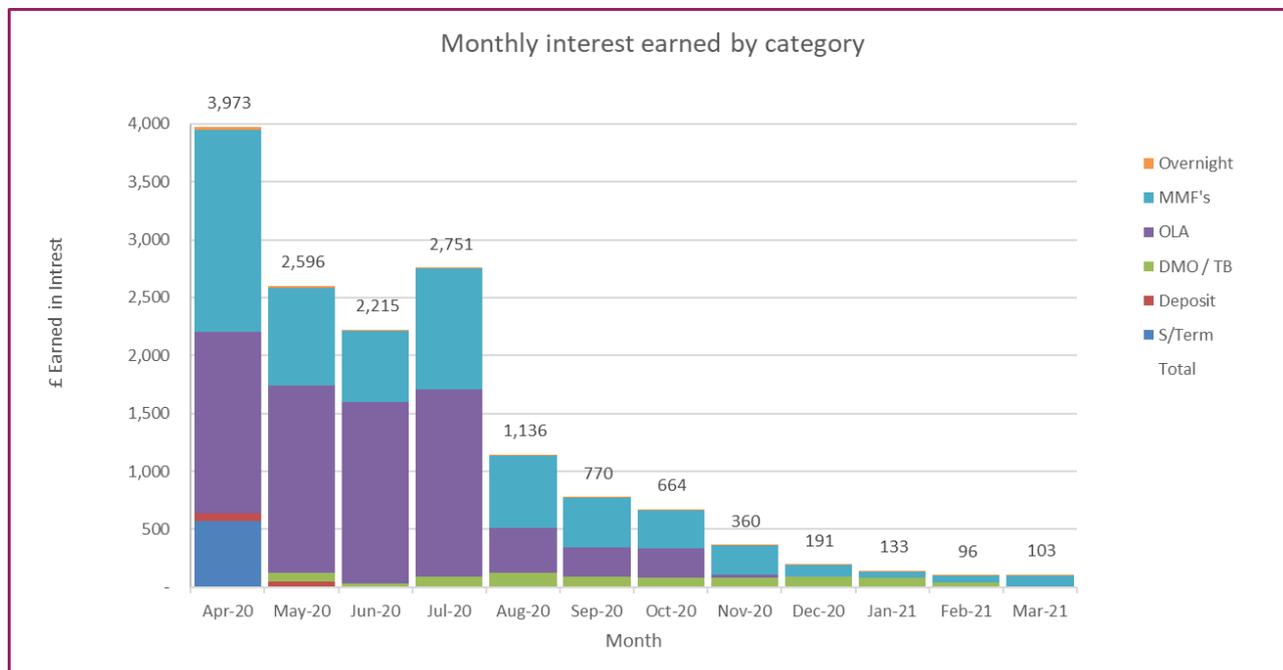
The level of cash reserves available to invest has followed the same pattern as seen in previous years. Following the introduction of the Home Office Police Pensions Grant in 2007/08, there has been an annual spike in investments in July, when the majority of the grant is received, followed by a gradual decline in balances as pension payments are made throughout the remainder of the year.



This chart illustrates the monthly average amounts invested during 2020/21 (with monthly comparatives for 2019/20).

**Interest:**

A total of £15k was earned in 2020/21 (£143k in 2019/20) from the Commissioner’s treasury management activities and can be broken down as follows:



The average return on investments for 2020/21 was 0.08% (0.73% in 2019/20). The base rate started the year at 0.1% and this is where it remained throughout the whole of 2020/21.

The table above shows the outturn on investment interest as £15k for 2020/21 which is £81k below the base budget of £96k. The base budget was increased in line with the plans to invest long term in a property funds. These funds yield higher returns as well as the potential for capital growth. They are backed, as the name suggests, by property. Uncertainty around the Brexit negotiations and the effect that this would have on property prices have resulted in this investment being delayed. With the global pandemic now also taking its toll on the UK economy it is unlikely that this investment will take place in the near future.

The base budget for 2021/22 is £96k and was set while the interest rate was predicted to remain at 0.75% until 2020/21 quarter 4 where it was expected to rise to 1.0%. The cash flow forecast was remodelled throughout the year to take account of the recent sudden rate cuts and the revised forecast for investment income in 2020/21 was £26k in the September report and £15k in the December report.

