

Introduction

I am pleased to introduce the summary Statement of Accounts for the 2020/21 financial year. This summary document sets out the consolidated version of the financial position for both the single entity statements of the Police and Crime Commissioner for Cumbria and the consolidated group position, incorporating the statements of the Chief Constable for Cumbria Constabulary. The financial information set out in the summary statement of accounts is taken from the full financial statements which are published in accordance with the Accounts and Audit Regulations 2015.

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

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

of the Chief Constable.

Statutory Framework

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

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

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

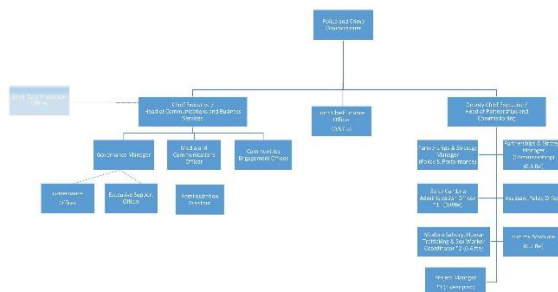
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Management Code of Practice for the Police Forces of England and Wales. The Code supports the statutory framework further setting out the financial relationships and requirements for the Commissioner and Chief Constable.

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

Our Organisation



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

The Chief Constable is accountable to the

Commissioner and has responsibilities to support the Commissioner in the delivery of the strategy and objectives set out in the Police and Crime Plan. Both entities have appointed a Joint Audit Committee and a Joint Ethics and Integrity Panel. The Committee and Panel comprise independent members to oversee arrangements for governance, including financial reporting and the arrangements for integrity and ethical behaviour. Four Custody Visiting Panels fulfil the statutory requirement for independent review of custody. Membership of the panels at the end of 2020/21 were: Barrow 8, Kendal 10, North Cumbria 10 and West Cumbria 8.

Our Goals

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

We work to achieve this by holding the Chief Constable to account for the delivery of effective policing and by commissioning a range of activity and interventions with the Constabulary and our wider partners. The Police and Crime Commissioner launched his Police and Crime Plan 'Making Cumbria Even Safer' in November 2016 setting out our future strategy and goals.

Our People

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

Actual Employees as at 31 March 2021	PCC		Total FTE
	Male FTE	Female FTE	
PCC Single Entity			
Chief Officers	0.5	1.0	1.5
Senior Management	0.0	1.0	1.0
All Other Employees	0.0	9.8	9.8
Total PCC Employees	0.5	11.8	12.3
Group			
Chief Officers	7.0	2.0	9.0
Senior Management	11.0	5.0	16.0
All Other Employees	995.9	912.6	1,908.5
Total Group Employees	1,013.9	919.6	1,933.5

Chief Executive Report

The Commissioner has nearly finished his fifth year in Office. The Police and Crime Commissioner elections were due to be held in May 2020, however, as a result of the Covid-19 pandemic they were postponed until May 2021.

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

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

The Commissioner has continued to provide a range of services for victims and specific services for victims of sexual violence, domestic violence and perpetrator programmes. During the Covid-19 pandemic, the Commissioner also secured additional funding to help local charities supporting victims of domestic abuse and sexual violence develop and adapt the delivery of their services during the outbreak to ensure victims continued to receive the support they need.

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

19 was announced as a threat to public health in the UK, the Commissioner developed an emergency plan, detailing the measures and arrangements he and his office, put in place to ensure they continued to fulfil these statutory responsibilities.

Public consultation and engagement are paramount to the Commissioner as he is the 'voice' for the people of Cumbria for policing. A wide range of diverse opportunities are available for the public to speak directly to the Commissioner, when the Commissioner is out in the community or by speaking to groups directly. This is further supported by the public contacting the Commissioner by email and letter, with more than 586 people contacting the Commissioner in this way during 2020/21. The main themes raised in this year were in relation to the overall Transport Issues (anti-social driving), quality of policing service, crime and Covid-19.

The Commissioner undertook a successful public consultation for the increase in the council tax precept for 2021/22, with 642 respondents and 69% supporting the proposal. As a result of the public consultation, the views of the Chief Constable and the unanimous support of the Police and Crime Panel, the Commissioner took the decision to increase council tax precept by £6.57 for a Band D property.