### Treasury Operations:

As discussed above the aim of the Treasury Management Strategy is to invest surplus cash and minimise the level of un-invested cash balances, whilst limiting risks to the Commissioner’s funds. Actual un-invested balances for 2020/21 for the Commissioner’s main bank account are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	360	7,492	293,422
Days Overdrawn	5	(2,671)	(7,199)

The largest credit balance occurred during quarter one, the largest overdrawn balance occurred during the second quarter.

The largest un-invested balance occurred over the weekend of the 29<sup>th</sup> May 2020 (£292k) income was received late in the day from the ministry of justice for the victims grant. In line with procedure, any funds banked during the day are subject to checking by the bank and could be removed from our account again while any issues are resolved, which would have resulted in an overdrawn account.

It is therefore normal practice that this cash is not invested into the liquidity select account and would have been left in the main fund account.

The largest overdrawn balance occurred on the 13<sup>th</sup> of August (£7k) cheques were paid into the bank and subsequently did not

clear same day – so we had in effect over invested. The faster cheque clearing regime currently being implemented by the banking sector is making it difficult to predict if cheques will clear on the same day or they will clear in one day or two. Funds paid in during the day are no longer invested until they are cleared funds.

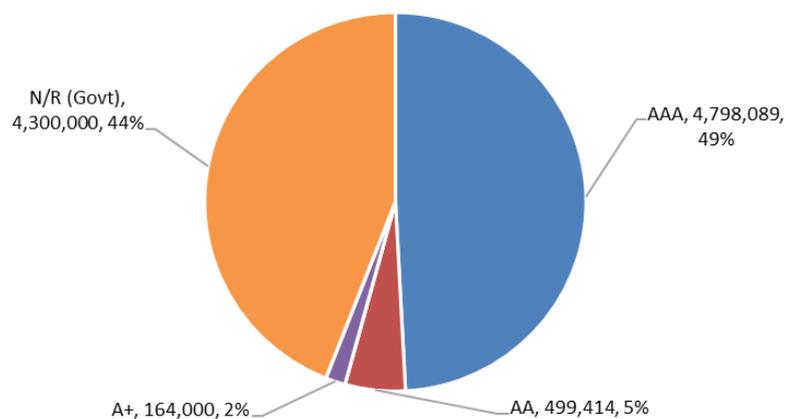
### Compliance with Prudential Indicators

All treasury related Prudential Indicators for 2020/21, which were set in February 2020 as part of the annual Statement of Treasury Management Strategy, have been complied with. Further details can be found at **Appendix B**.

## Appendix A Investment Balance at 31 March 2021

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)
<b>Category 1 - Banks Unsecured (Includes Banks &amp; Building Societies)</b>						
Svenska (Deposit Acc)	AA	Various	On Demand	N/A	0.00%	499,414
NatWest (Liquidity Select Acc)	A+	31/12/2020	04/01/2021	O/N	0.01%	164,000
						<b>663,414</b>
<b>Category 2 - Banks Secured (Includes Banks &amp; Building Societies)</b>						
						<b>0</b>
<b>Category 3 - Government (Includes HM Treasury and Other Local Authorities)</b>						
Debt Management Office	Gov	26/03/2021	22/04/2021	22	0.01%	2,150,000
Debt Management Office	Gov	26/03/2021	21/05/2021	51	0.01%	2,150,000
						0
						0
						<b>4,300,000</b>
<b>Category 4 -Registered Providers (Includes Providers of Social Housing)</b>						
None						0
						<b>0</b>
<b>Category 5 -Pooled Funds (Includes AAA rated Money Market Funds)</b>						
Invesco	AAA	Various	On demand	O/N		1,700,000
Fidelity	AAA	Various	On demand	O/N		1,698,089
BlackRock	AAA	Various	On demand	O/N		0
Goldman Sachs	AAA	Various	On demand	O/N		0
Aberdeen Standard	AAA	Various	On demand	O/N		1,400,000
						<b>4,798,089</b>
<b>Total</b>						<b>9,761,503</b>

**Analysis of outstanding investments by credit rating of counterparty at 31 March 2021 (Minimum criteria per TMSS A-)**



Note – The credit ratings in the table & chart relate to the standing as at 31 March 2021, these ratings are constantly subject to change.