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

This is further supported by the independent inspectorate; Her Majesty's Inspectorate of

Constabulary and Fire & Rescue Services (HMICFRS), external and internal auditors to assist in his scrutiny of governance, finance, risks and internal control. In conjunction with the Constabulary the Commissioner also operates a Joint Audit Committee and an Ethics and Integrity Panel.

The Commissioner's staff embrace the fast-moving pace of the Office and this is evident from the work that is on-going with the Commissioner launching several key strategic campaigns in support of the Police and Crime Plan and commissioning developments. The Office is well placed to deal with the new challenges for 2021/22, in particular dealing with the on-going Covid-19 pandemic.

Finance Review

2020/21 Grant Settlement and Budget

The Commissioner set a combined net revenue budget of £110.199m for 2020/21 on 19 February 2020. Funding of this amount came from the Police Grant settlement (£64.429m). and income from Council Tax (£45.770m). Government grant income increased by 7.5% from 2019/20 as a result of funding to recruit an additional 51 officers as the first phase of the Government's Uplift Programme to recruit 20,000 additional officers nationally by 2022/23. The budget represented an increase of the Council Tax precept by 3.47%, taking the Commissioner's proportion of the band D equivalent tax to £265.59 per annum. The effect of the increase is to support the medium term financial forecast and maintaining existing policing services as the grant settlement made no provision for the inflation. The budget provided funding for the Chief Constable of £132.330m comprising a £137.677m

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expenditure budget to support policing and an income budget of £5.347m. The Commissioner's budget provided £2.250m for Commissioned Services, to provide funding for partnership working across the Commissioner's wider community safety, crime reduction and victim support responsibilities and £0.823m for the Office of the Police and Crime Commissioner.

The capital budget was set at £7.552m. Capital expenditure is made up broadly of expenditure on assets that have a useful life of beyond one year. Approximately 57% of the programme related to investment in ICT, with the remainder being made up estates improvements, the cyclical replacement of fleet vehicles and operational equipment. The budget was funded from a combination of capital grants (£4.0m) and direct contributions from revenue (£3.5m). The capital budget was subsequently revised upwards to £7.7m reflecting the effect of the 2019/20 capital outturn position and other changes to the planned profile of capital spend.

The table below shows the summary revenue budget for 2020/21 as set on 19 February 2020, the revised budget (taking into account budget changes made during the year) and the outturn position. The presentation below is as the figures are reported throughout the year in the management accounts. At the year-end a number of technical accounting adjustments (required by proper accounting practice) are made. For this reason, the outturn in the table below will not reconcile directly to the Summary Comprehensive Income and Expenditure statement on

page 7. References to the PCC relate to the Police and Crime Commissioner.

Summary Budget and Outturn

Summary Budget & Outturn	Base	Revised		(Under)/
	Budget	Budget	Outturn	Overspend
	2020/21	2020/21	2020/21	2020/21
	£000s	£000s	£000s	£000s
Constabulary Budget	132,435	129,348	128,732	(616)
Office of the PCC	823	812	822	10
Other PCC Budgets	11,932	13,940	14,078	138
Grants/Contributions	(34,068)	(33,271)	(33,352)	(81)
To/(From) Reserves	(923)	(630)	(81)	549
Net Expenditure	110,199	110,199	110,199	0
Government Grants	(64,429)	(64,429)	(64,429)	0
Council Tax	(45,770)	(45,770)	(45,770)	0
Total External Funding	(110,199)	(110,199)	(110,199)	0

The Constabulary gross expenditure budget is made up of funding for employee costs (£121.9m; of which Police Officers comprise £93.68m), transport costs of £2.45m and supplies/other costs of £13.38m. The Commissioner's budgets comprise the costs of running his office (£0.823m) and the net position on a range of other costs. These include estates costs (£4.45m for premises used by the Constabulary and Commissioner), Commissioned Services (£2.25m to deliver the Police and Crime Plan) and budgets to finance capital expenditure and the costs of technical accounting adjustments. PCC other budgets also include the costs of insurance and past pension costs.