## Appendix B

### Prudential Indicators 2020/21

Treasury Management Indicators		Result	RAG
<p><b>The Authorised Limit</b></p> <p><i>The authorised limit represents an upper limit of external borrowing that could be afforded in the short term but may not be sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit under section 3(1) of the Local Government Act 2003.</i></p>	TEST - Is current external borrowing within the approved limit	YES	
<p><b>The Operational Boundary</b></p> <p><i>The operational boundary represents an estimate of the most likely but not worst case scenario; it is only a guide and may be breached temporarily due to variations in cash flow.</i></p>	TEST - Is current external borrowing within the approved limit	YES	
<p><b>Actual External Debt</b></p> <p><i>It is unlikely that the Commissioner will actually exercise external borrowing until there is a change in the present structure of investment rates compared to the costs of borrowing.</i></p>	TEST - Is the external debt within the Authorised limit and operational boundary	YES	
<p><b>Gross and Net Debt</b></p> <p><i>The purpose of this indicator is to highlight a situation where the Commissioner is planning to borrow in advance of need.</i></p>	TEST - Is the PCC planning to borrow in advance of need	NO	
<p><b>Maturity Structure of Borrowing</b></p> <p><i>The indicator is designed to exercise control over the Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.</i></p>	TEST - Does the PCC have large amounts of fixed rate debt requiring repayment at any one time	NO	
<p><b>Upper Limit for total principal sums invested for over 365 Days</b></p> <p><i>The purpose of this indicator is to ensure that the Commissioner has protected himself against the risk of loss arising from the need to seek early redemption of principal sums invested.</i></p>	TEST - Is the value of long term investments within the approved limit	YES	
<p><b>Ratio of Financing Costs to Net Revenue Stream</b></p> <p><i>This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs.</i></p>	TEST - Is the ratio of capital expenditure funded by revenue within planned limits	YES	
<p><b>Net Borrowing and the Capital Financing Requirement</b></p> <p>This indicator is to ensure that net borrowing will only be for capital purposes. The Commissioner should ensure that the net external borrowing does not exceed the total CFR requirement from the preceding year plus any additional borrowing for the next 2 years.</p>	TEST - Is net debt less than the capital financing requirement	YES	
<p><b>Capital Expenditure and Capital financing</b></p> <p><i>The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2020/21</i></p>	TEST - Is the current capital outturn within planned limits	YES	
<p><b>Capital Financing Requirement</b></p> <p><i>The CFR is a measure of the extent to which the Commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.</i></p>	TEST - Is the capital financing requirement within planned limits	YES	



## Financial Management Code Update

Joint Audit Committee: 23 June 2021

Originating Officer: Michelle Bellis, Deputy CFO

### 1. Introduction & Purpose of the Report

- 1.1 The CIPFA Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities (which includes the OPCC and Constabulary) in demonstrating their financial sustainability. The FM Code applies a principles based approach to set standards of financial management. Local authorities were required to apply the recommendations of the FM code with effect from 1 April 2020, however, CIPFA considered the ambition within the code, the timescale and wider challenges facing authorities during 2020/21 and determined that April 2020 should indicate the commencement of a shadow year and that by 31 March 2021, authorities should be able to demonstrate that they are working towards full implementation of the code. The first full year of compliance with the FM Code will therefore be 2021/22.
- 1.2 This report provides a summarised update in relation to the progress made with regards to compliance with the FM code.

### 2. Report

- 2.1. The FM Code and supporting guidance notes are divided into 7 sections:
  1. The responsibilities of the chief finance officer and leadership team.
  2. Governance and financial management style.
  3. Long to medium term financial management.
  4. The annual budget.
  5. Stakeholder engagement and business plans.
  6. Monitoring financial performance.
  7. External financial reporting.

2.2. The above sections are built around 17 statements and are grouped into 6 themes (Leadership, Accountability, Transparency, Standards, Assurance and Sustainability). The 17 statements are supported by a series of sub questions against which a self assessment has been performed. The chart below shows the 17 statements and an assessment of current compliance against each statement, with green representing full compliance, amber as partial compliance and red representing an area of current non-compliance. The full self-assessment is included at **Appendix B**.

CIPFA Financial Management Code					
Leadership	Accountability	Transparency	Standards	Assurance	Sustainability
A) The leadership team is able to demonstrate that the services provided by the authority provide value for money	D) The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	L) The authority has engaged where appropriate with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget	H) The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	C) The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	E) The Financial Management Style of the authority supports financial sustainability
B) The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government	P) The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom	M) The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	J) The authority complies with its statutory obligations in respect of the budget setting process	F) The authority has carried out a credible and transparent Financial Resilience Assessment	G) The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members
O) The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability	Q) The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions		K) The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	N) The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	I) The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans

2.3. As can be seen from the above table in respect of 12 statements the OPCC/Constabulary is already fully compliant and are partially compliant in 4 areas with only one area of current non-compliance.

2.4. An action plan has been developed to address the areas of partial and non-compliance and this will be progressed during the remainder of 2021/22 with the aim of ensuring full compliance by the end of March 2022. The action plan is provided for information at **Appendix A**.

### 3. Recommendations

- 3.1. Members are asked to note the progress made with regards to the implementation of the CIPFA FM Code.

Michelle Bellis

Deputy Chief Finance Officer

8 June 2021

## Financial Management Code Action Plan

Theme	Action Ref.	FM Code Standard	Question	RAG	Areas for Improvement	Responsible Officer	Implementation Date
Leadership	1	A) The leadership team is able to demonstrate that the services provided by the authority provide value for money	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?		Review documentation to make VFM more explicit	Joint Chief Finance Officer	30 September 2021
Leadership	2		Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?		Develop an enhanced savings and efficiencies plan, to incorporate benefits management.	Joint Chief Finance Officer	30 September 2021
Leadership	3	O) The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability	Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?		A more systematic approach to balance sheet risk reporting and sensitivity analysis will be put in place.	Deputy Chief Finance Officer	31 July 2021
Transparency	4	M) The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'?		Develop guidance for options appraisal and ensure it is applied systematically including post implementation review.	Joint Chief Finance Officer	30 September 2021
Standards	5	K) The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?		Review the S25 report to see what improvements can and should be made	Joint Chief Finance Officer	31 January 2022
Assurance	6	F) The authority has carried out a credible and transparent Financial Resilience Assessment	Has the authority undertaken a Financial Resilience Assessment?  Has the Assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios?  Has the authority taken appropriate action to address any risks identified as part of the assessment		Cumbria Financial Resilience Indicators to be agreed, calculated and reported to Chief Officers & OPCC.	Joint Chief Finance Officer / Deputy CFO	30 September 2021
Assurance	7	N) The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such a contract monitoring data?		Continue to develop a contract management culture led by the Commercial Department.	Head of Commercial	31 December 2021
Sustainability	8	E) The Financial Management Style of the authority supports financial sustainability	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?		Re-invigorate the Efficiency Strategy with a systematic approach, including benefits realisation.	Joint Chief Finance Officer	30 September 2021
Sustainability	9		Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?		Develop the business partnering approach between finance and business areas. Implement a systematic training plan for non finance staff.	Deputy Chief Finance Officer	31 December 2021
Sustainability	10		Has the authority sought an external view on its financial style, for example through a process of peer review?  Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?		Complete the AFEP action plan.	Joint Chief Finance Officer	31 December 2021
Sustainability	11	G) The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members	Does the authority have a strategic plan and long-term financial strategy that address adequately these risks?		The MTFP will be reviewed to ascertain whether it needs to be enhanced and extended.	Joint Chief Finance Officer	31 January 2022