In-Year Financial Performance

Revenue Expenditure: The out-turn position for 2020/21 is an underspend of £0.503m. The overall underspend is made up of an overspend of £0.113m on the budgets managed by the Commissioner and

underspend of £0.616m on those held by the Constabulary. The core underspend equates to 0.5% of the revised net budget of £110.199m, which is comfortably within the target for the revenue expenditure to be within 1% of the budget at out-turn.

In overall terms budgets managed by Commissioner's were £67k over budget. This was attributable to a combination of a slight increase in costs of the Office of the Police and Crime Commissioner (£10k), additional premises costs (£26k) principally as a result of the enhanced cleaning regime required during the pandemic, increased insurance premiums (£52k) and reduced investment income (£81k). These were offset to some degree by increased grants, reduced support for capital and pensions contributions totalling £102k.

In 2020/21 the Constabulary was £616k under-budget. The Covid-19 pandemic has 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, 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.

Of the total group underspend of £503k, £53k has been reserved to undertake committed work, which was unable to be completed in 2020/21 due to the pandemic, with the remaining balance of £450k allocated to a Covid-19 recovery reserve. Detailed outturn reports which explain the full range of variances can be found on the budget and finance section of the Commissioner's website.

The Commissioner maintains the Police Property Act Fund. The fund has been accumulated over a period of time as a result of the disposal of property coming into the possession of the police under the Police Property Act 1987 and the Powers of the Criminal Courts Act 1973. Community groups and individuals can submit applications for funding on a quarterly basis. During 2020/21 awards totaling £12k were made. As at 31 March 2020 the Police Property Act fund balance stood at £64k.

The 2020/21 Capital Expenditure Outturn amounted to £2.8m against a revised budget of £7.7m. Whilst the variance of 65% against planned expenditure was significantly above the target of 8%, there were extenuating circumstances in 2020/21, with the pandemic impacting significantly on the ability to deliver projects internally and disrupting global supply chains. Expenditure on ICT projects was deferred pending an internal assessment of the future ICT infrastructure, in the context of advances in cloud services. Expenditure on fleet replacement has been negatively impacted by manufacturer delays in delivering vehicles. Despite, the challenges of operating in a pandemic, substantial progress has been made in the last year including replacement of business systems for finance and procurement, HR and Duties,

procurement of patrol vehicles, roll out of replacement Airwave radios and replacement of Tasers.

The Financial Statements

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

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

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) shows the cost of policing and other services provided in the year and the income from government grants and council tax that fund those services. The CIES is shown on page 29 of the full statement of accounts. An expenditure and income

analysis that sets out what those costs are (e.g. staffing, transport etc.) is provided in note 6 on page 48.

The table below sets out a summary CIES statement.

Summary CI&ES	Gross Expenditure 2020/21 £000s	Gross Income 2020/21 £000s	Net Expenditure 2020/21 £000s
Cost of Police Services	131,327	(14,853)	116,474
Cost of Services	131,327	(14,853)	116,474
Other Operating Expenditure	19,190	(19,365)	(175)
Financing Costs and Investment Income	32,344	(3,379)	28,965
Council Tax and Grant Income	0	(115,292)	(115,292)
(Surplus)/Deficit on the Provision of Services	182,861	(152,889)	29,972
Other Comprehensive Income and Expenditure			228,882
Total Comprehensive Income and Expenditure			258,854

The statement shows that the net cost of providing services in the year amounted to £116.474m, which is predominantly the costs of policing.

In addition to showing the cost of services, the CIES also sets out net financing costs of £28.965m. The most significant element of financing costs comprise pension charges (£28.418m). These charges are calculated in accordance with generally accepted accounting practices and do not all need to be funded in the 2020/21 financial year. Financing costs also include the costs of borrowing (capital financing). These costs are extremely low other than those that fund the Workington PFI building. This is because the capital programme is funded internally using cash reserves to reduce investment risk and reflect the relatively low interest rates available on investing such balances. At the end of the financial year £21.602m (inclusive of PFI contract) of the capital programme is funded by the use of cash backed internal reserves rather than borrowing from the open market. At some

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point in the future, due to a planned reduction in reserves, the Commissioner will need to consider external borrowing.

Showing expenditure and income within this statement in accordance with generally accepted accounting practices results in expenditure exceeding income (a deficit on the provision of services) by £29.972m. A further accounting adjustment of £228.882m expenditure through the 'other comprehensive income and expenditure' line results in an overall position on the statement of a deficit of £258.854m. This is an accounting deficit that is taken to Unusable Reserves. Page 5 of this summary sets out the out-turn position based on the management accounts and excluding the technical accounting entries required for the CI&ES. The management accounts show an underspend of £0.503m against the 2020/21 budget.

Movement in Reserves Statement

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

Summary Movement in Reserves	Balance 31/03/2020 £000s	Movements 2020/21 £000s	Balance 31/03/2021 £000s
Police Fund	3,000	600	3,600
Earmarked Revenue Reserves	14,332	(673)	13,659
Earmarked Capital Reserves	4,294	0	4,294
Capital Receipts	2,096	85	2,181
Capital Grants Unapplied	5,695	97	5,792
Total Usable Reserves	29,417	109	29,526
Unusable Reserves	(1,223,945)	(258,963)	(1,482,908)
Total Reserves	(1,194,528)	(258,854)	(1,453,382)

Movements in usable reserves for 2020/21 show a net balance of £0.109m. This is the cumulative position recording the amounts we have drawn down from and contribute to specific (earmarked) reserves to help fund expenditure during the year. There are separate accounts to record our receipt and use of income from the sale of property and government grants for capital expenditure. A capital receipt of £85k arose in the year as a result of the sale of surplus radio equipment.

At the end of the year, the Police Fund at 31 March 2021 stands at £3.6m and provides for unplanned financial risks. Earmarked revenue reserves are £13.659m. These reserves provide for a number of specific operational contingencies, one off budget/project costs and funding to meet future liabilities in respect of insurances and the PFI contract. The balance of capital reserves as at 31 March 2021 was £4.294m, capital reserves are those set aside to fund the capital programme, the majority of which is planned to be fully applied by 2022/23. Further detail on earmarked reserves is provided within note 8 to the statement of accounts on pages 53-54.

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At the 31st March 2021 we have negative unusable reserves of £1,483m. Unusable reserves provide a mechanism through which transactions are entered into the accounts in accordance with accounting standards. They also provide the means to manage differences in the timing and calculation of those transactions and the actual expenditure or income we need to charge to our accounts. For example, our properties are regularly re-valued. When this happens any increase in their value is shown in a revaluation reserve. The reserve 'records' the additional income we may receive when the property is sold, but it is 'unusable' until we decide to dispose of the property and achieve a sale. When we sell, the revaluation reserve will be reduced by any increase in value that was recorded before sale. The actual income we receive will be shown in our usable capital receipts reserve, where it can be used to fund new capital expenditure. The balance on our unusable reserves reflects the position following the required accounting transactions. The cumulative position for unusable reserves includes reserves of:

- £45.322m in respect of the revaluation reserve and capital adjustment account, recording accounting transactions for our capital assets.
- -£1,522m in respect of negative pensions reserves. The pensions reserves record accounting transactions for the Police and Local Government Pension Schemes. The change in the balance on these reserves in 2020/21 is negative and is as a result of changes in actuarial assumptions that have increased scheme liabilities.

The Balance Sheet

The balance sheet shows the value as at the balance sheet date (31 March 2021) of the Commissioner's assets and liabilities. The balance sheet is shown on page 33 in the full statement of accounts. The table below sets out a summary balance sheet.

Summary Balance Sheet	Balance	Balance
	31/03/2020	31/03/2021
	£000s	£000s
Property, Plant & Equipment	65,025	64,359
Long Term Assets	3,328	2,307
Current Assets	20,920	25,639
Current Liabilities	(12,004)	(18,130)
Long Term Liabilities	(1,271,797)	(1,527,557)
Net Liabilities	(1,194,528)	(1,453,382)
Usable Reserves	29,417	29,526
Unusable Reserves	(1,223,945)	(1,482,908)
Total Reserves	(1,194,528)	(1,453,382)