## Financial Management Code Self-Assessment

FM Code Standard	Question	Answer	RAG	Areas for Improvement
<b>Theme - Leadership</b>				
A) The leadership team is able to demonstrate that the services provided by the authority provide value for money	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	We have clear references to achieving VFM in the annual financial strategy, the Procurement Strategy and the Force Strategic Plan	Yellow	Review documentation to make VFM more explicit
	Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?	A corporate framework of management procedures and rules for securing value for money is incorporated into key joint governance documents including the Procurement and Financial Regulations.  The HMICFRS VFM profiles are considered and reported to senior management. These are used as a basis for identifying areas where there is potential to make savings.  The Deputy Chief Constable chairs a monthly Management Board to analyse performance and consider improvement plans. The Constabulary has an efficiency		Develop an enhanced savings and efficiencies plan, to incorporate benefits management.
	Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?	Actions are taken from the DCC Management Board. Recommendations from this board HMICFRS and audit are rigorously followed up  Procurement savings are reported to Blue Light Commercial on a quarterly basis  Contract management is undertaken by service stakeholders, with strategic oversight from the Procurement department  Cash savings removed from the annual revenue budget are monitored for delivery. An enhanced benefits management process has been agreed and is currently being embedded.		
B) The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government	Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?	For the Constabulary, the Joint CFO is a member of the Chief Officer Group which is the main decision making body for the Constabulary and meets on a weekly basis.  For the PCC, the Joint CFO is a member of the PCC Executive Team which is the main decision making body for the OPCC and meets on a weekly basis.	Green	
	Does the CFO lead and champion the promotion and delivery of good financial management across the authority?	Yes, The Joint CFO champions and leads the promotion and delivery of good financial management in the Constabulary and OPCC.		
	Is the CFO suitably qualified and experienced?	Yes, the Joint CFO is a member of CIPFA and is suitable qualified, experienced and committed to Continuing Professional Development.  The Joint CFO is supported by a Deputy CFO who is also a member of CIPFA and is suitable qualified, experienced and committed to Continuing Professional Development.		
	Is the finance team suitably resourced and fit for purpose?	The Financial Services Team are a shared support service providing the full range of financial services to the PCC and Constabulary. The team has recently been provided with growth of 1.6 FTE posts to support a hump of activity around a financial system implementation, operation uplift, increasing demands from external audit and a number of other workload pressures. Once these additional resources are recruited the team will be properly resourced in terms of capacity and capability. There is an aspiration for development and succession planning within the team. The internal and external audit opinions over many years demonstrate that the Financial Services Team is fit for purpose.		
O) The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability	Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	Balances such as reserves, debtors, creditors and provisions are monitored closely by Financial Services on a monthly basis. Reserves, debtors, creditors and accumulated leave balances are reported to senior management at the year end. Reserves are given particular focus in the budget setting and MTFP process.  Cashflow, short and long-term borrowing, investments and the use of reserves and balances are also monitored by Financial Services and are reported to the PCC Public Accountability Conference and Joint Audit Committee in the quarterly update on treasury management activity	Yellow	A more systematic approach to balance sheet risk reporting and sensitivity analysis will be put in place.
	Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance	Balances such as reserves, debtors, creditors and provisions are monitored closely by Financial Services on a monthly basis		
	Is the authority taking action to mitigate any risks identified?	Yes, as risks are identified action is taken e.g. regular reviews of legal claims and supplier information including credit checks is undertaken regularly.		
	Does the authority report unplanned use of its reserves to the leadership team in a timely manner?	Revenue and capital monitoring reports are presented to Chief Officer Group and the PCCs Executive Team on a regular basis.  Formal budget monitoring reports are presented on a quarterly basis to the PCCs Public Accountability Conference and then to the public meeting of the Police and Crime Panel. Any variation to the planned use of reserves is reported, with a formal recommendation to the PCC should any significant changes to the planned use of reserves arise		
	Is the monitoring of balance sheet risks integrated into the authority's management accounts reporting processes?	This is not well developed and principally takes place at the year end and during the budget setting process.		

## Financial Management Code Self-Assessment

FM Code Standard	Question	Answer	RAG	Areas for Improvement
<b>Theme - Accountability</b>				
D) The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	Has the authority sought to apply the principles, behaviour and actions set out in the Framework to its own governance?	Yes, as evidenced through the Annual Governance Statement		
	Does the authority have in place a suitable local code of governance?	Yes, the PCC and Chief Constable each publish on an annual basis a Code of Corporate Governance. This is reviewed by the Joint Audit Committee at the start of each financial year.		
	Does the authority have a robust assurance process to support its AGS?	The AGS for the Constabulary is produced by the Chief Officer Group, which comprises senior police officers and staff from the Constabulary.  The AGS for the OPCC is produced by the PCC Executive Team, which comprises senior staff from the OPCC.  A draft version of each AGS is presented to the Joint Audit Committee before publication alongside the annual Statement of Accounts.		
P) The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom	Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements?	Yes, the Joint CFO is fully aware of his responsibilities in this area.		
	Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms?	Specific responsibility for the Joint CFO to secure delivery of the financial statements is included in the job description and is recognised as a key task.		
	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom?	Yes, Cumbria has a good track record of early closedown and external audit sign-off.		
Q) The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions	Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget?	An outturn report is presented to the Chief Officer Group and the PCC Executive Team in May each year with clear explanations provided for each variation against budget.		
	Is the information in these reports presented effectively?	Yes. This information is provided on the same format of the monthly/quarterly management accounts to aid consistency and understanding. A reconciliation is provided in the statutory statement of accounts to aid transparency.		
	Are these reports focused on information that is of interest and relevance to the leadership team?	Yes, it provides information on the full revenue budget and highlights variances which are both one-off and those that have an ongoing financial implications.		
	Does the leadership team feel that the reports support it in making strategic financial decisions?	Yes		
<b>Theme - Transparency</b>				
L) The authority has engaged where appropriate with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget	How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?	The Constabulary and PCC liaise closely in agreeing the budget. The Constabulary consults comprehensively with budget holders during the budget process to assess service pressures through a 'Star Chamber' process. The PCC undertakes public consultation on his proposed council tax precept increase as and when required. Commissioning budgets are developed in close consultation with relevant delivery partners.  The PCC's annual budget and precept proposals are subject to scrutiny by the independent Police and Crime Panel, on behalf of the public. Members of the Joint Audit Committee are briefed on the budget.		
	How effective has this engagement been?	Internal consultation has both identified savings and areas where additional resourcing is required.  In recent years the PCC has consulted the public regarding his proposed increase in council tax precept. The response has always been positive.  In recent years the Police and Crime Panel has approved the PCC's proposed increase in council tax precept		
	What action does the authority plan to take to improve its engagement with key	The PCC and Constabulary are continually open to exploring ways of improving the budget setting and consultation process.		
M) The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'?	The Constabulary and PCC include options appraisal as a standard requirement in its business case template. The exact methodology and options appraisal techniques used are not always consistent as it can be difficult to adapt these to a public sector setting where quality of service is more important than pure financial return. Benefits measurement can be subjective and have a tendency to be over optimistic.		Develop guidance for options appraisal and ensure it is applied systematically including post implementation review.
	Does the authority offer guidance to officers as to when an option appraisal should be undertaken?	Staff developing business cases particularly in relation to technology are Prince 2 trained and well versed in options appraisal techniques. Finance staff provide support where required.		
	Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?	Where appropriate, qualitative and quantitative measures are included		
	Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty?	Risks are considered as part of the business case preparation, particularly for significant investments.		
	Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)?	Yes, particularly in relation to significant investments. However, post implementation reviews are not carried out systematically.		