The balance sheet shows property, plant and equipment assets, which include the Commissioner's estate, fleet of vehicles and ICT/communications equipment, with a value of £64.359m. Of this, land and buildings comprise £57.057m. Long terms assets are comprised of intangible assets (predominantly computer software) £2.307m. Current assets are principally made up of investments (£4.300m), debtors (£15.230m) and cash (£5.482m) and have a total value of £25.639m. Investments are made in accordance with the Commissioner's treasury management strategy and support the management of reserves and cash flows. Debtors' balances are primarily made up of institutional debtors, for example central government, and prepayments. This means that the risk of not receiving the debt remains low. The Commissioner has a good collection record in respect of debtor invoices raised for services provided. During 2020/21 two debtor invoices with a combined total of

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£2,235 were authorised to be written off as not collectable. The provision for impaired or doubtful debts stands at £14,149 against the future risk that not all outstanding invoices will prove to be 100% collectable, this figure is reduced from previous years. The Commissioner's debtors include a share of the debtors recorded by the 6 Cumbrian District Council's in respect of council tax. This debt amounts to £3.472m and is reduced by the Commissioner's share of their respective bad debt provisions of £1.567m. See note 14 to the statement of accounts (Page 68).

Balance sheet liabilities are amounts owed by the Commissioner. They include creditors, PFI debt, pensions and finance lease liabilities. They are split between short term (current) and long term liabilities, the current liabilities being those amounts due to be paid within 1 year. The most significant element of current liabilities are short term creditors which total £17.894m. The combined short and long term liability on the PFI scheme amount to £4.403m at 31st March 2021. Long term liabilities are the most significant figure on the balance sheet, showing a balance of £1,528m (£1,272m in 2019/20). The main element of this amount is a pension's deficit of £1,522m (£1,266m in 2019/20) for the Local Government Pension Scheme (LGPS) and the Police Pension Scheme. However, this deficit will be funded over a number of years, with financial support from Central Government, meaning that the financial position of the Commissioner remains healthy.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash held in bank accounts and changes in Money Market

funds. Money Market funds are an alternative way of depositing cash to earn interest. The cash can be withdrawn from the fund without having to give notice and they are therefore referred to as cash equivalents.

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

Summary Cash Flow Statement	Cash flows 2019/20 £000s	Cash flows 2020/21 £000s
Cash & Cash Equivalents 1 April	(5,065)	(1,271)
Net Cash Flow from:		
Operating Activity	(183)	(5,159)
Investing Activity	3,817	766
Financing Activity	160	182
Cash & Cash Equivalents 31 March, made up of:	(1,271)	(5,482)
Bank Accounts	(469)	(684)
Money Market Funds	(802)	(4,798)

The table shows a cash inflow of £5.159m from operating activity. This is the net of our cash income including government grants, council tax and charges for services, less how much cash has been paid out, for example for salaries and goods that have been purchased. Cash flows from investing activity show an outflow of £0.766m and primarily represents the net balance of investment deposits less the amount of cash received when the investment comes to the end of its term. Investment activity provides a way to manage resources that will be used to fund future expenditure, earning interest on any balances. Investment activity also includes cash flows from the purchase and sale of

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capital assets (e.g. property). Cash flows arising from financing activities show a net cash outflow of £0.182m, this being amount of cash used in relation to financing and borrowing. The Commissioner has no borrowing other than that which relates to finance leases and the PFI agreement. An amount of £182k was paid to reduce those debts during the year.

The Commissioner's cash flow statement shows an overall balance of £5.482m, compared to £1.271m in 2019/20, reflecting an increase in cash and cash equivalents of £4.211m over the year. At the end of the year £4.798m of the Commissioner's cash deposits was held in money market funds and £0.684m in banks.

Police Officer Pension Fund Account

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

government grant. This means the police pension fund always balances to nil.

Summary Police Pension Fund	Pension Fund A/C 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
Net Amount Payable	19,942	19,190
Contribution from Home Office	(19,942)	(19,190)
Additional Funding Payable by the Police and Crime Commissioner (2.9%)	0	0
Net Amount Payable	0	0

The statement identifies contributions into the fund of £13.519m from the Constabulary (employer) and £5.842m from police officers. Employer contribution rates in 2020/21 were at 31%. In total £38.862m of pensions have been paid out of the fund. The balance between contributions and those pensions' benefits of £19.190m has been funded by Home Office. The full police officer pension fund account is shown on pages 93 to 94 of the financial statements accompanied with a page of explanatory notes.

Supporting Information to the Financial Statements

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

Business Review

During 2020/2021, the Commissioner has continued a number of programmes and initiatives working with the Constabulary and wider partners to deliver the key priorities within the Police & Crime Plan as well as responding to the Covid-19 pandemic.

A key focus for the Commissioner was to ensure ongoing funding continued to flow to the services he commissioned so that victims received the vital support they needed during the Covid-19 pandemic. The impact of this outbreak has been profound, with a significant loss of life and a catastrophic effect on the economy, across the globe. It has affected every person in some way, changing how we all live, work and socialise. The Commissioner pledged to explore every opportunity to bring additional funding into the county to help organisations respond to the pandemic and continue with their offer of support to victims, securing £846,378. On top of this, the Commissioner

provided £189,105 from his own budget to help third sector organisations who were struggling to retain their support services to victims. 43 organisations received immediate short-term financial assistance (up to £5,000) to support a wide range of activity - youth outreach work, drug and alcohol recovery, counselling for young homeless people and much more.

In 2020/21, significant work has been undertaken with NHS England and three North East Police & Crime Commissioners to develop a specification for the delivery and commissioning of Sexual Assault Referral Centres (SARCs) on a regional footprint. This collaboration will provide sustainability, ensuring the current high quality of service continues to be provided to victims of sexual violence and rape in the future.

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

During 2020/21, the Commissioner and the Constabulary have worked collaboratively to develop a Cumbria Adult Out of Court Disposal Framework known as 'The Pathways Programme'. The programme will assess the criminogenic needs of low-level offenders and support them through a needs-led intervention to prevent reoffending. In addition, it will

signpost offenders to specialist support service to supplement and sustain the work completed from the intervention.

In July 2020, the Commissioner secured £436,99 from the Home Office Safer Streets Fund to help reduce the number of burglary offences in the Salthouse Road area of Barrow. With the funding, the Commissioner and Barrow Borough Council have supplied thousands of pounds worth of crime prevention measures and home security equipment, free of charge, to any home within the area. The equipment ranges from door chains, locks, window and letter box security, security lights for back yards and garage security, all installed by skilled local tradespeople. The funding has also provided 200 home security packs, delivered to local residents by community volunteers. Cumbria County Council has used the funding to install new street lighting in unlit back alleys and provide an upgrade of existing lighting in the front streets across the whole area.

The Commissioner has entered into a co-commissioning agreement with National Probation Service to support the pilot of a Women's Outreach Service to enable women in rurally isolated communities to access support services. This will build upon the vital support currently available through the three Women Centres based in Barrow, Carlisle and Whitehaven. The outreach pilot will provide a holistic support service for women offenders, and those at risk of offending or re-offending, victims of domestic abuse and sexual violence, and those presenting with multiple complex needs.

The Commissioner continues to lead on the implementation of the Quality Assessment Framework, to review how criminal justice agencies comply with the national Victims' Code of Practice and to drive improvements in specific areas through this process. A fourth audit has recently been carried out and the findings will be reported to the Safer Cumbria Partnership. Criminal justice partners have agreed to take forward the recommendations in the report.

Turning the Spotlight, a bespoke early intervention domestic abuse programme for perpetrators and families, continues to go from strength to strength and has now achieved full Respect Accreditation, a nationally recognised quality assurance scheme for organisations working with perpetrators of domestic abuse and violence in the UK. The Commissioner also continued to fund the Step-Up Remote programme, a child on parent/guardian violence programme, which supports adolescent perpetrators and their families to build and nurture positive relationships and change negative attitudes and behaviours to help repair the harm caused.

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

The Commissioner, working with partners, delivered a safer driving Campaign, in response to what residents said is one of their main local concerns. The campaign focuses on raising awareness of the Fatal Four (no seatbelts; speeding; distracted driving and drug/drink driving). The Commissioner has delivered a rural crime campaign, which has been influenced by current issues raised by the Constabulary and National Farmers Union (NFU), with all partners working together to promote rural safety and prevent rural crime. Working with Get Safe Online, the Commissioner has continued to raise public knowledge of how to protect themselves against fraud and other crimes committed via the internet.