## Financial Management Code Self-Assessment

FM Code Standard	Question	Answer	RAG	Areas for Improvement
<b>Theme - Standards</b>				
H) The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	Has the authority prepared a suitable capital strategy?	Yes, a Capital Strategy document is prepared which is an overarching publication covering the Treasury Management Strategy Statement (TMSS) and Capital Programme. The Capital Programme covers a longer 10 year period. The Capital Strategy, Capital Programme and TMSS are presented to the Public Accountability Conference in February each year as part of the budget setting process and are approved by the PCC. The documents are published on the PCCs website as part of the Key Financial Publications section.		
	Has the authority set prudential indicators in line with the Prudential Code?	Yes, these are included in the Annual Capital Strategy and Treasury Management Strategy Statement.		
	Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has	Yes, these are monitored by Financial Services staff and reported to the PCC Public Accountability Conference and Joint Audit Committee in the quarterly TM update reports.		
J) The authority complies with its statutory obligations in respect of the budget setting process	Is the authority aware of its statutory obligations in respect of the budget-setting process?	Yes, initial budget reports are presented to the public meeting of the Police and Crime Panel as part of the precept setting meeting in January.  The formal budget reports including the Joint CFO statement on the robustness of the budget and the council tax requirement are presented to the PCC Public Accountability Conference in February each year.		
	Has the authority set a balanced budget for the current year?	Yes, as endorsed by the PCC at the budget setting meeting in February.		
	Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?	Yes, the Joint CFO is fully aware of the s114 requirements but Cumbria is not remotely close to needing to issue one in the near future.		
K) The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?	Yes		
	Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?	Not specifically, although a separate risk assessment is produced which explains and quantifies the impact of variations to key budget assumptions		Review the S25 report to see what improvements can and should be made
	Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?	Yes, a separate Reserves Strategy is produced to accompany the annual budget report, Medium Term Financial Forecast (MTFF) and Capital Strategy. The Reserves Strategy covers planned use of reserves over a 10 year timeframe to match the Capital Strategy. This Reserves Strategy is also published on the PCCs website in the Key Financial Publications section of the website.		
	Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall?	Yes, the Reserves Strategy provides a forecast for the next 10 years which is fully compatible with the 4 year MTFF and longer term 10 year capital Strategy.		