Performance

The Commissioner has an open and transparent Accountability Framework to assess how well the objectives in the Police & Crime Plan are being achieved. During 2019/20, Internal Audit carried out a review of these arrangements for monitoring the delivery of the Police & Crime Plan and awarded 'Substantial Assurance'.

During 2020/21, the Police and Crime Panel has continued to facilitate effective scrutiny of delivery of the Police & Crime Plan objectives through quarterly online meetings. Thematic reports are presented to the Panel and follow terms of reference agreed in advance with the Panel Chair. The reports have been well received and provided assurance on the Commissioner's, and his office, response to Covid-19.

Within the Office of the Police & Crime Commissioner (OPCC) Strength Based Conversation Performance Reviews continue to be carried out with all staff.

During 2020/21, a review of this process was undertaken to ensure it remains appropriate and flexible. To support this, the OPCC Training Plan sets out the overall training plan for the office and cascades into individual responsibilities. In 2020/2021, specific training has been provided for staff in the areas of Code of Ethics, risk management, governance, equality, contract management, youth engagement and the budget. Individual staff have attended conferences, workshops and specific training events to help them develop within their roles.

Performance Report

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

Effective Policing

- Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Police Effectiveness Efficiency and Legitimacy (PEEL) Inspections: The PEEL Inspections judge the efficiency, effectiveness and legitimacy of the Constabulary in keeping people safe and reducing crime. During 2020/21 HMICFRS suspended much of its inspection regime due to the Covid-19 pandemic. In the latest HMICFRS inspection which took place in 2018/19 Cumbria Constabulary was graded as 'good' in all aspects of effectiveness, efficiency and legitimacy. The Chief Constable reports to the Police and Crime Commissioner on how the Constabulary will tackle any areas

requiring improvement and her response to HMICFRS recommendations.

- For 2020/21 overall crime decreased by 19%, which equates to a decrease of 7,259 crimes over the 12 month period to 31st March 2021. The decrease is largely attributable to the pandemic lockdown.
- The crime type which experienced the greatest reduction was overall 'Violence against the person' which fell by 2,489 crimes, an indication of the impact of closing pubs and nightclubs. Within this broad category certain crime types such as homicides and death and serious injury as a result of unlawful driving rose, but are generally based on low numbers.
- In percentage terms, acquisitive crimes such as burglary (-34%), theft (-33%) and vehicle offences (-34%) all fell sharply.
- Whilst the reporting of rape and sexual offences is encouraged, reports fell by 15% in 2020/21 from 1,452 to 1,239.
- The only other crime type to experience an increase was drug offences, which rose by 23.9% from 922 to 1,142. This is an indication of more pro-active policing in this area.

Community Safety

- 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.

- Hate crimes and incidents continue to be closely monitored. During 2019/20, the number of crimes with a hate marker increased from 677 to 681, which equates to a rise of 0.6%. The Constabulary and partners continue to work to encourage reporting of hate crime. Based on the latest data, Cumbria has one of the lowest rates of hate crime in the north west region and nationally.
- 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.

Criminal Justice

- All recorded offences are assigned an outcome based on a national framework for crime. Crime outcomes are classed as positive where the offender is either charged or summonsed, receives an out of court disposal or where the Crown Prosecution Service (CPS) or police determine it is not in the public interest to prosecute. In all cases the crime outcome represents positive police activity in detecting the crime. Positive crime outcome performance for 2020/21 was 20%.

Customer and Victim Satisfaction

- Performance in customer and victim satisfaction is measured through regular independent surveys following police contact. This is supplemented by the process for police complaints that includes independent sampling of complaint files and scrutiny of local to national comparatives against complaints upheld.
- The latest figures for public confidence in the local police service was 78.5%.

- When allegations are made against the police, those resolved locally perform well against national comparative timescales.