## Financial Management Code Self-Assessment

FM Code Standard	Question	Answer	RAG	Areas for Improvement		
<b>Theme - Assurance</b>						
C) The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	Does the leadership team espouse the Nolan principles?	Yes, the code of ethics is a key feature for all police officers and staff and is promoted during induction training and refresher courses. This is supported by the work of the Professional Standards Department who promote ethical standards through a supported learning approach. All force policies and procedures embed the key principles from the Code of Ethics	Green			
	Does the authority have in place a clear framework for governance and internal control?	Yes, the PCC and Chief Constable review and update their respective Codes of Corporate Governance on an annual basis.				
	Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?	Good behaviour is discussed during all staff and officer Strengths Based Conversations (SBCs)  The arrangements for anti-fraud and corruption include a whistleblowing policy which is managed and reports investigated by the Professional Standards Department (PSD)  The PCC and Chief Constable have a joint managed internal audit service which is currently provided by the County Council. All audit reports receive Chief Officer/Director sign off and all audit reports are reported to the Joint Audit Committee (JAC). The Head of Internal Audit provides regular updates against the audit plan to meetings of the Joint Audit Committee. All audit reports (internal and external) are published on the PCC website.  Internal accountability is through individual SBCs with breaches being investigated through PSD  Business interests are approved and recorded by PSD and then reviewed as part of the SBC process and at year end through the related parties evaluation exercise  Both the Constabulary and OPCC have a policy on gifts and hospitality, which is managed and promoted by PSD and the OPCC.				
	Does the leadership team espouse high standards of governance and internal control?	All key decisions are taken collectively by the Chief Officer Group with a full audit trail for all decisions made.  All key PCC decisions of significant public interest are published on his website including full supporting documentation  Codes of Corporate Governance are in place in line with CIPFA Good Governance principles. Codes of conduct & business interests are in place as part of anti-fraud and corruption arrangements. Governance documents including financial and procurement regulations are in place and are reviewed periodically.				
	Does the leadership team nurture a culture of effective governance and robust internal control across the authority?	Yes, see arrangements above and regular interventions to ensure that the organisations operate effectively. This is supported by the HMICFRS assessment of Good across all areas of business and outstanding for Crime Data Recording and the Head of Internal Audit's assessment that the arrangements for risk management, governance and internal control are robust.	Green			
F) The authority has carried out a credible and transparent Financial Resilience Assessment	Has the authority undertaken a Financial Resilience Assessment?	As part of the Achieving Financial Excellence in Policing Programme (AFEP) a template set of Financial Resilience Indicators has been developed. A piece of work is currently underway to apply these to Cumbria circumstances and develop a Financial Resilience Self Assessment that can be undertaken and reported on an annual basis.	Red	Cumbria Financial Resilience Indicators to be agreed, calculated and reported to Chief Officers & OPCC.		
	Has the Assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios?	As above				
	Has the authority taken appropriate action to address any risks identified as part of the assessment?	As above				
N) The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	Does the authority provide the leadership team with an appropriate suite of reports that allows it to identify and to correct emerging risks to its budget strategy and financial sustainability?	For the Constabulary, the Chief Officer Group is provided with a monthly monitoring report which highlights emerging risks and issues. These are acted upon as necessary. Any matters needing to be notified to the PCC are managed through the regular PCC Executive Team meetings.  Formal reports are presented to the PCC on a quarterly basis at the Public Accountability Conference. The quarterly reports are also presented to the public meetings of the Police and Crime Panel.  Board meetings such as Business Board, Operations Board, Digital Board and Workforce Boards receive high level financial updates at monthly meetings. The Senior Leadership Teams of relevant departments will receive and update from Financial Services Officers in relation to their own budgets on a monthly basis.	Green			
	Do the reports cover both forward and backward looking information in respect of financial and operational performance?	Yes				
	Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such as a contract monitoring data?	The Commercial Department are actively developing contract management across the organisation. The OPCC have a performance framework for Commissioned Services designed to ensure that contracts are delivered effectively.			Yellow	Continue to develop a contract management culture led by the Commercial Department.
	Are the reports provided to the leadership team in a timely manner and in a suitable format?	Yes, produced monthly/quarterly as required and are in a clear format which draws out the key messages.			Green	
	Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?	Yes			Green	

## Financial Management Code Self-Assessment

FM Code Standard	Question	Answer	RAG	Areas for Improvement
<b>Theme - Sustainability</b>				
E) The Financial Management Style of the authority supports financial sustainability	Does the authority have in place an effective framework of financial accountability?	Yes, through the framework of corporate governance, including the Funding Arrangement, Scheme of Delegation, Budget Protocols, Financial Regulations, Financial Rules and Joint Procurement Regulations. These documents are reviewed on a cyclical basis and are reported to the Joint Audit Committee		
	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	The Constabulary has an Efficiency and Productivity Strategy, which incorporates specific reviews of services, savings targets and consideration of HMICFRS VFM indicators. However, this has been relatively low profile in during Covid.		Re-invigorate the Efficiency Strategy with a systematic approach, including benefits realisation.
	Does the authority's finance team have appropriate input into the development of strategic and operational plans?	For the Constabulary, the Joint Chief Finance Officer is a member of the Chief Officer Group who meet on a weekly basis and have ultimate decision making responsibility for the Constabulary.  For the OPCC, the Joint Chief Finance Officer is a member of the PCC Executive Team who meet on a weekly basis and have ultimate decision making responsibility for the PCC.  In addition, the Joint CFO is part of the Management Board (in relation to CC activity) and the Collaborative Board which is a joint board made up of senior members of the OPCC and Constabulary.  Senior finance representatives sit on all key decision making and informative boards e.g. Workforce, Business, Operations, Digital and Programme Boards		
	Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?	Each key stakeholder/budget holder in the organisation has a named finance contact. The Financial Services Team are well qualified and a business partnering approach is being promoted. A more systematic approach to ensuring that Budget holders have the appropriate financial management skills is being considered.		Develop the business partnering approach between finance and business areas. Implement a systematic training plan for non finance staff.
	Has the authority sought an external view on its financial style, for example through a process of peer review?	Not specifically, but the Financial Services team recently undertook the CIPFA Achieving Financial Resilience Financial Management Self Assessment and as a result an action plan has been developed. The self assessment sought the views of chief officers, senior managers and external partners (JAC, internal and external audit) on a number areas of financial management. The self assessment resulted in a score of 4 out of 5 for Financial Management.		Complete the AFEP action plan.
	Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?	Yes, as set out in Scheme of Delegation, Budget protocols, Financial Regulations, Financial Rules and Joint Procurement Regulations.  In relation to financial skills, budget holders are supported by named Financial Services Officers who support their particular areas of business. Training to non-financial managers is currently ad-hoc and is provided on a one to one basis by finance staff. A more formal in-house training programme is to be developed as part of the AFEP action plan.		as above
G) The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members	Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?	The key risks are highlighted in the annual budget and medium term financial forecast.		
	Does the authority have a strategic plan and long-term financial strategy that address adequately these risks?	Yes, we have a medium term financial forecast which is produced annually, although the main focus is for a 4 year MTFE timeframe, the report includes commentary on future estimation uncertainty and considers risks to funding and budget setting. We also publish a separate longer term Capital Programme and Reserves Strategy which cover a 10 year timeframe.		The MTFE will be reviewed to ascertain whether it needs to be enhanced and extended.
	Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g. using a technique such as scenario planning)?	Scenario planning is used internally within Financial Services to formulate the medium term financial plan.  Published budget reports include a risk assessment/sensitivity analysis which highlights the financial risk to key budget assumptions e.g. changes in future pay awards, precept levels etc.		
	Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making?	Regular reports to the Chief Officer Group and PCC Executive Team during the budget preparation process highlight the various risks and possible scenarios. The key strategic issues are then reported to the PCC Public Accountability Conference at the annual budget setting meeting. All documents associated with the budget process are published on the PCC website as part of the Key Financial Publications section.  During the year regular revenue and capital monitoring reports will highlight changes in significant risks and issues, and suggest appropriate action		
I) The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans	Does the authority have in place an agreed medium-term financial plan?	Yes, the Medium Term Financial Forecast covering the period 2021/22 to 2024/25 was published in February 2021 alongside the annual revenue budget.		
	Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	Yes		
	Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?	Yes, the Chief Officer Group (COG) consider information on current and future demand pressures (as currently known) including the implications for new technology and equipment  The Constabulary also considers relevant NPCC guidance and best practice e.g. stop & search, body worn video.  Across COG, members are engaged in national forums which enables the potential financial implications of new national systems and changes to national guidelines and procedures to be identified early		
	Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?	Yes, but in an emergency service employing omniscient police officers changes in demand can be accommodated by deployment policies and priorities.  Cost drivers and sensitivity analysis to changes in cost, income and demand are included in the MTFE.		
	Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?	Yes, there are separate asset management plans/strategies for Estates, Fleet and Digital Data and Technology. The plans are developed to coincide with the PCC term of office and an annual update is provided through the Corporate Support Strategy Update which is considered alongside the budget at the February meeting of the Public Accountability Conference. The last published individual asset management strategies cover the period 2019 to 2021. New strategies for the period 2021 to 2024 will be developed in September 2021.		

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