Finance & Value for Money

- We measure our performance against targets for achieving financial outturn within a percentage of the net budget. For 2020/21 this was set at 1% for the revenue budget and 8% for the capital budget.
- Actual performance for revenue was 0.5%, achieving well within the target.
- The capital outturn was 65% below budget, falling well outside the target. Whilst this was a disappointing result, the slippage was largely attributable to a combination of taking additional time to ensure that investment in fast moving digital technologies is spent wisely and will provide long term benefits and delays in vehicle deliveries, which were beyond our control. Stretch targets will continue to be set for capital expenditure going forward as a recognised area for performance improvement.
- Historically the budget for the Commissioner and Office of the Police and Crime Commissioner was benchmarked against HMIC Value for Money profiles. Following the inclusion of fire and rescue services under the remit of HMIC, costs for police and crime commissioners are no longer included in the VFM comparators. It has therefore not been possible to undertake a Value for Money analysis for the Office of the Police and Crime Commissioner for 2020/21.
- Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) last PEEL inspection in 2018/19 assessed the Constabulary as good in respect of efficiency.

- Outcomes against wider performance measures that indicate the effectiveness of activity and interventions are strong against the priority areas of keeping crime at low levels, reducing anti-social behaviour, bringing criminals to justice and increasing reporting of hate crime and domestic and sexual abuse.
- Collectively, these indicators provide assurance of Value for Money in respect of the 2020/21 financial year.

The Future Outlook

Following his election in 2016, Peter McCall the Police and Crime Commissioner for Cumbria launched his Police and Crime Plan covering the period to 2021. The Plan's key theme is 'Making Cumbria Even Safer' and sets the strategic direction for policing and wider aims for enhancing community safety, criminal justice and supporting victims.

The overall financial position remains strong, which is reflected in the Medium Term Financial Forecast, which sets out the revenue budget position until 2024/25 and a capital programme, which is fully funded over the same period and will support delivery of the Police and Crime Plan. The current financial position has primarily arisen as a result of positive action on behalf of the Constabulary to reduce costs in the context of reductions in government funding since 2010 this has enabled reserves to be maintained at a level that balances financial resilience and supports continued investment.

The Medium Term Financial Strategy and 2021/22 budget was approved in the context of the

Government providing additional funding for Operation Uplift, continued grant funding for increased police pension contributions and affording Commissioners' flexibility to raise council tax above inflation. However, this is accompanied by increasing cost pressures including new training requirements and ICT initiatives.

Against this background the 2021/22 budget provides £137m funding for the Chief Constable to deliver policing for Cumbria. Resources include an establishment of 1,263 Police Officers; an increase of 47 and maintenance of the establishments for Police Community Support Officers and Police Staff. The longer term 10 year capital programme envisages a total investment of £60m principally across the estate, fleet and ICT.

Whilst the position is financially resilient in the short term, there are uncertainties which have the potential to impact negatively on the budget in the medium term. Based on the MTFF assumptions, savings will need to be delivered from 2023/24 to balance the budget. The budget gap by 2024/25 is forecast as £5.1m. There are a number of continuing financial risks in relation to the adequacy and sustainability of funding beyond Operation Uplift, the cost of national policing programmes, pensions issues and the potential review of the police funding formula. These are further compounded by the long term macro-economic uncertainty arising from the Covid-19 pandemic.

To a large degree both the PCC and Constabulary have adapted to working under the restrictions imposed by

in light of Covid-19. However, it is likely that the Constabulary will continue to incur additional costs during 2021/22 as result of Covid-19, but with a guarantee of some central Government support, the impact is considered to manageable in the context of overall resources. Over the medium term there is also uncertainty with regard to future funding assumptions from both grants and council tax in the context of the negative impact of the pandemic on both Government and household budgets. Scenario modelling as to the impact on the financial position continues to take place on an on-going basis, together with development of a savings and efficiency plan involving both the OPCC and Constabulary.

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

Financial Management Code

The Financial Management Code developed by the Chartered Institute of Public Finance and Accountancy came into effect from the 1st 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 Police and Crime Commissioner 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 30 June 2021. Following completion of the audit, they were re-

authorised by me on 04 November 2021 and were formally approved by the Police and Crime Commissioner on the same day.

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

Roger Marshall

Joint Chief Finance Officer

The accounts present a true and fair view of the position of the Police and Crime Commissioner for Cumbria Single Entity and Group Accounts as at 31 March 2021 and its income and expenditure for the year there ended.

Signatures removed for the purposes of publishing on the website

Roger Marshall CPFA

Joint Chief Finance Officer

Date: 04 November 2021

Peter McCall

The Police and Crime Commissioner for Cumbria

Date: 04 November 2021